

## Related Party Policy

Ref: 1.2/0723

<b>Policy Group</b>	01 Governance		
<b>Related Policy</b>	Citipointe Conflict of Interest Policy College Board Conflict of Interest Policy Red Frogs Australia Conflict of Interest Policy Citipointe Foundation Conflict of Interest Policy INO Projects Limited Conflict of Interest Policy		
<b>Commencement Date:</b>	17.07.2023	<b>Review Date:</b>	17.07.2024

### Intent:

Citipointe Church (hereafter referred to as Citipointe) is a Christian Outreach Centre (COC) church. The denomination now trades as the International Network of Churches (hereafter referred to as INC). Citipointe operates under the COC Constitution and has established a number of related entities which operate under its management and control.

Citipointe Christian College (hereafter referred to as the College) is a Prep-Year 12 school of Citipointe Church and the INC Movement. The College is the same legal entity as Citipointe and INC, the parent entity of the related entities outlined in this policy. However, for the Australian Charities and Not-for-Profits Commission (ACNC) purposes, it is a separate reporting arm of INC. Hence, any related party transactions between the College and any of the related entities are of the same legal nature as those entered into by Citipointe (or INC) and the related parties. The College, by virtue of being a separate reporting entity for ACNC, receiving Government funding and operating according to the *Education (General Provisions) Act 2006* and *Education (Accreditation of Non-State Schools) Act 2017* when entering into a transaction, contract or arrangement with Citipointe or another section of INC, will also only enter into such transactions, contracts or arrangements as if it were a related party transaction (see policy provision 20 below). Therefore, in summary, all transactions entered into, by the College, with Citipointe or other sections of INC, even though it is the same legal entity, or a related entity must be engaged as if the transactions were related party transactions.

As Citipointe, the College (as a separate reporting entity), and each of the related entities are charities registered with ACNC, it is important that Citipointe, the College

and the related entities adopt best practice governance policies and protocols to ensure that they uphold the highest standards of ethical conduct and maintain public integrity and trust when related party transactions are made.

The purpose of this policy is to identify each entity's respective duty regarding related party transactions. This policy is intended to support Citipointe, the College and their related entities, and individuals who serve within those entities, to appropriately manage related party transactions, to comply with legal requirements, the COC Constitution and to align with community expectations of Citipointe, the College and their related charitable entities.

This policy is to be read in conjunction with the respective *Conflict of Interest Policy* of each entity involved in any related party transactions and is to be understood in the context of each entity's Constitution or Deed of Trust, the Corporations Act (where applicable - see policy provision 1 below), Accounting Standard AASB 124 (including IAS 24) and the ACNC Act.

## **Scope:**

**Inclusions:** Citipointe Church, Citipointe Christian College (the College), and their related entities including Red Frogs Australia, INO Projects Limited and the Citipointe Foundation.

**Restrictions:** Nil

**Exclusions:** Nil

## **Objectives:**

1. This policy aims to assist with the identification, declaration and management of related party transactions in order to comply with the Constitutions or Deed of Trust of each of the respective entities involved in a related party transaction, the Education (Accreditation of Non-State Schools) Act 2017 (relating to transactions involving the College), the Corporations Act (where applicable e.g. trading insolvent, and compliance with the whistleblower protection regime in *Part 9.4AAA*), Accounting Standard AASB 124 (including IAS 24) and the ACNC Act.

## Policy Provisions:

### General

1. The Citipointe Committee of Management (hereafter referred to as the COM), in their decision making to appoint or elect trustees, directors or board members to the respective related entities, will endeavour to ensure that individuals are not appointed or elected to positions on more than one related entity to safeguard against unavoidable conflicts of interests between the entities. An individual may only be appointed or elected as a decision maker to the trustees, board members or directors of more than one related entity in cases where the majority of decisions made from those positions would not involve a conflict of interest and it was deemed necessary to appoint the individual to those positions because of the individual's expertise and requisiteness. For example, an individual who is appointed as a board member of both Red Frogs Australia and INO Projects Limited based on their expertise and requisiteness, would not be prohibitive, as Red Frogs Australia and INO Projects Limited have little, if any, association or interrelated transactions between the entities. When appointing members of the College Board (which is an advisory board) the majority of board members must be independent or non-Citipointe COM members.
2. Decision makers of each of the respective entities (or Sections of INC - for the purpose of this policy - Citipointe and the College) are subject to their respective entity's (or section's) best interest and their respective Conflict of Interest Policy.
3. COM members of Citipointe, board members of the College Board, trustees of the Citipointe Foundation, directors of Red Frogs Australia and directors of INO Projects Limited have duties under the ACNC Governance Standards, including:
  - 3.1. to exercise their powers and discharge their duties with the degree of care and diligence that a reasonable individual would exercise if they were in the position of a COM member of Citipointe, a board member of the College, a trustee of the Citipointe Foundation, a director of Red Frogs Australia or a director of INO Projects Limited;
  - 3.2. to act in good faith in the best interests of their respective entity or Section of INC, and to further the purposes of their respective entity or Section of INC;
  - 3.3. not to misuse their position;
  - 3.4. not to misuse information obtained in the performance of their duties as a COM member of Citipointe, a board member of the College, a trustee

- of Citipointe Foundation, a director of Red Frogs Australia or a director of INO Projects Limited;
- 3.5. to ensure that their respective entity's (or Section of INC's) financial affairs are managed in a responsible manner; and
  - 3.6. not to allow their respective entity to operate while insolvent. (Section 184 of the Corporations Act still applies to directors, trustees, board members and officers of companies that are charities registered with the ACNC and such decision makers continue to have a duty to prevent insolvent trading under section 588G).

#### **Compliance with the law**

4. Citipointe, the College, the Citipointe Foundation, Red Frogs Australia, and INO Projects Limited are required to act in accordance with the law, within the scope of the respective entity's (or Section of INC's) interests and best practice governance policies and protocols.
5. According to the ACNC, INC (for Citipointe, within their consolidated report), the College (as a separate reporting arm of INC) and each respective entity must disclose Key Management Personnel (KMP) compensation/remuneration in their Annual Information Statement (AIS) and in their financial statements. The ACNC states that a charity must identify all KMPs. Examples of KMPs provided by the ACNC include:
  - 5.1. responsible people (i.e. people responsible for governing the charity such as the board, committee members, trustees, etc.) and
  - 5.2. senior staff (for example, the CEO, Chief Financial Officer, or Chief Operating Officer).

"It is important to note that KMPs are not always employed by the charity. In some cases, KMP services are provided by a separate 'management entity'. An example of this is where an accounting firm provides a CFO, or company secretary, to the charity in return for a fee." (ACNC Guidelines)

"The separate 'management entity' may provide a combination of KMP and non-KMP services, such as IT support and bookkeeping, for a single fee. The charity will need to use a reasonable method to calculate the cost of the KMP services for disclosure purposes. If this allocation is not practicable, then the charity must disclose that fact." (ACNC Guidelines)

6. The ACNC requires that INC (for Citipointe, within their consolidated report), the College (as a separate reporting arm of INC) and each respective entity

report and disclose related party transactions. Small charities must disclose related party transactions in their AIS but not their financial statements and medium and large charities must disclose related party transactions in both their AIS and financial statements. Citipointe as part of INC provides its audited financial statements and related party transactions to INC to include in the consolidated financial statements for INC and hence it is INC's responsibility to disclose the related party transactions to ACNC. While related party transactions must be reported in the AIS and financial statements (for medium and large charities) other conflicts of interest do not need to be reported. Although all related party transactions are likely conflicts of interest, not all conflicts of interest will be related party transactions.

### **Accountability**

7. The respective Citipointe COM Members, College Board Members, Citipointe Foundation Trustees, Red Frogs Australia Directors and INO Projects Limited Directors (Decision Makers) are accountable for:
  - 7.1. identifying and declaring all conflicts of interest (including in relation to related party transactions), whether their own or of other Decision Makers of their entity or Section of INC and
  - 7.2. managing their own conflicts and interests, including in relation to related party transactions.

### **Related Party Transactions**

8. A Related Party Transaction is any transfer of resources, services, obligations or transaction (other than a Prohibited Transaction) between any of the INC (Citipointe) related entities, or Citipointe and a related entity, or the College and Citipointe (or other Section of INC), or the College and a related entity regardless of whether a price is charged.
9. The term Related Party Transaction, as used in this policy, is very broad and encompasses virtually all transactions or arrangements under which Citipointe, the College or one of their related entities provides a benefit (financial or otherwise) to a Related Party or (other Section of INC with respect to the College).
10. In determining whether a transaction is a Related Party Transaction, a broad interpretation should be given to the types of transactions which may be deemed as such.
11. The following should be considered in assessing whether a transaction is a Related Party Transaction:
  - 11.1. Is the transaction or arrangement with a Related Party?

- 11.2. Is there a benefit (financial or otherwise) being received by the Related Party?
12. The following should be considered in assessing whether a transaction is to be deemed in a similar way as a Related Party Transaction:
  - 12.1. Is the transaction or arrangement between the College and Citipointe or another Section of INC?
  - 12.2. Is there a (financial or otherwise) being received by Citipointe or another Section of INC?
13. Transactions between Citipointe and a related party of Citipointe, or the related parties themselves, or between the College and Citipointe, or the College and a related party of Citipointe (INC) may raise a number of issues, both legally and reputationally, including the following:
  - 13.1. an actual or perceived conflict of interest between Citipointe (or its COM board members) and the related party;
  - 13.2. an actual or perceived conflict of interest between the related parties of Citipointe themselves (or their directors, board members or trustees);
  - 13.3. an actual or perceived conflict of interest between the College and the related party; or
  - 13.4. a potential breach of duties by Citipointe COM members, trustees of the Citipointe Foundation, board members of the College Board, directors of Red Frogs Australia and directors of INO Projects Limited where they fail to act in the best interests of their respective entities, given their interests in the related party; and any legislative requirements.
14. A 'financial benefit' is defined broadly in the context of related party transactions, and can include providing or receiving services, buying or selling assets, and taking up or releasing obligations in relation to the related party.

For the purpose of this policy, a financial benefit includes (but is not limited to) the following:

- 14.1. a party providing finance or property to a Related Party (or another Section of INC in the case of the College);
- 14.2. buying or leasing an asset from or selling an asset to a Related Party (or another Section of INC in the case of the College);
- 14.3. supplying or receiving services from the Related Party (or another Section of INC in the case of the College);
- 14.4. taking up or releasing an obligation of the Related Party (or another Section of INC in the case of the College); or

- 14.5. provision of a direct or indirect benefit to the Related Party (or another Section of INC in the case of the College).

**Who are the ‘related parties’ of Citipointe?**

15. While the term ‘related parties’ is currently not defined in the ACNC Act, the ACNC adapts the definition of ‘related parties’ provided by the Australian Accounting Standards AASB 124 to including the following in the context of charities registered with the ACNC:
  - 15.1. a person who is connected to the charity, such as a director or a close family member of the director that has control or joint control of the charity;
  - 15.2. an organisation that is connected to the charity and has control or significant influence over the charity, such as a parent entity of the charity;
  - 15.3. an organisation that the charity has control or significant influence over, such as a subsidiary entity;
  - 15.4. an organisation that is a member of the same group as the charity (for example, fellow subsidiaries);
  - 15.5. a member, or a close family member, of the key management personnel of the charity (the people with authority and responsibility for planning, directing and controlling the activities of the charity directly or indirectly); and
  - 15.6. an associate (an entity over which the charity has significant influence) or joint venture (a joint arrangement whereby the charity with another entity or other entities have joint control of the arrangements and have rights to the net assets of the arrangement).
16. Citipointe considers the following entities to be related parties:
  - 16.1. INO Projects Limited
  - 16.2. Red Frogs Australia
  - 16.3. Citipointe Foundation
17. Citipointe Christian College although not a related party to Citipointe and INC, as it is the same legal entity, must treat all transactions in a similar way as if it were a related party - see policy provision 20 below (transactions with the College include transactions with the College’s School Building Fund, Scholarship Fund and Library Fund. Transactions with the Cardo Foundation (if any) would be categorically “related party transactions” and hence always be conducted as such).

### **Arm's length transactions**

18. In determining objectively what constitutes an “arm’s length” transaction, Citipointe, the College and each of the related entities must consider the following factors:
  - 18.1. how the terms of the overall transaction compare with those of any comparable transactions in similar circumstances where the parties were dealing on an arm’s length basis;
  - 18.2. the nature and content of the bargaining process involved prior to entering into the transaction;
  - 18.3. the impact of the transaction on Citipointe, the College and/or any of the related entities (for example, considering a cost/benefit analysis of the transaction from the entity’s (or Section of INC’s) perspective, and whether the transaction is aligned with the purpose or strategic goals of the entity (or Section of INC));
  - 18.4. any alternative options available to Citipointe, the College and/or the related entity or between the related entities themselves; and
  - 18.5. any expert advice received by Citipointe, the College and/or the related entity or by each or either of the related entities (or Sections of INC) in relation to the transaction.
19. In certain circumstances, it may be appropriate for Citipointe, the College and/or the related entity or each of the related entities (or Sections of INC) to obtain independent advice on whether the terms of a proposed related party transaction (or transaction between the Sections of INC where one is the College) are fair, reasonable and “arm’s length”.

### **Arm's length transactions in relation to Citipointe Christian College**

20. INC (including Citipointe) and the College are the same legal entity (and not related entities or related parties). The College, however, is a separate reporting arm of INC for ACNC and receives Government funding. It must operate according to the *Education (General Provisions) Act 2006* and *Education (Accreditation of Non-State Schools) Act 2017*. As such, when a transaction, contract or arrangement is made between the College and another section of INC, Citipointe, the Committee of Management and the College Board will ensure that the transaction, contract, or arrangement is made in a similar manner as related entities or related parties in order not to constitute what would be deemed a “prohibited arrangement” as defined in Section 8 (1) (b) and Section 8 (2) of the *Education (Accreditation of Non-State Schools) Act 2017*.



**Meaning of *prohibited* arrangement**

- (1) A *prohibited arrangement* is a contract or arrangement in relation to a school—
- (a) entered into by a school’s governing body or proposed governing body and another entity not dealing with each other at arm’s length; and
  - (b) that is not, or will not be, for the benefit of the school.
- (2) For subsection (1)(b), a contract or arrangement is not, or will not be, for the benefit of the school if the contract or arrangement is for property, goods or services—
- (a) at more than reasonable market value; or
  - (b) that is not required to advance the school’s philosophy and aims, as stated in the school’s statement of philosophy and aims.

**Protocol for related party transactions or transactions between the College and another Section of INC (including Citipointe)**

21. Citipointe, the College and each of the related entities agree to the following protocols in order to manage and appropriately disclose related party transactions:
- 21.1. all related party transactions and relevant interests must be disclosed to each of the respective Committee of Management, Trustees, Board, or Board of Directors involved in the related party transaction (or transaction between Sections of INC, one of which is the College) and before the transaction is entered into;
  - 21.2. board members must not vote on, and may be asked not to be present for discussion or votes in relation to, any proposed transaction in which they have a material personal interest or in which they have a conflict of interest (perceived or otherwise) due to any relationship with the other related entity. Citipointe and the College are one legal entity and hence there can be no conflicts with oneself; however, Decision Makers who may be members of both the Citipointe COM or College Board must abstain from a vote on a transaction, contract or arrangement between the two Sections of INC as if they were related entities;
  - 21.3. decisions and negotiations in relation to the proposed related party transaction must only be undertaken by those board members who are independent of the related party (or serve as independent Decision Makers on boards of Citipointe or the College). This may require a subcommittee of the respective related entity to be established for

- consideration of and decision-making in relation to the related party transaction;
- 21.4. the terms of the related party transaction (or transactions between Sections of INC, one of which is the College) must be fair and reasonable, and on arm's length terms;
  - 21.5. the related party transaction (or transaction between Sections of INC, one of which is the College) must be determined to be in the best interests of the respective entity (or Section of INC, if one is the College) on which the Board member is appointed and consistent with the charitable purpose and objectives of their respective entity (or to advance the College's philosophy and aims, as stated in the College's statement of philosophy and aims for the College); and
  - 21.6. where the board (or independent subcommittee) determines to enter into a related party transaction (or transaction between Sections of INC, one of which is the College), it must be:
    - 21.6.1. appropriately documented by each board;
    - 21.6.2. recorded in a register of related party transactions by each board; and
    - 21.6.3. reported in the respective Annual Information Statement (AIS) of the entity (or reporting arm) to the ACNC and financial statements (if the entity is a medium or large charity).
22. Board members must also ensure that they comply with their duties (including those under the ACNC Governance Standards as noted at section 3 above) when considering any related party transaction.

### **Breach of this Policy**

23. A Decision Maker who believes they may have breached this policy must notify the Chair of their respective entity immediately.
24. If the Chair is of the view that a breach has not occurred, the Decision Maker will declare the interest and potential conflict of interest or related party transaction at the next scheduled meeting, which will then be considered in accordance with the procedure in policy provision 6.2 – 6.4.
25. If the Chair is of the view that a breach of this policy may have occurred, the Chair will notify the Company Secretary. The Company Secretary will notify the board of the respective entity and will arrange for the board to determine urgently, and note in the minutes, whether a breach has occurred and what steps are to be taken to mitigate the breach.
26. A Decision Maker who believes another Decision Maker may have breached this policy, but not yet notified the Chair, will bring this to the attention of the

Chair, or will approach the other Decision Maker, who will then notify the Chair. If a breach has occurred, the Chair will notify the Company Secretary in writing as soon as practicable.

27. If the matter concerns a possible breach by the Chair, the Decision Maker will arrange through the Company Secretary for the board of the respective entity to determine urgently, and note in the minutes of the meeting whether a breach has occurred, and what steps are to be taken to mitigate the breach. If a breach has occurred, the Company Secretary will notify the board.
28. Where a breach of this policy is referred to the board of the relevant entity, the board may make a determination regarding what consequences, if any, should apply for the breach of policy. Failure to act in accordance with the policy may amount to misconduct, and in the most serious cases the chair of the relevant entity must report to the Chair of the Citipointe COM which may lead to a request that the relevant Decision Maker resign or the members of the Citipointe COM being asked to vote on the Decision Maker's removal from that entity (if the Decision Maker is elected by the Citipointe COM to their position).
29. A Decision Maker who breaches this policy, or improperly uses their position to gain an advantage for themselves or someone else or to cause detriment to the respective entity or the Citipointe group, may be personally liable for their actions under both civil and criminal law.
30. Breach of this policy may also be a breach of relevant directors' duties under the Corporations Act, the ACNC Act and/or the Constitution of Deed of Trust of the relevant entity.

### **Responsibilities**

Chair	Establishes and maintains the Register of Interests. Determines how a conflict is to be managed. Receives notification of possible breaches of this policy. Responsible for implementing this policy.
COM	Decides whether this policy has been breached. Responsible for approval of policy and amendments.
Decision Makers	Must identify and declare conflicts of interest, complete and update Declarations of Interests, manage conflicts of interest in accordance with COM decisions. Must comply with the policy.
Secretary	Supports the board of directors to ensure the company is compliant with the relevant corporate legislation including convening of meetings, minute taking and reporting to government departments. They also record conflicts of interest and decisions regarding their management in Minutes and on

the register of Conflicts of Interest and register of Related Party transactions.

## Supporting Procedures and Guidelines

- Nil

## Relevant Commonwealth/ State Legislation

- *ASIC Regulatory Guide RG 76*
- *Australian Charities and Not-for-profits Commission Act 2012 (C'th)*
- Accounting Standard AASB 124
- *Corporations Act 2001 (Cth)*
- *Criminal Code Act 1995 (Cth)*

## Definitions

**ACNC** - Australian Charities and Not-for-Profits Commission

**Best Interest** - Acting for the benefit of the company/entity, in accordance with the company/entity's needs and what is best for the company/entity ahead of personal or other interests and in the case of the Citipointe consistently with and in a way that furthers its charitable purpose.

**Close Family Member** - part of the immediate family of, or living within the household of, a Decision Maker.

**COC** - Christian Outreach Centre

**COM** - Committee of Management

**Decision Maker** - Any Citipointe COM member, College Board Member, Citipointe Foundation Trustee, Red Frogs Australia Director or INO Projects Limited Director. Decision Makers may include the Chief Executive Officer, Chief Operations Officer or Chief Financial Officer (or equivalent positions) within any of the entities or Sections of INC.

**Financial Benefit** - is defined broadly in the context of related party transactions, and can include providing or receiving services, buying or selling assets, and taking up or releasing obligations in relation to the related party.

**INC** - (Christian Outreach Centre trading as) International Network of Churches

**Related entities** - The related entities or related parties to INC (which includes Citipointe Church and Citipointe Christian College) are Citipointe Foundation, Red Frogs Australia and INO Projects Limited.

**Sections of INC** - Include, but are not limited to, Citipointe Church (Citipointe) and Citipointe Christian College (the College).

## Policy Dissemination and Procedures

The COM may make amendments to this policy from time to time. Procedures relating to this policy are drafted under instruction by the Citipointe Committee of Management. Policies and procedures of Citipointe are outworked to trustees, directors and members through face to face meetings and BoardPro.

## Accountabilities

<b>Implementation</b>	Citipointe Committee of Management
<b>Compliance</b>	Citipointe Committee of Management
<b>Monitoring and Evaluation</b>	Citipointe Committee of Management
<b>Development/Review</b>	Citipointe Committee of Management
<b>Approval Authority</b>	Citipointe Committee of Management
<b>Interpretation &amp; Advice</b>	Citipointe Compliance Office

## Revisions

<b>Reference No</b>		1.2/0723	
<b>Version</b>	<b>Approval Date</b>	<b>Committee / COM</b>	<b>Resolution / Minute</b>
0723	17.07.2023	Citipointe COM	Flying Minute