

TITLE: **RELATED PARTIES**
(Relates to EL-5 Asset Protection)

EFFECTIVE DATE: June 1, 2006

PRACTICE:

Red Deer College recognizes that in the normal course of business operations it may enter into a relationship with a related party.

Related parties exist where two parties are subject to common control, joint control or significant influence or where the two parties have an economic interest in each other. Red Deer College related party transactions can exist between the College and:

- The Province and its departments (including educational institutions, municipalities, health regions, other provincial corporations and agencies)
- Entities controlled or significantly influenced by Senior Administration members and /or their immediate family members.
- Entities controlled or significantly influenced by an employee of Red Deer College who is in a position of choice to enter into a business transaction with the related party.

PROCEDURE:

1. It is the responsibility of each Senior Administration member to provide to Financial Services on an annual basis a listing of all entities owned, controlled or significantly influenced by them and their immediate family that may require related party disclosure as outlined above.
2. All other faculty or staff are obliged to disclose related entities that are engaging in a contractual relationship with RDC to the Senior Administration member initiating/approving the contract.
3. Senior Administration members will make reasonable efforts to identify all related parties and/or related party transactions to the Chief Financial Officer who will in turn provide a periodic report to the President.
4. Senior Administration members will ensure that all related party transactions have been accounted for and disclosed appropriately.
5. Senior Administration members will ensure that the related party transactions occurred in the normal course of operations and were executed at fair market value.

6. The President will report to the Board:

- Any related party transactions that are material in nature or sensitive to the College's ethical or fair business practices.
- Any related party transaction that is not recorded at fair market value and its effect on the College's financial performance and prudent purchasing practices.

7. Any material related-party transactions greater than \$100,000 will be disclosed on the College's Financial Statements following the guidelines in Canadian Institute of Chartered Accountants (CICA) Handbook. The following information will be disclosed:

- A description of the relationship and transactions, including transactions that have not been given accounting recognition
- The recorded amount of the transactions
- Amount receivable from or payable to the related parties and relating terms and conditions
- Contractual obligations and contingencies involving related parties, separate from other contractual obligations and contingencies

ACCOUNTABILITY: Vice President of College Services

RESPONSIBILITY: Chief Financial Officer

Consultation for Review:

Policy Review Date: June, 2007

Associated Standard Policy: Conflicts of Interest