

10.2. Internal Audit Function - Shared Service Agreement

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| AUTHOR | Luke Harvey, Director Corporate Services |
| ENDORSED BY | Therese Cole, Chief Executive Officer |
| ATTACHMENTS | 1. Draft Internal Audit Function Agreement 2025 [10.2.1 - 16 pages] |
| CSP LINK | 5. Our Civic Leadership 5.2 Strong civic leadership and customer focussed services |

PURPOSE:

The purpose of this report is present information on Council's shared Internal Audit Function and to seek approval for a new shared service agreement.

EXECUTIVE SUMMARY:

- North Sydney Council has utilised a shared internal audit function since 2009.
- Under this agreement Council receives a set number of independent audits each year from its audit plan, which are managed through the shared Head of Internal Audit.
- The shared agreement enables Councils to leverage their combined purchasing power to gain efficiency and obtain shared learnings that contribute to improvements at each member Council.
- An updated draft agreement was reviewed and endorsed by General Managers/Chief Executive Officers at a meeting of shared service member Councils on 2 April 2025.

RECOMMENDATION:

1. THAT Council approves the updated Internal Audit Function shared service agreement for signing by the Chief Executive Officer on behalf of Council.

Background

North Sydney Council has utilised a shared Internal Audit Function since 2009. This is currently in partnership with Hunters Hill, Ku-ring-gai, Lane Cove, Mosman, and Strathfield Councils.

Under this agreement, member Councils have a shared independent and objective internal audit function that provides internal audit services to each Council, in alignment with the requirements outlined under the Risk Management and Internal Audit Guidelines 2023.

The shared agreement enables Councils to leverage their combined purchasing power to gain efficiency and obtain shared learnings that contribute to improvements at each member Council.

The shared internal audit function was hosted by Ku-ring-gai Council until mid-October 2023 and since then, directly by NSROC.

Under the shared service arrangement, an experienced Head of Internal Audit (employed by NSROC) acts as the Head of Internal Audit for each member Council. The Head of Internal Audit works closely with stakeholders at each member Council and each member Council's Audit, Risk, and Improvement Committee (ARIC), to make sure that the internal audit services delivered are of high quality, meet each Council's and its ARIC's needs, comply with the requirements of the Office of Local Government (OLG) Risk Management and Internal Audit Guidelines (the Guidelines), and internal audit standards.

Member Councils have agreed that each member Council (except Hunter's Hill Council) is to have six audits each year under this arrangement. Hunter's Hill Council has agreed that it will have four audits each year.

Costs of the internal audit shared service are shared proportionately by member Councils in an agreed ratio tied to the number of agreed audits.

Under this arrangement, the delivery of internal audits is carried out, under oversight by the Head of Internal Audit, by a panel of outsourced service providers who are engaged by NSROC through a tender process that complies with local government rules and regulations.

The provider panel is managed by the Head of Internal Audit. The Head of Internal Audit undertakes internal audit planning and all other ancillary activities for the internal audit function.

The CEOs or General Managers of member Councils meet at least annually to review how the shared service arrangement is operating.

Report

The operation of the agreement is reviewed by CEOs and General Managers every five years, and the agreement is updated if required. Recently it was agreed that the agreement required

updating to align with new risk management and internal audit guidelines and updated shared service hosting arrangements.

An updated draft agreement was reviewed and endorsed by General Managers/CEOs at a meeting of member councils on 2 April 2025.

This timing of this agreement update is also aligned with a procurement tender being undertaken by NSROC to refresh the panel of service providers, as the current provider contracts expire on 30 June 2025.

The tender seeks to appoint a panel of firms for a three-year period with an option to extend by a further two-year period. The tender closed on 28 March 2025, and the evaluation panel will meet to assess the tender submission and make recommendations by the end of April 2025.

Following agreed approval processes, NSROC will enter panel contracts with the successful provider firms. The pricing across the life of the contract is expected to remain stable for each firm and allows for limited indexation.

Consultation requirements

Community engagement is not required.

Financial/Resource Implications

The provisional internal audit budget for 2025/26 is \$170,000 (providing six internal audits each year). Council has sufficient funds allocated in the Draft 2025/26 Budget for this purpose.

Legislation

Councils are required to undertake internal audits under the Local Government Act 1993 and the supporting Risk Management and Internal Audit Framework for Local Councils in NSW (2023).

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AGREEMENT

INTERNAL AUDIT FUNCTION

HUNTERS HILL COUNCIL

and

KU-RING-GAI COUNCIL

and

LANE COVE COUNCIL

and

MOSMAN COUNCIL

and

NORTH SYDNEY COUNCIL

and

STRATHFIELD COUNCIL

and

**NORTHERN SYDNEY ORGANISATION OF COUNCILS
(NSROC)**

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THIS AGREEMENT made the _____ day of _____ 2025

AMONG:

1. **HUNTERS HILL COUNCIL (ABN 75 570 316 011)** of 22 Alexandra Street, Hunters Hill, NSW 2110.
2. **KU-RING-GAI MUNICIPAL COUNCIL (ABN 86 408 856 411)** of 818 Pacific Highway, Gordon 2072
3. **LANE COVE COUNCIL (ABN 42 062 211 626)** of 48 Longueville Road, Lane Cove, NSW 2006.
4. **MOSMAN MUNICIPAL COUNCIL (ABN 94 414 022 939)** of 1 Mosman Square, Mosman, NSW 2088.
5. **NORTH SYDNEY COUNCIL (ABN 32 353 260 319)** of 200 Miller Street, North Sydney, NSW 2060.
6. **STRATHFIELD MUNICIPAL COUNCIL (ABN 52 719 940 263)** of 65 Homebush Drive, Strathfield, NSW 2135
7. **NORTHERN SYDNEY REGIONAL ORGANISATION OF COUNCILS (ABN 65 955 981 255)** of 48 Longueville Road, Lane Cove, NSW 2006.

RECITALS

- A. Each of the Councils is desirous of improving the effectiveness of its internal control, risk management and governance processes by way of establishment of a shared Internal Audit Function (IAF).
- B. The Councils have agreed to jointly establish an IAF, the cost of which is to be shared by all of the Councils, in the proportions as set out in this agreement, to service and operate for the benefit of all the Councils by providing to the Councils internal audit services that:
 - i. Meet the needs of each participating Council.
 - ii. Complies with the Risk Management and Internal Audit Guidelines for Local Government in NSW, issued by the Office of Local Government.
 - iii. Complies with and is aligned with global internal audit standards.

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- C.** The Councils have agreed that the processes by which the IAF will be established and managed and the terms and conditions which will regulate such establishment and management are as set out in this Agreement.
- D.** The IAF operates in an outsourced model with an internal service provider panel engaged through a tender process. The services of the IAF are managed by the Head of Internal Audit.
- E.** The IAF has been in operation since 2009 with previous versions of agreements being consistent with this agreement. The hosting organisation for the IAF has changed at various times since its inception.
- F.** The Councils have agreed that the IAF will be hosted and managed under the auspices of Northern Sydney Regional Organisation of Councils to enhance the independence of the IAF.
- G.** The Member Councils are desirous of continuing this arrangement.
- H.** This Agreement is for the continuation of the IAF as it has been operating, with NSROC as the Employing Organisation.

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OPERATIVE PROVISIONS

1 DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

- (a) **Act** means the *Local Government Act* 1993 as amended from time to time.
- (b) **Agreement** means this document comprising the agreement between the Councils and NSROC.
- (c) **Annexure** means an annexure to this Agreement and forming part of this Agreement.
- (d) **Appointed representative** means the General Manager of the Council.
- (e) **Audit, Risk and Improvement Committee (ARIC)** means each of the Audit, Risk and Improvement Committees of each Member, established under section 428A of the *Local Government Act* 1993, which independently reviews the following aspects of their operations:
 - (i) compliance
 - (ii) risk management
 - (iii) fraud control
 - (iv) financial management
 - (v) governance
 - (vi) implementation of the strategic plan, delivery program and strategies
 - (vii) service reviews
 - (viii) collection of performance measurement data by the council, and
 - (ix) any other matters prescribed by the regulation (i.e., internal audit), and

provides information to a Member for the purpose of improving the Member's performance of its functions.
- (f) **Base Service Parameters** refers to the agreed base number of internal audits for each Council annually. This forms the basis upon which IAF costs are proportioned amongst Member Councils
- (g) **Charter** means the Internal Audit Charter prepared and formally adopted by each Member as required by the Act, Regulations, and the Guidelines, as applicable.
- (h) **Commencement Date** means the date specified in
- (i) **Consolidated Audit Program** refers to the collective annual audit program for each year across the councils participating in the IAF. This is the sum total of the annual audit plans of each Council.
- (j) **Contractor** means a contractor engaged by NSROC to conduct the

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Services on its behalf for the benefit of Member Councils.

- (k) **Employer** means the Employing Organisation being NSROC or such other Council which from time to time hosts the IAF and performs the role of Employer provided for in clauses 3.1 and 7.
- (l) **Guidelines** means the Risk Management and Internal Audit Guidelines for Local Government in NSW dated November 2023 (and otherwise as amended from time to time).
- (m) **GST** has the meaning given to it in A New Tax System (Goods and Services Tax) Act 1999 (Commonwealth).
- (n) **IAF / IAF Services** is a reference to Internal Audit Function and means the provision to the Councils in accordance with this Agreement by specifically appointed internal auditors of services and activities to provide independent and objective assurance and advice in a manner that is aligned with global internal audit standards and applicable NSW Local Government Regulations.
- (o) **IAF Personnel** means the personnel employed under this arrangement to perform the IAF.
- (p) **Item** refers to the item in the Reference Schedule being the item number identified in the relevant clause of these Conditions.
- (q) **Head of Internal Audit (HoIA)** is the Head of Internal Audit for each Member Council participating in this IAF arrangement.
- (r) **Majority** means the greater part of those persons present and participating in making a decision.
- (s) **NSROC** means the Northern Sydney Regional Organisation of Council and includes its approved assigns and where appropriate, its employees, agents, Contractors, and invitees.
- (t) **Regulations** means the Local Government (General) Regulation 2021 (as amended from time to time and as amended by the Local Government (General) Amendments (Audit, Risk and Improvement Committee) Regulation 2023 commencing on the 1 July 2024.
- (u) **Review** means the review of this Agreement described in clause 10.
- (v) **Schedule 1** means the schedule number 1 to this Agreement.
- (w) **Supplier Panel** is the panel of outsourced internal audit providers, established through a tender process.
- (x) **Terms of Reference** means the terms of reference for each Members Councils' Audit, Risk and Improvement Committee as required by the Regulations.

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- 1.2 Obligations imposed on the appointees or representatives of the Councils shall be obligations of the respective Councils to the intent that the Councils shall be responsible for the acts and omissions of their representatives, appointees, and personnel.
- 1.3 Unless otherwise stated in this Agreement, decisions at meetings of the Councils and/or their representatives shall be by majority.
- 1.4 In this Agreement, unless the context otherwise requires:
 - 1.4.1 The singular includes the plural and vice versa.
 - 1.4.2 A reference to an individual or person includes a corporation, partnership, joint venture, association, authority, or trust and vice versa.
 - 1.4.3 A reference to any gender includes all genders.
 - 1.4.4 A reference to any party includes that party's executors, administrators, substitutes, successors and permitted assigns.
 - 1.4.5 Where in this Agreement, agreements, undertakings, and covenants ("obligations") are given by more than one person, the obligations on the part of those persons contained in this Agreement take effect as joint and several obligations and take effect as references to those persons or any of them. None of those persons will be released from liability under this Agreement by reason of any other person not executing this Agreement or this Agreement ceasing to be binding on any other person and a reference to a particular Act, regulation, proclamation, by-law, standard, code or similar, includes any amendments, revisions, re-enactment or replacement thereof.
 - 1.4.6 Monetary references are references to Australian Currency.
 - 1.4.7 A cross-reference to a clause number is a reference to all its clauses and sub-clauses.
 - 1.4.8 Headings and under-linings are for convenience only and do not affect the interpretation of the Agreement.
 - 1.4.9 a reference to a document includes an amendment, supplement, to, replacement or novation of that document.
 - 1.4.10 A reference to a party to a document includes that party's successors and permitted assigns.
 - 1.4.11 Words importing gender includes all genders, and the singular includes the plural and vice versa.

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- 1.4.12 A reference to a person includes contractor, corporation, partnership, joint venture, association, other body corporate and any governmental agency.
- 1.4.13 If, under the provisions of these Conditions or under any notice or demand served pursuant to the provisions of the Agreement anything is required to be done on a day which is not a business day, then the day for compliance is deemed to be the business day immediately following that day.
- 1.4.14 If there is any inconsistency between any of the several documents comprising the Agreement, then these Conditions will prevail to the extent of the inconsistency.
- 1.4.15 All prior statements, representations, and agreements with respect to the subject matter of the Contract and not contained in the Contract are superseded by the Contract.
- 1.4.16 The respective covenants and obligations of the parties whether positive or negative will be construed as if each obligation or covenant is a separate and independent covenant made by one party in favour of the other party and the release of any person from this Agreement will not affect the obligations of other persons.

2. GUIDING PRINCIPLES FOR THE IAF

- 2.1 The Internal Audit Function will be guided by the Internal Audit Guidelines as defined in clause 1.1 of this Agreement and any relevant Local Government legislation. The strategic principles in the operation of the Internal Audit Function are to attain efficiency in delivery of the internal audit program and to share knowledge among Member Councils in order to add value and improve Councils' operations
- 2.2 As the senior IAF Personnel, The Head of internal Audit leads the IAF and is responsible for the development and maintenance of such policies and procedures that satisfy the requirements of the Internal Audit Guidelines as defined in clause 1.1 of the Agreement. This includes each Council's Internal Audit Charter.
- 2.3 Authorised representatives of the Councils are to agree on processes and arrangements necessary and appropriate for establishing and operating the IAF and for the employment of the IAF Personnel including but not limited to:
 - 2.3.1 The operating model for the IAF, i.e., in-house, co-sourced or outsourced delivery of internal audits.
 - 2.3.2 Job descriptions and roles of the IAF Personnel.
 - 2.3.3 The forms and terms and conditions of employment contracts

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for the IAF Personnel.

- 2.3.4 Whether it is necessary to invite expressions of interest or tenders to employ the IAF Personnel and, if so, the form of invitation.
- 2.3.5 If considered appropriate, the amount and/or method of calculation of the amount to be paid by a Council which withdraws from this Agreement, and how such amount is to be applied towards the costs and expenses of provision of the IAF or of the Employer Council and the other Councils.

- 2.5 Subject to clauses 2.3, 3.3, 4.1 and 6.8, and any other circumstances outlined in this agreement where unanimous decisions are required, decisions shall be made by majority and the decisions shall be binding.
- 2.6 This Agreement is subject to and conditional upon the decisions to be made pursuant to clause 2.3 being unanimous and approved by each Council. If the terms of this clause are not fulfilled, this Agreement shall be at an end and no Council shall have a claim against any other Council in respect of the subject matter of this Agreement.
- 2.7 Decisions made pursuant to clause 2.3 shall be deemed part of this Agreement and enforceable as if they were provisions of this Agreement.

3. EMPLOYMENT OF THE HEAD OF INTERNAL AUDIT

- 3.1 The Employing Organisation shall, on behalf of the Member Councils, invite expressions of interest or tenders or otherwise advertise for IAF Personnel.
- 3.2 Selection of a suitably experienced and qualified HoIA shall be made by a panel comprised authorised representative from at least two Member Councils and a senior representative of the Employing organisation. The panel may include one or more ARIC members form Member Councils, if deemed beneficial to do so.
- 3.3 Any significant changes to the employment of the Head of Internal audit may be required to be discussed with ARIC Chairs of Member Councils in alignment with the Guidelines and Global Internal Audit Standards.

4. BASE IAF SERVICE PARAMETERS

- 4.1 Decisions on IAF service parameters, including any changes, require unanimous decisions from appointed representatives of each Council.

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4.2 The agreed IAF base service parameters, i.e., agreed base number of internal audits each year per Council, are included at **Schedule 1a** and are reviewed as necessary. This forms the basis for cost allocation among Member Councils.

4.3 Any changes to base service parameters that require ARIC approvals for Council's individual audit plan coverage will require to be reviewed and approved by the relevant Council's ARIC in accordance with ARICs' responsibilities outlined in the Guidelines.

5. ADDITIONAL SERVICE

5.1 The costs of any additional service levels over and above base service parameters will be met by those Councils agreeing to the additional services at a rate to be agreed by those Councils. Such costs will include relevant management and reporting costs by IAF Personnel.

5.2 In the event that the scope of a programmed audit in any one or more Councils is exceeded by more than twenty percent of planned resources, the cost of the additional scope will be considered an additional service in accordance with clause 5.1 above. Additional services as agreed in clause 4.3 above are to be co-ordinated by the Head of Internal Audit where such internal audit services are required to be reported to the Audit, Risk and Improvement Committee.

6. COST OF SERVICE AND DISTRIBUTION OF COSTS

6.1 The cost of the IAF service charged to each Council is related to the proportion of total costs of providing the service. It covers all expenses incurred for the IAF.

6.2 The IAF sets an annual budget that considers all elements of fixed and variable costs, including the budget for outsourced services (which is arrived at through projects based on agreed service parameters and costing of the consolidated audit program in accordance with the supplier panel rates established.

6.3 The annual budget is reviewed and approved by the appointed representatives.

6.4 Member Councils have decided on:

6.4.1 The method by which the Employing Organisation shall charge the other Councils for the services it is to provide in accordance with clauses 1, 2, 3 and 4.

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6.4.2 The costs under clause 6 are to be apportioned among and charged to the Member Councils through an agreed apportionment methodology outlined in clause 6.5.

6.5 Costs are apportioned among Member Councils in a cost sharing ratio that is based on the agreed base IAF service parameters. This cost sharing ratio for each Member Council is proportionate to an agreed annual base number of internal audits to be carried out by the IAF. The base number of agreed audits by Council in the Consolidated IA Program and the cost sharing ratios are represented in **Schedule 1b**.

6.6 Changes to service parameters or numbers of audits by councils may result in changes to cost sharing ratios.

6.7 Any changes to cost sharing ratios must be agreed unanimously by appointed representatives of each Member Council.

7. ROLE OF EMPLOYING ORGANISATION

7.1 The Employing organisation, being NSROC, shall:

7.1.1 Be responsible for the day to day control, administration and operation of the IAF and this Agreement; however, any decision of policy nature or which may involve expenditure in excess of the annual established budget is to be made at a meeting of appointed representatives of the Councils at which there are no more than two absentees.

7.1.2 In its own capacity or through its appointed representatives and personnel as appropriate comply with the obligations and functions allocated to it by this Agreement.

7.1.3 Be responsible for all other human resources requirements and obligations of and pertaining to the IAF Personnel.

7.1.4 Provide proper and suitable office accommodation and equipment and other associated necessities to the IAF Personnel.

7.1.5 Be responsible for any procurement activities needed for the IAF's operations, including establishing a panel of outsourced internal audit service providers.

7.1.6 Attend to keeping of records, fulfilment of taxation requirements and payment of salaries and other allowances and remuneration of the IAF Personnel.

7.1.7 In administering the IAF and the IAF Personnel, use proper

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endeavours for IAF Personnel attend the respective Member Councils to perform the IAF duties as required.

- 7.2 The Employing Organisation, through the HoIA is to prepare annual business plans, budgets and/or strategies for the IAF, consistent with the requirements of Councils.
- 7.3 The Employing Organisation shall accurately record the costs incurred in carrying out activities in fulfilling its obligations under this Agreement and shall invoice the Member Councils quarterly in accordance with the Agreements made pursuant to clauses 6.4 and 6.5 proportionately as so agreed.
- 7.4 The Employing Organisation shall arrange meetings of appointed representatives of each Council twice in each year for the purposes of reviewing the operation of the IAF and any other associated purpose.
- 7.5 The Head of Internal Audit (HoIA) shall provide, to a meeting of the appointed representatives of the Councils, at least annually, a report on the strategies and plans of the IAF, and a report on the performance of the IAF.

8 ROLE OF MEMBER COUNCILS

- 8.1 Each Council shall:
 - 8.1.1 As far as practicably possible, ensure the appointee of the Council attends meetings of the Councils called for the purposes of controlling, administering or operating the IAF or this Agreement or for any associated or ancillary purpose.
 - 8.2.1 Comply with the obligations and functions allocated to it by this Agreement.
 - 8.2.3 Provide appropriate office accommodation and equipment and associated necessities if required for IAF Personnel attending the Council.
- 8.3 Ensure it gives adequate notice and briefing material to the HoIA prospectively attending the Council to ensure the HoIA has the opportunity to meet with the Council's Audit, Risk and Improvement Committee (ARIC), and are familiar with the relevant affairs of the Council, the ARIC Terms of Reference of the Council.
- 8.4 Enable the IAF personnel to fulfil their role as outlined in each Council's Internal Audit Charter and the Guidelines.
- 8.5 Promptly pay invoices issued by the Employing Council within 30 days of receipt, and act promptly and reasonably to resolve disputes, if any, concerning such invoices.

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- 8.6 Any Council may, by one month's written notice to the other Councils, call a meeting of appointed representatives of the Councils to consider any matter of concern to the Council giving notice provided the notice discloses the matter to be considered.

9. GOVERNANCE OF THE IAF

- 9.1 For the purposes of decisions required for this Agreement and for meetings defined in clauses 1.3, 7.1, 7.4, 7.5, 8.6 and 10, the appointed representatives of each council party to the agreement shall include the General Manager of the Council, or their delegated representative.
- 9.2 Subject to the provisions of clause 7.4, the appointed representatives shall meet on a minimum of two occasions each year.
- 9.2 The strategies, plans and performance of the IAF shall be reviewed at least annually by the appointed representatives of the Council and their respective ARICs.

10. REVIEW AND AMENDMENTS TO THIS AGREEMENT

- 10.1 The Councils by their respective appointed representatives shall meet and review the operation of this Agreement once in five years, or any other frequency the Member Councils agree.
- 10.2 As part of the Review at Clause 10.1, or at any other time, the Councils may by majority decide to amend this Agreement with any such amendment to be in writing signed by or on behalf of all the Councils. This Agreement may not be amended in any other way. Amendments may include amendments to Member Councils who participate in establishing the IAF. Any new Member Councils that may be admitted will be bound by the Terms and Conditions of this agreement.
- 10.3 Any Review that results in significant amendments to the Agreement, including admission new Member Councils, is to consider associated IAF resourcing implications.
- 10.4 At the five yearly Review, the Councils may by majority decide to either renew this agreement, or terminate this Agreement, in which event they must properly conclude all business and affairs of the IAF including making satisfactory and lawful arrangements for the termination or transfer of employment of all IAF Personnel.

11. WITHDRAWAL FROM THIS AGREEMENT

- 11.1 A Council may withdraw from this Agreement:

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- 11.1.1 With the majority consent of the other Councils, at any time.
- 11.1.2 As from any anniversary of this Agreement provided not less than one year's written notice of the proposed withdrawal is given to all of the other Councils and the Employing Organisation.
- 11.2 Unless waived by the majority of other Councils, a withdrawing Council must pay to the Employing Organisation on behalf of the other Councils any amount which was decided upon, pursuant to clause 2.3.5 immediately upon its withdrawal.
- 11.3 Unless waived by the majority of other Councils, or if not forming part of the amount decided upon pursuant to clause 2.3.5, a Council withdrawing pursuant to clause 11.1 shall be responsible for all costs incurred by the other Councils consequent upon the withdrawal including but not limited to costs of administrative rearrangements, amendment of employment contracts and records and the like. Apart from any allowance included in the amount decided upon pursuant to clause 2.3.5, such costs shall be deemed not to include future costs and expenses of the IAF subsequent to the Council's withdrawal.
- 11.4 For the purposes of clause 2.3.5, the amount to be paid by a Council that withdraws from this Agreement in accordance with clause 11.1 shall be equal to the withdrawing Council's proportion of annual total budgeted costs and shall not be less than the previous annual cost of service.
- 11.5 A Council withdrawing pursuant to clause 11.1 shall not be responsible for costs incurred by the other Councils consequent upon the withdrawal apart from any costs included in the amount decided upon pursuant to clause 2.3.5.

12 MEDIATION

- 12.1 The Councils agree that any dispute or claim whatsoever arising in connection with this Agreement or the IAF shall be submitted to mediation administered by the Australian Disputes Centre ("ADC"). The mediator shall be a person agreed by the parties chosen from a list suggested by ADC and failing agreement shall be a person nominated by the CEO of ADC. All costs, charges and expenses resulting from referral to the ADC shall be borne equally by the parties involved in the dispute. In the event that the dispute or claim has not been resolved within twenty eight (28) days (or such other period as agreed by the parties) of appointment of the mediator, the claim may be submitted to litigation.

In witness whereof the parties hereto have here and after set their hands on the

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day first hereinbefore written.

EXECUTED by the parties as an Agreement.

Signed for and on behalf of Hunters Hill Council by Nick Tobin in the presence of

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Witness

.....
Nick Tobin, A/General Manager

Signed for and on behalf of Ku-ring-gai Council by David Marshall in the presence of

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Witness

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David Marshall, General Manager

Signed for and on behalf of Lane Cove Council by Steven Kludass in the presence of

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Witness

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Steven Kludass, A/General Manager

Signed for and on behalf of Mosman Municipal Council by Dominic Johnson in the presence of

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Witness Dominic Johnson, General Manager

Signed for and on behalf of North Sydney Council by Therese Cole in the presence of

Witness Therese Cole, Chief Executive Officer

Signed for and on behalf of Strathfield Municipal Council by Michael Mano in the presence of

Witness Michael Mamo, General Manager

Signed for and on behalf of Northern Sydney Regional Organisation of Councils by Meg Montgomery in the presence of

Witness Meg Montgomery, Executive Director

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SCHEDULE 1

1a. The base number of agreed audits forming the base service parameters is outlined below:

| Council | Number of audits per year |
|-----------------------|----------------------------------|
| Hunter's Hill Council | 4 |
| Ku-ring-gai Council | 6 |
| Lane Cove Council | 6 |
| Mosman Council | 6 |
| North Sydney Council | 6 |
| Strathfield Council | 6 |
| TOTAL | 34 |

The table at 1a will be updated if the base number of audits are varied under clause 4 of the Agreement.

1b. Agreed Cost Sharing Ratio for total IAF costs.

| Council | Cost Allocation Ratio as a Percentage of Total IAF Costs |
|-----------------------|---|
| Hunter's Hill Council | 10.70% |
| Ku-ring-gai Council | 17.86% |
| Lane Cove Council | 17.86% |
| Mosman Council | 17.86% |
| North Sydney Council | 17.86% |
| Strathfield Council | 17.86% |
| TOTAL | 100% |

The table at 1b will be updated, if required, under clause 6.5 of the Agreement.