



Internal Audit Report

Community Infrastructure Levy Audit

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1 Introduction

This audit of the Community Infrastructure Levy has been undertaken in accordance with the 3 year audit plan. The audit plan is approved by the Corporate Governance and Audit Committee at Chichester District Council (CDC). The Community Infrastructure Levy is a new planning charge, introduced by the Government through the Planning Act 2008 to contribute to the cost of infrastructure in the area in which development occurs.

2 Scope

Internal Audit completed an Operational Risk Assessment on the area under review and met with the Principal Planning Officer and the Planning Officer (CIL & Infrastructure), Planning Policy, following which it was decided to test the controls in place and to undertake the following for the audit:

- To establish that the adoption of the CIL framework has been done in accordance with the relevant legislation,
- To establish that the processes for the collection of monies relating to the CIL are robust and meet the key CIL legislative requirements,
- To document the processes for monitoring and reporting spend against CIL monies to ensure that funds are being used to achieve the Local Plan and Key Priorities. A future audit will test this process.

3 Testing and Findings

3.1 The documentation and process for the adoption of the CIL framework at CDC was examined. CDC has published the process that was undertaken for the CIL to be adopted on the CDC website. This includes the timetable that was followed and the consultation that was undertaken. CDC has adopted the following key requirements of the CIL including:

- a) Implemented a CIL Charging Schedule that has been published in accordance with the Community Infrastructure Regulations 2010 (as amended) and Part 11 of the Planning Act 2008. It was approved by Cabinet on 5 January 2016 and took effect from 1 February 2016. The CIL Charging Schedule is to be reviewed at the same time as the review of the

Local Plan to comply with the recommendation of the Independent CIL Examiner (as noted in the Cabinet minutes of 5 January 2016);

- b) Adopted the CIL Regulation 123 list approved by Cabinet on 5 January 2016;
- c) And adopted the CIL Payment by Instalments Policy, approved by Cabinet on 5 January 2016.

3.2 The processes for the collection of monies relating to the CIL were documented following discussions with the Principal Planning Officer and the Planning Officer (CIL & Infrastructure) from Planning Policy and after walking through an example of the process.

3.3 Testing was then undertaken of a sample of 11 CIL liable planning applications selected randomly from a report run from Exacom of CIL liable planning applications to check that;

- a) a unique reference number for each CIL liable planning application is generated in Exacom. (Exacom is a web hosted system that is being used to administer CIL and S106 agreements);
- b) the correct CIL Liability Notice was issued for each planning application in the sample;
- c) if applicable, following receipt of a valid form 6 'Commencement Notice', a CIL Demand Notice for the correct amount has been issued and;
- d) the correct CIL forms have been issued and returned to comply with the relevant CIL legislative requirements.

3.4 It was found that the relevant documentation had been retained which gave assurance that the above requirements had been met for the entire sample tested.



3.5 For two of the CIL liable planning applications sampled, the development had commenced and the correct payment had been received, following issue of the appropriate demand. Receipts were issued on payment of the CIL into the CDC bank account. The receipt of the income collected is automatically recorded in Exacom. The system for accounting for CIL income and the interface between Exacom and Civica are currently being developed. It is suggested that once developed procedures are written to document this process.

3.6 The outline processes for monitoring and reporting spend against CIL monies were documented during the audit. It is suggested that procedures are written to document the specific processes and reports being developed for monitoring future spend in Exacom relating to the CIL at CDC. For instance with regard to the processes for monitoring the transfer of monies to the parishes.

4 Conclusion

- 4.1 Overall, the controls appear to be working satisfactorily in relation to the collection of CIL monies. It is suggested that procedures are written to document the CDC specific processes that are being adopted in relation to the collection of CIL monies and also in relation to the monitoring of future spend against CIL income. Therefore recommendations have been made. (See Action Table at Appendix 1).
- 4.2 In order to prioritise the issues raised, the following traffic light indicator has been used:
- 4.3 Red – Significant issues to be addressed
- Amber – Important issues to be addressed
- Green – Minor or no issues to be addressed

5 Action Plan – Appendix 1

Paragraph Ref	Recommendation	Officer	Priority	Agreed?	Comments	Implementation Date
3.5	That procedures are written to document the system for accounting for CIL income at CDC.	Karen Dower, Principal Planning Officer	Amber  Important	Yes	None	31 July 2017
3.6	That procedures are written to document the specific CDC processes and reports being developed for monitoring future spend in relating to the CIL.	Karen Dower, Principal Planning Officer	Amber  Important	Yes	None	31 July 2017