



**ISLE OF MAN
FINANCIAL SERVICES AUTHORITY**

Lught-Reill Shirveishyn Argidoil Ellan Vannin

**Consultation Response
Audit Working Papers Regulations 2023**

CR23-02

Issue Date: 3 October 2023

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1. Background

This Consultation Response is issued by the Isle of Man Financial Services Authority following Consultation Paper CP23-01¹.

The purpose of the consultation was to obtain views and evidence in relation to draft Regulations regarding the sharing of audit working papers. The proposals are not specifically related to regulated entities, designated businesses, or Recognised Auditors.

2. Summary of responses and resulting changes made

Only one consultation response was received, which was supportive of the proposals, but suggested including a transitional provision. As a result, a provision was added which specifies that the Regulations apply in respect of audits for periods ending on or after 31 December 2022.

3. Next Steps

The Audit Working Papers Regulations 2023 were made on 4 August 2023 and, subject to approval by Tynwald, will come into operation on 1 November 2023.

In case of any query, please contact —

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¹ https://consult.gov.im/financial-services-authority/audit-working-papers-regulations-2023/consult_view/

Appendix A – List of Groups to which this Consultation Response has been sent

- Isle of Man Society of Chartered Accountants
- Association of Chartered Certified Accountants (IoM branch)
- Audit firms on the IoM's [Register of Recognised Auditors \(iomfsa.im\)](https://iomfsa.im)
- Audit firms authorised under section 14E of [Companies Act 1982 \(gov.im\)](https://gov.im).

Appendix B – Audit Working Papers Regulations 2023

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Companies Act 1982
Companies Act 2006

AUDIT WORKING PAPERS REGULATIONS 2023

Approved by Tynwald: 2023
Coming into operation: 1 November 2023

The Isle of Man Financial Services Authority makes the following Regulations under section 17C of the Companies Act 1982 and section 80E of the Companies Act 2006.

1 Title

These Regulations are the Audit Working Papers Regulations 2023.

2 Commencement

If approved by Tynwald², these Regulations come into operation on 1 November 2023.

3 Interpretation

In these Regulations –

“**audit**” means the audit of financial statements of the company by a person qualified for appointment as an auditor under sections 14 to 14H of the Companies Act 1982 or section 80C of the Companies Act 2006, as applicable;

“**audit working papers**” means material (whether in the form of data stored on paper, film, electronic media or other media or otherwise) prepared by or for, or obtained by, the auditor in connection with the performance of the audit concerned and includes –

- (a) the record of audit procedures performed;
- (b) relevant audit evidence obtained; and
- (c) conclusions reached;

“**auditor**” means a person qualified for appointment as an auditor under sections 14 to 14H of the Companies Act 1982 or section 80C of the Companies Act 2006, as applicable;

² Regulations shall not come into operation unless they are approved by Tynwald.

“**company**” means the company that is the subject of the audit; and

“**financial statements**” means a profit and loss account and balance sheet as required by section 2 of the Companies Act 1982 or has the meaning given in section 80(3) of the Companies Act 2006, as applicable.

4 Application

These Regulations apply to auditors of companies in respect of audits of financial statements for periods ending on or after 31 December 2022.

5 Access to audit working papers

(1) This regulation applies when an auditor (the “**predecessor**”) ceases to hold a company’s audit appointment and another auditor (the “**successor**”) has been formally appointed as auditor to that company.

(2) If requested in writing by the successor, the predecessor must allow the successor access to the audit working papers and all associated relevant information in respect of its last audit of the company.

This regulation applies to information that is held on the predecessor’s current audit file, a ‘permanent’ or ‘systems’ file, or elsewhere.

(3) The request for relevant information may relate to any audit report made between the beginning of the period covered by the last financial statements on which the predecessor reported and the date of cessation of the predecessor’s audit appointment. It may also include any subsequent interim review conducted by the predecessor in accordance with the applicable interim review standard.

The successor must be prepared to justify why any relevant information is relevant to its audit work for the company concerned and therefore within the regulation. The successor must be prepared to confirm that the information is needed for its audit and not for another purpose.

(4) A request for audit working papers and relevant information must be made, and the information provided, on a timely basis.

(5) The request for information may be made of the immediate predecessor only.

(6) Any audit working papers and information obtained under this regulation must only be used for the purposes of the successor’s audit of the company concerned and must not be disclosed to a third party unless the successor is required to do so by a legal or professional obligation.

MADE 4 AUGUST 2023

B. ROTH

Chief Executive of the Isle of Man Financial Services Authority

L. BOYLE

Chairperson of the Isle of Man Financial Services Authority