# Appendix B: PAC amendments by theme

This appendix compiles, in respect of the themes being consulted upon, the amendments that the PAC sought to make to the Treasury (Miscellaneous Provisions) Bill 2024, as they were tabled on the Order Paper for the sitting of the Legislative Council dated 8th April 2025[1]. These amendments have been crossed reference with the analysis that the TAG made of these amendments, published in Appendix 5 of the PAC's Third Report for the Session 2024-25[2], to link each of these amendments to the relevant recommendation(s).

For ease of readability, these amendments are presented as keeled provisions with the following convention:

- ~~Dark red text strikethrough~~ represent text that is being omitted or substituted
- Dark green text underlined represent text that is being inserted or added within an existing provision.
- Whole provisions either substituting an existing one or being added to the relevant Act will be in dark green text.
- Where Treasury sought to amend the PAC amendment, it will be in dark green text highlighted in yellow

## THEME 2: REVIEW OF REMIT OF TYNWALD AUDITOR GENERAL

**Amendment #9 Nss. 2 (linked to recommendation R15)**

- Amends section 1 of the Audit Act 2006 as follows:

**1 Bodies subject to inspection under this Act**

(1) Subject to subsection (2), the accounts of the following bodies shall be inspected in accordance with this Act —

(a) every Department;

(b) every Statutory Board;

(c) every local authority;

(d) every body established by or under any statutory provision and consisting of or including persons appointed by one or more bodies referred to in paragraphs (a), (b), and (c);

(e) ~~every company, more than half of the equity share capital of which is beneficially owned by one or more Departments or Statutory Boards or is otherwise held by or in trust for the Government, and which is not liable to comply with section 109(3) (filing of accounts) of the Companies Act 1931;~~ every entity which is controlled by one or more Departments or Statutory Boards;

1 https://tynwald.org.im/spfile?file=/business/opqp/opqp/2025-PP-0048.pdf
2 https://tynwald.org.im/spfile?file=/business/opqp/sittings/20212026/2025-PP-0052.pdf

(f) ~~every company which is a subsidiary of a body referred to in paragraph (e);~~ every subsidiary of an entity referred to in paragraph (e);

(g) every office or department of the Government or the Legislature;

(h) any other body to which the Treasury by order direct that this subsection shall apply;

(i) any other body whose accounts are directed by any statutory provision other than this Act to be inspected in accordance with this Act.

~~(j) the General Revenue and the Reserve Fund; and~~

~~(k) the Consolidated Loans Fund under the Isle of Man Loans Act 1974.~~

(1A) For the purposes of paragraph (e) of subsection (1) —

(a) "entity" means an individual, partnership, body corporate or unincorporated association;

(b) an entity is controlled by one or more Departments or Statutory Boards if the Department or Departments or Statutory Board or Boards in question have the power to govern the entity's financial and operating policies with a view to benefitting from its operations.

(1B) For the purposes of paragraph (f) of subsection (1) —

(a) subsidiary means an individual, partnership, body corporate or unincorporated association which is controlled by a company referred to in paragraph (e) of that subsection (whether on its own or together with another individual or body); and

(b) a subsidiary is controlled if the company in question has the power to govern the subsidiary's financial and operating policies with a view to benefitting from its operations.

(2) This Act applies to —

(a) all accounts of the bodies referred to in subsection (1), except so far as the Treasury by order directs that accounts specified in the order shall not be inspected in accordance with this Act;

(b) in the case of a body specified in an order under subsection (1)(h) —

(i) where the order directs that subsection (1) shall apply in relation to accounts specified in the order, those accounts;

(ii) otherwise, all accounts of the body;

(c) such accounts of a body referred to in subsection (1)(i) as are specified for the purpose in the provision in question.

(d) the following accounts and funds —

(i) the General Revenue and the Reserve Fund;

(ii) the Consolidated Loans Fund under the Isle of Man Loans Act 1974;

(iii) the National Insurance Fund; and

(iv) the Currency Account.

NB: Treasury tabled two amendments to this amendment to remove any reference to "an individual" in the definition of "entity" and "subsidiary" as these should only concern bodies established under private law, as per section 23 of the INTOSAI Lima Declaration.

Treasury tabled another amendment to remove the mention of the Currency Account, due to the fact that the Currency Account was not created following an explicit requirement in statute to do so, and is not defined in statute either. It exists in order to provide asset backing for Manx Currency issued by the Treasury under the *Currency Act 1992*, and as such, falls within the definition of the Reserve Fund agreed with the TAG and now set out in section 21 of to the Audit Act 2006.

**Amendment #18 Nss. 3 (linked to recommendation R16)**

- Amends section 6 of the Tynwald Auditor General Act 2011 as follows:

**6 Value for money inspections**

(1) The Auditor may carry out an inspection (a "value for money inspection") of a specified body to determine whether that body is discharging its functions, and using its resources, economically, effectively and efficiently and in doing so may consider the effectiveness, and quality, of a body's internal controls, governance arrangements and financial management and reporting systems.

(2) Tynwald may request the Auditor to carry out a value for money inspection of a specified body in respect of any one or more of that body's functions.

(3) In deciding whether to carry out, and in carrying out a value for money inspection the Auditor must have regard to —

(a) any relevant recommendations made by the Accounts Committee;

(b) regulations made under section 12 of the Audit Act 2006; and

(c) directions given under section 13 of that Act.

(4) If the Auditor, after considering a request under subsection (2), decides not to conduct an inspection, the Auditor must send a statement of that decision and the reasons for it to the Accounts Committee.

~~(5) If the Accounts Committee, having considered the statement sent to it under subsection (4), concludes that a value for money inspection is nevertheless appropriate in the particular case, it may direct the Auditor General to conduct one.~~

~~(6) A direction under subsection (5) may include such supplementary instructions to the Auditor as appear to the Accounts Committee to be appropriate.~~

~~(7) The Auditor must comply with a direction under subsection (5).~~

(8) ~~In this Act "specified body" means a body that is required to be inspected in accordance with the Audit Act 2006.~~ "Specified body" means —

(a) a body that is required to be inspected in accordance with the Audit Act 2006;

(b) the division of the Treasury known as the Audit Advisory Division (or its successor by whatever name known);

(c) a body referred to in an order under section 1(1)(h) of the Audit Act 2006;

(d) a body mainly supported by public funds, and for these purposes —

(i) money is paid from public funds if it is paid from moneys provided by Tynwald or out of General Revenue or the Reserve Fund;

(ii) a body is mainly supported by public funds if, in any financial year, it receives [more than half][ any] of its income from such funds.».

NB: Treasury tabled an amendment to remove the new subsection (8)(b) as it was seen as an unnecessary duplication of a power that the TAG already has, as the Audit Advisory Division is part of the Treasury. It is also questionable whether a value for money inspection is the appropriate tool for the TAG to review the Audit Advisory Division, which is understood to be the motivation here.

**Amendment #9 Nss. 6 (linked to recommendations R28 and R30)**

- Amends section 5 of the Audit Act 2006 as follows:

**5 Inspector's right of access to documents and information**

(1) In relation to any accounts to be inspected in accordance with this Act, the relevant body shall provide the inspector with every facility and all information and explanations which the inspector may reasonably require for the purpose of the inspection.

(2) Without prejudice to the generality of subsection (1), the inspector has a right of access at all reasonable times to every document or record to which this section applies, access to which appears to the inspector to be necessary for the purpose of the inspection.

(3) This section applies to any document or record in the custody or control of —

(a) the relevant body;

(b) a person who has received financial assistance from the relevant body, whether by way of grant, loan or guarantee;

(c) a person from whom the relevant body has acquired an interest in any property;

(d) a body corporate any share or other interest in which the relevant body has acquired; ~~and~~

(e) a person who has supplied goods or services —

(i) to the relevant body in pursuance of a contract to which the body was party, or

(ii) in pursuance of a relevant sub-contract;

and

(f) a person who has performed any function on behalf of a relevant body.

(4) This section also applies to a document or record of a description specified in an order made by the Treasury for the purpose of this section on the recommendation of the Tynwald Auditor General.

(4A) If the Tynwald Auditor General makes a recommendation under subsection (4) the Treasury shall within 3 months —

(a) make an order giving effect to the recommendation; or

(b) lay before Tynwald a report giving its reasons for not giving effect to the recommendation.

In reckoning the period of 3 months, disregard the months of August and September.

(5) In relation to any accounts to be inspected in accordance with this Act, the inspector may —

(a) by notice in writing require a person who appears to the inspector to be in possession or control of a document or record to which this section applies and which is specified in the notice —

(i) to produce the document or record to the inspector, or

(ii) if the document or record is contained in a computer, to produce it in a form which may be taken away and in which it is visible and legible;

(b) by notice in writing require a person who appears to the inspector to have information of the kind specified in subsection (6) —

(i) to give the inspector any assistance, information and explanation which appears to the inspector necessary for the purpose of the inspection; or

(ii) to attend before the inspector in person to give any such assistance, information or explanation, or

(iii) if the information is contained in a computer, to produce it in a form which may be taken away and in which it is visible and legible;

(c) at any reasonable time have access to, and inspect and check the operation of, any computer and any associated apparatus or material which is or has been in used in connection with a document or record specified in a notice under paragraph (a) or information referred to in paragraph (b); and

(d) by notice in writing require the person by whom or on whose behalf the computer is or has been used, or any person having charge of or otherwise concerned with the operation of the computer, apparatus or material, to afford the inspector such assistance as the inspector may reasonably require.

(6) The information referred to in subsection (5)(b) is information relating to —

(a) the relevant body;

(b) a document to which this section applies; or

(c) the person in whose custody or control such a document is.

(7) A person who —

(a) intentionally obstructs an inspector exercising a right conferred by subsection (2) or (5)(c),

(b) without reasonable excuse fails to give an inspector exercising that right any assistance or information which the inspector may reasonably require of that person for the purpose of the inspection in question, or

(c) without reasonable excuse fails to comply with a notice given under subsection (5)(a), (b) or (d),

is guilty of an offence and liable on summary conviction to imprisonment for a term not exceeding 6 months or to a fine not exceeding level 5 on the standard scale, or both.

(8) In this section "relevant sub-contract", in relation to a body, means a contract the performance of which fulfils, or contributes to the fulfilment of, an obligation to supply goods or services to the body under another contract.

**Amendment #18 Nss. 10 (linked to recommendations R28 and R30)**

- Amends section 13 of the Tynwald Auditor General Act 2011 as follows:

**13 Auditor's right of access to documents and information**

(1) Specified bodies must provide the Auditor with every facility and all information or explanations which the Auditor may reasonably require for the purpose of the exercise of any functions under this Act.

(2) The Auditor has a right of access at all reasonable times to every document or record to which this subsection applies, access to which appears to the Auditor to be necessary for the purpose of the exercise of any functions under this Act.

This does not limit the application of subsection (1) but is subject to subsection (3).

(3) ~~This Act does not authorise the Auditor to require the production of documents that are in the custody of a member or officer of Tynwald, or a member or officer of a Branch of Tynwald, in that person's capacity as such a member or officer .~~ Subsection (3A) —

(a) applies to a member or officer of Tynwald or a Branch of Tynwald in their capacity as such;

(b) does not apply to the Clerk of Tynwald, in the Clerk's capacity as Accounting Officer.

(3A) This Act does not authorise the Auditor to require explanation from, or the production of documents in the custody of, a person referred to in subsection (3)(a).

(4) Subsection (2) applies to any document or record in the custody or control of —

(a) the specified body;

(b) a person who has received financial assistance from the specified body, whether by way of grant, loan or guarantee;

(c) a person from whom the specified body has acquired an interest in any property;

(d) a body corporate any share or other interest in which has been acquired by the specified body; and

(e) a person who has supplied goods or services —

(i) to the specified body under a contract to which the body was party; or

(ii) under a relevant sub-contract (see subsection (11)).

(5) Subsection (2) also applies to a document or record of a description specified in an order made for the purpose of this section by the Treasury on the recommendation of the Auditor.

(6) If the Auditor makes a recommendation under subsection (5) the Treasury must within 3 months —

(a) make an order giving effect to the recommendation; or

(b) lay before Tynwald a report giving its reasons for not giving effect to the recommendation.

In reckoning the period of 3 months, disregard August and September.

(7) The Auditor may by notice in writing —

(a) require a person who appears to the Auditor to be in possession or control of a document or record to which subsection (2) applies and which is specified in the notice —

(i) to produce the document or record to the Auditor; or

(ii) if the document or record is contained in a computer, to produce it in a form which may be taken away and in which it is visible and legible;

(b) require a person who appears to the Auditor to have information of the kind specified in subsection (~~10~~ 12) —

(i) to give the Auditor any assistance, information and explanation which appears to the Auditor necessary for the exercise of any functions under this Act;

(ii) to attend before the Auditor in person to give any such assistance, information or explanation; or

(iii) if the information is contained in a computer, to produce it in a form which may be taken away and in which it is visible and legible; and

(c) require the person by whom or on whose behalf the computer is or has been used, or any person having charge of or otherwise concerned with the operation of the computer, apparatus or material, to afford the Auditor such assistance as the Auditor may reasonably require.

(8) No obligation to maintain secrecy or other restriction on the disclosure of information to the Auditor, whether imposed by any enactment or by any rule of law, applies to the disclosure of information for the purposes of an investigation by the Auditor.

(9) In addition to the powers specified in subsection (7) the Auditor may at any reasonable time have access to, and inspect and check the operation of, any computer and any associated apparatus or material which is or has been used in connection with a document or record specified in a notice under subsection (7)(a) or information referred to in subsection (7)(b).

(10) The powers of the Auditor under this section are also exercisable by any person authorised in writing by the Auditor. (11) A person exercising the power conferred by subsection (10) must produce evidence of his or her authority on demand.

(12) The information referred to in subsection (7)(b) is information relating to —

(a) the specified body;

(b) a document to which subsection (2) applies; or

(c) the person having custody or control of such a document.

(13) In this section "relevant sub-contract", in relation to a body, means a contract the performance of which fulfils, or contributes to the fulfilment of, an obligation to supply goods or services to the body under another contract.

(14) An order under subsection (6) shall not come into operation unless it is approved by Tynwald.

**Amendment #18 Nss. 12 (linked to recommendation R7)**

- Omits section 15 of the Tynwald Auditor General Act 2011

~~**15 Information that relates to a person's tax and customs affairs**~~

~~(1) Nothing in this Act authorises —~~

~~(a) the Auditor to require; or~~

~~(b) the relevant authority to give to the Auditor,~~

~~information that relates to a person's tax and customs affairs except in accordance with this section.~~

~~(2) Information "relates to a person's tax and customs affairs" if it is information about, acquired as a result of, or held in connection with the exercise of, a function of the relevant authority that relates to the collection, assessment or enforcement of —~~

~~(a) any tax;~~

~~(b) any duty of customs;~~

~~(c) any duty of excise,~~

~~in respect of the person, but it does not include information about internal administrative arrangements of the relevant authority in relation to those matters.~~

~~(3) Information that relates to a person's tax and customs affairs may only be supplied by the relevant authority to the Auditor with the person's written consent.~~

~~(4) In this section—~~

~~"the relevant authority" means —~~

~~(a) in relation to value added tax, any duty of customs and any duty of excise, the Collector of Customs and Excise;~~

~~(b) in relation to National Insurance contributions, the Treasury; and~~

~~(c) in relation to income tax, the Assessor of Income Tax; and "tax" includes National Insurance contributions of any class.~~

**Amendment #9 Nss. 2 (linked to recommendations R62 and R82)**

- Amends section 1 of the Audit Act 2006 as follows:

**1 Bodies subject to inspection under this Act**

(1) Subject to subsection (2), the accounts of the following bodies shall be inspected in accordance with this Act —

(a) every Department;

(b) every Statutory Board;

(c) every local authority;

(d) every body established by or under any statutory provision and consisting of or including persons appointed by one or more bodies referred to in paragraphs (a), (b), and (c);

(e) ~~every company, more than half of the equity share capital of which is beneficially owned by one or more Departments or Statutory Boards or is otherwise held by or in trust for the Government, and which is not liable to comply with section 109(3) (filing of accounts) of the Companies Act 1931;~~ every entity which is controlled by one or more Departments or Statutory Boards;

(f) ~~every company which is a subsidiary of a body referred to in paragraph (e);~~ every subsidiary of an entity referred to in paragraph (e);

(g) every office or department of the Government or the Legislature;

(h) any other body to which the Treasury by order direct that this subsection shall apply;

(i) any other body whose accounts are directed by any statutory provision other than this Act to be inspected in accordance with this Act.

~~(j) the General Revenue and the Reserve Fund; and~~

~~(k) the Consolidated Loans Fund under the Isle of Man Loans Act 1974.~~

(1A) For the purposes of paragraph (e) of subsection (1) —

(a) "entity" means an individual, partnership, body corporate or unincorporated association;

(b) an entity is controlled by one or more Departments or Statutory Boards if the Department or Departments or Statutory Board or Boards in question have the power to govern the entity's financial and operating policies with a view to benefitting from its operations.

(1B) For the purposes of paragraph (f) of subsection (1) —

(a) subsidiary means an individual, partnership, body corporate or unincorporated association which is controlled by a company referred to in paragraph (e) of that subsection (whether on its own or together with another individual or body); and

(b) a subsidiary is controlled if the company in question has the power to govern the subsidiary's financial and operating policies with a view to benefitting from its operations.

(2) This Act applies to —

(a) all accounts of the bodies referred to in subsection (1), except so far as the Treasury by order directs that accounts specified in the order shall not be inspected in accordance with this Act;

(b) in the case of a body specified in an order under subsection (1)(h) —

(i) where the order directs that subsection (1) shall apply in relation to accounts specified in the order, those accounts;

(ii) otherwise, all accounts of the body;

(c) such accounts of a body referred to in subsection (1)(i) as are specified for the purpose in the provision in question.

(d) the following accounts and funds —

(i) the General Revenue and the Reserve Fund;

(ii) the Consolidated Loans Fund under the Isle of Man Loans Act 1974;

(iii) the National Insurance Fund; and

(iv) the Currency Account.

NB: Treasury tabled two amendments to this amendment to remove any reference to "an individual" in the definition of "entity" and "subsidiary" as these should only concern bodies established under private law, as per section 23 of the INTOSAI Lima Declaration.

Treasury tabled another amendment to remove the mention of the Currency Account, due to the fact that the Currency Account was not created following an explicit requirement in statute to do so, and is not defined in statute either. It exists in order to provide asset backing for Manx Currency issued by the Treasury under the *Currency Act 1992*, and as such, falls within the definition of the Reserve Fund agreed with the TAG and now set out in section 21 of to the Audit Act 2006.

**Amendment #18 Nss.1 (linked to recommendations R62 and R82)**

- Inserts the following definition in section 3(1) of the Tynwald Auditor General Act 2011 at the appropriate place in the order:

**"Reserve Fund"** means the Isle of Man Reserve Fund created under section 2 of the Finance Act 1961 and continued under section 3 of the Finance Act 1962 and includes any other reserves relating to the activities of the Isle of Man Government recognised in accordance with proper practices;

NB: This definition was inserted in the Audit Act 2006 by the Treasury (Miscellaneous Provisions) Act 2025, but not in the Tynwald Auditor General Act 2011 as the latter does not refer to the Reserve Fund.

**Amendment #9 Nss. 1 (linked to recommendation R36)**

- Amends section A1 of the Audit Act 2006 as follows:

**A1 Forms of inspection under the Act**

(1) The Treasury may direct accounts to which this Act applies —

(a) to be audited;

(b) to be the subject of an assurance review; or

(c) to be examined.

(2) Subsections (3) to (5) respectively define "audit", "assurance review" and "examination" for the purposes of this Act, and in this Act a reference to "inspecting" accounts is a reference to doing any of these things (and cognate expressions are to be construed accordingly).

(3) "Audit" in relation to an account means an audit of financial statements conducted in accordance with international standards on auditing as those standards have effect in the United Kingdom.

(4) "Assurance review" means a review of such matters in connection with an account and conducted in ~~such manner and by such person as the Treasury may direct~~ accordance with directions given by the Treasury and by the person appointed by the Auditor General under section 3A.

(5) "Examination" in relation to an account is an examination conducted —

(a) in ~~such manner as~~ accordance with directions given by the Treasury may direct; and

(b) by an examiner for the time being approved by the ~~Treasury~~ Tynwald Auditor General under section 3A.

(6) Unless otherwise provided, accounts to which this Act applies must be audited.

**Amendment #9 Nss. 7 (linked to recommendation R42)**

- Amends section 6 of the Audit Act 2006 as follows:

**6 Inspector's report**

(1) Where an inspector has concluded an inspection of any accounts in accordance with this Act, the inspector shall prepare a report on the accounts.

(2) Where, in relation to the accounts, the inspector —

(a) is not satisfied as to any of the matters specified in section 4(1) or 4A(1),

(b) considers that any matter specified in section 4(2) or 4A(2) is contrary to law, or

(c) ~~considers that the relevant body has failed in any respect mentioned in section 4(3) or 4A(3),~~ considers that the relevant body has failed to—

(i) secure the matters referred to in section 4(3)(a);

(ii) implement  or follow internal controls of an appropriate standard (see section 4A(3));

(iii) have adequate regard to any guidance referred to in section 4A(4),

and the inspector considers that failure to be significant,

~~the inspector's report shall include a statement to that effect, with particulars of the default in question.~~

the inspector's report must include a statement to that effect, with particulars of the default in question.

(3) The inspector shall send a copy of the report under subsection (1) to —

(a) the relevant body;

(b) the appropriate authority; ~~and~~

(c) in the case of accounts of a body referred to in section 1(1)(e) or (f), the relevant Department or Statutory Board

(d) the Tynwald Auditor General; and

(e) the Accounts Committee.

(4) Subject to subsection (5), the inspector shall comply with subsection (3) not later than —

(a) 14 days after the conclusion of the inspection; and

(b) such date after the end of the period to which the accounts relate as may be prescribed under section 12(1)(j),

whichever is the earlier.

(5) Where the inspector does not comply with subsection (3) by the date referred to in subsection (4)(b), the inspector shall, not later than that date, notify the bodies referred to in subsection (3) of the failure and the reasons for it.

(6) As soon as practicable after the relevant body receives the report of the inspector, it shall take the report into consideration; and the agenda supplied to the members of the

body for a meeting of the body at which the report is taken into consideration shall be accompanied by the report.

(7) The relevant body shall take such steps as may be prescribed under section 12(1)(k) for bringing the report of the inspector to the attention of the public.

**Amendment #10 (linked to recommendation R22)**

- Amends section 5 of the Tynwald Auditor General Act 2011 as follows:

**5 General functions**

The general functions of the Auditor are —

(a) to conduct or procure audits and assurance reviews under the Audit Act 2006 and, in doing so, to have regard to any proposals made by the Accounts Committee;

(b) to carry out value for money inspections (see sections 6 and 7);

(c) to undertake regular consultation with the Accounts Committee and to provide assistance with the Committee's investigations (see section 8);

(d) to identify matters that may be appropriate for investigation by the Accounts Committee (see section 9); and

(e) to examine matters referred to the Auditor ~~by members of the public, Tynwald, or members of Tynwald~~ (see sections 10 to 12);

(f) [Repealed]

NB: the Treasury was going to oppose the amendment to subsection (e), in line with its opposition to the PAC amendment seeking to allow the TAG to conduct investigations of his own volition.

**Amendment #12 (linked to recommendation R81)**

- Was already effected by the Treasury (Miscellaneous Provisions) Act 2025.

**Amendments #20 and 22 (linked to recommendation R37 and R92)**

- Amends companies legislation as follows:

**1. Amendment of the Companies Act 1982**

In the *Companies Act 1982* after section 12(1) (appointment and remuneration of auditors), insert —

«(1A) This section does not apply to a company which is a body whose accounts must be inspected in accordance with the Audit Act 2006.».

## 2. Amendment of the Companies Act 2006

In the *Companies Act 2006* after section 80C(1) (auditor to be qualified), insert —

« (1A) This section does not apply to a company which is a body whose accounts must be inspected in accordance with the Audit Act 2006.»

## 3. Amendment of the Incorporated Cell Companies Act 2010

In the *Incorporated Cell Companies Act 2010*, in Schedule 1(application of 1931 legislation to ICS) —

(a) in paragraph 6 (auditors where no annual general meeting held), after sub-paragraph (d) insert (as full out words) «This paragraph does not apply to a company which is a body whose accounts must be inspected in accordance with the Audit Act 2006.»;

(b) in paragraph 7 (ICC responsibility for audit of its ICs), after sub-paragraph (2) insert «This paragraph does not apply to a company which is a body whose accounts must be inspected in accordance with the Audit Act 2006.».;

(c) in paragraph 8 (combining audit of ICs with their ICC), after sub-paragraph (2) insert «This paragraph does not apply to a company which is a body whose accounts must be inspected in accordance with the Audit Act 2006.».

## 4. Amendment of the Industrial Building Societies Act 1892

In the Industrial Building Societies Acts 1892 —

(a) in section 2 (interpretation), omit the definition of "~~public auditor~~";

(b) in section 16(1) (duties and obligations of societies) —

(i) in paragraph (c), omit "~~either to the public auditor or two or more persons appointed~~";

(ii) in paragraph (d), omit "whether the audit has been conducted by the public auditor, and if by any persons other than the public auditor shall state", and for "each of such persons" substitute «the person who conducted the audit».

## 5. Amendment of the Industrial Building Societies (Amendment) Act 1955

In the *Industrial Building Societies (Amendment) Act 1955,* in section 3(3) (provisions as to annual return and audit) for "~~by one or more auditors~~" substitute «an auditor».»

**Amendment #6 (linked to recommendation R44)**

- Amends section 4A of the Audit Act 2006 as follows:

**4A General duties of an assurance reviewer or examiner**

(1) An assurance reviewer or an examiner, in inspecting any accounts under this Act, must, by review of the accounts and otherwise, be reasonably satisfied there is nothing that has come to his or her attention that causes him or her to believe that the accounts have not been prepared as to —

(a) either –

(i) give a true or fair view of the financial affairs of the relevant body for the period, or at the date, to which they relate; or (as the case may be);

(ii) properly present the financial affairs of the relevant body for the period, or at the date, to which they relate;

(b) comply with any regulations under section 12, and any directions under section 13, which are applicable to them, and

(c) comply with the requirements of any other statutory provision applicable to them.

(2) In conducting an assurance review or an examination the inspector must also consider, so far as is practicable in the circumstances of the inspection being undertaken, whether any of the following is or may be contrary to law —

(a) the application of money, provided by Tynwald, by or on account of, the relevant body;

(b) the payment or application of money or other property held or received by or on account of the body;

(c) a transaction effected by or on account of the body.

~~(3) In conducting any assurance review or examination the inspector must by inspection of the accounts and otherwise satisfy himself or herself that there is not anything that would indicate that —~~

~~(a) the internal organisation of the relevant body, and the internal controls maintained by it, are such as to be insufficient to secure the proper management of the finances of the body and economy and efficiency in the use of its resources; and~~

~~(b) if the relevant body is a designated body for the purposes the Treasury Act 1985, the body has failed to comply with any principles or code of conduct prescribed by the Council of Ministers and specified for the purpose of this paragraph by direction of the Treasury.~~

(3) An assurance reviewer or, as the case may be, an examiner must as soon as it can reasonably be done notify the Tynwald Auditor General in writing of any insufficiency in the internal controls of the body whose accounts are being audited or other matter of which the assurance reviewer or examiner considers to be a significant concern.

(4) In discharging any duty under this Act, an assurance reviewer or, as the case may be, an examiner must have adequate regard to any guidance issued by the Tynwald Auditor General.

| **Amendment #9 Nss. 3 (linked to recommendations R38 and R39)** |
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- Amends section 3 of the Audit Act 2006 as follows:

**3 Appointment of auditor**

(1) All accounts required to be audited under this Act shall be —

(a) audited by the Tynwald Auditor General; or

(b) examined by an auditor appointed by the Tynwald Auditor General for the purpose.

~~(1A) In a case falling within subsection (1)(b) the audit certificate shall be given by the Tynwald Auditor General after satisfying himself or herself as to the adequacy of the examination.~~

(1B) An appointment under subsection (1)(b) shall be in writing and for such period, not exceeding 5 years as the Tynwald Auditor General thinks fit.

(1C) Where, under subsection (1)(b), the Tynwald Auditor General appoints an auditor to examine accounts, the Tynwald Auditor General must take reasonable steps to satisfy the Tynwald Auditor General about the quality of the auditor's work.

(2) The Tynwald Auditor General may appoint different auditors for the purpose of auditing the accounts of different bodies, or different accounts of the same body.

(3) If 2 or more auditors are appointed to audit the accounts of a body they may be appointed —

(a) to act jointly,

(b) to act separately in relation to different parts of the accounts, or

(c) to discharge different functions in relation to the audit.

(4) A person is qualified for the purpose of subsection (1) if, and only if, that person is eligible for appointment as auditor of a company under section 14 of the Companies Act 1982.

(5) [Repealed]

(6) [Repealed]

NB: The Treasury was going to oppose this amendment as it is understood to remove the responsibility from the TAG for any audit undertaken under his powers of delegation.

**Amendment #9 Nss. 4 (linked to recommendation R39)**

- Amends section 3A of the Audit Act 2006 as follows:

**3A Appointment of assurance reviewer**

(1) All accounts required to be the subject of an assurance review in accordance with this Act shall be reviewed by a qualified auditor appointed in writing by the Tynwald Auditor General.

(2) The Tynwald Auditor General may appoint different assurance reviewers for the purpose of conducting assurance reviews of the accounts of different bodies, or different accounts of the same body.

(3) If 2 or more persons are appointed to conduct assurance reviews of the accounts of a body they may be appointed —

(a) to act jointly,

(b) to act separately in relation to different parts of the accounts, or

(c) to discharge different functions in relation to the assurance review.

(4) A person is qualified for the purpose of subsection (1) if, and only if, that person —

(a) is eligible for appointment as auditor of a company under section 14 of the Companies Act 1982; and

(b) is not disqualified by section 4B below.

(5) The Tynwald Auditor General must take reasonable steps to satisfy the Tynwald Auditor General about the quality of the work of any assurance reviewer appointed under this section.

**Amendment #9 Nss. 5 (linked to recommendation R40)**

- Amends section 3A of the Audit Act 2006 as follows:

**4 General duties of auditor**

(1) In auditing any accounts in accordance with this Act, an auditor shall by examination of the accounts and otherwise satisfy himself or herself that the accounts —

(a) give a true and fair view of the financial affairs of the relevant body for the period, or at the date, to which they relate, as the case may be,

(b) comply with any regulations under section 12, and any directions under section 13, which are applicable to them, and

(c) comply with the requirements of any other statutory provision applicable to them.

(2) In auditing the accounts the auditor shall also consider whether —

(a) the application by or on account of the relevant body of money provided by Tynwald,

(b) the payment or application of money or other property held or received by or on account of the body, or

(c) a transaction effected by or on account of the body, is or will be contrary to law.

~~(3) In auditing the accounts the auditor shall also consider —~~

~~(a) whether the internal organisation of the relevant body, and the internal controls maintained by it, are such as to secure the proper management of the finances of the body and economy and efficiency in the use of its resources; and~~

~~(b) where the relevant body is a designated body for the purposes of the Treasury Act 1985, whether the body has complied with any principles or code of conduct prescribed by the Council of Ministers and specified for the purpose of this paragraph by direction of the Treasury.~~

(3) An auditor must as soon as it can reasonably be done notify the Tynwald Auditor General in writing of any insufficiency in the internal controls of the body whose accounts are being audited or other matter of which the auditor considers to be a significant concern.

(4) In discharging any duty under this Act, an auditor must have adequate regard to any guidance issued by the Tynwald Auditor General.

## MISCELLANEOUS

The following amendments were to be moved by the PAC, but are not linked to any recommendations of the TAG.

| Amendment 8 |
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➢ Inserts the following definition in section 21 of the Audit Act 2006 at the appropriate place in the order:

"**subsidiary**" means an individual, partnership, body corporate or unincorporated association which is controlled by a company (whether on its own or together with another individual or body), and a subsidiary is controlled if the company in question has the power to govern the subsidiary's financial and operating policies with a view to benefitting from its operations.

NB: Treasury tabled an amendment to this amendment to remove any reference to "an individual" in the definition of "subsidiary" as it should only concern bodies established under private law, as per section 23 of the INTOSAI Lima Declaration.

| Amendment #9 Nss.8 |
|---|

➢ Amends section 14 of the Audit Act 2006 as follows:

**14 Fees for audits and assurance reviews**

(1) The Tynwald Auditor General must determine the fee to be paid in respect of any audit or assurance review under this Act.

(2) Before determining a fee under subsection (1) the Tynwald Auditor General must consult the Treasury, the body whose accounts are to be the subject of the audit or assurance review and the person who is to conduct it.

(3) A body whose accounts are to be audited or to be the subject of an assurance review must pay the fee determined under subsection (1) for the audit or assurance review to the person appointed to conduct it.

(4) A fee may be recovered as a civil debt.

| Amendment 17 |
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➢ Amends paragraph 17 of Schedule 1 to the Tynwald Auditor General Act 2011 as follows:

**17 Accounts and inspection**

(1) The Auditor must —

(a) keep accounts; and

(b) prepare annual accounts in respect of each financial year.

(2) The accounts of the Auditor must be inspected in accordance with the Audit Act 2006 by a person selected for the purpose by the Public Accounts Committee.

(3) The financial year of the Auditor is —

~~(a) the period beginning with the date on which the first Auditor is appointed and ending with 31 March next following that date; and~~

(b) each successive period of 12 months ending with 31 March.