



PUBLIC AUDIT REFORM

Consultation Document

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Consultation process

This consultation paper is issued by the Isle of Man Treasury.

The purpose of the consultation is to seek views of relevant stakeholders and members of the public on the recommendations made by the Tynwald Auditor General in his report "*Public Audit in the Isle of Man*" [[TAG 2024/0001](#)].

The consultation is relevant to all residents of the Isle of Man, but of particular interest to:

- Organisations who are subject to the current public audit framework

(This will include Departments, Statutory Boards, offices linked to Government or the Legislature, Government owned entities and Local Authorities)

- Organisations who are likely to be subject to the public audit framework recommended by the TAG

(This will include private bodies who receive the majority of their income from public funding, including charities).

- Firms conducting inspections under the Audit Act 2006

The closing date for responses is **5 January 2026**.

To ensure that your opinion is considered, please proceed to the online survey on the consultation page on the Engagement Hub: <https://consult.gov.im/treasury/public-audit-reform/>.

Alternatively, you can complete the present consultation document and return it by e-mail or post to:

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Bucks Road
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E-mail: Treasuryconsultations@gov.im

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Please note that most questions on this consultation are optional, with the exception of question 2 below, 'May we publish your response?'

There are multiple text boxes provided throughout the consultation, but you are not required to complete them unless you want to explain your view.

Please refrain from adding personal information to these boxes. Any personal information added will be redacted.

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You are not required to provide any of your personal information to complete this consultation.

Please consider your choice from the following options:

- **Publish in full** – your organisation name, along with full answers may be published (your e-mail address will not be published).
- **Publish anonymously** – only your responses may be published (your organisation name and email address will not be published).
- **Do not publish** – nothing will be published publicly (your response will only be part of a larger Summary of Responses document).

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Should you wish to withdraw your consent at any time, please contact the Treasury at Treasuryconsultations@gov.im or in writing to the address detailed above, after which your personal information will be deleted from the dataset within one calendar month.

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QUESTION 1

Are you responding on behalf of an organisation?

☐ YES

☐ NO

Organisation

QUESTION 2

REQUIRED

May we publish your response?

Please read our Privacy Policy on https://consult.gov.im/privacy_policy/ for more details and your rights.

- ☐ Yes, you can publish my response in full
- ☐ Yes, you may publish my response anonymously
- ☐ No, please do not publish my response

Background & Context

Public audit is an important feature of the regulatory system around public finances: it aims to identify issues through an in-depth scrutiny of the public finances. It is currently governed by the Audit Act 2006 and its subordinate legislation which includes:

- Who can inspect public finances;
- What they must do in case of irregularity; and
- How public bodies should prepare their accounts

Public audit was conducted by external auditors commissioned by the Treasury until the appointment of the Tynwald Auditor General ("TAG") in March 2023.

The TAG is a statutory officer whose financial expertise assists Tynwald in holding Government to account when it comes to its use of public funds. This role was established by the Tynwald Auditor General Act 2011, and its main functions are to:

- Conduct the external audit of the accounts of public bodies in accordance with the Audit Act 2006;
- Conduct performance audit of public bodies (also known as Value For Money or "VFM" inspections); and
- Conduct investigations into the finances of public bodies upon request from Tynwald or the public.

The TAG reports to Tynwald, and has a close relationship with the Public Accounts Committee ("PAC"); the committee of Tynwald tasked with examining the value for money of Government projects, programmes and service delivery and scrutinising the efficiency and effectiveness of the implementation of Government policy and public spending more broadly.

The role is independent from Government: only Tynwald can direct the TAG, and what the TAG can be directed to do must be clearly set out in legislation.

The first ever TAG was appointed in March 2023, and initially tasked to review the adequacy of the Manx legislation relating to his functions. This review concluded with the publication of a report entitled "*Public Audit in the Isle of Man*", laid before Tynwald in July 2024. It includes 93 recommendations and 10 areas for consideration.

In May 2025, the PAC published its third Report for the Session 2024-2025² on 'Public Audit in the Isle of Man' and recommended that:

1. The recommendations in the Tynwald Auditor General's Public Audit in the Isle of Man report [TAG 2024/0001] requiring primary legislative change be implemented by way of a Bill to be introduced by Treasury in 2025;

¹ <https://www.tynwald.org.im/spfile?file=/business/opqp/sittings/20212026/2024-TAG-0001.pdf>

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

2. *The other recommendations and matters for further consideration should be progressed between the Tynwald Auditor General and Treasury, and others as appropriate, and*
3. *Treasury will make a report on the other recommendations and matters for further consideration, indicating their approval, rejection or amendment of each, to be laid before Tynwald for debate in November 2025.*

When responding³ to the PAC's report, the Council of Ministers highlighted that some of the recommendations relate to the role of the TAG, its relationships with the various institutions of the State (Tynwald, PAC, Government) and the public sector at large. "*Treasury considers that these are constitutional matters that ought to be debated by Tynwald. It is important that Tynwald determine what it wants from its Auditor General.*"⁴

However, the other recommendations made by the TAG ought to be consulted upon in order to properly assess their potential impacts, and find the most appropriate way to implement them.

The aim of this consultation is to both raise awareness on the recommendations, and seek feedback on the way to implement the TAG's technical recommendations in the most appropriate and proportionate manner.

Consultation overview

This consultation is arranged in sections based on the themes used by the TAG in his report "*Public Audit in the Isle of Man*".

Themes 1, 4, 8 and 9 and some recommendations within other themes were classed as constitutional matters that ought to be debated by Tynwald and as a result will not be an area of focus for this consultation.

Themes 2, 3, 5, 6 and 7 are being consulted on and each corresponding section will include:

- The TAG's summary of his findings relating to the theme in question, extracted from his report "*Public Audit in the Isle of Man*"
- Consultation considerations in relation to the theme in question
- The questions to be answered as part of this consultation

[Appendix A](#) sets out all of the recommendations and areas for consideration suggested by the TAG. For ease of reference, they have been arranged by theme and includes the classification referred to in the Council of Ministers' Response to the Standing Committee of Tynwald on Public Accounts Third Report for the Session 2024-25.

[Appendix B](#) details legislative proposals made by the PAC during the passage of the Treasury Miscellaneous Bill 2025, that were ultimately not incorporated within the Treasury (Miscellaneous Provisions) Act 2025. Those proposals are expected to be included within the upcoming Audit Reform Bill.

³ <https://www.tynwald.org.im/spfile?file=/business/opqp/sittings/20212026/2025-GD-0057.pdf>

⁴ [Council of Ministers response to the Standing Committee of Tynwald on Public Accounts Third Report for the Session 2024-25 \(GD2025/0057\)](#) (page 2)

Proposals and Questions

THEME 2: REVIEW OF REMIT OF TYNWALD AUDITOR GENERAL

TAG'S SUMMARY OF HIS FINDINGS

INTOSAI pronouncements⁵ provide for all bodies carrying out public finance operations to be within the remit of a Supreme Audit Institution.

The legislation in the Isle of Man provides for a wide remit for public for the Tynwald Auditor General, including both most companies controlled by Government and local authorities. However, I have identified areas where the Isle of Man does not fully comply with INTOSAI pronouncements:

- *the remit of the Tynwald Auditor General does not extend to charitable and non-charitable funds administered by public bodies; certain public sector pension funds; and companies controlled by public sector bodies but where public sector bodies do not own over 50% of the share capital;*
- *the Tynwald Auditor General does not have a power to review the activities of non-governmental bodies that receive significant public funding, including subsidies granted from public funds; and*
- *where a body is exempted from the requirements for inspection of accounts under the Audit Act 2006 it may also be exempted from the wider discretionary powers of the Tynwald Auditor General.*

➤ [See Appendix A for the recommendations made by the TAG in respect of this theme](#)

CONSULTATION CONSIDERATIONS/POTENTIAL IMPACTS

While most of the recommendations relating to this theme were classed as constitutional matters that ought to be debated by Tynwald, the Treasury considers it necessary to draw the attention of consultees on the concept of "following the public pound" developed by the TAG in his recommendations. Extending the TAG's remit in this way means that the TAG will have powers over private entities who receive significant public funding including subsidies.

The PAC has developed a legislative proposal whereby "*a body is mainly supported by public funds if, in any financial year, it receives more than half of its income from such funds*". That means bodies established under private law where 50% of their income comes from the public purse would be included within the TAG's remit. This could include service providers, suppliers, charities and partnerships, provided they have a separate legal personality to their members⁶.

➤ [See Appendix B for the legislative proposals made by the PAC in respect of this theme](#)

⁵ INTOSAI pronouncements referred to here are the Lima declaration ([INTOSAI-P 1](#)) & The Mexico Declaration on SAI Independence ([INTOSAI-P 10](#))

⁶ I.e. Companies, Foundations and Limited Partnerships.

As a result of this proposal, the TAG would be able to carry out the following in respect of any private body mainly supported by public funds:

- Conduct a Value For Money inspection⁷ of the body in question
- Refer a matter in connection with the body in question to the PAC for further investigation if the TAG considers that it may be in the public interest to do so⁸
- Investigate any matter relating to the performance of the body in question or the economic, effective or efficient use of its resources⁹

Note: Currently, the TAG may only undertake an investigation following a request from a member of the public, Tynwald or a member of Tynwald however this may change if Tynwald empowers the TAG to undertake them on his own volition (see theme 4)

It would also extend the TAG's powers over any private body mainly supported by public funds. To this effect, the TAG may require¹⁰ the production of information from these private bodies in the exercise of his functions (which may include personal information) and enter and inspect¹¹ any premises occupied or controlled by any private body mainly supported by public funds. These powers are associated with enforcement powers which may lead to officers and/or bodies being prosecuted for committing an offence under the Act¹².

Note: The TAG also calls for his and his inspectors right of access to information to be enhanced (see theme 3) however this will be dealt with separately.

QUESTIONS

QUESTION 3

Do you agree with the principle that the TAG's remit should include private entities who receive significant public funding and subsidies?

☐ YES

☐ NO

QUESTION 4

If so, do you think that the proposed definition is reasonable?

☐ YES

☐ NO

If not, what do you think the definition should cover and/or exclude?

⁷ See section 6 of the Tynwald Auditor General Act 2011

⁸ See section 9 of the Tynwald Auditor General Act 2011

⁹ See section 10 of the Tynwald Auditor General Act 2011

¹⁰ See section 13 of the Tynwald Auditor General Act 2011

¹¹ See section 14 of the Tynwald Auditor General Act 2011

¹² See section 17, 18 and 19 of the Tynwald Auditor General Act 2011



QUESTION 5

Would you be affected by the proposed change of definition?

☐ YES

☐ NO

If so, please set out if you have any concerns.

QUESTION 6

Would the proposed change affect your business relationship with public bodies?

☐ YES

☐ NO

If so, please explain what impacts you foresee.

THEME 3: RIGHT OF ACCESS TO INFORMATION & ENHANCEMENT OF INSPECTORS APPOINTED BY TAG

TAG'S SUMMARY OF HIS FINDINGS

Fundamental to the ability of an auditor general to provide assurance is a wide-ranging right of access to documents and explanations relevant to their functions. Current legislation gives the Tynwald Auditor General and auditors and assurance reviewers appointed by him wide-ranging powers of access to such information.

However, there is one specific restriction on the Tynwald Auditor General's rights to information: they may not access information relating to a person's tax or customs affairs without the person's consent. This restriction is specifically at variance with INTOSAI pronouncements¹³ and legislation in other jurisdictions reviewed.

There are also other areas in which legislation on access to information could be strengthened:

- *current legislation does not explicitly confer a duty on public bodies and those holding documents and information relevant to public audit functions to provide explanations about those documents to the Tynwald Auditor General or to auditors or assurance reviewers appointed by him. Such explanations can enhance the understanding of documents and records to which there is an explicit statutory right of access;*
- *current legislation confers a right of access to documents held by a public body and a body receiving financial support from a public body. But it does not, for example, confer a right of access to information held by others, such as a third-party performing functions on behalf of a public body. Such information may not be available directly from a public body;*
- *current legislation specifically exempts from the Tynwald Auditor General's access rights information held by a member or officer of Tynwald or a Branch of Tynwald in their official capacity. This provision is designed to protect parliamentary privilege but has the unintended consequence of exempting information held by the Office of the Clerk of Tynwald relating to the Office's use of public funds; and*
- *the Isle of Man legislation does not contain a statutory prohibition on the Tynwald Auditor General and those working for him from sharing information obtained in the course of their functions other than for the purposes of those functions. Such a provision is a valuable safeguard and found in some public audit legislation.*

➤ [See Appendix A for the recommendations made by the TAG in respect of this theme](#)

CONSULTATION CONSIDERATIONS/POTENTIAL IMPACTS

The Treasury wishes to draw the attention of consultees on the proposal made by the PAC to omit section 15 of the Tynwald Audit General Act 2011, which currently requires the TAG

¹³ INTOSAI pronouncements referred to here are the Lima declaration ([INTOSAI-P 1](#)) & The Mexico Declaration on SAI Independence ([INTOSAI-P 10](#))

to obtain a person's consent before being able to access that person's tax and customs affairs.

➤ [See Appendix B for the legislative proposals made by the PAC in respect of this theme](#)

The TAG points out that this particular section does not align with section 20(1) of INTOSAI Lima declaration, which states:

"Supreme Audit Institutions shall be empowered to audit the collection of taxes as extensively as possible and, in doing so, to examine individual tax files."

It should be noted that the current legislative framework provides that external auditors may access personal tax and customs information when undertaking their audit, in line with the above INTOSAI pronouncement.

The legislative proposal made by the PAC goes further, enabling the TAG to require access to this sensitive personal data in the exercise of any of his functions, including for Value for Money inspections and investigations, without consent of the person in question.

The TAG also calls for expanding his and his inspectors' right to access to documents and information to include third parties who have performed any function on behalf of a public body (e.g. a company of who providing a public function on behalf of a Department, Statutory Board or local authority).

QUESTIONS

QUESTION 7

Do you agree that the Tynwald Auditor General should have access to a person's tax and customs information without that person's consent for the exercise of:

- | | | |
|---------------------------------------|------------------------------|-----------------------------|
| • The TAG's Value for Money functions | ☐ YES | ☐ NO |
| • The TAG's investigative functions | ☐ YES | ☐ NO |

Please explain why:



QUESTION 8

Do you agree that a third party who has performed any function on behalf of a public body should be included within the remit of the TAG's right of access to documents and information in the exercise of:

- | | | |
|---------------------------------------|------------------------------|-----------------------------|
| • The TAG's external audit functions | ☐ YES | ☐ NO |
| • The TAG's Value for Money functions | ☐ YES | ☐ NO |
| • The TAG's investigative functions | ☐ YES | ☐ NO |

Please explain why:

THEME 5: AMENDMENT OF LEGISLATION RELATING TO FINANCIAL STATEMENTS OF PUBLIC SECTOR BODIES

Note: In this section, "inspection" is the generic term encompassing audit, assurance-review and examination.

TAG'S SUMMARY OF HIS FINDINGS

Preparation of financial statements of public sector bodies in accordance with a recognised accounting framework is a key element of accountability for the use of public funds. The Isle of Man has extensive legislation on the preparation of the financial statements of public sector bodies rooted in compliance with United Kingdom 'Generally Accepted Accounting Practices' (UK GAAP).

However, there is scope for refining the legislation. In particular:

- there are no explicit criteria driving the decision of which bodies are subject to different types of inspection of their financial statements;*
- the Accounts and Audit Regulations 2018 include a tight definition of 'proper practices' for the preparation of financial statements that precludes, for example, the preparation of financial statements on a 'receipts and payments' basis that might be appropriate and proportionate for smaller bodies;*
- the legislation imposes duties on a body's Responsible Financial Officer that, in the context of a government-owned company might overlap with the legal responsibilities of the company's directors;*
- legislation 'hard wires' detailed financial reporting requirements despite regular changes in applicable professional standards;*
- legislation contains different provisions for financial and other reporting for different bodies without a clear rationale for the differences;*
- legislation requires preparation and audit of separate accounts for certain funds that are not separately prepared and audited. Instead, they are included in the consolidated accounts of central government that are subject to audit by an auditor appointed by the Tynwald Auditor General; and*
- there is a statutory requirement for the preparation and audit of certain accounts administered by the Chief Registrar. However, where accounts are prepared, they are not prepared on a basis consistent with the requirements of the Accounts and Audit Regulations 2018.*

➤ [See Appendix A for the recommendations made by the TAG in respect of this theme](#)

CONSULTATION CONSIDERATIONS/POTENTIAL IMPACTS

Most of the recommendations relating to this theme are linked to the Accounts and Audit Regulations 2018 ("the Regulations") rather than primary legislation. As such, this part will mostly be implemented by way of new regulations to follow the upcoming Audit Reform Bill.

These recommendations often call for more clarity and consistency between what is required by the Regulations and what is required by the applicable standards. The recommendations also call for the adoption of standardised accounting practices across all bodies subject to public audit. For example, the TAG highlights that local authorities have to comply with rather prescriptive reporting requirements when companies are only required to comply with proper practices, which could lead to different accounting policies being adopted.

The current level of prescription in the Regulations seems to be the main cause for these issues. The solution that is currently envisaged is for the legislation to be less prescriptive and point to other documents to guide bodies subject to the Regulations on how to prepare their financial statements to ensure compliance. This could include publishing reporting templates in guidance rather than in the Regulations, or providing the Treasury with a clear power of direction to state which financial reporting standard to follow to aid the interpretation of key terms. This is hoped to assist adherence with current best practice at all times, without the need to further legislate.

Another topic which the TAG highlights as needing consideration is the role of the Responsible Financial Officer to ensure alignment between legislation and practice. Specific questions seek to gather views on this important role.

QUESTIONS

QUESTION 9

Do you support removing detailed financial reporting templates from legislation in favour of more guidance?

☐ YES

☐ NO

QUESTION 10

Do you foresee any challenge in applying consistent accounting policies to bodies of different sizes or functions?

☐ YES

☐ NO

If so, please explain:



QUESTION 11

Do you think there are inconsistencies between what is expected of the Responsible Financial Officer in the Regulations and what may be expected in separate legislation (e.g. company law)?

☐ YES

☐ NO

If so, please explain:

QUESTION 12

Do you agree with the proposal that the Responsible Financial Officer should recertify accounts before inspection reports are issued?

☐ YES

☐ NO

THEME 6: AMENDMENT OF LEGISLATION RELATING TO INSPECTION OF FINANCIAL STATEMENTS OF PUBLIC SECTOR BODIES

TAG'S SUMMARY OF HIS FINDINGS

External scrutiny of the financial statements of public sector bodies is a core element of public audit. The Isle of Man legislation has evident strengths:

- *it covers more public sector bodies than in many other jurisdictions; and*
- *it provides for three types of inspection of financial statements recognising that the cost of a full audit may be disproportionate to the benefits in the case of some smaller bodies.*

However, there are also aspects of current legislation that warrant review. In particular:

- *the framework is not entirely consistent. In most cases audits are to be undertaken either by the Tynwald Auditor General or a person appointed by them. But in two cases, for which separate accounts are not actually prepared, the audit can only be undertaken by the Tynwald Auditor General personally;*
- *despite the appointment of the Tynwald Auditor General, the Treasury retains responsibility for the approval of independent examiners;*
- *the requirement for certain government-controlled companies to be subject to Audit Act 2006 does not relieve them from any requirement for audits under the Isle of Man Companies Acts, giving rise to a requirement for two separate audit appointments; and*
- *current legislation requires inspectors to report 'any failure' in respect of certain matters in their public-facing report. If all such matters, however insignificant, were reflected in public-facing reports it would lead to extended reports rather than reports that identified matters of the greatest significance.*

There are also matters that warrant consideration, including:

- *whether independent examiners should be appointed by the bodies whose accounts they are preparing or independently of those bodies; and*
- *whether, consistent with the approach in other jurisdictions, the consolidated accounts of central government and any other body directly funded from General Revenue should be subject to a 'regularity opinion' giving assurance on the application of funds in accordance with applicable 'governing authorities' and in accordance with the wishes of the legislature.*

➤ [See Appendix A for the recommendations made by the TAG in respect of this theme](#)

CONSULTATION CONSIDERATIONS/POTENTIAL IMPACTS

It may be useful to first clarify what "inspection" means in this context. The concept of audit or external audit has been used in this document however it should technically be called "inspection". The reason is that audit is a specific form of inspection which corresponds to the highest level of scrutiny.

The current framework sets out 3 levels of scrutiny:

- audit
- assurance-review
- independent examination

The term “inspection” refers to any of the above, and the professionals who are conducting an inspection are referred to as “inspectors”.

Recommendations relating to this theme highlight inconsistencies between what is required from inspectors by the legislation and by the applicable professional standards. The Treasury (Miscellaneous Provisions) Act 2025 sought to remedy the most problematic inconsistencies, but full resolution can only be achieved through a complete rewrite of both primary (through the Audit Reform Bill) and secondary legislation (through new regulations replacing the Accounts and Audit Regulations 2018).

A possible explanation for these inconsistencies may be that professional standards evolve at a higher pace than the associated legislation. It is envisaged to reduce the level of prescription within the Act and rather empower the TAG to issue guidance for the inspectors to follow whilst undertaking their duties to ensure compliance with the relevant professional standards.

The legislation is also inconsistent with regards to who is responsible for the appointment of inspectors. Whilst it is clear that the TAG appoints auditors, it is not clear who appoints assurance-reviewers: the TAG or Treasury. Additionally, Independent examiners are currently appointed by the body whose accounts are to be examined from a list of professionals approved by the Audit Advisory Division of the Treasury.

The TAG also recommends amending companies legislation with the view to remove any duplication of audit requirements for companies. In essence, the aim is that companies and other corporate structures are either subject to public audit framework or the audit requirements of their own legislation.

During the passage of the Treasury Miscellaneous Bill 2025, the PAC made legislative proposals that were ultimately not incorporated within the Treasury (Miscellaneous Provisions) Act 2025.

➤ [See Appendix B for the legislative proposals made by the PAC in respect of this theme](#)

These proposals are expected to be included within the upcoming Audit Reform Bill and as such, Treasury encourages consultees to review these amendments and feedback if they can foresee any issue with these proposals.

QUESTIONS

QUESTION 13

Do you support the principle of giving the TAG the power to issue guidance in relation to the standards inspectors should follow to be in compliance with the regulations?

☐ YES

☐ NO

QUESTION 14

In respect of independent examiners, please choose your preferred option:

- ☐ The TAG should have the responsibility to appoint independent examiners
- ☐ The responsibility to appoint an independent examiner should remain with the body to be examined, but the TAG should have the responsibility to approve independent examiners
- ☐ The current framework should remain

Please explain your choice:

QUESTION 15

Do you have concerns with the proposed amendments to companies legislation?

➤ [See Appendix B for the legislative proposals made by the PAC in respect of companies legislation](#)

☐ YES

☐ NO

If so, please explain:

THEME 7: AMENDMENT OF ROLES OF TAG & INSPECTORS OF ACCOUNTS OF PUBLIC SECTOR BODIES

TAG'S SUMMARY OF HIS FINDINGS

The Audit Act 2006 reflects various provisions of English local audit legislation in force at the time that it was passed. These include 'formal powers' of inspectors to:

- to issue a Special Report where it is in the public interest to do so;*
- to issue a Warning Notice in respect of a potential unlawful item of account; and*
- to make an application to court for a declaration that an item of account is contrary to law.*

The exercise of these powers requires specialist knowledge. As far as can be established, they have never been exercised in the Isle of Man. If the powers are to be retained it may be more appropriate to vest them in the Tynwald Auditor General.

Even if they are not retained, inspectors may identify matters where wider consideration may be appropriate and where a reference to the Tynwald Auditor General with a discretionary power for the Tynwald Auditor General to investigate and report might be more appropriate.

Existing legislation also requires the Tynwald Auditor General to issue a certificate on audit engagements having been satisfied with the quality of work undertaken by auditors appointed by them. The nature of the work necessary for the Tynwald Auditor General to obtain such satisfaction is not specified. Even undertaking a limited range of procedures, as the Tynwald Auditor General has chosen to do, is onerous. The Tynwald Auditor General is of the view that more value and insight is secured through detailed file reviews of a sample of audit engagements and has engaged the Institute of Chartered Accountants in England and Wales to undertake such reviews

➤ [See Appendix A for the recommendations made by the TAG in respect of this theme](#)

CONSULTATION CONSIDERATIONS/POTENTIAL IMPACTS

It may be useful to first give some background to the "formal powers" mentioned by the TAG.

The Audit Act 2006 introduced in Manx legislation the concept of warning notices, special reports and extension of the provisions for extraordinary audit. These are preventative or corrective mechanisms, to mitigate the effects of any potential or actual irregularity occurring. These measures were introduced as a response to a public inquiry led in 2004 into the affairs of a local authority, which concluded that the supervisory powers legislated for at the time were insufficient.

If it appears to an external inspector that a public body is about to make or has made a decision, or is about to take or has begun to take a course of action, involving —

- (i) the application by or on account of the body of money provided by Tynwald,
- (ii) the payment or application of money or other property held or received by or on account of the body, or
- (iii) a transaction effected by or on account of the body,

which is or will be contrary to law, the Audit Act 2006 provides them with 2 options:

- Giving a Warning Notice to the relevant body, who is compelled by law to reply (failure to do so is an offence);
- Escalating the issue to the High Court for judiciary determination (regardless of whether a Warning Notice was issued).

The TAG recommends that these powers should be replaced by a duty to report these issues to the TAG, and questions whether the TAG should be given these powers instead. The TAG could clarify in guidance what the inspectors ought to report to the TAG if this new statutory duty was created.

QUESTIONS

QUESTION 16

Do you think that the formal powers currently conferred to inspectors should:

- ☐ Remain with the inspectors, with a statutory duty to notify the TAG when they are used
- ☐ Transferred to the TAG, with a duty on inspectors to report any irregularity to the TAG forthwith
- ☐ Other, please specify:

QUESTION 17

If the formal powers are transferred to the TAG, do you support the principle of giving the TAG the duty to issue guidance in relation to the matters that inspectors must report?

☐ YES

☐ NO

Appendix A: TAG's recommendations arranged by theme

This appendix sets out all of the recommendations and areas for consideration suggested by the TAG. For ease of reference, they have been arranged by theme and includes the classification referred to in the Council of Ministers' Response to the Standing Committee of Tynwald on Public Accounts Third Report for the Session 2024-25.

This classification is based on 3 separate categories:

- **Tynwald**: recommendations requiring further Tynwald debate
- **Consultation**: recommendations subject to further consultation before being considered for legislative implementation
- **Technical**: recommendations which might be described as technical in nature and which do not make any changes to existing policies.

Theme 1: Enhanced Independence of Auditor

Recommendation Name		Tynwald	Consultation	Technical	Primary/ Secondary
R3	Remove powers of direction and requirements for consent that constraint the functional and operational independence of the Tynwald Auditor General.	yes			
R4	Include an explicit provision that the Tynwald Auditor General cannot be directed in the discharge of his functions.	yes			
R5	Provide for a fixed non-renewable term of office for the Tynwald Auditor General.	yes			
R6	To protect the independence of the office of Tynwald Auditor General, place restrictions on the activities of a former office holder for a period after they have left office.	yes			
R17	To protect the independence of the office of Tynwald Auditor General, place restrictions on the activities of a former office holder for a period after they have left office.	yes			
R20	Introduce an explicit duty to provide sufficient resources to the Tynwald Auditor General to enable him to carry out his functions.	yes			

Recommendation Name		Tynwald	Consultation	Technical	Primary/ Secondary
R21	Introduce an explicit power for the Tynwald Auditor General to make representations to Tynwald on the proposed financial limits for his office.	yes			

Theme 2: Review of remit of Tynwald Auditor General

Recommendation Name		Tynwald	Consultation	Technical	Primary/ Secondary
R12	Ensure that all bodies carrying out public financial operations are within the remit of the Tynwald Auditor General and inspectors appointed by him.			yes	
R13	Ensure that, where a body is exempted from a requirement for inspection of accounts under the Audit Act 2006, it remains subject to the wider discretionary powers of the Tynwald Auditor General.			yes	
R14	Empower the Tynwald Auditor General to review the activities of bodies that receive significant public funding.			yes	
R15	Extend the Tynwald Auditor General's powers to cover all companies controlled by Government and their subsidiaries.			yes	
R16	Introduce an explicit power for the Tynwald Auditor General to audit subsidies granted from public funds, including 'following the public pound' to the recipients of subsidies.			yes	

Theme 3: Right of access to information & enhancement of inspectors appointed by TAG

Recommendation Name		Tynwald	Consultation	Technical	Primary/ Secondary
R7	Give the Tynwald Auditor General a general power of access to information relating to a person's tax and customs affairs for the purposes of his functions.			yes	

Recommendation Name		Tynwald	Consultation	Technical	Primary/ Secondary
R28	Confer an explicit duty on specified bodies and those holding documents and records to provide explanations to the Tynwald Auditor General.			yes	
R29	Empower the Tynwald Auditor General to access to information held by the Clerk of Tynwald in his capacity as Accounting Officer.			yes	
R30	Widen the scope of the bodies and persons who have a duty to provide information to the Tynwald Auditor General			yes	
R31	Amend legislation to correct the cross reference in section 13(7) of the Tynwald Auditor General Act 2011.			yes	
R32	Prohibit the Tynwald Auditor General or those working for him from disclosing information obtained under their statutory powers other than for the purposes of their functions.			yes	
R47	Confer an explicit duty on specified bodies and those holding documents and records to provide explanations to an inspector.			yes	
R48	Widen the scope of the bodies and persons who have a duty to provide information to an inspector.			yes	

Theme 4: Enhancement of powers & duties in respect of performance audit

Recommendation Name		Tynwald	Consultation	Technical	Primary/ Secondary
R1	Empower the Tynwald Auditor General to undertake investigations of their own volition as well as in response to a referral.	yes			
R2	Explicitly empower the Tynwald Auditor General to review internal audit.			yes	

Recommendation Name		Tynwald	Consultation	Technical	Primary/ Secondary
R18	Introduce a wide scope for the performance audit powers of the Tynwald Auditor General, consistent with Principle 3 of the Mexico Declaration on SAI Independence.	yes			
R19	Specifically prohibit the Tynwald Auditor General from questioning the merits of policy.	yes			

Theme 5: Amendment of legislation relating to financial statements of public sector bodies

Recommendation Name		Tynwald	Consultation	Technical	Primary/ Secondary
R34	Adopt consistent criteria for the forms of inspection applied to different bodies.		Yes	yes	Primary
R55	Introduce a wider definition of 'proper practices' for financial reporting.	This has already been effected by the Treasury (Miscellaneous Provisions) Act 2025.			
R56	Reconsider the responsibilities of the Responsible Financial Officer in the context of companies subject to audit under the Audit Act 2006.		Yes	yes	secondary
R57	If legislation is amended to require certain bodies to prepare accounts on a receipts and payments basis, amend legislation to align the requirements for the maintenance of accounting records to the financial reporting regime adopted.		Yes	yes	secondary
R58	Define the terms 'gross income' and 'gross expenditure' in legislation in relation to the requirement to maintain an adequate and effective internal audit function.		Yes	yes	secondary
R59	Remove detailed financial reporting requirements from legislation.		Yes	yes	secondary
R60	Empower the Treasury to direct accounting policies to be adopted, the form and content of accounts and information to be published with accounts.			yes	secondary

Recommendation Name		Tynwald	Consultation	Technical	Primary/ Secondary
R61	Adopt consistent practices on accounting policies, disclosures and other information to be published with accounts unless there is a clear rationale for different treatments for different classes of bodies or bodies of a different scale of operations.		Yes	yes	secondary
R62	Amend the requirement for consolidated accounts of central government to include the General Revenue, Reserve Fund, the Isle of Man Loans Fund and other reserves.			yes	secondary
R63	Remove the power to permit the elimination of balances between bodies in preparing the consolidated accounts of central government and group accounts.			yes	secondary
R64	Adopt consistent requirements for remuneration reporting.		Yes	yes	secondary
R65	Amend legislation so that the requirements for inclusion of entities in group accounts reflect the principle of control in proper practices.		Yes	yes	secondary
R66	Adopt a consistent framework for reporting on controls in place within a body for publication alongside accounts.			yes	secondary
R67	Remove the statutory requirement that the accounts of the Manx Utilities Authority and Isle of Man Post Office include 'any notes required to explain the accounts'.			yes	secondary
R68	Require the Responsible Financial Officer to recertify the accounts prior to an inspector issuing their report.		Yes	yes	secondary
R79	Remove template accounts from legislation.		Yes	yes	secondary
R80	Ensure that any statutory or non-statutory wording of the Statement of Responsibilities reflects the full range of statutory responsibilities of the Responsible Financial Officer.		Yes	yes	secondary
R82	Amend legislation to bring the General Revenue and Reserve Fund within the Consolidated	This has already been effected by the Treasury (Miscellaneous Provisions) Act 2025.			

Recommendation Name		Tynwald	Consultation	Technical	Primary/ Secondary
	Accounts of Central Government and Group Accounts.				
R84	Amend legislation to bring the Isle of Man Loans Fund within the Consolidated Accounts of Central Government and Group Accounts.			yes	Primary
R85	Determine whether there is a continuing need for preparation and inspection of accounts specified in the Collection of Finances Etc. Act 1985 and, if so, the basis of preparation.			yes	Primary
R86	As necessary, amend legislation to permit: • preparation of accounts on a receipts and payments basis; and • reporting by the inspector on accounts that does not require giving a 'true and fair' view.	This has already been effected by the Treasury (Miscellaneous Provisions) Act 2025.			
R87	Determine whether there is a continuing need for preparation and inspection of the accounts of funds in the High Court and, if so, the basis of preparation.			yes	Possibly Primary
R88	As necessary, amend legislation to permit: • preparation of accounts on a receipts and payments basis; and • reporting by the inspector on accounts that does not require giving a 'true and fair' view.	This has already been effected by the Treasury (Miscellaneous Provisions) Act 2025.			
R89	Determine whether there is a continuing need for preparation and inspection of accounts of the Chief Registrar and, if so, the basis of preparation.			yes	Possibly Primary
R90	As necessary, amend legislation to permit: • preparation of accounts on a receipts and payments basis; and 9 • reporting by the auditor on accounts that does not require giving a 'true and fair' view.	This has already been effected by the Treasury (Miscellaneous Provisions) Act 2025.			

Theme 6: Amendment of legislation relating to inspection of financial statements of public sector bodies

Recommendation Name		Tynwald	Consultation	Technical	Primary/ Secondary
R22	Ensure that provisions relating to who is to undertake audits and assurance reviews are consistent throughout legislation.			Yes	Possibly both
R23	Create a consistent framework for the preparation and inspection of accounts of public sector bodies in the Isle of Man.			Yes	secondary
R35	Clarify that the decision on appointment of assurance reviewers rests with the Tynwald Auditor General.			Yes	Primary
R36	If bodies are to retain the responsibility for the appointment of independent examiners, transfer the responsibility for the approval of independent examiners to the Tynwald Auditor General.			Yes	Primary
R37	Exempt companies subject to inspection under the Audit Act 2006 from any duty to appoint an auditor under the Isle of Man Companies Acts.	yes	Yes		
R42	Remove any duty on an auditor to include in an auditor's report details of any but the most significant failures identified.			yes	
R43	Reword legislation to reflect the level of assurance inherent in an assurance review or independent examination.			Yes	
R45	Remove any requirement for an assurance reviewer or independent examiner to 'satisfy' themselves in respect of the matters in section 4A of the Audit Act 2006.	This has already been effected by the Treasury (Miscellaneous Provisions) Act 2025.			
R46	Remove any duty on an assurance reviewer or independent examiner to include in an inspector's report details of any but the most significant failures identified.			yes	
R54	Remove the provision requiring inspection of officers' accounts.			Yes	

Recommendation Name		Tynwald	Consultation	Technical	Primary/ Secondary
R70	Update the statutory requirements for the auditor's report to align with professional requirements.		Yes		
R71	If the power to issue a Special Report is retained, require an inspector to take into account, in relation to a body having responsibilities relating only to part of the Island, whether a matter is of significance to a substantial part of the population of that part of the Island.	yes	Yes		
R76	Adopt statutory wording for the responsibilities of an assurance reviewer consistent with the level of assurance provided by an engagement under ISRE 2400.	This has already been effected by the Treasury (Miscellaneous Provisions) Act 2025.			
R77	Explicitly require assurance reviewers to comply with ISRE 2400.	The wording of the Regulations is such this is already the case.			
R78	Ensure that the statutory responsibilities of an independent examiner are consistent with the nature of an agreed upon procedures engagement.			yes	
R81	Remove the requirement for separate audited accounts for the General Revenue and the Reserve Fund.	This has already been effected by the Treasury (Miscellaneous Provisions) Act 2025.			
R83	Remove the requirement for separate audited accounts for the Isle of Man Loans Fund.	This has already been effected by the Treasury (Miscellaneous Provisions) Act 2025.			
R91	Remove the requirement for separate inspection of the accounts of allotments committees.	This has already been effected by the Treasury (Miscellaneous Provisions) Act 2025.			
R92	Reframe the audit requirements for Industrial and Building Societies to bring them up to date and remove reference to an auditor appointed under the Audit Act 2006.		Yes		

The TAG also highlighted the following areas for consideration in respect of this particular theme:

A3	Consider vesting the power of appointment of independent examiners in the Tynwald Auditor General.
A4	Consider whether to make provision for giving a regularity opinion: • by the auditor of the consolidated accounts of central government; and • the auditor of any other body funded from General Revenue that is required to prepare annual accounts.
A8	Consider whether any assurance is required over the statistical statement for the Isle of Man Loans Fund and, if so, make appropriate statutory provision specifying the nature of assurance required.
A9	Consider whether a separate audit of the accounts of the Information Commissioner is required and, if not, amend legislation accordingly.

Theme 7: Amendment of roles of TAG & inspectors of accounts of public sector bodies

Recommendation Name		Tynwald	Consultation	Technical	Primary/ Secondary
R38	Remove the requirement for the Tynwald Auditor General to issue certificates in respect of audit engagements.	Yes			
R39	Impose on the Tynwald Auditor General a duty to take reasonable steps to obtain assurance about the quality of the work undertaken by the inspectors that he appoints.			yes	
R40	Replace the duty under Section 4(3) of the Audit Act 2006 with a duty on auditors to report to the Tynwald Auditor General, having regard to guidance issued by the Tynwald Auditor General, matters or material concern identified in the course of their audit.			yes	
R41	Give the Tynwald Auditor General powers: • to consider whether to investigate matters referred by inspectors; and • to report the results of such investigations to Tynwald.	Yes			
R42	Remove any duty on an auditor to include in an inspector's report details of any but the most significant failures identified.		Yes	yes	

Recommendation Name		Tynwald	Consultation	Technical	Primary/ Secondary
R44	Replace the duty under Section 4A(3) of the Audit Act 2006 with a duty on assurance reviewers and independent examiners to report to the Tynwald Auditor General, having regard to guidance issued by the Tynwald Auditor General, matters or material concern identified in the course of their audit.		Yes	yes	
R50	Replace the duty on inspectors to consider whether to issue a special report under Section 8 of the Audit Act 2006 with a duty on inspectors to report to the Tynwald Auditor General, having regard to guidance issued by the Tynwald Auditor General, matters or material concern identified during their inspection.		Yes		
R52	Replace the power of auditors to issue a Warning Notice under Section 9 of the Audit Act 2006 with a duty on inspectors to report to the Tynwald Auditor General, having regard to guidance issued by the Tynwald Auditor General, matters or material concern identified in the course of their audit.		Yes		
R53	Replace the power of auditors to make an application to court under Section 10 of the Audit Act 2006 with a duty on inspectors to report to the Tynwald Auditor General, having regard to guidance issued by the Tynwald Auditor General, matters or material concern identified during their audit.		Yes		
R69	Require inspectors to have regard to guidance issued by the Tynwald Auditor General in undertaking inspections under the Audit Act 2006.		Yes		

The TAG also highlighted the following areas for consideration in respect of this particular theme:

A5	Consider whether to grant the Tynwald Auditor General a power to issue a Warning Notice.
A6	Consider whether to grant the Tynwald Auditor General a power to make an application to court.

Theme 8: Enhancement of reporting framework of TAG & inspectors of accounts of public sector bodies

Recommendation Name		Tynwald	Consultation	Technical	Primary/ Secondary
R8	Make provision for bodies to respond to reports containing recommendations made by inspectors appointed by the Tynwald Auditor General.	Yes			
R10	Ensure that inspectors' reports for all bodies subject to inspection under the Audit Act 2006 are laid before Tynwald.	Yes			
R11	If the power to issue a Special Report is retained, amend legislation to provide for such a report for a local government body to be laid before Tynwald.	Yes			
R24	Require the Tynwald Auditor General to make a recommendation to address any weakness identified.			Yes	
R25	Replace the existing provisions relating to preparation of performance plans contained in Sections 7(6) and 11(6) of the Tynwald Auditor General Act 2011 with a duty on specified bodies to submit performance plans in response to finalised reports when requested to do so by the Public Accounts Committee.	Yes			
R29	Require inspectors to send a copy of any report issued under section 6 of the Audit Act 2006 to the Tynwald Auditor General.			Yes	
R72	If the power to issue a Special Report is retained, allow publication of a notice on a body's website in place of publication in one or more newspapers.			Yes	

Recommendation Name		Tynwald	Consultation	Technical	Primary/ Secondary
R73	If the power to issue a Warning Notice is retained, allow publication of any notice on a body's website in place of publication in one or more newspapers.			Yes	
R74	Allow publication of a notice of an Inspector's Report on a body's website in place of publication in one or more newspapers.			Yes	
R75	If the power to direct an Extraordinary Audit is retained, allow publication of any notice on a body's website in place of publication in one or more newspapers			Yes	

The TAG also highlighted the following areas for consideration in respect of this particular theme:

A1	Consider an explicit power for the Tynwald Auditor General to follow-up the implementation of previous audit recommendations.
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Theme 9: Changes to the framework for public audit

Recommendation Name		Tynwald	Consultation	Technical	Primary/ Secondary
R9	Impose a statutory duty on the Treasury to consult the Tynwald Auditor General on any proposed Regulations, Orders and Directions under public audit legislation.			Yes	
R26	Amend legislation to: • impose a duty on the Tynwald Auditor General to co-operate with 'relevant persons'; and • empower the Tynwald Auditor General and relevant persons to share information for the purposes of their respective functions.	Yes	Yes		
R27	Provide for a consistent timetable for the Tynwald Auditor General laying his annual report and annual accounts before Tynwald.	Yes			

Recommendation Name		Tynwald	Consultation	Technical	Primary/ Secondary
R33	Empower the Public Accounts Committee to direct a different form of inspection of the accounts of the Office of the Tynwald Auditor General.	Yes			
R51	Remove the power to direct an audit in place of an assurance review or independent examination where a Special Report has been issued.			Yes	
R93	Include the Tynwald Auditor General in Schedule 1 of the Freedom of Information Act 2015.	Yes			

The TAG also highlighted the following areas for consideration in respect of this particular theme:

A2	Consider whether any further mechanism for oversight of the governance of the Office of the Tynwald Auditor General is required.
A7	Consider whether to retain the requirement for the Audit (Consultative) Committee.
A10	Consider granting a power to the Tynwald Auditor General to provide services to public bodies that are not inconsistent with their powers and duties and are on mutually agreed terms.

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 2025¹⁴. These amendments have been cross reference with the analysis that the TAG made of these amendments, published in Appendix 5 of the PAC's Third Report for the Session 2024-25¹⁵, 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~~

¹⁴ <https://tynwald.org.im/spfile?file=/business/opqp/opqp/2025-PP-0048.pdf>

¹⁵ <https://tynwald.org.im/spfile?file=/business/opqp/sittings/20212026/2025-PP-0052.pdf>

~~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 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.

THEME 3: RIGHT OF ACCESS TO INFORMATION & ENHANCEMENT OF INSPECTORS APPOINTED BY TAG

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.~~

THEME 5: AMENDMENT OF LEGISLATION RELATING TO FINANCIAL STATEMENTS OF PUBLIC SECTOR BODIES

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 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.

THEME 6: AMENDMENT OF LEGISLATION RELATING TO INSPECTION OF FINANCIAL STATEMENTS OF PUBLIC SECTOR BODIES

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**».»

THEME 7: AMENDMENT OF ROLES OF TAG & INSPECTORS OF ACCOUNTS OF PUBLIC SECTOR BODIES

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)

➤ 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

➤ 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

➤ 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.