

STANDING COMMITTEE OF TYNWALD
ON
PUBLIC ACCOUNTS

Third Report for the Session
2024-25

Public Audit in the Isle of Man

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Public Audit in the Isle of Man

- 3.1 There shall be a Standing Committee of the Court on Public Accounts.
- 3.2 Subject to paragraph 3.6, the Committee shall have –
- (a) a Chairman elected by Tynwald,
 - (b) a Vice-Chairman elected by Tynwald,
 - (c) four other Members, who shall be Chairman of each of the Policy Review Committees (ex officio) and the Chairman of the Committee on Constitutional and Legal Affairs and Justice;
- and a quorum of three.
- 3.3 Members of Tynwald shall not be eligible for membership of the Committee, if, for the time being, they hold any of the following offices: President of Tynwald, member of the Council of Ministers, member of the Treasury Department referred to in section 1(2)(b) of the Government Departments Act 1987.
- 3.4 The Committee shall –
- (a)
 - (i) consider any papers on public expenditure and estimates presented to Tynwald as may seem fit to the Committee;
 - (ii) examine the form of any papers on public expenditure and estimates presented to Tynwald as may seem fit to the Committee;
 - (iii) consider any financial matter relating to a Government Department or statutory body as may seem fit to the Committee;
 - (iv) consider such matters as the Committee may think fit in order to scrutinise the efficiency and effectiveness of the implementation of Government policy; and
 - (v) determine within six months of a General Election whether it will report on a year ending on the last day of March, August or December. Once that determination has been made, the Committee must make an annual report within six months of its year-end, unless during that period it has made an end-of-term report under sub-paragraph (vi). An annual report may be in the form of a statement; and
 - (vi) no sooner than three months before a Dissolution, make an end-of-term report on its activities during each term of the House of Keys.
 - (b) be authorised to require the attendance of Ministers for the purpose of assisting the Committee in the consideration of its terms of reference.

- (c) be empowered to issue directions under Standing Order 5.6(3), provided that any direction so issued shall be reported to Tynwald within a year.
 - (d) be the Accounts Committee referred to in section 3 of the Tynwald Auditor General Act 2011, with the relevant powers and responsibilities in relation to the Tynwald Auditor General; and
 - (e) be the Tynwald Public Accounts Committee referred to in section 3 of the Tynwald Commissioner for Administration Act 2011, with the relevant powers and responsibilities in relation to the Tynwald Commissioner for Administration.
- 3.5 The Chairman, Vice-Chairman and any member of the Committee shall not sit when the accounts of any body of which that person is a member are being considered.
- 3.6 Should the need arise in relation to a particular matter, such as a conflict of interest, Tynwald may elect an alternate member for the purpose and duration of the Committee's consideration of that matter. Subject to paragraph 3.5, a conflicted member so replaced shall continue to serve as a member of the Committee for all other purposes.

The powers, privileges and immunities relating to the work of a committee of Tynwald include those conferred by the Tynwald Proceedings Act 1876, the Privileges of Tynwald (Publications) Act 1973, the Tynwald Proceedings Act 1984 and by the Standing Orders of Tynwald Court.

Committee Membership

The Hon J P Watterson SHK (Rushen) (Chair)

Mr L L Hooper MHK (Ramsey) (Vice-Chair)

Mrs T M August-Phillips MLC

Mrs C A Corlett MHK (Douglas Central)

Mr R Mercer MLC

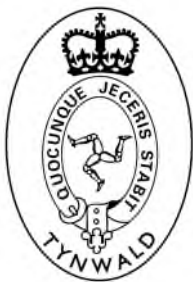
Mr J R Moorhouse MHK (Arbory, Castletown and Malew)

Copies of this Report may be obtained from the Office of the Clerk of Tynwald, Legislative Buildings, Finch Road, Douglas, IM1 3PW (Tel: 01624 685500) or may be consulted at www.tynwald.org.im.

All correspondence with regard to this Report should be addressed to the Clerk of Tynwald, Legislative Buildings, Finch Road, Douglas, Isle of Man, IM1 3PW.

Table of Contents

I. Introduction.....	1
II. Treasury (Miscellaneous Provisions) Bill	2
III. Next Steps	4
Written Evidence.....	7
Appendix 1: 28 October 2024 - Public Audit in the Isle of Man: Complexity of Implementation of Recommendations and Areas for Consideration - Tynwald Auditor General	9
Appendix 2: 24 October 2024 - Treasury Miscellaneous Provisions Bill 2024 Tynwald Auditor General Proposal for Amendments	43
Appendix 3: Amendments to the Treasury Miscellaneous Provisions Bill 2024 tabled in Legislative Council on 25 February 2025	53
Appendix 4: 04 February 2025 - Treasury assessment of amendments proposed to the Treasury Miscellaneous Provisions Bill 2024 including comments in response from the Chair of the Public Accounts Committee (JW) and Tynwald Auditor General (SW)	71
Appendix 5: 10 February 2025 - Treasury (Miscellaneous Provisions) Bill 2024 – Amendments – Analysis by the Tynwald Auditor General	81
Appendix 6: 12 February 2025 - Letter from the Chair of the Public Accounts Committee to the Treasury Minister	91
Appendix 7: 19 February 2025 - Letter from the Treasury Minister to the Chair of the Public Accounts Committee	97
Appendix 8: 31 March 2025 - Email from the Treasury Minister to the President	103
Appendix 9: 04 April 2025 - Letter from the Treasury Minister to the Chair of the Public Accounts Committee	107



To: The Hon Laurence David Skelly MLC, President of Tynwald,
and the Hon Council and Keys in Tynwald assembled

STANDING COMMITTEE OF TYNWALD ON PUBLIC ACCOUNTS

Third Report for the Session 2024-2025

Public Audit in the Isle of Man

I. Introduction

1. In July 2024 the Tynwald Auditor General laid a report before Tynwald, 'Public Audit in the Isle of Man - a report to Tynwald under section 12(5) of the Tynwald Auditor General Act 2011'.¹
2. In this he set out the results of his comparison of the audit framework in the Isle of Man with the pronouncements of the International Organisation of Supreme Audit Institutions (INTOSAI) and with statutory provision in the UK, devolved administrations and Jersey.
3. We note that the Lima Declaration, issued by INTOSAI, represents international best practise for Auditors General, and has been accepted by all of INTOSAI's 195 Full Members, five Associate Members and two Affiliate Members.²
4. His report made 93 recommendations for change and 10 areas where he suggested further consideration should be given to changes. The Tynwald Auditor General's summary of these, which includes commentary on each and a traffic light rating in relation to complexity, may be found at Appendix 1.

¹ TAG 2024/0001 Public Audit in the Isle of Man - A report to Tynwald under section 12(5) of the Tynwald Auditor General Act 2011, July 2024, <https://www.tynwald.org.im/spfile?file=/business/opqp/sittings/20212026/2024-TAG-0001.pdf>

² The Lima Declaration, International Organisation of Supreme Audit Institutions, INTOSAI 2019, https://www.intosai.org/fileadmin/downloads/documents/open_access/INT_P_1_u_P_10/INTOSAI_P_1_en_2019.pdf

Conclusion

We reviewed the report and concluded that all of the recommendations should be supported, and that appropriate action should be taken in relation to the areas for further consideration.

II. Treasury (Miscellaneous Provisions) Bill

5. Following the publication of the Tynwald Auditor General's report Treasury brought forward the Treasury (Miscellaneous Provisions) Bill 2024. The long title of this Bill is:

A BILL to amend various Acts relating to finance, and auditing and inspection of accounts; to make provision for the calling in by the Treasury of notes and coins in circulation; to amend the Fire Service Act 1984 in respect of the imposition of charges; to amend the Interpretation Act 2015 in connection with the prescribing of fees in any enactment; and for connected purposes.

6. This appeared to present an opportunity to introduce amendments which would address those recommendations in the Tynwald Auditor General's report which required changes to primary legislation in order to be implemented.
7. We reviewed the recommendations and identified where such amendments might be possible. This initial assessment is in Appendix 2. We engaged with the Attorney General's drafting team and a list of amendments was drawn up; these are reproduced in Appendix 3.
8. We were advised that it was Treasury's ambition to have the Act in place by April in order to implement the fees provisions. As such, in the time available it was not possible to move these amendments at the Clauses stage in the House of Keys and so the Committee agreed that these would be moved by Mrs August-Phillips in Legislative Council.
9. Despite significant effort and prompt replies to queries, the amendments were only received in final form a day before the filing deadline for the Legislative Council sitting at which the clauses were due to be debated. This meant we were unable to meaningfully engage with Treasury before they were published, which we see as very regrettable and not what the Committee would want.
10. Following publication, we engaged with Treasury and they provided feedback on the proposed amendments. The Chair and Tynwald Auditor General responded with their comments on this and the consolidated document is included at Appendix 4. We were acutely aware that this represented unfortunate timing, in that this was in the last few days before the Budget sitting of Tynwald, which would add additional strain onto an already small and burdened officer and political team, who would not have the same

amount of time to analyse the amendments as usual. We believe that the correspondence needs to be read in this context.

11. The Tynwald Auditor General also provided a breakdown of the amendments, which recommendations in his report would be addressed by them, and a comment on the effect of not making these, which can be found at Appendix 5.
12. The Clauses stage of the Bill was tabled for Legislative Council on 11th February 2025 but as discussions between this Committee, Treasury and the Tynwald Auditor General were continuing this was not moved. We are grateful to the Treasury that more time was afforded to allow for fuller consideration of the amendments.
13. On 12th February 2025 we wrote to the Treasury and this letter and the response are included at Appendices 6 and 7.
14. On 25th February PAC Members proposed and the Legislative Council resolved that they would hold an Evidence Stage on the Bill at a future sitting.³ The Evidence Stage took place on 25th March 202, and looked at both the process and substance of the amendments.⁴
15. During the Evidence Stage the Treasury Minister was asked if he could commit to undertaking a short consultation on the proposed amendments, and other parts of this Bill which had not been consulted on, prior to bringing the Bill back for consideration of Clauses. He said that he could agree to that.⁵
16. An underlying concern raised by Treasury in correspondence, in debate in Legislative Council on 25th February 2025 and during the Evidence Stage on 25th March 2025 was that the initial report, Public Audit in the Isle of Man, had not been debated in Tynwald.
17. We fully accept this concern. We had discussed issuing a report and tabling a motion to allow for a debate but we felt the introduction of the Bill provided an opportunity to address some of the recommendations in the report which, in our view, were uncontentious and importantly did not alter policy. Given the pressing timescale we therefore focused on looking at what might be achieved taking the view that this was an opportunity not to be missed given that commissioning new legislation would have a longer lead time.
18. However, it was always our intention to report and having reached agreement with Treasury on the next steps we are pleased to be able present this short report which has summarised the work so far and to set out the forward plan for Tynwald to consider.

³ Legislative Council, Votes and Proceedings, 25 February 2025, <https://tynwald.org.im/spfile?file=/business/vp/VP/PP-2025-0027.pdf>

⁴ Listen Again, Legislative Council, 25 March 2025, <https://www.tynwald.org.im/12798>

⁵ Listen Again, Legislative Council, 25 March 2025, at 1:31:45 - 1:33:33, <https://www.tynwald.org.im/12798>

III. Next Steps

19. Following the Evidence Stage the Treasury Minister wrote to the President on 31st March 2025 to advise that he had consulted with Treasury Officers on the proposal to consult on the tabled amendments. He advised that this was not thought to be the best way to progress and instead proposed bringing forward a new Bill to 'encompass the amendments put forward, but also look to include any other amendments not already included but which are also in the TAG's report and which require statutory amendment.'⁶ He confirmed that he expected 'Treasury to bring a final Bill back to introduce into the Branches following the summer recess.'⁷
20. In a letter to the Public Accounts Committee on 4th April 2025 the Treasury Minister confirmed this course of action and advised that the Council of Ministers had agreed to the inclusion of an Audit Reform Bill in the legislative programme.⁸
21. Under this agreement, the new Bill will encompass the recommendations in the Tynwald Auditor General's report which require changes to primary legislation. We would like to thank the Minister and Officers in Treasury for making this possible and look forward to receiving an early draft of the Bill for PAC comment. We would be pleased to assist in any way that we can to ensure this important piece of legislation is progressed as quickly as possible.
22. As outlined above it is our view that all of the changes recommended in Public Audit in the Isle of Man need to be made and that the additional matters for consideration should be progressed. Accordingly, and noting that Treasury should be in a position to confirm which have been included in the new Bill by the proposed report deadline, we make the following recommendation:

Recommendation

That Tynwald is of the opinion 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;**
- 2. the other recommendations and matters for further consideration should be progressed between the Tynwald Auditor General and Treasury, and others as appropriate, and**

⁶ Appendix 8

⁷ Appendix 8

⁸ Appendix 9

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.

J P Watterson (Chair)
L L Hooper (Vice-Chair)
T M August-Phillips
C A Corlett
R Mercer
J R Moorhouse

April 2025

WRITTEN EVIDENCE

Appendix 1:
28 October 2024 - Public Audit in the Isle of Man:
Complexity of Implementation of Recommendations and Areas for
Consideration - Tynwald Auditor General

Public Audit in the Isle of Man: Complexity of Implementation of Recommendations and Areas for Consideration

Reference	Wording	Legislation	Assessment	Reasoning
R1	Empower the Tynwald Auditor General to undertake investigations of their own volition as well as in response to a referral.	Section 10, TAG Act 2011	AMBER	Relatively limited redrafting of Section 10
R2	Explicitly empower the Tynwald Auditor General to review internal audit.	Section 6, TAG Act 2011	AMBER	Relatively limited redrafting of Section 6
R3	Remove powers of direction and requirements for consent that constraint the functional and operational independence of the Tynwald Auditor General.	Sections 6(5) and 10(7), TAG Act 2011 Paragraphs 12, 13 and 14 of Schedule 1, TAG Act 2011	GREEN	Deletion of existing provisions
R4	Include an explicit provision that the Tynwald Auditor General cannot be	No specific provision	AMBER	Wording available from other jurisdictions

Reference	Wording	Legislation	Assessment	Reasoning
	directed in the discharge of his functions.			
R5	Provide for a fixed non-renewable term of office for the Tynwald Auditor General.	Paragraph 5(2), Schedule 1, TAG Act 2011	AMBER	Wording available from other jurisdictions. However: - Decision required on length of term; and - Wording required in respect of transitional provisions at date of implementation.
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.	No specific provision	AMBER	Wording available from other jurisdictions.
R7	Give the Tynwald Auditor General a	Section 15, TAG Act 2011	GREEN	Repeal of existing provision

Reference	Wording	Legislation	Assessment	Reasoning
	general power of access to information relating to a person's tax and customs affairs for the purposes of his functions.			
R8	Make provision for bodies to respond to reports containing recommendations made by inspectors appointed by the Tynwald Auditor General.	Sections 6(6) and 8(3), Audit Act 2006	AMBER	Relatively limited redrafting of Sections 6 and 8
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.	Section 2(1A), Audit Act 2006	GREEN	Very limited redrafting of Section 2
R10	Ensure that inspectors' reports for all bodies subject to inspection under the Audit Act	Section 16, Audit Act 2006	N/A	Implementation requires a change in practice rather than legislation

Reference	Wording	Legislation	Assessment	Reasoning
	2006 are laid before Tynwald.			
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.	Section 8, Audit Act 2006	GREEN	Very limited redrafting of Section 8
R12	Ensure that all bodies carrying out public financial operations are within the remit of the Tynwald Auditor General and inspectors appointed by him.	Section 1, Audit Act 2006	RED	Requires policy decision on the boundary for the functions of the TAG.
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.	Section 1(2), Audit Act 2006 Section 6(8), TAG Act 2011	AMBER	Drafting to address is more complex

Reference	Wording	Legislation	Assessment	Reasoning
R14	Empower the Tynwald Auditor General to review the activities of bodies that receive significant public funding.	No specific provision	AMBER	Wording available in legislation for other jurisdictions
R15	Extend the Tynwald Auditor General's powers to cover all companies controlled by Government and their subsidiaries.	Sections 1(1)(e) and 1(1)(f), Audit Act 2006	AMBER	Relatively limited redrafting of Section 1
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.	No specific provision	AMBER	Wording available in legislation for other jurisdictions
R17	Extend to the Tynwald Auditor General absolute privilege for the purposes of the law of defamation in respect of the exercise of all of their functions.	Sections 7(9) and 10(9), TAG Act 2011	AMBER	Relatively limited redrafting of Section 12 or introduction of new section based on existing provisions

Reference	Wording	Legislation	Assessment	Reasoning
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.	Sections 6(1) and 10(1), TAG Act 2011	AMBER	Wording available in legislation from other jurisdictions
R19	Specifically prohibit the Tynwald Auditor General from questioning the merits of policy.	No specific provision	AMBER	Wording available in legislation from other jurisdictions
R20	Introduce an explicit duty to provide sufficient resources to the Tynwald Auditor General to enable him to carry out his functions.	No specific provision	AMBER	Wording available in legislation from other jurisdictions
R21	Introduce an explicit power for the Tynwald Auditor General to make representations to Tynwald on the proposed financial limits for his office.	No specific provision	AMBER	Relatively limited wording required

Reference	Wording	Legislation	Assessment	Reasoning
R22	Ensure that provisions relating to who is to undertake audits and assurance reviews are consistent throughout legislation.	Section 5, TAG Act 2011	GREEN	Simple amendment of Section 5.
R23	Create a consistent framework for the preparation and inspection of accounts of public sector bodies in the Isle of Man.	Section 4, Finance Act 1958 Section 1, Audit Act 2006	N/A	Addressed in Clauses 3 and 7 of the Treasury (Miscellaneous Provisions) Bill 2024
R24	Require the Tynwald Auditor General to make a recommendation to address any weakness identified.	Sections 7(3) and 11(3), TAG Act 2011	GREEN	Very limited amendment to Sections 7 and 11
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	Sections 7(6) and 11(6), TAG Act 2011	AMBER	Repeal of elements of sections 7 and 11 Introduction of new duty in sections 7 and 11

Reference	Wording	Legislation	Assessment	Reasoning
	bodies to submit performance plans in response to finalised reports when requested to do so by the Public Accounts Committee.			
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.	Section 10, TAG Act 2011	RED	Requires consideration of impact for other legislation
R27	Provide for a consistent timetable for the Tynwald Auditor General laying his annual report and annual accounts before Tynwald.	Section 12(1) and Paragraph 17 of Schedule 1, TAG Act 2011	GREEN	Change of one date to secure consistency

Reference	Wording	Legislation	Assessment	Reasoning
R28	Confer an explicit duty on specified bodies and those holding documents and records to provide explanations to the Tynwald Auditor General.	Section 13, TAG Act 2011	AMBER	Wording available from legislation in other jurisdictions
R29	Empower the Tynwald Auditor General to access to information held by the Clerk of Tynwald in his capacity as Accounting Officer.	Section 1(3), TAG Act 2011	AMBER	Relatively limited amendment required
R30	Widen the scope of the bodies and persons who have a duty to provide information to the Tynwald Auditor General.	Section 13(4), TAG Act 2011	AMBER	Relatively limited amendment required. Wording available from other jurisdictions
R31	Amend legislation to correct the cross reference in section 13(7) of the Tynwald Auditor General Act 2011.	Section 13(7), TAG Act 2011	GREEN	Correction of one error in cross referencing

Reference	Wording	Legislation	Assessment	Reasoning
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.	No specific provision	AMBER	Wording available from other jurisdictions
R33	Empower the Public Accounts Committee to direct a different form of inspection of the accounts of the Office of the Tynwald Auditor General.	Paragraph 17 of Schedule 1, TAG Act 2011	AMBER	Amendment to permit a different level of inspection contained in Clause 5, Treasury (Miscellaneous Provisions) Bill 2024. Further amendment needed to vest the decision-making power in the PAC rather than the Treasury.
R34	Adopt consistent criteria for the forms of inspection applied to different bodies.	Section A1(1), Audit Act 2006	N/A	This relates to a matter of policy and practice in the Treasury rather than the wording of legislation

Reference	Wording	Legislation	Assessment	Reasoning
R35	Clarify that the decision on appointment of assurance reviewers rests with the Tynwald Auditor General.	Section A1(4), Audit Act 2006	GREEN	Simple amendment to Section A1
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.	Section A1(5), Audit Act 2006	GREEN (but see A3 below)	Simple amendment to Section 1
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.	Section 1(1), Audit Act 2006 Isle of Man Companies Acts	RED	Relatively simple amendment to Section 1. Consideration of need for amendments to Isle of Man Companies Acts
R38	Remove the requirement for the Tynwald Auditor General to issue	Section 3(1A), Audit Act 2006	GREEN	Repeal of Section 3(1A)

Reference	Wording	Legislation	Assessment	Reasoning
	certificates in respect of audit engagements.			
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.	No specific provision	AMBER	Relatively simple new provision
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.	Section 4(3), Audit Act 2006	AMBER	Replacement of existing Section 4(3) with relatively simple provision
R41	Give the Tynwald Auditor General powers:	No specific provision	AMBER	Relatively simple new power

Reference	Wording	Legislation	Assessment	Reasoning
	- to consider whether to investigate matters referred by inspectors; and - to report the results of such investigations to Tynwald.			
R42	Remove any duty on an auditor to include in an auditor's report details of any but the most significant failures identified.	Section 6(2), Audit Act 2006	GREEN	Insertion of 'significant' in Section 6(2)(c).
R43	Reword legislation to reflect the level of assurance inherent in an assurance review or independent examination.	Section 4A(1), Audit Act 2006	AMBER	Relatively simple amendment to Section 4A
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	Section 4A(3), Audit Act 2006	AMBER	Replacement of existing Section 4A(3) with relatively simple provision

Reference	Wording	Legislation	Assessment	Reasoning
	Auditor General, having regard to guidance issued by the Tynwald Auditor General, matters or material concern identified in the course of their audit.			
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.	Section 4A(3), Audit Act 2006	AMBER	Relatively simple amendment to Section 4A
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.	Section 6(2), Audit Act 2006	GREEN	Insertion of 'significant' in Section 6(2)(c).
R47	Confer an explicit duty on specified bodies and those holding documents and records	Section 5, Audit Act 2006	AMBER	Wording available from other jurisdictions

Reference	Wording	Legislation	Assessment	Reasoning
	to provide explanations to an inspector.			
R48	Widen the scope of the bodies and persons who have a duty to provide information to an inspector.	Section 5(3), Audit Act 2006	AMBER	Relatively simple amendment to Section 5
R49	Require inspectors to send a copy of any report issued under section 6 of the Audit Act 2006 to the Tynwald Auditor General.	Section 6(3), Audit Act 2006	GREEN	Addition of the TAG in recipients under section 6(3)
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	Section 8(1), Audit Act 2006	RED	Requires consideration of the powers of the TAG

Reference	Wording	Legislation	Assessment	Reasoning
	identified during their inspection.			
R51	Remove the power to direct an audit in place of an assurance review or independent examination where a Special Report has been issued.	Section 8(5), Audit Act 2006	GREEN	Repeal of provision
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.	Section 9, Audit Act 2006	RED	Requires consideration of the powers of the TAG
R53	Replace the power of auditors to make an application to court under Section 10 of the Audit Act 2006 with a	Section 10, Audit Act 2006	RED	Requires consideration of the powers of the TAG

Reference	Wording	Legislation	Assessment	Reasoning
	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.			
R54	Remove the provision requiring inspection of officers' accounts.	Section 15(1), Audit Act 2006	GREEN	Repeal of provision
R55	Introduce a wider definition of 'proper practices' for financial reporting.	Regulation 3(1), AAR 2018	AMBER	Relatively limited redrafting required
R56	Reconsider the responsibilities of the Responsible Financial Officer in the context of companies subject to audit under the Audit Act 2006.	Regulation 4, AAR 2018 Isle of Man Companies Acts	RED	Requires consideration of the interaction between the Audit Act 2006 and the Isle of Man Companies Acts
R57	If legislation is amended to require certain bodies to prepare accounts on a	Regulation 5(2) and 5(3), AAR 2018	AMBER	Relatively limited redrafting required

Reference	Wording	Legislation	Assessment	Reasoning
	receipts and payments basis, amend legislation to align the requirements for the maintenance of accounting records to the financial reporting regime adopted.			
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.	Regulation 6, AAR 2018	AMBER	Definitions required for terms not unambiguously defined in proper practices
R59	Remove detailed financial reporting requirements from legislation.	Regulations 7 to 10, AAR 2018	GREEN	Removal is dependent on implementation of R60
R60	Empower the Treasury to direct accounting policies to be adopted, the form and content of accounts and information to be	No specific provision	AMBER	Wording available from other jurisdictions

Reference	Wording	Legislation	Assessment	Reasoning
	published with accounts.			
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.	Regulations 7 to 10, AAR 2018	N/A	If R59 and R60 are implemented, this recommendation is addressed by Directions made by the Treasury.
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.	Regulation 7(2)	GREEN	Requires additions to the list in Regulation 7(2)
R63	Remove the power to permit the elimination of balances between bodies in preparing the consolidated accounts	Regulation 7(4)	GREEN	Repeal of relevant parts of Regulation 7(4)

Reference	Wording	Legislation	Assessment	Reasoning
	of central government and group accounts.			
R64	Adopt consistent requirements for remuneration reporting.	Regulations 7 to 10, AAR 2018	N/A	If R59 and R60 are implemented, this recommendation is addressed by Directions made by the Treasury
R65	Amend legislation so that the requirements for inclusion of entities in group accounts reflect the principle of control in proper practices.	Regulation 8(1)(c), AAR 2018	AMBER	Requires relatively simple amendment to Regulation 8 See also R15 above
R66	Adopt a consistent framework for reporting on controls in place within a body for publication alongside accounts.	Regulations 7 to 10, AAR 2018	N/A	If R59 and R60 are implemented, this recommendation is addressed by Directions made by the Treasury
R67	Remove the statutory requirement that the accounts of the Manx Utilities Authority and Isle of Man Post Office include 'any notes	Regulation 9(3)(b), AAR 2018	GREEN	Simple repeal of relevant provision

Reference	Wording	Legislation	Assessment	Reasoning
	required to explain the accounts'			
R68	Require the Responsible Financial Officer to recertify the accounts prior to an inspector issuing their report.	Regulation 11(2), AAR 2018	AMBER	Relatively simple amendment. Wording available from other jurisdictions
R69	Require inspectors to have regard to guidance issued by the Tynwald Auditor General in undertaking inspections under the Audit Act 2006.	No specific provision	AMBER	Relatively simple amendment. Wording available from other jurisdictions
R70	Update the statutory requirements for the auditor's report to align with professional requirements.	Regulation 15(1), AAR 2018	GREEN	Very simple amendment to Regulation 15.
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	Regulation 17(1), AAR 2018	AMBER	Relatively simple amendment (if decision is made to retain Special Reports)

Reference	Wording	Legislation	Assessment	Reasoning
	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.			
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.	Regulation 17(2), AAR 2018	AMBER	Relatively simple amendment Wording available from other jurisdictions
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.	Regulation 18(2), AAR 2018	AMBER	Relatively simple amendment Wording available from other jurisdictions
R74	Allow publication of a notice of an Inspector's Report on a body's website in place of	Regulation 19(1), AAR 2018	AMBER	Relatively simple amendment Wording available from other jurisdictions

Reference	Wording	Legislation	Assessment	Reasoning
	publication in one or more newspapers.			
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.	Regulation 20(1), AAR 2018	AMBER	Relatively simple amendment Wording available from other jurisdictions
R76	Adopt statutory wording for the responsibilities of an assurance reviewer consistent with the level of assurance provided by an engagement under ISRE 2400.	Para 2, Schedule 1, AAR 2018	AMBER	Relatively simple amendment
R77	Explicitly require assurance reviewers to comply with ISRE 2400.	Para 3, Schedule 1, AAR 2018	GREEN	Very simple amendment
R78	Ensure that the statutory responsibilities of an independent examiner are consistent with the nature of an agreed upon	Para 2, Schedule 2, AAR 2018	AMBER	Relatively simple amendment

Reference	Wording	Legislation	Assessment	Reasoning
	procedures engagement.			
R79	Remove template accounts from legislation.	Regulations 10(2) and 10(3) and Schedules 5 and 6, AAR 2014	GREEN	Dependent on implementation of R59 and R60 above.
R80	Ensure that any statutory or non-statutory wording of the Statement of Responsibilities reflects the full range of statutory responsibilities of the Financial Officer.	Schedules 5 and 6, AAR 2018	N/A	No legislative action required if R59, R60 and R79 are implemented
R81	Remove the requirement for separate audited accounts for the General Revenue and the Reserve Fund.	Section 4(1), Finance Act 1958	N/A	Clause 7 of the Treasury (Miscellaneous Provisions) Bill 2024 makes the required amendment to the Finance Act 1958.
R82	Amend legislation to bring the General Revenue and Reserve Fund within the Consolidated Accounts	Section 1, Audit Act 2006 Regulations 7 and 8, AAR 2018	GREEN	Clause 3 of the Treasury (Miscellaneous Provisions) Bill 2024 makes the required

Reference	Wording	Legislation	Assessment	Reasoning
	of Central Government and Group Accounts.			amendment to the Audit Act 2006. Very simple amendments to Regulations 7 and 8, AAR 2018
R83	Remove the requirement for separate audited accounts for the Isle of Man Loans Fund.	Para 31, Schedule 1, Isle of Man Loans Act 1974	GREEN	Repeal of provision
R84	Amend legislation to bring the General Revenue and Reserve Fund within the Consolidated Accounts of Central Government and Group Accounts.	Section 1, Audit Act 2006 Regulations 7 and 8, AAR 2018	GREEN	Clause 3 of the Treasury (Miscellaneous Provisions) Bill 2024 makes the required amendment to the Audit Act 2006. Very simple amendments to Regulations 7 and 8, AAR 2018
R85	Determine whether there is a continuing need for preparation and inspection of accounts specified in	Sections 1 and 3, Collections of Fines Etc. Act 1985	GREEN	Clause 3 of the Treasury (Miscellaneous Provisions) Bill 2024 permits preparation of

Reference	Wording	Legislation	Assessment	Reasoning
	the Collection of Fines Etc. Act 1985 and, if so, the basis of preparation.			accounts on a receipts and payments basis. However, Section 3 of the Collections of Fines Etc Act 1985 refers to sums payable – an income rather than receipts basis. A very simple amendment would suffice. If R59 and R60 above are implemented no amendment would be required to the AAR 2018.
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.	Sections 4 and 4A, Audit Act 2006 Regulations 3 and 15, AAR 2018	AMBER	Clause 3 of the Treasury (Miscellaneous Provisions) Act 2024 makes the necessary amendments to Regulation 3. Amendment to Regulation 15 is required if the accounts are to continue to be subject to an audit.

Reference	Wording	Legislation	Assessment	Reasoning
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.	Section 31(5), High Court Act 1991	N/A	Clause 3 of the Treasury (Miscellaneous Provisions) Bill 2024 permits preparation of accounts on a receipts and payments basis. If R59 and R60 above are implemented no amendment would be required to the AAR 2018.
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.	Sections 4 and 4A, Audit Act 2006 Regulations 3 and 15, AAR 2018	AMBER	Clause 3 of and Schedule 1 to the Treasury (Miscellaneous Provisions) Bill 2024 makes the necessary amendments to the Audit Act 2006 and the AAR 2018. Amendment to Regulation 15 is required if the accounts are to continue to be subject to an audit.

Reference	Wording	Legislation	Assessment	Reasoning
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.	Section 54, Summary Jurisdiction Act 1989	N/A	Clause 3 of the Treasury (Miscellaneous Provisions) Bill 2024 permits preparation of accounts on a receipts and payments basis. If R59 and R60 above are implemented no amendment would be required to the AAR 2018.
R90	As necessary, amend legislation to permit: • preparation of accounts on a receipts and payments basis; and • reporting by the auditor on accounts that does not require giving a 'true and fair' view.	Section 4 and 4A, Audit Act 2006 Regulations 3 and 15, AAR 208	AMBER	Clause 3 of and Schedule 1 to the Treasury (Miscellaneous Provisions) Bill 2024 makes the necessary amendments to the Audit Act 2006 and the AAR 2018. Amendment to Regulation 15 is required if the accounts are to continue to be subject to an audit.

Reference	Wording	Legislation	Assessment	Reasoning
R91	Remove the requirement for separate inspection of the accounts of allotments committees.	Section 3, Allotments Act 1928	N/A	Clause 8 of the Treasury (Miscellaneous Provisions) Act 2024 makes the necessary amendments to Section 3.
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.	Sections 2 and 16, Industrial and Building Societies Act 1892	RED	Requires wider consideration of the provisions of the Act
R93	Include the Tynwald Auditor General in Schedule 1 of the Freedom of Information Act 2015.	Schedule 2, Freedom of Information Act 2015	N/A	The Public Interest Disclosure (Prescribed Persons) Order 2024 makes the TAG a prescribed person
A1	Consider an explicit power for the Tynwald Auditor General to follow-up the implementation of previous audit recommendations.	No specific provision	RED	No wording available from other jurisdictions

Reference	Wording	Legislation	Assessment	Reasoning
A2	Consider whether any further mechanism for oversight of the governance of the Office of the Tynwald Auditor General is required.	No specific provision	RED	Consideration of options required before any legislation
A3	Consider vesting the power of appointment of independent examiners in the Tynwald Auditor General.	Section 3B(2), Audit Act 2006	RED	Policy decision required
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.	Section 4(2), Audit Act 2006	RED	Policy decision required

Reference	Wording	Legislation	Assessment	Reasoning
A5	Consider whether to grant the Tynwald Auditor General a power to issue a Warning Notice.	Section 9(3), Audit Act 2006	RED	Policy decision required
A6	Consider whether to grant the Tynwald Auditor General a power to make an application to court.	Section 10, Audit Act 2006	RED	Policy decision required
A7	Consider whether to retain the requirement for the Audit (Consultative) Committee.	Section 18, Audit Act 2006	RED	Policy decision required
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.	Paragraph 28(5), Schedule 1, Isle of Man Loans Act 1974	RED	Policy decision required

Reference	Wording	Legislation	Assessment	Reasoning
A9	Consider whether a separate audit of the accounts of the Information Commissioner is required and, if not, amend legislation accordingly.	Paragraph 16, Schedule 2, Freedom of Information Act 2015	N/A	Clause 4 of the Treasury (Miscellaneous Provisions) Bill 2024 makes the Information Commissioner subject to inspection rather than specifically to audit.
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.	No specific provision	RED	Policy decision required

Appendix 2:
24 October 2024 - Treasury Miscellaneous Provisions Bill 2024 Tynwald
Auditor General Proposal for Amendments

Treasury (Miscellaneous Provisions) Bill 2024 – Audit Amendments

Clause	Effect	TAG Recommendation	Observations	Comment
3 (2)	Inclusion of the General Revenue and Reserve Funds in the list of bodies subject to inspection under the Audit Act 2006	R81	Support – reflects practical position where the General Revenue and Reserve Funds and Isle of Man Loans Fund are included in the Consolidated Accounts of Central Government subject to audit under the Audit Act 2006.	(1) There is an argument that some or all of these funds are funds of the Treasury and already included within the scope of the Audit Act 2006. However, the amendment puts this beyond doubt. (2) Amendments to Regulation 7(1) of the Accounts and Audit Regulations 2018 will be necessary to provide a statutory basis for the inclusion of the activities of bodies within the Consolidated

Clause	Effect	TAG Recommendation	Observations	Comment
				Accounts of central Government.
3(3)	Reframing the responsibilities of an assurance reviewer to reflect the nature of the engagement and that there might be R&P accounts rather than I&E accounts	R42, R45, R86	Support – reflects professional responsibilities for an assurance review and current practice of preparation of some accounts on an R&P basis.	No equivalent wording to permit an audit to be of accounts prepared on a R&P basis – there may be circumstances where this is appropriate, and the primary legislation would not provide this flexibility. Implementation would require an equivalent amendment to Section 4(1).
3(4)	Consequential amendment		Support	
3(5)	Correction of reference to Interpretation Act 2015		Support – correction of an error.	
3(6)	Definition of Reserve Fund	R62, R82	Support – definition appropriately extended from the previous definition to include other reserves.	
4	Amendment to Freedom of Information Act 2015 to provide that the accounts of the Information Commissioner are	A9	Support – this secures alignment with the provisions relating to other bodies under the Audit Act 2006	Please note that (i) the Information Commissioner

Clause	Effect	TAG Recommendation	Observations	Comment
	inspected rather than audited. This allows the Treasury to direct an assurance review or independent examination		and, given expenditure of the Information Commissioner, may lead to an assurance review.	has not previously prepared accounts despite the statutory requirement to do so; and (ii) there is no consistency of practice as to the bodies that are required to prepare their own accounts and have those inspected. One revenue funded statutory board and one office of government are required to prepare such accounts and submit them for inspection and others are not.

Clause	Effect	TAG Recommendation	Observations	Comment
5(2)	Removal of a reference to an audit under the Finance Act 1958 consistent with Clause 7	R81	Support – no accounts are prepared under the Finance Act 1958 and no audit is undertaken.	
5(3)(a)	Correction of reference to Interpretation Act 2015.		Support – correction of an error.	
5(3)(b)	Amendment of the Tynwald Auditor General Act 2011 to provide for inspection rather than audit of the accounts of the TAG.	R33	Support – this secures alignment with the provisions relating to other bodies under the Audit Act 2006 and, given expenditure of the TAG, likely to lead to an assurance review.	Given appointment of the TAG by Tynwald and the appointment of the inspector by the PAC, would be more appropriate that the power of determination of the form of inspection is by the PAC rather than the Treasury. This would require disapplication of section A1(1) of the Audit Act 2006 in the context of the accounts of the Office of the Tynwald Auditor General.
6	Amendment of the Financial Services Act 2008 to provide for inspection rather than audit of the accounts of the FSA.		Support – for consistency with the Audit Act 2006. However, given the expenditure of the FSA, I	

Clause	Effect	TAG Recommendation	Observations	Comment
			would be surprised if Treasury were to direct an assurance review or independent examination and therefore unlikely to have any practical effect.	
7	Removal of the requirement for an audit of the General Revenue and Reserve Fund by the TAG.	R81	Support – no separate accounts and prepared and no audit undertaken. In practice covered by the audit of the Consolidated Accounts of the IoM Government.	
8	Removal of the requirement for an audit of the accounts of Allotments Committees.	R91	Support – no separate accounts prepared in practice and no audits undertaken. In practice covered by the audit of the accounts of local authorities.	
Schedule – Para 1(2)	Inclusion of 'receipts and payments' payments accounts within the scope of proper practices	R86	Support – allows accounts to be prepared on a receipts and payments basis which may be appropriate on basis of scale (e.g. burial authorities) or nature (e.g. trust accounts).	

Clause	Effect	TAG Recommendation	Observations	Comment
Schedule – Para 1(3)(a)	Amendment of the responsibilities of an assurance reviewer to cover accounts prepared on a receipts and payments basis as well as those prepared on an income and expenditure basis.	R86	Support – allows for an assurance review to be undertaken on accounts prepared on a receipts and payments basis.	
Schedule – Para 1(3)(b)	Amendment of the reporting responsibilities of an assurance reviewer to cover accounts prepared on a receipts and payments basis as well as those prepared on an income and expenditure basis.	R86	Support – necessary consequential amendment.	
Schedule – Para 1(3)(c)	Amendment of the responsibilities of an independent examiner to cover accounts prepared on a receipts and payments basis as well as an income and expenditure basis.	R86	Support – allows for an independent examination to be undertaken on accounts prepared on a receipts and payments basis.	
Schedule – Para 1(3)(d)	Amendment of the reporting responsibilities of an independent examiner to cover	R86	Support – necessary consequential amendment.	

Clause	Effect	TAG Recommendation	Observations	Comment
	accounts prepared on a receipts and payments basis as well as an income and expenditure basis			

Appendix 3:
Amendments to the Treasury Miscellaneous Provisions Bill 2024
tabled in Legislative Council on 25 February 2025

TREASURY (MISCELLANEOUS PROVISIONS) BILL 2024

CONSIDERATION OF CLAUSES

Mrs August-Phillips to move —

AMENDMENTS TO CLAUSE 3

1. Page 7, omit lines 17 and 18.
2. Page 8, omit lines 1 to 4.
3. Page 8, in line 5, omit “(1)”.
4. Page 8, line 6, before “in” insert «in subsection (1)».
5. Page 8, line 11, for “(b)” substitute «(iii)»;
6. Page 8, after line 17 insert —

 | «(b) for subsection (3) substitute —

 | “(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.” ».

7. Page 8, after line 24 insert —

 | «“**the National Insurance Fund**” means the fund established under the
 | *National Insurance (Isle of Man) Act 1948* and referred to in the
 | National Insurance (Isle of Man Reciprocal Agreement) Order
 | 1948 (S.I. 1948/1844);».

8. Page 8, after line 29, insert —

 | «(7) for the definition of “subsidiary”, substitute —

 | “**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.».

In each of 1 to 8 above re-number provisions and cross references as necessary

9. Pages 7 and 8, at the appropriate places in the order of provisions in clause 3 insert the following 10 new subsections ("Nss") (to be designated as appropriate) —

Nss.1

(Nss.#) In section A1 (forms of inspection under the Act) —

(a) in subsection (4), for "such manner and by such person as the Treasury may direct" substitute « accordance with directions given by the Treasury and by the person appointed by the Auditor General under section 3A»;

(b) in subsection (5) —

(i) in paragraph (a), for "such manner as" substitute « accordance with directions given by»;

(ii) in paragraph (b), for "Treasury" substitute «Tynwald Auditor General under section 3A».

Nss.2

(Nss.#) In section 1 (bodies subject to inspection under this Act) —

(a) in subsection (1) —

(i) for paragraph (e) substitute —

«(e) every entity which is controlled by one or more Departments or Statutory Boards»;

(ii) for paragraph (f) substitute —

«(f) every subsidiary of an entity referred to in paragraph (e)»;

(b) after subsection (1), insert —

«(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.»;

(c) in subsection (2) after paragraph (c), insert —

« (d) the following accounts and funds —

(i) the General Revenue and the Reserve Fund; and

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

(iii) the National Insurance Fund; and

the Currency Account.».

Nss.3

(Nss.#) In section 3 (appointment of auditor) -

(a) omit subsection (1A); and

(b) after subsection (1B) insert —

«(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.».

Nss.4

(Nss.#) In section 3A (appointment of assurance reviewer) after subsection (4), add —

«(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.».

Nss.5

(Nss.#) In section 4 (general duties of auditor), for subsection (3) substitute —

- «(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.».

Nss.6

- (Nss.#) In section 5 (inspector's right of access to documents and information) —
- (a) in subsection (1), after "information" insert «"and explanations»;
 - (b) in subsection (3) —
 - (i) at end of paragraph (d) omit "and";
 - (ii) after paragraph (e) insert —
 - «; and
 - (f) a person who has performed any function on behalf of a relevant body.».

Nss.7

- (Nss.#) In section 6 —
- (a) for subsection (2)(c) and the full-out words substitute —
 - «(c) 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 must include a statement to that effect, with particulars of the default in question.»;
 - (b) in subsection (3) —
 - (i) at the end of paragraph (b), omit "and";
 - (ii) after paragraph (c), insert —
 - «(d) the Tynwald Auditor General; and
 - (e) the Accounts Committee.».

Nss.8

(Nss.#) In section 14 (fees for audits and assurance reviews), after subsection (3) add —

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

Nss.9

(Nss.#) In section 19 (subordinate legislation etc.) in subsection (3) for “regulations under section 12, or giving any direction under section 13,” substitute «regulations or orders or giving any directions under this Act».

Nss.10

(Nss.#) After section 20 (offences by corporations) insert —

«20A Merits of policy objectives

Nothing in this Act is to be construed as entitling the Auditor to question the merits of the policy objectives of a body in respect of which an inspection is conducted unless required by legislation.».

Re-number existing provisions and amend cross-references accordingly

AMENDMENTS TO CLAUSE 5

10. Page 9, after line 3 insert —

- «(a) in paragraph (a), after “conduct” insert «or procure» and at the end insert «and, in doing so, to have regard to any proposals made by the Accounts Committee;
- (b) in paragraph (e), omit the words from “by members” to the end».

11. Page 9, omit line 4.

12. Page 9, line 5, omit “(and the word “and” preceding it)”.

13. Page 9, after line 5 insert —

- «(g) to co-operate with relevant persons in the exercise of the Auditor’s functions.».

14. Page 9, after line 6 insert —

- (a) in paragraph 1 (selection of candidate) —

- (i) in paragraph (a), at the end insert « or another member of that Committee appointed by it»;
- (ii) in paragraph (b), at the end insert « or another member of that Committee appointed by it»;
- (iii) in paragraph (c), at the end insert « or another minister appointed by the Chief Minister»;
- (iv) after paragraph (c), add (as full out words) «The chair of the Selection Committee must be the person referred to in sub-paragraph (1)(b).».
- (b) in sub-paragraph (2), omit “, but section 80 of that Act (deputies) does not”.
- (c) for paragraph 4 (terms and conditions) substitute—

«4 Terms and conditions

- (1) The Selection Committee shall determine the Auditor’s —
 - (a) terms and conditions of employment; and
 - (b) term of office, which may not exceed 8 years.
- (2) In the case of the holder of the office of the Auditor immediately before this section is commenced (“the commencement day”), that person’s term of office shall be the difference between the length of time that person has held the office before that day and 8 years.
- (3) The term of office referred to in this section is a single term.
- (4) A person may only hold the office of Auditor once.
- (5) A document containing details of the matters referred to in sub-paragraph (1) must be laid before Tynwald but that document is not a statutory document.»;
 - (a) in paragraph 5 (appointment of an Auditor), omit sub-paragraph (2);
 - (b) for paragraph 6 (restrictions), substitute —

«6 Restrictions

- (1) This section applies to a person (P) who held, but no longer does, the office of Auditor.
- (2) P may not —
 - (a) hold a relevant office or employment;
 - (b) be a member, director, officer or employee of a specified body;

- (c) in any capacity, provide services to—
 - (i) the Government of the Island or any body or other person acting on behalf of the Government; or
 - (ii) a body or other person whose accounts are required by a statutory provision to be inspected by the Auditor.
- (3) Before—
 - (a) taking up an office or position referred to in sub-paragraph (2)(a) or (b); or
 - (b) entering into an agreement or other arrangement to provide services referred to in sub-paragraph (2)(c),

P must obtain the written permission of the Accounts Committee which may consult such persons as it thinks fit.
- (4) Subsections (2) and (3) apply for the period of 2 years starting with the day after that on which P ceased to be the Auditor.
- (5) “Relevant office or employment” means an office or position to which a person may be appointed, or recommended for appointment, by or on behalf of the Government of the Island.».

Re-number subsequent provisions and cross-references as necessary

15. Page 9, line 7, before “for” insert «omit “with the approval of the Treasury, and».
16. Page 9, after line 9, insert the following 3 new paragraphs (“NP”) (to be designated as appropriate) —
 - (NP.#) in paragraph 12 (staff) —
 - (i) in sub-paragraph (2), for “the Tynwald Management Committee” substitute “Tynwald”;
 - (ii) after sub-paragraph (2), add —
 - «(3) The arrangements referred to in sub-paragraph (2) may include a formula or other mechanism for adjusting from time to time any elements of those arrangements.»;
 - (NP.#) in paragraph 13 (appointment of persons to provide services) —
 - (i) in sub-paragraph (1), omit “, with the approval of the Tynwald Management Committee,”;
 - (ii) in sub-paragraph (2,) for “the Tynwald Management, Committee” substitute “Tynwald”;

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- (iii) after sub-paragraph (2), insert —
 - «(3) The fee and allowances referred to in sub-paragraph (2) may be adjusted from time to time by reference to a formula or any other mechanism.».
 - (NP.#) in paragraph 14 (delegation of functions) —
 - (i) for sub-paragraph (1)(b) substitute —
 - «(b) a person providing services, or discharging functions, on behalf of the Auditor:»;
 - (ii) omit sub-paragraph (2).».
 - 17. Page 9, after line 13 insert —
 - (iii) omit sub-paragraph (3)(a).
 - 18. Page 9, at the appropriate place in the order of provisions in clause 5, insert the following 13 new subsections (“Nss”) (to be designated as appropriate) —

Nss.1

(Nss.#) In section 3(1) (interpretation), at the appropriate place in the order insert —

«**“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;».

Nss.2

(Nss.#) After section 4 insert —

«4A Resources

Tynwald must ensure that the Auditor is provided with sufficient resources to carry out the Auditor’s functions.».

Nss.3

(Nss.#) In section 6 (value for money inspections) —

- (a) in subsection (1) at the end add «and in doing so may consider the effectiveness, and quality, of a body’s internal controls, governance arrangements and financial management and reporting systems»;
- (b) omit subsection (5) to (7);

- (c) for paragraph (8), substitute —
- «(8) “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.».

Nss.4

- (Nss.#) For section 7 (reports on value for money inspections), substitute —

«7 Reports on value for money inspections

- (1) After carrying out a value for money inspection the Auditor must prepare a report.
- (2) A report must mention any matter in respect of which the Auditor believes that the specified body is not —
 - (a) performing any of its functions; or
 - (b) using its resources, effectively, efficiently and economically.
- (3) If a report mentions any matter referred to in subsection (2), the Auditor may include recommendations as to the remedial action that the Auditor considers necessary or desirable.
- (4) The Auditor must send the report to —
 - (a) the specified body concerned; and
 - (b) any person named in it,
 and must invite their comments on it within such time as is specified in the invitation.

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- (5) The Auditor may amend the report in the light of the comments.
 - (6) The Auditor must, having made any amendments to it in the light of subsection (5), and send copies of it to —
 - (a) the Accounts Committee;
 - (b) the Chief Minister;
 - (c) the Treasury;
 - (d) if the report relates to a specified body, that body; and
 - (e) any other person named in the report.
 - (7) With each copy of the report sent under subsection (6) the Auditor must send —
 - (a) a summary of the comments received under subsection (4);
 - (b) the Auditor's response to those comments.
 - (8) The Auditor must lay the report before Tynwald.
 - (9) Subsection (10) applies if a report mentions any matter referred to in subsection (2) or contains recommendations under subsection (3).
 - (10) Where this subsection applies, a specified body must draw up a performance plan specifying —
 - (a) the action (if any) which it proposes to take as a result of the report; and
 - (b) when it proposes to take that action.
 - (11) A performance plan must, as soon as it can reasonably be done, be sent to —
 - (a) the Auditor;
 - (b) the Public Accounts Committee.».

Nss.5

- (Nss.#) In section 8 (consultation with the Accounts Committee) —
 - (a) in subsection (1) for “must” substitute «may »;
 - (b) after subsection (2), insert —
- «(3) The Auditor must, in respect of the exercise of the Auditor's discretionary functions, have regard to any proposal of the Public Accounts Committee about the exercise of those functions.
- (4) Nothing in this section requires the Auditor to give effect to, or otherwise follow, a proposal referred to in subsection (3).».

Nss.6

(Nss.#) In section 10 (referrals) —

- (a) in the heading, for “**Referrals**” substitute «**Investigations**»;
- (b) in subsection (1), for the words preceding paragraph (a), substitute

«The Auditor may, of the Auditor’s own volition or pursuant to a request from any person, investigate any matter relating to —»;

- (c) in subsection (5) —

- (i) at the end of paragraph (a), add “and”;
- (ii) omit paragraph (b);

- (d) omit subsections (7) and (8).

Nss.7

(Nss.#) In section 11 (reports on investigations under section 10) —

- (a) in subsection (3), for “may” substitute “must”; and
- (b) in subsection (7), after “plan” insert «referred to in subsection (6)»;
- (c) omit subsection (9).

Nss.8

(Nss.#) In section 12 (annual and other reports) —

- (a) for subsection (1) substitute —

«(1) The Auditor must lay before the ordinary sitting of Tynwald in October, or the next practicable sitting —

- (a) an annual report on the general exercise of the Auditor’s functions; and
- (b) the Auditor’s accounts audited in accordance with paragraph 17 of Schedule 1 .»;

- (b) in subsection (6), for “July” substitute «October».

Nss.9

(Nss.#) After section 12 (annual and other reports) insert —

«12A Independence

Except where specifically provided for in this Act, the Auditor may not be directed to exercise any function the Auditor has under this Act.».

Nss.10

(Nss.#) In section 13 (Auditor's right of access to documents and information) —

- (a) in subsection (1) after "information" insert «or explanations»;
- (b) for subsection (3), substitute —

«(3) 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).»;

- (c) in subsection (7)(b), for "(10)" substitute «(12)».

Ns.11

(Nss.#) After section 13 (Auditor's right of access to documents and information), insert —

«13A Information gateways

(1) A person may disclose information to any of the following if the disclosure is made for the purposes of the exercise of any function of the Auditor General —

- (a) the Auditor General;
- (b) the Auditor General's staff; and
- (c) an individual or body providing services, or discharging functions, on behalf of the Auditor.

(2) Information obtained under subsection (1) may be used by the recipient in connection with the exercise of any function of the Auditor General.

(3) Information obtained in connection with the exercise of any function of the Auditor General may be disclosed to a person by any of the following —

- (a) the Auditor General;
- (b) the Auditor General's staff; and

- (c) an individual or body providing services, or discharging functions, on behalf of the Auditor,
if the disclosure is made for the purposes of the exercise of any function of that person.».

Nss.12

- (Nss.#) Omit section 15 (information that relates to a person's tax and customs affairs.

Nss.13

- (Nss.#) After section 19 (offence by body corporate), insert —

«19A Privilege in defamation

- For the purposes of the law of defamation, anything done by the Auditor in the performance of the Auditor's functions is absolutely privileged.».

AMENDMENTS TO PART 6

19. Page 17, line 14, for "The Schedule" substitute «Schedule 1».

20. Page 17, after line 15, add the following new clause —

«NC# Amendment of Companies & other legislation

- Schedule 2, which contains amendments to companies and other legislation, has effect.».

AMENDMENT TO SCHEDULE

21. Page 19, line 1, after "Schedule" insert «1».

NEW SCHEDULE

22. After the newly re-numbered Schedule 1, add the following Schedule —

«SCHEDULE 2

AMENDMENT OF THE COMPANIES & OTHER LEGISLATION

1. Amendment of the Companies Act 1982

In the *Companies Act 1982* after section 12(1), 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».

Appendix 4:
04 February 2025 - Treasury assessment of amendments proposed to the
Treasury Miscellaneous Provisions Bill 2024
including comments in response from the Chair of the Public Accounts
Committee (JW) and Tynwald Auditor General (SW)

Background

Mrs August-Phillips MLC asked to table 22 amendments to the Treasury Miscellaneous Provisions Bill 2024, all relating to Part 2.

For reminder, Part 2 of the Bill makes various amendments to the Audit Act 2006 and the Tynwald Auditor General Act 2011 which do not change the policy of the Treasury in respect of the preparation and inspection of public accounts : rather, they seek to align the legislation which has grown organically over the years with the current practice. These changes were recommended and agreed with the Tynwald Auditor General ("the TAG") ahead of the publication of his report entitled "*Public Audit in the Isle of Man*", laid before Tynwald in July 2024 ([link](#)).

The TAG's report has been tabled before, but not yet to be debated in Tynwald. The report is an in-depth review of the current legislation relating to public audit and includes approx. 100 recommendations for legislative changes.

The changes made by the Bill and approved by the Keys address a minority of those recommendations that have been acknowledged as not departing from current policy. This particular point was outlined when presenting the principles of this Bill to the Legislative Council, as well as the intention of the Treasury to work to undertake further work on this legislation, likely in the form of a consolidating Bill, once Tynwald has considered the report and determined which recommendations to give effect to. No challenge to this principle was raised at the time.

The amendments tabled by Mrs August-Phillips MLC seek to implement additional recommendations made by the TAG in his report, which all depart from current policy. The present assessment seeks to highlight the most controversial ones, for which due process should be followed.

1. Expansion of the scope of the Audit Act 2006

The amendments make substantial changes to the entities falling within the scope of the Audit Act 2006. Whilst some additions may be quite consensual (e.g. the inclusion of the NI fund within the scope of the Audit Act 2006), the impact of the change in wording relating to entities controlled by Government and subsidiaries is difficult to gauge, as illustrated overleaf:

Current section 1(1)(e)	Proposed section 1(1)(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 (i.e. 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). "entity" means an individual, partnership, body corporate or unincorporated association.

The type and number of entities that would fall within the scope of the Audit Act 2006 as a result of these amendments is difficult to assess. The TAG's report mentions the Isle of Man Meat Company, which presumably would fall under this new definition, but is it the only one? Have the entities that would fall under the new definitions been consulted, or indeed be made aware they would fall under the scope of the Audit Act 2006?

It should be noted that, given the provisions of the Bill are meant to be in force as soon as Royal Assent is given, there will be immediate cost implications and therefore, Treasury concurrence is likely to be required¹. Indeed, increasing the number of entities that will have to be subject to inspections under the Audit Act 2006 implies increasing the cost of these inspections. How much will it cost extra per year?

These are questions that should be answered before legislative changes are enacted, and would have been answered had due process been followed.

JW commentary – it is concerning that Treasury do not seem to know what entities there are which are controlled by Government Departments. This does seem to be a case of injecting uncertainty rather than fact into the process. Stephen has undertaken an analysis of the Government landscape, and I have over 20 years' experience of looking at Government's finances. I do not see that this casts a wider net but clarifies the definition.

¹ Mr Speaker's ruling dd. 19 December 2023 implied that any amendment to a Bill which has immediate cost implications should only be moved if given Treasury concurrence.

SW observations

- (1) I am not aware of any entities other than the Isle of Man Meat Company that would be caught. I have assumed that the intention was to capture bodies that were controlled by a Department or Statutory Board. Indeed, notwithstanding the wording of Regulation 8 of the Accounts and Audit Regulations 2018 (that replicates the wording of Section 1(1)(e) of the Audit Act 2006) the Treasury prepares its Group accounts including the results of the Isle of Man Meat Company.
- (2) The wider wording is designed to future proof the legislation by adopting wording consistent with FRS 102, the proper practices applicable to the accounts of the Isle of Man Government.
- (3) The current wording uses a formulation that is inconsistent with the concept of a 'subsidiary' in section 1 of the Companies Act 1974.

2. Expansion of the TAG's reach for value for money inspections

Section 6 of the Tynwald Auditor General Act 2011 empowers the TAG to carry out "value for money inspections" to determine whether a body to which the Audit Act 2006 applies is discharging its functions, and using its resources, economically, effectively and efficiently.

The amendments extend the TAG's reach to also include:

- (b) the division of the Treasury known as the Audit Advisory Division (or its successor by whatever name known);*
- (c) a body 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 supported by public funds if, in any financial year, it receives 50% or more of its income from such funds.*

This last paragraph could include private bodies that are financed by public funds, regardless of whether they are controlled by Government, such as GP practices or charities providing services on behalf of a Government Department.

This proposal departs greatly from current policy. The merits of this proposal have not been debated, its impacts are unknown and no stakeholders' consultation been undertaken. It is too much of a change for it to proceed without following due process.

Indeed. It is the intention that value for money inspections are possible (but not required) for any entity where IOMG provides over half of its income. I would find it concerning if Treasury was advocating that GP practices or charities dependent on large amounts of taxpayers cash should not fall within the scope of effectiveness and efficiency review. In terms of the merits of the proposal, this is more conservative than Jersey where their Auditor General can follow any small grant through the finances of an entity. Our is more conservative. It follows best practise being:

INTOSAI – Lima Declaration, Section 23²

UK National Audit Act 1983 (s.6)

Public Finance and Accountability (Scotland) Act 2000 (s.23)

Government of Wales Act 1998, s.146A(2)(b)

Comptroller and Auditor General (Jersey) Law 2014, See 1(1)(b) and section 14(1).

SW observations:

Agreed

Expansion of the TAG's investigation powers

Currently, the TAG may investigate under section 10 of the TAG Act 2011 any matter relating to —

- (a) the performance of a specified body's functions; or
- (b) the economic, effective or efficient use of its resources.

only if requested by a member of the public, a member of Tynwald or Tynwald itself. The amendments would enable the TAG to do so from his own volition.

² Section 23. Commercial enterprises with public participation 1) The expansion of the economic activities of government frequently results in the establishment of enterprises under private law. These enterprises shall also be subject to audit by the Supreme Audit Institution if the government has a substantial participation in them--particularly where this is majority participation--or exercises a dominating influence. 2) It is appropriate for such audits to be carried out as post-audits; they shall address issues of economy, efficiency and effectiveness.

It is noted that there is no element of financial control in place to limit the expenditure under this section, or any other section (including section 6 relating to value for money inspections).

This is not factually correct. The amendments remove the micromanagement of the TAG staff from Tynwald Management Committee, to ensure independence. The revision to Sch.1 paras 12 and 13 (Staff and appointment of persons to provide services) use the words "in accordance with the overall financial limits determined by Tynwald" (changed from TMC). In other words, the budget process still controls the financial limits set by TAG.

SW observations:

The Treasury has already recognised that the controls under paragraphs 12 and 13 of Schedule 1 inappropriate and has granted a consent to permit the Tynwald Auditor General to engage staff and enter into contracts within the annual financial limits determined by the Tynwald Management Committee.

The amendments place the responsibility on Tynwald to "*ensure that the Auditor is provided with sufficient resources to carry out the Auditor's functions*", without any consultation with Treasury.

The duty is on Tynwald to provide sufficient resources to carry out the auditor's functions. It is clear from the legislation that financial limits for TAG are set in the budget process.

See also:

INTOSAI Section 7 Lima Declaration "1. SAIs shall be provided with the financial means to enable them to accomplish their tasks. 2. If required, SAIs shall be entitled to apply directly for the necessary financial means to the body deciding on the national budget. 3. SAIs shall be entitled to use the funds allotted to them under a separate budget heading as they see fit."

Public Audit (Wales) Act 2013, s.21

s.9(1) Jersey law. "The States must ensure that the Comptroller and Auditor General is provided with sufficient resources to carry out his or her functions."

SW observations:

Agreed

They also empower the TAG to not only enter into contracts but also acquire and dispose of land and other property without any consultation with Treasury.

There is already an agreement in place to remove Treasury veto over exercising the powers in para 11 of Sch1. If Treasury are really concerned, para 11 could replicate the wording used in paras 12 & 13, and add "in accordance with the overall financial limits determined by Tynwald."

SW observations:

Agreed

Considered altogether, these amendments increase the risk of a mismatch between the ambitions of a statutory officer, namely the TAG, of carrying out what he sees best and the resources available to support it. This contradicts the current endeavour of the Treasury to bring under control expenditure from the public purse.

3. Amendment of the Companies & other legislation

The amendments not only expand considerably the TAG's powers and reach, they also amend legislation relating to companies and other body corporates. This strays beyond the objective of this Bill, without any rationale being given, or evidence of consultation with the Department maintaining these Acts.

The amendments to the Companies Acts and other bodies corporate fulfil the following objectives:

1. Currently, it is possible that a company would be required to be audited under the Companies Acts AND the Audit Act. This removes the double jeopardy, by explicitly placing them under the Audit Act. If Treasury wish for Companies to be double-audited, these provisions can be removed.
2. There is a historic reference to the 'public auditor' in the Industrial and Building Societies Acts, so we have volunteered to have them removed. No harm would come of not including this provision, but the drafter recommended a tidying of the statute book.

SW observations:

Re (2) above, to the best of our knowledge there is currently no reliance on audit by a 'public auditor' acting in that capacity under section 16 of the Industrial and Building Society Act 1892. In passing, it should be noted that

- (i) section 16 requires further amendment as it does not reflect current professional practice: it refers to audit by either the public auditor or 'two or more persons appointed as the rules of the society provide'. Audits are now usually undertaken by firms operating as companies or partnerships; and
- (ii) One of the four remaining industrial societies has not filed accounts since 2017.

Appendix 5:
10 February 2025 - Treasury (Miscellaneous Provisions) Bill 2024 –
Amendments – Analysis by the Tynwald Auditor General

Treasury (Miscellaneous Provisions) Bill 2024 – Amendments – Analysis

Amendment No	Nss.	<i>Public Audit in the Isle of Man</i> recommendation number	Implication of not making amendment	Notes
1		N/A	N/A	Addressed elsewhere in amendments
2		N/A	N/A	Addressed elsewhere in amendments
3		N/A	N/A	
4		N/A	N/A	
5		N/A	N/A	
6		R44	Continued absence of a duty on an assurance reviewer or independent examiner to report matters of significant concern identified in the course of an audit to the TAG	
7		N/A	N/A	
8		N/A	Continued absence of a clear, up-to-date definition of subsidiary	

Amendment No	Nss.	<i>Public Audit in the Isle of Man</i> recommendation number	Implication of not making amendment	Notes
9	Nss. 1	R36	Continued approval of independent examiners by the Treasury rather than the TAG.	
9	Nss. 2	R15, R62, R82	Continued exclusion from the scope of the TAG's powers and duties of the Isle of Man Meat Company (and any other entity controlled by a Government Department or Statutory Board but in which it does not own over 50% of shares) Continued exclusion from the TAG's powers and duties of the General Revenue, Reserves and Isle of Man Loans Fund.	
9	Nss. 3	R38, R39	Continuing duty on the TAG to issue certificates in respect of audit engagements. Continued absence of a statutory duty on the TAG to obtain assurance about the quality of audit work undertaken (but in practice this happens).	
9	Nss. 4	R39	Continued absence of a statutory duty on the TAG to obtain assurance about the quality of	

Amendment No	Nss.	<i>Public Audit in the Isle of Man</i> recommendation number	Implication of not making amendment	Notes
			assurance review work undertaken (but in practice this happens).	
9	Nss. 5	R40	Continued absence of a duty on an auditor to report matters of significant concern identified in the course of an audit to the TAG	
9	Nss. 6	R28 and R30	Continued absence of statutory duty of certain persons to provide explanations. Continued absence of statutory right of access to documents held by some third parties.	
9	Nss. 7	R42	Continued statutory duty on inspectors to include insignificant matters in public-facing inspector's report	
9	Nss. 8	N/A	Continuing absence of explicit power of recovery of fees determined by the TAG.	
9	Nss. 9	R9	Continuing absence of general power to consult TAG about proposed legislation and directions.	

Amendment No	Nss.	<i>Public Audit in the Isle of Man</i> recommendation number	Implication of not making amendment	Notes
9	Nss. 10	R19	Continuing absence of any restriction on the TAG questioning the merits of policy.	
10		R22	Retention of inconsistency between section 5 and sections 3 and 3A of the Audit Act 2006	
11		N/A	N/A	
12		R81	Retention of a requirement for a separate audit of accounts that are not currently prepared (and in respect of which an audit is therefore not undertaken).	
13		R26	Continued absence of a function of co-operation with relevant persons.	
14		R5, R6	Continued absence of a fixed, non-renewable term for the TAG Absence of restrictions on employment of former TAG to secure independence	

Amendment No	Nss.	<i>Public Audit in the Isle of Man</i> recommendation number	Implication of not making amendment	Notes
15		R3	Continued requirement for the Treasury to approve entering into contracts etc (but in practice general consent granted).	
16		R3	Continued controls by the Tynwald Management Committee over staff numbers and appointment of persons to provide services to the TAG (but in practice wide consent granted).	
17		N/A	Removal of time-expired provision	
18	1	R62 and R82	Absence of definition to support inclusion of Reserve Funds in consolidated and group accounts of Central Government	
18	2	R20	No explicit duty to provide adequate resources for the TAG to perform functions	
18	3	R18, R2 and R16	Ambiguity about the scope of the value for money powers of the TAG No explicit power to review internal audit	

Amendment No	Nss.	<i>Public Audit in the Isle of Man</i> recommendation number	Implication of not making amendment	Notes
			No power to 'follow the public pound' to bodies predominantly publically funded	
18	4	R25	Delays in submitting to Tynwald VFM reports prepared by the TAG.	
18	5	R3	Retention of a power of direction that is inconsistent with INTOSAI pronouncements	
18	6	R1	Continued inability to undertake an investigation without a referral by Tynwald, a member of Tynwald or a member of the public	
18	7	R25	Delays in submitting to Tynwald investigation reports prepared by the TAG.	
18	8	R27	Retention of different timetable for TAG's annual report and annual accounts	
18	9	R3, R4	Continued powers of direction and requirement for consent that are inconsistent with INTOSAI pronouncements	

Amendment No	Nss.	<i>Public Audit in the Isle of Man</i> recommendation number	Implication of not making amendment	Notes
18	10	R28, R29	Continuing absence of a power for the TAG to obtain explanations as opposed to just access to documents Absence of a right for the TAG to obtain information and explanations from the Clerk of Tynwald in respect of matters relating to his Accounting Officer functions.	
18	11	R26	Absence of an explicit power to share information with 'relevant persons'.	
18	12	R7	Continued prohibition of TAG obtaining information relating to an individual's tax and customs affairs.	
18	13	R17	Continued absence of privilege for the TAG in the discharge of some of his functions.	
19		N/A	N/A	
20		R37 and R92	See amendment 22 below	
21		N/A	N/A	

Amendment No	Nss.	<i>Public Audit in the Isle of Man</i> recommendation number	Implication of not making amendment	Notes
22		R37 and R92	Duplication of audit requirements would continue Obsolete provisions relating to 'public auditor' would be retained.	

Stephen Warren
Tynwald Auditor General/ Ard Scruteyder Tinvaal
10 February 2025

Appendix 6:
**12 February 2025 - Letter from the Chair of the Public Accounts Committee
to the Treasury Minister**

Legislative Buildings
Douglas
Isle of Man
IM1 3PW
British Isles



*Oikyn Slattyssagh
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Ellan Vannin
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Telephone: 01624 651501

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Public Accounts Committee

Hon. Dr. Alex Allinson MHK
Treasury Minister
Government Offices
Bucks Road
Douglas

12th February 2025

Treasury (Miscellaneous Provisions) Bill

The Public Accounts Committee are grateful for allowing extra time for consideration of the above Bill to ensure that the amendments in the name of Mrs August-Phillips are properly scrutinised and understood by Treasury.

We are grateful to your officers who have outlined some concerns with the amendments, which we are keen to address. You will appreciate that there are a significant number of recommendations in Public Audit in the Isle of Man, and these amendments have only sought to address those recommendations and issues that will have an impact on the Tynwald Auditor General (TAG) undertaking his duties according to best practise and international standards.

Treasury Concern 1 - Expansion of the scope of the Audit Act 2006

Treasury explanation of concern

The amendments make substantial changes to the entities falling within the scope of the Audit Act 2006. Whilst some additions may be quite consensual (e.g. the inclusion of the NI fund within the scope of the Audit Act 2006), the impact of the change in wording relating to entities controlled by Government and subsidiaries is difficult to gauge, as illustrated overleaf:

Current section 1(1)(e)	Proposed section 1(1)(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 (i.e. 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). "entity" means an individual, partnership, body corporate or unincorporated association.

The type and number of entities that would fall within the scope of the Audit Act 2006 as a result of these amendments is difficult to assess. The TAG's report mentions the Isle of Man Meat Company, which presumably would fall under this new definition, but is it the only one? Have the entities that would fall under the new definitions been consulted, or indeed be made aware they would fall under the scope of the Audit Act 2006?

It should be noted that, given the provisions of the Bill are meant to be in force as soon as Royal Assent is given, there will be immediate cost implications and therefore, Treasury concurrence is likely to be required. Indeed, increasing the number of entities that will have to be subject to inspections under the Audit Act 2006 implies increasing the cost of these inspections. How much will it cost extra per year? These are questions that should be answered before legislative changes are enacted and would have been answered had due process been followed.

PAC Response

Following the TAG's deep dive of entities surrounding the Isle of Man Government, neither the PAC nor the Auditor General are aware of any entities that would be encompassed new definition other than the Isle of Man Meat Company. The intention is to ensure that bodies that are controlled by a Department or Statutory Board are properly inspected. Indeed, notwithstanding the wording of Regulation 8 of the Accounts and Audit Regulations 2018 (that replicates the wording of Section 1(1)(e) of the Audit Act 2006) the Treasury prepares its Group accounts including the results of the Isle of Man Meat Company.

The revised wording is designed to future proof the legislation by adopting wording consistent with FRS 102, the proper practices applicable to the accounts of the Isle of Man Government. The current wording also uses a formulation that is inconsistent with the concept of a 'subsidiary' in section 1 of the Companies Act 1974.

Should it be of assistance to Treasury, PAC would be happy to include an amendment that inserts an Appointed Day Order into the Bill for these provisions.

Treasury Concern 2 - Expansion of the TAG's reach for value for money inspections

Treasury explanation of concern

Section 6 of the Tynwald Auditor General Act 2011 empowers the TAG to carry out "value for money inspections" to determine whether a body to which the Audit Act 2006 applies is discharging its functions, and using its resources, economically, effectively and efficiently.

The amendments extend the TAG's reach to also include:

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

(c) a body 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 supported by public funds if, in any financial year, it receives 50% or more of its income from such funds.

This last paragraph could include private bodies that are financed by public funds, regardless of whether they are controlled by Government, such as GP practices or charities providing services on behalf of a Government Department.

This proposal departs greatly from current policy. The merits of this proposal have not been debated, its impacts are unknown, and no stakeholders' consultation been undertaken. It is too much of a change for it to proceed without following due process.

PAC Response

It is the intention that value for money inspections are possible (but not required) for any entity where IOMG provides over half of its income. We would find it concerning if Government was advocating that GP practices or charities dependent on large amounts of taxpayers' cash should not fall within the scope of effectiveness and efficiency review if this was felt necessary. In terms of the detail of the proposal, this is more conservative than Jersey, where its Auditor General can follow any small grant through the finances of an entity.¹ The amendment is more conservative. It follows best practise being:

- INTOSAI – Lima Declaration, Section 23²
- UK National Audit Act 1983 (s.6)
- Public Finance and Accountability (Scotland) Act 2000 (s.23)
- Government of Wales Act 1998, s.146A(2)(b)

Treasury Concern 3 - Expansion of the TAG's investigation powers

Treasury explanation of concern

Currently, the TAG may investigate under section 10 of the TAG Act 2011 any matter relating to —

- (a) the performance of a specified body's functions; or
- (b) the economic, effective or efficient use of its resources

only if requested by a member of the public, a member of Tynwald or Tynwald itself. The amendments would enable the TAG to do so from his own volition.

It is noted that there is no element of financial control in place to limit the expenditure under this section, or any other section (including section 6 relating to value for money inspections).

They also empower the TAG to not only enter into contracts but also acquire and dispose of land and other property without any consultation with Treasury.

The amendments place the responsibility on Tynwald to "*ensure that the Auditor is provided with sufficient resources to carry out the Auditor's functions*", without any consultation with Treasury.

PAC Response

The statement about 'no element of financial control' is not factually correct. The revision to Sch.1 paras 12 and 13 (Staff and appointment of persons to provide services) use the words "in accordance with the overall financial limits determined by Tynwald" (changed from Tynwald Management Committee). In other words, the budget process still controls the financial limits set by TAG.

The duty is on Tynwald to provide sufficient resources to carry out the auditor's functions, not Treasury alone. If the TAG felt that there were not sufficient resources, he could report directly to Tynwald on this matter. No amendments or legislation propose granting TAG the power to override the budget process.

¹ Comptroller and Auditor General (Jersey) Law 2014, See 1(1)(b) and section 14(1).

² Section 23. Commercial enterprises with public participation 1) The expansion of the economic activities of government frequently results in the establishment of enterprises under private law. These enterprises shall also be subject to audit by the Supreme Audit Institution if the government has a substantial participation in them--particularly where this is majority participation--or exercises a dominating influence. 2) It is appropriate for such audits to be carried out as post-audits; they shall address issues of economy, efficiency and effectiveness.

The amendments remove the micromanagement of the TAG staff from Tynwald Management Committee, to ensure independence. Treasury has already recognised that the controls under paragraphs 12 and 13 of Schedule 1 are inappropriate and has granted a consent to permit the Tynwald Auditor General to engage staff and enter into contracts within the annual financial limits determined by the Tynwald Management Committee. The amendments resolve that inappropriate relationship. Likewise in accordance with purchase of land, there is already an agreement in place to remove Treasury veto over exercising the powers in para 11 of Sch1. If Treasury are really concerned, para 11 could replicate the wording used in paras 12 & 13, and add “in accordance with the overall financial limits determined by Tynwald.”

The amendments again draw from best practise, and attention is drawn to the following references.

- INTOSAI Section 7 Lima Declaration “1. SAIs shall be provided with the financial means to enable them to accomplish their tasks. 2. If required, SAIs shall be entitled to apply directly for the necessary financial means to the body deciding on the national budget. 3. SAIs shall be entitled to use the funds allotted to them under a separate budget heading as they see fit.”
- Public Audit (Wales) Act 2013, s.21
- s.9(1) Jersey law. “The States must ensure that the Comptroller and Auditor General is provided with sufficient resources to carry out his or her functions.”

Treasury Concern 4 - Amendment of the Companies & other legislation

Treasury explanation of concern

The amendments not only expand considerably the TAG’s powers and reach, they also amend legislation relating to companies and other body corporates. This strays beyond the objective of this Bill, without any rationale being given, or evidence of consultation with the Department maintaining these Acts.

PAC Response

The amendments to the Companies Acts and other bodies corporate fulfil the following objectives:

1. Currently, it is possible that a company would be required to be audited under the Companies Acts AND the Audit Act. This removes the double jeopardy, by explicitly placing them under the Audit Act. If Treasury wish for Companies to be double-audited, these provisions can be removed.
2. There is a historic reference to the ‘public auditor’ in the Industrial and Building Societies Acts, so we have volunteered to have them removed. No harm would come of not including this provision, but the drafter recommended a tidying of the statute book. To the best of our knowledge there is currently no reliance on audit by a ‘public auditor’ acting in that capacity under section 16 of the Industrial and Building Society Act 1892.

Yours sincerely



The Hon. Juan Watterson FCA SHK
Chairman

Appendix 7:
19 February 2025 - Letter from the Treasury Minister
to the Chair of the Public Accounts Committee

Mr J Watterson
Speaker of the House of Keys
House of Keys
Legislative Buildings
Douglas
ISLE OF MAN
IM1 3PW

Minister for the Treasury
Government Office, Douglas
Isle of Man, British Isles
IM1 3PU
Telephone (01624) 685136
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19 February 2025

Dear Mr Speaker,

Thank you for your letter dated 12 February 2025 on behalf of the Public Accounts Committee.

We are of course always willing to engage with Members and all stakeholders before and during the passage of a Bill in order that it can effectively deliver the outlined key policy objectives.

In that context, I think it prudent to reiterate those objectives with regards to Part 2 of this Bill relating to public accounts and audit.

The principle underpinning Part 2 is that the proposed legislative changes do not affect current policy. The Tynwald Auditor General (TAG) has been consulted throughout the drafting of these provisions, which started before his report titled "Public Audit in the Isle of Man" was published in July 2024.

Taken as a whole, the amendments in the name of Mrs August-Phillips stray well beyond this principle and would give effect to several policy changes, none of which have been previously outlined or debated either with Members or other relevant stakeholders or indeed as part of the legislative process already completed in the House of Keys. The Treasury is of the strong opinion that there would be a legitimate expectation that these policy changes be consulted upon before being progressed further.

In the exercise of its functions, the Treasury, as any other Department, ought to have regard to the guidance from Council of Ministers on the public engagement and consultation principles ([link](#)). This guidance stresses that "*it is particularly important to directly engage with people who are affected by a policy or proposal, and ensure that their views are represented*". It also sets out the core principles (also known as Gunning principles) that public bodies ought to follow when undertaking a consultation, which are as follows:

1. Consultation must be at a time when proposals are still at a formative stage.
2. The proposer must give sufficient reasons for any proposal to allow for intelligent consideration and response.
3. There should be adequate time for consideration and response.
4. Results of the consultation should be conscientiously taken into account.



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The aforementioned guidance acknowledges that *"there are times when formal consultation is not needed, for example, when Government acts to respond to international obligations or for minor or technical amendments to regulation or existing policy frameworks"*.

The changes provided for by Part 2 as currently drafted have been subject to a targeted consultation with the TAG despite qualifying as *"minor or technical amendments to regulation or existing policy frameworks"*. As part of that process the Treasury has carefully considered any resulting impact of the changes before proceeding with the Bill. The Bill has then been presented to Members of Tynwald with the appropriate explanatory documentation giving the necessary time for consideration ahead of introduction to the Branches. Of course, passage has now already completed in the House of Keys on the basis of that process.

Whilst amendments are of course welcomed where they clarify or add further detail to the proposed policy intent, it is the Treasury's firm belief that the changes now proposed stray significantly outside that concept.

The issues raised in the note provided were purely illustrative. Therefore, whilst your letter provides some useful background as to some of the specific scenarios outlined, it does not address our wider concerns regarding the lack of good governance as noted above. Indeed, it perhaps emphasises that no engagement has occurred with the parties that could be adversely affected by the policy changes, and whom would only be made aware of any such changes after legislation had been introduced.

Of course, legislation can be promoted on an urgent basis outside these governance principles, but the points outlined seem to fall significantly short of justifying the urgency of legislating for these changes outside of recognised and long-standing due process which we are committed to follow.

The Treasury would of course always wish to follow best practice where it is appropriate for the Island to do so. However, in the scenario outlined, there is no apparent international obligation to do so in a set timeframe. From our understanding, UN Resolution 69/228 ([link](#)) reaffirms the encouragement to Member States to *"continue and to intensify their cooperation, including in capacity-building, with the International Organization of Supreme Audit Institutions in order to promote good governance at all levels by ensuring efficiency, accountability, effectiveness and transparency through strengthened supreme audit institutions, including, as appropriate, the improvement of public accounting systems."*

Also...

*"Encourages Member States to **give due consideration** to the independence and capacity-building of supreme audit institutions **in a manner consistent with their national institutional structures**, as well as to the improvement of public accounting systems in accordance with national development plans in the context of the post-2015 development agenda"*.



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In that context, the Treasury considers the current proposals can be adequately progressed in a manner which, whilst addressing the above, also enables all the outlined good governance principles regarding changes in statute to be met.

In summary, the Treasury firmly believes the correct course of action is to address all of the recommendations within the TAG's report collectively.

To this end, it would perhaps be appropriate for the Public Accounts Committee to bring the report to Tynwald for debate, having invited consultation from relevant stakeholders in presenting its endorsement or otherwise for approval. Such approval would then empower the Treasury to progress consolidating legislation informed by the recommendations and importantly also consider improving the structure and accessibility of all the underlying statute.

The progress of such legislation would be fully considered and have defined and approved policy intent which would be consulted upon and assessed for impact in keeping with the governance principles outlined.

The Treasury finds it regrettable that the proposed amendments made in this manner have the potential to stall the Bill's progress and therefore leave the overall policy intentions frustrated.

The Treasury has therefore made the decision to oppose these amendments during the consideration of clauses by the Legislative Council on 25 February 2025. Should they be moved, I will also be required to oppose them when they come back to the House of Keys due to the issues already raised.

I would suggest that the amendments be withdrawn at this stage. I can assure the PAC that the Treasury remains committed to moving forward with both the existing changes within Part 2 and any further recommendations that flow from the TAG's report once they have been subject to due process. To that end, progressing a further Bill would be resourced as part of the Treasury's existing legislative programme if approved by Tynwald.

Yours sincerely,

Hon. Dr Alex Allinson MB BChir MRCGP DCH DGM DRCOG MHK

Appendix 8:
31 March 2025 - Email from the Treasury Minister
to the President

Archived: 09 April 2025 09:12:38

From: [Allinson, Alex](#)

Sent: 31 March 2025 15:39:42

To: [Laurence Skelly](#); [Tanya August-Phillips](#); [Gary Clueit](#); [Craine, Paul](#); [Diane Kelsey](#); [Dawn Kinnish](#); [Rob Mercer](#); [Kirstie Morphet](#); [Bishop](#); [Peter Reid](#); [Wannenburgh, Walter](#)

Cc: [Juan Watterson](#); [Lawrie Hooper](#); [Warren, Stephen](#); [Joann Corkish](#)

Subject: RE: Treasury (Miscellaneous Provisions) Bill 2024

Sensitivity: Normal

Dear Mr President

I write further to my attendance at the Legislative Council evidence session held on the 25th March in respect of the passage of the Treasury (Miscellaneous Provisions) Bill 2024.

I would firstly like to express my thanks to Honourable Members for the opportunity to provide further information in respect of the reservations the Treasury has over the process which has resulted in the proposed amendments brought forward.

As Legislative Council approved that the Bill now continue its passage to the Clauses stage, I thought it would be useful to confirm my understanding of the position which was reached and also to propose a further alternative for Council Members to consider ahead of the sitting on the 8th April.

The newly inserted amendment, which proposed an Appointed Day Order for Part 2, may offer the opportunity to continue passage of the Bill to include consideration of the remaining amendments without the accompanying impact assessments and consultation. However, the Treasury still firmly believes that progressing the legislation in this manner is not the correct course of action to pursue. I trust the reasons for this were fully elucidated during the evidence I put to Council, but of course, whilst not agreeing with them, I also accept the arguments outlined by the other participants.

I have discussed with Treasury officers the suggestion of a consultation at this stage of the tabled amendments and any other aspects of the Bill. Whilst technically possible the results would then need to be processed and incorporated in any changes through further amendments and the end results could, none the less then be further amended or rejected when the eventual Bill returned to the House of Keys.

In that context, I have discussed the matter further with both my officers and the Attorney General's Chambers (AGC) to explore another option which would meet both the Treasury's wishes to continue the passage of this Bill and also the desire of the Public Accounts Committee (PAC) and Tynwald Auditor General (TAG), to expedite putting the recommendations of the TAG's recent report to Tynwald into statute.

The prospect of a further Bill to enact these amendments was mentioned during the session, but there was some doubt and concern raised over what progress had already been made and whether it would indeed be possible to bring this forward to complete passage within the current administration. Although I have already made an offer and commitment to do this, I can now confirm that a Bill can indeed be progressed to a position which allows full consultation to take place within the coming months. This would not only encompass the amendments put forward, but also look to include any other amendments not already included but which are also in the TAG's report and which require statutory amendment. This Bill would also, where possible given the short time available, look to make these changes by updating the current underlying legislation more holistically and therefore offer more easily interpreted and consolidated bespoke audit legislation – to that end, the Bill will

consolidate and streamline the Audit Act 2006 and the Tynwald Auditor General Act 2011. By fully consulting on this draft, we can then assess the impact, note possible issues and review suggested amendments. The timing would then allow the Treasury to bring a final Bill back to introduce into the Branches following the summer recess. Any additional secondary legislation which may also be required to fully enact the provisions would also be considered alongside passage of the Bill.

To add some initial Tynwald approval, and to consider any further PAC comments, I would also suggest that the PAC bring the TAG's report back to Tynwald for debate at the earliest possible opportunity. The results of this can then feed into the final Bill and confirm a formal policy mandate to the Treasury in progressing the legislation. In progressing this course of action, enacting Part 2 of the eventual Act including any of the agreed amendments currently tabled would of course no longer be required.

I would stress that a significant amount of work will be required to achieve this result, but I am willing to make this commitment to ensure good governance is preserved and on the basis that the Treasury may need to then reassess its existing legislative programme to accommodate it. I would also like to take the opportunity to place on record my thanks to the AGC for their significant work to date in making this proposal possible.

Finally, I must of course confirm that the inclusion of a further new Bill into the Treasury's and Government's legislative programme would first require the approval of the Council of Ministers. Subject to the consideration of this proposal, the Treasury will seek appropriate approval confirming that a significant part of the drafting work has already been undertaken.

I and my officers would be pleased to discuss any points of concern or answer any queries.

Yours Truly,

Dr Alex Allinson

Minister for the Treasury

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RAAUE: S'preevaadjagh yn çhaghteraght post-l shoh chammah's coadanyn erbee currit marish asta shoh coadit ec y leigh. Cha nhegin diu coipal ny cur eh da peiagh erbee elley ny ymmydey yn chooid t'ayn er aght erbee dyn kied leayr veih'n choyrtagh. Mannagh nee shiu yn enmyssagh kiarit jeh'n phost-l shoh, doll-shiu magh eh, my sailliu, as cur-shiu fys da'n choyrtagh cha leah as oddys shiu.

Cha nel kied currit da failleydaghy ny jantagh erbee conaant y yannoo rish peiagh ny possan erbee lesh post-l er son Rheyynn ny Boayrd Slattyssagh erbee jeh Reiltys Ellan Vannin dyn co-niartaghey scrut leayr veih Reireyder y Rheyynn ny Boayrd Slattyssagh t'eh bentyn rish.

Appendix 9:
**04 April 2025 - Letter from the Treasury Minister
to the Chair of the Public Accounts Committee**



Isle of Man
Government

Reiltys Ellan Vannin

The Treasury

Yn Tashtey

FROM THE OFFICE OF THE TREASURY MINISTER

The Hon Juan Watterson SHK
Public Accounts Committee Chair
Legislative Buildings
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Minister for the Treasury
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Isle of Man, British Isles
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Telephone (01624) 685136
E-mail treasuryadmin@gov.im
Website www.gov.im

4 April 2025

Dear Mr Watterson,

Following our attendance at the Legislative Council evidence session held on the 25th March in respect of the passage of the Treasury (Miscellaneous Provisions) Bill 2024, I have discussed the matter further with both my officers and the Attorney General's Chambers (AGC) to explore options which would meet both the Treasury's wishes to continue the passage of this Bill and also the desire of the Public Accounts Committee (PAC) and Tynwald Auditor General (TAG), to expedite putting the recommendations of the TAG's recent report to Tynwald into statute.

I can now confirm that a Bill can indeed be progressed to a position that allows full consultation to take place within the coming months. This would not only encompass the amendments put forward, but also look to include any other amendments not already included but which are also in the TAG's report and which require statutory amendment. This Bill would also, where possible given the short time available, look to make these changes by updating the current underlying legislation more holistically and therefore offer more easily interpreted and consolidated bespoke audit legislation – to that end, the Bill will consolidate and streamline the Audit Act 2006 and the Tynwald Auditor General Act 2011. By fully consulting on this draft, we can then assess the impact, note possible issues and review suggested amendments. The timing would then allow the Treasury to bring a final Bill back to introduce into the Branches following the summer recess. Any additional secondary legislation which may also be required to fully enact the provisions would also be considered alongside passage of the Bill.

This week I have discussed the present situation with the members of the Legislation sub-committee, and further with the Council of Ministers on Thursday.

They have agreed to my request to add an "Audit Reform Bill" to the legislative programme, and suggested that the PAC bring the TAG's report back to Tynwald for debate at the earliest possible opportunity. The results of this can then feed into the final Bill and confirm a formal policy mandate to the Treasury in progressing the legislation.



Isle of Man Government

Reiltys Ellan Vannin

Officers have informed me that the draft Bill is already 80% complete and I intend to discuss further how we can complete this so that it can be published and progressed this year.

Thank you for your cooperation in trying to ensure that the recommendations contained within the TAG's report are acted upon.

Yours truly,

Hon. Dr Alex Allinson MB BChir MRCGP DCH DGM DRCOG MHK

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April 2025