



Isle of Man

Ellan Vannin

AT 15 of 2006

AUDIT ACT 2006



Isle of Man

Ellan Vannin

AUDIT ACT 2006

Index

Section	Page
<hr/>	
	<i>Scope of Act</i>
A1	Forms of inspection under the Act.....5
1	Bodies subject to inspection under this Act6
	<hr/> <i>Accounting year</i>
2	Yearly accounts6
	<hr/> <i>Audit of accounts</i>
3	Appointment of auditor.....7
3A	Appointment of assurance reviewer.....7
3B	Appointment and qualifications of an examiner8
4	General duties of auditor.....8
4A	General duties of an assurance reviewer or examiner9
4B	Persons disqualified as inspector10
5	Inspector's right of access to documents and information10
6	Inspector's report.....12
7	[Repealed]13
8	Special report.....13
9	Warning notices14
10	Application by auditor to High Court.....15
11	Extraordinary audit16
12	Regulations as to accounts and inspection.....16
13	Directions about accounts and inspections.....18
14	Fees for audits and assurance reviews19
15	Inspection of officers' accounts.....19
16	Laying of accounts and reports before Tynwald.....19
	<hr/> <i>Charities</i>
17	Accounts of registered charities.....19
	<hr/> <i>Miscellaneous and supplemental</i>
18	Consultative body.....20
19	Subordinate legislation etc.20
20	Offences by corporations21

21	Interpretation	21
22	Amendments and repeals	22
23	Short title, commencement etc.	22
SCHEDULE 1		23
SCHEDULE 2		23
<hr/>		
ENACTMENTS REPEALED		23
ENDNOTES		25
<hr/>		
TABLE OF LEGISLATION HISTORY		25
TABLE OF RENUMBERED PROVISIONS		25
TABLE OF ENDNOTE REFERENCES		25

**Isle of Man***Ellan Vannin*

AUDIT ACT 2006

<i>Received Royal Assent:</i>	<i>16 October 2006</i>
<i>Announced to Tynwald:</i>	<i>16 October 2006</i>
<i>Commenced:</i>	<i>1 April 2007</i>

AN ACT to make new provision for the audit of accounts of public bodies; to amend the law relating to the audit of charities; and for connected purposes.

Scope of Act

A1 Forms of inspection under the Act

- (1) The Treasury may direct accounts to which this Act applies —
 - (a) to be audited;
 - (b) to be the subject of an assurance review; or
 - (c) to be examined.
- (2) Subsections (3) to (5) respectively define “**audit**”, “**assurance review**” and “**examination**” for the purposes of this Act, and in this Act a reference to “**inspecting**” accounts is a reference to doing any of these things (and cognate expressions are to be construed accordingly).
- (3) “**Audit**” in relation to an account means an audit of financial statements conducted in accordance with international standards on auditing as those standards have effect in the United Kingdom.
- (4) “**Assurance review**” means a review of such matters in connection with an account and conducted in such manner and by such person as the Treasury may direct.
- (5) “**Examination**” in relation to an account is an examination conducted —
 - (a) in such manner as the Treasury may direct; and
 - (b) by an examiner for the time being approved by the Treasury.
- (6) Unless otherwise provided, accounts to which this Act applies must be audited.¹

1 Bodies subject to inspection under this Act²

- (1) Subject to subsection (2), the accounts of the following bodies shall be inspected in accordance with this Act —
- (a) every Department;
 - (b) every Statutory Board;
 - (c) every local authority;
 - (d) every body established by or under any statutory provision and consisting of or including persons appointed by one or more bodies referred to in paragraphs (a), (b), and (c);
 - (e) every company, more than half of the equity share capital of which is beneficially owned by one or more Departments or Statutory Boards or is otherwise held by or in trust for the Government, and which is not liable to comply with section 109(3) (filing of accounts) of the *Companies Act 1931*;
 - (f) every company which is a subsidiary of a body referred to in paragraph (e);
 - (g) every office or department of the Government or the Legislature;
 - (h) any other body to which the Treasury by order direct that this subsection shall apply; and
 - (i) any other body whose accounts are directed by any statutory provision other than this Act to be inspected in accordance with this Act.^{3 4}
- (2) This Act applies to —
- (a) all accounts of the bodies referred to in subsection (1), except so far as the Treasury by order directs that accounts specified in the order shall not be inspected in accordance with this Act;⁵
 - (b) in the case of a body specified in an order under subsection (1)(h) —
 - (i) where the order directs that subsection (1) shall apply in relation to accounts specified in the order, those accounts;
 - (ii) otherwise, all accounts of the body;
 - (c) such accounts of a body referred to in subsection (1)(i) as are specified for the purpose in the provision in question.

Accounting year

2 Yearly accounts

- (1) All accounts required to be inspected in accordance with this Act shall be made up yearly to 31st March or such other date as the Treasury may generally or in any special case direct.⁶

- (1A) Before giving a direction under subsection (1) the Treasury shall consult the Tynwald Auditor General.⁷
- (2) Subsection (1) has effect subject to any express statutory provision to the contrary.

Audit of accounts

3 Appointment of auditor

- (1) All accounts required to be audited under this Act shall be —
 - (a) audited by the Tynwald Auditor General; or
 - (b) examined by an auditor appointed by the Tynwald Auditor General for the purpose.⁸
- (1A) In a case falling within subsection (1)(b) the audit certificate shall be given by the Tynwald Auditor General after satisfying himself or herself as to the adequacy of the examination.⁹
- (1B) An appointment under subsection (1)(b) shall be in writing and for such period, not exceeding 5 years as the Tynwald Auditor General thinks fit.¹⁰
- (2) The Tynwald Auditor General may appoint different auditors for the purpose of auditing the accounts of different bodies, or different accounts of the same body.¹¹
- (3) If 2 or more auditors are appointed to audit the accounts of a body they may be appointed —
 - (a) to act jointly,
 - (b) to act separately in relation to different parts of the accounts, or
 - (c) to discharge different functions in relation to the audit.
- (4) A person is qualified for the purpose of subsection (1) if, and only if, that person is eligible for appointment as auditor of a company under section 14 of the *Companies Act 1982*.¹²
- (5) [Repealed]¹³
- (6) [Repealed]¹⁴

3A Appointment of assurance reviewer

- (1) All accounts required to be the subject of an assurance review in accordance with this Act shall be reviewed by a qualified auditor appointed in writing by the Tynwald Auditor General.¹⁵
- (2) The Tynwald Auditor General may appoint different assurance reviewers for the purpose of conducting assurance reviews of the accounts of different bodies, or different accounts of the same body.¹⁶

- (3) If 2 or more persons are appointed to conduct assurance reviews of the accounts of a body they may be appointed –
 - (a) to act jointly,
 - (b) to act separately in relation to different parts of the accounts, or
 - (c) to discharge different functions in relation to the assurance review.
- (4) A person is qualified for the purpose of subsection (1) if, and only if, that person –
 - (a) is eligible for appointment as auditor of a company under section 14 of the *Companies Act 1982*; and
 - (b) is not disqualified by section 4B below.¹⁷

3B Appointment and qualifications of an examiner

- (1) All accounts required to be examined in accordance with this Act shall be examined by a qualified examiner.
- (2) An examiner is to be appointed by the body whose accounts are to be examined, and the fees and terms of engagement of the examiner are to be agreed between the body and the examiner.
- (3) For the purposes of this Act, a person is qualified to act as an examiner if, and only if, that person –
 - (a) is an accountant or a person holding a qualification prescribed under section 11(1)(c) of the *Charities (Registration) Act 1989*; and
 - (b) is not disqualified by section 4B below.¹⁸

4 General duties of auditor

- (1) In auditing any accounts in accordance with this Act, an auditor shall by examination of the accounts and otherwise satisfy himself or herself that the accounts –
 - (a) give a true and fair view of the financial affairs of the relevant body for the period, or at the date, to which they relate, as the case may be,
 - (b) comply with any regulations under section 12, and any directions under section 13, which are applicable to them, and
 - (c) comply with the requirements of any other statutory provision applicable to them.
- (2) In auditing the accounts the auditor shall also consider whether –
 - (a) the application by or on account of the relevant body of money provided by Tynwald,
 - (b) the payment or application of money or other property held or received by or on account of the body, or
 - (c) a transaction effected by or on account of the body,

is or will be contrary to law.

- (3) In auditing the accounts the auditor shall also consider —
- (a) whether the internal organisation of the relevant body, and the internal controls maintained by it, are such as to secure the proper management of the finances of the body and economy and efficiency in the use of its resources; and
 - (b) where the relevant body is a designated body for the purposes of the *Treasury Act 1985*, whether the body has complied with any principles or code of conduct prescribed by the Council of Ministers and specified for the purpose of this paragraph by direction of the Treasury.

4A General duties of an assurance reviewer or examiner

- (1) An assurance reviewer or an examiner, in inspecting any accounts under this Act, must, by review of the accounts and otherwise satisfy himself or herself there is nothing that would indicate that the accounts have not been prepared as to —
- (a) give a true and fair view of the financial affairs of the relevant body for the period, or at the date, to which they relate;
 - (b) comply with any regulations under section 12, and any directions under section 13, which are applicable to them, and
 - (c) comply with the requirements of any other statutory provision applicable to them.
- (2) In conducting an assurance review or an examination the inspector must also consider, so far as is practicable in the circumstances of the inspection being undertaken, whether any of the following is or may be contrary to law —
- (a) the application of money, provided by Tynwald, by or on account of, the relevant body;
 - (b) the payment or application of money or other property held or received by or on account of the body;
 - (c) a transaction effected by or on account of the body.
- (3) In conducting any assurance review or examination the inspector must by inspection of the accounts and otherwise satisfy himself or herself that there is not anything that would indicate that —
- (a) the internal organisation of the relevant body, and the internal controls maintained by it, are such as to be insufficient to secure the proper management of the finances of the body and economy and efficiency in the use of its resources; and
 - (b) if the relevant body is a designated body for the purposes the *Treasury Act 1985*, the body has failed to comply with any principles or code of conduct prescribed by the Council of Ministers and

specified for the purpose of this paragraph by direction of the Treasury.¹⁹

4B Persons disqualified as inspector

The following are disqualified for acting as an inspector under this Act —

- (a) a member of the Council or the Keys;
- (b) a member of, or a person employed by, a Department or Statutory Board;
- (c) an employee of the Public Services Commission;
- (d) a partner in a firm, any member of which is a person within paragraph (a), (b) or (c);
- (e) a member of a limited liability company, any member of which is a person within paragraph (a), (b) or (c);
- (f) in relation to the accounts of a body referred to in section 1(1)(c), (d), (e), (f), (h) or (i), a person who is, or who is a partner in a firm, or a member of a limited liability company, any member of which is, a member of or employed by that body;
- (g) in relation to the accounts of a Department or Statutory Board, a person who is, or who is a partner in a firm, or a member of a limited liability company, any member of which is, a member of or employed by a company which would be a subsidiary, within the meaning of section 1 of the *Companies Act 1974*, of that Department or Statutory Board if the Department or Statutory Board were itself a company.²⁰

5 Inspector's right of access to documents and information²¹

- (1) In relation to any accounts to be inspected in accordance with this Act, the relevant body shall provide the inspector with every facility and all information which the inspector may reasonably require for the purpose of the inspection.²²
- (2) Without prejudice to the generality of subsection (1), the inspector has a right of access at all reasonable times to every document or record to which this section applies, access to which appears to the inspector to be necessary for the purpose of the inspection.²³
- (3) This section applies to any document or record in the custody or control of —
 - (a) the relevant body;
 - (b) a person who has received financial assistance from the relevant body, whether by way of grant, loan or guarantee;
 - (c) a person from whom the relevant body has acquired an interest in any property;

- (d) a body corporate any share or other interest in which the relevant body has acquired; and
 - (e) a person who has supplied goods or services —
 - (i) to the relevant body in pursuance of a contract to which the body was party, or
 - (ii) in pursuance of a relevant sub-contract.
- (4) This section also applies to a document or record of a description specified in an order made by the Treasury for the purpose of this section on the recommendation of the Tynwald Auditor General.²⁴
- (4A) If the Tynwald Auditor General makes a recommendation under subsection (4) the Treasury shall within 3 months —
- (a) make an order giving effect to the recommendation; or
 - (b) lay before Tynwald a report giving its reasons for not giving effect to the recommendation.

In reckoning the period of 3 months, disregard the months of August and September.²⁵

- (5) In relation to any accounts to be inspected in accordance with this Act, the inspector may —
- (a) by notice in writing require a person who appears to the inspector to be in possession or control of a document or record to which this section applies and which is specified in the notice —
 - (i) to produce the document or record to the inspector, or²⁶
 - (ii) if the document or record is contained in a computer, to produce it in a form which may be taken away and in which it is visible and legible;²⁷
 - (b) by notice in writing require a person who appears to the inspector to have information of the kind specified in subsection (6) —
 - (i) to give the inspector any assistance, information and explanation which appears to the inspector necessary for the purpose of the inspection; or²⁸
 - (ii) to attend before the inspector in person to give any such assistance, information or explanation, or²⁹
 - (iii) if the information is contained in a computer, to produce it in a form which may be taken away and in which it is visible and legible;³⁰
 - (c) at any reasonable time have access to, and inspect and check the operation of, any computer and any associated apparatus or material which is or has been in used in connection with a document or record specified in a notice under paragraph (a) or information referred to in paragraph (b); and

- (d) by notice in writing require the person by whom or on whose behalf the computer is or has been used, or any person having charge of or otherwise concerned with the operation of the computer, apparatus or material, to afford the inspector such assistance as the inspector may reasonably require.^{31 32}
- (6) The information referred to in subsection (5)(b) is information relating to —
- (a) the relevant body;
 - (b) a document to which this section applies; or
 - (c) the person in whose custody or control such a document is.
- (7) A person who —
- (a) intentionally obstructs an inspector exercising a right conferred by subsection (2) or (5)(c),³³
 - (b) without reasonable excuse fails to give an inspector exercising that right any assistance or information which the inspector may reasonably require of that person for the purpose of the inspection in question, or³⁴
 - (c) without reasonable excuse fails to comply with a notice given under subsection (5)(a), (b) or (d),
- is guilty of an offence and liable on summary conviction to imprisonment for a term not exceeding 6 months or to a fine not exceeding £5,000, or both.
- (8) In this section “relevant sub-contract”, in relation to a body, means a contract the performance of which fulfils, or contributes to the fulfilment of, an obligation to supply goods or services to the body under another contract.

6 Inspector’s report³⁵

- (1) Where an inspector has concluded an inspection of any accounts in accordance with this Act, the inspector shall prepare a report on the accounts.³⁶
- (2) Where, in relation to the accounts, the inspector —
- (a) is not satisfied as to any of the matters specified in section 4(1) or 4A(1),³⁷
 - (b) considers that any matter specified in section 4(2) or 4A(2) is contrary to law, or³⁸
 - (c) considers that the relevant body has failed in any respect mentioned in section 4(3) or 4A(3),³⁹

the inspector’s report shall include a statement to that effect, with particulars of the default in question.⁴⁰

- (3) The inspector shall send a copy of the report under subsection (1) to —
 - (a) the relevant body;
 - (b) the appropriate authority; and
 - (c) in the case of accounts of a body referred to in section 1(1)(e) or (f), the relevant Department or Statutory Board.⁴¹
- (4) Subject to subsection (5), the inspector shall comply with subsection (3) not later than —
 - (a) 14 days after the conclusion of the inspection; and⁴²
 - (b) such date after the end of the period to which the accounts relate as may be prescribed under section 12(1)(j),whichever is the earlier.⁴³
- (5) Where the inspector does not comply with subsection (3) by the date referred to in subsection (4)(b), the inspector shall, not later than that date, notify the bodies referred to in subsection (3) of the failure and the reasons for it.⁴⁴
- (6) As soon as practicable after the relevant body receives the report of the inspector, it shall take the report into consideration; and the agenda supplied to the members of the body for a meeting of the body at which the report is taken into consideration shall be accompanied by the report.⁴⁵
- (7) The relevant body shall take such steps as may be prescribed under section 12(1)(k) for bringing the report of the inspector to the attention of the public.⁴⁶

7 [Repealed]⁴⁷

8 Special report

- (1) Where an inspector is conducting or has concluded an inspection of accounts in accordance with this Act, the inspector shall consider —
 - (a) whether any matter which has come to the inspector's notice in the course of the inspection should, in the public interest, be —
 - (i) considered by the relevant body, or
 - (ii) brought to the attention of the public; and⁴⁸
 - (b) if so, whether the public interest requires the matter to be made the subject of an immediate report.⁴⁹
- (2) Where the inspector is of opinion that any such matter should, in the public interest, be considered by the relevant body or brought to the attention of the public, then —
 - (a) if the inspector is of opinion that the public interest requires the matter to be made the subject of an immediate report, the inspector

shall prepare such a report and send a copy of it to the bodies specified in section 6(3);⁵⁰

- (b) in any other case, the inspector shall include particulars of the matter in the report under section 6(1).^{51 52}
- (3) Section 6(6) and (7) applies to an auditor's report under subsection (2)(a) as it applies to a report under section 6(1).⁵³
- (4) Section 6(6) applies to a report by an assurance reviewer or an examiner as it applies to a report under section 6(1).⁵⁴
- (5) If an examiner or an assurance reviewer is of opinion as mentioned in subsection (2) the appropriate authority may direct that the accounts in question be audited.⁵⁵

9 Warning notices

- (1) This section applies where —
 - (a) an inspector is carrying out or has concluded an inspection of accounts under this Act, and⁵⁶
 - (b) it appears to the inspector that the relevant body is about to make or has made a decision, or is about to take or has begun to take a course of action, involving —
 - (i) the application by or on account of the body of money provided by Tynwald,
 - (ii) the payment or application of money or other property held or received by or on account of the body, or
 - (iii) a transaction effected by or on account of the body, which is or will be contrary to law.⁵⁷
- (2) For the purposes of this section a decision or action of a member, officer, committee or sub-committee of a body shall be treated as a decision or action of the body.
- (3) The auditor may give to the relevant body a notice in writing (a “warning notice”) —
 - (a) specifying the decision or course of action, or proposed decision or course of action, in question, and
 - (b) stating the reasons why the auditor considers that the application, payment or transaction involved is or will be contrary to law;and shall send a copy of the notice to the appropriate authority.
- (4) Where a warning notice is given to a body, the body shall forthwith —
 - (a) consider in the light of the notice the consequences of the decision or course of action, or proposed decision or course of action, in question, and

- (b) determine whether or not to uphold the decision, continue with the course of action, make the proposed decision or take the proposed course of action, as the case may be.
- (5) The body shall within the time prescribed under section 12(1)(m) —
 - (a) by notice in writing (a “notice in reply”) inform the auditor of —
 - (i) its determination under subsection (4)(b), and
 - (ii) if it has determined to uphold the decision, continue with the course of action, make the proposed decision or take the proposed course of action, as the case may be, its reasons for so doing;
 - (b) send a copy of the notice in reply to the appropriate authority; and
 - (c) if the warning notice and notice in reply have been given after an audit, take such steps as may be prescribed under section 12(1)(k) for bringing the warning notice and notice in reply to the attention of the public.⁵⁸
- (6) If a body fails to comply with a requirement of subsection (4) or (5), it is guilty of an offence and liable on summary conviction to a fine not exceeding £5,000.
- (7) The relevant body shall pay to the auditor the expenses reasonably incurred by the auditor in giving a warning notice.

10 Application by auditor to High Court

- (1) This section applies where —
 - (a) an auditor is carrying out or has concluded an audit of accounts under this Act, and
 - (b) it appears to the auditor that —
 - (i) the application by or on account of the relevant body of money provided by Tynwald,
 - (ii) the payment or application of money or other property held or received by or on account of that body, or
 - (iii) a transaction effected or to be effected by or on account of that body,is or will be contrary to law,whether or not the auditor could take or has taken action under section 9.
- (2) Where this section applies, the auditor may apply to the High Court for a declaration that the application, payment or transaction is or will be contrary to law.
- (3) Where on an application under subsection (2) the High Court makes the declaration applied for, it may also —
 - (a) grant an injunction on such terms as it thinks fit,

- (b) order rectification of the accounts in question,
 - (c) order that the relevant body pay the auditor's costs of the application, and
 - (d) make such other order as appears to it to be appropriate.
- (4) The costs and expenses reasonably incurred by an auditor in making an application under subsection (2) shall be defrayed by the appropriate authority so far as they are not ordered to be paid by the relevant body under subsection (3)(c).

11 Extraordinary audit

- (1) If Tynwald is of opinion that an extraordinary audit of any accounts required to be inspected in accordance with this Act is desirable in the public interest, it may by resolution direct the Tynwald Auditor General to conduct, or cause to be conducted an extraordinary audit of those accounts.⁵⁹
- (2) Without prejudice to subsection (1), an appropriate authority may direct an auditor to conduct an extraordinary audit of the accounts of any body whose accounts are required to be inspected in accordance with this Act, if it appears to that authority that such an audit is desirable in the public interest.⁶⁰
- (3) Sections 3 to 10 (except section 6(4) and (5)) apply to an extraordinary audit as they apply to any other audit under this Act and where the Tynwald Auditor General conducts an extraordinary audit, references in those sections to the auditor are to be read as references to the Tynwald Auditor General.⁶¹
- (4) The expenses of an extraordinary audit shall be defrayed—
- (a) in the case of an audit under subsection (1)—
 - (i) where the body is a local authority, a joint board or the churchwardens of a parish, by the Department; and
 - (ii) in any other case, by the Treasury; and
 - (b) in the case of an audit under subsection (2), by the appropriate authority at whose direction the audit is conducted.⁶²

12 Regulations as to accounts and inspection⁶³

- (1) In relation to accounts which are required to be inspected in accordance with this Act, the Treasury shall by regulations make provision with respect to —
- (a) the keeping of the accounts;
 - (b) the form, preparation and certification of the accounts;

- (c) the accounting standards to be complied with in the compilation of the accounts;
 - (d) the deposit and public inspection of the accounts at the offices of the relevant body or elsewhere;
 - (e) the form, preparation and publication of statements of, and information relating to, the accounts;
 - (f) the time at which, and the manner and form in which, the accounts and information relating to them shall be provided to the inspector;⁶⁴
 - (g) any duties of the inspector in addition to those specified in section 4 or 4A (as the case requires);⁶⁵
 - (h) the practices to be adopted by the inspector in conducting an inspection;⁶⁶
 - (i) subject to sections 6(2) and 8(2)(b), the contents of the inspector's report under section 6;⁶⁷
 - (j) the date by which the inspector shall comply with section 6(3);⁶⁸
 - (k) the steps to be taken for bringing to the attention of the public —
 - (i) inspections under this Act;
 - (ii) inspectors' reports under section 6;
 - (iii) auditors' reports under section 8; and
 - (iv) notices under section 9;⁶⁹
 - (l) the considerations to be taken into account by the inspector in determining the public interest in relation to any question under section 8; and⁷⁰
 - (m) the time within which the steps mentioned in section 9(5) are to be taken.⁷¹
- (2) In relation to accounts which are required to be inspected in accordance with this Act, the Treasury may by regulations make provision with respect to —
- (a) the standards with which the internal organisation of the relevant body, and the internal controls maintained by that body, should comply for the purpose of securing the proper management of the finances of the body and economy and efficiency in the use of its resources;
 - (b) the time at which, and the manner and form in which, information relating to the matters referred to in paragraph (a) shall be provided to the auditor.⁷²
- (3) Regulations under subsection (1)(a), (b) and (c) shall be so framed as to secure that the accounts to which they apply give a true and fair view of

the financial affairs of the relevant body for the period, or at the date, to which the accounts relate, as the case may be.

- (4) Regulations under subsection (1)(c) or (h) or (2)(a) may require compliance with standards or the adoption of practices recommended by a body specified in the regulations, and may in particular require compliance with standards or the adoption of practices recommended by that body from time to time (that is, after as well as before the making of the regulations).
- (5) The Treasury may by regulations —
 - (a) require a body whose accounts are required to be inspected in accordance with this Act to appoint or nominate an officer of the body for any purposes relating to the financial affairs of the body which are specified in the regulations;⁷³
 - (b) specify the qualifications to be held by an officer so appointed or nominated; and
 - (c) impose on an officer so appointed or nominated duties relating to the accounts of the body, or to the audit of those accounts.
- (6) Regulations under this section may apply to all bodies whose accounts are to be inspected in accordance with this Act, or to any class of such bodies.⁷⁴
- (7) If any person intentionally contravenes any provision of regulations under this section, the contravention of which is declared by the regulations to be an offence, that person shall be liable on summary conviction to a fine not exceeding £5,000.

13 Directions about accounts and inspections⁷⁵

- (1) The Treasury may give directions, not being inconsistent with any provision of this Act or of regulations under section 12, for supplementing any regulations under that section.
- (2) Directions under this section may —
 - (a) apply to a body whose accounts are to be inspected;
 - (b) apply to all bodies whose accounts are to be inspected; or
 - (c) make provision for —
 - (i) different bodies,
 - (ii) different classes of body, or
 - (iii) different classes of inspection.

Nothing in this subsection limits the operation of section 26(4) of the *Interpretation Act 1976*.⁷⁶

14 Fees for audits and assurance reviews

- (1) The Tynwald Auditor General must determine the fee to be paid in respect of any audit or assurance review under this Act.⁷⁷
- (2) Before determining a fee under subsection (1) the Tynwald Auditor General must consult the Treasury, the body whose accounts are to be the subject of the audit or assurance review and the person who is to conduct it.⁷⁸
- (3) A body whose accounts are to be audited or to be the subject of an assurance review must pay the fee determined under subsection (1) for the audit or assurance review to the person appointed to conduct it.⁷⁹

15 Inspection of officers' accounts⁸⁰

- (1) Where an officer of a body whose accounts are required to be inspected in accordance with this Act receives any money or other property on behalf of that body, or receives any money or other property for which the officer ought to account to that body, the accounts of the officer shall be inspected by the inspector of the accounts of that body.⁸¹
- (2) This Act applies with any necessary modifications to the accounts of —
 - (a) the head of an office or department referred to in section 1(1)(g), and
 - (b) an officer referred to in subsection (1).

16 Laying of accounts and reports before Tynwald

Subject to the standing orders of Tynwald, the appropriate authority shall lay before Tynwald —

- (a) any accounts inspected in accordance with this Act,⁸²
- (b) the inspector's report or reports on any such accounts, and⁸³
- (c) any other report of an inspector, a copy of which is required by this Act to be sent to the Treasury.⁸⁴

Charities

17 Accounts of registered charities

- (1) [Substitutes section 5 of the *Charities Registration Act 1989*.]
- (2) [Amends section 11(1) of the *Charities Registration Act 1989* by substituting paragraphs (b), (c) and (d) for paragraph (b).]
- (3) This section does not apply to the accounts of a charity for an accounting year ending more than 5 months before the coming into operation of this section.

*Miscellaneous and supplemental***18 Consultative body**

- (1) The Treasury shall establish a body for the purpose of advising —
- (a) the Treasury,
 - (aa) the Tynwald Auditor General,⁸⁵
 - (b) the Department,
 - (c) inspectors, and⁸⁶
 - (d) bodies whose accounts are to be inspected in accordance with this Act,⁸⁷

on any matter relating to accounts which are to be inspected in accordance with this Act and the inspection of such accounts.⁸⁸

- (2) The body referred to in subsection (1) shall include representatives of —
- (a) bodies whose accounts are to be inspected in accordance with this Act, or bodies representative of those bodies or any class of those bodies, and⁸⁹
 - (b) bodies representative of persons qualified to act as inspectors, or any class of such persons.⁹⁰

19 Subordinate legislation etc.

- (1) None of the following shall come into operation unless it is approved by Tynwald —
- (a) an order under section 1(1)(h) or section 5(4) or (4A)(a); and⁹¹
 - (b) regulations under section 12.
- (2) Orders under section 1(2)(a) and directions under section 13 must be laid before Tynwald as soon as practicable after they are made.⁹²
- (3) Before making any regulations under section 12, or giving any direction under section 13, the Treasury shall consult the Tynwald Auditor General, together with such of the following as appear to it to be appropriate —
- (a) the body established under section 18,
 - (b) bodies whose accounts are to be audited in accordance with this Act, or bodies representative of those bodies or any class of those bodies,
 - (c) bodies representative of persons qualified for the purpose of section 3(1), or of any class of those persons,
 - (d) bodies responsible for accounting standards and auditing practices in the United Kingdom.⁹³

- (4) Before making any regulations under section 12, or giving any direction under section 13, affecting —
- (a) a local authority,
 - (b) a joint board, or
 - (c) the churchwardens of a parish (in relation to their functions under the *Burials Act 1986*),
- the Treasury shall consult the Department.

20 Offences by corporations

Where an offence under this Act which has been committed by a body corporate is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, any member or officer of the body corporate or any person who is purporting to act in any such capacity, that member or officer as well as the body corporate shall be guilty of that offence and be liable to be proceeded against and punished accordingly.

21 Interpretation

- (1) In this Act —

“**the appropriate authority**”, in relation to a body or the accounts of a body, means —

- (a) the Department, where the body is a local authority, a joint board or the churchwardens of a parish;
- (b) the Treasury, in any other case;

“**assurance reviewer**” means a person appointed by the appropriate authority to perform the duties in section 4A in relation to the accounts of the relevant body;⁹⁴

“**auditor**”, in relation to any accounts, means the person appointed under section 3 for the purpose of auditing those accounts;

“**body**” includes any legal or natural person;

“**the Department**” means the Department of Infrastructure;⁹⁵

“**equity share capital**” has the meaning given by section 1 of the *Companies Act 1974*;

“**examiner**” means a person appointed by the relevant body to examine its accounts in accordance with section 4A;⁹⁶

“**inspect**”, in relation to any accounts is to be construed in accordance with section A1;⁹⁷

“**joint board**” means a body established by or under any statutory provision and consisting of or including persons appointed by one or more local authorities;

“**the relevant body**”, in relation to any accounts, means the body whose accounts they are;

“**subsidiary**” has the same meaning as in the *Companies Act 1974*.

- (2) For the purposes of this Act —
- (a) the application of money provided by Tynwald is contrary to law if, without the sanction of Tynwald, it is applied otherwise than for the purpose for which it was intended;
 - (b) the payment or application of money or other property held or received by a body is contrary to law if it is paid or applied otherwise than as required by any statutory provision or rule of law applicable to it;
 - (c) a transaction effected by or on account of a body is contrary to law if —
 - (i) it is outside the powers of the body, or
 - (ii) it is effected otherwise than in accordance with any statutory provision or rule of law applicable to it.

22 Amendments and repeals

- (1) The enactments specified in Schedule 1 are amended in accordance with that Schedule.
- (2) The enactments specified in Schedule 2 are repealed to the extent specified in column 3 of that Schedule.

23 Short title, commencement etc.

- (1) This Act may be cited as the Audit Act 2006.
- (2) This Act shall come into operation on such day or days as the Treasury may by order appoint.⁹⁸
- (3) Different days may be appointed under subsection (2) in relation to different bodies or descriptions of bodies, or different accounts of the same body or description of bodies; and nothing in this Act applies to the accounts of any body in respect of a period commencing before the day so appointed in relation to that body.
- (4) Subsection (3) does not apply to section 17.

SCHEDULE 1

AMENDMENT OF ENACTMENTS

Section 22(1)

PART 1 – ENACTMENTS RELATING TO PUBLIC AUDIT

Part 1 amends the following Acts –

Industrial and Building Societies Act 1892 q.v.

Finance Act 1958 q.v.

Income Tax Act 1970 q.v.

Isle of Man Loans Act 1974 q.v.

Collection of Fines etc. Act 1985 q.v.

Burials Act 1986 q.v.

Government Departments Act 1987 q.v.

Summary Jurisdiction Act 1989 q.v.

High Court Act 1991 q.v.

Post Office Act 1993 q.v.

Electricity Act 1996 q.v.

Data Protection Act 2002 q.v.]

PART 2 – ENACTMENTS RELATING TO CHARITIES

Part 2 amends the following Acts –

Charities Act 1986 q.v.

Church Act 1992 q.v.

National Health Service Act 2001 q.v.]

Schedule 2

ENACTMENTS REPEALED

Section 22(2)

[Sch 2 repeals the following Act wholly –

Audit Act 1983

and the following Acts in part –

Local Government Act 1985

Treasury Act 1985

Local Elections Act 1986

Casino Act 1986

Highways Act 1986

Government Departments Act 1987

Statute Law Revision Act 1992.]



ENDNOTES

Table of Legislation History

Legislation	Year and No	Commencement

Table of Renumbered Provisions

Original	Current

Table of Endnote References

-
- ¹ S A1 inserted by Audit (Amendment) Act 2015 s 5.
- ² S 1 heading amended by Audit (Amendment) Act 2015 s 6.
- ³ Para (i) amended by Audit (Amendment) Act 2015 s 6.
- ⁴ Subs (1) amended by Audit (Amendment) Act 2015 s 6.
- ⁵ Para (a) amended by Audit (Amendment) Act 2015 s 6.
- ⁶ Subs (1) amended by Audit (Amendment) Act 2015 s 7.
- ⁷ Subs (1A) inserted by Tynwald Auditor General Act 2011 Sch 2.
- ⁸ Subs (1) substituted by Tynwald Auditor General Act 2011 Sch 2.
- ⁹ Subs (1A) inserted by Tynwald Auditor General Act 2011 Sch 2.
- ¹⁰ Subs (1B) inserted by Tynwald Auditor General Act 2011 Sch 2.
- ¹¹ Subs (2) amended by Tynwald Auditor General Act 2011 Sch 2.
- ¹² Subs (4) amended by Audit (Amendment) Act 2015 s 8.
- ¹³ Subs (5) repealed by Audit (Amendment) Act 2015 s 8.
- ¹⁴ Subs (6) repealed by Audit (Amendment) Act 2015 s 8.
- ¹⁵ Subs (1) amended by Tynwald Auditor General Act 2011 Sch 2.
- ¹⁶ Subs (2) amended by Tynwald Auditor General Act 2011 Sch 2.
- ¹⁷ S 3A inserted by Audit (Amendment) Act 2015 s 9.
- ¹⁸ S 3B inserted by Audit (Amendment) Act 2015 s 9.
- ¹⁹ S 4A inserted by Audit (Amendment) Act 2015 s 10.
- ²⁰ S 4B inserted by Audit (Amendment) Act 2015 s 10.
- ²¹ S 5 heading amended by Audit (Amendment) Act 2015 s 11.
- ²² Subs (1) amended by Audit (Amendment) Act 2015 s 11.
- ²³ Subs (2) amended by Audit (Amendment) Act 2015 s 11.

-
- ²⁴ Subs (4) amended by Tynwald Auditor General Act 2011 Sch 2.
- ²⁵ Subs (4A) inserted by Tynwald Auditor General Act 2011 Sch 2.
- ²⁶ Subpara (i) amended by Audit (Amendment) Act 2015 s 11.
- ²⁷ Para (a) amended by Audit (Amendment) Act 2015 s 11.
- ²⁸ Subpara (i) amended by Audit (Amendment) Act 2015 s 11.
- ²⁹ Subpara (ii) amended by Audit (Amendment) Act 2015 s 11.
- ³⁰ Para (b) amended by Audit (Amendment) Act 2015 s 11.
- ³¹ Para (d) amended by Audit (Amendment) Act 2015 s 11.
- ³² Subs (5) amended by Audit (Amendment) Act 2015 s 11.
- ³³ Para (a) amended by Audit (Amendment) Act 2015 s 11.
- ³⁴ Para (b) amended by Audit (Amendment) Act 2015 s 11.
- ³⁵ S 6 heading amended by Audit (Amendment) Act 2015 s 12.
- ³⁶ Subs (1) amended by Audit (Amendment) Act 2015 s 12.
- ³⁷ Para (a) amended by Audit (Amendment) Act 2015 s 12.
- ³⁸ Para (b) amended by Audit (Amendment) Act 2015 s 12.
- ³⁹ Para (c) amended by Audit (Amendment) Act 2015 s 12.
- ⁴⁰ Subs (2) amended by Audit (Amendment) Act 2015 s 12.
- ⁴¹ Subs (3) amended by Audit (Amendment) Act 2015 s 12.
- ⁴² Para (a) amended by Audit (Amendment) Act 2015 s 12.
- ⁴³ Subs (4) amended by Audit (Amendment) Act 2015 s 12.
- ⁴⁴ Subs (5) amended by Audit (Amendment) Act 2015 s 12.
- ⁴⁵ Subs (6) amended by Audit (Amendment) Act 2015 s 12.
- ⁴⁶ Subs (7) amended by Audit (Amendment) Act 2015 s 12.
- ⁴⁷ S 7 repealed by Tynwald Auditor General Act 2011 s 22.
- ⁴⁸ Para (a) amended by Audit (Amendment) Act 2015 s 14.
- ⁴⁹ Subs (1) amended by Audit (Amendment) Act 2015 s 14.
- ⁵⁰ Para (a) amended by Audit (Amendment) Act 2015 s 14.
- ⁵¹ Para (b) amended by Audit (Amendment) Act 2015 s 14.
- ⁵² Subs (2) amended by Audit (Amendment) Act 2015 s 14.
- ⁵³ Subs (3) amended by Audit (Amendment) Act 2015 s 14.
- ⁵⁴ Subs (4) inserted by Audit (Amendment) Act 2015 s 14.
- ⁵⁵ Subs (5) inserted by Audit (Amendment) Act 2015 s 14.
- ⁵⁶ Para (a) amended by Audit (Amendment) Act 2015 s 15.
- ⁵⁷ Para (b) amended by Audit (Amendment) Act 2015 s 15.
- ⁵⁸ Para (c) amended by Audit (Amendment) Act 2015 s 15.
- ⁵⁹ Subs (1) amended by Audit (Amendment) Act 2015 s 16 and by Tynwald Auditor General Act 2011 Sch 2.
- ⁶⁰ Subs (2) amended by Audit (Amendment) Act 2015 s 16 and by Tynwald Auditor General Act 2011 Sch 2.
- ⁶¹ Subs (3) amended by Tynwald Auditor General Act 2011 Sch 2.
- ⁶² Subs (4) substituted by Tynwald Auditor General Act 2011 Sch 2.
- ⁶³ S 12 heading amended by Audit (Amendment) Act 2015 s 17.
- ⁶⁴ Para (f) amended by Audit (Amendment) Act 2015 s 17.



-
- ⁶⁵ Para (g) substituted by Audit (Amendment) Act 2015 s 17.
- ⁶⁶ Para (h) amended by Audit (Amendment) Act 2015 s 17.
- ⁶⁷ Para (i) amended by Audit (Amendment) Act 2015 s 17.
- ⁶⁸ Para (j) amended by Audit (Amendment) Act 2015 s 17.
- ⁶⁹ Para (k) substituted by Audit (Amendment) Act 2015 s 17.
- ⁷⁰ Para (l) amended by Audit (Amendment) Act 2015 s 17.
- ⁷¹ Subs (1) amended by Audit (Amendment) Act 2015 s 17.
- ⁷² Subs (2) amended by Audit (Amendment) Act 2015 s 17.
- ⁷³ Para (a) amended by Audit (Amendment) Act 2015 s 17.
- ⁷⁴ Subs (6) amended by Audit (Amendment) Act 2015 s 17.
- ⁷⁵ S 13 heading substituted by Audit (Amendment) Act 2015 s 18.
- ⁷⁶ Subs (2) substituted by Audit (Amendment) Act 2015 s 18.
- ⁷⁷ Subs (1) amended by Audit (Amendment) Act 2015 s 19. [Editorial note: Section 19(2) of the Audit (Amendment) Act 2015 in operation on the coming into operation of section 5 of the Tynwald Auditor General Act 2011.]
- ⁷⁸ Subs (2) amended by Audit (Amendment) Act 2015 s 19. [Editorial note: Section 19(2) of the Audit (Amendment) Act 2015 in operation on the coming into operation of section 5 of the Tynwald Auditor General Act 2011.]
- ⁷⁹ S 14 substituted by Audit (Amendment) Act 2015 s 19.
- ⁸⁰ S 15 heading substituted by Audit (Amendment) Act 2015 s 20.
- ⁸¹ Subs (1) amended by Audit (Amendment) Act 2015 s 20.
- ⁸² Para (a) amended by Audit (Amendment) Act 2015 s 21.
- ⁸³ Para (b) amended by Audit (Amendment) Act 2015 s 21.
- ⁸⁴ Para (c) amended by Audit (Amendment) Act 2015 s 21.
- ⁸⁵ Para (aa) inserted by Tynwald Auditor General Act 2011 Sch 2.
- ⁸⁶ Para (c) substituted by Audit (Amendment) Act 2015 s 22.
- ⁸⁷ Para (d) amended by Audit (Amendment) Act 2015 s 22.
- ⁸⁸ Subs (1) amended by Audit (Amendment) Act 2015 s 22.
- ⁸⁹ Para (a) amended by Audit (Amendment) Act 2015 s 22.
- ⁹⁰ Para (b) amended by Audit (Amendment) Act 2015 s 22.
- ⁹¹ Para (a) amended by Audit (Amendment) Act 2015 s 23 and by Tynwald Auditor General Act 2011 Sch 2.
- ⁹² Subs (2) substituted by Audit (Amendment) Act 2015 s 23.
- ⁹³ Subs (3) amended by Tynwald Auditor General Act 2011 Sch 2.
- ⁹⁴ Definition of “assurance reviewer” inserted by Audit (Amendment) Act 2015 s 24.
- ⁹⁵ Definition of “the Department” amended by SD155/10 Sch 5.
- ⁹⁶ Definition of “examiner” inserted by Audit (Amendment) Act 2015 s 24.
- ⁹⁷ Definition of “inspect” inserted by Audit (Amendment) Act 2015 s 24.
- ⁹⁸ ADO (whole Act) 1/4/2007 (SD831/06).