PP 2025/0100

Office of the Tynwald Auditor General
Offish Ard Scruteyder Tinvaal

Annual Report for the year ended 31 March 2025

A report to Tynwald made under section 12(2) of the Tynwald Auditor General Act 2011

27 June 2025

About the Tynwald Auditor General / Ard Scruyteyder Tinvaal

Tynwald established the Office of Tynwald Auditor General / Ard Scruyteyder Tinvaal (TAG) in the Tynwald Auditor General Act 2011. This Act combined with the Audit Act 2006 creates the statutory framework under which the TAG carries out their functions.

The TAG is an officer of Tynwald and is therefore independent of the Isle of Man Government. He is not a civil servant and exists to serve Tynwald first and foremost.

The general functions of the TAG are to:

- carry out value for money inspections;
- consider matters referred to them by members of the public, Tynwald, or members of Tynwald;
- appoint auditors and assurance reviewers under the Audit Act 2006;
- consult with and support the Tynwald Public Accounts Committee (PAC); and
- identify matters that may be appropriate for investigation by the Tynwald PAC.

As the first TAG I began my work on 1 May 2023. I am supported by two Assistant Auditors General/Ard Scrudeyter Coonee Tinvaal (AAG) (part time) appointed in October 2024 and April 2025 and by an Office Manager/Reireyder Offish (part time) appointed in June 2025. The TAG function operates under the business name Audit Vannin. This is his second annual report to Tynwald.

Table of contents and purpose of this report

The 2025 Annual Report tells the story of the Office of the Tynwald Auditor General (also known as Audit Vannin). It sets out Audit Vannin's performance, leadership arrangements and finances for the year and is designed to enable Tynwald to hold us to account. It covers the areas set out in the Tynwald Auditor General Act 2011. Tynwald has not issued any direction in relation to the content of the 2025 Annual Report and Accounts.

In due course it will sit alongside the Audit Vannin Audit Quality Transparency Report which I will publish annually from 2026 onwards. This will describe the results of my quality monitoring and assurance processes. All Audit Vannin reports will be available on the website www.auditvannin.im.

This Annual Report also discharges any reporting obligations placed upon me in statute including the Public Interest Disclosure (Prescribed Persons) Regulations 2025.

If you need a version of this report in an alternative format for accessibility reasons, or any of the exhibits in a different format, please contact enquiries@tynwaldauditorgeneral.im with details of your request.

Foreword

I am pleased to be able to present my second Annual Report and Accounts for the year ending 31 March 2025. It has been a busy year as I have sought to establish my Office and its operating model. I have appointed a part-time Assistant Auditor General and have been assisted by the UK's National Audit Office with a part time secondee to provide additional capacity as a second Assistant Auditor General.

I have also developed a programme of value for money inspections, trailed in my report last year, that I believe provides a balanced and appropriate programme of work over the totality of bodies that fall under my remit.

My ambition is for Audit Vannin to be an exemplar of public audit combining an unbending commitment to the very best of professional practice in the financial audits where I appoint the auditors with a proportionate and flexible approach to meeting my wider statutory responsibilities.

Audit Vannin is by design a small organisation but I am determined that it should become and remain a highly effective one. I will seek to draw on the experience of other audit bodies and be open to innovation. Technological change, exemplified by AI but not limited to it is already here and Audit Vannin will look to learn from and apply the learning of other bodies in improving the effectiveness of its work.

Public audit is about much more than whether the financial statements are true and fair. My goal is to ensure that Tynwald and island residents see the benefits of the work of my Office. That will be my priority for the coming year.

Stephen Warren
Tynwald Auditor General / Ard Scruyteyder Tinvaal

27 June 2025

SECTION 1: My work in the last 12 months

Introduction

1. In this section of my annual report I provide an update on my work since my last report. This content is organised against the statutory functions I have in order to help stakeholders understand the performance of my Office and aid their scrutiny of its work. Before I do so I will describe the progress made in establishing my Office.

Establishing Audit Vannin

2. I have made significant progress in establishing Audit Vannin. As I set out in my report last year I am setting up my Office from scratch. This includes establishing an appropriate operating model for my Office alongside the necessary work on basic systems and processes. I was pleased to be able to report to Tynwald previously that my Office has been granted associate membership of EURORAI an umbrella organisation for regional audit institutions in Europe within which I can share knowledge and insight. Audit Scotland, Audit Wales and the Jersey Audit Office are also associate members. Audit Vannin will also comply with the standards and professional pronouncements issued by INTOSAI the international organisation for supreme audit institutions.
3. I am pleased to report that I have:
    - appointed a part-time Tynwald Assistant Auditor General and he began his work in October 2024;
    - appointed an Office Manager who began her work in June 2025;
    - obtained a part time secondee at Tynwald Assistant Auditor General level through the support of the UK Comptroller and Auditor General and this individual began work in April 2025;
    - commissioned work from a local company to develop a website and associated branding for the Office which I expect to go live in July 2025;
    - attended all but one meeting of the Public Accounts Committee and generally provided support to the Committee and its members;
    - I attended the November 2024 meeting of the Public Accounts Committee Network in Malta;
    - begun development of internal processes to ensure compliance with applicable international pronouncements; and
    - drawn on the support of Culture Vannin and the official translation service to incorporate the Manx language into Audit Vannin's branding and operations.

Audit Vannin and island life

4. Audit Vannin also has a role to play in contributing to public life on the island and more generally to the achievement of a more secure, vibrant and sustainable island through the five priorities set out in Our Island Plan. I have considered how

Audit Vannin can make an appropriate contribution to those priorities and set this out for 2025/26 and then for future years in Exhibits 1 and 2.

Exhibit 1: Audit Vannin contributions to Our Island Plan priorities in 2025/26

Priority	Planned activities in 2025-26
Building great communities	
Public audit is an important public good and robust public audit provides islanders with assurance over the financial management of public business.	I will discharge my responsibilities under the public audit legislation ensuring that public bodies have a robust and timely audit. I will discuss my findings with the Public Accounts Committee and report to Tynwald. I will consider any requests to me by Tynwald, Members of Tynwald or members of the public.
An island of health and well-being	
Tynwald is committed to the implementation of a transformation programme for health and social care in the island,	I will examine the issue of productivity in the health and social care system.
An environment we can be proud of	
As a public body Audit Vannin will play its part by ensuring its operations are as sustainable as possible.	The Office's most significant environmental impact is the travel by Audit Vannin staff to the island. I will develop and publish a travel policy to ensure that the impact of this footprint is minimised. Audit Vannin will not use paper other than in exceptional circumstances e.g. in response to communications received in writing.
A strong and diverse economy	
The Plan commits to ensuring that public services deliver within budgets and that the island's tax system and financial structures meet international standards. An effective public audit function contributes directly to both those goals.	I will continue to deliver my statutory functions and support the Public Accounts Committee in its work. A competitive procurement process is underway to secure public audit and assurance services. Audit Vannin will look to purchase services from island-based suppliers wherever possible.
Outstanding lifelong learning and development	
The Plan commits to the development of learning and development opportunities across the island and its people.	Alongside delivering my statutory functions I will look for ways for Audit Vannin to support career opportunities in audit and public audit for islanders.

Exhibit 2: Audit Vannin contributions to Our Island Plan priorities in future years

Priority	Future plans beyond 2025/26
Building great communities	
Public audit is an important public good and robust public audit provides islanders with assurance over the financial management of public business.	I will finalise and publish a medium-term programme of value for money inspections. I will consider how Audit Vannin can support the growth of relevant public audit expertise in the island. I will consider how Audit Vannin's staff can contribute more widely to the life of the island.
An island of health and well-being	
Tynwald is committed to the implementation of a transformation programme for health and social care in the island.	I will ensure that my value for money inspection activity routinely includes work related to health and well-being.
An environment we can be proud of	
As a public body Audit Vannin will play its part by ensuring its operations are as sustainable as possible.	I will develop more specific performance indicators relating to sustainability measures.
A strong and diverse economy	
The Plan commits to ensuring that public services deliver within budgets and that the island's tax system and financial structures meet international standards. An effective public audit function contributes directly to both those goals.	I will consider ways in which Audit Vannin can make a wider contribution to the standard of public financial reporting and governance. This will include support PAC's work in this area. I will look for ways in which Audit Vannin can promote public audit as a career development opportunity.
Outstanding lifelong learning and development	
The Plan commits to the development of learning and development opportunities across the island and its people.	I will consider how Audit Vannin can play its part in supporting good quality jobs in audit and accountancy in the island.

Discharge of my statutory functions

Financial, audit and assurance

5. I said last year that I would:
    - complete the processes for:
        - issuing certificates for audits for the year ended 31 March 2023; and
        - determining fees for audits and assurance reviews for the year ended 31 March 2024;
    - continue to provide support for the firms that I appoint, including through provisions of written guidance;
    - collate learning from the file reviews of completed engagements for the year ended 31 March 2023 and discuss the findings with audit firms to promote audit and assurance quality;
    - undertake a programme of file reviews for engagements for the year ended 31 March 2024; and
    - complete a procurement exercise to appoint auditors and assurance reviewers for the year ending 31 March 2025 and subsequent years.
6. I am pleased to report that I have:
    - continued to work proactively with inspection firms to complete audits and issue certificates for outstanding 2022/23 and 2023/24 audits;
    - determined fees for audit and assurance reviews for the year ended 31 March 2024 where these have been completed;
    - appointed PwC to support the firms I appoint in auditing pensions entries in local government accounts in relation to the Local Government Superannuation Scheme;
    - completed the undertaken quality review processes described above and engaged with audit firms on the results;
    - appointed the ICAEW to undertake two file reviews for engagements for the year ended 31 March 2024, which are nearing completion; and
    - progressed the procurement exercise and will shortly issue the required documentation to the market.

Performance audit

7. I am pleased to report that I have:
    - issued two project briefs and am near to completing both pieces of work (see below);
    - completed my planning meetings with senior officers and also participated in PAC's discussions on potential areas for further scrutiny;
    - developed an initial programme for consultation;

- agreed a protocol for the clearance of project briefs and reports; and
- developed an approach for identifying and quantifying cashable and non-cashable savings which was discussed with the Public Accounts Committee on 26 June 2025.

Exercise of other powers

8. I reported last year that I had used my powers under Section 12(5) of the 2011 Act to review the public audit framework on the Isle of Man. I laid before Tynwald a report entitled 'Public Audit in the Isle of Man' which contained my recommendations for changes to the legal framework for public audit in Man.
9. I am pleased that Tynwald is to consider the development of a new statutory framework based upon my recommendations. I have made a further recommendation on this matter in this report. I will continue to work with Tynwald and other stakeholders to support any new legislation.

Other matters that I am required to report on under statute

Tynwald Auditor General Act 2011

10. The 2011 Act requires me to make any general recommendations I have arising from the exercise of my functions in the period in question. I have the following recommendation to make:

    Tynwald should act to reform the public audit legislation as soon as is possible to ensure that the system of public audit in Man reflects the requirements of international standards and supports the effective operation of the public audit function in the Isle of Man context.
11. The 2011 Act also requires me to list all requests received under sections 6 and 10 of the Act and the action taken. I can confirm that no such requests were made in 2024/25 year. Tynwald made a subsequent request in 2025/26 under section 6 for an inspection of Manx Care. I will be responding formally to this request after finalising my forward plan which will include work on Manx Care.
12. Tynwald has the power to issue directions to the TAG as to the form and content of this annual report. No such directions have been issued in relation to the 2024/25 financial year.

Public interest disclosures

13. I am a 'Prescribed Person' for the purposes of section 54 of the Employment Act 2006 in respect of matters relating to the proper conduct of public business, value for money, fraud and corruption in public bodies. I am required by the Prescribed Persons (Duty to Report) Regulations 2005 to issue an annual report on such disclosures made to him. I am discharging this responsibility through incorporating his report on these matters into this section of this Report. I am relying upon Regulation 5 (1) (b) of the above regulations in doing so, noting that in making this report he is also meeting the requirement under Regulation 5(2) for

the publication to be made by 30 September following the end of the financial year to which it relates.

14. No disclosures were made to me in the 2024/25 financial year. However, one disclosure has subsequently been made to me in the 2025/26 financial year. I am considering my next steps on the matters raised.

SECTION 2: Performance report

Strategy and performance

Audit Vannin's three-year strategy

15. I intend to consult on a strategy for Audit Vannin in the year ahead and will publish it as soon as possible. The strategy will articulate my ambitions in the following areas and set key performance indicators through which the Office's progress can be assessed:

    - **Building Audit Vannin's reputation as an effective supreme audit institution** – the Tynwald Auditor General function is new, and I recognise that Audit Vannin must maintain and build the trust and confidence of its stakeholders both in Tynwald and more widely. I will do this by both the work that I do and the way that I do it.
    - **Being a high performing organisation** – in the context of Audit Vannin's scale and budget which drives us to be agile, proportionate and innovative within the INTOSAI standards and professional pronouncements.
    - **Supporting accountability and effective scrutiny** – Audit Vannin will continue to support the work of Tynwald generally and the Public Accounts Committee in particular, alongside responding to referrals from the public and other information from other sources.
    - **Making a difference** – through delivering my planned programme, responding to emerging issues and achieving my wider aims.

My programme of performance audit work

16. In constructing the draft performance audit work programme as part of the strategy; I have had regard to a range of matters including but not limited to the matters I set out in my Annual Report for 2024:

    - the programme will be based on a risk assessment;
    - the programme shall aim to avoid review of an activity when it is being subject to review by another independent party;
    - across the annual programme there shall be a focus on all of the three Es – economy, efficiency and effectiveness;
    - there shall be an appropriate balance between review of corporate services and services in individual departments;
    - over time all government departments shall be subject to review; and
    - reviews will seek to quantify any cashable and non-cashable savings identified.

17. My risk assessment for the selection of topics for my VFM inspection programme will be further influenced by a range of factors including, but not limited to the following:

- the ‘fit’ of the topic to the aims of my strategy;
- the availability of budget to meet the costs of such work;
- the financial scale of the topic in the context of Government activities;
- the importance of the topic to Tynwald and/or the Manx public;
- the relevance of the topic to the priorities of the Government and the Island Plan;
- the relevance of the topic to the savings being sought by Government;
- whether work on the topic itself represents value for money and is an appropriate use of Audit Vannin resources;
- whether there is already evidence of poor VFM outcomes; and
- intelligence from other jurisdictions.

18. The indicative programme will cover a three-year period grouped by the year in which work commences. The programme is dynamic and subject to regular review, including in response to:
    - reassessment of risks;
    - responses to requests from members of the public, Tynwald and members of Tynwald for investigations under section 10 of the 2011 Act; and
    - detailed scoping of individual pieces of work. This may identify that there are insufficient resources available to undertake the whole programme as outlined and lead to deferral of some elements of work.
19. I will consult with stakeholders including the Public Accounts Committee before finalising my programme. I aim to publish at least four outputs each year. Of these two should be larger evaluative inspection reports on more significant areas of government activity. Other products might consist of briefings on topical matters, tools and materials to support accountability and good financial reporting, reports from investigations, or ‘landscape’ pieces containing factual information which, in my judgement should be drawn to the attention of Tynwald and placed into the public domain.

Performance measures

20. I intend to develop a small number of performance measures and indicators to assist in demonstrating Audit Vannin’s progress in achieving its strategy and ambitions. These will include some comparative measures using other audit offices of a similar size. These measures could include for example:
    - The number of reports or other products issued by Audit Vannin;
    - The number of reports or other products issued by Audit Vannin per 100,000 population; and
    - Office expenditure as a proportion of government expenditure.
21. In considering relevant measures and the interpretation of the resulting metrics it is important to take into account the different statutory responsibilities placed on each office. The work of Audit Vannin covers the following main areas of activity:

procurement and appointment of auditors and assurance reviewers of financial statements; quality assurance processes for these appointments; carrying out pro-active and reactive VFM inspections and other investigatory activity; and supporting Tynwald and the work of the Public Accounts Committee.

Risk management

22. I have given early thought to the risks Audit Vannin faces in achieving its ambitions and delivering its statutory functions. I intend to develop this work further in the coming year to ensure that Audit Vannin's risk management framework is effective, and I will report to the Public Accounts Committee on this throughout the year ahead. The Audit Vannin leadership team met in June 2025 to identify, review and determine mitigations to the risks it faces. My approach aims to be effective but proportionate given the scale of the Office's operations. I identified four main domains through which risks could be considered. The initial results are summarised in Exhibits 3 to 6 below.

Exhibit 3: Risks domain 1 – Quality

Risk	Mitigations
VFM and related work undertaken by Audit Vannin staff and affiliates	
Work is not completed to appropriate standards in a timely manner	• Adoption and use of appropriate methodologies for this work • Use of suitably qualified affiliates for specialist work • Senior leadership team now in place to lead, supervise and quality control this work
Financial statements inspections undertaken by appointed auditors and assurance reviewers	
Inspections are not performed to an appropriate standard in a timely manner	• The TAG certification process • The ability of the TAG to terminate contracts • The ability of the TAG to issue guidance for auditors and assurance reviewers
The market does not deliver sufficient capacity to undertake this work through the procurement.	• Proactive market engagement by the TAG • Acceptance that inspection costs may need to rise to reflect developments in the audit profession and its regulation
Overall quality of Audit Vannin work	
Audit Vannin fails to achieve to required INTOSAI standards	• Development and implementation of mechanisms design to ensure compliance with standards in the context of Audit Vannin's operations • Investment in appropriate knowledge management systems and processes • Commission an external review of Audit Vannin at an appropriate point
Information governance	
Audit Vannin fails to safeguard the information it obtains in discharging its statutory functions.	• Although Audit Vannin is not part of the Isle of Man Government it will adopt and implement relevant government standards and procedures for areas such as information governance

Exhibit 4: Risk domain 2 – People

Risk	Mitigations
Recruitment	
Audit Vannin unable to recruit appropriately qualified and experienced staff	• Ability to identify and agree secondments from other organisations
Retention	
Audit Vannin unable to retain key staff	• Use of flexible working. • Paying the appropriate market rate for the skills required. • Providing access to other attractive public sector terms and conditions
Resilience	
Insufficient staffing levels to fulfil its statutory obligations	• Successful recruitment of Tynwald Assistant Auditors General / Ard Scrudeyter Coonee Tinvaal (TAAG) • Ability of the TAG to designate cover when necessary • Implementation of plans for Audit Vannin Affiliates

Exhibit 5: Risk domain 3 – Business performance

Risk	Mitigations
Finance	
Risk of insufficient budget for Audit Vannin to discharge its statutory functions	• Thorough consultation on the budget for 2026/27 and beyond • Ability to access the Tynwald Management Committee
Audit Vannin breaches its budget	• Operation of routine budget monitoring processes as part of Audit Vannin’s business processes

Exhibit 6: Risk domain 4 – Stakeholders

Risk	Mitigations
Tynwald, Public Accounts Committee, government officers	
Audit Vannin might lose the confidence of these stakeholders	• Ensure that Audit Vannin engages constructively with stakeholders and communicates clearly on its work and plans • Deliver consistently high standards of work and conduct • Consult on and agree an approach to quantifying financial impacts • Nominate Audit Vannin relationship managers to government departments and other key public bodies

Section 3: Accountability report

Introduction to the Accountability Report

23. The Accountability Report provides key information for Tynwald. It comprises the following elements:
    - the **Corporate Governance Report** which describes Audit Vannin's governance structures and how they support the achievement of its objectives. It contains the TAG's Report, the Statement of Responsibilities of the TAG and the Governance Statement; and
    - the **Remuneration and Staff Report** which provides unaudited information about the remuneration of the TAG and the TAAGs.

The Corporate Governance Report

The Tynwald Auditor General / Ard Scruteyder Tinvaal's report

24. I was appointed as the TAG/AST on 1 May 2023. I personally direct the activities of Audit Vannin with the support of the TAAGs/ASCTs.

25. Audit Vannin operates without a Board. These arrangements are appropriate to the scale of Audit Vannin's activities at present. I meet regularly with the Public Accounts Committee and liaise as appropriate with the Tynwald Management Committee and the Treasury. Under current legislation these two bodies must consent to decisions I make on contracting and appointing staff, although these arrangements impinge upon my independence they have granted a priori of wide-ranging consents. In addition, I am also required to engage with the Audit (Consultative) Committee established under section 18(1) of the Audit Act 2006. I reported last year on these arrangements and other matters; and Tynwald has committed to revise the relevant public audit legislation. I have made a recommendation in this report in connection to this matter.

Statement of Responsibilities of the Tynwald Auditor General / Ard Scruteyder Tinvaal's report

26. I am required by the 2011 Act (Schedule 1, paragraph 17) to keep accounts. I am not required at the moment to include audited accounts in this annual report these will be laid in Tynwald as soon as possible after the completion of the audit. I have recommended that the Annual Report and the Accounts should be subject to the same timetable to enhance transparency and accountability for my Office.

The Governance Statement

27. My responsibility as the TAG is to maintain effective governance and a sound system of internal control that supports the achievement of Audit Vannin's policies, aims and objectives while safeguarding public funds and assets that Audit Vannin uses.

28. Considering the size of the Office I operate without a formal management team. I have allocated responsibilities for the day-to-day conduct of business to the two TAAGs and retain certain functions for myself. The conduct of the business is assisted by the Office Manager/Reireyder Offish.

29. As an officer of Tynwald and therefore outside of the government I am not bound to comply with policies and procedures issued by the Isle of Man Government. However, given the small size of Audit Vannin it is my intention to comply voluntarily with such policies and procedures as I consider reasonable and necessary to support a sound system of internal control and governance. This system includes:
    - preparing, communicating and implementing appropriate policies and procedures in areas such as complaints and information governance;
    - maintaining an overview of the risks Audit Vannin faces, implementing mitigations and monitoring their effectiveness;
    - to the extent appropriate to the circumstances of Audit Vannin, using the financial and other systems of the government of the Isle of Man;
    - monitoring and forecasting expenditure against budget;
    - seeking professional advice from the Isle of Man Government were necessary and appropriate, including from the Attorney General, the Treasury and other departments;
    - maintaining a gifts and hospitality register and in due course a contracts register; and
    - reviewing and reporting on the performance of appointed auditors and assurance reviewers.

Remuneration and staff report (unaudited)

30. As set out in Exhibit 7, in the 2024/25 financial year two senior staff were in post.

Exhibit 7: Remuneration of senior staff

	2024/25 Basic pay	**2023/24 Basic pay**
Tynwald Auditor General / Ard Scrudeyter Tinvaal	£126,314	£111,335
Tynwald Assistant Auditor General / Ard Scrudeyter Coonee Tinvaal*	£35,476	-
Total	**£161,790**	**£111,335**

* The first Assistant Auditor General took up his post on 22 October 2024. The second Assistant Auditor General took up his post on secondment from the UK's National Audit Office on 1 April 2025.

31. Neither the TAG nor any employees of Audit Vannin received bonuses, non-cash benefits or pension benefits in 2024/25. The remuneration of the TAG was determined by Tynwald ahead of his appointment.

Stephen Warren
Tynwald Auditor General / Ard Scruyteyder Tinvaal

27 June 2025