Tynwald Auditor General Information Note 02 (TAGIN 2): Appointment of independent examiners

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About Tynwald Auditor General Information Notes

Tynwald Auditor General Information Notes (TAGINs) are prepared and published by Audit Vannin on behalf of the Tynwald Auditor General. They are published where the Tynwald Auditor General believes that they may provide assistance to public bodies or independent examiners appointed under the Audit Act 2006. They have no statutory or contractual force.

It is for individual public bodies or independent examiners to exercise their skill and judgement in the area covered by a TAGIN.

Bodies and persons to which this TAGIN relates

This TAGGN is relevant to bodies subject to independent examination under the Audit Act 2006 by virtue of the Audit Act 2006 (Examination) Directions 2026.

Queries

Any queries about this TAGIN should be sent to: enquires@auditvannin.im.

Version history

Version number	Date	Summary of changes
1.0	5/8/26	

Introduction

1. Section A1(1) of the Audit Act 2006 provides that bodies subject to inspection under the Act shall be subject to one of three forms of inspection as directed by the Treasury. One of those forms of inspection is an independent examination.

2. The Audit Act 2006 (Examination) Directions 2026 (that revoked the Audit Act 2006 (Inspection of Accounts) (Local Authorities, etc) Directions 2026 and the Audit Act 2006 (Inspection and Accounting Year) Directions) specify the bodies subject to independent examination. As a result of the Audit Act 2006 (Inspection of Accounts) (Local Authorities, etc) Directions 2026 and the Audit Act 2006 (Examination) Directions 2026:

- the number of bodies subject to independent examination has been increased from the financial year ended 31 March 2025; and
- a tiered approach to independent examination has been introduced with three tiers of examination, with different procedures required.

4. By virtue of section 3B of the Audit Act 2006, the responsibility for the appointment of independent examiners rests with the body subject to examination. The purpose of this TAGIN is to advise bodies of subject to independent examination of the factors that are, in the Tynwald Auditor Generals's view, relevant to the selection of an independent examiner.

Factors that bodies subject to independent examination may wish to take into account in selecting an independent examiner

5. In selecting an independent examiner, bodies may wish to invite proposals covering the following areas and evaluate proposals accordingly:

<table>
<tr><th>Ref</th><th>Criterion</th><th>Detail</th></tr>
<tr><td>1.</td><td>Eligibility for appointment</td><td>For basic examinations:
being a member of a specified accountancy institute OR holding a qualification specified for undertaking an independent examination of a charity; and
not being disqualified under section 4B of the Audit Act 2006.
For intermediate and enhanced examinations:
being a member of a specified accountancy institute; and
not being disqualified under section 4B of the Audit Act 2006.</td></tr>
<tr><td>2.</td><td>Independence</td><td>Whilst there is no explicit definition of 'independent', the Accounts and Audit Regulations 2018 are clear that an examination must be undertaken by an ‘independent person’.

Consideration should be given to situations that would call an examiner’s independence into question, including where they:
are an employee of the body or its bookkeeper;
serve on a committee overseeing the body’s finances;</td></tr>
</table>

Ref	Criterion	Detail
		• are a major donor to, or beneficiary of, the body; • have a significant financial or commercial relationship with the body, its members or employees; or • have a close relationship with the members, employees or any other related parties.[1]
3.	Skills and experience of the applicant relevant to undertaking an independent examination	Including: • experience of undertaking external audit and/or other assurance engagements, including independent examinations; and • experience of undertaking engagements relating to public sector or not-for-profit bodies.
4.	Human resources available to support the applicant	Including their skills, experience and relevant qualifications

[1] Charity Commission guidance (https://www.gov.uk/government/publications/independent-examination-of-charity-accounts-examiners-cc32) provides helpful guidance on how to assess whether a person should be classed as a related party.

Ref	Criterion	Detail
5.	Arrangements to secure the quality of work undertaken	Including: • arrangements for quality control; • arrangements for peer review and/or consultation on contentious issues; • arrangements to secure resilience in delivery; and • arrangements for handling complaints received.
6	Information management arrangements	Including: • arrangements for compliance with applicable data protection legislation; and • arrangements for retention of records.
7	Fees	Including: • proposed fee for the engagement; • circumstances where additional fees would be payable; and • hourly rates for additional work.