

IFIAR 2024 Member Profile – ICAC

1. Jurisdiction	<p>1.1 Insert the name of the jurisdiction in English:</p> <p>Spain</p>
2. Member¹	<p>2.1 Insert the name of the Member, both in the local language and in English:</p> <p>Instituto de Contabilidad y Auditoría de Cuentas (ICAC) Accounting and Auditing Institute</p>
	<p>2.2 Include relevant contact information, including postal address, telephone number(s), a general email address (if any) and a link to the Member's website:</p> <p>C/Huertas, 26. 28014 Madrid (SPAIN) Tel.: (+34) 913 895 622 Website: http://www.icac.gob.es/</p>
	<p>2.3 Include the basis for establishment of the Member, as well as the legislation or regulations which provide the Member the authority/mandate with respect to audit regulation. Please describe with an appropriate level of detail the mission and responsibilities of the Member with respect to audit regulation:</p> <p>The legal basis is:</p> <ul style="list-style-type: none"> • Law 22/2015, of 20 July, on Auditing • Royal Decree 2/2021, of 12 of January, which is the Regulation that develops the Law on Auditing (also known as RAC.) • Royal Decree 302/1989, of 17th March, to approve the by-law and organic structure of the Accounting and Auditing Institute. <p>The tasks of ICAC related to auditing are the following⁽¹⁾:</p> <p><i>The functions of the Institute are:</i> [...]</p> <p>2. The Accounting and Auditing Institute is the authority responsible for the public oversight system and, in particular, for:</p> <p>a) The authorization of auditors and audit firms and their inclusion on the Official Register of Auditors.</p>

¹ In the case where there are two or more regulators from the same jurisdiction that have been approved according to Section 2.3 of the IFIAR Charter, they together are considered as one Member. In that case, regulators are requested to include information for both organizations in the Member Profile.

	<p>b) The adoption of standards with regard to ethics, internal quality assurance standards for audit activities and technical auditing standards on the terms foreseen in this Act, as well as the supervision of their proper fulfilment.</p> <p>c) Continuing education for auditors.</p> <p>d) The inspection and investigation system.</p> <p>e) The regular monitoring of the variation in the audit services market in the case of public interest entities.</p> <p>f) The disciplinary system.</p> <p>3. In addition to the functions legally attributed to it, the Accounting and Auditing Institute is responsible for participating within the scope of audit activities in the international co-operation mechanisms contemplated in this Act, as well as in Regulation (EU) n° 537/2014, of 16 April.</p> <p>(1) Article 46 of the Law 22/2015 on Audit-non-official translation.</p> <p>2.4 Please indicate whether the Member has responsibility for the following tasks within the area of Audit Oversight:</p> <p><input checked="" type="checkbox"/> Licensing</p> <p><input checked="" type="checkbox"/> Registration</p> <p><input checked="" type="checkbox"/> Audit and/or Ethics Standard Setting</p> <p><input checked="" type="checkbox"/> Permanent Education / Continuous Training of Auditors</p> <p><input checked="" type="checkbox"/> Inspection</p> <p><input checked="" type="checkbox"/> Enforcement</p> <p><input checked="" type="checkbox"/> Other: Consultation on audit matters</p>
<p>3. Governing Body Composition and members</p>	<p>3.1 Describe with an appropriate level of detail the current composition of the Member's governing body, including, where possible, the names, the organization they represent (if any) and brief backgrounds of the governing body members, or provide a link to a page on your website where this information is provided.</p> <p>The governing bodies with regard to audit are the President (or Chairperson) of ICAC and the Audit Committee.</p> <p>The Chairperson, acting as the Director General, is proposed by the Ministry of Economic Affairs and Digital Transformation and appointed by the Government and is the legal representative of the Accounting and Auditing Institute, exercising the powers vested in them by the Law on Auditing and determined in the Institute's bylaws. The Chairperson is responsible for:</p> <ul style="list-style-type: none"> • Acting as the Institute's legal representative. • Chairing the Institute's Audit Committee.

- Directing, promoting and coordinating the services provided by the Institute in the performance of its functions.
- Taking the disciplinary measures referred to in our Law on Auditing.
- Handling the Institute's international relations, in accordance with the corresponding bodies of the Ministry of Foreign Affairs.
- Exercising the powers legally vested in the Chairpersons and the Directors of the autonomous bodies.

The [Audit Committee](#) is chaired by the ICAC Chairperson and composed of a maximum of thirteen members appointed by the Ministry of Economic Affairs and Digital Transformation, broken down as follows:

- One representative from the General Directorate for Insurance and Pensions Fund.
- One representative from the General Controller of the State
- One representative from the Court of Auditors.
- Four representatives of the audit professional bodies.
- One representative from the Bank of Spain.
- One representative from the National Securities Market Commission.
- One member of the judiciary or a professional prosecutor or a commercial registrar
- One university professor
- One State Attorney, and
- One expert of recognized prestige in accounting and accounts auditing.

The secretary functions of the Audit Committee are carried out by the Secretary general of ICAC

The Audit Committee is the body to which the President must obligatorily submit the matters relating to the following topics for consideration:

- a) Determination of the standards that must be followed in the professional aptitude examinations required to access the Official Register of Auditors, as well as the notices convening these examinations duly approved and published in a Ministerial Order;
- b) Publication of the audit standards, ethical standards and the internal quality assurance standards that may be drawn up, adapted or reviewed by the recognized professional associations representing those performing audit activities or, in any case, by the Accounting and Auditing Institute;
- c) Drafts of amendments to legislation or regulations to be submitted to the Minister of Economic Affairs and Digital Transformation in connection with the regulations governing audit activities;
- d) Determination of the continuing education standards;
- e) Resolution of queries posed to the Accounting and Auditing Institute by auditors as a consequence of the exercise of this activity whenever these are considered to be of general interest;

	<p>f) Any other matters considered appropriate by the President of the Institute, excluding those related to the exercise of the power to impose sanctions.</p> <hr/> <p>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body? E.g. Does national legislation require representatives on the governing body from certain organizations, or with specific experience, etc.</p> <p>So far, most of the Presidents of ICAC have been civil servants.</p> <p>All of the presidents have been experts in accounting or auditing.</p> <p>Members of the Audit Committee of ICAC are experts in fields they act as representatives.</p> <hr/> <p>3.3 Is there a restriction or recusal process that is applicable to members of the governing body of the Member who are current or former auditors/practitioners?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does this include a “cooling-off” period for former auditors?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes to either of the above, please describe:</p> <p>According to Law 22/2015, 20th July on Auditing there are the following cooling-off periods:</p> <p>1) <u>Cooling-off period to become a member of the Audit Committee:</u></p> <p>The individuals that, during the previous 3 years, were under any of the following circumstances, shall not be members of the Audit Committee of ICAC:</p> <p>1^o If they did audits;</p> <p>2^o If they held vote rights in an audit firm;</p> <p>3^a If they were members of the board of directors, or held a management or supervision function in an audit firm;</p> <p>4^o If they were partners or held an employment or contractual relationship or any other kind of relationship in an audit firm.</p> <p>2) <u>Prohibition after ceasing as a member of the Audit Committee of ICAC</u></p> <p>For the following 2 years after the end of their function as members of the Audit Committee of ICAC, those individuals shall not be in any of the above mentioned four circumstances.</p> <p><u>Cooling-off period to become President of ICAC</u></p>
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	<p>The individuals that, during the previous 3 years, were under any of the above mentioned four circumstances, shall not become President of ICAC.</p> <p><u>Prohibition after ceasing as President of ICAC</u></p> <p>For the following 2 years after the end of his/her function as President of ICAC, he/she shall not be in any of the above mentioned four circumstances.</p>
<p>4. Independence safeguards</p>	<p>4.1 Please describe the national independence requirements for the governing body and its members, and legal or regulatory requirements/provisions in place that safeguard their independence from the audit profession.</p> <p>Article 57 of the Law on Auditing states as follows:</p> <p>The post of President may not be held by anyone who, during the previous three years:</p> <ul style="list-style-type: none"> a) Has performed audit engagements. b) Has been the registered holder of voting rights in an audit firm. c) Has been a member of the governing body, management, or supervisory board of an audit firm. d) Has been a partner in or has held an employment or contractual relationship of another kind with an audit firm. <p>Without prejudice to other disqualification scenarios contemplated in other statutes, the President shall not be able to accept any position involving any of the circumstances referred to in letters a) to d) above during the two years following the conclusion of the exercise of his or her functions.</p> <p>Article 58 in relation to the members of the Audit committee states as follows:</p> <p>Membership of the Audit Committee shall not be available to persons who, during the three previous years:</p> <ul style="list-style-type: none"> 1st. Have engaged in audits. 2nd. Have been the registered holders of voting rights in an audit firm. 3rd. Have been members of the governing body, management or supervisory board of an audit firm. 4th. Have been a partner in or have held an employment or contractual relationship of another kind with an audit firm. <p>Without prejudice to other disqualification scenarios contemplated in other statutes, the members of the Audit Committee shall not be able to accept any position involving any of the circumstances referred to in paragraphs 1st to 4th above during the two years following the conclusion of their mandates.</p>

	<p>Are employees of the Member covered by the same or separate set of independence requirements?</p> <p><input type="checkbox"/> Same set of requirements <input checked="" type="checkbox"/> Different set of requirements</p> <p>If there are separate independence requirements for employees, please describe:</p> <p>The general independence requirements applicable to all the civil servants in carrying out their duties (article 55 of the Royal Legislative Decree 5/2015, of October 30, which approves the revised text of the Law on the Basic Statute of Public Employees).</p> <hr/> <p>4.2 Are there any additional safeguards in place that provide for the Member's overall independence from the audit profession? E.g. through the appointment process, specific Board actions, etc.</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes, please describe:</p>
<p>5. Funding Arrangements</p>	<p>5.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget:</p> <p>Its main sources of funding are:</p> <ul style="list-style-type: none"> • From 2002, a fee for each audit report issue. This fee is mandatory for auditors and auditing firms that are obliged to pay it quarterly. • From 2016, a fee for the expedition of certificates and for the inscriptions and annotations in the Official Register of Auditors. <hr/> <p>5.2 Is the funding free from undue influence by the profession?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</p> <p>Please, see answer to question 5.1</p>
<p>6. Audit Market</p>	<p>6.1 Provide the number of audit firms subject to inspections. Include an indication of the number of public interest audits (PIEs) and other audits that fall under the Member's oversight or mandate.</p> <p>According to the latest auditors' reports, there are currently working approximately 1.935 auditors (730 sole practitioners and 1.205 audit firms).</p> <p>There are, approximately, 1.426 PIEs audited by 74 auditors.</p> <p><i>(IFIAR Secretariat note: The above figures will be updated in March 2024 once official data is available)</i></p>

6.2 Please describe the sizes (in terms of revenue / number of listed entity clients / number of partners and audit staff / etc. – whichever measure is commonly used and available in your jurisdiction) and market shares of each of the largest audit firms in the Member’s jurisdiction.

According to the available data, corresponding to the period 01/10/2021 to 30/09/2022:

AUDIT FIRM	No.of partners	Declared Fees	Fees Market Share	No. Signed auditor's Reports	Signed auditor's Reports Market Share	No. Audited Entities	Audited Entities Market Share
PRICEWATERHOUSECOOPERS AUDITORES, S.L.	36	160.069.510	19%	6.033	9%	5.343	9%
DELOITTE, S.L.	65	110.446.588	13%	6.244	9%	5.661	9%
KPMG AUDITORES, S.L.	39	108.879.953	13%	4.462	7%	3.923	6%
ERNST & YOUNG, S.L.	84	113.791.165	14%	5.521	8%	4.854	8%
TOTAL MARKET		826.443.738	100%	68.571	100%	61.736	100%

(IFIAR Secretariat note: The above figures will be updated in March 2024 once official data is available)

7. Inspection System

7.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?

Yes No

7.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?

Directly Through Oversight

If directly, please describe the responsibility, including the follow-up and reporting process, and the regulatory measures available to be taken as a result of inspections (if described in Question 11 Enforcement, please reference that section for details on such measures).

If through oversight of another organization, please describe with an appropriate level of detail the other organization, its relation to the Member, its role, and the arrangements for oversight by the Member:

The Accounting and Auditing Institute carries out the Spanish public oversight system through its power on inspections and investigations.

Inspections of PIEs are performed directly by ICAC and those related to Non-PIEs can be carried out by reviewers hired by the professional bodies under the direction and supervision of ICAC.

7.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:

Auditors of Public Interest Entities are subject to a specific inspection cycle, depending on the size of the audited entity:

TYPE OF ENTITY	SIZE OF THE ENTITY		INSPECTION CYCLE
PIE	<i>Large entity</i>	Assets => 20.000.000€ Net turnover >40.000.000€ Employees >250	At least every 3 years
	<i>Medium entity</i>	Assets <= 20.000.000€ Net turnover <= 40.000.000€ Employees <= 250	At least every 6 years
	<i>Small entity</i>	Assets <= 4.000.000€ Net turnover <= 8.000.000€ Employees <= 50	
Non-PIE	<i>Large entity</i>	Assets >20.000.000€ Net turnover >40.000.000€ Employees >250	At least every 6 years
	<i>Medium entity</i>	Assets <= 20.000.000€ Net turnover <= 40.000.000€ Employees <= 250	
	<i>Small entity</i>	2.850.000€ < Asset <= 4.000.000€ 5.700.000€ < Net turnover <= 8.000.000€ Employees <= 50	Without any minimum cycle

Auditors that only audit entities other than PIEs, will be subject to inspection at least every six years. If they only carry out voluntary audits or audit small entities, they will not be subject to any specific cycle of inspection.

7.4 Does the Member have its own inspection staff, use reviewers from the professional body or sub-contract to third parties, independent contractors, etc. for the conduct of inspections? Please tick the boxes that apply: (multiple responses allowed) Note that there is no need to tick a box if non-employee reviewers are used very occasionally and are not a core staffing approach.

- Employees of the Member**

 Professional body
 Third Parties

 Other

Please explain below:

The ICAC staff are civil servants, and they are neither practitioners nor members of any professional body.

	<p>Professional bodies only can take part in inspections, in case of non- public interest entities, under the direction and supervision of ICAC.</p> <p>This collaboration, according with the article 55 of the Law on auditing, will be only for instrumental tasks.</p> <p>Professional bodies also participate in the elaboration of the audit standards and in the preparation of the draft of the legislation (both law and bylaw) regarding audit matters to be submitted to the Ministry of Economic Affairs and Digital Transformation.</p>
8. Licensing	<p>8.1 If the Member has the responsibility for <u>Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of Licensing conducted by another organization?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition. Also, give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</p> <p>ICAC organizes the authorization process to become an auditor, chairs the examination and selection Board in charge of that process, registers the auditors and receives information from them about the update of the compliance with the requirements to be registered (financial guarantee, continuous education, partners, administrators, etc.).</p>
9. Registration	<p>9.1 If the Member has the responsibility for <u>Registration</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration conducted by another organization?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</p> <p>ICAC organizes the authorization process to become an auditor, chairs the examination and selection Board in charge of that process, registers the auditors and receives information from them about the update of the compliance with</p>

	<p>the requirements to be registered (financial guarantee, continuous education, partners, administrators, etc.).</p>
<p>10. Audits and/or Ethics Standard Setting</p>	<p>10.1 If the Member has the responsibility for <u>Audit and/or Ethics Standard Setting</u>, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>The technical auditing standards, the ethical rules and those on the internal quality control of auditors and audit firms shall be prepared, adapted or revised in accordance with the general principles and commonly accepted practice in the Member States of the European Union, by the recognized professional associations representing those engaging in audit activities, subject to public consultation during a period of two months and shall be valid on publication, through a resolution of the Accounting and Auditing Institute, in its "Official Gazette".</p> <p>If the professional associations mentioned above, following requirement by the Accounting and Auditing Institute, fail to prepare, adapt or revise any of the technical auditing standards, the ethical rules and those on internal quality control, in the manner previously established, the Institute shall proceed to prepare, adapt or revise them, informing the said associations of this fact and also complying with the requirement for public consultation for two months.</p>
<p>11. Permanent Education / Continuous Training of Auditors</p>	<p>11.1 If the Member has the responsibility for <u>Permanent Education / Continuous Training of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education / Continuous Training of Auditors conducted by another organization?</p> <p><input type="checkbox"/> Directly <input checked="" type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p>

	<p>Auditors registered in the Official Register of Auditors must take courses and complete continuing education programmes, which may be given, among others, by the professional bodies. The Accounting and Auditing Institute is responsible of monitoring and overseeing the fulfilment of this education duty, being the professional bodies and other training centers, and subsidiarily the auditors, obliged to submit the respective information to ICAC.</p>
12. Enforcement	<p>12.1 If the Member has the responsibility for <u>Enforcement</u>, please indicate whether this responsibility is undertaken directly or through referral to other organization(s)?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Referral</p> <p>If directly, please describe the responsibility and procedures applied (including investigations, disciplinary actions or sanctions), as well as the reporting process for disciplinary action.</p> <p>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the enforcement powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>ICAC has full powers to investigate compliance with the audit regulation, to initiate sanctioning proceedings and the Chairperson is in charge of imposing the administrative sanctions which can be appealed by the auditors or audit firms before the Ministry of Economic Affairs and Digital Transformation and before the courts.</p>
13. Other Responsibilities in Audit Oversight or Audit Regulation	<p>13.1 If the Member has the responsibility for <u>other tasks within the area of Audit Oversight or Audit Regulation</u>, please describe with an appropriate level of detail:</p> <p>Auditors and audit firms may make duly documented consultations to the Accounting and Auditing Institute with respect to the application of the standards contained in the applicable legislative framework of audit activity.</p> <p>The reply will be merely informative and therefore non-binding although the criteria expressed by the Accounting and Auditing Institute in these consultations is commonly applied by the profession.</p> <p>The Chairperson of the ICAC has the authority to resolve consultations, who may, due to the relevance and interest of the questions arising in a certain consultation, submit them to the consideration of the Audit Committee.</p> <p>Consultations may be published in the gazette of the institute and on its web page whenever it may be deemed to be of general interest.</p>

14. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight or Audit Regulation	<p>14.1 Please describe with an appropriate level of detail, the responsibility of the Member for <u>tasks outside the area of audit oversight or audit regulation</u> such as supervision of financial reporting or securities regulation:</p> <p>ICAC is in charge of issuing local accounting standards, in development of the Code of Commerce and the Company Law and of answering to consultations on those standards.</p>
15. Member Update for public information (if any)	<p>15.1 Are there any major news, activities, events or updates (on audit matters, the Member's organization, the governing legislation or the authority/responsibilities) that you wish to keep the public informed of since completing last year's Member Profile?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, please describe these changes with an appropriate level of detail:</p> <p>The transposition of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 on sustainability reporting by companies (CSRD Directive), which requires the verification of sustainability information by the entity's auditor and, at the choice of the member states, by another auditor or by an accredited independent verification service provider, is currently being worked on.</p> <p>As a consequence of this transposition process and the approval of the resulting Law, it is foreseen that the ICAC will also assume the supervision of the assurance on sustainability information being this carried out either by accredited independent assurance service providers or by auditors approve to carry out this activity (sustainability information verifiers).</p>