

# *ic ac*

*2012*

*Activity report*



# Annual Report of Activities in 2012

The Institute of Accounting and Accounts Auditing (ICAC)  
Huertas, 26  
28014 Madrid  
[www.icac.meh.es](http://www.icac.meh.es)

Maquetación:  
Composiciones RALI, S.A.

# INDEX

## INTRODUCTION

## ACCOUNTING

## REGULATION OF ACCOUNTS AUDITING

## OVERSIGHT OF ACCOUNT AUDITING ACTIVITY

Introduction

Accounts audit control activities carried out in fiscal year 2012

## DISCIPLINARY ACTIVITIES

## INTERNATIONAL ACTIVITY

## MANAGING RESOURCES AND OFFICIAL REGISTER OF AUDITORS

Maintenance of the Official Register of Auditors (ROAC)

Electronic administration

Regulatory Projects and the Audit Committee

Research, studies, documentation, distribution and publication activities intended to develop and perfect accounting standards and the accounting profession

## ECONOMIC-FINANCIAL INFORMATION

Economic data

Financing sources

Human resources



---

## ACTIVITY REPORT FOR 2012

---

### INTRODUCTION

The Institute of Accounting and Accounts Auditing (ICAC) is an autonomous body attached to the Ministry of the Economy and Taxation with its own legal status and the ability to act independently in the pursuit of its stated objectives. Its legal nature is regulated by the revised text of the Accounts Auditing Law approved by Spanish Legislative Royal Decree 1/2011, of 1 July and Spanish Royal Decree 1517/2011, of 31 October, that implements it.

According to Article 2 of Spanish Royal Decree 302/1989 of 17 March 1989 which approved the governing statutes and organic structure of the Accounting and Auditing Institute, its functions include:

- a) Performing technical work and proposing a General Accounting Plan adapted to the Directives of the European Union and the Laws regulating these matters, in addition to approving the adaptations of this plan to the different sectors of economic activity.
- b) Setting out criteria to carry out those points of the General Accounting Plan and the sector-specific adaptations of the plan deemed necessary for the correct application of the said standards, which will be published in the Institute's Bulletin.
- c) Continuously perfect and update accounting plans and accounts auditing activities, to which end it will propose to the Ministry of Economy and Taxation any legislative or regulatory modifications deemed necessary to bring them into harmony with the directives of the European Union or with changes in the fields of accounting and accounts auditing.
- d) Supervise and discipline the practice of accounts auditing regulated in Law 19/1988 of 12 July and of the auditors themselves by conducting technical monitoring of accounts audits and taking the disciplinary measures applicable to auditors and audit firms as regulated in Chapter 3 of the aforementioned Law.
- e) Establishing an Official Register of Auditors, authorising auditors and audit firms to become members of the Official Register, creating and maintaining the Institute's Bulletin, determining the basic rules to be followed for the administration of professional aptitude tests to public law professional corporations, and approving the respective calls, monitoring, oversight and custody of the bonds to be provided by auditors.

- f) Approve and publish the technical auditing standards prepared by the public law corporations representing those who perform accounts audits in accordance with the general principles and common practices in EU countries; draft, adapt or revise those standards if the aforementioned corporations fail to draft, adapt or revise them after being asked to so by the Institute of Accounting and Accounts Auditing.
- g) Performing and promoting research, studies, documentation, distribution and publications intended to develop and improve accounting standards and the accounts auditing.
- h) Working with international bodies to provide technical coordination and cooperation on accounting and accounts auditing matters, particularly EU bodies, and domestic bodies such as public law corporations or research associations.
- i) To comply with these functions, a representative from the Institute, in accordance with the corresponding bodies of the Ministry of Foreign Affairs, will attend the meetings arranged by the specialised work groups or committees of which Spain is a member and which pertain to international governmental organisations.

The governing bodies of ICAC are: The Chairperson, the Accounts Auditing Committee and the Accounting Board.

*The Chairman*, acting as the Director General, is proposed by the Ministry of the Economy and Taxation and appointed by the Government and is the legal representative of the Institute of Accounting and Accounts Auditing, exercising the powers vested in them by the Auditing Act and determined in the Institute's bylaws. The Chairman is responsible for:

1. Acting as the Institute's legal representative.
2. Chairing the Institute's Consulting Committee (now the Accounts Audit Committee).
3. Directing, promoting and coordinating the services provided by the Institute in the performance of its functions.
4. Taking the disciplinary measures referred to in Article 15 of Law 19/1988 of 12 July 1988.
5. Handling the Institute's international relations, in accordance with the corresponding bodies of the Ministry of Foreign Affairs.
6. Exercising the powers legally vested in the Chairpersons and the Directors of the autonomous bodies.
7. Performing any other functions assigned to them under the Auditing Law 19/1988 of 12 July 1988 or any other legal or regulatory provision.



*The Accounts Audit Committee* is an advisory body presided over by the Chairman of ICAC. This Committee, in the performance of its advisory functions, is responsible for conducting studies, drafting reports and making proposals on the matters falling within the scope of the Institute's jurisdiction. According to the regulations governing the Institute, the Accounts Audit Committee is composed of a maximum of thirteen members designated by the Ministry of the Economy and Taxation and broken down as follows: three representatives from the Ministry of the Economy and Taxation, one each from the National Securities Market Commission, the Directorate General of Insurance and Pension Funds and the Office of the State's Inspector General; one representative from the National Audit Office; four auditors' representatives; one representative from the Bank of Spain; one member with a legal or fiscal background or a state's attorney or business registrar; an investment analyst; and one renowned expert in the field of accounting and auditing. The Secretary General of the Institute of Accounting and Accounts Auditing, who will perform the functions of Secretary of this committee, will attend the Auditing Committee sessions with a voice but no vote.

*The Accounting Board* is the body in charge of evaluating the suitability and appropriate nature of any regulatory proposal or interpretation of general interest in accounting matters within the Conceptual Framework of accounting regulated in the Commercial Code.

The Accounting Board is chaired by the Chairperson of the Institute, who casts the deciding vote and, along with them, by a representative from each one of the other centres, bodies and institutions responsible for regulating accounting matters within the financial system: Bank of Spain, National Securities Market Commission and the Directorate General of Insurance and Pension Funds. A civil servant from ICAC acts as the Secretary of the Board and attends meetings with the right to be heard but not vote. Also sitting on the Accounting Board and attending with the right to be heard but not vote is a representative of the Ministry of the Economy and Taxation designated by the department head.

Spanish Royal Decree 302/1989 of 17 March determines that the structure of ICAC should include the following deputy directorates:

- General Secretariat.
- Deputy Directorate of Accounting Technique and Standardisation.
- Deputy Directorate of Technical Auditing Standards.
- Deputy Directorate of Technical Control.

Within the scope of authorities attributed to the body by Law 19/1988 of 12 July, *the General Secretariat* is responsible for: Studying, proposing and managing the personnel policies applicable to the employees of the autonomous body; obtaining, organising and safeguarding bibliographical and documentary material from both domestic and international sources in the fields of accounting, finance and auditing; managing material resources, buildings and facilities; internal operations; economic, accounting, budgetary and accounting management and those

of an administrative nature in general as well as organising and maintaining the Official Register of Auditors and publishing the Bulletin of the Institute of Accounting and Accounts Auditing.

The Official Register of Auditors is divided into two sections, one relating to individual auditors and the other to audit firms. It periodically publishes an updated list of registered chartered auditors, listing their names and business addresses as well as the following information for members that are legal entities:

- Registered address.
- Full names of each of the partners, indicating who is responsible for administrative and management functions.
- Full names of the auditors who work for the company.

This information will have to be completed pursuant to that set out in the consolidated text of the Accounts Auditing Law approved by Spanish Legislative Royal Decree 1/2011 of 1 July 2011 and the new Accounts Auditing Regulation approved by Spanish Royal Decree 1517/2011 of 30 October 2011 that implements this consolidated text (Article 79 of the Regulation).

Furthermore, auditors and audit firms that audit the accounts of public interest entities must publish the annual transparency report referred to in Article 26 bis of the consolidated text.

*The Sub-Directorate General of Accounting Technique and Standardisation* is responsible for: Preparing and proposing a General Accounting Plan that complies with the directives of the European Economic Community; adapting the GAP to the different sectors of economic activity; analysing and proposing the laws in which the accounting principles are established, promoting and developing the application of such principles, and proposing the answers to queries raised in relation to accounting standards; developing, updating and perfecting analytical accounting; drafting reports on the provisions which in one way or another affect business accounting or the content and structure of annual accounts; in general, anything related to updating and perfecting accounting standards.

*The Sub-Directorate General of Technical Auditing Standards* is responsible for: Performing auditing studies; coordinating and promoting the selection, training and perfecting of accounts auditors performed by public law firms that represent accounts auditors and accounting experts or, in a supplementary manner, by the Institute itself, submitting to the Institute's Chairman the procedures they are responsible for regarding the standardisation of theoretical training courses they should follow to be able to exercise the auditing of accounts (by means of their registration in the ROAC), and those that comply with the requirements for the purposes of exemption from the competence examination for the aforementioned access, in addition to the recognition of the authorised centres to impart continuing education activities and approval of those courses offered by certain institutions; analyse the technical, ethical and internal quality assurance regulations for auditing accounts of the auditors drawn up by

public law firms, with the purpose that they be in accordance with the general principles and practice commonly admitted in the Member States of the European Union, proposing to the Chairman their publication in the Institute's Bulletin, in addition to requiring these firms to draw up, adapt or revise their technical auditing standards; the preparation, adaptation or revision of these standards when the aforementioned professional firms do not comply with the requirement; the investigation, by means of the personnel comprising it, of the disciplinary cases for breaches in the auditing of accounts referred to in section 2 of Chapter 4 of the revised text of the Accounts Auditing Law approved by Spanish Legislative Royal Decree 1/2011 of 1 July, and disciplinary cases because of breach of the obligation to deposit annual accounts in the business registry, referred to in Chapter 6 of Spanish Legislative Royal Decree 1/2010, of 2 July, by which the revised text of the Law of Capital Firms is revised, in addition to submitting to the Chairman of the Institute the proposal to resolve the case and other acts they are responsible for; and the issuing and drawing up of regulatory proposals on the auditing of accounts in addition to studying and answering queries raised in relation to this topic.

*Sub-Directorate General of Technical Monitoring* is responsible for: Exercising the powers that the Law on Auditing Accounts gives the Institute of Accounting and Accounts Auditing on technical monitoring, specifically: Proposing the audits of accounts that should be reviewed by the Institute; conducting the reviews deemed necessary for technical monitoring purposes; preparing the technical monitoring reports with special emphasis on circumstances constituting a breach of the Law on Auditing Accounts or technical auditing standards. Similarly, article 28 of the revised text sets out as monitoring of the activity, in addition to technical monitoring or investigations, the performing of external quality assurance , or periodic inspections of auditors of accounts and audit firms with the purpose of reviewing their internal quality assurance systems and formulating requests for improvement.

ICAC may entrust the quality assurance function to firms that represent the auditors or third parties. In both cases, ICAC employees are responsible for the supervision and direction of the quality assurance work.

The administrative structure mentioned above is responsible for the following matters:

- Accounting standards.
- Auditing standards.
- Regulation of Accounts Auditing
- Supervising public auditing activities (technical and quality assurance).
- Disciplinary Activities
- Managing resources and Official Register of Public Auditors (ROAC).

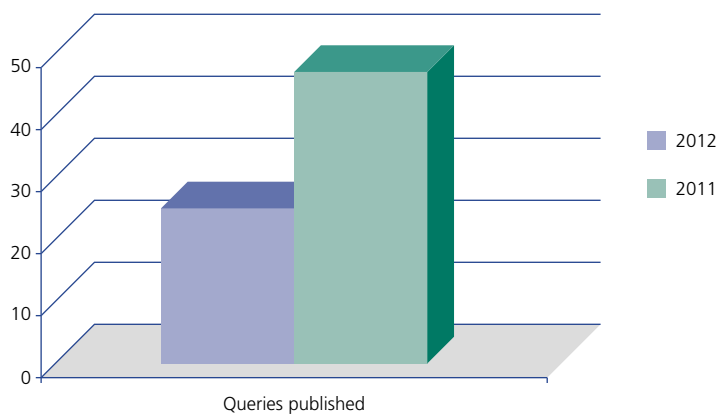
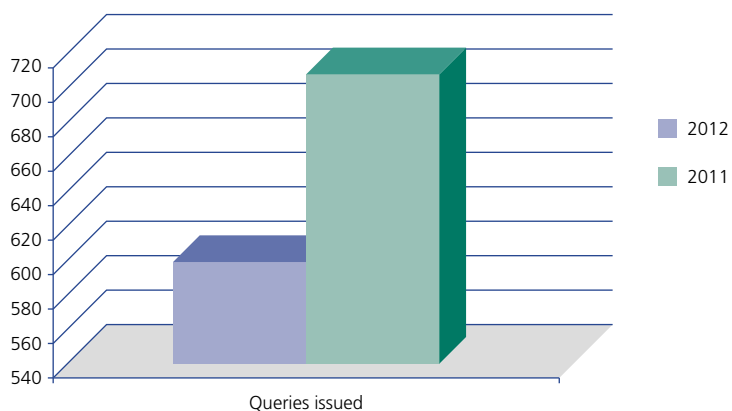
The activities implemented by the various ICAC sub-directorates in 2012 are reported in the following sections.

## ACCOUNTING

The activities performed by the Sub-Directorate General of Accounting Technique and Standardisation in 2012 were as follows:

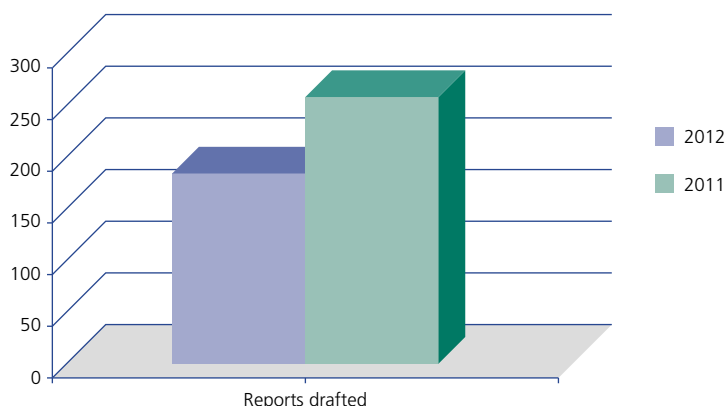
- a) Preparation of the Draft Revised Text of the General Accounting Plan of non-profit entities.
- b) Preparation of the Draft Revised Text of the General Accounting Plan of small and medium-sized non-profit entities.
- c) Preparation of the Draft Resolution of the Institute of Accounting and Accounts Auditing whereby standards for registration and evaluation of tangible fixed assets and real estate investments are laid down, whereby the Resolution of 30 July 1991, of the Chairman of the Institute of Accounting and Accounts Auditing by which standards on evaluation of tangible fixed assets are laid down, is repealed.
- d) Preparation of the Draft Resolution of the Institute of Accounting and Accounts Auditing whereby standards for registry, evaluation and information to include in the non-tangible fixed assets report, whereby the Resolution of 21 January 1992, of the Chairman of the Institute of Accounting and Accounts Auditing by which standards on evaluation of non-tangible fixed assets are laid down, is repealed.
- e) Preparation of the Draft Resolution of the Institute of Accounting and Accounts Auditing whereby standards for registration, evaluation and information to be included in the annual accounts on the impairment of the value of assets are laid down.
- f) Responding to queries received on the accounting processing of specific situations. Among all queries resolved are those considered of general interest for their quarterly publication in this Institute's Official Bulletin.

	2012	2011
Queries issued	599	708
Queries published	25	47



- g) Preparing reports on the standards drafted by other bodies of the public administration or other public institutions. More specifically, the following reports were drafted:

	2012	2011
Reports drafted	184	258



- h)** Translation of various International Financial Reporting Standards (IFRS) issued by IASB and adopted by the European Union through the Accounting Regulatory Committee for publication in the Official Journal of the European Union. This task was performed by the Translation Committee set up for this purpose.
- i)** Technical coordination and cooperation with international organisations by participating in accounting work groups, specifically:
- Attending and participating in meetings of the Accounting Regulatory Committee chaired by the European Commission.
  - Attending and participating in EFRAG quarterly meetings with European accounting regulators, chaired by EFRAG.
  - Attendance and taking part in meetings for modification of the 4th accounting Directive regarding annual accounts for some firms, specifically, micro-entities.
  - Attendance and taking part in working group meetings of firms held in the EU Council with the purpose of modifying the 4th and 7th accounting Directive.
  - Attendance and taking part in EFRAG PRC and Reference Group meetings on the EFRAG work agenda held in Brussels.
  - Attendance and taking part in the proactive work group "Separate financial statements prepared under IFRS", chaired by EFRAG.
  - Participating in the meetings of the accounting experts work group (ISAR) set up by UNCTAD (UN).
  - Attending national accounting regulator meetings (NSS), held in Kuala Lumpur and Zurich organised by IFASS.
  - Collaboration with the IASB by means of reports and letters with observations on their proposed accounting rules and recommendations.

- j) Collaborating with the Bank of Spain Balance Sheet Centres on the review and, as appropriate, modification of forms for filing individual and consolidated annual accounts with Business Registers.
- k) Collaboration and attendance at accounting meetings on the Higher Sports Board of the Mixed Commission for transformation of clubs into sports corporations.
- l) Collaborating with XBRL España by appointing a member of the Sub-Directorate to chair the PGC-2007 and PGCPYMES-2007 Taxonomy Subgroup, in addition to attending meetings on this topic.
- m) Collaborating with XBRL España by appointing a member of the Sub-Directorate to chair the Regulations Taxonomy Subgroup to prepare consolidated annual accounts, in addition to attending meetings on this topic.
- n) Collaboration with the Office of the State's Inspector General in relation to response to queries made on the accounting treatment of specific situations.
- o) Collaboration with the Directorate General of Taxation in relation to the response to queries made on the accounting treatment of specific situations.
- p) Collaboration with the OECD in preparing questionnaires on the regulation and fair competition of the various sectors of activity by means of POLECO that acted as co-ordinator.
- q) Preparation and subsequent review of the text for dissemination and publication of Spanish Royal Decree 1491/2011, of 24 October 2011 by which Rules to Adapt the General Accounting Plan for non-profit entities and the draft plan of action for non-profit entities are approved.
- r) Update and subsequent review of the text for its dissemination and publication of the International Financial Information Regulations adopted by the European Union.
- s) In the sphere of performing and promoting research, study, documentation, dissemination and publishing activities for the development and perfecting of accounting regulations:
- t) Three meetings of the Accounting Advisory Committee were held in 2012 (two meetings in 2011).
- u) Three meetings of the Accounting Board were held in 2012 (two meetings in 2011).

## REGULATION OF ACCOUNTS AUDITING

Specific actions performed in 2012 by the General Deputy Directorate for Auditing Technical Rules were the following:

- As a consequence of the entry into force of the Accounts Auditing Regulation, the following resolutions, which were laid down by this Institute, once submitted to the consideration of its Accounts Auditing Committee, were prepared. the Resolution of 12 June 2012, by which the conditions that should be complied with by auditors' theoretical training programmes, referred to in article 34 of the aforementioned Regulation, for access to accounts auditing activity in Spain, are set out; the Resolution of 12 June 2012, by which the general criteria for exemption corresponding to taking theoretical training courses and passing phase 1 of the examination for those who hold official qualifications valid throughout the country, according to that set out in art. 36.2 of the Implementing Regulation of the Accounts Auditing Law are regulated; and the Resolution of 29 October 2012, whereby different aspects are implemented related to the obligation to undergo continuing training by accounts auditors.
- In 2012 the Working Group on Technical Auditing Regulations, coordinated by this subdirectorate and in which representatives of Corporations that represent the Institute's auditors and personnel, have continued to study and review translated international auditing regulations to adapt them to that set out in the revised text of the Accounts Auditing Law and remainder of our regulatory framework.
- The Sub-Directorate General of Technical Auditing Regulations also prepares reports on provisions which affect or may affect the scope of accounts auditing activity, and it studies and prepares the response to matters put forth in relation to the application and interpretation of accounts auditing regulations.
- In 2012 the number of reports on proposals or regulatory projects stood at 29 and a total of 199 accounts auditing queries were answered.
- It is also responsible for executing the competencies attributed to the Institute of Accounting and Accounts Auditing regarding the standardisation of theoretical teaching courses required for access to the Official Register of Auditors, recognition of the teaching centres which impart these and giving the theoretical training courses and the first phase of access to the Official Register of Auditors. For the purposes of approving theoretical training courses for access to accounts auditing activity, that lead to exemption from the first part of the theoretical examination a collaboration agreement was signed with ANECA to verify theoretical training courses with the right to exemption. The number of courses approved in 2012 was 58, detailed as follows:
  - 8 official qualifications valid all over the country, for the purposes of exemption from phase 1 of the ROAC access examination.
  - 49 own qualifications corresponding to 29 different universities, that are approved as theoretical education programmes for access to ROAC and for the purposes of exemption by virtue of that set out in the Resolution of 12 June 2012.



- 1 Theoretical education programme for access to ROAC, without the purpose of exemption, which was approved by a firm representing auditors.

Secondly, they also perform actions corresponding to this Institute regarding requests for exemption from taking part of the competence examination presented by candidates to be registered as auditors in the ROAC. The number of individual exemptions issued was 14.

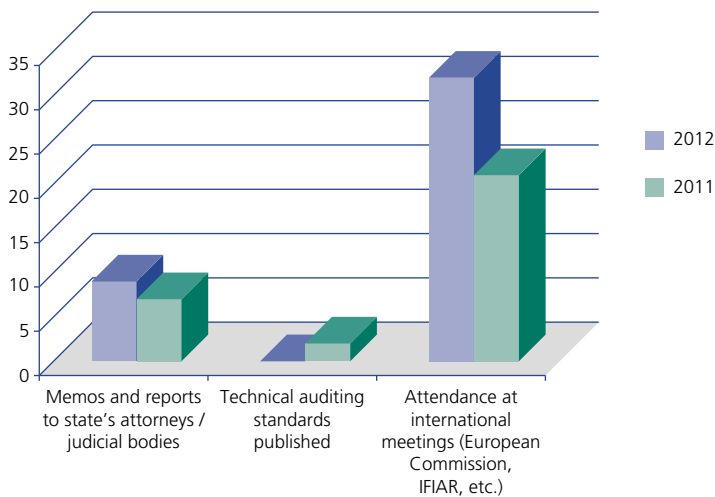
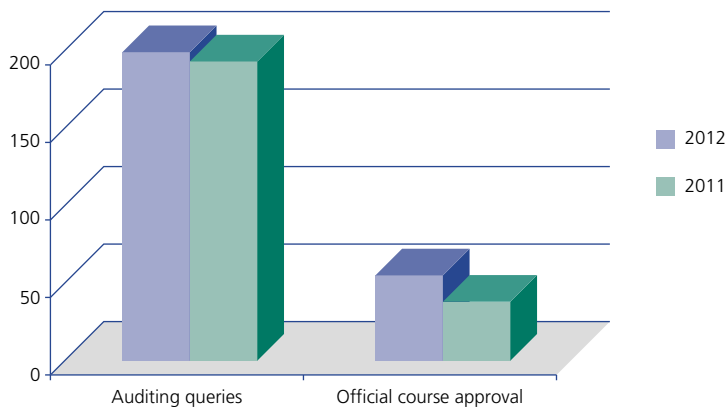
- Finally, during 2012, and in collaboration with the IT Department, the work to implant new information technologies commenced by means of the design and putting into operation of new computer applications which collaborate in attaining the aims sought by Law 11/2007, of 22 June 2007, on electronic access of citizens to public services, increasing the efficacy and efficiency of administrations by means of using information technologies and simplifying the administrative procedures among other equally relevant aspects.

In this sense, it is notable that this subdirectorate's personnel has taken part in the process of debating the two community regulation proposals on accounts auditing for modifying the current European Parliament and Council Directive 2006/43/EC of 7 May regarding legal auditing of annual and consolidated accounts and new standards regulated by the system of public interest auditors, which were presented by the Commission in November 2011; there was attendance in 2012 at the meetings of the work group in the European Union Council in which debate took place.

It has also taken part in discussions with the competent authority of the United States of America (PCAAOB) in preparing and drawing up the protocol for exchange of information that enables performing joint inspections, which was finally signed in 2012.

In short, the specific activities carried out in 2012 were as follows:

ACTIONS TO REGULATE ACCOUNTS AUDITING	2011	2012
Auditing queries	193	199
Official course approval	38	55
Regulatory reports	121	29
Technical auditing standards published	2	0
Memos and reports to state's attorneys / judicial bodies	7	9
Attendance at international meetings (European Commission, IFIAR, etc.)	21	32
Adaptation of International Auditing Standards (IAS)	–	33



## OVERSIGHT OF ACCOUNT AUDITING ACTIVITY

### Introduction

Article 27 of the revised text of the Accounts Auditing Law attributes to the ICAC management of the public supervision system, attributing to ICAC, among other functions, monitoring of accounts auditing and international cooperation. Article 28 of the aforementioned revised text also stipulated that monitoring accounts auditing activity will mainly include technical monitoring and quality assurance.

Technical monitoring consists of investigating certain audits or aspects of auditing activity to determine events or circumstances which could constitute a failure of the audits in accordance with the terms of the regulations of accounts audits.

Quality assurance consists of periodically inspecting or reviewing the work of auditors or audit firms in order to improve the quality of the audit work, primarily by means of the formulation of requests for improvement.

The ICAC's Sub-Directorate of Technical Control is responsible for supervising accounts auditing activities.

In this regard, additional provision five of the revised text regarding transparency and advertising establishes that "the Institute of Accounting and Accounts Auditing will publish an annual report containing, at the very least, the Institute's programmes or plans of action, a report on the activities carried out, general results, and conclusions drawn in relation to the quality assurance system".

### Accounts audit control activities carried out in fiscal year 2012

During 2012, for the period 01/10/2011 to 30/09/2012, a total of 62,187 accounts auditing jobs were declared, performed by 2,599 auditors and auditing companies (1,199 companies and 1,400 individual accounts auditors).

Of the total of the aforementioned accounts audit jobs, 8,400 refer to financial statements of entities considered of public interest, in accordance with that set out in art. 2.5 of the revised text of the Accounts Auditing Law and art. 15 of its implementing regulation; they were performed by 258 auditors and auditing firms.

In 2006, Directive 2006/43/EC of the European Parliament and Council, of 17 May was approved; this was regarding the legal auditing of annual and consolidated accounts, whereby Directives 78/660/EEC and 83/349/EEC of the Council were modified; and Directive 84/253/EEC of the Council was repealed, which incorporated significant changes in the external review of the quality assurance system of the auditors, to which the different European Union countries should adapt, whose transposition to Spanish law was made by Law 12/2010, of 30 June on reform of the Accounts Auditing Law. This regulation was replaced during 2011 by Legislative Spanish Royal Decree 1/2011, of 1 July, whereby the revised text of the Public Trading Company Law was approved; in 2011, its implementing regulation was also approved by Spanish Royal Decree 1571/2011, of 31 October (RAC).

Consequently, in 2010 the first inspections started to be carried out (quality assurance).

In accordance with that set out in art. 74.1 of the RAC, accounts auditors and audit firms should be periodically inspected: in the case of audits carried out for entities considered of public inter-

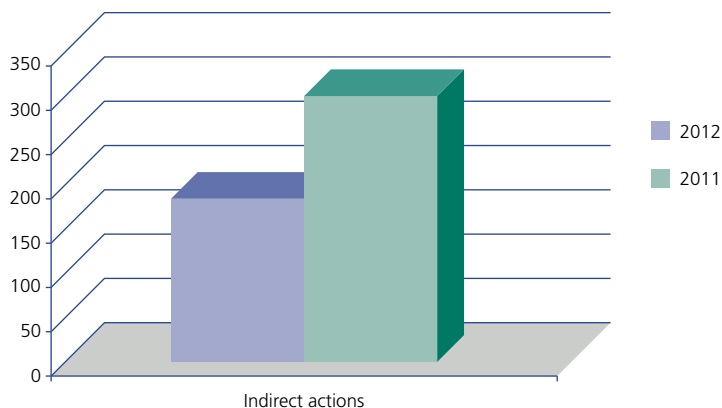
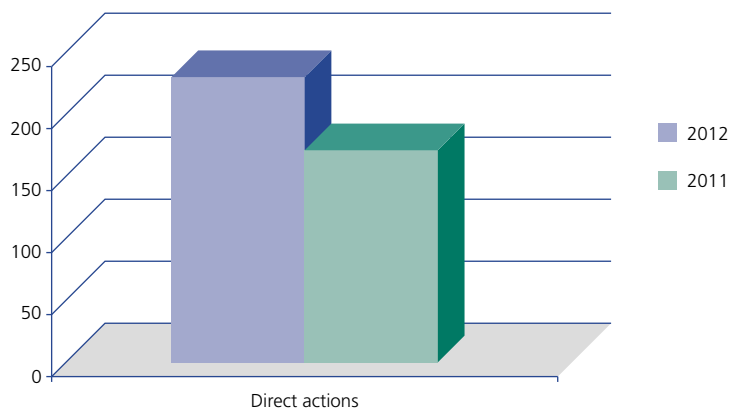
est, at least once every three years; and in the case of audits carried out for entities not considered of public interest, at least once every six years. The aforementioned periodicity will also commence from the beginning of the year following the entry into force of the RAC, that is, from 01/01/2012.

During 2012 the Subdirector General for Technical Monitoring counted on the services rendered by 18 public employees, in addition to the Subdirector General and the secretary of this subdirector, dedicated both to technical monitoring or investigations into specific works or aspects of accounts auditing, and quality assurance inspections on accounts auditors and audit firms. During the year mentioned a collaboration agreement was also signed with the firms representing the auditors, by virtue of that stipulated in additional provision three of the revised text of the Accounts Auditing Act, to perform quality assurance inspections on accounts auditors and audit firms.

- Oversight of auditing has been carried out by the institute itself to a varying extent and scope based on the features of the job under review; or, quality assurance performed by audit firms, by virtue of the collaboration agreements signed, have been supervised. Quantitatively, these oversight actions in their different forms, in 2012, give the following figures:
- Oversight actions performed directly by ICAC are focused on quality assurance inspections and technical monitoring (oversight or explanatory diligences), in addition to specific actions on certain aspects of auditing to protect independence (Obligation to rotate of art. 19 of LAC) or obligations on dissemination of information (annual report of transparency of art. 26 LAC); amounting in total to 230.
- Quality assurance review actions performed by virtue of the collaboration agreements signed with the representative firms of auditors by means of which two actions of 92 auditors have been revised, one case of internal quality assurance policies and procedures for auditors and another for review of specific accounts audits, amounting to 184 actions in total.

The following table shows the variation in actions for 2012:

OVERSIGHT ACTIONS	2012	2011
Direct actions	230	171
Indirect actions: <ul style="list-style-type: none"> <li>• Agreement revisions</li> </ul>	184	300
Total actions	414	471



Considering the previous data, during 2012 monitoring increased compared to the previous year for direct actions of technical monitoring or investigations and quality assurance inspections performed by the ICAC and reduced for quality assurance supervision actions or inspections made under the Agreement.

Article 64 of the AAR sets out that the ICAC will prepare a control plan of accounts auditing activity annually, in accordance with the means available and based on the following criteria:

- a) Results or other information that arises from quality assurance actions.
- b) Objective data that arise from the information supplied to the ICAC by accounts auditors and audit firms.

- c) Data obtained through complaints or any other type of information that the Institute may be aware of, including that which arises from the firms that represent auditors and other public bodies or institutions.

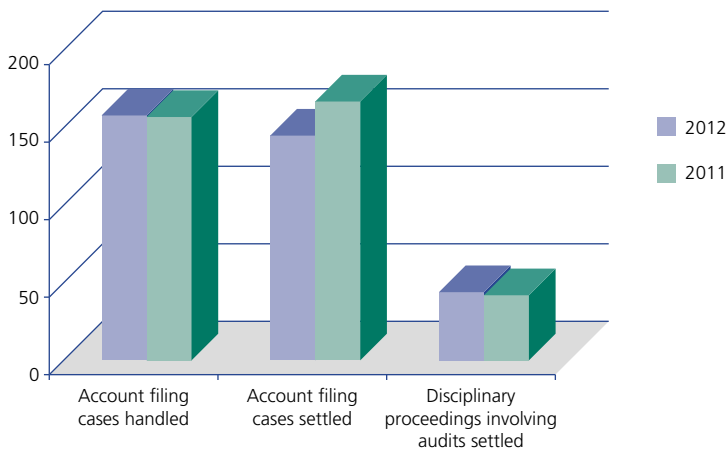
In this respect, compliance with the periodicity required by the RAC for quality assurance inspection for accounts auditors and audit firms will depend on there being an effective increase in the provision of human and material resources from ICAC.

DISCIPLINARY ACTIVITIES

The following specific actions were performed in 2012 by the General Sub-Directorate for Auditing Technical Rules:

- The Deputy Directorate General for Technical Auditing Regulations dictates, by means of the personnel comprising it, the disciplinary administrative cases for breach of accounts auditing and obligation to deposit the annual accounts in the business registry and assist the Chairman with preparing the matters under their jurisdiction stated in these cases. During this year, 158 account filing cases were handled, 145 cases were settled and there were 44 disciplinary proceedings on accounts auditing settled.

DISCIPLINARY ACTIONS	2011	2012
Account filing cases handled	157	158
Account filing cases settled	167	145
Disciplinary proceedings involving audits settled	42	44



## INTERNATIONAL ACTIVITY

The Sub-Directorates General of Technical Control and Technical Auditing Standards participate jointly and on a regular basis in the international meetings of the following organisations:

- European Union committees.
  - Audit Regulatory Committee (AuRC).
  - European Group of Auditors Oversight Bodies (EGAOB).
    - Egaob Subgroup Intra EU Cooperation
    - Egaob Subgroup Inspections
    - Egaob Subgroup ISAS
- Working groups of the Council and attendance at COREPER: Regulatory proposals.
- European Audit Independent Group (EAIG): European working group that mainly shares experiences from inspections, exchange of common findings, deficiencies over application of NIAs and dialogue with Audit firms and issuers of international regulations on accounts auditing (IAASB and IESBA).
- International Forum of Independent Audit Regulators (IFIAR): international scope and with the aim of exchanging experiences and knowledge of inspections. The ICAC has been a member of the Advisory Council (IFIAR Advisory Council) since April 2011.
- Regulator Colleges: founded as a result of the new structures of some European Audit Firms and with the aim of sharing information between regulatory members as well as planning joint inspections in the near future.
- Competent Authority of the United States of America (PCAOB).

## MANAGING RESOURCES AND OFFICIAL REGISTER OF AUDITORS

In addition to the aforementioned activities, ICAC performs other activities through the office of the General Secretariat. The most prominent of these are described below:

### Maintenance of the Official Register of Auditors (ROAC).

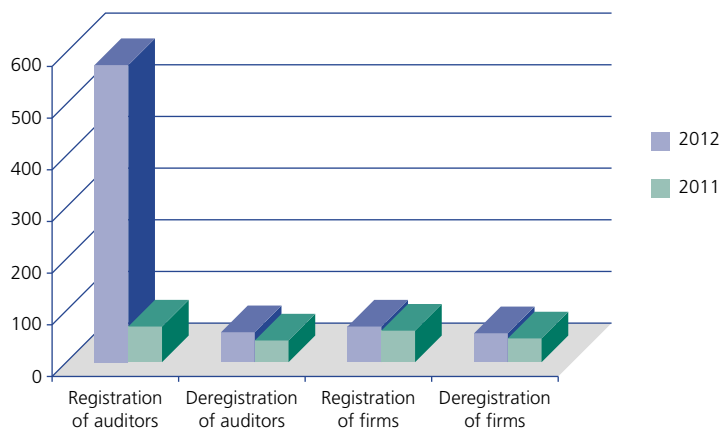
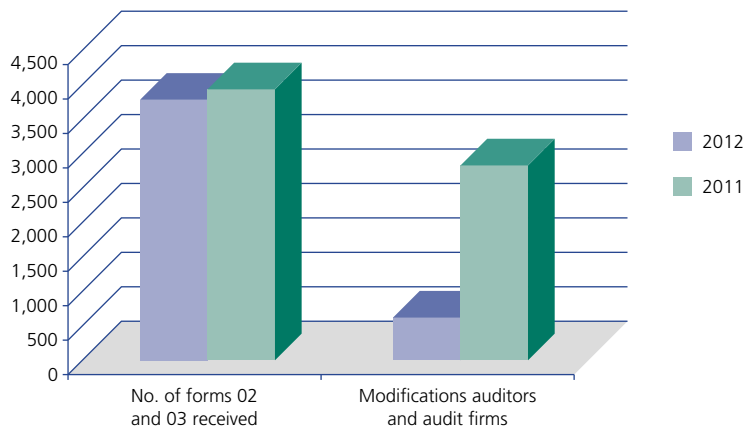
Access to the ROAC is by means of complying with the requirements and passing the tests set out in Spanish Legislative Royal Decree 1/2011, of 1 July 2011, by which the revised text of the Accounts Auditing Law and implementing regulation, approved by Spanish Royal Decree 1517/2011, of 31 October 2011, is approved. Only the auditors who are members of this Register may issue official auditors' reports.

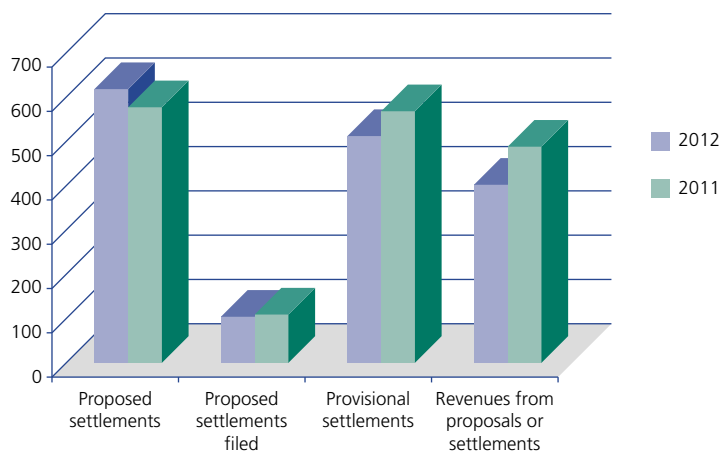
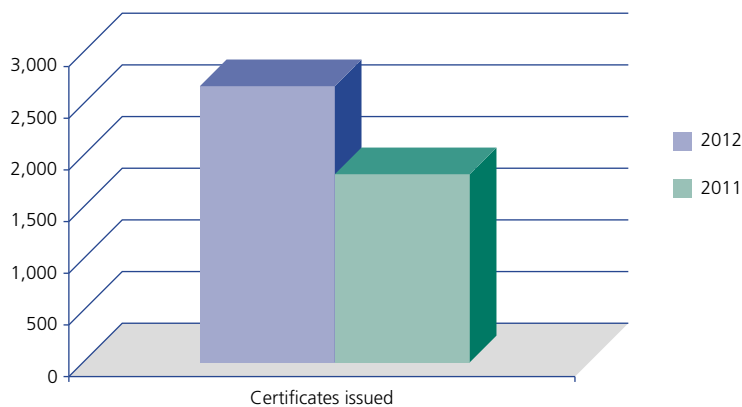
ICAC performed the following activities in relation to ROAC:

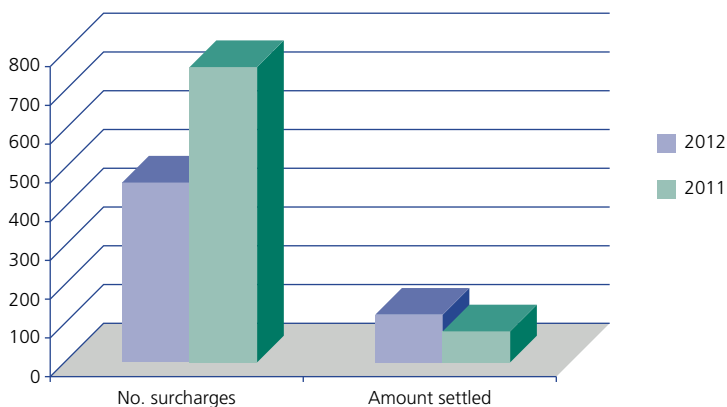
ROAC	2012	2011
No. of forms 02 and 03 received	4,201	4,370
Modifications auditors and audit firms (*)	689	3,143
Registration of auditors	575	69
Deregistration of auditors	58	42
Registration of firms	69	61
Deregistration of firms	56	46
Certificates issued	2,672	1,820
<b>TASA (Art. 44 TRLAC): CROSSOVER BETWEEN FORMS 02 / 03</b>		
Proposed settlements	618	577
Amount	296,675.51 €	157,460.80 €
Proposed settlements filed	104	109
Amount	51,886.58 €	61,898.44 €
Provisional settlements	512	568
Amount	243,233.30 €	195,600.73 €
Revenues from proposals or settlements	402	488
Amount settled	148,876.50 €	137,660.37 €
<b>Late payment surcharge (art. 27 LGT)</b>		
No. surcharges	464	762
Amount settled	8,036.72 €	11,260.01 €
<b>Executive tax collection</b>		
Debts sent to the Spanish Inland Revenue for executive tax collection	123	80
Amount	67,649.51 €	60,707.02 €

(\*) Changes to the auditors' registered addresses are not reflected in the ROAC database, which means that the specific number of changes made cannot be determined.









### Electronic administration

ICAC currently has an electronic sub-site which is part of the electronic site of the Ministry of Economy and Competitiveness.

According to the terms of Law 11/2007 on the electronic access to public services by citizens, this electronic site is available to citizens through the telecommunications networks owned, operated and administered by the public administration or an administrative body or entity in the exercise of its functions. One of the purposes of this site is to comply with the principle of accessibility to information and services by electronic means pursuant to the terms of the laws in force through systems that enable obtaining such information and services in a safe and easy to understand way and that guarantee universal accessibility and a design which can accommodate all media, channel and environments so as to ensure that everyone can exercise their rights under equal conditions, incorporating elements to guarantee accessibility by certain groups as needed. The address of the electronic website of the Institute of Accounting and Accounts Auditing is: <http://icac.gob.es>

### Regulatory Projects and the Audit Committee

Over this period 9 reports were drawn up for the Subsecretariat, 12 reports for the General Secretariat, 1 written document on complaints, and 6 sessions of the Auditing Committee.

### Research, studies, documentation, distribution and publication activities intended to develop and perfect accounting standards and the accounting profession

The quarterly publication of ICAC, the Official Bulletin of the Institute (BOICAC), contains information on aspects relevant to the accounting and auditing professions. There is also an Internet website with the most relevant regulatory information and the queries published on accounting and auditing topics are contained in the Institute's Journal for general information purposes.

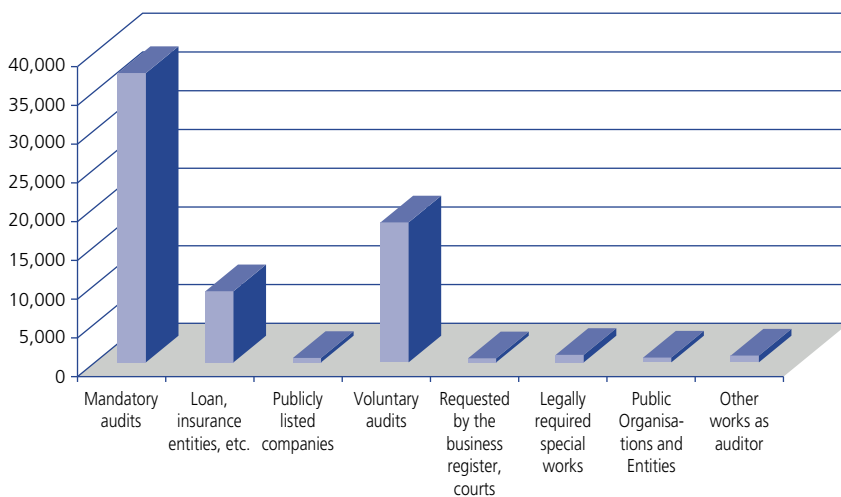
Another study published every year refers to the Auditing Situation in Spain. According to the report on the Auditing situation in Spain in 2011, published in the BOICAC number 90 (June 2012), the number of practicing auditors stood at 4,539, of whom 2,815 work individually and 2,761 by means of a firm (1,037 auditors are both partners and freelance auditors). The number of firms registered in the ROAC stood at 1,374.

A total of 10,889,033 hours was invoiced, 10,092,711 of which were billed by audit firms and 796,322 by auditors working as independent contractors.

Practicing auditors and audit firms declared a total of 68,123 auditing jobs to the ROAC in 2011.

The breakdown by type of audit is as follows:

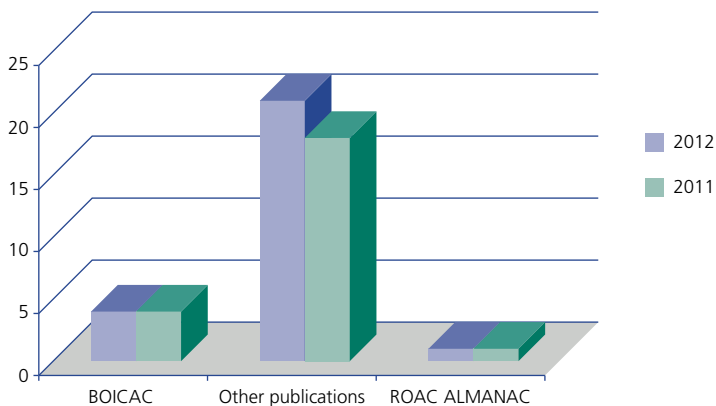
TYPE	NUMBER	%
Mandatory audits	37,332	55
Loan, insurance entities, etc.	9,178	13
Publicly listed companies	570	1
Voluntary audits	18,059	27
Requested by the business register, courts	523	1
Legally required special works	963	1
Public Organisations and Entities	619	1
Other works as auditor	879	1



In short, the specific actions in 2012 in this area compared to the year before were as follows:

	2012	2011
BOICAC	4	4
Other publications	21	18
ROAC ALMANAC	1	1

### Publications



With regard to research work, it should be noted that each year, ICAC, in coordination with the Association of University Accounting Professors (ASEPUC), awards two accounting research prizes, the "Fernández Pirla Award" and the "Carlos Cubillo Award" as well as an award for an outstanding cum laude doctoral thesis on a research topic in the field of accounting or auditing. In the sphere of performing and promoting research, study, documentation, dissemination and publishing activities for the development and perfecting of accounting regulations:

- Resolution of the Call for the "José María Fernández Pirla" Accounting Research Projects Award (20th Edition), the "Carlos Cubillo Valverde" Award for Short Research Works on Investigation in Accounting (15th Edition) and the "ASEPUC" for Doctoral Theses Award (18th Edition) (BOICAC nº 90/June/2012).
- Call for the "José María Fernández Pirla" Award for Accounting Research Projects (21st Edition), 9th "ASEPUC" Award for Doctoral Theses, the "Carlos Cubillo Valverde" Award (16th Edition) for the best paper published in the Accounting Journal and the 1st "ASEPUC" Award for Master's degree final project (BOICAC nº 92/December 2012).

In 2012, with the purpose of disseminating award-winning works in different years, this institution has continued to use digital media for articles published on paper. These works will be available on-line on the ICAC website, as they are gradually converted to electronic format.

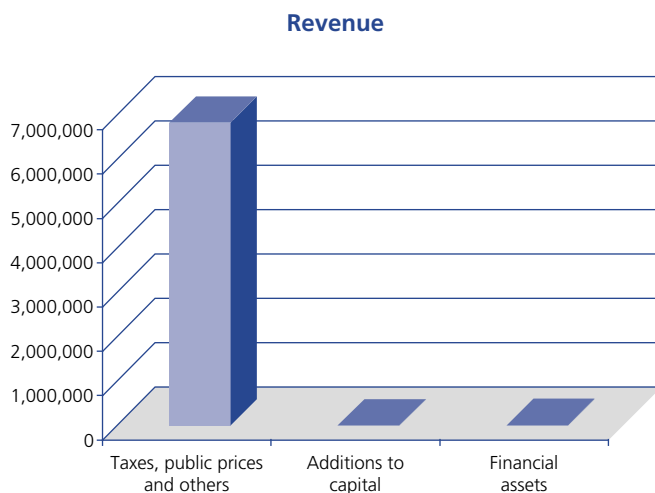
In a further effort to promote an understanding of the accounting profession and research in this field, a database called the Accounting and Auditing Index in Iberian Languages (ICALI) has been developed which includes all of the publications on file in the ICAC library and thus constitutes one of the largest lists of bibliographic titles in the fields of auditing and accounting

## ECONOMIC-FINANCIAL INFORMATION

### Economic data

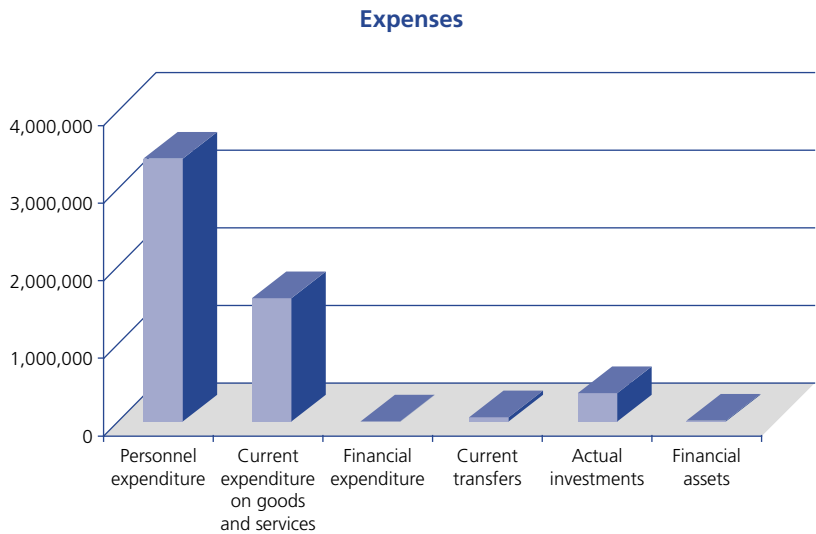
In 2012, ICAC had total revenues of 6,896,149.75 Euros, which is broken down in the table below:

Chapter	Implementation of revenue budget 2012		%
III	Taxes, public prices and others	6,890,601.43 €	99.92
V	Additions to capital	123.72 €	0.00
VIII	Financial assets	5,424.60 €	0.08
TOTAL		6,896,149.75 €	100.00



In 2012, the expenses incurred stood at 5,411,375.57 Euros, as outlined below:

Chapter	Implementation of expenses budget 2012		%
I	Personnel expenditure	3,390,948.90 €	62.66
II	Current expenditure on goods and services	1,590,312.12 €	29.39
III	Financial expenditure		
IV	Current transfers	54,000.00 €	1.00
VI	Actual investments	365,526.34 €	6.75
VIII	Financial assets	10,588.51 €	0.20
TOTAL		5,411,375.57 €	100.00



**Financing sources**

The main source of financing the ICAC budget is by means of the tax for the issuing of accounts auditing reports in addition to revenue from sales of publications; the difference is financed with the cash flow remnant. The Institute has managed without capital transfers and capital as a source of financing in 2012.

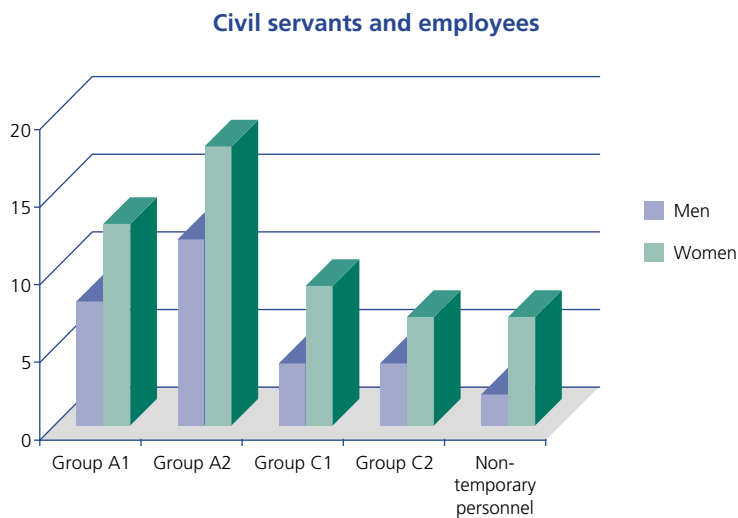
According to article 44 of the revised text of the Accounts Auditing Law approved by Spanish Legislative Royal Decree 1/2011 of 1 July, all practicing auditors and audit firms registered in the ROAC who issue audit reports must pay this fee. The revenues earned from these fees are considered ICAC’s budgetary income and are used to finance the cost of overseeing and supervising the auditing profession.



## Human resources

The means with which ICAC carried out its functions in 2012 were the following:

KINDS OF PERSONNEL	MEN	WOMEN	TOTAL
<b>SENIOR POSTS</b>		1	1
<b>OFFICE TEMPORARY PERSONNEL</b>	0	0	0
<b>CIVIL SERVANTS</b>			0
Group A1	8	13	21
Group A2	12	18	30
Group B	0	0	0
Group C1	4	9	13
Group C2	4	7	11
Professional groups	0	0	0
TOTAL	28	47	75
<b>OTHER PERSONNEL:</b>			0
Administrative contracted employees	0	0	0
Miscellaneous personnel (1)	0	0	0
TOTAL	0	0	0
<b>EMPLOYMENT-RELATED CONTRACTED EMPLOYEES:</b>			0
Fixed Cap I	2	7	9
Fixed I Temporary	0	0	0
Chapter VI	0	0	0
TOTAL	2	7	9







GOBIERNO  
DE ESPAÑA

MINISTERIO  
DE ECONOMÍA  
Y COMPETITIVIDAD

**iclalc** Instituto de Contabilidad y  
Auditoría de Cuentas