

2021. Annual Activity Report



Accounting and Auditing Institute - ICAC

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LETTER FROM THE CHAIRMAN ANNUAL REPORT OF ACTIVITIES IN 2021

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President of the Accounting and Auditing Institute

Madrid, 2022

When carrying out the presentation of the 2021 activity report of the Institute of Accounting and Auditing Institute (ICAC), the first thing to highlight is that it has been a year with relevant changes in the framework of corporate information. Specifically, two regulations with special significance have come into force: on the one hand, the modification of the General Accounting Plan approved by RD 1/2021, and on the other, the Regulation that develops Law 22/2015 on auditing of accounts approved by RD 2/2021. The second thing to note is that, together with these changes at the local level, other modifications are taking place at the international level that will undoubtedly have an impact on the future of corporate information, and in particular with regard to non-financial or sustainability information.

The continuous regulatory changes require the necessary adaptation of the Institute so that it is capable of acting in an increasingly dynamic way, with the aim of responding to the growing demands for quality assurance of corporate information, both in terms of It refers to having an adequate framework for it as well as in relation to the quality of the verification of this.

Likewise, transparency is another fundamental requirement of public activity, so that users of financial and non-financial information can access the results of the Institute's regulatory and supervisory actions under equal conditions. But transparency also operates as a control mechanism for the Institute and serves to strengthen confidence in financial information.

With regard to the supervision of the audit activity, during 2021, and in line with the previous year, the growth in the num-

ber of supervisory actions has continued. Thus, between 2019 and 2021, supervision actions (inspections and investigations) on auditors and audit firms have gone from 183 to 277. The increase in the number of inspections is particularly significant, which has been the response to the need to intensify the preventive nature of supervisory actions with the aim of guaranteeing quality verification of financial information, in particular of those who carry out audits of public interest entities.

This new supervisory approach is manifested in certain measures linked to more effective and agile communication with supervises, among which we can mention the implementation in 2021 of the "Economic-Financial Bulletin to support audit supervision" or the communication of supervisory expectations.

The Institute has made a notable effort in another line of action linked to auditors and auditing firms, which is the management of the supervision rate, updating the situation for the years 2017 to 2019 in relation to the return of income undue, the claim of debt not deposited and surcharges for deposits after the deadline.

As far as regulatory activity is concerned, the proposal for a Corporate Information Directive on sustainability has meant a notable effort for the Accounting Standardisation and Auditing Technical Standards Sub-directorates. In fact, significant changes are underway in the governance structure of the European Financial Reporting Advisory Group (EFRAG) that will lead to greater involvement and presence of the ICAC in each of the pillars on which the organisation will be structured.



The regulation of the audit activity will receive a fundamental boost in the coming months with the entry into force of the quality management standards, which will require an adaptation effort for the auditors and audit firms for which they will have the collaboration of the ICAC. For this reason, in 2021 various actions have been promoted with the representatives of the auditors through the different meetings of the Audit Committee or the Technical Standards Working Group, to which has also been added the promotion of the Independence working group.

In the accounting area, through the response to the numerous queries presented to the ICAC, the provision of a fundamental public service has continued, such as the clarification of all the necessary questions with the aim of preparing financial information of quality.

The management of the body in 2021 has had as its essential objective the quality of the public service it performs, and which today must necessarily be linked to a growing digitization that facilitates citizens' access to this service. In this way, it is necessary to understand the effort carried out by the ICT unit of the Institute in the execution of the lines of action of our Digital Transformation Plan. The most significant aspects include the start-up of a new web page, the implementation of a new electronic headquarters, the implementation of Business Intelligence to facilitate supervisory analysis, and highly highlighting the culmination of the migration of the ICAC Infrastructures to the SARA cloud of the General State Administration.

I would like to end this presentation by acknowledging

the ICAC staff characterised by their level of preparation and professionalism, which is difficult to match within the scope of the Administration and which, moreover, has been key and fundamental to achieving the objectives of the year 2021. Undoubtedly, the ICAC can face the future with optimism based on the technical and human quality of all those who are part of the Institute.

EXECUTIVE SUMMARY ANNUAL REPORT 2021

ACCOUNTING.

In this exercise, the modification of the GAP (General Accounting Plan) has been published, the objective of the reform being to achieve the adequate homogenization of the Spanish accounting regulations with international standards to guarantee the comparability of financial information, incorporating the improvements introduced by both IFRS-EU 15 Income from Ordinary Activities from Contracts with Clients, to account for income in accordance with the basic principle of transfer of control, as per IFRS-EU 9 Financial Instruments, with the aim of improving the true image of the management of financial instruments.

The ICAC Resolution for the recognition of income from the delivery of goods and the provision of services has also been published, as a complement and development of the registration and valuation rule 14a of the GAP, which has been updated in the modification of the GAP.

This process has resulted in the following standards:

- Royal Decree 1/2021, of January 12, (BOE of January 30) by which the General Accounting Plan approved by Royal Decree 1514/2007, of November 16, is modified; the General Accounting Plan for Small and Medium Enterprises approved by Royal Decree 1515/2007, of November 16; the Rules for the Formulation of Consolidated Annual Accounts approved by Royal Decree 1159/2010, of September 17; and the rules for adapting the General Accounting Plan to non-profit entities approved by Royal Decree 1491/2011, of October 24.
- Resolution of February 10, 2021, (BOE of February 13) of the Accounting and Auditing Institute, which dictates registration, valuation and preparation of annual accounts for the recognition of income for the delivery of goods and the provision of services.

Likewise, it is worth noting the growing participation in the international forums in which the Institute is present, in particular, in the activity of EFRAG in the European level (European Financial Reporting Advisory Group) and of the IASB (International Accounting Standards Board) in the international level, as well as its involvement at European level in matters of

non-financial information.

Through the international activity of the ICAC in accounting matters, the constant analysis and study of the IFRS-EU is carried out with the aim of making decisions aimed at the harmonisation of national regulations with international ones. Likewise, the ICAC has an increasingly active presence in international forums, which favours participation in regulatory projects from their most preliminary stages, achieving greater influence in decision-making and in the final result of said projects.

In terms of sustainability information, the ICAC has participated by providing both technical and financial support to EFRAG in achieving the mandate that said body has received from the European Commission to become the issuer of future European Sustainability Information Standards, subject to the approval of the proposal for a Directive on corporate information on sustainability. This Spanish support for EFRAG as the regulator of European sustainability standards will mean, in turn, that the ICAC will be represented in EFRAG with voice and vote, as well as in the Financial Council, in the new Sustainability Council and also in the new Administrative Council of EFRAG, above the previous two, assuming the President of this Institute the condition of member of the latter.

Likewise, the ICAC is part of the group of experts in the European Council representing the Spanish position in the negotiation process of the proposal for a Directive on corporate information on sustainability, which modifies, among others, the current Directive 2014/95/EU of the European Parliament and of the Council, of October 22, 2014 on Non-financial information.

AUDIT.

During 2021, Royal Decree 2/2021, of January 12, was published, approving the Regulations for the development of Law 22/2015, of July 20, on Auditing (BOE of January 30, 2021).

In addition, the Technical Auditing Standard (hereinafter, NTA) has been published on the performance of the auditor in relation to the financial statements presented in the European Single Electronic Format ESEF, which in turn required the modification of the ISA-ES 700 Revised, to adapt the Audi-

tor's report model to the content of said NTA; the International Standard on Auditing ISA-ES 250 "Consideration of laws and regulations in an audit of financial statements", ISA-ES 315 "Identifying and assessing the risks of material misstatement" and ISA-ES 610 "Using the work of internal auditors" (Revised) and internal quality control standards have been prepared, "Quality management for audit firms that perform audits of financial statements" (NIGC1-ES) and "Engagement quality reviews" (NIGC2-ES), result of the adaptation of the International Quality Management Standards 1 and 2, respectively; as well as the Technical Auditing Standard "Quality management for an audit of financial statements" (ISA-ES 220 (Revised)).

Additionally, the rest of the actions related to the regulation of Auditing, highlighting in volume, once again, queries on specific aspects of the application of Auditing regulations and regarding the obligation to deposit accounts and the applicable sanctioning regime, as well as the preparation and publication of the Resolutions of July 26, 2021, which establish the characteristics and conditions that Theoretical educational programmes must meet for their approval. The resolution that establishes the conditions for the waiver of the Theoretical educational programmes and the first phase of the professional aptitude exam and the Resolution on various aspects related to the accreditation and information of the practical training requirement required to access the Registry Accounts Auditors Official, all of them approved for adaptation to the content of the new Regulations implementing the Law on Auditing.

With regard to control activities, during 2020 a process of modernizing the organization of the inspection and investigation areas and their procedures began, with the aim of increasing the number of annual actions. As a result of this initiative, there was a significant increase in the number of inspections and investigations that have continued during 2021. The increase in the number of inspections in 2021 has been 200%, and that of investigations 11%.

Within these control activities, the areas for improvement detected in 2020 coincide in general terms with those indicated in previous years. In the actions carried out, it can be seen that the number of recommendations for improvement is reduced in cases in which several inspection cycles have been completed for the same firm, which highlights the preventive effect of the inspections and the efforts carried out by firms in improving the quality of audits. The area of independence continues to stand out, and in this financial year also those of carrying out assignments and monitoring, as aspects on which the auditors must especially focus their efforts to improve the internal quality control system.

In relation to the international area, the report highlights the main activities carried out in the international forums in which the Institute participates, through the Committee of European Auditing Oversight Bodies (CEAOB) and the IFIAR (International Forum of Independent Audit Regulators), highlighting the preparation of comment letters on the draft Interna-

tional Standard on Auditing for audits of financial statements of less complex entities, sent to the international standard-setting body in January 2022 and the publication by CEAOB of guidelines regarding the participation of the auditor in the financial statements presented in the European Single Electronic Format.

ORGANISATION AND DIGITAL TRANSFORMATION.

During the year 2021, in terms of human resources, the incorporation of 12 officials corresponding to groups A1, A2 and C1 of the General State Administration deserves special reference.

Likewise, the boost that the economic-financial service has made regarding the management procedures of the fees collected by the body with the result of more than 4,000 processed files is also noteworthy. Additionally, in the 2021 financial year, the procedure for the return of undue income was initiated ex officio.

Also during this year 2021, and through the publication of the Resolution of September 6, 2021, of the Undersecretary, the update of the ICAC Service Charter has been approved (BOE, September 15, 2021).

Lastly, from the ICAC IT Unit, continuity has been given to the execution of the action lines of the ICAC Digital Transformation Plan, which is aligned with the strategy regarding Digital Administration and Digital Public Services contained in the "Plan of Digitization of Public Administrations 2021-2025". The successful completion of the ICAC Infrastructure Migration project to the GSA's SARA cloud should be highlighted. This milestone has been one of the most significant technological achievements and, from which, the ICAC has become one of the reference organisations in having migrated practically all its services and servers to the SARA cloud, modernising infrastructures, promoting the use of common services and promoting the rationalisation of public spending.

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1. Introduction

1.1 THE ACCOUNTING AND AUDITING INSTITUTE

The Accounting and Auditing Institute (ICAC) is an autonomous body created by Law 19/1988, attached to the Ministry of Economic Affairs and Digital Transformation through the Undersecretariat, which governs its actions by the laws and general provisions that are applicable and, especially, for what is provided for this type of public bodies by Law 40/2015, of October 1, on the Legal Regime of the Public Sector, as well as what is specifically established in Law 22/2015, of 20 of July, on Auditing (hereinafter, LAC), in the Implementing Regulation, approved by Royal Decree 2/2021 (hereinafter RAC), and in its Statute, approved by Royal Decree 302/1989.

In accordance with the aforementioned regulation, the ICAC is responsible for two large blocks of functions, on the one hand, those that refer to accounting standardisation and, on the other hand, those that correspond to the audit of accounts.

In terms of accounting regulation, the powers of the ICAC are set out in article 2 of its Statute:

- Carrying out the technical work and proposal of the General Accounting Plan adapted to European regulations and the Laws that regulate these matters, as well as the approval of the adaptations of this Plan to the different sectors of economic activity.
- The establishment of the development criteria of those points of the General Accounting Plan and of the sectoral adaptations of the same that are deemed appropriate for the correct application of said standards, which will be published in the Institute's Bulletin.
- The permanent improvement and updating of the accounting planning, for which purpose it will propose the necessary legislative or regulatory modifications to harmonise them with the provisions issued by the European Union or in accordance with the accounting progress itself.
- Carrying out and promoting research, study, documentation, dissemination and publication activities necessary for the development and improvement of accounting standardisation.
- Coordination and technical cooperation in accounting ma-

tters with International Organisations, and in particular with the European Union, as well as with nationals whether Public Law Corporations, associations or dedicated to research.

In the field of auditing, in accordance with the provisions of article 46 of the LAC, the ICAC is the authority responsible for the public supervision system and, in particular, for the following functions:

- Authorization and registration in the Official Register of Auditors and audit firms. Said registration is a necessary condition for the exercise of the audit in Spain, and this registration depends on the ICAC.
- The adoption of rules on ethics, internal quality control rules in the audit activity and technical auditing rules in the terms provided in this Law, as well as the supervision of their proper compliance.
- Continuous training of Auditors .
- Regular surveillance of the evolution of the market for Auditing services in the case of public interest entities.
- The disciplinary system.
- The inspection and investigation system.

On the other hand, article 283 of the Consolidated text of the Law on Capital Companies attributes to the ICAC the sanctioning power for the case of non-compliance by the administrative body of the Companies with the obligation to deposit the annual accounts within the established period.



1.2 STRATEGY

During 2021, the ICAC has continued with its mission of generating confidence and security in the economy by providing an adequate regulatory framework to guarantee the reliability of financial information, from the point of view of its formulation (accounting), and from the point of view of its verification (audit), acting as the main dynamic element of quality in the exercise of the audit activity carried out in Spain.

Likewise, this Institute has continued during the year 2021 with the objective of modernising itself through the materialisation of certain specific actions, both in terms of digitization and in terms of accounting regulation and supervision of the exercise of the Audit activity . All of this while always bearing in mind the values of the ICAC that guarantee that all its activity is directed to achieving its mission under the highest standards of

behaviour, both of the institution and of its staff.

For the exercise of the entrusted functions, the ICAC establishes its audit activity action plans on an annual basis. During 2021, the Control Plan has been published on the ICAC website and in it the fundamental lines of the actions to be carried out were established.

In compliance with the provisions of article 61 of the LAC, the Institute publishes this activity report, as well as the general results and conclusions reached in the inspections on the quality control systems of the auditors carried out in the year 2021.

1.3 GOVERNING BODIES

PRESIDENT.

With the category of General Director, he is appointed by the Government, at the proposal of the Minister of Economic Affairs and Digital Transformation, and holds the legal representation of the ICAC, exercising the powers determined by regulation.

ACCOUNT AUDIT COMMITTEE.

Body to which matters related to audit matters must be submitted for consideration by the President.

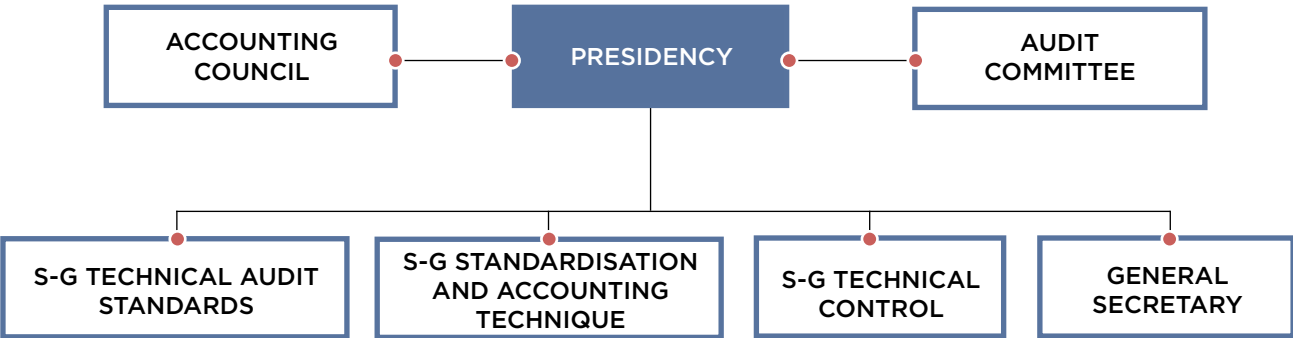
ACCOUNTING COUNCIL.

Competent body, once the Accounting Advisory Committee has been heard, to assess the suitability and adequacy of any regulatory proposal or interpretation of general interest in accounting matters with the Conceptual Framework of Accounting regulated in the Code of Commerce.

ACCOUNTING ADVIRSORY COMMITEE.

Advisory body of the Accounting Council. Said Committee will be made up of accounting experts of recognized prestige in relation to financial economic information, representing both public administrations and the different sectors involved in the preparation, use and disclosure of said information.

1.4 ORGANIC STRUCTURE



The competencies of each of these Subdirectorates General are set out on the ICAC website at the following link <https://www.icac.gob.es/icac/competencias#secretaria-general> and in section V.1 Organisational structure of section V. Organisation and management of the ICAC of this activity report. Assigns this Law and those determined by regulation.

<https://www.icac.gob.es/icac/competencias>



2. Accounting Area

2.1 INTRODUCTION

In the field of financial information, in 2021 the process of modifying the General Accounting Plan and its complementary regulations was completed (rules for the formulation of the consolidated annual accounts and rules for adapting the General Accounting Plan to non-profit entities), approved by Royal Decree 1/2021, of January 12, published in the BOE (Official State Journal) of January 30, 2021. This modification has had the consequent impact on the interpretive work of the accounting regulations of the Institute.

On the other hand, in the field of non-financial information, this Institute has been participating in the negotiation of the proposal for a Corporate Information Directive on sustainability. Likewise, the Institute has supported EFRAG as the future issuing body of the sustainability standards of the European Union, assuming the commitment to join the group of the main contributors to the new sustainability pillar.

2.2 NORMATIVE ACTIVITY

Modification of the GAP

In the 2021 financial year, Royal Decree 1/2021, of January 12, came into force, amending the General Accounting Plan approved by Royal Decree 1514/2007, of November 16; the General Accounting Plan for Small and Medium Enterprises approved by Royal Decree 1515/2007, of November 16; the Rules for the Formulation of Consolidated Annual Accounts approved by Royal Decree 1159/2010, of September 17; and the rules for adapting the General Accounting Plan to non-profit entities approved by Royal Decree 1491/2011, of October 24. With this Royal Decree, the General Accounting Plan and its complementary rules (rules for the formulation of the consolidated annual accounts and rules for adapting the GAP to non-profit entities) are modified to adapt these texts to the recent accounting regulations of the Union European Union, in terms of financial instruments and recognition of income from ordinary activities.

The modification of the General Accounting Plan has been carried out under the premise that the incorporation of international criteria in individual accounts in substitution of those in force should only be accepted when it is evident that the new treatment of the International Financial Reporting Standards of the European Union (IFRS-EU) is more useful and suitable for

users of individual annual accounts in making economic decisions; either because it simplifies the understanding of the financial statements or because the requirements that are incorporated are proportional and appropriate to the nature and size of the companies to which it applies.

The objectives of the standard can be summarised as follows:

- Harmonise our accounting system with international accounting regulations on financial instruments and revenue recognition, in accordance with the criteria of simplification, proportionality and adequacy. Specifically, the objective has been to introduce the necessary changes to adapt the registration and valuation standard 9.a “Financial instruments” and the registration and valuation standard 14.a “Income from sales and provision of services” to the IFRS-EU 9 and IFRS-EU 15, respectively.
- Reform the GAP and its complementary provisions from the perspective of the relevance of the new international criteria for non-financial companies.
- Carry out an analysis of the international criteria from a critical perspective so as not to include in the GAP and its complementary provisions the rules that are

not considered to introduce an improvement in the relevance and reliability of the financial information of the entities that apply the GAP.

The main novelties that are incorporated into the GAP as a result of this modification are the following:

- Adaptation of the registration and valuation standard 9.a to IFRS-EU 9, especially in terms of classification and valuation of financial instruments, as well as in relation to the treatment of accounting hedges. With regard to the value impairment model, it is important to mention that it has been decided not to incorporate the model based on the concept of expected loss introduced by the aforementioned IFRS-EU into the GAP, but instead maintains the criteria been applying to date, based on the loss incurred, considering that it is more useful and appropriate in the field of non-financial companies.
- Review of the definition of fair value included in section 60.2 of the Conceptual Framework for Accounting, in line with IFRS-EU 13 Fair value measurement.
- Adaptation of the registration and valuation standard 14.a to IFRS-EU 15 in terms of income recognition to incorporate the basic principle consisting of recognizing income when the transfer of control of the goods or services committed to the client occurs and by the amount that is expected to be received from the latter, based on a sequential process of stages.

The General Accounting Plan for Small and Medium Enterprises has also been modified, but with a very limited scope consisting of introducing a technical improvement related to the appropriate criteria for presenting capital increases, the criteria for accounting for the application of the result in the partner and the standard for preparing the report, in addition to aligning the definition of fair value to the concept incorporated in the General Accounting Plan.

RIAAA income: In 2021, the Resolution of February 10, 2021 Accounting and Auditing Institute was published in the Official State Journal (BOE) of February 13, 2021, which develops the rules for registration, valuation and preparation of annual accounts for the recognition of income for the delivery of goods and the provision of services. With this Resolution, the accounting criteria to be followed in the recognition of income for the delivery of goods and provision of services are completed and homogenised to improve the regulatory system and increase legal certainty, following the scheme set by international regulations, by regulating in detail a greater casuistry for which, in some operations, the practice had manifested itself heterogeneous.

The Resolution constitutes the regulatory development of the income recognition criteria for the delivery of goods and the provision of services. With the modification of the registration

and valuation rule 14a of the General Accounting Plan, the basic principle has been incorporated consisting of recognizing income when the transfer of control of the goods or services committed to the client occurs and for the amount that is expected. receive from the latter, from a sequential process of stages. In addition, in the third part of the Plan, the information requirements to be included in the report have been expanded.

With this Resolution, a set of interpretations are made available to the users of the annual accounts, in particular, to the companies and their auditors, which allow adequate compliance with the respective obligations imposed on them by our legal system.

The objectives of the standard can be summarised as follows:

- Achieve the necessary homogenization between the international accounting regulations and our accounting system in terms of revenue recognition for the delivery of goods and the provision of services, which was already taken as a reference to draft the registration and valuation standard (NRV) 14a. Income from sales and provision of services of the General Accounting Plan.
- Improve the quality of financial information, particularly in terms of revenue recognition, so that revenue will be recognized when the company transfers control of the goods or services to customers for the amount that reflects the consideration to which it expects to be entitled the company.
- Establish the criteria for revenue recognition, based on a sequential process of 5 stages, for which it begins by establishing the rules that allow the contract to be identified (including the guidelines regarding the combination and modification of contracts). A main aspect of the method is undoubtedly the part dedicated to identifying the obligations to be fulfilled that are accumulated explicitly or implicitly in the agreement.

RIAAA Group company operations: In the month of May 2021, the prior public consultation on the draft accounting standard for operations between group companies was published on the ICAC website, and work continued on the draft of the Institute's Draft Resolution of Accounting and Audit of Accounts by which the concept of group of companies and the registration, valuation and preparation of the annual accounts are developed to account for the operations between group companies.

In Spanish accounting law, the definition of a group of companies has a double meaning. On the one hand, the group defined in article 42 of the Commercial Code (CCo), developed by regulation by article 2 of the Rules for the Formulation of

Consolidated Annual Accounts (NOFCAC in Spanish), approved by Royal Decree 1159/2010, of September 17, whose existence determines the obligation to prepare consolidated annual accounts, unless any of the exemption assumptions may apply.

And on the other, the group made up of all the companies subject to the same decision-making unit. This expanded or horizontal group is defined in the Standard for preparing annual accounts (NECA in Spanish) 13a. Companies of the group, multi-group and associates of the third part of the General Accounting Plan (GAP) approved by Royal Decree 1514/2007, of November 16, and in NECA 11a. Group companies, multi-group companies and associates of the third part of the General Accounting Plan for Small and Medium-sized Companies (PGC-PYMES) approved by Royal Decree 1515/2007, of November 16 (hereinafter, references to NECA 13a of PGC must also be understood as made to NECA 11a of the PGC-PYMES) and which is also referred to in article 260 of the consolidated text of the Capital Companies Law. Accounting implications for a company derive from this concept in its individual annual accounts, it being usual in practice that as part of a NECA 13a group, a group that meets the definition included in article 42 of the CCo is integrated.

The GAP includes in its Second Part the registration and valuation standards that develop the accounting principles and other provisions contained in the First Part related to the Conceptual Framework of Accounting. The registration and valuation standard NRV 21a of the PGC and NRV 20a of the PGC-SMEs regulate operations between group companies.

Section 2 of NRV 21a of the GAP and of NRV 20a of the GAP-SMEs deal with the particular accounting treatment of restructuring operations between group companies with the aim of providing legal coverage for the accounting record of most of the operations of this nature that Spanish companies currently carry out.

For this reason, it is considered opportune to complete the development of the GAP, the GAP-PYMES and the NOFCAC on operations between group companies and review the numerous interpretations published by the ICAC on this matter with the aim of improving the accounting regulation systematic of this matter.

To this end, in 2021 a working group has been created in which representatives of various institutions and experts of recognized prestige in accounting matters participate, with the task of preparing a draft Resolution Project of the Accounting and Auditing Institute which develops the definition of group companies and the rules for registration, valuation and preparation of annual accounts for the accounting of operations between group companies, with the aim of developing and grouping all the doctrine issued by the ICAC up to the date. During the year 2021 said working group directed within the ICAC has met five times.

At the international level, the International Accounting Standards Board (IASB), the body responsible for issuing Inter-

national Financial Reporting Standards (IFRS), has dealt with the concept of a group of companies in IFRS 10 Consolidated Financial Statements adopted by the European Union, but To date, it has not dealt with regulating restructuring operations between group companies, neither in the consolidated accounts of a subgroup nor in the so-called separate financial statements (similar to the individual annual accounts).

This situation of regulatory vacuum has generated divided opinions on the proper accounting treatment of these operations in the preparers of financial information that follow the IFRS framework, as is clearly seen in view of the document (DP) published in November 2020, with reference DP/2020/2, with comments received on September 1, 2021, which includes the background, analysis and preliminary opinion of the IASB on the accounting treatment of the so-called Business Combinations under common control (Business Combinations under Common Control). The Institute issued its letter of comments to the DP in which the perspective of the Spanish regulations was transferred, taking into account that in this area the PGC has already addressed a regulation that in the international arena was in a regulatory vacuum.

In this context, the opportunity to specify the concept of group company, the definition of business and the accounting treatment of operations between group companies taking international developments as a reference is evident. All this, without prejudice to the fact that the principle of normative hierarchy, logically, prevents the resolution from including solutions contrary to the criteria expressly stated in NRV 21a.2 of the GAP.



2.3 ATTENTION OF QUERIES

QUERIES	2021	2020	2019
ISSUED QUERIES	352	309	384
PUBLISHED QUERIES	12	12	14

As regards the matters subject to consultation, the publication of the reform of the GAP and of the Resolution on the recognition of income for delivery of goods and provision of services has had the expected impact on the interpretative work of the Institute. The treatment of aid and extraordinary measures adopted to deal with the COVID-19 health crisis have also been subject to interpretation in accounting matters.

Consultations that are considered to be of general interest are published in the quarterly Official Bulletin of the Institute. Specifically, in 2021 the following queries have been published:

- Query 1 of the BOICAC number 125, of March 2021: On the accounting treatment of the rent reductions agreed in an operating lease contract for business premises due to the extraordinary measures adopted by the Government to deal with the effects of the COVID-19 health crisis.
- Query 2 of the BOICAC number 125, of March 2021: On the accounting of an aid associated with the guarantee of a loan granted by the ICO.
- Query 3 of the BOICAC number 125, of March 2021: On the obligation to present the statement of non-financial information and its publication on the website.
- Query 1 of the BOICAC number 126, of June 2021: On the application of the result in the partner when the investee company and any group company owned by the latter do not apply GAP.
- Query 2 of the BOICAC number 126, of June 2021: On the components of the turnover.
- Query 1 of the BOICAC number 127, of September 2021: On the accounting treatment of a capital increase for debt compensation.
- Query 2 of the BOICAC number 127, of September 2021: On the accounting treatment of the acquisition

of an impaired loan with mortgage guarantee, before and after the reform introduced in the General Accounting Plan by Royal Decree 1/2021, of 12 from January.

- Query 3 of the BOICAC number 127, of September 2021: On the increase to the year of the net amount of the turnover when the year is less than twelve months, in accordance with the provisions of article 34.11 of the RIAAA of February 10 2021 revenue.
- Query 1 of the BOICAC number 128, of December 2021: On the origin of the registration of a deferred tax liability in consolidated accounts for the taxation of dividends derived from the limitation to 95% of the exemption for dividends and capital gains established in article 21 of Law 27/2014, of November 27, on Corporation Tax.
- Query 2 of the BOICAC number 128, of December 2021: On the accounting treatment of the delivery without consideration of a property in the purchase of another fixed asset.
- Query 3 of the BOICAC number 128, of December 2021: On various issues related to the application of the Resolution of February 10, 2021 of the ICAC, which dictates registration, valuation and preparation of annual accounts for the recognition of income from the delivery of goods and the provision of services (RIAAA of income) by a company that applies the GAP for SMEs.
- Query 4 of the BOICAC number 128, of December 2021: On the obligation to provide information in the memory of the classification by maturity of financial assets that have a determined or determinable maturity.

2.4 INTERNATIONAL ACTIVITY

In the field of accounting regulation, international activity is essential for the ICAC, given the convergence strategy of Spanish accounting law with the international accounting standards adopted by the European Union (IFRS-EU), and also taking into account the application of said IFRS-EU for the formulation of the consolidated accounts of the Spanish listed groups, in application of Regulation 1606/2002, of the European Parliament and of the Council, of July 19, regarding the application of international accounting standards.

It is necessary to highlight the commitment of the Institute to have an even more active presence in the EFRAG (European Financial Reporting Advisory Group), with the aim that our country contributes more directly to the development and promotion of European opinions in the field financial economic information, so that these assessments are properly considered by the IASB (International Accounting Standards Board) from the outset, in the process of preparing international financial reporting standards.

It is also worth mentioning the relevant participation in the meetings of the Accounting Regulation Committee (ARC), chaired by the European Commission.

The ICAC also participates in various international forums on financial information, specifically in the meetings organised by the IFASS (International Forum of Accounting Standard Setters), the annual conference of accounting regulators worldwide (WSS) organised by the IASB, as well as the conferences organised by ISAR-UNTACD (International Standards of Accounting and Reporting), belonging to the UN.

The following sections include the most outstanding aspects of the ICAC's activity in the international arena.

EFRAG.

EFRAG, created in 2001, contributes to the process of developing international accounting standards and provides the EU with expert technical advice on accounting matters. Two ways can be distinguished in which EFRAG collaborates with the EU in the development of financial reporting regulations. On the one hand, it brings the European point of view to the IASB in the different phases of the process of developing and revising its standards. On the other hand, it provides advice to the EU in the process of adopting the standards and interpretation of the IASB through Community Regulations. All this with the

aim that the EU speaks with a single voice in matters of financial information.

EFRAG's main responsibility is, precisely, to convey these opinions in a convincing, clear and consistent manner, after listening to all interested parties, taking into account the specific circumstances of European origin, thus participating in the accounting standardisation process that leads to out the IASB, with the legitimacy of representing the European voice.

EFRAG, in addition to carrying out proactive research activities to promote the search for solutions at an international level on issues of concern in Europe in accounting matters, has the mission of providing advice to the Commission on the adoption of standards issued by the IASB, including the assessment of whether they pursue the European public good, that is, assessing not only technical aspects, but also whether the new accounting standard has effects in terms of stability, economic development and competitiveness.

The accounting convergence strategy towards these standards followed in Spain at the local level, based on a critical analysis of European regulations, allows us to face this task with solvency and contributes to enriching the debate on the new pronouncements that are adopted at the international level.

In this sense, the ICAC is a member of the EFRAG General Assembly, the competent body to appoint the EFRAG president, vice president and the members of the Council. The President of the Council is appointed by the European Commission after having heard the Council of the European Union and the European Parliament. The General Assembly is also competent to approve the financial statements and the budget for the coming year, for the appointment of the members of the European Laboratory Steering Group (European Lab Steering Group, created by mandate of the Commission with the aim of stimulating innovations in the field of corporate reporting in Europe by identifying and sharing good practices), and to exercise general supervision over the Council, respecting the sole responsibility of the Council for positions taken on all financial reporting matters and over the European Laboratory Steering Group .

The ICAC has a voting seat on the EFRAG Council, which is competent to approve EFRAG's audited financial statements, its annual budget, as well as its Statutes and Internal Rules. It is responsible for all the opinions issued and positions adopted in the analysis of IFRS and in advising the European Commission, which are determined in a decision-making process by consen-

sus, with the aim of constituting and representing the European voice regarding financial information. The Board makes all its decisions after analysing the expert advice provided by the EFRAG Technical Expert Group (TEG), after hearing the Accounting Regulatory Committee (ARC) chaired by the European Commission, and having examined the broader economic outlook. wide.

By forming part of the ICAC, as the national accounting regulator, of the EFRAG Council as a member with voice and vote for a renewable three-year mandate, it is ensured that the vision of the Spanish accounting regulator regarding the needs of the users of the annual accounts and the The opinion of Spanish companies is taken into account in the preparation and approval processes of the aforementioned accounting standards, which are then going to be applied by the European listed groups.

In addition, the ICAC participates in the quarterly meetings held by EFRAG with the European national accounting regulators in the Consultative Forum of Accounting Regulators (EFRAG CFSS). In these meetings, the specific positions that EFRAG will adopt when participating in the meetings of the Accounting Standards Advisory Forum (ASAF) of the IASB as a member representing the European accounting regulators are agreed upon.

The ICAC, as a result of its international activity, has participated and issued comment letters both on draft standards in their different phases prepared by the IASB, and on the advisory reports issued by EFRAG in relation to the adoption of standards, interpretations or amendments. issued by the IASB. And finally, it has participated in the debate and vote at the ARC headquarters on the adoption in the European Union of the standards and interpretations issued by the IASB.

Among other relevant projects in which the ICAC has expressed its position, both before the EFRAG and the IASB, it is worth mentioning ED/2021/1 Regulatory assets and regulatory liabilities, which seeks to improve the financial information of companies that sign regulatory agreements, and the DP/2020/2 Combinations under common control that seeks to establish registration and valuation standards and information in the memory of the operations that entail a business combination within the scope of the common control of the entities that carry them out.

On the other hand, EFRAG is currently immersed in a development phase that, by mandate of the European Commission for the preparation of the European Sustainability Information Standards, will represent both an organisational and a technical challenge. During 2021, EFRAG has undertaken a process of reforming its governance structure to comply with the mandate received from the European Commission. With this reform, EFRAG is divided into two pillars: one focused on financial information and the other on information on sustainability. This reform will involve almost doubling the human resources of EFRAG and its governing bodies. The ICAC has also confirmed its participation as a member of this new pillar of sustainability, supporting this new challenge from the beginning, both from a technical point of view, participating in the meetings held in order to achieve it, and from a financial point of view, since it is expected that from Spain participates in the finan-

cing of this new pillar. This Spanish support will mean, in turn, that the ICAC will be represented in addition to the EFRAG Financial Council, in the new EFRAG Sustainability Council with voice and vote and also in the new EFRAG Administrative Council with voice and vote through of the presence of the President of this Institute.

ACCOUNTING REGULATORY COMMITTEE.

The Accounting Regulatory Committee (ARC), chaired by the European Commission and made up of representatives from EU countries, decides on the adoption of IFRS based on advice reports received from EFRAG.

The main issues discussed in 2021 have been the terms of the final adoption of IFRS 17 Insurance Contracts, the study on the effects of the application of IFRS 9 Financial Instruments after its entry into force and the information on sustainability, both in terms of that affects the review of the European regulations affected as well as the mandate entrusted to EFRAG as the issuing body of the future European standards of sustainability information.

OTHER ACTIVITIES.

Attendance at the virtual meeting of national accounting regulators (NSS), held in spring organised by IFASS virtually. In this meeting, the opinions and different experiences of the different jurisdictions about projects such as the new role of EFRAG as issuer of future European Sustainability Information Standards, the study of the effects of the application after the entry into force of the consolidation package, i.e. IFRS 10, IFRS 11 and IFRS 12, and the project to develop international regulations for non-profit entities. This Institute also attended the NSS meeting organised online by IFASS in the fall. At this meeting, issues such as climate information, information on intangible assets, and other projects such as the review of the equity method were discussed.

Attendance and participation in the world annual meeting (WSS) held by the IASB in London virtually for accounting regulators. In these meetings, the IASB carries out an extensive update of the normative projects on which it is working. The status of the revision project of the guide for the preparation of the Management Report was updated, the challenges of information on sustainability and its connection with financial information and the difficulties that the health crisis caused by COVID-19 has exposed. course for everyone involved in financial reporting.

Collaboration with the IASB and EFRAG through the issuance of reports and comment letters on the proposed standards and accounting interpretations of the IASB and the Interpretations Committee and on EFRAG's comments on them.

- Attendance and participation in the meetings of the working group of accounting experts (ISAR) within UNCTAD (UN).

This year has been the first in which the entire agenda has focused on information on sustainability. On the one hand, a review was made on the practical application of the main indicators used by companies to report said information and to advance

towards compliance with the Sustainable Development Goals (SDG) established by the UN for 2030. On the other hand, the good practices observed regarding the reporting of information related to the climate were exposed and analysed.

- Participation in bilateral meetings both with the Commission and with other European accounting regulators.

2.5 ACCOUNTING BOARD AND ACCOUNTING ADVISORY COMMITTEE

The Accounting Advisory Committee is established to advise the Accounting Board, which has also met twice during the year 2021. Said Committee will be made up of accounting experts of recognized prestige in relation to economic-financial information, representing both the Public Administrations and the different sectors involved in the preparation, use and disclosure of said information.

The regulatory and interpretation proposals on which the Accounting Board has resolved during the year 2021 have included:

- The Draft Circular of the National Securities Market Commission, on accounting standards, annual accounts and financial statements of Investment Services Companies and their consolidatable groups, Management Companies of Collective Investment Institutions and Management Companies of closed-end Entities .
- Draft Circular X/2021 of the Bank of Spain, which modifies Circular 4/2017, of November 27, to credit institutions, on public and reserved financial information standards, and models of financial statements, and Circular 4/2019, of November 26, to financial

credit establishments, on rules of public and reserved financial information, and models of financial statements.

- Presentation and discussion of a query on the accounting treatment of rent reductions agreed in a business premises lease contract due to the extraordinary measures adopted by the Government to deal with the effects of the COVID-19 health crisis.
- Presentation and debate of a consultation on the accounting treatment of the obligatory contributions to be made by the Port Authorities to the Port Land Accessibility Financial Fund (FFATP in Spanish).
- Presentation and discussion of a consultation on the accounting treatment of a capital increase for debt compensation.
- Presentation and debate of a consultation on the accounting treatment of the acquisition of an impaired loan with mortgage guarantee, before and after the reform introduced in the General Accounting Plan by Royal Decree 1/2021, of January 12.



2.6 NON-FINANCIAL INFORMATION

Non-financial information is regulated in Directive 2014/95/EU of the European Parliament and of the Council, of October 22, 2014, which modifies Directive 2013/34/EU, at the international level, and in the Law 11/2018, of December 28, at the national level.

As a result of a public consultation carried out by the Commission in 2020 to assess the degree of satisfaction of the Member States with the existing regulations, the Commission made a commitment to review the Non-Financial Information Directive as part of the European Green Deal.

In April 2021, the Commission published a proposal for a Directive amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, with regard to corporate information on sustainability.

During 2021, this proposal has been intensively debated by

the group of company law experts within the European Council, with the ICAC participating in said debate as a representative of the interests of Spain in terms of the scope, content and verification of the sustainability information.

Furthermore, EFRAG has been mandated by the Commission to develop future European sustainability reporting standards. To carry out this mandate, EFRAG has reformed its governance structure, dividing itself into two pillars, one for reporting financial information and the other for reporting on sustainability. The ICAC, as a member of EFRAG, has also participated in this reform process and has confirmed its future participation in both pillars.

Finally, at the national level, during 2021 various queries have been answered about the interpretation in the application of the national regulation of non-financial information.



2.7 COLLABORATION WITH OTHER AGENCIES AND INSTITUTIONS

The activity of the ICAC in relation to financial information includes collaboration with a wide variety of organisations and institutions, among which the following stand out during the year 2021:

1. Preparation of mandatory reports regarding the standards prepared by other bodies of the Public Administration or other Public Institutions. Specifically, the reported requests have been:

MANDATORY REPORTS	
INFORMED REQUESTS	
2021	2020
185	210

2. Review of the translations of several International Financial Reporting Standards issued by the IASB and adopted by the European Union through the Accounting Regulation Committee in order to be published in the Official Gazette of the European Union, a task carried out by the Translation Committee created to effect.
3. Collaboration with the Central Balance Sheet of the Bank of Spain in the review, and where appropriate, modification of the deposit models of the individual

and consolidated annual accounts in the Mercantile Registries, in order to facilitate the understanding of their content, comparability and a agile treatment, storage and publication by the Commercial Registry, and that are approved by the Ministry of Justice. .

4. Collaboration with the General Directorate of Insurance and Pension Funds in the analysis of IFRS 17 Insurance Contracts to decide the Spanish position in the debate on the terms of the definitive approval by the European Union.
5. Collaboration and assistance in accounting matters at meetings of the Higher Sports Council within the Mixed Commission for the transformation of clubs into sports corporations.
6. Collaboration with the XBRL Spain association, through the appointment of a member of this Sub-directorate as chairman of the GAP2007 and GAP-SME2007 Taxonomy Subgroup and as chairman of the Taxonomy of Standards Subgroup for the formulation of the consolidated annual accounts, participating in meetings related to this matter.
7. Additionally, continuous collaboration has been provided with the General Comptrollership of the State Administration and with the General Directorate of Taxes in relation to the evacuation of queries formulated on the accounting treatment of specific situations.

3. Audit Area

3.1 INTRODUCTION

The audit activity is an essential element of the market economy system, contributing to the transparency and reliability of the economic-financial information of the audited companies.

The public supervision of the activity, attributed to the ICAC, contributes to compliance with the rules that govern the activity through vigilance and discipline, which reinforces confidence in said activity.

During the year 2021, the activity of the Institute in the field of auditing has had as fundamental elements the carrying out of supervisory actions, as well as the updating in normative matters of the Resolutions that establish the characteristics and conditions that the theoretical teaching programs must meet for its homologation; the conditions for the exemption of the Theoretical educational programmes and the first phase of the professional aptitude exam and the Resolution on various as-

pects related to the accreditation and information of the practical training requirement required to access the Official Registry of Auditors of Accounts, all they have been approved for adaptation to the content of the new Regulations for the development of the Accounts Auditing Law, published at the beginning of 2021.

On the other hand, numerous Technical Auditing Standards have been published, as will be detailed later in point III.3, as a result of the adaptation of the International Standard on Auditing Revised by the IAASB and which were pending adaptation to the circumstances and the Spanish legislation.

In addition, the ICAC has continued both with the exercise of all its own functions as the supervisor responsible for the activity of the audit in Spain, as well as with the participation in the international cooperation mechanisms of said supervision.

3.2 THE AUDIT SECTOR IN SPAIN

ROAC: Registered Auditors.

The natural or legal persons who wish to carry out the activity of auditing accounts in Spain must meet the conditions established in the audit regulations and be registered in the Official Register of Auditors of Accounts (hereinafter, ROAC).

The ROAC is a public registry and its information is accessible by electronic means. In particular, it can be accessed through the ICAC website at the address <https://www.icac.gob.es/services-roac>.

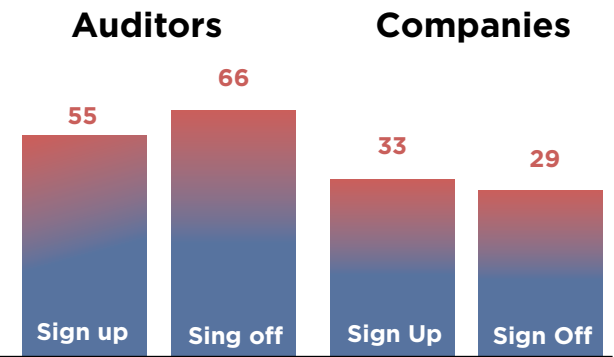
Of these registered auditors, there are a number of auditors who carry out the audit activity as individual auditors and there are others who do so through audit companies, that is, they are either practising partners or are expressly designated by the audit companies.

Specifically, taking the data contained in the ROAC, as of December 31, 2021, the volumes are:

- Registered as auditors practising individual activity: **2.085**
- Registered in the name of the audit firms such as practicing partners, or as auditors appointed by these: **1.764**
- Auditors who are practicing for own account while they are appointed partners or auditors of audit firms: **1.000**
- Companies registered in the Roac amounted to: **1.415**
- Non-practicing auditors: **17.601**



Bearing in mind that registered Auditors in a practising situation must submit to the ICAC, in the month of October of each year, and in relation to the previous twelve months, an annual declaration of activities, of the data held by the ROAC, the number of procedures performed during the last two years are as follows:



Practising auditors and audit firms declared to the ICAC in 2021 a total of 71,893 audit assignments with the following distribution by type of entity:

- Credit institutions: 290.
- Insurance entities: 338.
- Banking foundations, payment entities and electronic money entities: 73.
- Investment services companies, collective investment institutions and management companies: 4.533.
- Pension funds and management companies that manage them: 1.201.
- Other entities not included in the previous sections: 65,458.

Regarding the annual declarations presented by the auditors and auditing firms as of October 30, 2021 corresponding to forms 02 & 03, their number amounted to 3,200. Likewise, during the year 2021, 525 certificates were issued at the request of the auditors and auditing firms and 1,864 administrative procedures related to modifications of public and non-public data were carried out.

The turnover of the sector corresponding to the period between October 1, 2020 and September 30, 2021 is shown in the following table (A):

Billing individual auditors	28.944.640,30 €	3,5%	782
Billing audit companies	798.069.766,82€	96,5%	1.175

As can be seen, 2021 has been an exceptionally positive year in terms of the evolution of turnover, which has reached unprecedented levels, widely exceeding the figures of previous years in all segments.

Call for access to the ROAC (examination).

The conditions for access to the ROAC, and therefore legal access to the exercise of the audit activity, are determined in articles 8, 9 and 10 of the LAC and in Chapter II of the RLAC.

The ROAC access tests are carried out in two phases:

First phase: theoretical exam. Its objective is to verify the level of theoretical knowledge achieved regarding the subjects that are considered necessary to practice as an auditor of accounts.

Those who pass or have dispensed this phase, will be enabled to be able to present themselves to the second phase.

Second phase: practical exam. The ability of the applicants to apply the theoretical knowledge to the practice of the Auditing activity is verified, the exam usually consists of the resolution of one or several practical cases.

Therefore, the purpose of the professional aptitude test is to rigorously verify the qualification of the candidate for the exercise of Auditing.

Those who pass this professional aptitude exam will have the right to request their registration in the ROAC, provided that they meet the conditions for it, without prejudice to the fact that they may also request their affiliation in the Public Law Corporations representing Auditors, in accordance with its own statutes.

The last joint call of the General Council of Economists of Spain-Registry of Auditing Economists and the Institute of Certified Public Accountants of Spain for the professional aptitude exam for the authorization of the Accounting and Auditing Institute and registration in the ROAC was carried out through Order ETD/680/2021, of June 23, published in the BOE on June 29, 2021. The last phase of the exam was held in December.

3.3 AUDIT REGULATION

The regulatory actions of the activity of the audit of accounts developed in the year 2021 by the ICAC have been the following:

During the 2021 financial year, Royal Decree 2/2021 of January 12 was approved, approving the Regulations for the development of the Law on Auditing, having been published in the Official State Journal (BOE) on January 30, 2021.

During the 2021 financial year, regulatory work has continued in the field of the rules that regulate the audit activity, which has included:

- The Resolution of February 9, 2021 of the ICAC, by which the NTA is published on the performance of the auditor in relation to the financial statements presented in the European Single Electronic Format (ESEF), and the modification of the ISA_ES 700 (Revised).

The approval of this NTA and the modification of the Revised ISA-ES 700 has its origin in article 4.7 of Directive 2004/109/CE, of December 15, 2004, on the harmonisation of transparency requirements related to information on issuers whose securities are admitted to trading on a regulated market, in the wording given by Directive 2013/50/EU, of October 22, 2013. This article establishes that, as of January 1, 2020, all the annual financial reports of these entities will be prepared in a single electronic format to present such information. In this regard, the auditors must issue an opinion on compliance with the ESEF requirements, as has been interpreted by the European Commission and has been reflected in the CEAOB guidelines approved in November 2019. This opinion must be included in the section on other legal and regulatory requirements, separate from the opinion on the audit of the financial statements, which has determined the modification of ISA_ES 700 Revised.

In December 2020, the European Parliament and the Council agreed to modify the Transparency Directive to allow the postponement of the obligation for listed entities to prepare and publish their annual financial reports in accordance with the ESEF for a period of one year, as a supplementary measure to help in the recovery from the pandemic generated by Covid-19, upon option by the Member States, so that issuers would be required to apply the ESEF requirements as of January 1, 2022.

Notwithstanding the foregoing, issuers were allowed to submit their annual financial reports in 2021 in ESEF on a voluntary basis, in which case, they had to comply with all the relevant requirements of the Transparency Directive, including the audit of the financial statements. Spain exercised this option and, consequently, in February 2021 a Communication was published in relation to the postponement adopted by Spain in the application of the requirements for the presentation of the financial statements in accordance with the ESEF, in which it was clarified that, if Although the Technical Auditing Standard on the performance of the auditor in relation to the financial statements presented in the ESEF establishes its mandatory entry into force for the audit reports of accounts referred to in this Resolution that are issued on the annual accounts of years beginning on or after January 1, 2020, by virtue of the option exercised by Spain, this mandatory application of the Resolution to audit reports issued on annual accounts for years beginning on or after January 1, 2020, must understood to be applicable under the condition that the financial statements of the audited entity have been presented voluntarily in accordance with the ESEF format by the issuers and that, in general, the standard will be mandatory for the audit reports issued on the annual accounts for years beginning on or after January 1, 2021.

- The review and adaptation of International Standard on Auditing ISA 250, 315 and 610 (Revised) for application in Spain as technical auditing standards, ISA-ES 250 “Consideration of legal and regulatory provisions in the audit of financial statements”, ISA-ES 315 “Identification and assessment of the risk of material misstatement” and ISA-ES 610 “Use of the work of internal auditors” (Revised) respectively.

This process was addressed together with the Corporations representing the Auditors, in a joint working group. During fiscal year 2021, the Resolution of May 4 was issued, for the provisional publication of the ISA-ES 250 and 315 (Revised) standards, the July 26 Resolution, for the provisional publication of the ISA-ES 610 (Revised) standard, for the processing of public information, and the Resolution of October 14, 2021 of definitive publication of said regulations.

With the incorporation of these standards, the adaptation



of the International Standard on Auditing ISA, issued by the IAASB to date, has been completed in order to have a complete set of standards applicable to the audit activity, homogeneous with the set of standards applicable mainly to European level and internationally.

Regarding ISA_ES 610 Revised, it should be noted that ISA 610 (Revised 2013) approved by the IAASB contemplates the possibility “of using the direct help of internal auditors under the direction, supervision and review of the external auditor”, detailing the conditions under which said option could be used and the criteria to be followed in that case. However, this ISA also warns that said possibility of using the direct help of the internal auditors by the auditors may be restricted or prohibited by law or regulation in some jurisdictions, in which case it would not be applicable. This is what happens in Spain, where the use of this option cannot be applied, since it would violate the independence regime to which Auditors are subject, in accordance with the provisions of the LAC and its implementing regulations. Therefore, in the ISA_ES 610 (Revised), the corresponding explanatory note, in a box, has been incorporated in the different sections of the standard in which the possibility of using this option appears, in which it is warned that This possibility is not applicable in Spain for the reasons indicated above.

- In addition to the above, in 2021 work has also been done on adapting the internal quality control standards, “Quality management in audit firms that perform audits of financial statements” (NIGC1-ES) and “Reviews of the Quality of the Orders” (NIGC2-ES), result of the adaptation of the International Standards of Quality Management 1 and 2, respectively; as well as the Technical Auditing Standard “Quality Management of an Audit of Financial Statements” (ISA_ES 220 (Revised)), resulting from the adaptation of the International Standard on Auditing ISA 220 (Revised).

During the 2021 financial year, work has been done on the preparation of the new regulations related to the quality management of the Auditors that, in substitution of those currently in force, transfer to the national regulations the provisions of the regulations approved by the IAASB, and at the same time incorporate, through the appropriate references (explanatory notes or application criteria), the pertinent warnings on the regulated and required aspects on this matter in the European Regulation that includes the specific requirements for the audits of public interest entities, the Law on Auditing and its implementing Regulations, which Auditors must bear in mind for the design, implementation and operation of their quality control system and in its application in relation to the account audit work they perform.

At the end of the financial year, the preparation of the regulations that were submitted to the Audit Committee on February 2, 2022 had been completed, having proceeded to the date of writing of this report to the provisional publication of these regulations for the processing of public information.

- Preparation and publication of the Resolutions of July 26, 2021, which establish the characteristics and conditions that Theoretical educational programmes must meet for their approval, the Resolution that establishes the conditions for the exemption of the programs of theoretical education and the first phase of the professional aptitude exam and the Resolution on various aspects related to the accreditation and information of the practical training requirement required to access the ROAC, all of them approved for their adaptation to the content of the new Implementing Regulation of Law on Auditing.

Other regulatory actions.

From the audit area, in the regulatory field, collaboration has been provided with other Administration bodies through the preparation of reports on regulatory projects that affect or may affect the scope of Auditing activity. In the 2021 financial year, the number of reports on regulatory proposals or projects amounted to 21.

During the 2021 financial year, the ICAC continued to send comments to the Technical Office of the General Secretariat of the Treasury and International Financing regarding the proposal of the European Commission for a Digital Operational Resilience Act (DORA), which also includes the modification of numerous Directives, among which is the Audit Directive, in those aspects that affect the Auditors and the supervisory functions of the ICAC, until in May the Commission’s proposal eliminated the auditors from the scope of application of this regulation.

On the other hand, the ICAC has continued with its review activity of certain Auditing Standards, in particular:

Revision of the translation of International Standard on Auditing 315 (Revised) «Identification and assessment of the risk of material misstatement», of International Quality Management Standards 1 and 2, respectively: “Quality Management in audit firms that Perform Audits of Financial Statements” and “Quality Reviews of Financial Statement Audit Engagements” and International Standard on Auditing 220 (Revised), “Managing the Quality of an Audit of Financial Statements.”

Review of the draft of the International Standard on Auditing for the audit of financial statements of less complex entities (ISA for LCE) published by the IAASB submitted for consultation, in order to issue the corresponding comment letters to be sent, together with other competent authorities from other Member States of the European Union (CEAOB standards subgroup) or countries participating in international forums (IFIAR Standards Coordination Working Group).

Comment letters have been submitted to the IAASB in January 2022.

Lastly, this year the Resolution regulating the operation

and composition of the Working Group for the translation of the International Standard on Auditing created by Resolution of October 31, 2008 has been updated and the Resolution has been published by which regulates the operation and composition of the Working Group for the preparation and publication of the Auditing Technical Standards and Quality Control Standards.

The table shown below summarises the actions described in the previous paragraphs.

Auditor Training. Access.

The ICAC is responsible for homologating the Theoretical educational programmes required for access to the ROAC, the recognition of the educational centres that teach them and the waiver of the theoretical training courses and the first phase of the ROAC access exam.

During the 2021 financial year, 40 files for homologation of theoretical teaching programs for access to the ROAC have been resolved, with the following detail:

- 33 official titles valid throughout the national territory (Official University Master’s Degrees), with the effect of exempting the first part of the ROAC access exam.
- 6 University degrees, which are approved as theoretical teaching programs for access to the ROAC.
- 1 theoretical education program for access to the ROAC, which was approved by one of the representative Corporations of auditors.

In this same field of action, official degree qualifications submitted for consideration by the Universities themselves have been evaluated for the purpose of granting them a generic waiver on certain theoretical training subjects already passed to obtain said degrees, as well as individual requests for waiver on official qualifications according to the following detail:

- 1 partial generic exemption from undergraduate degrees at the request of a University.
- 20 specific exemptions from official titles upon individual request.

ACCOUNTS AUDIT REGULATION ACTIONS	2021	2020
Regulatory Project Reports	21	30
Published Auditing Technical Standards (provisional and definitive)	7	8
Review of Draft Standards Submitted by the IAASB	1	1
Review of the translation for its possible subsequent adaptation of the ISA-ES	4	1

Continuing Education.

In accordance with article 8.7 of the LAC, the auditors must carry out continuous training activities and justify their compliance before the ICAC. For the purposes of this obligation, these activities must be taught by recognized centres or approved individually, in accordance with the provisions of the Resolution of October 29, 2012, which develops different aspects related to the obligation to carry out continuous training by of the Auditors registered in the ROAC in the situation of practising or non-practising who provide services for others.

In the exercise of such powers, the ICAC is responsible for recognizing the centres that are authorised to provide continuing education activities, as well as the activities determined to be carried out by certain entities or centres, in accordance with the conditions set forth in the aforementioned Resolution.

In the field of promoting the required continuous training, 115 activities have been approved, taught by 7 different institutions or professional associations and public centres or institutions, in accordance with the conditions contained in article 23 of the Resolution of October 29, 2012, which are computable for the purposes of ongoing training of Auditors .

Along with these centres, it should be noted that the representative Corporations of Auditors are recognized centres as provided in article 8 of the Law on Auditing , without the need for prior recognition by the ICAC.

The number of approved training activities is in line with those approved in the previous year (112 activities given by 8 institutions), being carried out in a generalised way, as in the previous year, through a “webinar” format.

Similarly, 4 requests for partial exemption from the obligation to carry out continuous training due to force majeure have been processed and resolved.

3.4 ACTIVITY CONTROL: INVESTIGATIONS AND INSPECTIONS

In the 2021 financial year, the control of the activity of the auditors has contributed to the public interest and to the fulfilment of the ICAC's mission mainly through two lines of action:

- Increased number of monitoring activities.
- Activities to reinforce the transparency of the supervisor.

Increased number of monitoring activities.

The Accounts Audit Law attributes to the ICAC the responsibility of the public supervision system over the auditors. Within this public supervision system, three types of actions are included that constitute the main mechanisms of the ICAC for the supervision of the operational activity of the auditors: inspections, investigations and verifications.

The inspections consist of checks whose purpose is the periodic review of the internal quality control system of the auditors and the review of a selection of auditing works for the purpose of evaluating the effectiveness of said systems. Inspections are preventive in nature.

The regulation establishes an inspection system that combines a minimum frequency based on which inspections must be carried out on auditors (which depends on the profile of the companies they audit), with the selection of auditors to be inspected based on a risk analysis.

With regard to the minimum inspection intervals, in the case of auditors who audit public interest entities (by its acronym, EIP), the regulations establish a minimum inspection interval of 3 or 6 years, depending on the size of the entities. audited companies measured in terms of assets, net turnover or number of employees. The result of the inspections is documented in a report containing the main conclusions of the quality control and the improvement requirements formulated.

The investigations consist of verification actions on certain accounts auditing work or aspects of the Auditing activity, whose purpose is to determine facts or circumstances that may lead to the existence of indications of possible breaches of the regulations governing the activity of audit of accounts.

The verifications are complementary actions to the previous ones that have the purpose of verifying the fulfilment of the obligations of the auditors whose content does not comply with either of the two previous cases. Due to their residual nature and purpose, for statistical purposes these actions are included in the computation of research actions.



The actions carried out in 2021 were planned considering them as a priority to allocate the main part of the available resources to carry out inspections of auditors who audit public interest entities. The basis for this concentration of efforts lies in its greater economic relevance, transcendence for the public interest and, in particular, in guaranteeing better protection for

users and investors which, consequently, will result in the proper functioning of the markets.

As a whole, the most notable of the inspections and investigations carried out in 2021 is the intense effort carried out, which has allowed a significant increase in the number of control actions carried out in 2021, as described in the following table:

SUMMARY OF CONTROL ACTIVITIES	2021	2020	var 20/21
Inspections	15	5	200%
Investigations	262	237	11%
TOTAL	277	242	

This improvement in the level of activity has been possible through the continuity in the application of the following measures whose implementation began in the previous year:

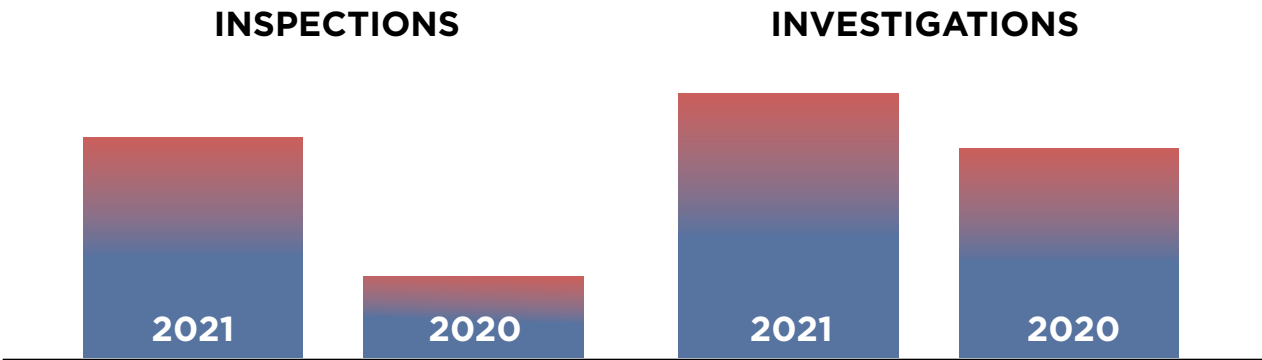
- Planning optimization. The application of this measure has been deepened, anticipating the opening of inspections to improve response times for auditors and reduce waiting times for information requirements.
- Use of computer tools that have made it possible to maintain supervision activity during confinement and

improve productivity. In 2021, the exclusive use of telematic procedures for carrying out communications with the auditors has been completed.

- Review and optimization of internal processes and procedures. This measure has included various actions such as the reduction of the use of diligence; or the greater standardisation of inspection procedures.

This has made it possible to streamline the procedures and significantly reduce the timeframes for the procedures.

COMPLIANCE WITH THE ICAC CONTROL PLAN	Inspections	Investigations
Planned	15	220
Made	15	262





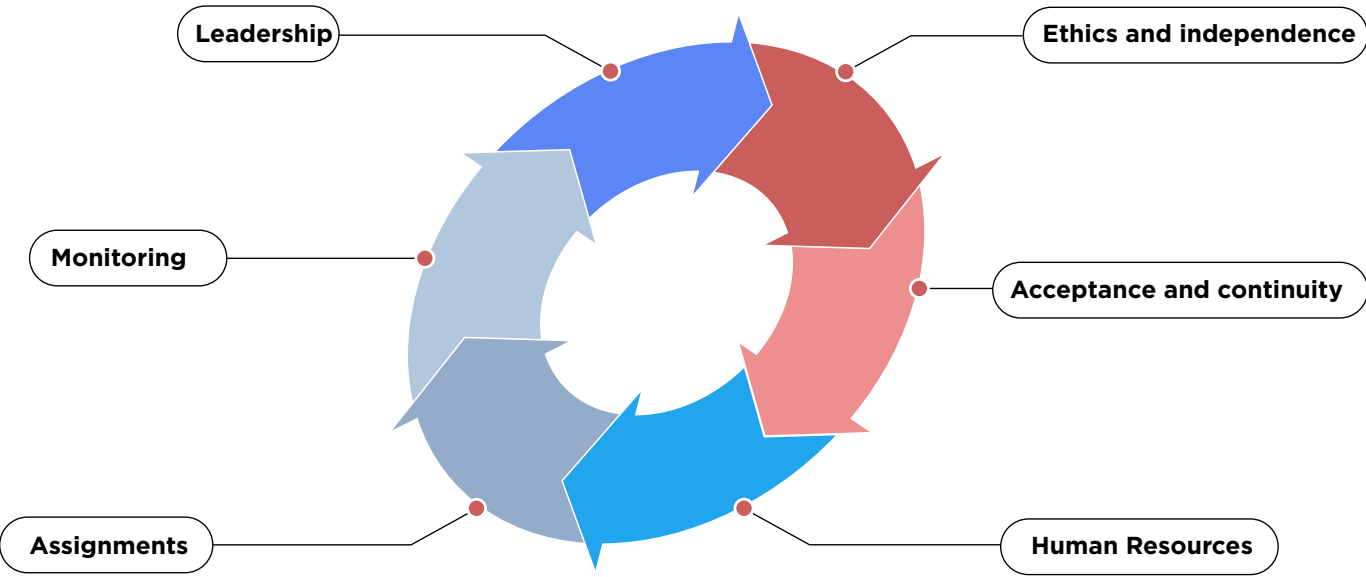
Regarding the inspections of the internal quality control system of the auditors, in 2021 five inspections of auditing companies that audit public interest entities were completed. Auditors of public interest entities, due to the importance of the companies they audit, present a higher supervisory risk. For this reason, they are subject to greater requirements than auditors who do not audit public interest entities, and are a priority ob-

jective of supervision, carrying out more exhaustive inspections on them. Regarding auditors who do not audit public interest entities, in 2021 ten inspections were completed. The detail of the inspections carried out in 2021 based on the type of auditor inspected and the year-on-year variation is described in the following table:

	INSPECTIONS				TOTAL		
	About auditors who audit public interest entities		About auditors who DO NOT audit public interest entities		2021	2020	Var 2020/2021
	2021	2020	2021	2020			
Inspections	5	3	10	2	15	5	+200 %

The scope of the inspections completed in 2021 consisted, as in previous years, in the review of the internal quality control systems of the auditors. In the inspections of the auditors of public interest entities, all the elements of the quality control system were reviewed.

In the inspections of auditors who do not audit public interest entities, the five most relevant elements of the six that make up the quality control system were reviewed, as well as the working papers of certain areas corresponding to specific auditing tasks (assignments).



In the scope of the set of inspections carried out in 2021 to all types of auditors (both auditors who audit public interest entities and auditors who do not), 21 audit assignments were included, of which 10 were public interest entities, representing 48% of the total. The remaining 11 assignments corresponded to entities that are not of a public interest nature, as described in the following table below:

The following sections summarise the results of the inspections completed in 2021, and detail the main issues that have been revealed in the inspections, both regarding the firm's policies and procedures, as well as the account audit work.

TOTAL ASSIGNMENTS INSPECTED	2021	2020	var 20/21
Assignments from public interest entities	10	10	-
Assignments from entities of NO public interest	11	3	-
TOTAL	21	13	+62%

INSPECTIONS.

Inspection of quality control policies and procedures.

The inspection procedures have concluded with the following number of improvement requirements on the following elements of the quality control system, shown in table (A).

(A) Elements of the quality control system	Improvement requirements (%)
Quality leadership responsibilities.	6%
Acceptance and continuity of relationships with clients and specific assignments.	12%
Applicable ethics and independence requirements.	26%
Human Resources.	10%
Execution of assignments.	21%
Monitoring of the quality control system	25%

As can be seen in the table above, the element of Ethics and independence accounts for 26% of the total requirements, followed by the element of Monitoring of the quality control system, with 25%. The main aspects of these improvement requirements are highlighted below:

- 1. Quality Leadership Responsibilities.
- 2. Aceptación y continuidad de relaciones con clientes y de encargos específicos.
- 3. Requerimientos de ética e independencia aplicables.
- 4. Human Resources.
- 5. Execution of assignments - Quality control reviews of assignments.
- 6. Monitoring of the quality control system.



I.Quality Leadership Responsibilities.

This element of the internal quality control system includes the establishment of policies and procedures for:

- Promote an internal culture, where it is recognized that quality in carrying out assignments is essential.
- Assign the responsibilities for the operation of the quality control system with criteria of experience, capacity and necessary authority.

In the Quality Leadership Responsibilities element, among the improvement requirements identified in the auditor inspections, the following aspects should be highlighted due to their importance or their recurrence:

- As in previous years, a lack of adequate segregation in those responsible for some functions in the quality control system is still observed on occasions, particularly this incidence is observed more frequently in the exercise of the monitoring functions of the quality control system. , which are compatible with other tasks or responsibilities that are reviewed when monitoring
- In the case of smaller auditors, it has been verified that the ultimate responsibility for the quality control system, in some cases, is not specifically assigned to an account auditor registered in the ROAC as a practitioner, but to the General Meeting of partners or on the firm's Board of Directors.
- With regard to the transparency reports, with the recurrent performance of verification actions, a sustained decrease in the number of incidents detected can be seen, although the sufficient level of detail in the transparency reports on some policies such as those referring to the rotation of the staff are usually issues that appear recurrently.

II.Acceptance and continuity of relationships with clients and specific assignments.

This element is intended to implement policies and procedures to obtain reasonable assurance that relationships with audit clients and audit engagements are only entered into or continued for which the auditor:

- It has the competence and capacity to carry out the assignment, including the resources and time necessary to do so (absence of professional risk);
- It can meet applicable ethical requirements, including independence requirements (lack of ethics risk and independence);
- It considers the integrity of the client and does not have information that leads it to conclude that the client lacks integrity (absence of client risk).

In other words, it is a preventive control that must operate effectively before the signing of the audit assignment letter and the start of the audit work, and, where appropriate, during renewals.

In the element of Acceptance and continuity of relationships with clients and specific assignments, among the improvement requirements identified in the inspections of auditors, the following aspects should be highlighted due to their importance or their recurrence:

- It continues to be observed that a significant number of the inspected firms lack procedures and sufficient evidence of professional risk assessment and the capacity of the audit team, availability and adequate capacity of quality control reviewers.
- Firms must have tools and procedures in place that allow them to guarantee that at the time the acceptance and continuity

are approved, all the required requirements have been met and evidence of compliance has been obtained.

- Specific deficiencies continue to be observed in inspected assignments with regard to the dates of performance or documentation of the evaluations and the lack of controls to ensure that the acceptance/continuation of the assignments is approved before the signing of the audit contracts, and the beginning of the field work with the client.
- Firms must have policies and procedures that guarantee that, both for new engagements and renewals of audit engagements, the fees are based on the estimated audit effort to carry out each job. To this end, they must record the previous analysis carried out on the estimate of the audit effort, which must be determined by the time, means, resources and qualification and specialisation sufficient and necessary for its performance, by the size and complexity of the activity or audit operations. the audited entity and the expected audit risk.

In addition to the foregoing, during the course of the inspections, incidents have been detected that are not generalised or of a minor nature, among which it is worth highlighting those related to the procedures and tools used to evaluate and document customer relationships in greater detail, as well as the elements of judgement applied in setting risk ratings.

III. Applicable ethics and independence requirements.

Their purpose is the implementation of policies and procedures to obtain reasonable assurance that both the audit firm and its staff, as well as the rest of the persons and entities to which the aforementioned requirements apply, maintain their independence, by identifying and evaluating threats to independence in such a way that it is adequately safeguarded or, otherwise, the audit assignments are not accepted or the audit report is not issued.

In the element of Applicable Ethics and Independence Requirements, among the improvement requirements identified in the auditor inspections, the following aspects should be highlighted due to their importance or their recurrence:

- Frequent deficiencies have been found in the ethics and independence policies or in the controls to verify that all the subjects bound by the regulations present the mandatory annual confirmation of independence within the appropriate time limits.
- The need to implement policies, procedures and controls that adequately guarantee, in all cases, both the performance and documentation in the working papers of all threat analyses and safeguards, as well as to ensure that the engagement partners have the necessary participation, in the approval and monitoring of non-audit services.
- On several occasions, it has been detected that the auditing firms do not have the appropriate tools and controls for the correctly updated identification, for the purposes of compliance with the independence regulations, of all the companies that are part of the perimeter of independence.
- Audit firms must include in their policies, procedures and controls issues related to compliance with regulatory restrictions due to the concentration of fees.
- It is necessary to reinforce the control mechanisms for compliance with the communication requirements to the audit committees of the audited companies.

In addition to the above, during the course of the inspections, incidents have been detected that are not generalised or are of a minor nature, among which it is worth highlighting:

- It is necessary to better specify the regulations on which the confirmations of independence are made.
- Annual confirmation letters should be drawn up as close as possible to the issuance of the audit report.

IV. Human Resources.

Their objective is to provide reasonable assurance that the audit firms have sufficient personnel with the competence, capacity and commitment to the ethical principles necessary to carry out the audit assignments in accordance with the regulations governing auditing, including the remuneration policies.

In the Human Resources element, among the improvement requirements identified in the auditor inspections, the following aspects should be highlighted due to their importance or their recurrence:

- It is still necessary to deepen the traceability of the individual evaluation system of the staff and their performance, to show the correlation between the result of the evaluation, the remuneration and the quality of the audit. In particular, the evaluation must take into account the results of the monitoring process.
- The policies, procedures and controls are insufficient to show that the audit firms carry out an adequate evaluation of the capacity of the teams (resources and time available) and their assignment by technical and sectoral specialisation, categories and professional experience, depending on the complexity and the risks of each audit assignment.
- A lack of policies and procedures for monitoring workload continues to be seen all too often.

In addition to the above, during the course of the inspections, incidents have been detected that are not generalised or are of a minor nature, among which it is worth highlighting:

- The documentation available does not record the evaluation carried out or the factors taken into account in it.

V. Execution of assignments - Quality control reviews of assignments.

The purpose of this element is to provide reasonable assurance that the audit assignments carried out by the audit firms are carried out in accordance with the regulations governing the activity of auditing. This element of the quality control system includes different aspects related to the promotion of consistency in the quality with which the engagements are carried out, the responsibilities of supervision and review in the audit teams, the carrying out of the necessary consultations and the implementation of the resulting conclusions, the quality control review of the assignments of public interest entities, as well as those others according to risk criteria, the documentation of the assignment, confidentiality, safe custody, integrity, accessibility and recovery of the documentation of the audit assignments, as well as the conservation of said documentation.

In the element of Execution of assignments, among the improvement requirements identified in the inspections of auditors, the following aspects should be highlighted due to their importance or their recurrence:

- In a significant number of the inspections carried out, it has been detected that the policies and procedures of the audit firms do not include with the necessary precision the aspects considered in determining the assignments that are subject to review.
- It is necessary that the policies and procedures of the audit firms include the estimate of time that must be dedicated to the quality control reviews of the assignments, and the establishment of the controls on their effective compliance.
- Independence should be enhanced to mitigate potential conflicts of interest that could arise in engagement quality control reviews between the reviewer and the assignment auditor.
- Sometimes there is insufficient documentation on the issues reviewed and discussed, as well as on the criteria and

judgments that support the conclusions of the quality control reviews.

- It is necessary to establish procedures and controls that guarantee the adequate selection of quality control reviewers in terms of competence, capacity and absence of conflicts of interest.

VI. Monitoring of quality control.

The monitoring of the quality control system is an element of control of the policies and procedures, and of the issuance of audit reports, with the objective of providing reasonable assurance that the quality control policies and procedures are relevant, adequate and operate effectively.

The person responsible for monitoring the quality control system is responsible for the continuous evaluation of the quality control policies and procedures established by the Auditors or audit firms, including the cyclical inspection of audit assignments, in order to evaluate if, in their design, they are adequate and pertinent, as well as their operational efficiency, configuring itself as a subsequent control of said policies and procedures.

In the Monitoring element of the quality control system, among the improvement requirements identified in the auditor inspections, the following aspects should be highlighted due to their importance or their recurrence:

- On several occasions, it has been detected that it is necessary to reinforce the independence and selection requirements of the person in charge of the monitoring element, to guarantee his adequate competence, capacity and the absence of conflicts of interest.
- It is necessary to further develop the technical monitoring policies and procedures, to provide adequate guidance on the tests to be carried out and the documentation of the results obtained.
- In the case of detection of deficiencies, the policies and procedures must adequately include, on the one hand, the communication to the corresponding engagement partners and other personnel involved, of the deficiencies identified as a result of the monitoring process and the recommendations of adequate corrective measures; and on the other hand, carrying out the analysis of the ultimate causes that have led to the deficiencies and carrying out action plans to prevent their future recurrence.



Inspection of audit assignments.

The scope of the inspections carried out included 21 audit assignments, of which 10 corresponded to public interest entities. Table (A) at the bottom includes a comparison with the number of actions carried out in the previous year.

The improvement requirements that appear in the inspection reports issued in 2021 do not have to be specified in a sanctioning file, nor do they necessarily prejudice the commission of

infractions of the audit regulations, without prejudice to the fact that, in the cases in which it proceeds , the corresponding disciplinary actions are initiated.

Neither do the improvement requirements necessarily imply the disclosure of material misstatements in the audited financial information, to the extent that the purpose of the inspection is to assess the overall performance of the Auditors and the audit firms.

The distribution of the improvement requirements made in the inspection of audit engagements, by technical matter of the audit, is as provided in table (B).

(A) Inspected assignments	2021	2020
Assignments from public interest entities	10 (48%)	10 (91%)
Assignments from entities of NO public interest	11 (52%)	1 (9%)
TOTAL	21 (100%)	11 (100%)

(B) Audit matters	(%) of requirements
Substantive procedures	57%
Test of controls	23%
Identification and assessment of risks and material misstatements	18%
Audit report	2%
TOTAL	100%

Among the recommendations made to the inspected assignments, due to the number of times they have been carried out and their impact, the improvement requirements related to the adequate identification and assessment of risks of material misstatement, the adequate performance of tests of controls and the conducting a sufficient and appropriate number of tests to provide sufficient evidence on which to base the audit opinion.

In particular, the most notable observations on areas for improvement identified in the performance of inspections of audit engagements are the following:

- The audit planning included in the audit file papers is unclear or not adequately documented as to the strategy followed by the auditor and the elements under-

lying the choice of that strategy.

- The auditor has not adequately obtained or documented knowledge of relevant facts to be able to identify and assess the risks of material misstatement.
- The auditor has not adequately considered all the relevant facts and circumstances to be able to identify and assess the risks of material misstatement, which has implied an insufficient or inadequate design of responses.
- With regard to the use of information generated by the entity as audit evidence, the need to adequately document that the auditor has assessed whether said information is sufficiently reliable, accurate and com-

plete, as well as whether it is sufficiently accurate and detailed.

- It is important to note that in a very significant number of the engagements inspected there are deficiencies in the control environment verifications, either due to the absence of the necessary tests, or due to the inadequacy or insufficiency of the procedures carried out.
- Likewise, general deficiencies continue to be observed in the documentation of the audit procedures applied and the audit evidence obtained, which allows an experienced auditor who has not had previous contact with the audit, the understanding of:
 - The nature, timing and extent of the audit procedures applied in compliance with ISAs and applicable legal and regulatory requirements.
 - The results of the audit procedures applied and the audit evidence obtained.
 - Significant matters that arose during the audit, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions.

Recommendations for improvement have also been suggested in the case of the review of assignments, but to a lesser extent than in the case of those corresponding to the firm's internal quality control system.

Investigations.

During the 2021 financial year, 262 investigation actions were carried out, which is 25 more actions than in 2020 (11% more). The typology of the aforementioned actions was shown in the diagram (C):

(C) Type of investigation	N. of Actions	% of the total of actions
Complaints	42	16%
Continuing education investigations	150	57%
Transparency investigations	60	23%
Audit assignments investigations	10	4%
TOTAL	262	100%

The 42 finalised complaints are mainly related to the performance of audit work of entities other than public interest entities and with the duties of independence of the auditors.

On the other hand, during 2021, 150 actions were carried out aimed at verifying compliance with the minimum mandatory training of auditors in a practising situation, and 30 complementary actions were initiated on audit companies whose partners have failed to comply with the obligations of continuous training.

Regarding the obligation to publish transparency reports, during 2021, 60 checks were carried out on the publication and formal content requirements of the transparency reports corresponding to the years closed in 2019 of the Auditors and audit companies of public interest entities.

Finally, with regard to audit work for which there were indicators of insufficient resources to carry it out with the quality required by the regulations governing the activity of Auditing, 10 control actions were carried out.



Activities to reinforce the transparency of the supervisor.

The second line of action through which the ICAC has exercised its powers to control the activity has been aimed at promoting the preventive nature of supervision, through activities to reinforce the transparency of the ICAC.

Within these, the first activity has consisted of the launch of the Economic-Financial Bulletin to Support Supervision Based on Audit Risks. An effective supervision of the audit activity requires an adequate evaluation of the risks that can influence the quality of the work of the auditors and thus develop a Risk-Based Supervision. These risks come from both internal and external factors of the audited companies, as well as from the level of maturity of the internal quality control system of the auditors.

Within the external factors that can affect financial information, economic and financial activity constitutes a fundamental element that any modern supervision system must take into account.

With the launch of the Economic-Financial Bulletin to support audit supervision, a new path has been started whose objective is to strengthen and modernise the supervision system, by providing it with tools that allow the objective analysis of the work of the auditors, achieving a supervision focus on those areas with the most significant risks and the efficient allocation of public resources, ultimately improving the security provided by this supervision system entrusted to the ICAC and raising confidence in the audit sector.

The Economic-Financial Bulletin to support audit supervision integrates various indicators that allow enriching the

risk-based supervision model. Its content will be subject to constant review and updating based on its relevance to the sector.

The second activity has consisted of the publication of the supervisory expectations in carrying out audit work on insurance companies. With the aim of improving the transparency of the supervisory action of the Accounting and Auditing Institute , it is reported that the auditors and auditing companies of insurance entities have been informed of the supervisory expectations in carrying out these auditing tasks. This communication indicates to the auditors that they must pay special attention to the following issues:

- The necessary specialised training of the signing partner and the rest of the assignment team.
- Verification of the design, implementation and effectiveness of the controls in the procedures for preparing financial information.
- Verification of the data provided by the audited company.
- The audit work in the verification of accounting estimates and compliance with the technical requirements for an adequate use of sampling techniques.
- The proper use of external experts in the audit work.

ACTIVITIES TO REINFORCE THE TRANSPARENCY OF THE SUPERVISOR

In this communication indicates to the auditors that they must pay special attention to the following issues:

- The necessary specialised training of the signing partner and the rest of the assignment team
- Verification of the design, implementation and effectiveness of the controls in the procedures for preparing financial information
- Verification of the data provided by the audited company.
- The audit work in the verification of accounting estimates and compliance with the technical requirements for an adequate use of sampling techniques.
- The proper use of external experts in the audit work.

3.5 DISCIPLINARY ACTIVITIES

The disciplinary actions carried out in 2021 have consisted of the processing of sanctioning administrative proceedings for non-compliance in auditing matters, assisting the Presidency in the preparation of the acts of its competence dictated in said files.

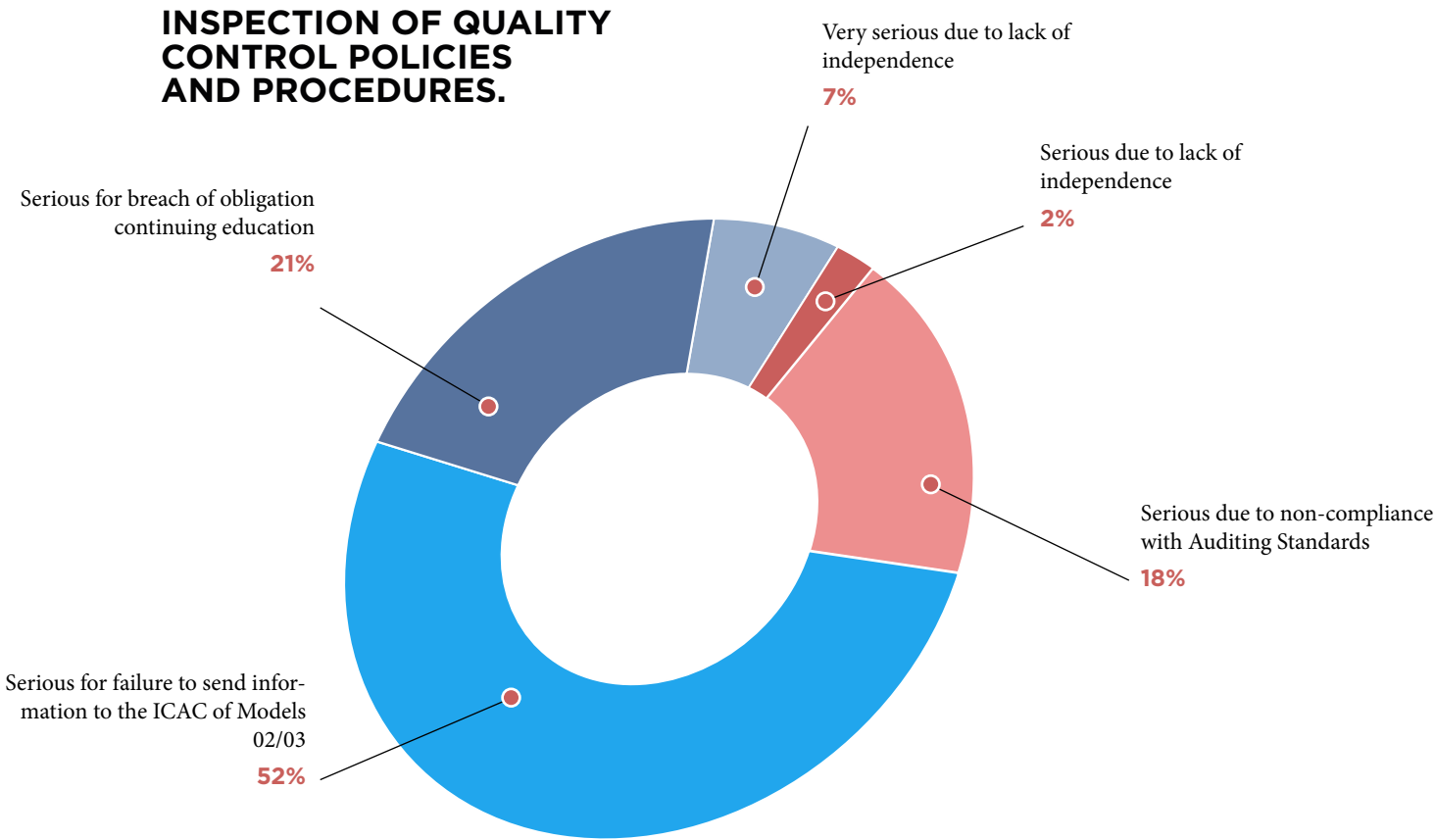
The number of sanctioning proceedings in the area of Auditing resolved in 2021 has risen to a total of 48 files, the same as in the 2020 financial year.

It should be noted that, in 6 of the 48 Sanctioning pro-

ceedings resolved in audit matters, a resolution has been issued without the imposition of a sanction.

In the other 42 files processed and resolved in the area of Auditing, non-compliances with the regulations governing the audit constituting very serious and serious infractions were declared, with the detail that is contained in the following table. It should be noted that in a file the commission of one serious and another one very serious infraction were declared.

INFRACTIONS INCLUDED IN THE SANCTIONING PROCEEDINGS RESOLVED IN MATTER OF AUDIT OF ACCOUNTS	Nº of Reports 2021	Nº of Reports 2020
Very serious due to lack of independence	3	-
Very serious due to carrying out audit work in a non-exercising situation	-	-
Very serious due to non-compliance with the duty of conservation and custody of the documentation of an audit	-	2
Serious due to lack of independence	1	-
Serious due to non-compliance with Auditing Standards	8	15
Serious for failure to send information to the ICAC of Models 02/03	22	10
Serious for failure to send information to the ICAC of the network information	-	-
Serious due to non-compliance with the obligation of independence in relation to the safeguard measures applied and when these are insufficient or have not been established	-	1
Serious for breach of obligation continuing education	9	13
TOTAL	43	41

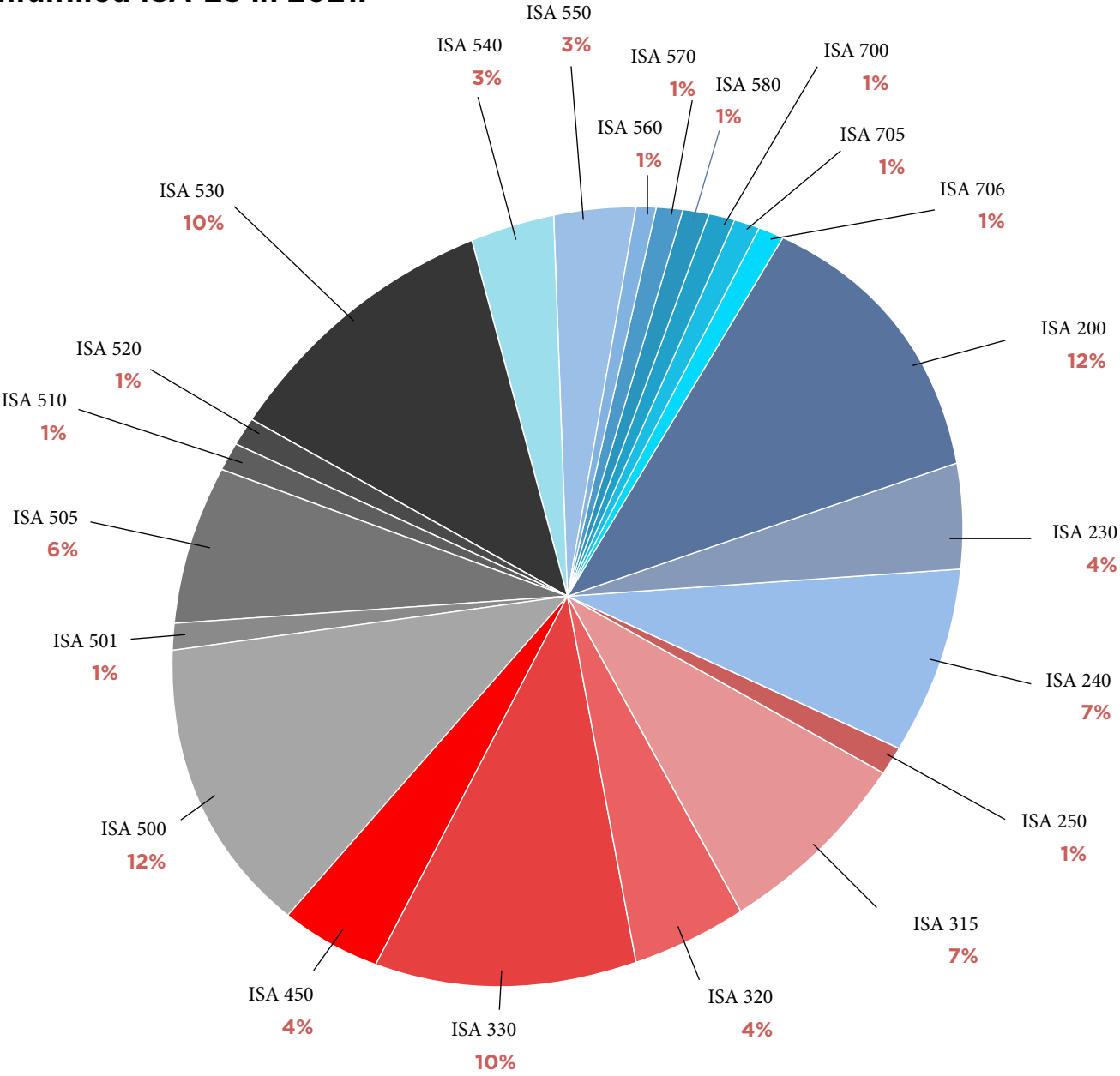


In the files processed as a result of non-compliance with the auditing standards that could have a significant effect on the result of the audit work and, consequently, in the audit report issued (serious infraction), in which the non-compliance affected non-compliance of the auditing standards that could have an essentially the following International Standard on Auditing:

Unfulfilled ISA	N. of Reports 2021	N. of Reports 2020
ISA 200 “Overall Objectives of the Independent Auditor and the Conduct of an audit in Accordance with International Standards on Auditing”	8	15
ISA 230 “Audit Documentation”	3	3
ISA 240 “The auditor’s responsibilities relating to fraud in an audit of financial statements”	5	5
ISA 250 “Consideration of laws and regulations in an audit of financial statements”	1	-
ISA 265 “Communicating Deficiencies in internal control to those charged with governance and management”	-	-
ISA 300 “Planning an audit of financial statements”	1	1

Unfulfilled ISA	N. of Reports 2021	N. of Reports 2020
ISA 315 “Identifying and assessing the risks of material Misstatement through understanding the entity and its environment”	5	14
ISA 320 “Materiality in planning and performing an audit”	3	2
ISA 330 “The auditor’s responses to assessed risks”	7	14
ISA 450 “Evaluation of misstatements identified during the audit”	3	-
ISA 500 “Audit evidence”	8	15
ISA 501 “Audit evidence - specific considerations for selected items”	1	2
ISA 505 “External confirmations”	4	4
ISA 510 “Initial audit engagements - openings balances”	1	1
ISA 520 “Analytical Procedures”	1	-
ISA 530 “Audit Sampling”	7	7
ISA 540 “Auditing accounting estimates, including fair value accounting estimates, and related disclosures”	2	4
ISA 550 “Related Parties”	2	1
ISA 560 “Subsequent events”	1	-
ISA 570 “Going concern”	1	1
ISA 580 “Written Representations”	1	-
ISA 600 “Special considerations - audits of Group financial statements (including the work of component auditors)”	-	-
ISA 700 “Forming an opinion and reporting on financial statements”	1	1
ISA 701 “Communicating key audit matters in the independent auditor’s report”	-	-
ISA 705 “Modifications to the opinion in the independent auditor’s report”	1	17
ISA 706 “Emphasis of matter paragraphs on other matter paragraphs in the independent auditor’s report”	1	-

Unfulfilled ISA-ES in 2021.

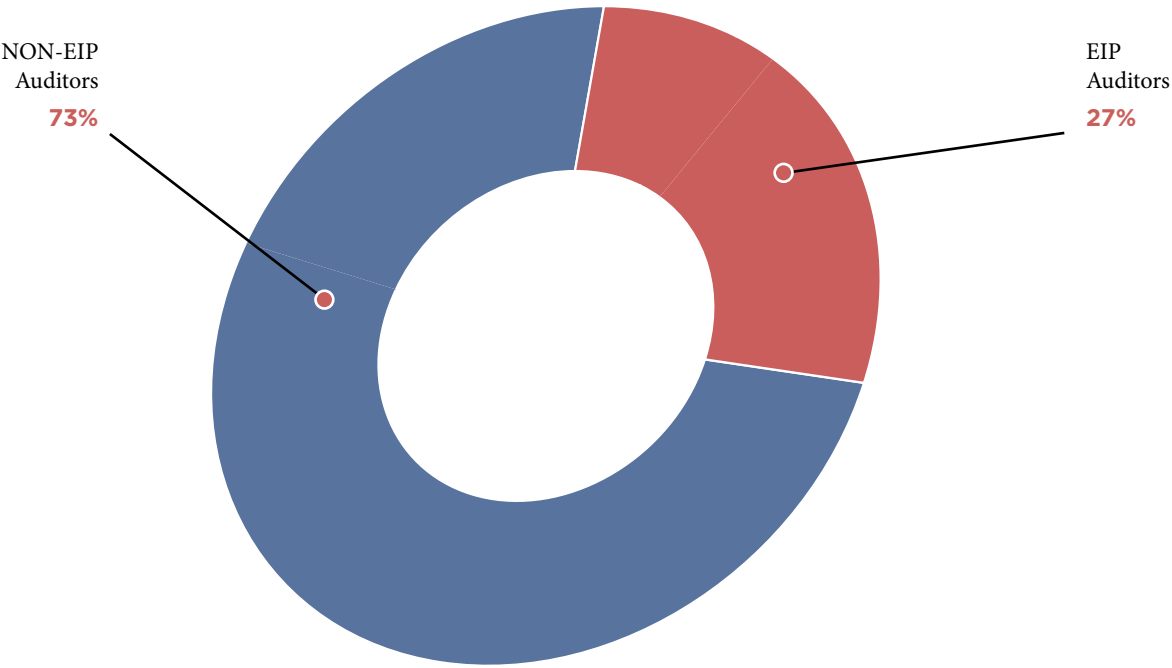


The following graph shows the detail of resolved files, in which non-compliance with technical auditing standards has been declared that could have a significant effect on the audit work and on the report issued or breach of the duty of indepen-

dence, in relation to the number of auditors of public interest entities (EIP in Spanish) with respect to which disciplinary proceedings have been processed, according to the data collected in the following table:

COMPLIANCE WITH THE ICAC CONTROL PLAN	2021	2020
PIE Audits	3	2
Non-PIE Audits	8	16

Files related to audit work corresponding to EIP and non-EIP in the year 2021.



SANCTIONED	Amount
Audit firms and partners	383.366,25
Individual Auditors	78.911,8
Total Fine Penalties	462.278,05

The amount of fine sanctions imposed in 2021, by type of sanctioned auditor amounts to the data in the table on the left.

In addition to the above, it should be noted that during the 2021 financial year the following appeal reports have been issued, filed in accordance with the provisions of article 47 of the LAC in relation to Sanctioning proceedings processed in audit matters.

During the 2021 financial year, 5 rulings have been issued by the corresponding judicial bodies, dismissing in all cases (except one) the appeals filed by the auditors and confirming the ICAC's criteria.

APPEAL REPORTS	2021	2020
Appeal reports derived from audit files	13	17

3.6 NEWSLETTERS, INTERPRETATION CRITERIA, REPORTS AND GUIDELINES

Various press releases, criteria for interpreting audit regulations on independence and a study on the situation of co-audit in Spain have been published on the website of this Institute, with the following detail:

In February 2021, a Communication was published in relation to the postponement adopted by Spain in the application of the requirements for the presentation of financial statements in accordance with the European single electronic format (ESEF).

In December 2020, the European Parliament and the Council agreed to modify the Transparency Directive to allow the postponement of the obligation for listed entities to prepare and publish their annual financial reports in accordance with the ESEF for a period of one year, as a supplementary measure to help in the recovery from the pandemic generated by Covid-19, upon option by the Member States, so that issuers would be required to apply the ESEF requirements as of January 1, 2022. Notwithstanding the foregoing, issuers were allowed to submit their annual financial reports in 2021 to ESEF on a voluntary basis, in which case they had to comply with all relevant requirements of the Transparency Directive, including audit requirements.

Likewise, in February, a statement was published in relation to communications by electronic means, to remind that as of February 1, 2021, communications from the ICAC to the auditors would be made by electronic means and to point out that according to the current administrative regulations, the Electronic notifications will be understood as produced at the time of access to the content of the notified act, and will be understood as refused if such access is not made within 10 calendar days from its availability.

Likewise, during the year 2021, the ICAC Technical Independence Group was formed, which is made up of representatives of the General Sub-directorates of Technical Standards and Technical Control and by representatives of the REA and ICJ-CE as representative Corporations of the Auditors. The purpose of this group is to analyse the applicable regulations regarding the obligation of independence of the auditors and to issue criteria of interpretation to guide the auditors in those questions that may arise in practice and from which interpretive doubts arise,

that try to guarantee the practical, viable and possible application of the content of the LAC and its implementing Regulations.

At the end of the 2021 financial year, as a result of the debates within this group, the first two interpretation criteria were published, one referring to commercial and business relations for the purposes of applying article 44.c) of the Implementing Regulation of the LAC in the specification of the concept of direct significant interest as a cause of incompatibility of the Auditors and another in relation to the obligation of internal rotation of the main responsible auditors.

Likewise, in the continuous analysis of the operation of the audit market in Spain, this Institute proposed the creation of a working group, made up of representatives of the two Auditors Corporations existing in Spain, the General Council of Economists of Spain-Registry of Economists Auditors and the Institute of Certified Public Accountants of Spain, and ICAC personnel for the analysis of the situation of the co-audit in Spain.

After the analysis by the ICAC of the very complete documentation sent by the Corporations, a report was published in December 2021, as a study of the subject worldwide, in which the existing studies are analysed.

To contribute to the dissemination of the guidelines published by the Committee of European Auditing Oversight Bodies (CEAOB), in February 2021 the Guidelines on the supervision of the limit of fees for non-audit services were published. accounts (adopted September 21, 2018); the Guidelines on the Duration of the audit engagement (approved at the CEAOB Plenary meeting held on November 27, 2019) and the Guidelines on the participation of Auditors regarding the financial statements in the European Single Electronic Format (approved in the Plenary meeting of CEAOB held on November 27, 2019), for whose translation this Institute had the collaboration of the representative corporations of Auditors, the General Council of Economists of Spain-Registry of Auditor Economists and the Institute of Censors Jurors of Accounts of Spain.

3.7 ATTENDING TO QUERIES

Among the actions of the ICAC in collaboration with auditors and auditing firms, the study and preparation of the answer to queries formulated on the interpretation and application of the regulations governing Auditing has been included. Among all the queries resolved, those considered to be of general interest

are selected for quarterly publication in the Official Gazette of this Institute.

The following table shows the data on queries processed in recent years, grouped into the following topics:

QUERIES	2021	2020	2019
ISSUED QUERIES	293	274	279
1. Appointment and hiring of auditors	22	15	33
2. Official Registry of Auditors	130	127	130
3. Independence regime	12	11	20
4. External audit obligation	16	16	20
5. Audit work and report	9	21	16
6. Public interest entities	0	21	5
7. Various	104	63	55
PUBLISHED QUERIES	0	3	7

The queries received have dealt with various aspects in the effective application of the regulations governing account activity, among the most frequent we can point out:

- Access to the ROAC and theoretical training, including the particular requirements for auditors from a third country.
- Continuing education requirements.
- The regime of independence.
- The revocation of the auditor, the resignation, the audit contract and the cases of substitution of auditors.
- The fees for carrying out the audit and its fixing criteria.

- The obligation to submit the accounts of an entity to audit.

In this regard, it should be noted that a compendium of the main queries received in matters of auditing has also been published on the website, together with the answers issued by it, thus contributing to the greater dissemination of the content of these queries.

Certain queries, considered to be of general interest, are published for the best dissemination of the Institute's criteria, on the website and in the Official Gazette of this Institute. In 2021, no queries were published in the BOICAC.



3.8 INTERNATIONAL ACTIVITY

International activity in the field of auditing is essential for the ICAC, particularly considering the needs for cooperation and coordination both from a regulatory point of view and in terms of supervisory activity.

Within the European Union, the activity is carried out fundamentally through the Committee of European Auditing Oversight Bodies (CEAOB), although participation in the Audit Regulatory Committee (Audit Regulatory Committee - AuRC).

From a global perspective, the participation in the International Forum of Independent Audit Regulators stands out (IFIAR).

International activity also includes other supervisory cooperation actions, such as the Colleges of Competent Authorities or direct collaboration with other competent authorities.

The ICAC has also participated in the meetings of the Council in which during the year 2021 the proposal of the European Commission regarding corporate information on sustainability has been discussed, which involves the modification of Directive 2013/34/EU, Directive 2006/43/EC on the audit of annual and consolidated accounts and Regulation 537/2014 on the specific requirements for audits of public interest entities.

Next, reference is made to the most relevant aspects of international activity.

CEAOB.

CEAOB is the framework for cooperation between national audit oversight bodies at EU level. Its role is to strengthen audit oversight across the EU, which is a key objective of the EU statutory audit legislation that came into force on 17 June 2016. To this end, CEOB organises cooperation between the competent authorities to promote the consistent application of European regulations on auditing, facilitate the exchange of information and advice to the Commission on matters including the technical evaluation of third country supervisory systems and the technical review of International Standard on Auditing with a view to their adoption at European level.

CEAOB is made up of representatives of the national audit oversight bodies of the EU and the European Securities and Markets Authority (ESMA). Representatives of the national audit authorities of the European Economic Area also participate. The European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA) par-

ticipate as observers.

The commission works both through plenary sessions and through the following subgroups:

- **Auditing Standards Subgroup:** working group that analyses the draft standards issued by the international issuer, the International Federation of Accountants (IFAC) through the International Auditing and Assurance Standards Council, (International Auditing and Assurance Standard Board- IAASB) in order to write comment letters to send to said Council. Likewise, it carries out an analysis of the existing differences between the regulations applicable in each Member State of the European Union and the Regulations issued by IFAC, with the aim of advising the European Commission in the process that, if applicable, could be initiated, of adoption of the norms at European level. Questions raised by the Member States regarding the European regulations that regulate the activity of auditing are also discussed, as well as other European regulations that may have an impact on the activity of auditing or Auditors . The IAASB work program is discussed and the inspection findings that imply a deficiency in the standards issued by the IAASB to provide information to the international issuer are analysed.
- **Inspections Subgroup:** working group in which, mainly, experiences derived from inspections, audit deficiencies detected in inspections, dialogue with audit firms, inspection methodology, as well as with issuers of international auditing and ethics standards (IAASB and IESBA).
- **Enforcement Subgroup:** European-wide working group established to prepare the report on the existing investigation and sanction practices, the statistics of the sanctions imposed in accordance with the new European regulations on auditing, and the model for communicating the sanctions of temporary dismissal and definitive to CEOB, in accordance with the provisions of article 30.f) of Directive 2006/43/EC, in its wording given by Directive 2014/56/EU of the European Parliament and of the Council of April 16, 2014 , as well as to exchange practical experience in investigations.

The plenary meeting is the CEOB's instrument in which the heads of the audit supervisory authorities of the Member

States participate and in which decisions are formally adopted. At the level of the plenary meeting, in 2021 three online meetings have been held (in March, June and November).

Thematically, the most relevant aspects in which CEOB has participated in 2021 include:

- Follow-up of the actions carried out by the IAASB on the issues included in the CEOB letter sent to said international issuer of standards, regarding the draft of the International Standard on Auditing (ISA) 600 Specific considerations - Audits of group financial statements (including the work of component auditors)
- Preparation of the comment letter to the IAASB project for the elaboration of a separate standard for the audits of less complex entities. At the end of the year, the CEOB Standards Group presented the letter to the plenary for its submission before the end of January.
- Follow-up of the actions carried out by the different Member States for the implementation of the CEOB guidelines issued in the previous year regarding the requirements for the preparation of the annual report of certain entities in accordance with the European Single Electronic Format, producing the exchange of information about the initiatives planned in each jurisdiction, in particular regarding the exercise of the option planned for the extension of the application of these requirements until fiscal year 2022. Additionally, during the 2021 financial year, CEOB guidelines have been prepared for the participation of the auditor in the Financial Statements in the Single European Electronic Format, which were published on November 9, 2021 and a recommendation for the application of these guidelines in the case of auditors of issuers from third countries that present their financial statements in ESEF, whose publication has been made at the date of writing this report.
- Preparation of a letter of comments regarding the project initiated by the Commission for the proposal of the Digital Operational Resilience Act (DORA).
- Analysis of issues raised regarding the application of certain precepts of European regulations on auditing (Directive and Regulation) in matters related to the application of Auditing Standards. The differences between the International Standards issued by the IAASB and the standards adopted in the different Member States have also been discussed, as a means of advising the European Commission on their possible adoption at the community level.
- Work meetings to improve the consistent development of the methodology for auditing accounts auditors and audit firms, exchange of experiences on inspection practices, as well as analysis and dialogue

with the six largest European networks of audit firms, on the main deficiencies of audit and the actions of said networks to promote measures to reduce said deficiencies.

- Participation in the preparation of the report on the practices of investigations and existing sanctions, the statistics of the sanctions imposed in accordance with the new European regulations on auditing, and the model to communicate the sanctions of temporary and definitive dismissal to CEOB , as well as to exchange practical experience in investigations.
- Regarding the Inspections Subgroup, in June and November 2021, the annual meetings of this group were held online. In these events, all relevant issues were addressed to ensure better coordination and standardisation of audit control procedures At European level. Among the issues discussed were remote inspections with the PCAOB, the updating of the working subgroups, the revision of the European standard supervision procedures (CAIM) and the dialogue with relevant firms and with the IAASB.
- Finally, it is worth highlighting the participation of the ICAC with the CEOB advisory group in the preparation of the response proposal for the query launched by the European Commission on corporate information to improve its quality and compliance. It is expected that these works will be completed and the CEOB response will be sent in early February 2022.

As a novelty in 2020, the new CEOB presidency promoted the creation of several working groups to review and strengthen different aspects of CEOB (organisational, competencies, operations, etc.), groups that continued to meet in the first months of 2021.



MEETING OF THE AUDIT
REGULATORY COMMITTEE (AURC).

This committee is made up of the authorities with regulatory powers in matters of auditing accounts of the different Member States of the European Union, as well as with possible aspects related to the actions of auditors with respect to fraud.

During the year, AuRC members were given the opportunity to attend a presentation by the European Commission of its proposal for a directive on corporate sustainability reporting, which modifies Directive 2006/43/EC and Regulation 537/2014 on the specific requirements for auditors of public interest entities.

OTHER PERFORMANCES.
COLLEGE OF SUPERVISORS.

The ICAC has participated in the four colleges of European competent authorities corresponding to the four largest European networks of audit firms. In these Associations, the main deficiencies detected in the inspections by the different supervisors are shared, which allows knowing the supervision carried out by European counterpart supervisors to the ICAC and the situation of the audit in the European Union.

The conclusions of the issues analysed and the main deficiencies in the inspections are presented to those responsible for the European networks in joint meetings between the colleges of supervisors and the corresponding network of audit firms with the aim of adopting initiatives aimed at improving the quality of the audits carried out by the audit firms that are members of said networks, for which reason participation in them is essential.

Most of the questions are raised in parallel in the different colleges of competent authorities. In 2021, the issues addressed in these areas have focused on monitoring the impact of the pandemic both at the firm level and in assignments, the implementation of the new quality management standards, the culture of firms, monitoring, root cause analysis, data analytics and monitoring of deficiencies identified in inspections. The result of the discussions of the different colleges has been made clear to those responsible for the corresponding European network.

In addition to the above, the colleges of supervisors share other information and experiences that the local supervisors consider to be of interest and use to the members of the college, thus promoting critical debate on the issues and areas that could require a particular study At European level.

IFIAR.

The International Forum of Independent Audit Regulators (IFIAR) is made up of 55 authorities from the five continents, with the aim of exchanging experiences and knowledge regarding inspections and auditing technical regulations. This Forum meets both in Plenary meetings and in groups.

The ICAC, as a member of the IFIAR, has participated in the work meetings organised to foster dialogue with the six largest global networks of audit firms and with the international issuers of auditing standards, and to promote the necessary changes in order to improve the audit quality.

Also during the year 2021, the ICAC has participated in the IFIAR Standards Coordination Working Group (SCWG) where, from a global perspective, comment letters have been prepared on standards issued by the IAASB or responses to requests from the President and Vice President of the IFIAR, highlighting the comment letter regarding a discussion paper prepared by the IAASB, in order to obtain information from interested parties about expectations regarding the performance and responsibilities of the auditor regarding fraud and the going concern principle, in the audit of the financial statements and the preparation of the comment letter to the IAASB project for the elaboration of a separate standard for the audits of less complex entities. At the end of the year, the CEAOB Standards Group presented the letter to the plenary for its submission before the end of January.

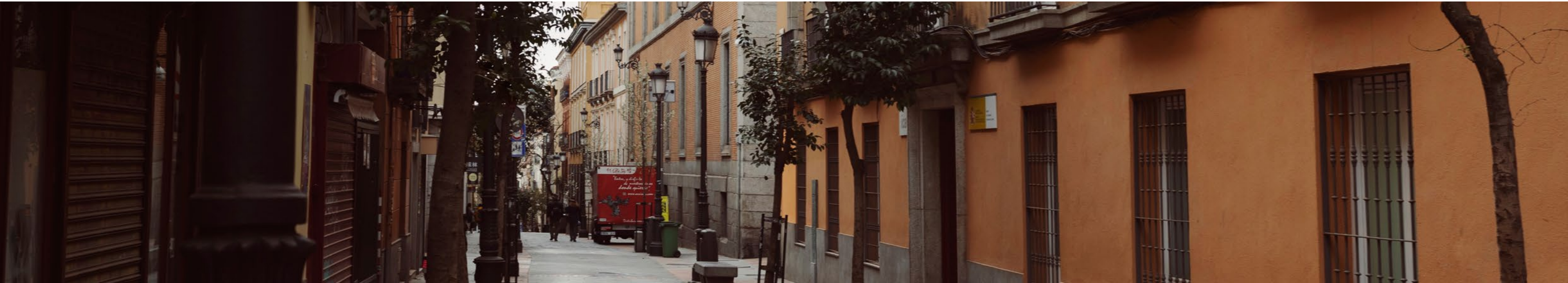
3.9 AUDIT COMMITTEE

In the exercise of the powers attributed to the ICAC, four meetings of the Audit Committee have been held in 2021 (two meetings in 2020), all of them held virtually as a result of the COVID-19 pandemic to which the subject to the matters required by the applicable regulations.

The main issues discussed at the four meetings held were:

- The Final Publication Resolutions of the Technical Auditing Standard, on the performance of the auditor in relation to the financial statements presented in the European Single Electronic Format (ESEF) and the modification of the ISA_ES 700 (revised) "Formaing an opinion and reporting on financial statements".
- The Resolutions of provisional and final publication of the Auditing Technical Standards, "Consideration of the legal and regulatory provisions in the audit of financial statements", ISA_ES 250 (Revised), "Identification and assessment of the risk of material misstatement", ISA -ES 315 (Revised) and "Use of the work of internal auditors", ISA_ES 610 (Revised).
- The Resolution that establishes the characteristics and conditions that the Theoretical educational programmes must meet for their homologation, the Resolution that establishes the conditions for the exemption of the Theoretical educational programmes and the first phase of the aptitude test and the Resolution on various aspects related to the accreditation and information on the practical training requirement required to access the ROAC, all of them approved for their adaptation to the content of the new Regulations for the development of the Accounts Audit Law.

- The Resolution to regulate the operation and establish the new composition of the Working Group for the translation of International Standard on Auditing created by Resolution of October 31, 2008 and the Resolution to regulate the operation and establish the composition of the Working Group for the preparation and publication of the Technical Auditing Standards and Quality Control Standards, together with their modification.
- The Translation of the following guidelines issued by CEAOB for publication on the ICAC website, together with the note for its publication:
 - Supervision of the limit of fees for services other than auditing.
 - Duration of the audit engagement.
 - Regarding the participation of the auditors regarding the financial statements in the European Single Electronic Format.
- The presentation of the Control Plan for the audit activity of accounts for the year 2021 and the activity report for the year 2020.





4. ACCOUNT DEPOSIT

4.1 OBTAINING THE NUMBER OF NON-COMPLIANT ENTITIES FROM THE LISTS RECEIVED FROM THE COMMERCIAL REGISTRY.

In accordance with the provisions of article 371 of the Commercial Registry Regulations, approved by Royal Decree 1784/1996, of July 19, during the month of February the Commercial Registrys end the ICAC the list of companies that fail to comply with the obligation to deposit their accounts.

During the 2021 financial year, all the listings from the Commercial Registry were received for the first time, in a format that has allowed the global quantification of the non-compliant companies corresponding to the 2019 financial year.

In this first quantification, a treatment has been carried out on the data, with the purpose of obtaining a list with the companies that really operate in the market, obtaining a number of non-compliant companies that in turn are active companies, highlighting that the result obtained is less than 5% of the data of the non-compliant companies.

4.2 DISCIPLINARY ACTIONS.

The disciplinary actions carried out in 2021 by virtue of the competence assigned to the ICAC by article 282 of the consolidated text of the Capital Companies Law, have consisted of the processing of Sanctioning administrative proceedings for breaches of the obligation to present for deposit in the Commercial Registry the annual accounts, assisting the Presidency in the preparation of the acts of its competence dictated in said files.

The number of Sanctioning proceedings in terms of account deposits resolved has risen to a total of 165 files, compared to the 164 files resolved in the 2020 financial year. The amount of the fines imposed has risen to 852,283 euros.

In relation to this competence during the 2021 financial year, the following appeal reports have been issued, increasing with respect to the previous year in accordance with what is indicated in the following table.

RESOURCES REPORT	2021	2020
Appeal reports derived from account deposit records	9	7
Reports of Replenishment appeals derived from account deposit records	2	7
Reports by appeals before the TEAR	10	5

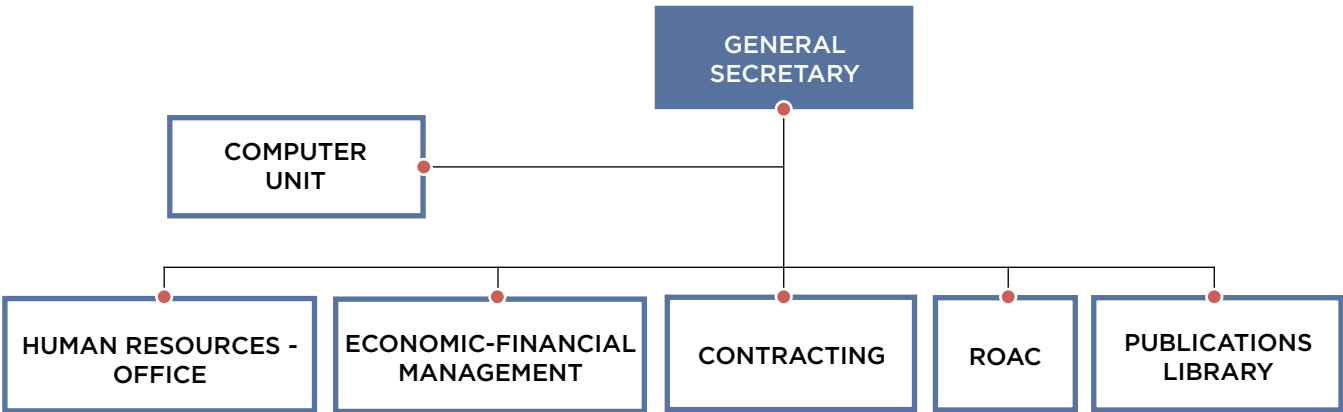
4.3 INFORMATIVE AND COLLABORATIVE ACTIONS.

In this regard, it should be noted that a compendium of the main queries received regarding the sanctioning regime for the lack of deposit of the annual accounts by the companies in the Commercial Registry has also been published on the web page, together with the answers issued by this Institute.

5. Organisation and management of ICAC

5.1 ORGANISATIONAL STRUCTURE

GENERAL SECRETARY.



HUMAN RESOURCES.

Human Resources Service: it is in charge of all those competences of an administrative nature such as the study, proposal and management of the personnel policy affected by the Institute.

OFFICIAL SERVICE.

Official Service: it is in charge of all those functions of the internal regime, management of material resources, buildings and installations.

CONTRACTING SERVICE.

It is in charge of the processing in all its phases of the contracts, orders to own means, collaboration agreements, nominative subsidies and payment of quotas to international organisations, as well as all the procedures for the payment and justification of funds of the Fixed Cash Advance of the Agency.

ECONOMIC-FINANCIAL MANAGEMENT SERVICE.

It is in charge of the economic, accounting and budgetary management of the Institute, as well as the complete management of the collection of the fee for the control and supervision of the activity of the audit of accounts and the fee for the issuance of certificates or documents to instance of the party and for the inscriptions and annotations in the ROAC.

ROAC.

Described in section III. Audit Area, subsection III.3 The Audit Sector in Spain, Audit Sector of this Report. The General Secretary is in charge of its management and maintenance.

PUBLICATIONS.

Service in charge of research and dissemination activities in accounting and auditing.

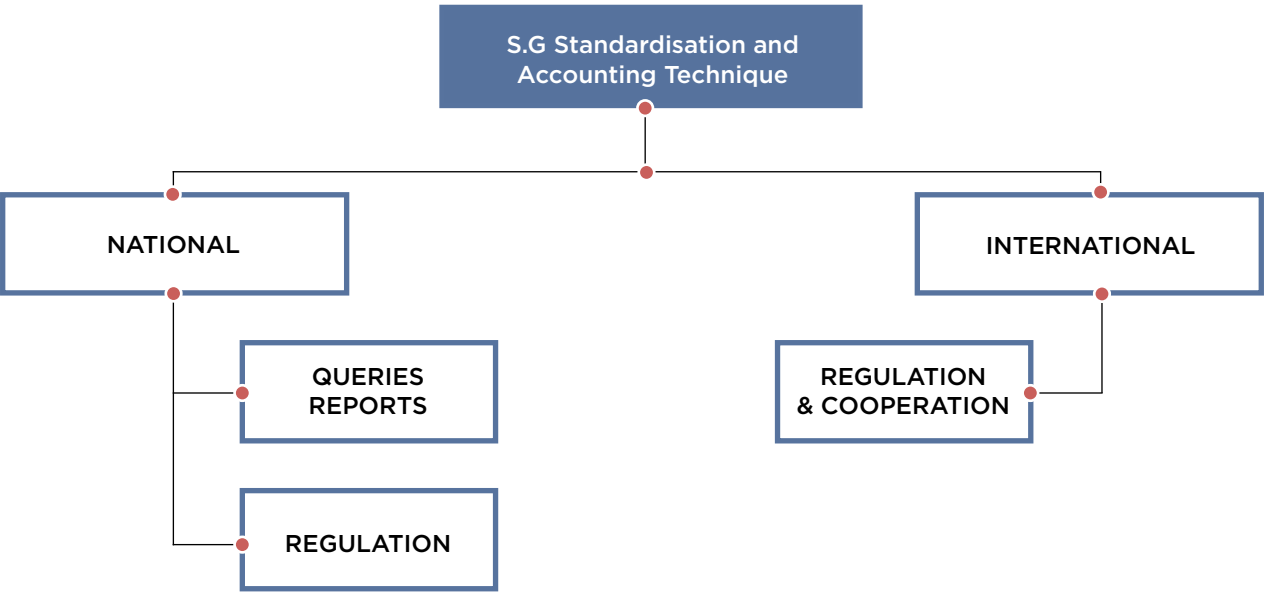
COMPUTER UNIT.

Unit in charge of the digital transformation of the ICAC.



GENERAL SUB-DIRECTORATE OF STANDARDISATION AND ACCOUNTING TECHNIQUE.

It develops its functions by distinguishing two interrelated areas:



NATIONAL AREA.

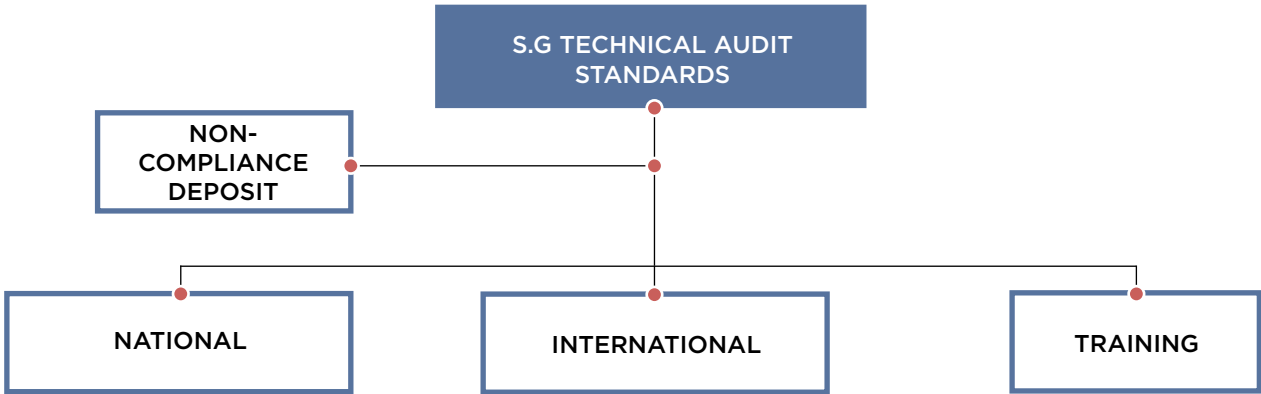
- Regulation: elaboration of regulatory projects in accounting matters.
- Consultation service and preparation of reports on the correct interpretation of national accounting regulations.
- Cooperation with other Institutions.
- Non-financial information.

INTERNATIONAL AREA.

- European regulation: regarding financial and non-financial information.
- Regulatory projects and proposals: IASB and EFRAG.
- Cooperation with other Institutions issuing accounting pronouncements.

GENERAL SUB-DIRECTORATE OF TECHNICAL STANDARDS.

It develops its functions by distinguishing these interrelated areas:



ACCOUNT DEPOSIT AREA.

- It is in charge of processing disciplinary proceedings for non-compliance by companies with the obligation to deposit accounts in the corresponding Commercial Registry.

TRAINING AREA.

- Of access to the ROAC, it is dedicated to the homologation of the educational programmes of access to the ROAC, of the preparation of the Resolutions of concession of dispensation of the examination for access to the ROAC.
- Of continuous training, it is in charge of preparing the Resolutions for the recognition of the centres that can organise continuous training activities, for the approval of continuous training activities and for the granting of extensions regarding this obligation when there are causes of force elder.

NATIONAL SECTION.

- Of regulations, it is in charge of the preparation of the legislative and regulatory modifications in the matter of auditing, as well as the necessary tasks for the adoption of the technical standards on auditing (which includes the review of the translation of the International Standard on Auditings and the debate for its subsequent adoption in Spain through the adaptation to our regulations or the debate of the technical standard auditing in the event that it does not derive from an international standard).
- Of sanctioning procedure, it is in charge of processing sanctioning proceedings in matters of auditing.
- Consultations and regulatory projects, is in charge of resolving queries and preparing observation reports regarding regulatory projects prepared by other agencies or units.
- Of execution and publication of the sanctions that are imposed in matters of auditing.

INTERNATIONAL SECTION.

- It is in charge of the participation of the Subdirectorate in European and international groups related to the activity of auditing, participating, among others, in the preparation of questionnaires, answering questions, making communications, preparing letters of comments to the standards issued or documents prepared by the issuing body of International Standard on Auditings.

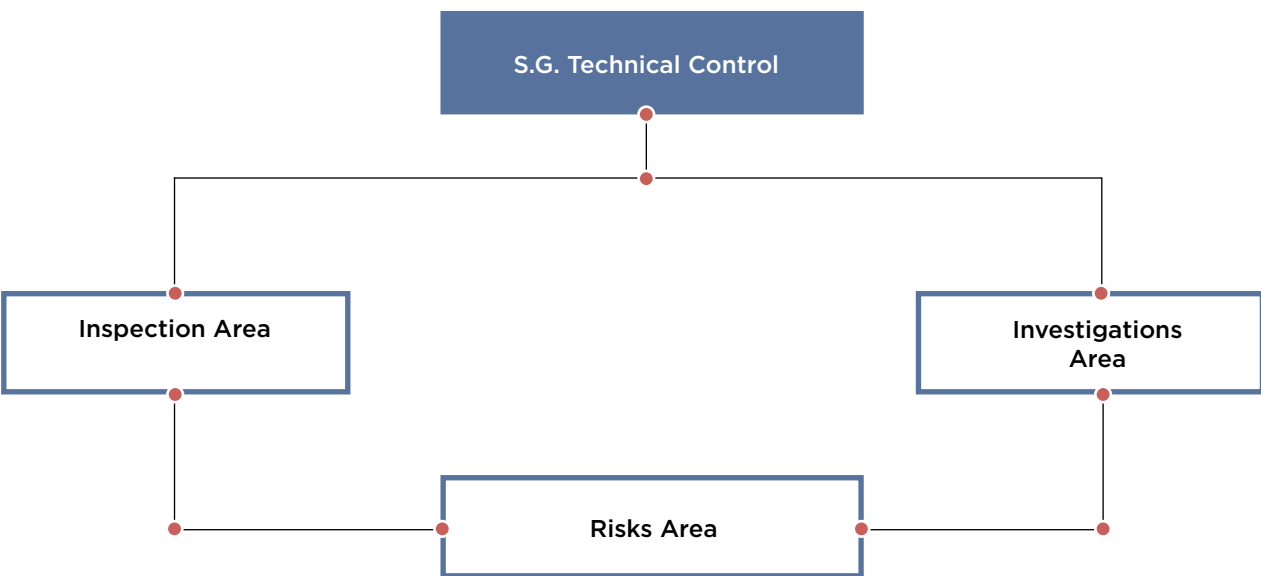
GENERAL SUBDIRECTORATE OF TECHNICAL CONTROL.

During 2020, this Subdirectorate has undertaken an organisational reform aimed at carrying out a greater number of actions, increasing the type of control actions carried out by the ICAC, and improving efficiency in the use of resources. The fundamental purpose is to reinforce the preventive aspect of control actions and improve compliance with inspection cycles. Although this reform has not yet been formalised, the establishment of three internal areas or departments is planned:

INSPECTION AREA.

COMMISSIONS AND RESEARCH AREA.

RISK AREA



This reorganisation is consistent with the configuration of the control activities on the auditors carried out by the LAC. The inspections area will be responsible for carrying out the inspections of the auditors, and for complying with the inspection cycles. It will have the support of the commissions and investigations area, in the reviews of audit commissions that are carried out during the inspections.

The novelty of the formal separation of the investigations and assignments area lies in the fact that, in addition to carrying out assignments inspections, this area will autonomously conduct investigations on audit assignments whose risk level warrants their review. This will make it possible to streamline the ICAC’s response to risk situations, through the specific dedication of resources to risk-based supervision.

The areas of inspections and assignments and investigations will be technically supported by the risk area, whose main responsibility will be to identify the specific areas and assignments to be given priority in inspections and investigations, through the use of “data analytics” tools “ and financial information (the latter will be disclosed periodically), which will allow a more precise preparation of the Control Plans.

5.2 HUMAN RESOURCES AND OFFICERS

HUMAN RESOURCES.

The Human Resources service is in charge of all those competences of an administrative nature such as the study, proposal and management of the personnel policy for the Institute, the establishment of personnel training plans and the management of social action.

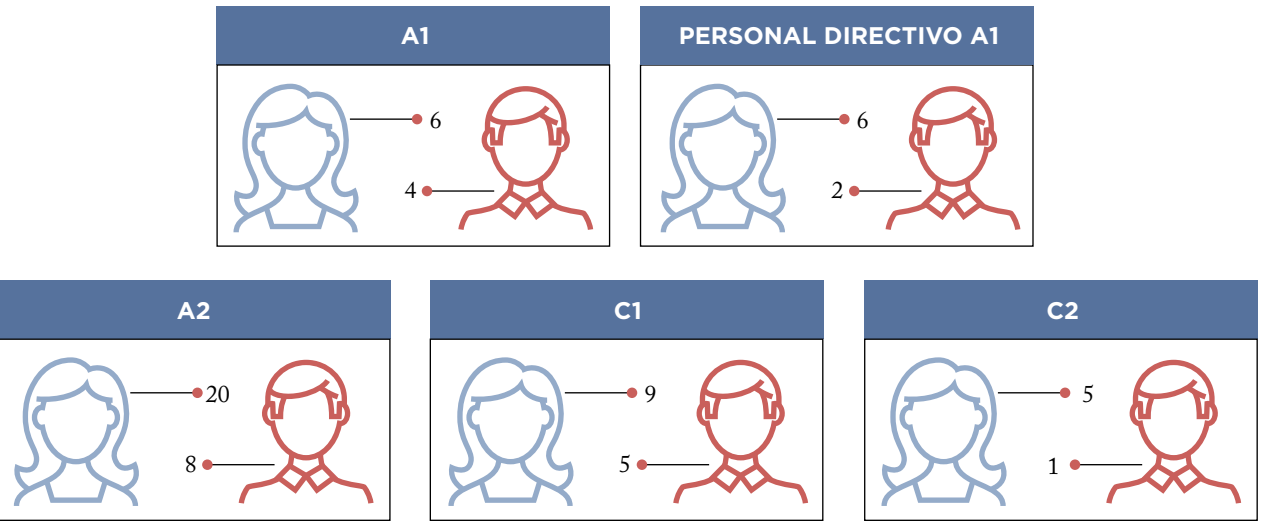
STAFF DATA.

At the end of the 2021 financial year, the ICAC staff amounted, with the President, to 75 people with the following detail:

STAFF LIST BY EMPLOYMENT RELATIONSHIP AND SEX

HIGH RANKS	1	0
CIVIL SERVANTS	20	46
HIRED	2	6

LIST OF OFFICIAL STAFF BY LEVELS AND SEX



The ICAC, as a public institution, can carry out and fulfil its functions successfully thanks to the daily commitment of all the people who are part of its staff, always bearing in mind equal opportunities between men and women, emphasising the female staff by comfortably doubling the male staff . In addition, it highlights the fact that, by way of example, the management is made up of 8 managers, highlighting the presence of 6 women among them.



PROVISION OF CIVIL
SERVANTS POSITION.

During 2021, the following civil servants have joined the ICAC:

- Six officers: 2 officials from group A1, 3 officials from group A2 and 1 official from group C1 of the General State Administration. Resolution of February 10, 2021 (BOE of February 16).
- Three officers: 3 officials from group A2 of the General State Administration. Resolution of July 26, 2021, of the Undersecretary (BOE of July 30).
- One Civil Servant corresponding to group A1 from the Superior Corps of State Comptrollers and Auditors and 2 officials from group A2 of the Technical Audit and Accounting Corps, both from the General Intervention of the State Administration. Public employment offer for the year 2021.

TRAINING.

Among the training courses given to ICAC employees are online English classes and online training on Reports and Administrative Documents (20 hours) and Keys for time management (15 hours).

Likewise, it is important to highlight the collaboration that the Spanish Association of Accounting and Business Administration (AECA in Spanish) has provided to this Institute in the training of personnel, highlighting the holding of the following courses throughout the year 2021:

- Accounting consolidation of business groups.
- IFRS 9: Impairment of financial assets, with examples in Excel.
- COVID-19 Guides.
- Corporate accounting.
- Capital prudence regulations aimed at credit institutions.
- ICAC resolution on revenue recognition for the delivery of goods and provision of services.
- Instrumentos financieros y contabilidad de coberturas en la reforma del PGC vs NIIF 9.
- Financial instruments and hedge accounting in the GAP reform vs IFRS-9.
- Accounting effects of debt restructuring operations.
- Sector adaptations of the GAP: construction and real estate companies; cooperative societies and non-profit entities.
- Accounting and tax closing.

SOCIAL BENEFITS.

In the 2021 financial year, the 2021 Social Action Plan was developed for all civil servants and employees who provide their services at the ICAC, highlighting the provision of assistance for transportation and health.

WORK GROUPS.

Likewise, as in the 2020 financial year, the ICAC has participated in the different working groups organised by the Ministry of Economic Affairs and Digital Transformation: Temporality and Employment, Health and Safety, Equality, Occupational Risks, and Social Responsibility.

OFFICER

This service includes all the management, monitoring and control activities related to: the provision of security, surveillance, cleaning, upkeep and maintenance services for the real estate that constitutes the ICAC headquarters and for the personal property and equipment located in the same; management of the inventory of goods, material requests, postal and courier services, auxiliary services (administrative assistant), external archive, and any other similar characteristics that may be required.

During 2021, works and repairs have been carried out that have been necessary due to the breakdowns caused by the great snowfall (Filomena) that occurred in January 2021 and that were necessary for the conservation of the assets and the correct functioning of the facilities and teams.

In particular, and due to the pandemic, the start of a contracting file is noteworthy in order to improve the air conditioning system of the entire main ICAC building, which includes disinfection through air ducts, thus avoiding the general spread of any virus and especially COVID-19.

Regarding the prevention of occupational risks, in the 2021 financial year a new contract was put out to tender, resulting in the awardee being the company Quirón Prevention. It includes the preparation of Prevention Plans, emergency measures, risk planning and evaluation/program of preventive activities, annual performance report, Legislation related to Occupational Risks, Relations with the MINECO prevention service, procedures manual, annual medical examinations - Fitness certificates, drills - emergency teams (prevention delegates), training of prevention delegates, etc.

In particular, the action measures and protocols related to health and safety due to the COVID-19 pandemic are being monitored and updated.

It is also worth highlighting the collaborative work in the preparation of conferences, seminars and any other similar activities organised by the ICAC. It is particularly important to mention the study visit, at the ICAC headquarters, of a delegation of representatives of the Insurance State Supervision Service of Georgia (ISSSG), which was carried out within the framework of the Twinning project financed by the European Union, Managed by FILAPP, for the Strengthening of the Insurance Supervision Service of Georgia.

During 2021, the management and organisation of the ICAC file and registry services continued. During the 2021 financial year, 1,385 entry records and 522 exit records of writings and communications were made.

Finally, during 2021, the acquisition and replacement of supplies of various kinds continued, from electricity, gas, running water and fuel, to office supplies and furniture.





5.3 INFORMATION AND COMMUNICATIONS TECHNOLOGIES (ICT)

During 2021, from the ICAC IT Unit, the execution of the lines of action of the ICAC Digital Transformation Plan has continued, which is aligned with the strategy in terms of Digital Administration and Digital Public Services contained in the “Plan of Digitization of Public Administrations 2021-2025”. Said plan is structured in three strategic axes, of which Axis 1 is the one that applies to this organisation

Axis 1: Digital transformation of the General State Administration (AGE)		
LINES OF ACTION	MEASURES	
Citizen Oriented Administration	Measure 1	App Factory Factory service for the development of the App
	Measure 2	Improvement of the user experience of citizenship
	Measure 3	GobTechLab [Citizen Laboratory of Technological Innovation in the Administration]
	Measure 4	New digital identity model
Intelligent process automation	Measure 5	Smart automation service
Transparency and data-driven policies	Measure 6	Transparent management and exchange of information
Liquid digital environments	Measure 7	Cloud infrastructure service
	Measure 8	Smart workplace
Cybersecurity	Measure 9	Cybersecurity Operations Centre

IMPROVING THE USER EXPERIENCE OF CITIZENSHIP.

- During the 2021 financial year, the new ICAC website was put into production. accessible in <https://icac.gob.es>
- During 2021, all the necessary reviews and adaptations have been carried out to comply with RD 1112/2018 of September 7, on accessibility of websites and applications for mobile devices in the public sector.





INTELLIGENT AUTOMATION SERVICE.

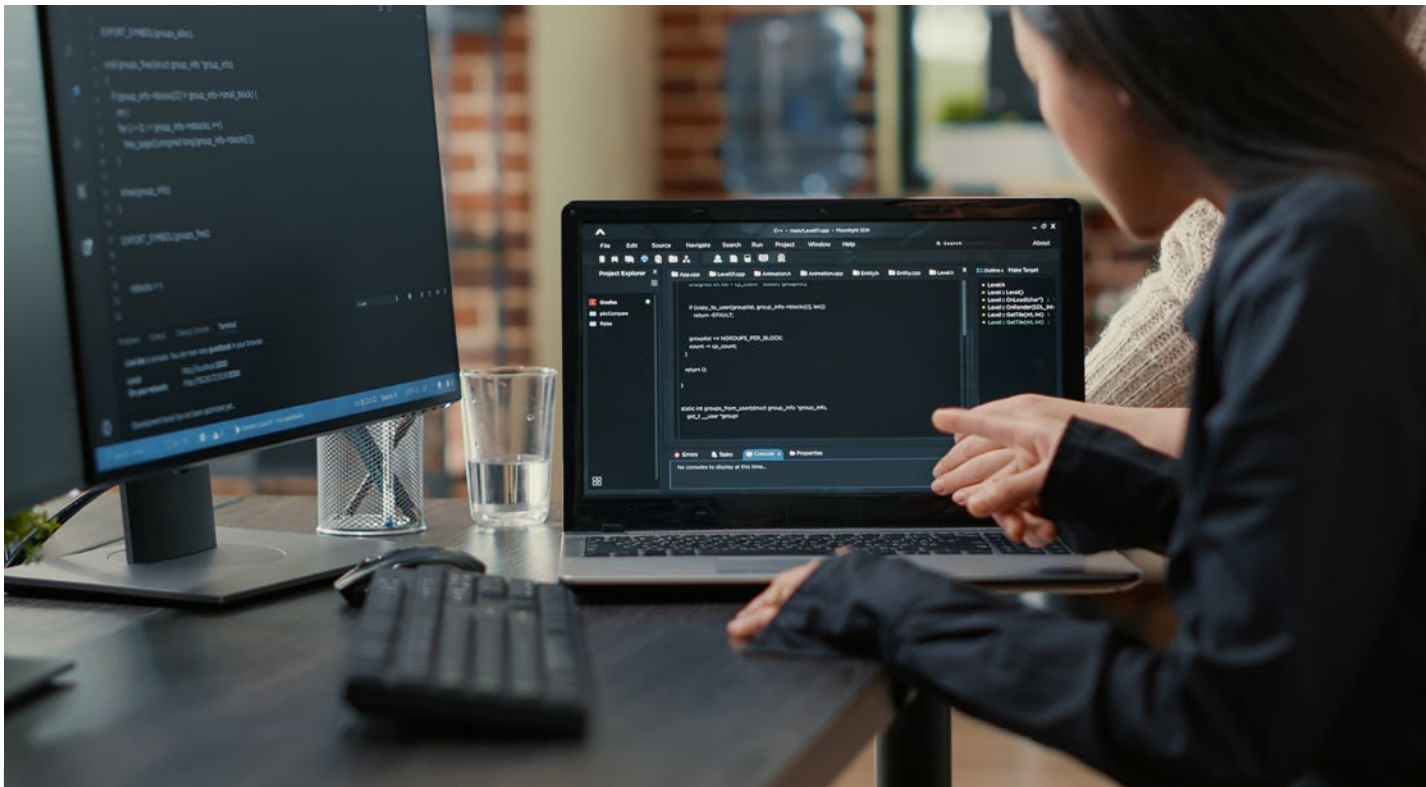
- At the end of 2021, the new ICAC Electronic Headquarters has been put into production. This headquarters is developed with ACCEDA and, in addition to the administrative procedures already existing in the old headquarters, a large number of administrative procedures will be gradually incorporated and are being automated. All this with the aim of increasing efficiency in communications with the citizen, given that this platform is integrated with the common services NOTIFICA, CL@VE, PORTAFIRMAS, GEISER, etc. Accessible at: <https://icac.sede.gob.es/>
- In October 2021, the new DECLAR@ application was launched for the preparation and generation of models M01 and M02, which collect, respectively, the annual activity of auditors and audit firms. Accessible at: <https://icac.gob.es/declara>
- Implementation of BI (Business Intelligence). Since the last quarter of 2021, work has been underway on the first version of a BI for the ICAC, whose objective is to facilitate systematised, predictive and evaluative analysis of the multiple data sources obtained in the execution of the ICAC's own competencies in matters of Accounting and Audit of Accounts. In addition, it allows the ICAC management units to establish activity and/or performance indicators, mainly those that are more focused on managing the organisation's risks.

CLOUD INFRASTRUCTURE SERVICE.

- In the second quarter of 2021, the ICAC Infrastructure Migration project to the SARA cloud of the AGE was successfully completed. This has been, without a doubt, one of the most notable technological achievements. It is a milestone from which the ICAC has become one of the reference organisations in having migrated practically all its services and servers to the SARA cloud, promoting the use of common services and the rationalisation of public spending.
- In parallel with the previous point, during 2021, multiple licences have been acquired for collaborative work and security of information on the cloud.

SMART WORKSTATION.

- During 2021, the improvement of ICAC staff workstations has continued, acquiring accessories, improving communications, optimising VPN access, incorporating new work tools, implementing remote control, enabling unattended installations, etc.



5.4 FINANCIAL ECONOMIC
MANAGEMENT

This service is responsible for all those powers of economic, accounting and budgetary management of the Institute, as well as the complete management of the collection of the fee for the control and supervision of the activity of the audit of accounts and the fee for the issuance of certificates or documents at the request of a party and for the inscriptions and annotations in the ROAC.

BUDGET MANAGEMENT AND PREPARATION
OF THE 2022 BUDGET.

During the 2021 financial year, the preliminary draft of the ICAC income and expense budgets was prepared, a preliminary draft budget that was approved in Law 22/2021, of December 28, on the General State Budgets for the year 2022.

The ICAC executes the expenditure budget program 493O, "Audit Accounting Regulation". This program responds to the need to provide the maximum transparency to the company's economic-financial information and allow it to develop all the powers attributed to the body, especially the activities carried out as an accounting regulatory body and supervisory body of the audit activity of accounts.

The ICAC self-finances its activities 100%. The main source of financing is the income obtained through two types of fees managed and collected by this body, regulated in Title IV of the LAC:

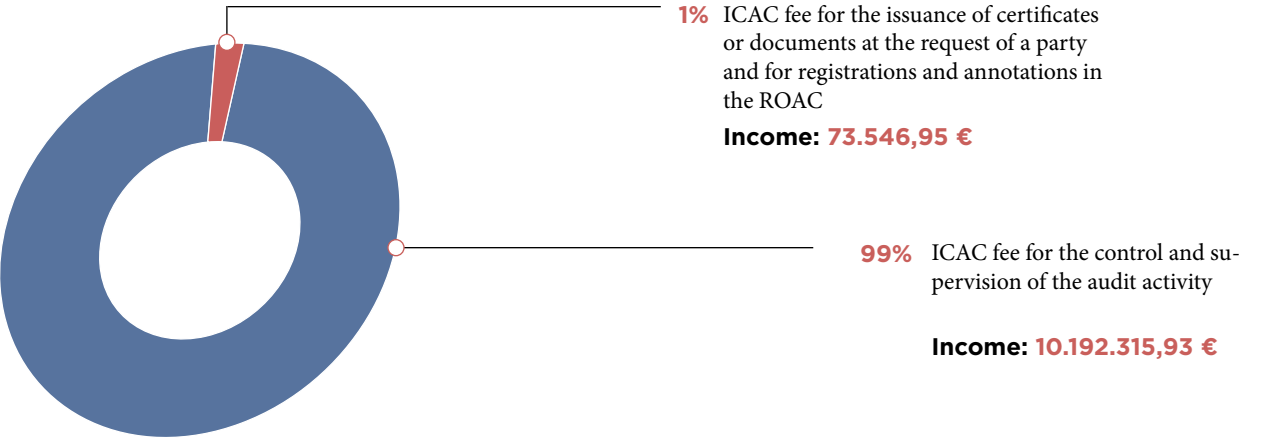
ICAC FEE FOR THE CONTROL AND SUPERVISION OF THE AUDIT ACTIVITY.

The taxable event of this fee is the exercise of the powers of control of the audit activity by the ICAC, in relation to the issuance of audit reports. Its regulation is developed in RD 181/2003, adapted to current needs. The amount of the fee is calculated based on the volume of work declared by Auditors and audit firms, as a logical correlation to the evolution of the ICAC's workload in the supervisions to be carried out based on said volume.

ICAC FEE FOR THE ISSUANCE OF CERTIFICATES OR DOCUMENTS AT THE REQUEST OF
A PARTY AND FOR REGISTRATIONS AND ANNOTATIONS IN THE ROAC.

The taxable event of this rate is the exercise of the powers of the ICAC referred to the issuance of certificates or documents at the request of a party and the inscriptions and annotations in the ROAC. The system of self-assessment and payment of this fee is developed by RD 73/2016, of February 19, which develops the system of self-assessment and payment of the fee of the Institute of Accounting and Audit of Accounts for the issuance of certificates or documents at the request of a party, and for the inscriptions and annotations in the Official Registry of Auditors of Accounts.

The total income in 2021 has been collected in chapter 3 “Taxes, public prices and others” and its amount has risen to 10,365,252.81 euros.



As for the expenses recorded, in the 2021 financial year they amounted to a total of 6,442,844.09 euros, highlighting that 58% corresponds to the execution of chapter 1, and 30% of them to the execution of chapter 2. Specifically, within the execution of chapter 4 (10% of the total executed), the following transfers deserve special mention due to the notable presence of the ICAC at the international level:

- To the International Forum of Audit Supervisory Agencies (IFIAR): 1,465,025 Japanese yen, which at the time of payment amounted to 11,017.71 euros.
- To the European Financial Reporting Advisory Group (EFRAG): 175,000 euros.

Personal expenses	Current expenses on goods and services	Financial expenses
3.792.687,15 € Chapter.I	1.951.109,62 € Chapter.II	0 € Chapter.III
Current transfers	Actual investments	Financial assets
616.951,56 € Chapter.IV	82.095,76 € Chapter.VI	0 € Chapter.VIII

OTHER MANAGEMENT ACTIONS.

In 2021, the annual accounts corresponding to the 2020 financial year have been prepared and formulated, which included analytical accounting data, accounts that the President made available to the General State Comptroller through the RED.Coa application. The analytical accounting was carried out in accordance with the new Customization Report of the Analytical Accounting Model of the Accounting and Auditing Institute (ICAC), approved on January 19, 2021 by the General Intervention of the State Administration.

In 2021, a total of 832 expense and/or payment accounting documents were processed, a total of 389 more documents than those processed during the 2020 financial year, which represents an increase of 87.81%.

Likewise, within accounting management, the reports requested by the IGAE for the consolidation of the General State Administration (AGE) account have been prepared, as well as other communications required by the Budget Office.

FEES MANAGEMENT.

During the 2021 financial year, the work started in 2020 related to the tasks of verifying the payment of these fees has continued. Specifically, it is worth highlighting the verifications of the annual declarations made by the practising auditors in relation to the ICAC Rate for the control and supervision of the activity of the audit of accounts where the corresponding claims have continued to be made, where appropriate, of the payment due and the sanction that may correspond for non-compliance with the regulations that are applicable, as well as the liquidation of surcharges for untimely entry.

Undoubtedly, the important effort to launch and initiate the procedure for the return of undue income ex officio in 2021 should be highlighted, as well as the continuation in the processing of claims for unpaid debt and surcharges for income after the corresponding deadline. to the years 2017, 2018 and 2019. As a result of all these procedures, more than 4,000 files have been initiated during the year 2021.

Additionally, within the framework of the development of the digitization of the ICAC, during 2021 work has been carried out on the implementation of the fee management procedures through the Agency’s Electronic Headquarters (Acceda). In this sense, at the beginning of 2022, the first procedure that will be operational at Headquarters will be the return of undue income, both at the request of a party, and ex officio, due to data discrepancies.

5.5 CONTRACTING

In particular, this service is in charge of the processing in all its phases of the contracts, orders to own means, collaboration agreements, nominative subsidies and payment of quotas to international organisations, as well as all the procedures for the payment and justification of funds. of the Agency’s Fixed Cash Advance. In accordance with the provisions of article 3.1, letter c) of the LCSP, the contractual activity of the ICAC is fully subject to the provisions of said legal text.

During the 2021 financial year, this service processed more than 400 files.

Likewise, during the year 2021, the electronic processing of all contracting files has been deepened, so that at present it can be said that paper is no longer used in any of its phases or documents. There are only certain proofs of payment that are paid by the system of fixed cash advances that continue to be on paper (taxis, purchases in small shops...).

This process, already initiated in previous years in accordance with the provisions of Law 9/2017, of November 8, on Public Sector Contracts, as well as in Law 39/2015, of October 1, of the Common Administrative Procedure of Public Administrations and Law 40/2015, of October 1, on the Legal Regime of the Public Sector, has been accentuated due to the COVID-19 pandemic.

In this way, the tenders are electronic and the opening of the files is carried out through the Public Sector Contracting Platform (PCSP in Spanish), all the acts of the tables are of a private nature, publishing in the PCSP the results of bid opening events. Likewise, the acts of receiving contracts are carried out electronically in the case of services or intangible goods, using the Microsoft Teams® application for this purpose. The processing of the files, as well as the signatures involved in it, are completely electronic, using the applications provided by the IGAE (Sorolla, Docelweb, Corenet) and the AGE’s Portafirmas.



5.6 RESEARCH AND DISSEMINATION ACTIVITIES

The activity of the ICAC includes the activity of maintenance and publication of both national and foreign documentation of interest in accounting, financial and auditing matters.

In particular, the Official Bulletin of the Institute (BOICAC) is published quarterly, where, in addition to complying with the provisions of LAC and other regulations that regulate the activity of the ICAC, any relevant accounting and auditing aspect is disclosed. of accounts, as well as the queries addressed to this Body with an issued response, which due to the interest in their disclosure, it is advisable to publish, so that they can be studied in general. During the 2021 financial year, four BOICACs have been published, which can be consulted in full on the ICAC website.

It should be remembered that, by Resolution of July 2, 2019, of the Accounting and Auditing Institute , the publication in electronic format with free access on the BOICAC website was determined, thus ceasing the printed edition, as well as your sale.

MOST RELEVANT ASPECTS.

A highlight in 2021 is the private contract signed between the ICAC and the AEBOE for the Co-edition of the Up-to-Date Standard “General Accounting Plan”. The purpose of this contract is the co-edition of this publication in PDF and ePub formats, as well as the co-edition on paper, in print on demand.

As all the publications are online, the Yearbook has not been published since the list of each of the auditors and their situation is updated on the Institute’s website in the corresponding section in ROAC.

In the field of carrying out and promoting research, study, documentation, dissemination and publication activities for the development and improvement of accounting standardisation, it is worth highlighting the studies carried out within the framework of the collaboration agreement between the ICAC and the Spanish Association of Teachers Accounting University Students (ASEPUC) signed in October 2019.

Specifically, the studies carried out by ASEPUC during 2021 and under the coordination of the ICAC have been the following:

- The study under the title: “Analysis and proposal to reply to the discussion document issued by the IASB DP/2020/2 on business combinations under common control”.
- The study under the title: “Analysis and proposal to reply to the draft standard on rate-regulated activities (ED on Rate-regulated Activities) that the IASB plans to issue in January 2021.”
- The study under the title: “Proposal for regulatory development on accounting hedges. To delimit the rules to apply, margin of manoeuvre of the entities”.
- The study under the title: “Comparative analysis of the supervision information of the Public Supervision Bodies of the auditing profession that is published in the Member States (EU)”.

WEB PUBLICATIONS.

Likewise, on the ICAC website the following publications made in 2021 can be accessed:

- Access to the International Financial Reporting Standards that are adopted by the European Union, and that are previously published in its Official Gazette (OJEU). This system is a novelty to what has been done in publications due to the approval of the Resolution of January 8, 2020, of the Institute of Accounting and Audit of Accounts, which determines the cessation of the sale of publications edited by this Institute on paper and its publication in electronic format on the Institute’s own page is established.
- The Report on the Status of Auditing in Spain 2020 (BOICAC number 127).
- Actualización Carta de Servicios y Tríptico (Periodo 2021-2023) mediante Resolución de 6 de septiembre de 2021, de la Subsecretaría, por la que se aprueba la actualización de la Carta de servicios del Instituto de Contabilidad y Auditoría de Cuentas (BOE, 15 de septiembre de 2021).
- 2021 Audit activity Control Plan (BOICAC number 126).
- Economic-financial bulletin to support audit supervision.
- Joint audit report 2021



6. Communication with citizens

6.1 COMPLAINTS AND SUGGESTIONS:

Without prejudice to the rights that Law 40/2015, of October 1, on the Legal Regime of the Public Sector, recognizes to citizens in its article 35, in their relations with the Administration, citizens and users of audit services may Collaborate in improving the provision of services offered by the ICAC by formulating complaints and suggestions regarding the actions of the ICAC in the “Contact Us” form on the ICAC website, enabled for this purpose on the website itself. or in any of the general registries of the General State Administration. During the 2021 financial year, nine complaints and one suggestion were processed and resolved.

6.2 CLAIMS:

During the 2021 financial year, no claim has been filed in relation to the letter of services provided by the ICAC and whose competence to resolve lies with the General Secretariat of the ICAC.

6.3 TRANSPARENCY WEBSITE:

Law 19/2013, of December 9, on Transparency, Access to Public Information and Good Governance has the purpose of expanding and reinforcing the transparency of public activity, regulating and guaranteeing the right of access to information related to that activity and establish the good governance obligations that must be met by public officials.

In application of this Law, the General Secretariat, in relation to activities subject to Administrative Law, to guarantee transparency in its activity and the right of access of citizens to public information, during fiscal year 2021 has processed and resolved eleven requests

6.4 ISSUED QUESTIONS AND REPORTS:

The General Secretariat of the ICAC receives queries and requests for mandatory reports from other bodies of the Public Administration or other Public Institutions. During 2021, forty-one queries and reports have been answered. These queries and reports cover a diverse content from legal, statistical or informative issues and are sent either by Courts or Prosecutors, or by citizens requesting information on certain matters such as occupational risk prevention, quality in Public Administrations, CSR, SIA procedure, General Registry of Deposits, reduction of administrative charges, inspection of services, among others.

