



i/c/a/c/ Instituto de Contabilidad y
Auditoría de cuentas

Annual Activity

Report 2022

Annual Activity

Report 2022

Instituto de Contabilidad y Auditoría de Cuentas-ICAC (Accounting and Auditing Institute)

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Letter from the President

on the Annual Activity Report 2022

Santiago Durán Domínguez

President of the Accounting and Auditing Institute

Madrid 2023

The year 2022 was a year of consolidation in the process of modernising the activity of the Accounting and Auditing Institute (ICAC), a process that is essential in order to be able to respond to the demands of having an adequate framework for corporate information and that the verification is carried out with the guarantee of maximum quality.

It is precisely the improvement of quality in the auditing activity that should be boosted in the coming years thanks to the adaptation work carried out in 2022 for the application in Spain of the International Standards on Quality Management 1 and 2 and the International Standard on Auditing ISA 220 (Revised). With these standards, the internal quality control framework for auditors established in the Law on Auditing and its implementing regulations has been completed with three new standards entitled "Quality management for audit firms that perform audits of financial statements", ISA1-ES; "Engagement Quality reviews", ISA2-ES; and the Auditing Technical Standard "Quality management for an audit of financial statements" (ISA-ES 220 (Revised)).

This is a modern regulatory framework that requires a new orientation in the management and governance of audit firms and audit offices, so that quality becomes the cornerstone of their activity. For this reason, during the year 2022, the Institute's activity from the point of view of dissemination has placed special emphasis on the aspects linked to the management of audit firms, particularly the management of people. The auditing sector employs more than 18,000 people in Spain and it is essential for everyone (supervisors, corporations, and auditors) to work together to attract and retain talent, which requires taking into account the interests of employees and making progress on aspects such as diversity, inclusion and improving the working environment.

We all know that a regulatory framework alone is not sufficient, but requires a modern and effective supervisory activity. In this respect, I would like to highlight the activity of the Sub-directorate General for Technical Control in two essential aspects for a supervisor. Firstly, the increase in the efficiency of supervisory activity, as evidenced by the increase in the number of supervisory actions from 183 (in 2019) to 302 (in 2022). Secondly, the supervisory transparency measures taken, such as the economic and financial bulletin to support risk-based supervision or the periodic publication of supervisory expectations on specific aspects of auditors' activities or risks to which they are exposed.

Similarly, in the area of international auditing, cooperation with the different international organisations, such as IFIAR or CEAOB, has intensified and, by way of example, the ICAC has taken on the leadership of the CEAOB's audit market monitoring group.



With regard to its activities in the field of financial reporting regulation, the ICAC has continued its work to achieve a regulatory framework that is perfectly harmonised with international standards and that, without harming economic activity, promotes corporate transparency. From this point of view, the importance of the work carried out by the Institute for the transposition into national law of Directive 2021/2101 of the European Parliament and of the Council of 24 November 2021 amending Directive 2013/34/EU as regards disclosure of information on corporate income tax by certain companies and branches should be appreciated, which culminated in the approval of Law 28/2022 of 21 December on the promotion of the start-up ecosystem, the sixth and final provision of which amends Law 22/2015 of 20 of July on Auditing to introduce the obligations of the new report on corporate income tax.

The Institute's growing participation in international regulatory bodies, in particular EFRAG at European level (European Financial Reporting Advisory Group) and the IASB (International Accounting Standards Board) at global level, is equally important for the achievement of a consistent regulatory framework.

But certainly, one of the most relevant aspects that have taken place in 2022 has been the approval and publication in the Official Gazette of the European Union, in December, of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022, on corporate reporting on sustainability by companies.

With this new framework, and as Commissioner McGuinness has pointed out, corporate reporting will include financial reporting and sustainability reporting at the same level, and, consequently, financial and sustainability reporting must work together as profitable and sustainable companies are needed.

All of this represents a major change in the way companies report, which will also affect the ICAC's own activities. The ICAC was directly involved in the negotiation of the Directive and will continue to play a key role in the implementation process. However, it has also adapted its structure to the new requirements of corporate sustainability reporting by establishing the Sustainability Advisory Committee. This committee, which reports to the Corporate Information Council (formerly known as the Accounting Council), is made up of representatives of regulators, preparers of corporate sustainability information, users of this information, representatives of the relevant ministries and auditors, all of whom are experts in sustainability reporting, with the aim of contributing to the proper formation of the Spanish position in this area.



It will also be necessary to adapt the Institute to another new area of activity, which will be the supervision of those responsible for the verification of sustainability information, including auditors and verifiers, as this activity will be carried out within the general framework established by the Law on Accounting.

The development of all these activities requires the best professionals and their maximum dedication, as has been demonstrated throughout this year, which has culminated in exceptional results. But it has also been fundamental for these results to have an adequate organisational structure that supports the entire organisation, as well as having control and technological tools that allow us to optimise its operation.

I would like to end this presentation by pointing out that the challenge for the year 2023 will be to continue along the path we have taken in recent years, with the aim of continuing to respond, from a regulatory and supervisory point of view, to society's demand for financial and sustainability information of the highest quality and reliability.



Executive Summary

Annual Report 2022

Accounting

In the area of financial reporting, in 2022 the ICAC has continued to work on the preparation of the Draft Resolution of the Spanish Accounting and Auditing Institute (Instituto de Contabilidad y Auditoría de Cuentas) developing the concept of group of companies and the rules for recording, valuation and preparation of annual accounts to account for transactions between group companies. The objective is to specify the concept of group company, the definition of business, to complete the development of the PGC, the PGC-PYMES and the NOFCAC on transactions between group companies and to review the numerous interpretations published by the ICAC on this matter with the aim of improving the systematics of the accounting regulations on this subject.

Also, as a highlight, Directive 2021/2101 of the European Parliament and of the European Council of 24 November 2021 amending Directive 2013/34/EU as regards disclosure of information relating to corporate income tax by certain companies and branches has been transposed into national law. This transposition process has culminated in the approval of Law 28/2022, of 21 December, on the promotion of the start-up ecosystem which, in its sixth final provision, amends Law 22/2015, of 20 of July, on Auditing to introduce the new corporate tax reporting obligations.

Also noteworthy is the growing participation in the international forums in which the Institute is present, in particular, in the activity of EFRAG at European level (European Financial Reporting Advisory Group), both in the financial reporting pillar and in the sustainability reporting pillar, and of the IASB (International Accounting Standards Board).

Through the ICAC's international activity in accounting matters, the EU-IFRS are constantly being analysed and studied in order to take decisions aimed at harmonising national regulations with international standards. Likewise, the ICAC has an increasingly active presence in international forums, which favours participation in standard-setting projects from their most preliminary stages, achieving greater influence in decision-making and in the final result of these projects.

In the area of sustainability information, the ICAC was part of the group of experts in the European Council, representing the Spanish position in the negotiation process of the Directive on the presentation of information on sustainability by companies, which culminated in its approval and publication in the Official Gazette of the European Union in December 2022.

During this year, the ICAC has continued to provide both technical and financial support to EFRAG in the achievement of the mandate that this body has received from the European Commission to become the issuer of the future European Sustainability Reporting Standards (ESRS), as established by the Directive on sustainability reporting by companies. This Spanish support for EFRAG as the regulator of European sustainability standards means that the ICAC is represented in EFRAG with voice and vote, both in the Financial Reporting Council and in the Sustainability Reporting Council. Furthermore, the ICAC is also represented on EFRAG's new Administrative Board, over and above the two previous boards, with the president of EFRAG assuming the status of member of the latter.

In this ambitious context of development of sustainability information, it has been considered essential to set up a mechanism within the ICAC through which the Spanish position on this matter, and more specifically with regard to the content of the NEIS, can be formed, in which all interested parties are represented, on a permanent basis in the sense that it can carry out its task in the future process of updating and improving, in the medium and long term, the standards already approved and those pending approval, as is currently done in relation to accounting and auditing standards in the ICAC Committees. For this reason, the creation of a new Sustainability Advisory Committee has been envisaged, comprising representatives of the preparers of sustainability information, Spanish supervisors using the information, representatives of the relevant ministries and auditors, all of them experts in sustainability, with a view to contributing to the appropriate formation of the Spanish position in Europe.

The constitution of this new Sustainability Advisory Committee was approved by Royal Decree-Law 20/2022, of 27 December, on measures to respond to the economic and social consequences of the war in Ukraine and to support the reconstruction of the island of La Palma and other situations of vulnerability. The function of this new body is to advise the Corporate Information Board (new name of the Accounting Board) on corporate information on sustainability and will be made up of experts of recognised prestige in the field. As a result, the governing bodies of the ICAC are now the President, the Accounts Audit Committee and the Corporate Information Council, the latter being composed of the Accounting Advisory Committee and the Sustainability Advisory Committee.

Auditing

During 2022, the Internal Quality Control Standards, "Quality management for audit firms that perform audits of financial statements", ISA1-ES, "Engagement Quality Reviews", ISA2-ES, resulting from the adaptation of International Quality Management Standards 1 and 2, respectively; and the Auditing Technical Standard "Quality management for an audit of financial statements" (ISA-ES 220 (Revised)), resulting from the adaptation of International Standard on Auditing ISA 220 (Revised), have been published.

Of the rest of the actions related to the audit regulation, once again this year stand out in terms of volume, the consultations on specific aspects of the application of the auditing of accounts regulations and with regard to the obligation to file accounts and the applicable penalty regime, as well as the preparation and publication of the resolution, developing different aspects related to the obligation of auditors to carry out continuous training.

Regarding supervisory activities, in 2022 the process of modernising the organisation in the inspection and investigation areas and their procedures initiated in 2020 continued, 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, investigations, and checks, which has been maintained in 2022.



Within these control activities, the areas for improvement detected in 2022 coincide in general terms with those identified in previous years. In the actions carried out, the number of requirements for improvement is reduced in cases where several inspection cycles have been carried out on the same firm, which shows the preventive effect of the inspections and the efforts made by the firms to improve the quality of the audits.

The areas of independence and the monitoring of the quality control system continue to be highlighted as areas on which auditors should particularly focus their efforts to improve the internal quality control system.

Furthermore, the progressive implementation of risk-based supervision, which aims to improve the efficiency of control activities and strengthen the preventive nature of supervision, continued in 2022. Work this year focused on the development of the Economic and Financial Bulletin to assist audit supervision and on improving the use of the information reported by auditors to the ICAC.

In addition to the above, during 2022 other activities have been continued that contribute to improving transparency and facilitating compliance by auditors and audit firms, such as the publication of supervisory expectations on aspects of auditing that have been considered relevant due to the economic context.

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 Oversight Bodies of Auditors (CEAOB) and IFIAR (International Forum of Independent Audit Regulators), including the preparation of comment letters on the draft International Standard on Auditing for audits of financial statements of less complex entities, submitted to the international standard-setting body in January 2022 and the publication by CEAOB of a recommendation for the application by the auditor of a third country of the CEAOB Guidelines on auditor involvement in financial statements presented in the Single European Electronic Format. Also noteworthy in international activity was the ICAC's leadership of one of CEAOB sub-groups, the Market Monitoring Sub-Group.

Organisation and Digital Transformation

In 2022, work continued the verification of the annual activity declarations for the financial year 2020 made by auditors and audit firms in relation to the ICAC Tax for the control and supervision of the audit activity, with the result of the corresponding claims for debt, surcharges for late payments, penalties, and also communication of discrepancies in data due to possible undue income. In total, more than 1,500 files have been opened.

In addition, within the framework of the development of the digitalisation of the ICAC, during 2022 work has been carried out on the implementation of the procedures for the management of the tax through the Agency's Electronic Headquarters (Acceda). The result of this work has been the completion and availability at the electronic headquarters of procedures such as the refund of undue income, both at the request of a party and ex officio, due to discrepancy of data, the request for deferment / instalment of debt or the lodging of an appeal for reconsideration.

Also, during the last quarter of 2022, in order to comply with the measures contained in Order PCM/466/2022, of 25 May, which publishes the Agreement of the Council of Ministers of 24 May 2022, approving an energy saving plan and efficiency measures for the General State Administration and the entities of the state institutional public sector, as well as in Royal Decree Law 14/2022, of 1 August, on measures for economic sustainability in the field of transport, scholarships and study grants, as well as energy saving and efficiency measures



and measures to reduce energy dependence on natural gas, the Institute has carried out several actions aimed at optimising the use of the building located at Calle de las Huertas 26, the ICAC's main headquarters, thus contributing to a better sustainable development of the General State Administration.

Finally, the ICAC's IT Unit continued to implement the lines of action of the ICAC's Digital Transformation Plan, which is aligned with the Digital Administration and Digital Public Services strategy set out in the "Plan for the Digitalisation of Public Administrations 2021-2025. During 2022, several projects were successfully completed, all of them aimed at improving the presentation of information, optimising navigation, and facilitating the use of user interfaces, especially in those applications in which there is administrative interaction between this body and the citizen.

1 Introduction

1.1 The Accounting and Auditing Institute

The Auditing and Accounting 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 is governed by the laws and general provisions applicable to it and, in particular, by the provisions of Law 40/2015, of 1 October, on the Legal Regime of the Public Sector, as well as by what is specifically established in Law 22/2015, of 20 of July, on Auditing (hereinafter, LAC), in the Regulations for its development, approved by Royal Decree 2/2021 (hereinafter, RAC), and in its Statute, approved by Royal Decree 302/1989.

In accordance with the aforementioned regulations, the Accounting and Auditing Institute has two main blocks of functions, on the one hand, those relating to accounting standardisation and, on the other hand, those relating to auditing of accounts.

In the area of accounting regulation, the ICAC's competences are set out in article 2 of its statute:

- The performance of technical work and the proposal of the General Accounting Plan adapted to European regulations and to the laws regulating these matters, as well as the approval of the adaptations of this Plan to the different sectors of economic activity.
- Establishing the criteria for the development of those points of the General Accounting Plan and the sectorial adaptations thereof that are deemed appropriate for the correct application of these regulations, which shall be published in the Institute's Bulletin.
- The permanent improvement and updating of accounting planning, to which end it shall propose the legislative or regulatory modifications necessary to harmonise them with the provisions of the European Union or in accordance with accounting progress.
- To carry out and promote the research, study, documentation, dissemination, and publication activities necessary for the development and improvement of accounting standardisation.
- Coordination and technical cooperation in accounting matters with international organisations, in particular with the European Union, as well as with national bodies, whether they are 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:

- The authorisation and registration of auditors and audit firms in the Official Register of Auditors. This registration is a necessary condition for the practice of auditing in Spain, and the ROAC reports to the ICAC.

The adoption of rules on ethics, internal quality control standards in auditing activities and technical auditing standards under the terms of this law, as well as the supervision of their proper compliance.

- The continuous training of auditors.
- Regular monitoring of the evolution of the auditing services market in the case of public interest entities.
- The disciplinary regime.
- The system of inspections and investigations.

On the other hand, Article 283 of the Consolidated Text of the law on Capital Companies confers on the ICAC the power to impose penalties in the event of non-compliance by the administrative body of the companies with the obligation to file the annual accounts within the established period.

1.2 Strategy

During 2022, the ICAC has continued with its mission to generate confidence and security in the economy by providing an appropriate 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 (auditing), acting as the main driving force for quality in the exercise of the auditing activity carried out in Spain.

Likewise, this Institute has continued during 2022 with the objective of modernising itself through the materialisation of certain specific actions, both in terms of digitalisation and in terms of accounting regulation and supervision of the exercise of the auditing activity. The ICAC's values must always be borne in mind to ensure that all its activities are aimed at achieving its mission under the highest standards of behaviour, both of the institution and of its staff.

To perform the functions entrusted to it, the ICAC establishes its audit activity action plans on an annual basis. During the year 2022, the Control Plan was published on the ICAC's website and the main lines of the actions to be carried out were set out therein.

In compliance with the provisions of article 61 of the LAC, the ICAC publishes this Activities Report, as well as the general results and conclusions reached in the inspections of auditors' quality control systems carried out in 2022.

1.3 Governing Bodies

Article 106 of Royal Decree-Law 20/2022, of 27 December, on measures in response to the economic and social consequences of the war in Ukraine and support for the reconstruction of the island of La Palma and other situations of vulnerability has amended Law 22/2015, of 20 of July, on Auditing, which has given rise to a new wording of article 56.2, which states that the governing bodies of the Accounting and Auditing Institute

are: the President, the Audit Committee and the Corporate Information Council. (See graphic 1).

The President, with the category of General Director, shall be appointed by the Government, at the proposal of the Minister of Economic Affairs and Digital Transformation, and shall be the legal representative of the Accounting and Auditing Institute, exercising the powers assigned to him/her by this Law and those that may be determined by regulation.

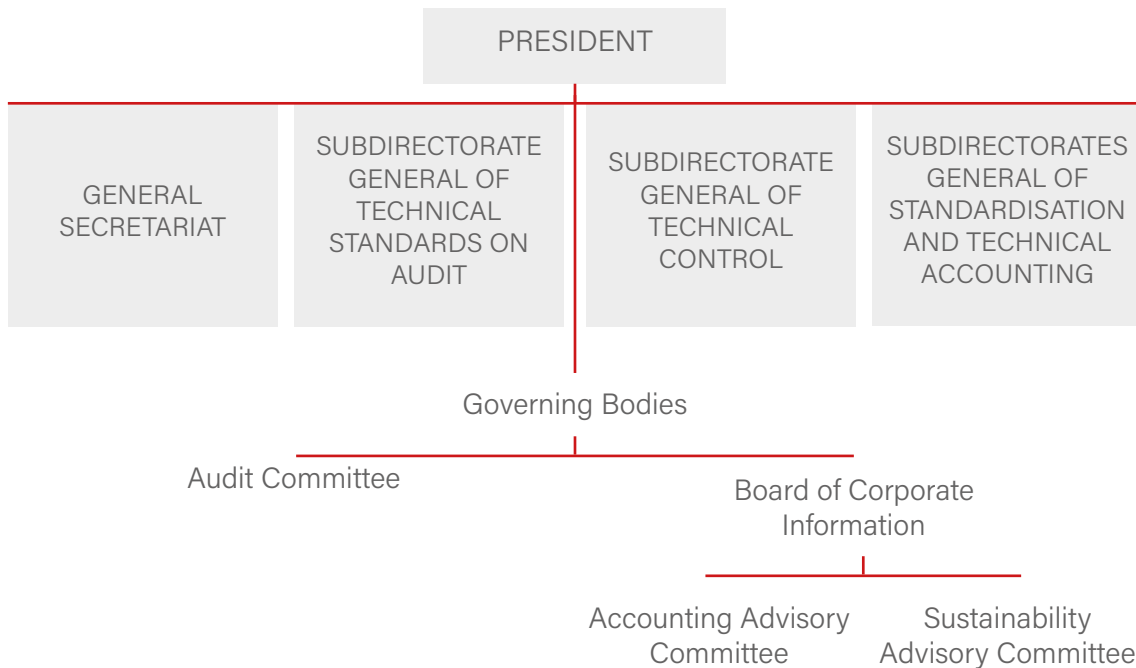
The Audit Committee is the body to which matters relating to the auditing of accounts must be submitted for consideration by the President.

The Corporate Information Council is the competent body, after hearing the Accounting Advisory Committee and the Sustainability Advisory Committee, to assess the suitability and adequacy of any regulatory proposal or interpretation of general interest in accounting matters with the Conceptual Framework for Accounting regulated in the Code of Commerce, or in matters of sustainability. It has two advisory bodies:

- The Accounting Advisory Committee is the advisory body to the Corporate Reporting Council on accounting matters.
- The Sustainability Advisory Committee is the advisory body to the Corporate Reporting Council on corporate reporting on sustainability.

1.4 Organic Structure

CHART 1 Organisation chart of the Accounting and Auditing Institute



The competencies of each of these SubDirectorates General can be found on the ICAC website at the following [link](#) and in section 5.1 Organisational structure in section 5. Organisation and management of the ICAC of this Annual Activity Report.



Accounting Area

2 Accounting Area

2.1 Introduction

In the area of financial reporting, in 2022 the ICAC continued work on the Draft Resolution of the Spanish Accounting and Auditing Institute developing the concept of a group of companies and the rules for recording, valuation and preparation of annual accounts to account for transactions between group companies. This development has been carried out through the working group set up for this purpose in 2021, in which representatives of various institutions and experts of recognised prestige in accounting matters have participated.

Another highlight was the transposition of Directive 2021/2101 of the European Parliament and of the Council of 24 November 2021 amending Directive 2013/34/EU as regards disclosure of information relating to corporate income tax by certain companies and branches. This transposition process has culminated in the approval of Law 28/2022, of 21 December, on the promotion of the start-up ecosystem which, in its sixth final provision, amends Law 22/2015, of 20 of July, on Auditing to introduce the obligations derived from this Directive.

Moreover, in the area of sustainability reporting, this Institute has participated as a representative of the European Council in the negotiation of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, with regard to sustainability reporting by companies, which has finally been approved and published in the Official Gazette of the European Union in December 2022. The ICAC will also be the organization in charge of transposing this Directive into Spanish law by 6 July 2024.

Likewise, in 2022, the internal reform process of EFRAG was completed, whereby it takes on the role of technical advisor to the European Commission in the development of European sustainability standards. This reform has entailed the creation of a sustainability pillar, in addition to the existing financial reporting pillar. As a result, the ICAC has fulfilled the commitment formalised in 2021 to also become part of this new sustainability pillar, becoming a member of its two decision-making bodies (the Financial Reporting Council and the Sustainability Reporting Council) and thus continuing with its objective of influencing the standard-setting process from the outset.

With the aim of having a committee of experts to respond to the new needs arising from the approval of the Directive on sustainability reporting by companies, its future transposition and the formation of a Spanish position on the content of European sustainability report-



ing standards, the Sustainability Advisory Committee is constituted, which is regulated in article 59 of Law 22/2015, of 20 of July, on Auditing with the new wording given by Royal Decree-Law 20/2022, of 27 December, on measures in response to the economic and social consequences of the war in Ukraine and support for the reconstruction of the island of La Palma and other situations of vulnerability.

With the creation of this new Committee, the former Accounting Council of the ICAC is renamed the Corporate Information Council and extends its competences to assess the suitability of any regulatory or interpretative proposal of interest in accounting matters and corporate reporting on sustainability.

The new Sustainability Advisory Committee will be made up of experts of recognised prestige in the field, representing both public administrations and the different sectors involved in the preparation, use, disclosure, and verification of corporate information on sustainability.

2.2 Regulatory Activity

Firstly, a fundamental part of the ICAC's regulatory activity is the monitoring of the draft standards published previously to assess their practical application by companies.

During the 2022 financial year, the ICAC has devoted efforts to monitoring the two major regulatory projects that were approved in 2021:

- The publication of Royal Decree 1/2021, of 12 January, amending the General Accounting Plan approved by Royal Decree 1514/2007, of 16 November; the General Accounting Plan for Small and Medium-sized Companies approved by Royal Decree 1515/2007, of 16 November; the Rules for the Preparation of Consolidated Annual Accounts approved by Royal Decree 1159/2010, of 17 September; and the rules for the adaptation of the General Accounting Plan to non-profit entities approved by Royal Decree 1491/2011, of 24 October.
- The publication of the Resolution of 10 February 2021 of the Spanish Accounting and Auditing Institute, which lays down rules for the recording, valuation, and preparation of

the annual accounts for the recognition of income from the delivery of goods and the provision of services.

This monitoring was mainly carried out by receiving and answering queries from the public on the interpretation of these texts, both in terms of financial instruments and the recognition of revenue from ordinary activities.

In addition, work continued in 2022 on the Draft Resolution of the Spanish Institute of Accounting and Auditing developing the concept of a group of companies and the rules for recording, valuation, and preparation of annual accounts to account for transactions between group companies.

To this end, a working group was set up following the publication of the prior public consultation on the draft accounting standard in 2021, with the participation of representatives of various institutions and experts of recognised prestige in accounting matters, with the task of preparing a draft resolution that develops and brings together all the doctrine issued by the ICAC to date.

In Spanish Accounting Law, the definition of a group of companies has a dual 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 Preparation of Consolidated Annual Accounts (NOFCAC), approved by Royal Decree 1159/2010, of 17 September, the existence of which determines the obligation to prepare consolidated annual accounts, unless one of the cases of exemption can be applied.

On the other hand, the group is composed of all companies subject to the same decision-making unit. This extended or horizontal group is defined in the 13th Standard for the preparation of annual accounts, "Group companies, jointly controlled entities, and associates" in Part 3 of the Spanish General Accounting Plan, in the 11th Standard for the preparation of annual accounts, "Group companies, jointly controlled entities, and associates" in Part 3 of the General Accounting Plan for SMEs and in Article 260 of the revised text of the Spanish Capital Companies Law.

Part 2 of the General Accounting Plan contains Recognition and Measurement Standards that develop the accounting principles and other provisions contained in Part 1 "Accounting Framework" of the Spanish General Accounting Plan. The 21th recognition and measurement standard of the Spanish General Accounting Plan and the 20th recognition and measurement standard of the Spanish General Accounting Plan for SMEs regulate transactions between group companies.

Paragraph 2 of those standards deal with the particular accounting treatment of restructuring operations between group companies with the aim of providing legal coverage for the accounting recording of the majority of operations of this nature currently carried out by Spanish companies.

In short, the aim of the draft resolution is to specify the concept of group company, the definition of business and the accounting treatment of transactions between group companies, taking international developments as a reference. All of this, without prejudice to the fact that the principle of hierarchy of standards logically prevents the resolution from including solutions contrary to the criteria expressly set out in paragraph 2 of the 21th recognition and measurement standard of the Spanish General Accounting Plan.

This completes the development of the Spanish General Accounting Plan, the General Accounting Plan for SMEs and the Preparation of Consolidated Annual Accounts Standards on transactions between group companies and revises the numerous interpretations published by the ICAC on this matter with the aim of improving the systematics of accounting regulations in this area.



Transposition of the Directive on disclosure of information relating to corporate income tax by certain companies and branches.

The ICAC has been responsible for the transposition of Directive (EU) 2021/2101 of the European Parliament and of the Council of 24 November 2021 amending Directive 2013/34/EU as regards disclosure of information relating to corporation tax by certain companies and branches.

The purpose of Directive (EU) 2021/2101, also known as the Country-by-Country Reporting Directive, is to require companies and groups of companies above a certain volume of revenue operating in any EU member State to report total income for the financial year broken down by country, as well as information on corporate income tax due and paid in cash. Groups of companies whose parent company is not subject to the law of a member State, as well as branches established in European territory by companies which are not subject to the law of a member State, also fall within the scope of the Directive. The Directive provides for such information to be approved, published, and made accessible.

The disclosure of country-by-country information is considered to be an efficient and appropriate instrument to increase transparency in relation to the activities of multinational companies, to enable citizens to assess the impact they have on the real economy and to improve the ability of shareholders to properly assess the risks taken by companies.

The process of transposition of this Directive has culminated in the approval of Law 28/2022, of 21 December, on the promotion of the start-up ecosystem which, in its sixth final provision, amends Law 22/2015, of 20 of July, on Auditing to introduce the obligations derived from this Directive.

2.3 Attending to queries

Queries on the accounting treatment of specific situations are analysed and resolved by making interpretations of the standards contained in the financial reporting regulatory framework.

The evolution of queries in recent years is shown in Table 1.

//// TABLE 1 The evolution of queries in the period 2020-2022

Consultations	2022	2021	2020
Issued queries	382	352	309
Published queries	17	12	13

Regarding the matters subject to consultation, the publication in the previous financial year of the reform of the Spanish General Accounting Plan and the Resolution on the recognition of income from the delivery of goods and services has played a leading role in the Institute's interpretative work in 2022. The Institute also responded to various queries on the interpretation of Law 11/2018, of 28 December, which amends the Commercial Code, the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 of July, on Auditing, in the areas of non-financial information and diversity.

Also in the 2022 financial year, the following issues have been of particular interest in terms of accounting interpretation:

- The accounting of the extraordinary and temporary rebate on the retail price of certain energy products and additives, approved by Royal Decree-Law 6/2022 of 29 March,

adopting urgent measures within the framework of the National Response Plan to the economic and social consequences of the war in Ukraine.

- The accounting treatment of crypto-assets.
- The accounting treatment of aid from the Spanish Recovery, Transformation and Resilience Plan financed by the European Union under the Next Generation EU programme (Digital Kit Programme).
- The accounting treatment of the direct aid for passenger transport included in Royal Decree-Law 11/2022, of 25 June, adopting and extending certain measures to respond to the economic and social consequences of the war in Ukraine, to deal with situations of social and economic vulnerability, and for the economic and social recovery of the island of La Palma.

Consultations considered to be of general interest are published in the Institute's quarterly Official Gazette. Specifically, the following consultations were published in 2022:

- Consultation 1 of BOICAC number 129, March 2022: On the accounting treatment of a subsidy to partially cancel an ICO loan.
- Consultation 2 of BOICAC number 129, March 2022: On the accounting of a non-monetary contribution as payment of a passive dividend.
- Consultation 3 of the BOICAC number 129, March 2022: On the valuation of the tax on a non-monetary contribution.
- Consultation 4 of BOICAC number 129, March 2022: On the accounting treatment of the extraordinary and temporary rebate on the retail price of certain energy products and additives.
- Consultation 1 of BOICAC number 130, June 2022: On the accounting treatment of a certain commercial action aimed at attracting customers.
- Consultation 2 of BOICAC number 130, June 2022: On the accounting treatment of the provision of a service offered to all customers free of charge in the context of a commercial campaign.
- Consultation 3 of BOICAC no. 130, June 2022: On the accounting treatment of a court ruling recognising the company's right to offset tax losses from previous years.
- Consultation 1 of BOICAC number 131, of September 2022: On the accounting treatment of expenses derived from the remuneration plan for certain employees paid by a related entity.
- Consultation 2 of BOICAC number 131, September 2022: 2 On the accounting treatment of the partial spin-off of the parent company of a listed group.
- Consultation 3 of BOICAC no. 131, September 2022: On the accounting treatment of the amount received by a concession company to re-establish the economic equilibrium of a concession following the restriction measures imposed because of COVID-19.
- Consultation 4 of BOICAC number 131 of September 2022: On the classification of the issue of preference shares in the individual annual accounts of the issuing company.
- Consultation 1 of BOICAC number 132, of December 2022: On the information to be included in the notes to the annual accounts in relation to the average period of payment to suppliers in commercial transactions, following publication in the BOE of Law 18/2022, of 28 September, on the creation and growth of companies.



- Consultation 2 of BOICAC number 132, of December 2022: On the keeping of accounts and the preparation of annual accounts by the groupings of companies without legal personality referred to in article 5.1 of Order ICT/1466/2021.
- Consultation 3 of BOICAC number 132, of December 2022: On the accounting treatment of the contingent price in the acquisition of an investment in the assets of a company that is not part of the group.
- Consultation 4 of BOICAC no. 132, December 2022: On the accounting treatment relating to a trust contract on the use of real estate for tourism.
- Consultation 5 of BOICAC no. 132, December 2022: On the accounting treatment of the conversion of ordinary shares into non-voting shares.
- Consultation 6 of BOICAC number 132 of December 2022: On the obligation to include comparative information in the first financial year in which the presentation of the statement of non-financial information is required.

2.4 International Activity

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

A large part of the ICAC's international activity is carried out within EFRAG (European Financial Reporting Advisory Group) with the aim of our country contributing directly to the development and promotion of European opinions in the field of economic and financial reporting. In addition, during 2022 EFRAG has completed its internal restructuring process by separating it into two pillars: the financial reporting pillar and the sustainability reporting pillar. In this way, EFRAG maintains its role as an advisory group on financial reporting issues, while taking on the mandate set out by the European Commission in the Sustainability

Reporting Directive, which designates it as a technical advisor to the Commission in the development of European sustainability reporting standards.

Since the start of EFRAG's internal reform process to take on its new functions, the ICAC has expressed a desire to be part of the new sustainability pillar as well and is currently a member of both pillars. This implies both financial support to EFRAG and the possibility to be part of the decision-making bodies of both pillars. This gives the ICAC the possibility to influence the process of creating sustainability reporting standards from the outset.

It is also worth highlighting the ICAC's significant participation in the meetings of the Accounting Regulatory Committee (ARC) and the Accounting Directive Committee (ADC), both chaired by the European Commission.

The ICAC also actively participates in the development of the IASB's (International Accounting Standards Board) standard-setting activity in two ways: by giving its direct opinion in the public consultation phases that the IASB is obliged to carry out for all its projects and, on the other hand, through the influence that EFRAG has on the IASB, which also participates in these consultation processes, defending European interests in financial reporting matters.

The ICAC also participates in various international forums on financial reporting, in particular in the meetings organised by IFASS (International Forum of Accounting Standard Setters), the annual conference of global accounting regulators (WSS) organised by the IASB, as well as the conferences organised by ISAR-UNTACD (International Standards of Accounting and Reporting), which is part of the United Nations (UN).

The following sections include the highlights of the ICAC's activity in the international arena.

EFRAG

EFRAG, established in 2001, contributes to the process of developing international accounting standards and provides the EU with expert technical advice on accounting matters. There are two ways in which EFRAG assists the EU in the development of financial reporting standards. On the one hand, it provides the European perspective to the IASB at different stages 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 IASB's standards and interpretation through the EU Regulation. In addition, EFRAG also undertakes proactive research activities to promote the search for solutions at the international level on issues of concern in Europe. The aim is to ensure that the EU speaks with one voice on financial reporting.

EFRAG's main responsibility is precisely to convey these views 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 standard-setting process carried out by the IASB, with the legitimacy of representing the European voice.

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

In addition to EFRAG's work on financial reporting, the Directive on sustainability reporting by companies, whose proposal was adopted in April 2021 by the European Commission and whose final text was published in the Official Gazette of the European Union in December 2022, designates EFRAG as a "technical advisor" to the Commission in the process of developing European sustainability reporting standards. These standards are to be mandatorily applied by companies falling under the scope of the Directive for their sustainability reporting.



Currently, EFRAG, following the mandate received by the Commission, has completed its internal reform process, being definitively divided into two pillars: one for the development of its functions in relation to financial reporting and the other in relation to sustainability reporting.

Both pillars have the same structure, each being governed by a Board, which is the decision-making body and is advised by a Technical Expert Group. Above both Boards is the Administrative Council, on which the ICAC also has a voice and a vote, and which is represented by the President of the ICAC.

In this respect, the ICAC decided to support EFRAG in its mandate, also becoming a member of the sustainability pillar since its creation. Thus, the ICAC is a member of EFRAG's General Assembly, in which both pillars are represented, and which is the competent body to appoint EFRAG's chairperson, vice-chairperson, the chairpersons of the Boards, to approve the financial statements and budget for the coming year, and to exercise general supervision over the Boards.

As a consequence of the ICAC's participation in both pillars, the ICAC has a voting seat on each of the two EFRAG Boards, ensuring that the Spanish accounting regulator's view of the needs of users of annual accounts and the opinion of Spanish companies is taken into account in the processes of drafting and approving the accounting standards that will then be applied by European listed groups and the European sustainability standards that will be applied by companies bound by the Directive.

The European Commission's mandate to EFRAG in 2022 has involved intense activity to prepare the first set of European Sustainability Reporting Standards (ESRS) in parallel to the endorsement of the Sustainability Directive. This Directive establishes a series of stages for the drafting and subsequent approval of the ESRS, which represent the regulatory development of the precepts of the Directive, and which will allow the entities under its scope of application to draw up the Sustainability Report to be included in the Management Report of these entities. The ESRS, after being drawn up by EFRAG, are sent to the Commission for approval by means of a delegated act and included in the corresponding Regulation, so that, once approved, they will be directly applicable in the Member States.

Due to the complexity and importance of the work entrusted to EFRAG, a series of stages have been established in the Directive itself to reach the final result. The first stage was to be completed in 2022 and consists of the drafting of the first set of ESRS, which consists of the standards applicable to all entities under the scope of application of the Directive, regardless of the productive sector to which they belong, and which will require general information on the three areas of sustainability, environment, social and governance. Thus, in the second quarter EFRAG published the drafts of the first set of the ESRS, opening a public consultation period until 8 August 2022. From this date, EFRAG analysed the comments received, which was a considerable effort due to the complexity and quantity of the comments. Based on the results of the analysis, the Sustainability Board and the group of experts assisting it undertook the task of amending the first set of ESRS to reflect the issues identified in the analysis of the comments until mid-November 2022, by which date the first set of NEIS had to be delivered to the Commission to comply with the approval by delegated act to be made before the end of the second half of 2023.

The ICAC has participated in this process as a member of the Sustainability Board and by issuing the corresponding comment letter to the first set of the ESRS. It should be noted that the work of the Sustainability Board and the group of experts advising it has been particularly complex for several reasons. Firstly, the first set of ESRS consisted of 13 draft standards, with great technical complexity, which was necessary to meet the sustainability reporting requirements of the different international sustainability reporting frameworks

already in existence, but at the same time, also considering the requirements of European regulations, in order to achieve standards with an adequate cost-benefit ratio for all those affected, preparers and users.

Secondly, the comments received were similarly complex, both in quantitative and qualitative terms. Thirdly, decisions were taken to modify the draft standards of the first set of the ESRS, to maintain a high level of quality, to comply with the requirements of European regulations, to meet the expectations of users of sustainability information and to achieve a regulatory framework that would be reasonably applicable to the preparers of the information. Following this process, the standards have been submitted to the Commission for subsequent endorsement by the deadline of mid-November 2022.

In addition, in the area of financial reporting, the ICAC participates in the four-monthly meetings held by EFRAG with the European national accounting regulators in the Accounting Regulators' Consultative Forum (EFRAG CFSS). These meetings agree the specific positions that EFRAG will adopt when participating in the meetings of the IASB's Accounting Standards Advisory Forum (ASAF) as a member representing the European accounting regulators.

In parallel, the ICAC, because 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. Finally, it has participated in the discussion and voting in the ARC on the adoption in the European Union of standards and interpretations issued by the IASB.

Other relevant projects on which the ICAC has expressed a position during 2022, both with EFRAG and with the IASB, include:

- IASB Exposure draft ED/2021/10 Supplier Finance Arrangements: Proposed amendments to IAS 7 and IFRS 7.
- EFRAG Discussion Paper Better Information on Intangibles- Which is the best way to go? (EFRAG).
- IASB Exposure Draft ED/2021/9 Non-current Liabilities with Covenants. Amendments to IAS 1.
- IASB Exposure Draft ED/2021/7 Subsidiaries without Public Accountability: Disclosures. Proposal for a new IFRS Accounting Standard.

Accounting Regulatory Committee

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

The main issues discussed in 2022 were certain IASB exposure drafts, such as the exposure draft "Non-Publicly Accountable Subsidiaries: Disclosures", the study on the effects of the application of IFRS 9 Financial Instruments after its entry into force and sustainability reporting, both in terms of the review of the affected European standards and EFRAG's mandate as the issuer of future European sustainability reporting standards.



Accounting Directive Committee

The Accounting Directive Committee (ADC) assists the Commission in the adoption of implementing acts provided for in Directive 2013/34/EU and in other matters related to accounting standards. It is governed by Article 50 of this Directive.

This Committee is composed of representatives of the Member States and chaired by the European Commission.

During 2022, the ICAC has attended this Committee on behalf of Spain for the development of the implementation act provided for in Directive (EU) 2021/2101 of the European Parliament and of the Council of 24 November 2021 amending Directive 2013/34/EU as regards disclosure of information on corporate income tax by certain companies and branches. In particular, that Directive confers implementing powers on the Commission to establish a common template and electronic reporting formats, which should be machine-readable, for the filing of the corporate tax report.

Other activities

- Attendance and participation in the meetings organised by the International Forum of Accounting Standard Setters (IFASS) in March and September, which were held virtually and in person in London respectively. At these meetings, the opinions and various experiences of the different jurisdictions were presented on projects such as EFRAG's new role as issuer of the future European Sustainability Reporting Standards, or the IASB's ongoing projects, such as the separate financial statements project, supplier financing arrangements, the study of the effects of the application after entry into force of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, the project on improving the cash flow statement or the project to revise the IFRS for SMEs. These meetings also covered sustainability reporting topics, such as climate reporting.
- Attendance and participation in the annual global meeting (WSS) held by the IASB in London on a face-to-face basis for accounting regulators. At these meetings the IASB provides an extensive update on the standard-setting projects it is working on. The status of the post-implementation review project of the financial instruments standard, the separate financial statements project, the goodwill and impairment project, as well as the challenges of sustainability reporting and its connection to financial reporting were updated.
- Collaboration with the IASB and EFRAG through the issuance of reports and comment letters on the IASB's and the Interpretations Committee's proposed accounting standards and interpretations and EFRAG's comments thereon.
- Attendance and participation in meetings of the expert working group of accountants (ISAR) within UNCTAD (UN).
- In 2022 the agenda of this meeting focused on two main issues. On the one hand, the review of good practices in the preparation of sustainability information with the aim of advancing towards compliance with the Sustainable Development Goals (SDGs) established by the UN for 2030. On the other hand, the review of the practical implementation of international accounting standards by both the public and private sectors.
- Participation in bilateral meetings with both the Commission and other European accounting regulators.



2.5 The Accounting Board and the Advisory Accounting Committee

The Accounting Advisory Committee is established to advise the Accounting Board, which also met twice in 2022. This Committee is made up of accounting experts of recognised prestige in relation to economic and financial information, representing both public administrations and the different sectors involved in the preparation, use and disclosure of this information.

The regulatory and interpretation proposals on which the Accounting Council has resolved during 2022 have included:

- Draft Circular XX/2022, dated XX of XXXX, of the National Securities Market Commission, on Accounting Standards, Annual Accounts, and International Financial Statements of Market Infrastructures.
- Presentation and discussion of a consultation on the accounting treatment of expenses arising from the remuneration plan for certain employees paid by a related entity
- Presentation and discussion of a consultation on the accounting treatment of the partial spin-off of the parent company of a listed group.
- Presentation and discussion of a consultation on the accounting treatment of the amount received by a concession company to re-establish the economic equilibrium of a concession following the restrictive measures imposed because of COVID-19.
- Presentation and discussion of a consultation on the classification of the issue of preference shares in the individual annual accounts of the issuing company.
- Presentation and discussion of a consultation on the accounting treatment of the contingent price on the acquisition of an investment in the assets of a non-group company.
- Presentation and discussion of a consultation on the accounting treatment of the conversion of ordinary shares into non-voting shares.
- Presentation and discussion of a consultation on the accounting treatment of a trust contract on the lease of real estate for tourist use.



- Presentation and discussion of a consultation on the obligation to include comparative information in the first financial year in which the presentation of the statement of non-financial information is required.

It is worth mentioning in this section that on 28 December 2022, Royal Decree-Law 20/2022, of 27 December, on measures in response to the economic and social consequences of the war in Ukraine and support for the reconstruction of the island of La Palma and other situations of vulnerability, was published in the Official State Gazette, article 106 of which amends Law 22/2015, of 20 of July, on Auditing, to set up a Sustainability Advisory Committee within the ICAC.

The mission of the Sustainability Advisory Committee is to advise the Corporate Reporting Council, which is the new name of the former Accounting Council, on corporate information on sustainability. As a result, the Corporate Reporting Council now has competence in both accounting and sustainability matters to assess any regulatory or interpretative proposal of general interest.

The Sustainability Advisory Committee will be made up of experts of recognised prestige in the field, representing both public administrations and the different sectors involved in the preparation, use, dissemination, and verification of this information. It will be set up during 2023.

2.6 Sustainability Reporting

The Non-Financial Reporting Directive (Directive 2014/95/EU) was approved in 2014 as an amendment to the Accounting Directive (Directive 2013/34/EU), being applicable for the first time in 2018. The transposition of this Directive into Spanish law was carried out through Law 11/2018, of 28 December, which amends the Commercial Code, the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 of July, on Auditing, in relation to non-financial information and diversity.

However, because of a public consultation conducted by the Commission in 2020 to assess the degree of satisfaction of Member States with the existing regulation, the Commission made a commitment to review the Non-Financial Reporting 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 as regards corporate sustainability reporting.

During the 2021 and 2022 financial years, this proposal has been intensively debated by the group of company law experts within the European Council, with the ICAC participating in this debate as representative of Spain's interests in terms of the scope, content and verification of sustainability information.

Subsequently, the text approved at the European Council was negotiated with the European Parliament through the trilogue phase. The negotiation was concluded in the fourth trilogue and the final agreed text was finally approved by COREPER on 29 June.

Finally, on 16 December 2022, the final text of the Directive on sustainability reporting by companies was published in the Official Gazette of the European Union. This directive must be transposed into national law by 6 July 2024, with the ICAC being responsible for its transposition.

The new features of the Directive can be summarised as follows:

- All large companies and all public interest entities, including listed SMEs (except for micro-enterprises and SMEs listed on alternative and growth markets), are obliged to do so.
- These companies must publish a sustainability report on environmental, social and governance issues, the content of which is set out in the Directive, and which must be included in the management report. This information should cover, on the one hand, the impact of the company on sustainability issues and, on the other hand, how these issues affect the company's development, performance, and position.
- The preparation of sustainability information must be carried out through the mandatory application of European standards, which are prepared by EFRAG as a technical advisor to the Commission, which will approve the different sets of standards by means of a community regulation: general, sectoral, specific for listed SMEs and exclusive standards for those unlisted SMEs that wish to prepare the sustainability report on a voluntary basis.
- The Directive also imposes a requirement for limited verification of sustainability information, with the intention to move towards reasonable verification. Such verification may be carried out either by an auditor or by an independent verification service provider.
- It establishes an obligation for subsidiaries and branches established in the territory of the European Union, whose ultimate parent company is governed by the law of a third country, to publish and make accessible a sustainability report at the group level of that ultimate parent company. This obligation will enter into force for financial years starting on or after 1 January 2028.
- The implementation of the Directive will be carried out in three tranches:
 - a) financial years starting from January 2024, large-listed companies and parent entities of listed groups that exceed, in both cases, the average number of 500 employees during the financial year are obliged.
 - b) financial years beginning on or after January 2025, for large companies and parent entities of large groups not included in the previous paragraph.
 - c) financial years beginning on or after January 2026, for SMEs listed on a regulated market in the European Union, and which are not micro-enterprises, which may opt not to apply until 1 January 2028.

2.7 Collaboration with other Agencies and Institutions

The ICAC's activity in relation to financial reporting includes collaboration with a wide variety of bodies and institutions, including the following in 2022:

- a. Preparation of mandatory reports on standards prepared by other public administration bodies or other public institutions (see Table 2).

//// **TABLE 2** Mandatory reports (2020-2022)

Mandatory reports	2022	2021	2020
Requests reported	204	185	210

- b. Review of the translations of various International Financial Reporting Standards issued by the IASB and adopted by the European Union through the Accounting Regulatory



Committee with a view to their publication in the Official Gazette of the European Union, work carried out by the Translation Committee set up for this purpose.

- c. Collaboration with the Bank of Spain's Central Balance Sheet Data Office in the review and, where appropriate, modification of the models for filing individual and consolidated annual accounts with the Commercial Registries, in order to facilitate understanding of their content, comparability and speedy processing, storage and publication by the Commercial Registry, and which are approved by the Ministry of Justice.
- d. Collaboration with the Directorate General 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.
- e. Collaboration and assistance in accounting matters at meetings of the Higher Sports Council within Joint Commission for the transformation of clubs into sports limited companies).
- f. Collaboration with the XBRL Spain association, through the appointment of a member of the Subdirectorate General for Accounting Standardisation and Techniques as chairman of the PGC2007 and PGCPYMES2007 Taxonomy Subgroup and as chairman of the Taxonomy Subgroup of the Standards for the formulation of consolidated annual accounts, participating in meetings related to this matter. In 2022 a subgroup of the XBRL Spain association for sustainability information was also created, in which the ICAC also participates through the appointment of a member of this Subdirectorate as chairman.
- g. In addition, there has been continuous collaboration with the State Administration's General Comptroller's Office and the Directorate General for Taxation in relation to the evacuation of queries on the accounting treatment of specific situations.



Audit Area

3 Audit Area

3.1 Introduction

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

The public supervision of the activity, attributed to the ICAC, contributes to compliance with the rules governing the activity through surveillance and discipline, which reinforces confidence in this activity.

During 2022, the main elements of the Institute's activity in the field of auditing were the performance of supervisory activities, as well as the updating in regulatory matters of the Resolution developing different aspects related to the obligation of auditors to undertake continuous training, in order to adapt it to the content of the new Regulations implementing the Audit Act, published at the beginning of 2021.

On the other hand, the Internal Quality Control Standards, "Quality management for audit firms that perform audits of financial statements", ISA1-ES, "Engagement Quality Reviews", ISA2-ES, resulting from the adaptation of International Quality Management Standards 1 and 2, respectively; and the Auditing Technical Standard "Quality management for an audit of financial statements" (ISA-ES 220 (Revised)), resulting from the adaptation of the International Standard on Auditing ISA 220 (Revised), have been published.

In addition, the ICAC has continued to exercise all its functions as the supervisor responsible for auditing activity in Spain, as well as participating in the mechanisms for international cooperation in this supervision.

3.2 The Audit Sector in Spain

ROAC: Registered auditors

Individuals or legal entities wishing to audit accounts in Spain must meet the conditions established in the audit regulations and be registered in the Official Register of Auditors (hereinafter, ROAC).

The ROAC is a public register, and its information is accessible electronically. It can be accessed via the [ICAC website](#).

Of these registered auditors, there are a number of auditors who carry out their audit activity as sole practitioners and there are others who do so through audit firms, i.e. they are either practising partners or are expressly appointed by the audit firms.



Specifically, taking the data contained in the ROAC, as of 31 December 2022, the existing volumes are shown in Table 3.

//// TABLE 3 Auditors and firms registered in the ROAC

Registered as auditors carrying out their activity as individual	1.986
Registered in the name of audit firms as appointed auditors	2.764
Auditors who are both self-employed and appointed auditors of audit firms	983
ROAC-registered companies	1.413
Non-practising auditors	17.778

Table 4 shows the registrations and deregistrations in 2022 according to the ROAC data.

//// TABLE 4 Admissions and withdrawals in 2022

	Registrations 2022	Deregistrations 2022
Auditors	170	63
Firms	37	39

Practising auditors and audit firms reported a total of **68,571 audit engagements** to the ICAC in 2022, with the following distribution by type of entity (see table 5).

//// TABLE 5 Distribution of jobs declared in 2022 by type of entity

Credit institutions	272
Insurance companies	316
Banking foundations, payment institutions and electronic money institutions	68
Investment services companies, collective investment undertakings and management companies	4,312
Pension funds and the management companies that administer them	1,122
Other entities not included in the above	62,481

The number of **annual declarations submitted** by auditors and audit firms at 31 October 2022 corresponding to forms 02 and 03 amounted to 3.110.

In addition, during 2022, **516 certificates** were issued at the request of auditors and audit firms and **2,592 administrative procedures** were carried out in relation to modifications of public and non-public data.

The **turnover of the sector** for the period from 1 October 2021 to 30 September 2022 is shown in table 6.

//// **TABLE 6** Turnover of the sector between October 1, 2021 and September 30, 2022

Turnover Audit Fees 1/10/2021 to 30/09/2022		Market Share	No. of Auditors / Companies
Turnover Sole practitioners	27,379.359.02 €	3.31%	730
Turnover Audit Companies	799,064,378.91 €	96.69%	1,205
TOTAL	826,443,737.93 €	100%	1,935

The information in this section, on the auditing sector in Spain, can be completed with the Report on the Situation of the Auditing of Accounts 2022.

ACCESS ROAC (examination)

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

The ROAC entrance exams are held in **two phases**:

- *First phase: theoretical examination.*

Its objective is to ascertain the level of theoretical knowledge attained with respect to the subjects considered necessary to practise as an auditor.

Those who pass or have passed this phase will be qualified to sit the second phase.

- *Second phase: practical examination.*

The ability of candidates to apply their theoretical knowledge to the practice of auditing accounts is verified, and the examination usually consists of the resolution of one or more practical cases.

Therefore, the professional aptitude examination is designed to rigorously test the candidate's ability to practise auditing.

Those who pass this professional aptitude examination shall be entitled to apply for registration in the ROAC, if they fulfil the conditions for this, without prejudice to the fact that they may also apply for registration in the public law corporations representing statutory auditors, in accordance with their own statutes.

The last joint call of the General Council of Economists of Spain-Registry of Economists Auditors and the Institute of Chartered Accountants of Spain for the professional aptitude examination for authorisation by the Accounting and Auditing Institute and registration in the ROAC was made by Order ETD/680/2021, of 23 June, published in the BOE on 29 June 2021. A total of 659 people took the exam, of which 200 passed.

In 2022, most of the participants who passed the exam were registered with the ROAC, specifically 158 of the 200 who passed the exam.

3.3 Audit Regulation

The actions carried out by the ICAC to regulate the auditing of accounts in 2022 were as follows:

During the 2022 financial year, regulatory work continued in the area of standards governing the activity of auditing accounts, which included the issuance of the Resolution of 2 February 2022, submitting for public information the Internal Quality Control Standards, "Quality



management for audit firms that perform audits of financial statements", NIGC1-ES and "Engagement quality reviews", NIGC2-ES, resulting from 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)), resulting from the adaptation of the International Standard on Auditing ISA 220 (Revised) and the issuance of the Resolution of 20 April 2022 issuing these standards.

In addition, work has been carried out on the preparation and publication of the Resolution developing different aspects related to the obligation of auditors to carry out continuous training, thus completing the process of adapting the Resolutions issued by the Accounting and Auditing Institute for their adaptation to the content of the new Regulations implementing the Audit Law, which had begun in 2021.

In the working group for the preparation and publication of technical auditing standards and quality control standards, constituted within the Accounting and Auditing Institute a project has been initiated to update all the technical auditing standards published to date by the Accounting and Auditing Institute as a result of the adaptation of the International standards on auditing issued by the International Auditing and Assurance Standard Board (IAASB). This update includes two distinct aspects: on the one hand, the incorporation of all the conforming amendments that the IAASB has published together with the international standards issued whose adaptation has been published in Spain and which to date had not been incorporated into the texts of these standards, and on the other hand, the updating of the regulatory references included in the published standards, as those published by the Resolution of October 15, 2013 and which have not been revised subsequently, contain outdated references to audit regulation.

The aim of this project is to have, upon completion, a set of regulations that is fully updated to the standards issued by the IAASB to date.

A total of 20 standards have been reviewed and updated during the year 2022. It is estimated that this project can be completed before the end of 2023.

Other regulatory actions

In the regulatory area, the audit area has collaborated with other government bodies by preparing reports on draft regulations that affect or may affect the auditing activity. In the 2022 financial year, the number of reports issued on regulatory proposals or projects amounted to 22.

On the other hand, the ICAC has continued with its activity of reviewing certain auditing standards, in particular:

- Review of the translation of International Standard on Auditing 600 (Revised) "Special Considerations - Audits of Group Financial Statements (including the Work of Component Auditors)";
- Review of the draft International Auditing Standard 500 (Revised) Audit Evidence, published by the IAASB for consultation, with a view to issuing the corresponding comment letters to be sent jointly with other competent authorities of other EU Member States (CEAOB Standards Subgroup) or countries participating in international fora (IFIAR Standards Coordination Working Group).

Table 7 below graphically summarises the actions described in the previous paragraphs.

//// TABLE 7 Regulatory actions on auditing in 2021 and 2022

Regulatory actions on auditing	2022	2021
Regulatory project reports	22	21
Published technical auditing standards (provisional and final)	6	7
Review of draft standards submitted by the IAASB	1	1
Review of translation for possible subsequent adaptation of ISA-ES	1	4

Auditor training. Access

In accordance with audit regulation, the Subdirectorate General of Technical Standards on Audit is responsible for the execution of the competencies attributed to the ICAC in relation to the coordination and promotion of the selection, training, and further training of auditors.

In the area of training for access to the ROAC, the ICAC is responsible for the approval of the required theoretical educational programmes and the waiver of the theoretical educational programmes and the first phase of the examination for access to the ROAC.

During the 2022 financial year, 40 cases of approval of theoretical educational programmes for access to the ROAC have been resolved, with the following breakdown:

- 31 official qualifications valid throughout Spain (Official University Master's Degrees), with the effect of waiving the first part of the ROAC entrance exam.
- 8 University degrees, which are approved as theoretical educational programmes for access to the ROAC.
- 1 programme of theoretical educational for access to the ROAC, which was approved for one of the Corporations representing auditors.

And 15 applications for partial specific dispensation in certain auditor training subjects and for the first phase of the ROAC entrance exam for university degrees were assessed and resolved, which is 25% less than in the previous year.

Continuing education

Pursuant to article 8.7 of the LAC, auditors must carry out continuous training activities and justify their compliance with this obligation to the ICAC. For the purposes of this obligation, such activities must be provided by recognised centres or be individually approved, in accordance with the provisions of the Resolution of 29 October 2012, which implements various aspects related to the obligation of auditors registered in the Official Register of Auditors as practising or non-practising auditors who provide services for others.

In the exercise of these powers, the ICAC is responsible for granting recognition as a training centre for the provision of continuing training, the approval of activities carried out by certain institutions and the granting of an extension to auditors for compliance with the obligation to provide continuing training due to force majeure.

Public law corporations representing auditors are recognised as centres for organising and providing continuing education and training, as provided for in article 8 of the Audit Act, without the need for prior recognition by the ICAC.



In the current financial year, recognition as centres authorised to provide continuing training was renewed for the following:

- 2 universities that develop continuing education plans for auditors.
- 20 audit firms, groups of audit firms and groups of auditors united for this purpose, which provide training to their members. One grouping has been voluntarily deregistered.

With regard to the prior approval of continuing training activities organised by institutions or professional associations of recognised prestige or university professors, professional associations and public centres or institutions that organise conferences, congresses, symposia or meetings, or committees, commissions or working groups, 97 activities have been approved, provided by 6 different institutions, which represents 15.66% less activities approved and one less institution than in the previous year.

And 6 auditors' requests for extension of the obligation to carry out continuing training due to force majeure were processed and resolved during the year, 2 more than in the previous year.

3.4 Activity Control: Investigations and Inspections

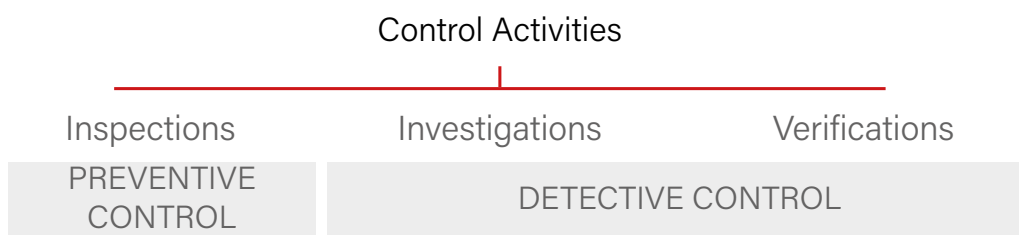
In the 2022 financial year, the control of auditors' activities contributed to the public interest and to the fulfilment of the ICAC's mission, mainly through two lines of action:

- Maintaining a high number of supervisory activities.
- Activities to reinforce the supervisor's transparency.

a. Increase in the number and type of oversight activities

The Audit Act assigns the ICAC responsibility for the system of public oversight of auditors. This system of public supervision includes three types of actions that constitute the ICAC's main mechanisms for supervising the operational activity of auditors: inspections, investigations and verifications. (See chart 2).

//// CHART 2 Types of oversight actions



Inspections consist of checks aimed at the periodic review of the auditors' internal quality control system and the review of selected audit work in order to assess the effectiveness of these systems. The inspections are preventive in nature.

The regulation establishes a system of inspections that combines a minimum frequency of inspections of auditors (which depends on the profile of the companies being audited), with the selection of auditors to be inspected based on a risk analysis. As regards minimum inspection frequency, in the case of auditors auditing public interest entities¹ (PIEs), the

1 The companies listed in article 8.1 of the RAC are public interest entities.

regulations establish a minimum inspection frequency of 3 or 6 years, depending on the size of the audited companies measured in terms of assets, net turnover or number of employees. The outcome of the inspections is documented in a report containing the main conclusions of the quality control and the requirements for improvement.

Investigations consist of verification actions on certain auditing work or aspects of the auditing activity, the purpose of which is to determine facts or circumstances that could lead to the existence of indications of possible non-compliance with the audit regulation.

Verifications are complementary actions to the previous ones, the purpose of which is to verify compliance with the auditors' obligations, the content of which does not fit into either of the two previous cases. Due to their residual nature and purpose, for statistical purposes these actions are accumulated in the computation of the investigation actions.

The oversight actions carried out in 2022 were planned with a priority focus on allocating the main part of the available resources to carrying out inspections of auditors auditing public interest entities. The rationale for this concentration of efforts lies in their greater economic relevance, public interest significance and, in particular, in ensuring better protection of users and investors, which will consequently result in the proper functioning of the markets.

In carrying out inspections of auditors and audit firms that audit entities other than those of public interest, the representative bodies of auditors have continued to cooperate in the performance of tasks that are considered to be merely instrumental.

Overall, the most noteworthy aspect of the inspections and investigations carried out in 2022 is the intense effort made, which has made it possible to **maintain the number of control activities carried out in previous years**, as described in Table 8.

/// TABLE 8 Summary of the number of control activities carried out in 2022

	2022	2021
Inspections	16	15
Investigations and Verifications	286	262
TOTAL	302	277

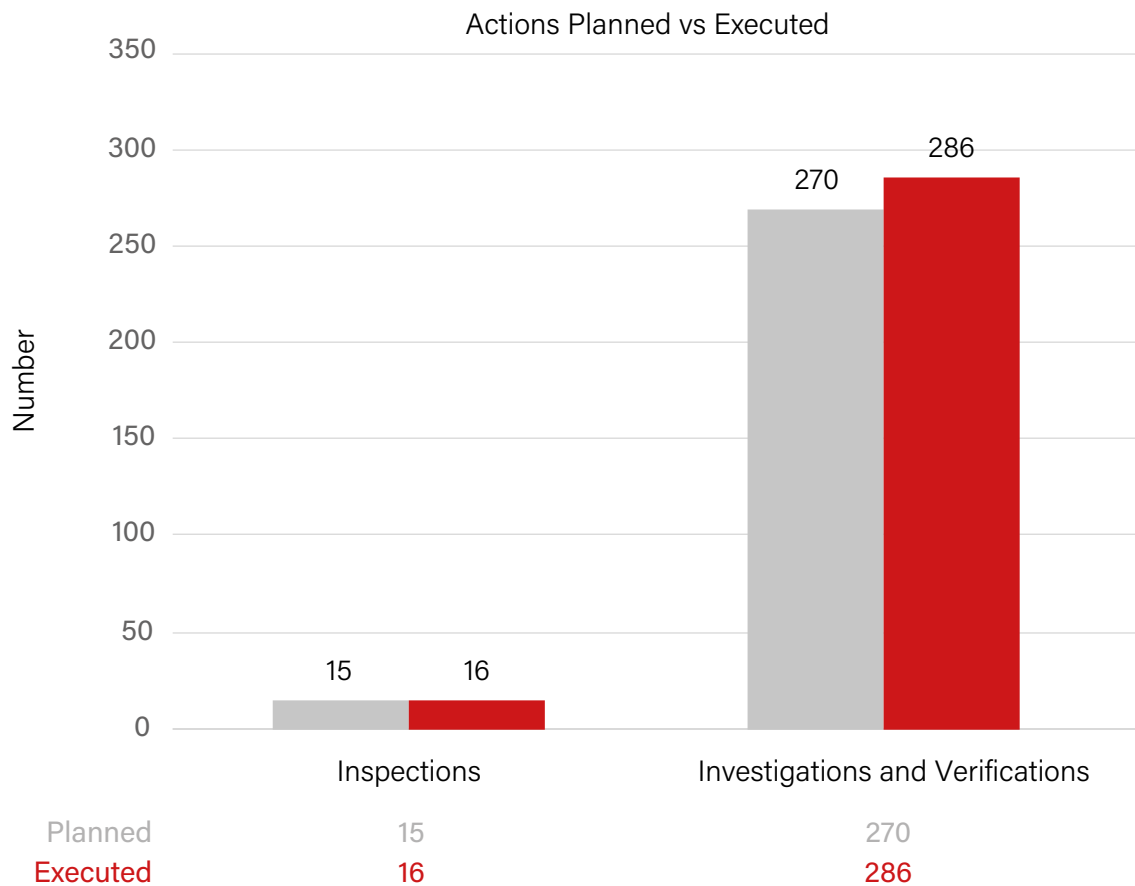
The improvement in the level of supervisory activity in recent years has been made possible by the application of the following measures, the implementation of which began in 2020:

- **Optimisation of planning.** This measure has been applied in greater depth, anticipating the opening of inspections in order to improve auditors' response times and reduce waiting times for requests for information.
- The use of **IT tools** has made it possible to increase the productivity of supervision activities and improve their effectiveness. By way of example, with the entry into force of the RLAC, electronic communications have been used exclusively in supervisory activities since 2021. This has made it possible to streamline procedures and significantly reduce procedural timeframes.
- **Review and optimisation of internal processes and procedures.** This measure has included various actions such as the reduction in the use of diligences in inspection procedures, or the greater standardisation of supervisory procedures. During 2022, this measure has been further developed and improvements have been implemented in inspection and investigation reports.

All of this has made it possible to fully comply with the actions envisaged in the Control Plan for 2022 approved by the ICAC Audit Committee, as described in Chart 3.



//// **CHART 3** Compliance with the Control Plan



Regarding inspections of the auditors' internal quality control system, six inspections of audit firms auditing public-interest entities were completed in 2022. 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 higher requirements than auditors who do not audit public interest entities, and are a priority target for supervision, with more thorough inspections being carried out on them. As regards auditors that do not audit public-interest entities, ten inspections were completed in 2022. The details of the inspections carried out in 2022 according to the type of auditor inspected and the year-on-year variation are described in table 9.

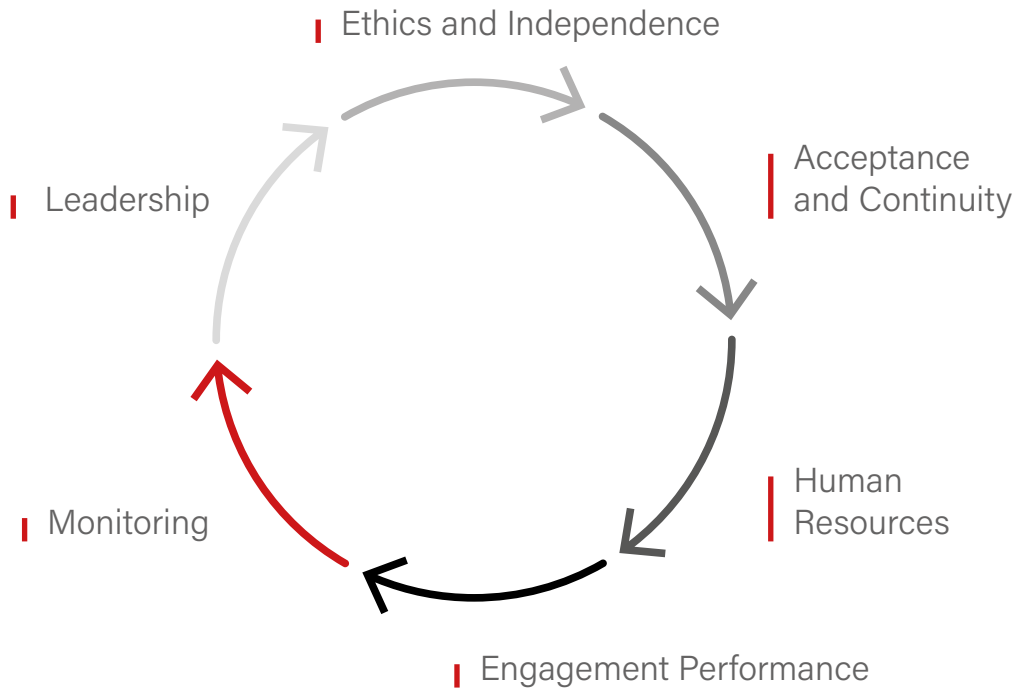
//// **TABLE 9** Inspections of auditors in 2021 and 2022

	Inspections				Total	
	On auditors auditing public interest entities		On auditors NOT auditing public interest entities		2022	2021
	2022	2021	2022	2021		
Inspections	6	5	10	10	16	15

The scope of the inspections completed in 2022 consisted, as in previous years, of the review of the auditors' internal quality control systems. Inspections of auditors of public-interest entities reviewed all elements of the quality control system. 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 audit work (engagements). (See chart 4).

CHART 4 Elements of the internal quality control system of auditors and audit firms



The scope of all inspections carried out in 2022 on all types of auditors (both auditors who audit public interest entities and auditors who do not audit public interest entities) included 33 audit engagements, of which 16 were public interest entities, representing 48% of the total. The remaining 17 engagements were for non-public interest entities, as described in table 10.

TABLE 10 Total engagements inspected in the years 2021 and 2022

	Total engagements inspected		
	2022	2021	Variation 2021/2022
Engagements of entities of public interest	16	10	+60%
Engagements of non-public interest entities	17	11	+55%
TOTAL	33	21	+57%

The following sections summarise the outcome of the inspections completed in 2022, and detail the main issues highlighted by the inspections, both on the firm's policies and procedures, and on the audit work.



a.1 Inspections

a.1.1 Inspection of quality control policies and procedures

The inspection procedures concluded with the following proportion of requirements for improvement² on the elements of the quality control system (see table 11).

//// **TABLE 11** Elements of the quality control system

Elements of the quality control system	Improvement requirements (%)
i. Governance and leathership	
ii. Acceptance and continuance of clients relationships and specific engagements	15%
iii. Relevant Ethical Requirements	25%
iv. Human resources	10%
v. Engagement Performance	19%
vi. Monitoring and Remediation Process	20%

As can be seen, as in previous years, the element of Ethical and independence Requirements continues to account for the highest percentage of requirements, accounting for 25% of the total, followed by the element of monitoring the quality control system, with 20%.

The main aspects of these requirements for improvement are highlighted below:

i. Governance and Leathership

NOTA

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

- ✓ Promote an internal culture, where quality in the performance of engagements is recognised as essential.
- ✓ Allocate responsibilities for the operation of the quality control system based on the necessary expertise, capability, and authority

In the *Governance and Leathership* element, among the requirements for improvement identified in the auditor inspections, the following aspects should be highlighted due to their importance or recurrence:

- Need for greater involvement of the person ultimately responsible for the QA system in the design and implementation of the QA system.
- Existence of conflicts of interest (detected or potential) of certain managers or professionals in the exercise of the functions and responsibilities assigned in the quality control system.

2 In relation to the firm's policies and procedures, a significant deficiency is considered to exist when the implementation of the policies, procedures, tools or internal controls established by the audit firms is not appropriate to reasonably ensure compliance with the applicable requirements contained in the audit regulation, in accordance with the provisions of the Internal Quality Control Standard for auditors and audit firms published by ICAC Resolution of 26 October 2011.

- The person ultimately responsible for the quality control system must be an auditor registered with the ROAC as a practising auditor, and this responsibility may not fall to the General Meeting of Shareholders or the Board of Directors of audit firms.
- Non-compliance with the obligation to publish transparency reports and lack of sufficient detail in some aspects of the transparency reports.

ii. *Acceptance and Continuance of Client Relationships and Specific Engagements*

NOTA

This element aims at implementing policies and procedures to obtain reasonable assurance that only audit client relationships and audit engagements are initiated or continued for which the auditor:

- ✓ Has the competence and capability to perform the engagement, including the resources and time to do so (absence of professional risk).
- ✓ Is able to comply with applicable ethical requirements, including independence requirements (no ethics and independence risk).
- ✓ Considers the integrity of the client and does not have information that would lead him to conclude that the client lacks integrity (no client risk)

In other words, it is a preventive control that should operate effectively prior to the signing of the audit engagement letter and the commencement of the audit work, and where appropriate, at renewals.

In the element of *Acceptance and Continuance of Client Relationships and Specific Engagements*, among the requirements for improvement identified in the auditors' inspections, the following aspects should be highlighted due to their importance or recurrence:

- Inconsistencies in the timing or documentation of assessments, and lack of controls to ensure that acceptance/continuation of engagements is approved prior to the signing of audit contracts and the commencement of fieldwork at the client.
- Lack of evidence of professional risk assessment in terms of audit team capacity, availability and adequate capacity of quality control reviewers.
- Existence of quality risks arising from the acceptance of engagements for which a responsible lead auditor from outside the firm is engaged.

iii. *Relevant Ethical Requirements*

NOTA

- ✓ The purpose of these is to implement policies and procedures to obtain reasonable assurance that both the audit firm and its staff, as well as the other persons and entities to which the aforementioned requirements apply, maintain their independence, by identifying and assessing threats to independence so that it is adequately safeguarded or, if not, audit engagements are not accepted or the audit report is not issued.
-



In the applicable Relevant Ethical Requirements element, among the improvement requirements identified in the auditor inspections, the following aspects should be highlighted due to their importance or recurrence:

- Relevant shortcomings have been detected in the inspections with regard to practical compliance and the policies and procedures aimed at obtaining independence confirmations from professionals subject to independence restrictions.
- Need to have procedures and controls in place to adequately ensure, in all cases, both the conduct and documentation in working papers of all threat and safeguard analyses, and to ensure that engagement partners have the necessary involvement in the approval and monitoring of non-audit services.
- Adequate control mechanisms should be in place to ensure that fee waivers, fee caps and fee concentrations are identified and evidenced in the engagement working papers.
- The necessary tools must be available for the complete determination of the independence perimeter.
- The independence tools used are aligned with the network it forms for the auditor, but need to be better adapted to the specific independence requirements of national legislation.
- Compliance with reporting requirements to audit committees of audited companies.
- Not all threats that may arise in the provision of certain audit services have been adequately identified and the safeguards in place do not mitigate threats to a sufficiently low level.
- Relevant failures and non-compliance with policies and procedures in the provision of non-audit services are frequently detected in compliance testing during inspections.

iv. *Human resources*

NOTA

- ✓ These are intended to provide reasonable assurance that audit firms have sufficient staff with the necessary competence, capability and commitment to ethical principles to perform audit engagements in accordance with audit regulatory requirements, including remuneration policies.

In the human resources element, the requirements for improvement identified in the auditors' inspections are like those identified in previous years, among which the following aspects should be highlighted due to their importance or recurrence:

- Lack of formal evaluation procedures and insufficient traceability and correlation between the professional's contribution to audit quality and his or her remuneration. These circumstances are more frequently detected for Partners than for other professionals.
- Policies and procedures should be established to allow for the allocation and monitoring of Partners' workload, in particular in relation to functions in addition to engagements, such as responsibilities in the internal quality control system.

v. *Engagement Performance*

NOTA

- ✓ The objective is to provide reasonable assurance that audit engagements carried out by audit firms are performed in accordance with the audit regulation. This element of the quality control system includes various aspects related to promoting consistency in the quality with which engagements are performed, supervisory and review responsibilities in audit teams, making the necessary consultations and implementing the resulting conclusions, quality control review of engagements of public interest entities as well as others based on risk criteria, engagement documentation, confidentiality, safe custody, integrity, accessibility and retrieval of audit engagement documentation, and retention of such documentation.
-

In the element of Engagement performance, among the requirements for improvement identified in the auditor inspections, the following aspects should be highlighted due to their importance or recurrence:

- The need to implement tools that integrate all the guides, templates and methodological guidelines to be applied to the development of audit work.
- Improvement of the procedures for communicating or instructing the methodology to the audit work teams.
- Establishment of adequate controls to ensure that the review of engagements is performed by the designated person and that the review work is performed at the appropriate audit stages.
- Need to implement policies, procedures and tools in governance systems to mitigate potential conflicts of interest that may arise in quality control reviews.
- Insufficient documentation of the issues reviewed and discussed, as well as the criteria and judgements that support the conclusions of quality control reviews.
- Establishment of procedures and controls to ensure the appropriate selection of QA reviewers in terms of competence, capability and absence of conflicts of interest.

vi. *Monitoring and Remediation Process*

NOTA

- ✓ This is a control subsequent to the implementation of all other policies and procedures and the issuance of audit reports, the objective of which is to provide reasonable assurance that the quality control policies and procedures are relevant, adequate and operating effectively.
 - ✓ The monitoring of the quality control system is responsible for the ongoing evaluation of the quality control policies and procedures established by statutory auditors or audit firms, including the cyclical inspection of audit engagements, to assess the adequacy and appropriateness of their design and their operating effectiveness, and is an ex-post control of such policies and procedures.
-



In the *Monitoring and Remediation Process* element, among the requirements for improvement identified in the auditors' inspections, the following aspects should be highlighted due to their importance or recurrence:

- Existence of conflicts of interest in the professionals who perform tasks or have responsibility in the monitoring element, in relation to the rest of the responsibilities or activities they carry out.
- Need to establish procedures and controls to ensure the appropriate selection of monitoring reviewers in terms of competence, capacity and absence of conflicts of interest.
- Documentation of monitoring should be improved, both of the verifications carried out and of the conclusions, even when these are satisfactory.
- Establishment of assessment criteria to determine whether deficiencies identified in commissioning reviews constitute a deficiency, and criteria to determine whether identified deficiencies are systemic or pervasive.
- Need to establish criteria for determining sample sizes and sample selection, relating to the quality control policies and procedures to be reviewed, as well as, for the review of the conduct of audit engagements, relating to the selection of partners and engagements.

a.1.2 *Inspection of audit engagements*

The scope of the inspections carried out included 33 audit engagements, of which 16 related to public interest entities.

The requirements for improvement contained in the inspection reports issued in 2022 do not necessarily result in disciplinary proceedings, nor do they necessarily prejudice the commission of breaches of audit regulations³, without prejudice to the initiation of the corresponding disciplinary proceedings in appropriate cases.

Nor do the requests for improvement necessarily imply the disclosure of material misstatements in the audited financial information, insofar as the purpose of the inspection is to assess the overall performance of the auditors and audit firms.

The distribution of the requirements for improvement made in the inspection of audit engagements, by technical subject of the audit, is shown in table 12.

//// TABLE 12 Requirements made in the inspection of audit engagements

Auditing aspects	% of requirements
Identification and assessment of risks of material misstatement	37 %
Testing of controls	31 %
Substantive procedures	31 %
Audit report	1 %
TOTAL	100%

Among the requirements of the engagements reviewed, those relating to the appropriate identification and assessment of risks of material misstatement, the appropriate testing of controls and the review of accounting estimates in the financial information stand out due to their frequency and impact.

³ In particular, it does not prejudice the existence of a possible serious infringement for "non-compliance with auditing standards that could have a significant effect on the outcome of its work and, consequently, on its report", as defined in Article 73.b) of the LAC.

Without prejudice to the foregoing, the following other requirements for improvement made in the inspections of engagements should also be highlighted:

- Requirements linked to insufficiently substantiated audit strategies, considering the risks identified and the characteristics of the auditee's financial reporting system.
- Inadequate assessments of the design of the control system, as well as deficiencies in performing and/or documenting tests of the operating effectiveness of controls.
- Insufficient professional scepticism in the assessment of the information provided by the client, and adequate documentation that the auditor has assessed whether such information is sufficiently reliable, accurate and complete, as well as sufficiently accurate and detailed.
- The audit procedures should appropriately address the assessed risks of material misstatement of assertions, in terms of their nature, timing and extent, especially in intra-group transactions and in the assessment of impairment of interests in group companies.
- In relation to the sufficiency and appropriateness of audit evidence, there is a need to improve the design and application of audit procedures.
- In relation to the substantive procedures for each type of transaction, accounting balance and material disclosures, ensure the appropriate design of the tests and the adequacy of the procedures applied.
- Adequate determination of statistical methodology, size and selection of sample elements.
- Adequate documentation of the audit procedures performed and audit evidence obtained to enable an experienced auditor who has had no previous contact with the audit to gain an understanding of:
 - the nature, timing and extent of audit procedures performed in compliance with ISAs and applicable legal and regulatory requirements,
 - the results of the audit procedures performed and the audit evidence obtained,
 - the significant matters that arose in the course of the audit, the conclusions reached about those matters, and the significant professional judgements applied in reaching those conclusions.

a.2 *Investigations and verifications*

During the financial year 2022, 286 investigation and verification actions were carried out, which is 40 actions more than in 2021 (15% more). The typology of the aforementioned actions is shown in table 13.

//// TABLE 13 Investigation and verification actions in the 2022 financial year

Type of investigation/verification	No. of actions	Percentage of total actions
Investigations/complaints	32	11%
Investigations into continuing training	150	52%
Supplementary enquiries into continuing training	30	10%
Transparency investigations	70	24%
Follow-up of previous inspections	4	3%
TOTAL	286	100%



The 32 completed complaints are mainly related to the performance of audit work on entities other than public interest entities and to the duties of independence of auditors.

On the other hand, during 2022, 150 actions were carried out aimed at verifying compliance with the minimum mandatory training of practising auditors, and the 30 complementary actions opened in 2021 on audit firms whose partners have failed to comply with continuing education obligations were finalised.

As regards the obligation to publish transparency reports, 70 checks were carried out in 2022 on the publication and formal content requirements of the transparency reports of statutory auditors and audit firms of public-interest entities.

Finally, a new type of verification activity was carried out in 2022, which consisted of verifying the effective implementation of corrective actions for deficiencies identified during inspections. Specifically, the effective implementation of the corrective actions of 4 audit firms was reviewed.

b. Activities to strengthen the supervisor's transparency

Effective supervision requires soundness in its preventive aspect, so as not to limit supervision to the detection and correction of deficiencies, but rather to prevent them from occurring. With this objective in mind, the ICAC's line of action to strengthen the transparency of supervision has been continued.

During 2022, two half-yearly publications of the *Economic-Financial Bulletin in Support of Audit Risk-Based Supervision* were produced. This tool is intended to help the industry to make a proper assessment of the risks that may influence the quality of auditors' work, and serves to develop risk-based supervision. These risks arise both from factors internal and external to the audited companies, and from the level of maturity of the auditors' system of internal quality control.

Among the external factors that can affect financial reporting, the context of economic and financial activity is a key element that any modern supervisory system must take into account.

The *Economic-Financial Bulletin in Support of Audit Risk-Based Supervision* strengthens and modernises the oversight system by providing it with tools that enable objective analysis of auditors' work, by focusing oversight on the areas with the most significant risks and by allocating public resources efficiently. All this ultimately improves the assurance provided by this oversight system entrusted to the ICAC and enhances confidence in the audit sector.

The Economic-Financial Audit Oversight Support Bulletin integrates several indicators to enrich the risk-based supervision model. Its content is constantly reviewed and updated according to its relevance for the sector, and relevant economic aspects such as inflation have been included in the 2022 publications.

Finally, it should be noted that in this line of transparent action by the ICAC, activities have also been carried out to disseminate practical aspects of supervision aimed at facilitating regulatory compliance (particularly in the case of smaller auditors and audit firms), such as the publication of ***the Supervisory Expectations on the internal organisation of auditors*** in relation to the entry into force of the relevant provisions of the RLAC.

3.5 Disciplinary Activities

The disciplinary actions carried out in 2022 consisted of the processing of administrative disciplinary proceedings for breaches in auditing matters, assisting the president in the drafting of the acts within his competence issued in these proceedings.



The **number of audit-related disciplinary proceedings** decided in 2022 was 48, compared to 49 in 2021.

It should be noted that in 10 of the 58 disciplinary proceedings resolved in auditing matters, a decision was handed down without imposing a sanction.

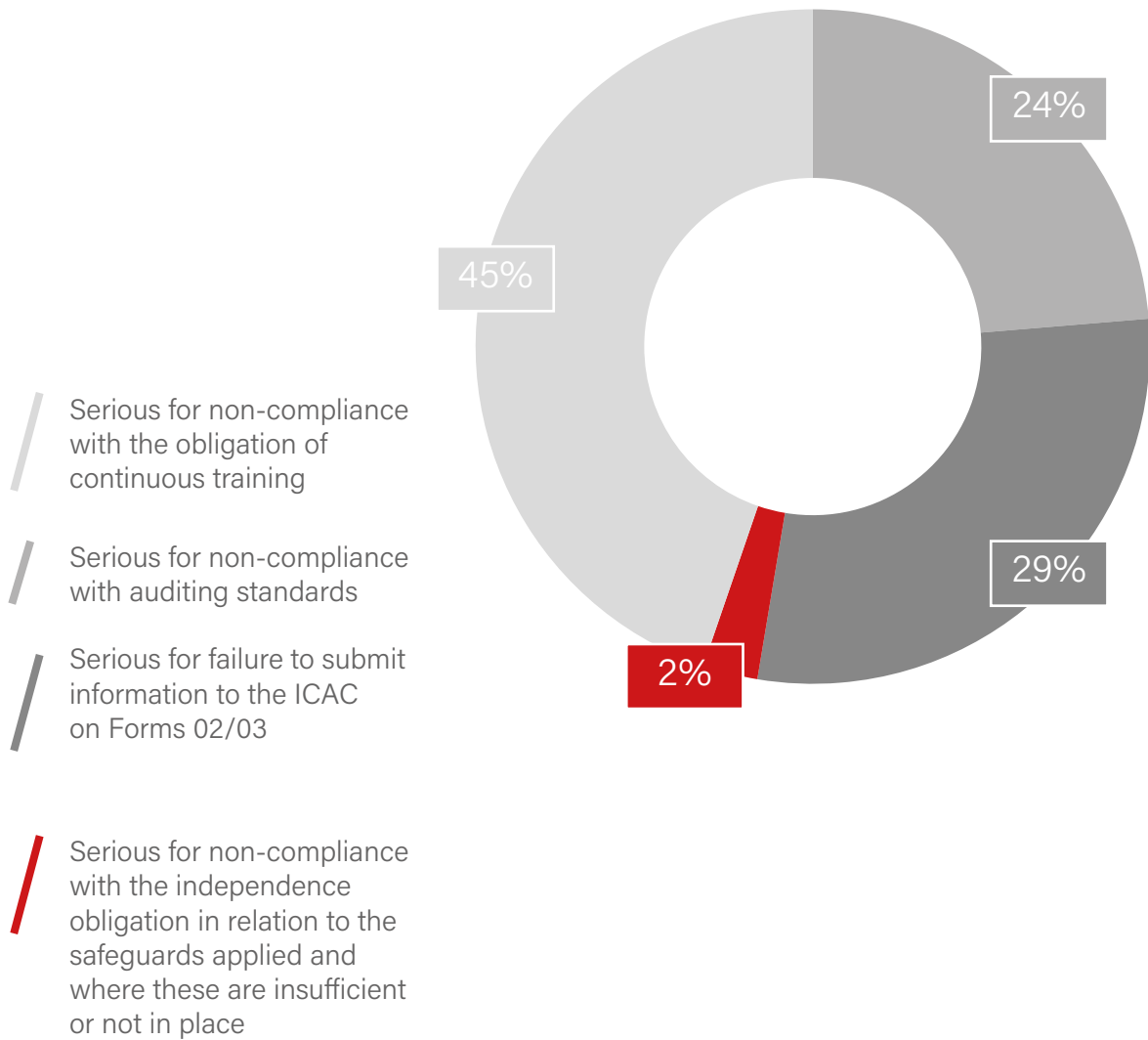
In the other 38 proceedings processed and resolved in auditing matters, **breaches of the audit regulations** were declared to constitute serious infringements, with the details shown in Table 14 and Graph 5.

//// TABLE 14 Infringements included in the sanctioning proceedings resolved in the audit area in the financial year 2021-2022

Infringements included in the sanctioning proceedings resolved on the subject of auditing of accounts	Nº of proceedings 2022	Nº of proceedings 2021
Very serious due to lack of independence	-	3
Serious for lack of independence	-	1
Serious for non-compliance with auditing standards	9	8
Serious for failure to submit information to the ICAC on Forms 02/03	11	22
Serious for non-compliance with the independence obligation in relation to the safeguards applied and where these are insufficient or not in place	1	-
Serious for non-compliance with the obligation of continuous training	17	9
TOTAL	38	43



//// **CHART 5** Infractions and cases sanctioned in 2022



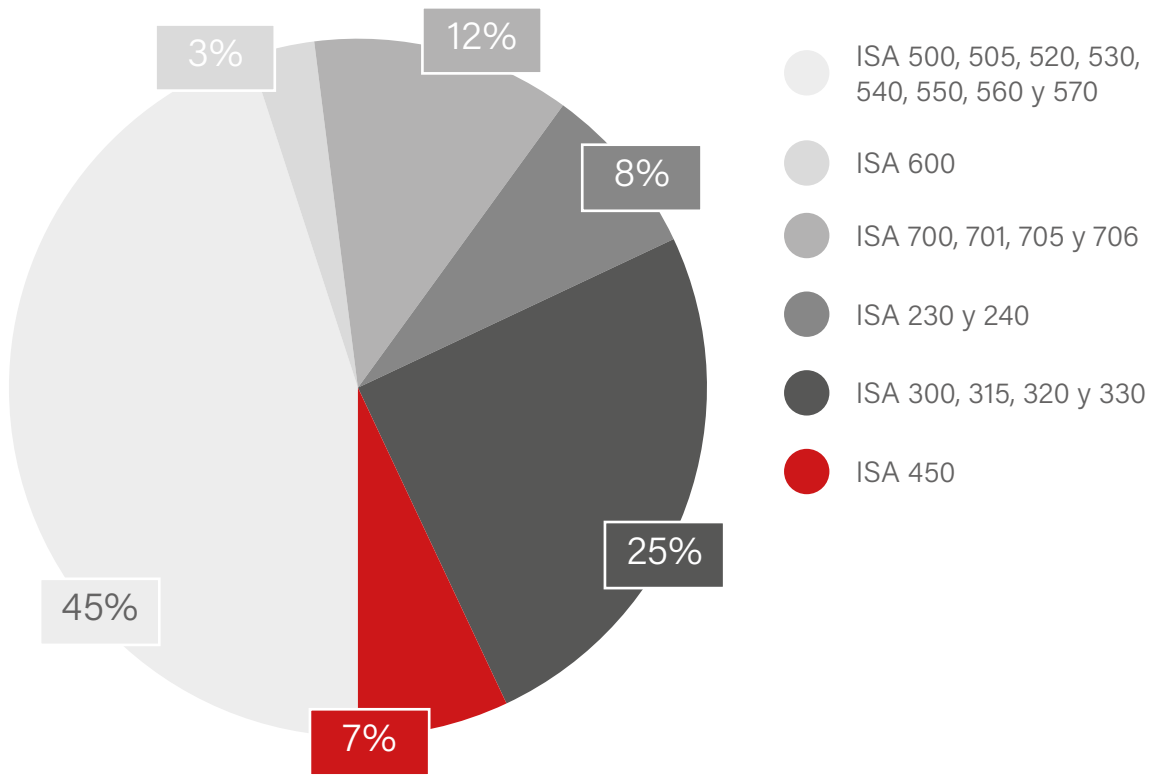
In the files processed as a result of non-compliance with auditing standards that could have a significant effect on the outcome of the audit work and, consequently, on the audit report issued (serious infringement), where penalties were imposed, the infringements essentially concerned the following International standards on auditing (see table 15 and chart 6).

//// **TABLE 15** ISA not complied with during the financial year 2021-2022

Non-compliant ISA		Nº of files 2022	Nº of files 2021
ISA 200	"Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing"	-	8
ISA 230	"Audit Documentation"	1	3
ISA 240	"The Auditor's Responsibilities relating to Fraud in an Audit of Financial Statements"	4	5
ISA 250	"Consideration of Laws and Regulations in an audit of financial statements"	-	1
ISA 300	"Planning an Audit of Financial Statements"	1	1
ISA 315	"Identifying and Assessing the Risks of Material Misstatement through Knowledge of the Entity and its Environment"	5	5
ISA 320	"Materiality in Planning and Performing the Audit"	4	3
ISA 330	"The Auditor's Responses to Assessed Risks"	5	7
ISA 450	"Evaluating Misstatements Identified during the Conduct of an Audit"	4	3
ISA 500	"Audit Evidence"	7	8
ISA 501	"Audit Evidence - Specific Considerations for Certain Areas"	-	1
ISA 505	"External Confirmations"	5	4
ISA 510	"Initial Engagements - Opening Balances"	-	1
ISA 520	"Analytical Procedures"	2	1
ISA 530	"Audit Sampling"	5	7
ISA 540	"Auditing Accounting Estimates, Including Fair Value Estimates, and Related Disclosures"	4	2
ISA 550	"Related Parties"	1	2
ISA 560	"Subsequent events"	2	1
ISA 570	"Going Concern"	1	1
ISA 580	"Written representations"	-	1
ISA 600	"Specific Considerations - Audits of Group Financial Statements (including the Work of Component Auditors)"	2	-
ISA 700	"Forming an Opinion and Reporting on Financial Statements"	4	1
ISA 701	"Communicating Key Audit Matters in the Independent Auditor's Report"	1	-
ISA 705	"Modifications to the Opinion in the Independent Auditor's Report"	1	1
ISA 706	"Emphasis of Matter Paragraphs and other Matters Paragraphs in the Independent Auditor's report"	1	1



//// **CHART 6** Non-compliant ISA by series 2022

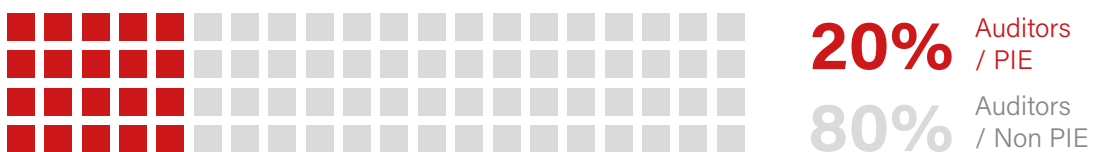


The following chart shows the breakdown of resolved cases where non-compliance with technical auditing standards that could have a significant effect on the audit work and the report issued or non-compliance with the duty of independence has been declared in relation to the number of **auditors of public interest entities (PIEs)** for which sanctioning cases have been processed, according to the data shown in Table 16 and chart 7.

//// **TABLE 16** Cases resolved in the financial year 2021-2022

	Year 2022	Year 2021
PIE audits	2	3
Non-PIE audits	8	8

//// **CHART 7** Files related to PIE and Non-PIE audit engagements in the year 2022



The fines imposed in 2022, by type of auditor sanctioned, amount to 303,835.6 euros (see table 17).

//// **TABLE 17** Penalties imposed in 2022

Penalties	Amount
Audit firms and partners	173,735
Sole practitioners	130,100.6
Total fines	303,835.6

In addition to the above, it should be noted that during the 2022 financial year the following appeal reports have been issued, filed in accordance with the provisions of article 47 of the LAC in relation to the sanctioning proceedings processed in auditing matters. (See table 18).

//// **TABLE 18** Appeal reports during the 2021-2022 financial year

Appeal reports	2022	2021
Reports on appeals arising from audit files	5	13

During the year, the National Court issued five judgments dismissing the appeals of the auditors and audit firms and upholding the ICAC's sanctioning criteria, and one judgment partially upholding the appeal as to the determination of the sanction, modifying the amount of the fine and otherwise upholding the ICAC's sanctioning criteria.

3.6 Interpretation Criteria and Guidelines Published

The ICAC's Technical Independence Group was set up in 2021. It is made up of representatives of the Subdirectorates General of Technical Standards and Technical Control and representatives of the REA and ICJCE as representative bodies of statutory auditors. The purpose of this group is to analyse the regulations applicable to the obligation of auditor independence and to issue interpretation criteria to guide auditors in those issues that may arise in practice and from which interpretative doubts may arise, in an attempt to guarantee the practical, feasible and possible application of the content of the LAC and its implementing regulations.

During the 2022 financial year, as a result of the discussions within this group, two interpretation criteria have been published:

- Criteria for the interpretation of the extension to related entities of the cause of incompatibility derived from the possession of a significant direct interest in the entity.
- Criteria for the interpretation of the temporal scope of the subsequent prohibitions regulated in article 23 of the Audit Act and article 61 of its implementing regulations.

In order to contribute to the dissemination of the guidelines published by **the Committee of European Oversight Bodies of Auditors (CEAOB)**, in February 2022 the guidelines on the participation of statutory auditors with respect to financial statements in Single European Electronic Format (FEUE) were published in Spanish, with the collaboration of the representative corporations of statutory auditors, the General Council of Economists of Spain-Registry of Economists and Auditors and the Institute of Chartered Accountants of Spain.



3.7 Attending to queries

The ICAC's collaboration with auditors and audit firms includes the study and preparation of replies to queries on the interpretation and application of the audit regulation. Of all the queries resolved, those considered to be of general interest are selected for quarterly publication in the ICAC's Official Bulletin.

Table 19 shows the data on the queries processed in recent years, grouped into different matters.

//// TABLE 19 Queries processed in the years 2020, 2021 and 2022

Queries	2022	2021	2020
Queries issued	282	293	274
1. Appointment and engagement of auditors	33	22	15
2. Official Register of Statutory Auditors	135	130	127
3. Independence regime	4	12	11
4. Audit obligation	15	16	16
5. Audit engagements and reports	14	9	21
6. Public interest entities	6	0	21
7. Miscellaneous	75	104	63
Queries published	5	0	3

The queries received have dealt with various aspects of the effective application of the audit regulation, the most frequent of which are as follows:

- access to the Official Register of Auditors and theoretical training, including particular requirements for auditors from a third country
- continuing education requirements
- the independence regime
- auditor dismissal, resignation, the audit engagement and cases of replacement of auditors
- the fees for the performance of the audit and the criteria for setting such fees
- the obligation to submit the accounts of an entity to audit.

In this respect, it should be noted that a compendium of the main queries received on auditing matters has also been published on the website, together with the replies issued to each one, thus contributing to the wider dissemination of the content of these queries.

Certain queries, considered to be of general interest, are published on the Institute's website and in the Institute's Official Gazette in order to better disseminate the Institute's criteria. In 2022, five consultations were published in the BOICAC and eight in the compendium published on the ICAC website.

3.8 International Activity

International audit activity is essential for the ICAC to be able to align its supervisory practices with those of its European and global counterparts, and because cooperation be-

tween supervisors is necessary, given the existence in the market of important international networks of auditors operating in multiple jurisdictions. Cooperation is also necessary for the exchange of experience in the practical implementation of European and International standards on auditing adopted by Member States. Collaboration is therefore essential, in particular in view of the need for cooperation and coordination both from a regulatory point of view and in terms of oversight activity.

In the European Union, this activity is mainly carried out through the Commission of European Auditors' Oversight Bodies (CEAOB), although participation in the Audit Regulatory Committee (AuRC) is also relevant.

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

International activity also includes other supervisory cooperation activities, such as colleges of competent authorities or direct collaboration with other competent authorities.

The ICAC also participates in the meetings of the European co-legislators in which during 2022 the European Commission's proposal on corporate reporting on sustainability, which involves the amendment of Directive 2013/34/EU, Directive 2006/43/EC on the audit of annual and consolidated accounts and Regulation 537/2014 on specific requirements for audits of public interest entities, was discussed.

The most relevant aspects of international activity are referred to below.

CEAOB (Committee of European Audit Oversight Bodies)

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 legislation on statutory audit that entered into force on 17 June 2016. To this end, CEAOB organises cooperation between competent authorities to promote the consistent application of European statutory audit legislation, facilitate the exchange of information and advice to the Commission on matters including the technical assessment of third country oversight systems and the technical review of international standards on auditing with a view to their adoption at European level.

CEAOB is composed of representatives of EU national audit oversight bodies and the European Securities and Markets Authority (ESMA). Representatives of national audit authorities from the European Economic Area (EEA) also participate. The European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA) participate as observers.

The committee operates both through plenary sessions and through the following sub-groups:

- **Auditing Standards Subgroup:** a 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 Board (IAASB) in order to draft and follow up comment letters to be sent to the IAASB. It also carries out an analysis of the differences between the standards applicable in each Member State of the European Union and the Standards issued by IFAC, with the aim of advising the European Commission in the process, if any, of adopting the standards at European level. It also discusses issues raised by Member States with regard to European legislation governing the activity of statutory audit, as well as other European legislation that may have an impact on the activity of statutory audit or statutory auditors.



The IAASB's work programme is discussed and inspection findings that represent 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 from inspections, audit deficiencies detected in inspections, dialogue with audit firms, inspection methodology, as well as with international auditing and ethics standard setters (IAASB and IESBA) are shared.
- **Enforcement subgroup:** European-wide working group established to prepare the report on existing investigations and sanctions practices, statistics on sanctions imposed under the new European Statutory Audit Regulation, and the template for reporting temporary and permanent withdrawal sanctions to CEAOB, in accordance with Article 30(f) of Directive 2006/43/EC, as amended by Directive 2014/56/EU of the European Parliament and of the European Council of 16 April 2014, as well as to exchange practical experience in the field of investigations.
- **Market monitoring subgroup:** a working group at European level whose purpose is to support the European Commission in its activity of monitoring developments in the audit market, in particular with regard to the preparation of the report referred to in Article 27 of Regulation 537/2014. This sub-group facilitates the monitoring of the quality and competence of the market for the provision of statutory audit services to public interest entities, and contributes to the convergence and coordination of the monitoring carried out by national authorities. It should be noted that in 2022 the ICAC has taken on the coordination of this subgroup, which shows the ICAC's firm commitment to coordination in the international level and its vocation to collaborate in the European institutional level.

The plenary is the instrument of CEAOB in which the heads of the audit oversight authorities of the member States participate and in which decisions are formally adopted. At the plenary level, in 2022, one meeting was held on line (in March) and two face-to-face meetings (in July and November).

Thematically, the most relevant aspects in which CEAOB has participated during 2022 include:

- Follow-up of the actions taken by IAASB on the issues included in the CEAOB letter sent to this international standard setter, regarding the draft International Standard on Auditing (ISA) 600 Specific Considerations - Audits of group financial statements (including the work of the component auditors).
- Preparation of the comment letter to the IAASB's draft for the development of a separate standard for audits of Less Complex Entities (LCE). At the end of the year, the letter was submitted by the CEAOB Standards Group to the plenary for submission before the end of January.
- Follow-up of the actions carried out by the IAASB in relation to the verification of sustainability reporting (SR).
- Collaboration in the drafting of the CEAOB letter in relation to the IAASB draft regarding revisions to International Standard on Auditing (ISA) 700 Forming the opinion and issuing the audit report on the financial statements and International Standard on Auditing (ISA) 260 Communication with those responsible for the governance of the entity.
- Collaboration in CEAOB's analysis of areas for improvement with respect to the revision of International Standard on Auditing (ISA) 500 Audit evidence and its relationship with the possible revision of other ISAs.
- Follow-up on IAASB actions taken in relation to the initial phase of the ISA revision projects 240 Auditor's responsibility for the audit of financial statements with respect to fraud and ISA 570 Going Concern.

- Analysis of issues raised regarding the application of certain provisions of European auditing legislation (Directive and Regulation) in matters relating 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 EU level.
- Working meetings on the different implementation processes in each Member State of the ESEF (European Single Electronic Format).
- Working meetings to improve the consistent development of the methodology for the inspection of statutory 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 audit deficiencies and the actions of these networks to promote measures to reduce these deficiencies.
- Participation in the preparation of the report on existing investigation and sanctioning practices, the statistics on sanctions imposed under the new European auditing regulations, and the model for communicating temporary and permanent withdrawal sanctions to CEAOB, as well as for exchanging practical experience in investigations.
- With regard to the inspections subgroup, the annual meetings of this group were held in June and November 2022, respectively by electronic means and in person. These events addressed all relevant issues to ensure the best coordination and standardisation of control procedures on audit at European level. Among the issues discussed were the update of the common inspection work programmes (CAIM) and the development of the work programme dedicated to the new quality management standards, the update of the working subgroups and the dialogue with relevant firms and the IAASB. In addition, at the June meeting, the ICAC had the opportunity to present its risk-based supervision system, and at the November meeting, it participated in a panel exchange of experiences among supervisors that have significantly updated their supervisory systems.
- During 2022, the ICAC continued to participate actively in the working group on the Audit Directive and Regulation for the analysis of proposals for improvement for future legislative action on auditing at European level, which was created in 2020 by the new CEAOB presidency.
- Finally, it is worth mentioning the ICAC's participation with CEAOB's consultative group in the drafting of the proposed response to the consultation launched by the European Commission on corporate reporting to improve its quality and compliance.

/ Meetings of the Audit Regulatory Committee (AuRC)

This committee is made up of the authorities with regulatory powers in auditing matters in the different EU Member States, as well as with possible aspects related to the auditors' performance with regard to fraud.

During the 2022 financial year, a meeting was held for the presentation of the AuRC Adequacy and Equivalence Decisions of the competent authorities of the United States, which were finally approved by Implementing Decision (EU) 2022/1297 of 22 July 2022 and Implementing Decision (EU) 2022/1298 of 22 July 2022, respectively.

/ Other actions. 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 colleges, the main deficiencies detected in inspections by the different supervisors are shared, which allows



the ICAC to learn about the supervision carried out by European counterpart supervisors and the situation of auditing in the European Union.

The conclusions of the issues analysed and the main shortcomings in the inspections are presented to the heads of the European networks at joint meetings between the colleges of supervisors and the corresponding network of audit firms with a view to adopting initiatives aimed at improving the quality of the audits carried out by the audit firms that are members of these networks, which is why participation in these meetings is essential.

Most of the issues are raised in parallel in the various colleges of competent authorities. In 2022, the monitoring of the war in Ukraine and its impact on international audit firm networks was a major focus of the issues addressed in these areas. The implementation of new quality management standards, firm culture, monitoring, root cause analysis, data analytics and the follow-up of deficiencies identified in inspections were also addressed. The outcome of the discussions in the different colleges has been brought to the attention of the relevant European network managers.

In addition to the above, other information and experiences are shared in the colleges of supervisors that the local supervisors consider to be of interest and useful to the college members, thus fostering critical debate on issues and areas that might require a more precise study at the European level.

IFIAR

The International Forum of Independent Audit Regulators (IFIAR) is composed of 55 authorities from five continents, with the objective of exchanging experiences and knowledge in the field of inspections and technical auditing standards. This forum meets both in plenary sessions and in groups.

During 2022, as a member of IFIAR, the ICAC participated in global oversight coordination activities by attending the working meetings organised to foster dialogue with the six largest global audit firm networks and international audit standard setters, and to promote the changes needed to improve audit quality.

Also during the year 2022, we participated in the IFIAR Standards Coordination Working Group (SCWG) in which, from a global perspective, we drafted comment letters on standards issued by the IAASB, in particular, we participated in the discussions in relation to the revision of the International Standard on Auditing (ISA) 500 Audit Evidence or responses to requests from the Chairman and Vice-Chairman of IFIAR, notably the comment letter on a discussion paper prepared by the IAASB to obtain feedback from stakeholders on expectations regarding the auditor's role and responsibilities in relation to fraud and the going concern principle in the audit of financial statements and the preparation of the comment letter on the IAASB's project to develop a separate standard for audits of less complex entities and the follow-up in its further processing by the IAASB.

Finally, the annual meeting of this forum is being planned, as Madrid will host the forum in 2023.

3.9 The Audit Committee

In the exercise of the powers attributed to the ICAC, four meetings of the Audit Committee were held in 2022 (as in 2021), three of which were held virtually, and the matters required by the applicable regulations were submitted to the Committee.

The main matters discussed at the four meetings held were:

- The resolutions on the provisional and final publication of the Internal Quality Control Standards, "Quality management for audit firms that perform audits of financial statements", ISA1-ES, "Engagement quality reviews", ISA2-ES, resulting from the adaptation of International Quality Management Standards 1 and 2, respectively; and the Auditing Technical Standard "Quality management for an audit of financial statements" (ISA-ES 220 (Revised)), resulting from the adaptation of the International Standard on Auditing ISA 220 (Revised).
- The resolution developing different aspects related to the obligation of statutory auditors to undertake continuing education.
- The resolution approving the application forms for the issuance of certificates at the request of a party, and for registration and entries in the Official Register of Statutory Auditors.
- The resolution modifying the resolution to regulate the functioning and establish the composition of the working group for the preparation and publication of the Technical Auditing Standards and Quality Control Standards to update its composition.
- Resolution amending article 2 of the Resolution of 26 July 2021, of the Accounting and Auditing Institute, which establishes the characteristics and conditions that theoretical education programmes must meet in order to be approved.
- The translation of the guidelines issued by CEAOB on the participation of statutory auditors with respect to financial statements in Single European Electronic Format (FEUE), for publication on the ICAC website.
- The presentation of the auditing activity control plan for the year 2022 and the activity report for the financial year 2021.
- The report on the state of auditing in Spain.
- Certain queries considered to be of general interest for publication in the BOICAC:
 - Queries on the consideration of a SOCIMI listed on the BME Growth market as a public interest entity in application of the provisions of article 3.5 of Law 22/2015, of 20 July, on Auditing, and article 8.1.a) of the Regulations implementing the Law on Auditing, approved by Royal Decree 2/2021, of 12 January.
 - Queries submitted on whether reinsurance entities are considered to be public interest entities.
 - Queries submitted on the application of the exemption from setting up the Audit Committee provided for in section 3.d) of Additional Provision three of Act 22/2015, of 20 July, on Auditing (LAC), in the case of a public interest entity (PIE), as provided for in article 3.5 b) of the LAC, which is dependent on another PIE that is not resident in Spain, but is resident in another Member State of the European Union.
 - Consultation submitted on the status of Public Interest Entity (PIE) in the case of a branch of a credit institution from other EU Member States.
 - Consultation submitted in relation to the scope of sections e) and f) of article 8.1 of the Regulations implementing the Law on Accounting, approved by Royal Decree 2/2021, of 12 January, regarding the consideration of certain entities as being of public interest.



Account Deposit

4 Account Deposit

4.1 Obtaining the number of non-compliant entities from the lists received from the Commercial Registers

In accordance with the provisions of article 371 of the Commercial Register Regulations, approved by Royal Decree 1784/1996, of 19 July, during the month of February the mercantile registers send the ICAC the list of companies that fail to comply with the obligation to file their accounts.

During the 2022 financial year, all the lists have been received from the commercial registers, in a format that has enabled the overall quantification of the non-compliant companies corresponding to the 2020 financial year.

In this first quantification, the data has been processed to obtain a list of the companies that actually operate in the market, obtaining a number of non-compliant companies that are in turn live companies, highlighting that the result obtained is less than 9% of the data of the non-compliant companies. In this sense, living entities are considered to be those that are not affected by situations such as, suspension of payments, bankruptcy, insolvency, closure of the register, extinction, dissolution or cancellation of social security.

4.2 Disciplinary Actions

The disciplinary actions carried out in 2022 by virtue of the powers assigned to the ICAC by article 283 of the revised text of the Capital Companies Act consisted of processing administrative disciplinary proceedings for breaches of the obligation to file annual accounts for filing with the Companies Registry, assisting the President in the preparation of the acts under his authority in such proceedings.

A total of 300 **disciplinary proceedings** were resolved in relation to the filing of accounts, compared to 165 in 2021. The fines imposed amounted to 791,770.63 euros.

In relation to this competence, the following appeal reports have been issued during the financial year 2022, increasing with respect to the previous year, as indicated in table 20.

//// **TABLE 20** Appeal reports in the financial year 2021 and 2022

Appeal Reports	2022	2021
Appeal reports on appeals arising from account deposit proceedings	15	9
Reports of appeals for reconsideration arising from the filing of account deposits	0	2
Reports on appeals to the TEAR	0	10
Resolutions of appeals against the notification of the settlement derived from account deposit files	4	0



Organisation and Management of ICAC

5 Organisation and Management of ICAC

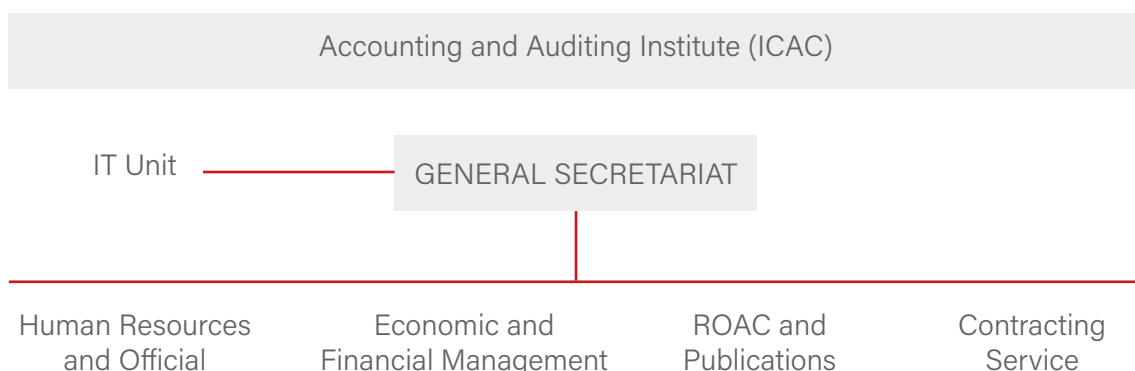
5.1 Organisational Structure

The ICAC is divided into four subdirectorates general: the General Secretariat, the Subdirectorato General for Standardisation and Accounting Techniques, the Subdirectorato of Tecnical Standards on Audit and the Subdirectorato of Technical Control and the Subdirectorato General for Technical Control.

General Secretariat

The ICAC has a General Secretariat, which is responsible for the provision of the organisation's common services. This General Secretariat has the following departments, which are shown in chart 8.

/// CHART 8 Organisation chart of the ICAC General Secretariat



- **Human Resources Department:** responsible for all administrative tasks such as the study, proposal, and management of the Institute's personnel policy.
- **Official Services:** in charge of all internal administration functions, the management of material resources, buildings, and facilities.



- **Contracting Service:** it oversees the processing in all its phases of 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 from the organisation's Fixed Cash Advance.
- **Economic and Financial Management Service:** in charge of the Institute's economic, accounting, and budgetary management, as well as the complete management of the collection of the fee for the control and supervision of the auditing of accounts and the fee for the issuing of certificates or documents at the request of a party and for registrations and annotations in the ROAC.
- **ROAC** (described in section 3. Audit Area, subsection 3.3. The Audit Sector in Spain, Audit Sector of this Report). The General Secretariat is responsible for its management and maintenance.
- **Publications:** Service in charge of research and dissemination activities in accounting and auditing.
- **IT Unit:** Unit in charge of the ICAC's digital transformation.

Subdirectorato General for Standardisation and Accounting Techniques

It performs its functions in two interrelated areas (see chart 9).

//// **CHART 9** Organisation chart of the ICAC's Subdirectorato General for Standardisation and Accounting Techniques



National area:

- Regulation: preparation of draft accounting regulations.
- Consultation service and preparation of reports on the correct interpretation of national accounting regulations.
- Cooperation with other institutions.
- Non-financial information.

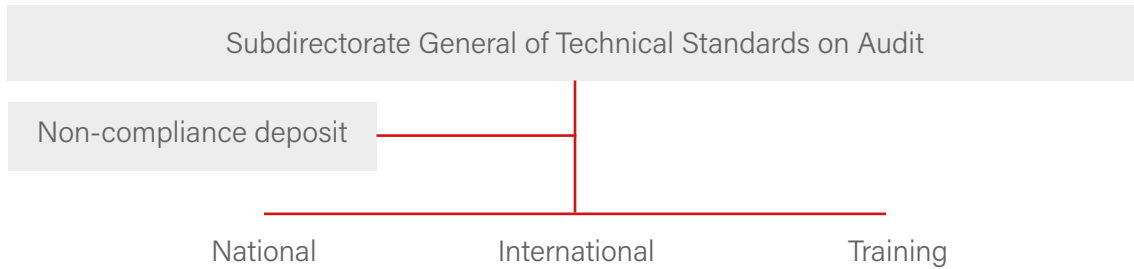
International area:

- European regulation: on financial and non-financial reporting.
- Projects and standard-setting proposals: IASB and EFRAG.
- Cooperation with other institutions issuing accounting pronouncements.

Subdirectorato General of Technical Standards on Audit

It carries out its functions by distinguishing these interrelated areas, which are described in chart 11.

//// **CHART 10** Areas of the ICAC's Subdirectorato General of Technical Standards on Audit



Deposit of accounts department, responsible for handling disciplinary proceedings for failure by companies to comply with the obligation to deposit their accounts with the relevant Companies Registry.

- Training Department:
 - Responsible for the approval of training courses for access to the ROAC, the preparation of resolutions granting exemption from the examination for access to the ROAC and the enforcement and publication of sanctions imposed in connection with the examination of accounts.
 - The Continuing Education Department, which is responsible for preparing resolutions for the recognition of centres that may organise continuing education activities, for the approval of continuing education activities and for granting extensions to this obligation in the event of force majeure.
- National Area:
 - Regulatory, responsible for the preparation of legislative and regulatory amendments in the field of auditing, as well as the tasks necessary for the adoption of technical auditing standards (including the review of the translation of international standards on auditing and the debate for their subsequent adoption in Spain through adaptation to our regulations, or the debate of the technical auditing standard if it is not derived from an international standard).
 - The audit committee, which is responsible for handling disciplinary proceedings in the field of auditing.
 - The consultations and draft standards Committee, which is responsible for resolving consultations and drafting reports of observations on draft standards prepared by other bodies or entities.
- International area:

Responsible for the participation of the Subdirectorato in European and international groups related to auditing, participating, among others, in the preparation of questionnaires, answering questions, making communications, preparing letters of comments on the standards issued or documents prepared by the body issuing the international standards on auditing.

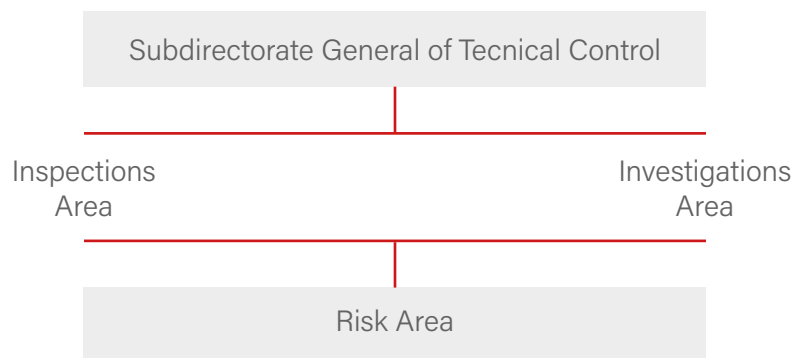


Subdirectorato General of Technical Control

Since 2020, this Subdirectorato has been carrying out an organisational reform aimed at increasing the number of inspections, broadening the type of inspections carried out by the ICAC and improving the efficiency of the use of resources. The fundamental objective is to strengthen the preventive aspect of control activities and to improve compliance with inspection cycles. Although this reform has not yet been formalised, the creation of three internal areas or departments is envisaged: (see chart 10)

- Inspections area.
- The commissions and investigations area.
- Risk area.

CHART 11 Areas of the ICAC's Subdirectorato General for Technical Control



This reorganisation is in line with the configuration of the LAC's control activities over auditors. The inspections department will be responsible for conducting inspections of auditors and ensuring compliance with inspection cycles. It will be supported by the engagement and investigations department in the review of audit engagements during inspections.

The novelty of the formal separation of the investigations and engagements area is that, in addition to carrying out engagement inspections, this area will conduct autonomous investigations on audit engagements where the level of risk warrants review. This will enable the ICAC to respond more quickly to risk situations by dedicating specific resources to risk-based oversight.

The areas of inspections and engagements and investigations will receive technical support from the risk department, whose main responsibility will be to identify the specific areas and engagements to be prioritised for inspection and investigation through the use of data analytics tools and financial information (the latter to be disclosed on a regular basis), which will allow for more precise control plans.

5.2 Human Resources

Human Resources

The Human Resources department is responsible for all administrative tasks such as the study, proposal and management of the Institute's personnel policy, the establishment of staff training plans and the management of social action.

At the end of the 2022 financial year, the ICAC's staff, including the President, numbered 71 people, as follows (in January 2023 this figure rises to 73 people due to the incorporation of two civil servants from a competitive examination held on 15 November 2022). (See table 21).

//// **TABLE 21** ICAC staff at the close of the 2022 financial year

Position Held	Male	Female
Senior management	1	0
Civil servants	19	44
Employees	2	5
TOTAL	22	49

The list of civil servants broken down by level and sex is shown in table 22.

//// **TABLE 22** Civil servant staff at the close of the 2022 financial year

	A1	Management staff A1	A2	C1	C2
Men	5	2	6	5	1
Women	6	6	18	9	5

Filling of civil servant posts

During 2022, one civil servant from group A1 State Comptrollers and Auditors, one civil servant from group A2 Technical Auditing and Accounting Corps, one civil servant from group A2 Civil Administration Management Corps, one civil servant from group C1 General Administrative Corps of the General State Administration and one civil servant from group A1 State Insurance Inspectors have joined the ICAC.

Training

Among the training courses given to ICAC employees are, as every year, the online English classes.

In order to optimise the implementation of the AGE's new applications, a 15-hour basic training course on the use of **TRAMA** was organised for Human Resources staff.

The following courses were also given on the **Prevention of Occupational Hazards and data protection**:

- Course on risk prevention in office workstations with display screens and teleworking.
- Specific courses for members of the emergency teams: fire prevention and rules of action in the event of emergencies and first aid.
- Basic training course on data protection.



It is also important to highlight the collaboration provided by the **Spanish Association of Accounting and Business Administration (AECA)** to this institute in staff training, with the following courses to be held throughout the year 2022:

- Accounting consolidation of business groups.
- Prudential capital regulations for credit institutions.
- ICAC resolution on revenue recognition for the delivery of goods and services.
- Financial instruments and hedge accounting in the reform of the PGC vs IFRS 9.
- Cash flow projections.
- Sectoral adaptations of the PGC: construction and real estate companies; cooperative societies and non-profit entities.
- Lastly, due to the importance of complying with the legal framework on the accessibility of public sector websites and applications for mobile devices, courses on this subject were also offered to all the institute's staff.

Social benefits

In 2022, the Social Action Plan was implemented for all civil servant and employee staff working at the ICAC, including the provision of transport and health assistance.

Also, the delivery of luncheon vouchers to the Institute's employees by means of a new resolution of the President's Office for the purpose of adapting the conditions of accrual and enjoyment of the vouchers to the new circumstances and conditions in the performance of their duties.

Working groups

As in the 2021 financial year, the ICAC continues to participate in the various working groups organised by the Ministry of Economic Affairs and Digital Transformation, including: Temporariness and Employment, Health and Safety, Equality, Occupational Risks, and Social Responsibility.

Remote working

Among the measures included in Order PCM/466/2022 of 25 May, which publishes the Agreement of the Council of Ministers of May 24, 2022, approving the Plan of Energy Saving and Efficiency Measures for the General State Administration and the State Institutional Public Sector Entities, is the facilitation of the provision of public services by public employees through different organisational formulas that fully guarantee attention to citizens. Specifically, the implementation of a remote working system in the General state Administration and the State Public Sector in order to reduce the energy impact, as well as the significant reduction of consumption in the work centres, especially in terms of air conditioning, equipment, lighting, etc.

As a result, the teleworking plan of the Accounting and Auditing Institute has been implemented within the framework of the energy saving and efficiency measures plan, after it was submitted for negotiation to the MGNAGE delegate committee of the Ministry of Economy and Digital Transformation and subsequently approved by the Secretary of State for Public Administration.

Progress in Digitalisation - Technological Transformation

In this regard, the Institute is continuously improving the services provided by the management departments, progressively implementing applications that facilitate the processing of human resources processes and, in turn, respond to the new needs of opening more agile and effective communication and information channels.

For this reason, TRAMA has been implemented both for time and attendance control and for the processing of personnel matters.

Likewise, in 2022 we are promoting the implementation of an EASYREDMINE service as a channel for consultation and communication of Human Resources service incidents with the aim of improving response times, guaranteeing effective control and providing an instrument for measuring the degree of performance of the planned objectives.

Official

This service includes all the management, supervision and control activities related to: the provision of security, surveillance, cleaning, conservation and maintenance services for the buildings that make up the ICAC's headquarters and for the movable property and equipment located therein; the management of the inventory of assets, requests for materials, postal and courier services, auxiliary services (orderlies), external archiving and any other similar services that may be required.

Throughout the financial year, work continued on the efficient remodelling of the premises located in Calle Moratín for the relocation and renovation of the Institute's Library Service. To this end, the Institute commissioned SEGIPSA to carry out the design and project management of the interior refurbishment and envelope works of the premises located in Calle Moratín.

Among the works to be carried out in 2022, the most important are the modification and renovation of the floor of the library area, the completion of the renovation of the building's toilets and the reorganisation of the spaces.

Also, in order to comply with the measures contained in Order PCM/466/2022 of 25 May, which publishes the Agreement of the Council of Ministers of 24 May 2022, approving the Plan of Energy Saving and Efficiency Measures for the General State Administration and the Entities of the State Institutional Public Sector, and Royal Decree Law 14/2022, of 1 August, on measures for **economic sustainability** in the field of transport, in terms of subsidies and study grants, as well as energy saving and efficiency measures and measures to reduce energy dependency on natural gas:

- Control of temperature conditions, by installing thermostats in air-conditioning systems to comply with the established maximum and minimum temperature thresholds, as well as devices to measure temperature conditions.
- Control of energy consumption, through the installation of presence sensors in the lighting circuits of passageways and common areas.
- Control of water consumption by installing timer taps in toilets.
- Rationalisation of the switch-on and switch-off times for air conditioning, lighting, hot water, and office equipment.
- Installation of informative posters on energy saving measures in the national government and rationalisation of the use of administrative buildings and their installations.
- Measures to avoid wasting energy by replacing the access door with a self-closing door.
- Monitoring of paper, plastics and other consumables, by implementing a computer application (EASYREDMINE) for requesting office supplies and managing maintenance incidents. As of December 2022, this application had not been fully configured.



- Review of the energy efficiency of air-conditioning installations in accordance with the applicable regulations (Royal Decree-Law 14/2022, of 1 August, on economic sustainability measures in the field of transport, grants and study aid, as well as energy saving and efficiency measures and measures to reduce energy dependence on natural gas and the Regulation on Thermal Installations in Buildings (RITE), approved by Royal Decree 1027/2007, of 20 July).

With regard to **occupational risk prevention**, in the 2022 financial year the emergency teams have been renewed, offering the mandatory training courses. Mandatory training was also given to all staff on the risks associated with office and teleworking posts.

This section includes the updating of prevention plans, emergency measures, risk planning and assessment/preventive activities programme, annual action report, legislation relating to OHS, relations with the MINECO prevention service, procedures manual, annual medical check-ups, aptitude certificates, etc.

With the aim of improving the social and health conditions of the work spaces and, in particular, to offer the greatest safety guarantees against exposure to SARS-CoV-2, **air and surface disinfection systems** have been installed in the air conditioning circuits of the ICAC headquarters building, as well as portable equipment in the premises located in Calle Moratín, owned by the institute.

The management and organisation of the ICAC's archive and registry services continued in 2022. During 2022, 19,887 incoming records and 968 outgoing records of writings and communications were made.

Finally, in 2022, the ICAC has continued with the purchase and replacement of various supplies, from electricity, gas, water and fuel to office supplies and furniture, as well as the management of hazardous waste in accordance with the environmental legislation of the Madrid region.

5.3 Information and Communications Technologies (ICT)

In 2022, the ICAC's Information and Communication Technologies (ICT) Area continued to implement the lines of action of the ICAC's Digital Transformation Plan initiated in 2021 and launched new lines of action.

The ICAC's digital transformation plan is aligned with the Digital Administration and Digital Public Services strategy set out in the **Public Administration Digitalisation Plan 2021-2025 (PD-AAPP)**.

Improving the user experience of citizens

Several projects have been successfully completed, all aimed at improving the presentation of information, optimising navigation and facilitating the use of user interfaces, especially in those applications in which there is administrative interaction between this institution and the citizen. Two specific areas should be highlighted:

- **Accessibility:** functionalities related to web accessibility have been optimised in the ICAC's various web applications, thereby complying with the legal framework on accessibility of the public sector websites and applications for mobile devices (Directive (EU) 2016/2102 and Royal Decree 1112/2018, of 7 September). In addition, a tool has been acquired and integrated that optimises the display of information and navigation between screens, adapting them in real time to the special needs of people with different disabilities.

- **User service:** In 2022, the preferred channel for citizen service was consolidated by using the generic **instance of the electronic headquarters**. In addition, new content sections and new online help and information utilities have been incorporated, both on the website and in the DECLAR@ application and at the e-Office.

New digital identity model

In 2022, the ICAC completed the user authentication project, using the CL@VE system, for all web applications aimed at interaction with citizens. Currently, the only means of accessing the electronic office and the DECLAR@ application is by means of a digital certificate (natural person or legal entity) with Cl@ve.

Internally, personal identification by fingerprint has also been implemented for the time and attendance systems of the organisation's employees.

Intelligent automation service

During 2022, adaptive and evolutionary development projects were carried out in the following information systems:

- **Electronic Register:** the new **electronic Register** developed with ACCEDA technology launched in 2021 has continued to be promoted. Specifically, a large number of administrative procedures inherent to the ICAC's competencies have been automated, the use of which will contribute to significantly increasing the efficiency of procedures between the ICAC and the public. An example of this are the new procedures in the following categories:
 - Management of payments/impayment of fees
 - Communications to the ICAC
- **ROAC adaptations:** the necessary developments have been made to comply with the provisions of Royal Decree 2/2021, of 12 January, approving the Regulations for the implementation of Law 22/2015, of 20 of July, on Auditing (hereinafter RLAC), with regard to articles 21 and 22 on the situations and modalities of auditors, as well as article 33 on Continuing Education.

In addition, the **procedures associated with all the "R" models** have been updated, in compliance with the ICAC Resolution of 29 July 2022, by virtue of which the application forms for the issuance of certificates at the request of a party and for registration and entries in the Official Register of Auditors are approved. A new procedure has also been developed for the "Financial guarantee", which is also available at the electronic office.

- **DECLAR@:** This application, allows the generation of forms M01 and M02, which include, respectively, the annual activity of auditors and audit firms. Specifically, very significant improvements have been made to the application's operations, such as the automatic incorporation of the information already existing in ROAC (mailing address, partners, offices, etc.) and the necessary adaptations have been made to comply with articles 89 and 20 of the RLAC.
- **BI (Business Intelligence):** this system constitutes in itself the core of ICAC business intelligence. Its objective is to facilitate systematised, predictive, and evaluative analysis of the multiple sources of data obtained in the execution of the ICAC's own competencies.
- During 2022, a Meta-Monitor was developed for knowledge management. New applications for internal use: A new corporate INTRANET has been developed, as well as an application for knowledge management in the area of legal arguments, etc.



CLOUD infrastructure service

As the PTD-AAPP states, this is "an initiative that will provide infrastructures for hosting the Data Processing Centres of the different ministerial departments in redundant centres. The aim is to transform the Data Processing Centres of the General State Administration, promoting their consolidation on internal centres (private cloud) and, where appropriate, external providers (public cloud)".

The results of having successfully implemented this seventh measure allow us to affirm that the ICAC has become, de facto, a benchmark body in the use of the NSA's common hosting infrastructures. During 2022, the ICAC has not only successfully completed the comprehensive migration of all its services to the SGAD's SARA cloud, but has also optimised and considerably expanded its service architecture in this cloud. With this, the ICAC is an active part of a much-needed economy of scale within the national government and undoubtedly promotes the rationalisation of public spending in terms of economic and human resources in this cloud hosting scenario..

Intelligent workplace

In this new organisational culture, where face-to-face work is combined with remote work, the ICAC, like all other organisations, has had to equip its workstations with the latest hardware and software available on the market, so that workers can carry out their work with the greatest flexibility and comfort in these ever-changing environments.

For this reason, during 2022 the user workstations have been equipped with new hardware equipment, such as dockstations, mini PCs, etc. From the software point of view, the TRAMA application has been implemented for processing permits and incidents and presence control.

However, the increase in intelligence in the workstations also leads to a high level of management complexity on the part of the technical staff. For this reason, the ICAC has joined a project for the implementation of the SGAD's VMWARE Workspace ONE tool, by virtue of which the ICAC's technical staff can now manage the life cycle of all user equipment (laptops, desktops, mobile phones, etc.) from a single control panel, complying with the security policies required by the ENS.

Cybersecurity Operations Centre

The aim of this measure (quoting the content of the PD-AAPP) is to "set up the Cybersecurity Operations Centre, C.O.C.S, for the entire NSA and its public bodies, which will provide centralised protection against cybersecurity threats. The aim is to reinforce the capacity to prevent and react to security incidents and to increase the capacity to monitor and detect cyber threats in a more efficient centralised manner that involves significant savings in terms of money, effort and time".

As a relevant point that should be included in this report (for confidentiality reasons), it should be noted that, in the application of this ninth measure, the ICAC has joined the SGAD's C.O.C.S. (Cybersecurity Operations Centre) project, progressively incorporating the following services: Prevention, Protection, Detection, Response and Advice.

5.4 Economic-Financial Management

This service is in charge of all the Institute's economic, accounting and budgetary management responsibilities, as well as the complete management of the collection of the fee for the control and supervision of the auditing of accounts and the fee for the issuing of certificates or documents at the request of a party and for registrations and entries in the ROAC.

Budgetary management and preparation of the 2022 budget

During the 2022 financial year 2022, the ICAC's preliminary draft revenue and expenditure budget was prepared and approved by Law 31/2022 of 23 December on the General State Budget for 2023.

The ICAC implements the Expenditure Budget Programme 493O, "Audit Accounting Regulations". This programme responds to the need to ensure maximum transparency of the economic-financial information of the company and to allow the development of all the competences attributed to the body, in particular the activities carried out as an accounting regulatory body and as a supervisory body of the activity of auditing accounts.

The ICAC is 100% self-funded. The main source of funding is the income generated by two types of fees managed and collected by the ICAC, which are 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 ICAC's powers of control over the auditing of accounts 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 on the basis of the volume of work declared by auditors and audit firms, as a logical correlation to the evolution of the ICAC's workload in the supervision to be carried out in accordance with this volume.

- ICAC fee for the issuing of certificates or documents at the request of a party and for registrations and annotations in the ROAC.

The taxable event of this fee is the exercise of the ICAC's powers in relation to the issuance of certificates or documents at the request of a party and to registrations and entries in the ROAC. The system of self-assessment and payment of this fee is implemented by Royal Decree 73/2016, of 19 February, which implements the system of self-assessment and payment of the ICAC fee for the issuance of certificates or documents at the request of a party, and for entries and annotations in the Official Register of Auditors.



The total **net income** in 2022 was included in chapter 3 "Fees, public prices and other" and amounted to 9,965,945.01 euros (see table 23).

//// TABLE 23 ICAC fees and revenue in the year 2022

ICAC Fees 2022 Net Revenue	Net revenue
ICAC fee for the control and supervision of the activity of the auditing of accounts	9,870.512.58
ICAC fee for the issuing of certificates or documents at the request of a party and for registrations and annotations in the ROAC	94,902.08
TOTAL	9,965.414.66

As **expenditure** is concerned, the amount tops 6,751,749.72, of which 58.17% corresponds to the execution of chapter 1 and 28.12% to the execution of chapter 2 (see table 24).

//// TABLE 24 ICAC expenditure during the 2022 financial year

Chapter I	Personnel expenses	3,926.991.01 €
Chapter II	Current expenditure on goods and services	1,898.743.92 €
Chapter III	Financial expenditure	0 €
Chapter IV	Current transfers	790,528.22 €
Chapter VI	Real investments	135,486.57 €
Chapter VIII	Financial assets	0 €
Total net recognised obligations 2022		6,751.749.72 €

Specifically, within the execution of chapter 4 (11.70% of the total executed), the following transfers deserve special mention due to the ICAC's notable presence at international level:

- To the International Forum of Auditing Oversight Bodies (IFIAR): 1,536,157 Japanese yen, which at the time of payment amounted to 11,003.20 euros.
- To the European Financial Reporting Advisory Group (EFRAG): 350,000 euros.

Other management actions

In 2022, the annual accounts for the financial year 2021 were prepared and formulated, including data from the analytical accounts, which the President made available to the General State Comptroller's Office via the RED application. Coa.

The analytical accounting was carried out in accordance with the new ICAC Analytical Accounting Model Customisation Report, approved on 19 January 2021 by the General State Comptroller's Office.

In 2022, as in 2021, a total of 790 accounting documents for expenditure and/or payment were processed.

Likewise, as part of accounting management, the reports requested by the IGAE for the consolidation of the account of the General State Administration (AGE) were produced, as well as other communications required by the Budget Office.

Management of Fees

During the 2022 financial year, new tasks were carried out to check data on the ICAC's fee income.

In this regard, in 2022 work continued on the verification of the annual activity declarations for the financial year 2020 made by auditors and audit firms in relation to the ICAC fee for the control and supervision of the activity of auditing accounts, resulting in the corresponding debt claims, surcharges for late payments, penalties, and also communication of discrepancies in data due to possible undue income.

As a result of all these procedures, **more than 1,500 proceedings** were initiated in 2022.

In addition, within the framework of the development of the digitalisation of the ICAC, during 2022 work has been carried out on the implementation of the procedures for the management of the tax through the Agency's Electronic Headquarters (Acceda). The result of this work has been the completion and availability at the Electronic Headquarters of procedures such as the refund of undue income, both at the request of a party and ex officio, due to discrepancy of data, the request for deferment/ fractionation of debt or the lodging of an appeal for reconsideration.

5.5 Contracting

This service is in charge of processing all phases of contracts, orders to its own resources, collaboration agreements, nominative subsidies and the payment of dues to international organisations, as well as all procedures for the payment and justification of funds from the ICAC's Fixed Cash Advance. In accordance with the provisions of article 3.1, letter c) of the LCSP, the ICAC's contractual activity is subject in its entirety to the provisions of this legal text.

During the 2022 financial year, this service processed more than **400 files**.

Likewise, during 2022 the electronic processing of all contracting files has continued, 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 payment receipts that are paid by the system of fixed cash advances that are still on paper (taxis, purchases in small shops, etc.).

This process, already initiated in previous years in accordance with the provisions of Law 9/2017 of 8 November on Public Sector Contracts, as well as Law 39/2015 of 1 October on the Common Administrative Procedure of Public Administrations and Law 40/2015 of 1 October on the Legal Regime of the Public Sector, was accentuated in 2021 due to the COVID-19 pandemic and has continued along the same lines this year.

Thus, tenders are electronic and the opening of files is carried out through the Public Sector Procurement Platform (PCSP), all acts of the roundtables are of a private nature, and the results of the bid opening acts are published in the PCSP. Likewise, the acts of reception of contracts are carried out telematically 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 the same, are completely electronic, using the applications provided by the IGAE (Sorolla, Docelweb, Corenet) and the Portafirmas of the AGE.

5.6 Research and Dissemination Activities

The ICAC's activities include the maintenance and publication of national and foreign documentation of interest in accounting, financial and auditing matters.

In particular, the Official Bulletin of the ICAC (BOICAC) is published quarterly, where, in addition to complying with the provisions of the LAC and other regulations governing the ICAC's activi-



ties, any relevant aspect of accounting and auditing matters is published, as well as any queries addressed to the ICAC that have been answered and which, due to the interest in their publication, it is advisable to publish so that they may be studied in general. During the 2022 financial year, four BOICAC have been published and can be consulted in full on [the ICAC website](#).

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

In order to ensure that the contents published by the ICAC maintain a corporate image and style, in the last quarter of 2022 the ICT area, together with the ICT area, began work on updating the logos, structures, colours, formats, data and images of both the documents published on the website and the reports generated from the ICAC applications, which will be operational in 2023.

Highlights

Since all publications are online, the Yearbook has not been published, as the list of sole practitioners and their status is updated on the Institute's website in the corresponding section of the ROAC.

In the area of carrying out and promoting research, study, documentation, dissemination and publication activities for the development and improvement of accounting standardisation, the collaboration agreement between the ICAC and the Spanish Association of University Accounting Professors (ASEPUC) signed in October 2019 should be highlighted.

Specifically, the studies carried out by ASEPUC during 2022 and under the coordination of the ICAC were as follows:

- The study entitled: "Comparative study of audit fees in Spain and the most relevant countries of the European Union".
- The study entitled: "Requirements for access to the audit profession in Member States of the European Union: Belgium, France, Germany, Italy, Ireland, Portugal, Spain and France".

Both studies are available [here](#).

Web publications

The following publications published in 2022 are also available on the ICAC website:

- Access to the International Financial Reporting Standards that are adopted by the European Union, and which are previously published in its Official Gazette (OJEU). This system is a novelty to what had been done in publications due to the approval of the Resolution of 8 January 2020, of the Spanish Accounting and Auditing Institute, which determines the cessation of the sale of publications published by this Institute in paper format and establishes their publication in electronic format on the Institute's own website.
- The report on situation of auditing in Spain 2021. (BOICAC number 131).
- Control Plan for the auditing activity 2022 (BOICAC number 130).
- Economic-financial bulletin to support audit risk-based supervision.
- General Accounting Plan (Updated edition January 2021).
- General Accounting Plan for small and medium-sized enterprises (Updating edition January 2021).
- Spanish General Accounting (Updating edition January 2021).



Communication with citizens

6 Communication with citizens

In recent years, digital communication through websites and social networks has acquired a clear importance for the General State Administration (GSA), both in relations between organisations and in its direct communication with citizens and companies. In recent years, the AGE has sought to facilitate and improve citizens' access to the information and electronic services of a public nature that it can offer them, by recognising on its website a series of standard elements that allow users to identify this page directly and reliably, regardless of the nature and depth of the information.

By 2022, the following modalities will have been interacted and resolved with citizens, as shown in Table 24.

//// **TABLE 25** Type of communication with citizens

Type of communication with citizens	Received
Complaints and Suggestions	1
Claims	0
Requests for Transparency	9
Queries answered and reports issued.	51
Requests dealt with ACCEDA	158
TOTAL	218

6.1 Complaints and Suggestions

Without prejudice to the rights that Law 40/2015, of 1 October, on the Legal Regime of the Public Sector, recognises for citizens in article 35, in their relations with the Administration, citizens and users of auditing services may collaborate in improving the provision of the services offered by the ICAC by submitting complaints and suggestions regarding the ICAC's performance using the "Contact us" form on the ICAC website, enabled for this purpose on the website itself or at any of the general registers of the General State Administration.



During the 2022 financial year, one **complaint** has been processed and resolved and one citizen has submitted a **token of appreciation**.

6.2 Claims

During the 2022 financial year, no claims have been submitted in relation to the letter of services provided by the ICAC, which the General Secretariat of the ICAC is responsible for resolving.

6.3 Transparency Portal

Law 19/2013, of 9 December, on Transparency, Access to Public Information and Good Governance aims to extend and reinforce the transparency of public activity, regulate and guarantee the right of access to information relating to that activity and establish the obligations of good governance that public decision-makers must comply with. In application of this Law, the General Secretariat, in relation to activities subject to Administrative Law, in order to guarantee transparency in its activity and the citizens' right of access to public information, processed and resolved **nine requests** during the 2022 financial year.

6.4 Consultations and reports issued

The General Secretariat of the ICAC receives queries and requests for mandatory reports from other Public Administration bodies or other Public Institutions. During 2022, **51 queries** were answered, ranging in content from legal, statistical or informative issues. These queries have been sent either by Courts or Public Prosecutor's Offices, or by citizens requesting information on certain matters such as occupational risk prevention, quality in Public Administrations, CSR, SIA procedure, General Register of Deposits, reduction of administrative burdens, inspection of services, among others.

Through the ACCEDA application, **158 applications** have been managed, of which 113 applications have been received through the Generic Instance and 45 applications have been received through the Complaints and Suggestions mailbox, despite not having this category, and which were redirected to the electronic headquarters as a generic instance.