



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

The state of Auditing

in Spain 2022

The state of auditing

in Spain 2022

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THE STATE OF AUDITING IN SPAIN 2022
Closing date of the edition: December 2022

NIPO: 095-23-002-6

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Design: Editorial MIC

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The state of auditing in Spain 2022

Executive summary

The audit sector sees its turnover maintained

The following conclusions can be drawn from the report about the state of auditing in Spain 2022:

In global terms, the auditing sector has maintained the level of turnover of the previous year. In 2022, the total turnover figure stood at €826,443,738, slightly below the record figure of 829,197,947 euros achieved in 2021, with a 0.33% drop in turnover compared to the previous year. However, this apparent drop has most likely occurred because the turnover in 2021 was exceptionally high, as audit reports that could not be carried out in 2020 were delayed.

The aforementioned turnover is split between 27,379,359 euros invoiced by individual auditors (representing a decrease of 7.76%) and 799,064,379 euros invoiced by audit firms (representing a minimal decrease of 0.06%).

On 31 December 2022, the number of individual auditors registered with the Official Register of Auditors was 21,545, slightly higher than in December of the previous year (21,433). With regard to audit firms, as of 31 December 2022, there were 1,413 registered firms, two fewer than in the same month of the previous year.

The number of professionals working as auditors increased in 2022 to 18,434 people, up from 17,753 in 2021, although turnover has not increased to the same extent. All this increase is due to the number of staff employed by audit firms, which stood at 16,872 from 16,184 previously, as the number of staff employed by individual auditors fell by 7 (1,569 in 2021 and 1,562 in 2022).

As in previous years, there continues to be a high concentration of activity in audit firms, particularly in the larger firms. Of the sector's total turnover in 2022, 96.69% was generated by audit firms, while only 3.31% was generated by individual auditors.

Within audit firms, the eight firms with a turnover of more than 8 million euros account for only 0.60% of the total number of audit firms, but had a turnover of 68.77% of the total turnover of all audit firms (549.55 million euros of the 799.06 million euros turnover of all firms).



As far as the individual auditors are concerned, there is also a concentration of turnover among the statutory auditors with the highest turnover. The group of statutory auditors with a turnover of more than 30,000 euros accounted for 16.57% of the total number of individual statutory auditors (295). However, their turnover accounted for 79.55% of the total turnover of all individual auditors (21.78 million euros out of a total turnover of 27.38 million euros for individual auditors).

The total number of audit engagements and reports produced in 2022 amounted to 68,571, a decrease of 5.13% compared to the figure for 2021. There is a high concentration in the Public Interest Entity (hereinafter, PIE) work and reports, as 78.81% are produced by the four largest audit firms. This concentration is lower in the non-PIEs, where 31.24% of the work and reports are signed by the four largest audit firms.

In relation to the work and reports issued and declared, the majority have been carried out for small entities (50.19%), followed by those carried out for medium-sized entities (37.34%) and, to a lesser extent, for large entities with 12.47% of the audit engagements and reports.

The average term of audit contracts in 2022 is 5.78 years compared to 6.60 years in 2021. Likewise, in 2022, the average contract term was 4.51 years for PIEs (6.58 years in 2021) and 5.81 years for non-PIEs (6.60 years in 2021).

The number of papers and reports produced in under the joint audit modality has been reduced in 2022 to 101 from 144 in 2022, confirming the decreasing trend already observed in the in the previous period (in 2020 there were 183 co-authored papers and reports produced under joint-audit mode), a trend led by PIE reports.

The number of auditors, both individual and firms, auditing PIEs as of December 31, 2022 is 74, 8 less than the previous year. Of the total number of auditors auditing PIEs, 66 are audit firms (11 less than in the previous period) and 8 are individual auditors (3 more than in the previous year).

A hand holding a pen writing on a document with a bar chart, overlaid with a large white number 1.

1

Presentation of
the report

1 Presentation of the report

Audit regulation in Spain is mainly set out in Law 22/2015, on Auditing (hereinafter, LAC), and in its implementing regulations approved by Royal Decree 2/2021 (hereinafter, RLAC).

The Spanish Accounting and Auditing Institute approved, by means of a Resolution, the models of information to be submitted by auditors and audit firms to comply with the provisions of article 89 of the aforementioned RLAC. This Resolution has been updated several times to adapt the information provided to the ICAC to the economic context and supervisory needs.

The data completed and sent to this Institute in accordance with these models, and which refer to the period from October 1, 2021 to September 30, 2022, have been the basis on which this report on auditing in Spain has been drawn up. However, where more up-to-date information is available, it has been collected with reference to December 31, 2022. This more up-to-date information mainly refers to the Official Registry of Account Auditors (hereinafter, ROAC). In general, comparative information is included for the two immediately preceding years, to allow a better monitoring of the evolution experienced.

Thus, section 2 of this report contains information on the statutory auditors registered with the ROAC as of December 31, 2022, relating to two sections of this register, one referring to individual auditors and the other to audit firms. The section on individual auditors shows the audit engagements to each of the situations established in the RLAC. As in previous years, information is included in accordance with article 20 of Organic Law 3/2007, of 22 March, for the effective equality of women and men.

This section also includes information on the membership, both of individual auditors and auditing firms, of the professional associations representing auditors, currently the General Council of Economists of Spain-Register of Economist Auditors (CGEE-REA) and the Institute of Chartered Accountants of Spain (ICJCE). In those cases, in which an auditor or audit firm belonged to more than one professional body, only the one for which the first choice was made has been considered. The number of persons who, in addition to practising individually, are listed as appointed is also specified.

This section also includes their distribution by province, according to the notification of offices opened by audit firms and individual auditors.

Section 3, concerning professionals at the disposal of statutory auditors, includes all natural persons registered with the ROAC who have provided services for the account of others, as well as persons



who, without being registered with the ROAC, have carried out this activity on behalf of firms or individual auditors. This section includes both the number and the average number of persons employed by them, as well as the distribution of individual auditors and firms according to the number of persons employed.

Section 4 contains separate 2022 turnover data for individual statutory auditors and firms, as well as their development over the last three financial years. Each section in turn refers to the number of statutory auditors and firms that invoiced and the distribution for practising auditors and firms by invoicing range and by the professional body to which they belong as of 31 December 2022.

Section 5 lists the audit engagements and reports on accounts audited in the last financial year, classified according to the type of entity and according to the turnover of the audited entity. In addition, in this section, in the breakdown of the type of audit work performed by type of audited entity, a classification of the number of reports issued to large, small and medium-sized entities has been added, taking into account the definition of small and medium-sized entities, given in sections 9 and 10, respectively, of article 3 of the Audit Act, as well as the voluntary or compulsory nature of audits declared by the auditors and audit firms, in accordance with the parameters established in article 263, paragraphs 2 and 3, of the revised text of the Capital Companies Act (Royal Legislative Decree 1/2010, of 2 July).

This year's report includes several new features that aim to provide more information on the sector. For example, it includes a sectoral concentration index of turnover and its evolution in recent years, distinguishing between PEI (Public Interest Entities) and non-PIE. Also, as a novelty, the distribution of audit reports by type of opinion is analysed. In addition, it is also worth highlighting, as an element included in the report for the first time, the analysis of the evolution of the average duration of audit contracts over the last 3 years, as well as the analysis of the number of works and reports that have been prepared in joint audit mode.

Finally, section 6 includes information on the number of public interest entities (PIEs), as reported by statutory auditors and audit firms in forms 02 and 03 respectively.



Auditors and audit firms
registered with the
ROAC

2 Auditors and audit firms registered with the ROAC

2.1 Individual auditors registered with the ROAC

//// **TABLE 1** Individual auditors registered with the ROAC according to their situation

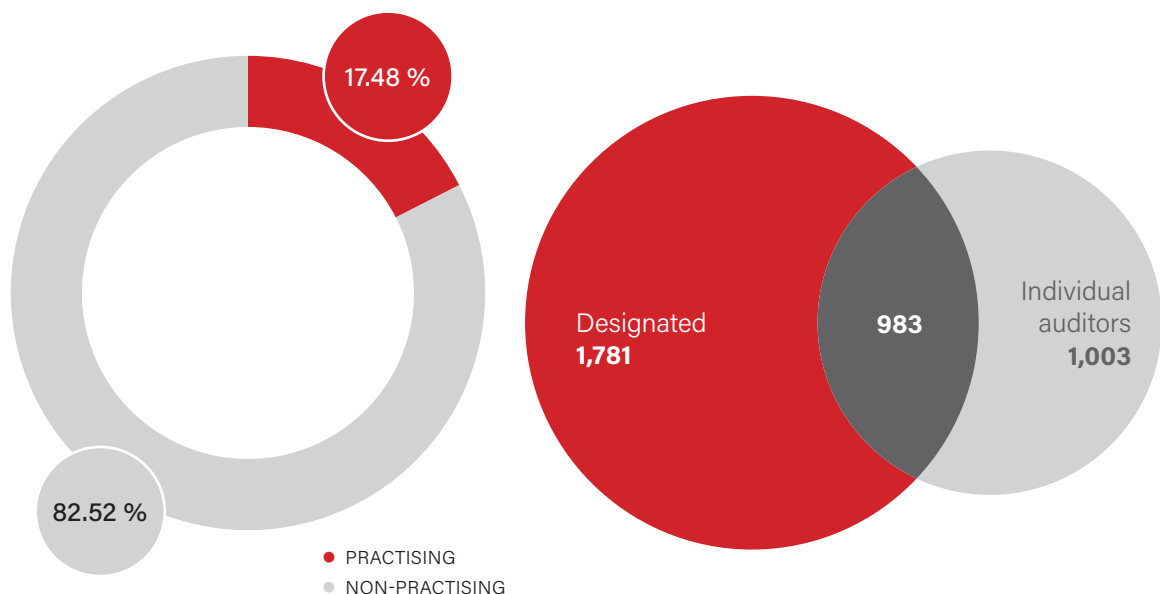
Situation	Male	Female	Total
Practising	2,952	815	3,767
Designated	2,155	609	2,764
Independent auditors	1,618	368	1,986
Non-practising	12,955	4,823	17,778
Total	15,907	5,638	21,545

The number of individual auditors registered with the ROAC is 21,545, of whom 15,907 are men (73.83%) and 5,638 women (26.17%).

Of the total number of registered persons, the majority, 82.52%, are non-practising auditors, while 17.48% (3,767 persons) are practising auditors.

Among the practising it should be noted that some are both: individual practising auditors and partners in audit firms (983).

//// **CHART 1** Distribution of natural persons registered with the ROAC according to their status





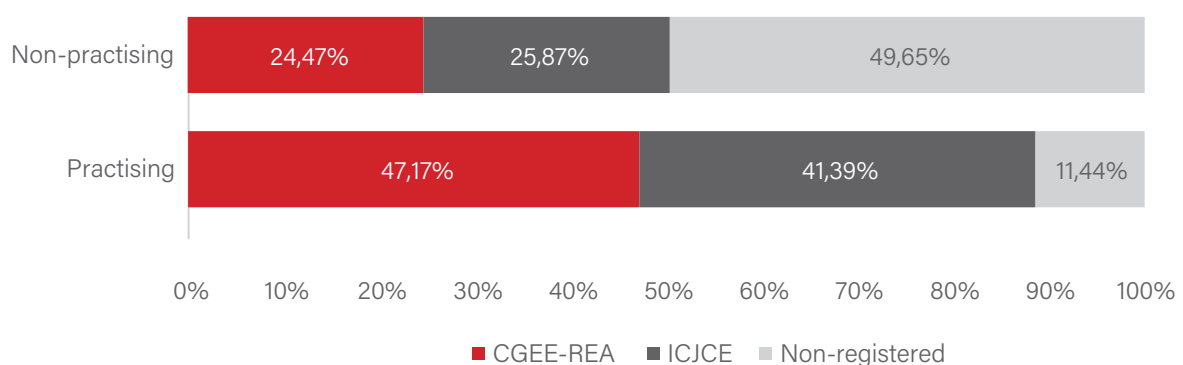
2.2 Membership of professional bodies

By affiliation to each professional body, of the total number of persons registered with the ROAC (21,545) in 2022, 6,159 declared themselves to be affiliated to the ICJCE, as the first professional association, and 6,128 to the CGEE-REA. It should be noted that, of the 9,258 persons who are not registered with any professional body, the vast majority (95.34%) are non-practising.

//// TABLE 2 Distribution of natural persons registered with the ROAC by membership of professional bodies and status

Professional bodies	Male	Female	Total
CGEE-REA	4,804	1,324	6,128
Practising	1,415	362	1,777
Non-practising	3,389	962	4,351
ICJCE	4,900	1,259	6,159
Practising	1,232	327	1,559
Non-practising	3,668	932	4,600
Non-registered	6,203	3,055	9,258
Practising	305	126	431
Non-practising	5,898	2,929	8,827
Total	15,907	5,638	21,545

//// CHART 2 Distribution of natural persons registered with the ROAC by membership of professional bodies and status



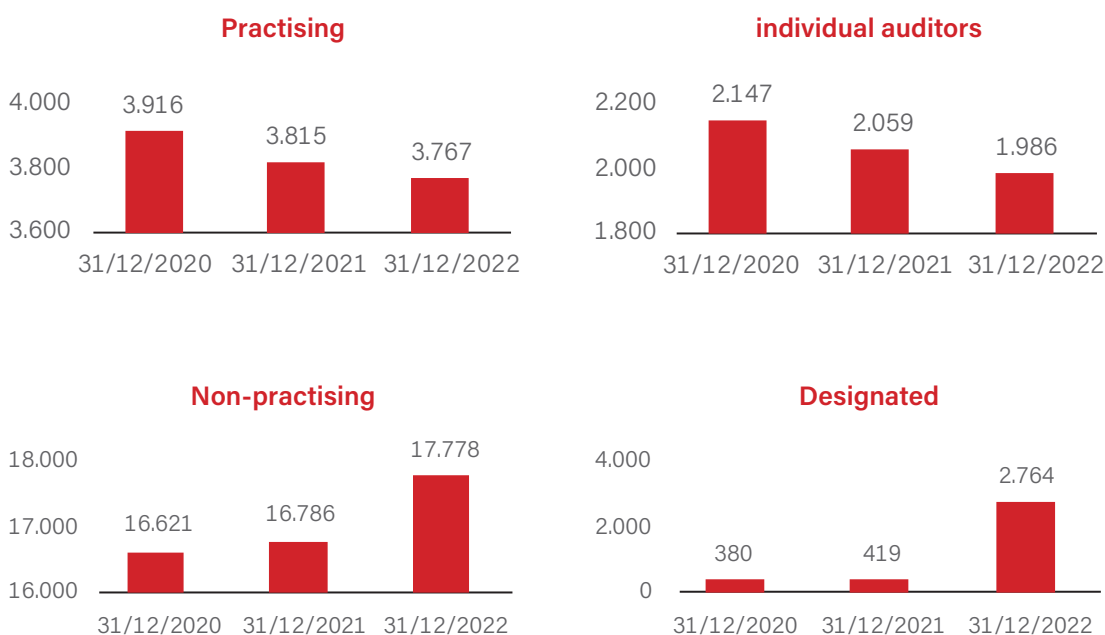
2.3 Annual evolution

//// **TABLE 3** Annual evolution of natural persons registered with the ROAC according to their situation

Situation	31/12/2020	31/12/2021	31/12/2022
Practising	3,916	3,815	3,767
Designated	380	419	2,764
Partners	2,411	2,417	0
Independent	2,147	2,059	1,986
Non-practising	16,621	16,786	17,778
Non-practising employed person (NECA)	906	832	0
Total	21,443	21,433	21,545

As there has been a substantial change in the different types of auditors registered with the ROAC, with the disappearance of the categories of "partner" and "non-practising auditor providing services for third parties", the most relevant analyses that can be made are the variation in the total number of auditors registered with the ROAC and the variation in the number of practising auditors. With regard to the former, the total number of auditors registered with the ROAC, their number has risen in 2022 by 0.5% to 21,545, up from 21,433 in 2021 (which practically maintained the previous year's figures). On the other hand, there has been a decrease in the number of practising auditors (slightly more than 1%), from 3,815 to 3,767 practising auditors. This gradual decrease in the number of practising auditors contrasts with the growth in turnover experienced by the sector, and highlights the relevance of some of the lines of action implemented by the ICAC aimed at guaranteeing the availability of a sufficient number of auditors to respond to market needs and to attract talent to the audit sector.

//// **CHART 3** Annual evolution of natural persons registered with the ROAC according to their situation





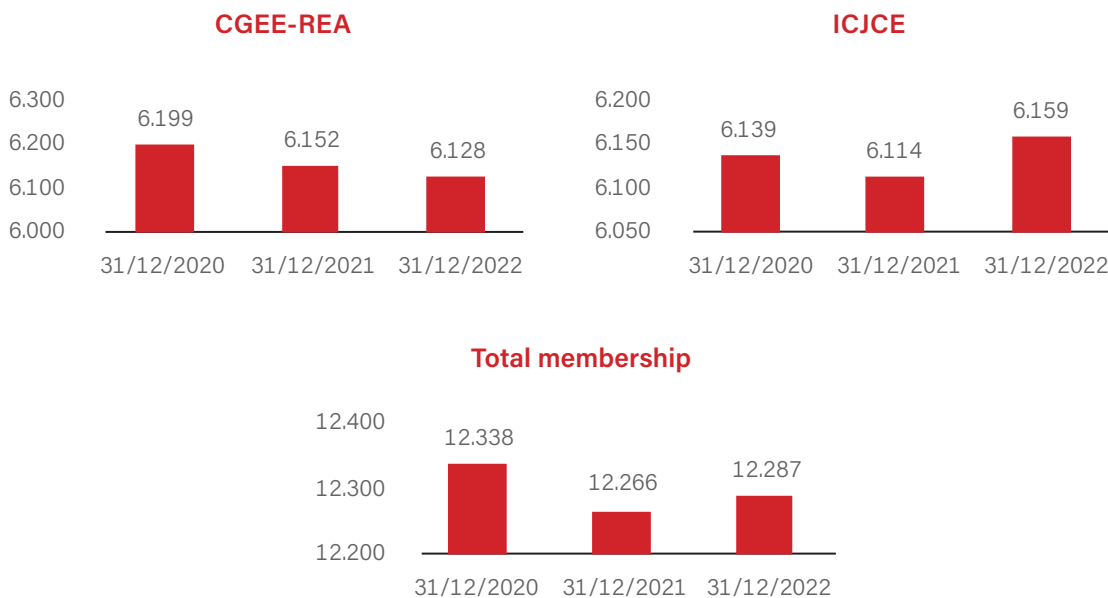
2.4 Annual evolution of membership of professional bodies (natural persons)

//// TABLE 4 Annual evolution in the number of individual auditors registered with the ROAC by membership of a professional body and status

Professional bodies	31-12-2020	31-12-2021	31-12-2022
CGEE-REA	6,199	6,152	6,128
Practising	1,914	1,833	1,777
Non-practising	4,100	4,147	4,351
ICJCE	6,139	6,114	6,159
Practising	1,624	1,575	1,559
Non-practising	4,147	4,211	4,600
Total	12,338	12,266	12,287

In 2022, the downward trend observed in 2021 in the number of registered statutory auditors in Corporations has been broken, rising to 12,287 from 12,266 (an increase of 0.17% compared to 2021, following a 0.58% drop in 2021 compared to 2020).

//// CHART 4 Annual evolution of the natural persons registered in the ROAC by type of company and by status



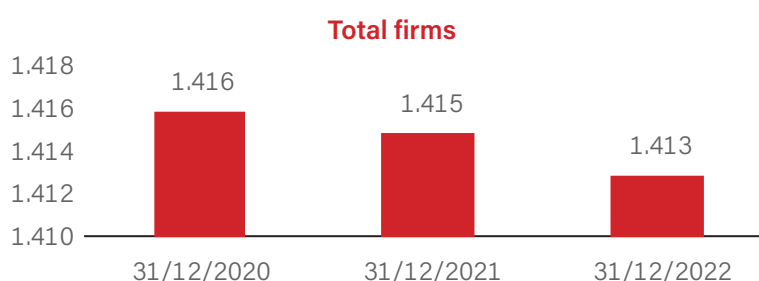
2.5 Audit firms registered with the ROAC

The number of audit firms registered with the ROAC has decreased by 2 in the last year to 1,413 as of December 31, 2022. On the other hand, as of December 31, 2022, there are still 3 auditors, audit firms and other audit entities from third countries registered with the ROAC, as shown below.

/// **TABLE 5** Annual evolution of auditing firms registered with the ROAC

	31/12/2020	31/12/2021	31/12/2022
Total firms	1,416	1,415	1,413
Total firms of third countries	3	3	3

/// **CHART 5** Annual evolution of auditing firms registered with the ROAC



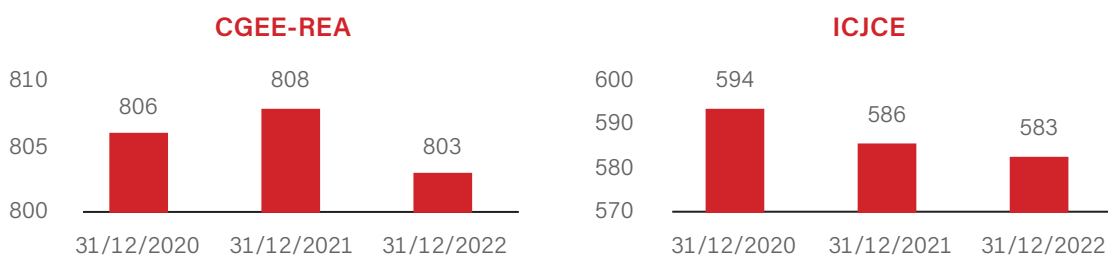
2.6 Annual evolution of membership of professional bodies (audit firms)¹

The following table shows the evolution of membership of professional bodies (audit firms) over the last 3 years:

/// **TABLE 6** Annual evolution of audit firms registered with the ROAC by membership of professional bodies

	31/12/2020	31/12/2021	31/12/2022
CGEE-REA	806	808	803
ICJCE	594	586	583
Non-registered	16	21	27
Total	1,416	1,415	1,413

/// **CHART 6** Annual evolution of audit firms registered with the ROAC by membership of professional bodies



¹ Excluding firms of third countries.



2.7 Geographical distribution of practicing auditors and auditing firms

//// **CHART 7** Distribution by province of practising auditors and audit firms



In terms of the geographical distribution of offices, there is a clear concentration of offices in Madrid and Barcelona, followed by Valencia, Málaga and Sevilla. On the other hand, Melilla and Ceuta have the lowest number of offices, followed by Ávila, Zamora and Segovia.

//// **TABLE 7** Total number of offices

Country	Individual auditors	Auditing Firms	Total offices
Spain	5,507	6,461	11,968
Total	5,507	6,461	11,968

//// **TABLE 8** Provinces with a largest number of offices

Province	Individual auditors	Auditing Firms	Total offices
MADRID	561	577	1,138
BARCELONA	296	398	694
VALENCIA	225	265	490
MÁLAGA	242	203	445
SEVILLA	225	208	433
Total	1,549	1,651	3,200

//// **TABLE 9** Provinces with the lowest number of offices

Province	Individual auditors	Auditing Firms	Total offices
MELILLA	16	17	33
CEUTA	19	24	43
ÁVILA	32	55	87
ZAMORA	45	57	102
SEGOVIA	40	66	106
Total	152	219	371

INVESTMENTS		INVESTMENTS	
Brokerage		return rate:	8%
ROTH IRA: JS	\$503.85	yearly investments	\$13,000.00
ROTH IRA: Mrs JS	\$56,842.45		
SEP IRA	\$26,617.10		
	\$331,094.63		
	\$415,058.03		
withdrawal rate	4%	36	\$462,301
retire now (early)	\$16,602.32	37	\$513,328
retire now (early)	\$1,383.53	38	\$568,433
		39	\$627,947
		40	\$692,223
		41	\$761,641
		42	\$836,612.66
		43	\$917,581.70
		44	\$1,005,028.23
		45	\$1,099,470.49
		46	\$1,202,468.13
		47	\$1,311,625.58
		48	\$1,430,595.63
		49	\$1,559,083.28
		50	\$1,697,849.94
		51	\$1,847,717.94
		52	\$2,009,575.37
		53	\$2,184,381.40
		54	\$2,373,171.92
		55	\$2,577,065.67

B

Professionals
at the disposal
of auditors



3 Professionals at the disposal of auditors

With regard to the number of professionals at the disposal of statutory auditors, there are 5,514 statutory auditors who have provided services as employees and 12,994 persons who are not registered with the ROAC.

5,514

Auditors who have provided services as employees

12,994

Persons not registered with the ROAC

3.1 By individual auditors

There are 656 individual statutory auditors with staff under their responsibility, employing a total of 1,562 people, an average of just over 2 people per individual statutory auditor.

This is an average of just over 2 staff per individual auditor.

656

Number of statutory auditors with staff

1,562

Persons employed

2

Average number of staff

According to the number of employees employed by independent statutory auditors, the market structure is as follows:

/// **TABLE 10** Distribution of the number of individual auditors by employee rank

Staff	No. of auditors	No. of employees
0	1,124	0
1	278	278
2	177	354
3 to 5	159	576
6 to 10	39	309
More than 10	3	45
Total	1,780	1,562

With more than 10 employees there are only 3 auditors employing a total of 45 people.



3.2 By audit firms

There are 1,146 audit firms with contracted staff and they employ a total of 16,872 people, which means an average of practically 15 employees per audit firm:

1,146

Number of audit firms with staff

16,872

Persons employed

15

Average number of staff

According to the range of employees, the market structure is as follows:

//// TABLE 11 Distribution of the number of audit firms by the number of employees

Staff	No. of firms	No. of hired staff
0	184	0
1 to 2	236	367
3 to 5	425	1,682
6 to 10	301	2,265
11 to 20	126	1,745
21 to 50	41	1,166
51 to 100	6	372
More than 100	11	9,275
Total	1,330	16,872

With regard to hiring by auditing firms, there are 184 firms that have no employees and 236 that hire between 1 and 2 people, for a total of 367 employees. Likewise, there are 11 auditing firms that employ more than 100 professionals, with a total of 9,275 people contracted.



Aug Sep Oct Nov

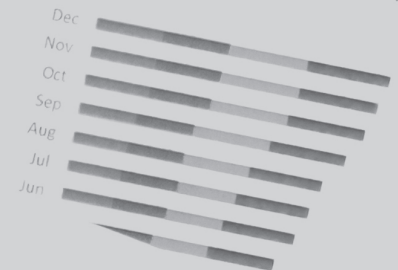
Total Sales 1 69422 80942 81555 815
Percent Sales 2 559861 80942 81555 815
Sales 3 620394 691502 76738
23.3% 26.38% 28.89%

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6 584 316	9 867 134	9 760 457	9 893 721	106 71 059
270 000	270 000	270 000	270 000	240 005
250 000	250 000	250 000	250 000	23 000 005
180 000	1 163 000	909 000	976 000	10 909 011
246 543	519 323	513 708	520 722	5 609 536
75 506	134 053	101 448	118 663	1 367 390
948 744	4 501 957	3 090 526	3 433 265	38 630 588
3 843	5 366	6 142	5 092	349 576
3 843	5 366	6 142	5 092	55 571
1 885 039	1 978 406	1 813 926	2 196 193	24 813 246
1 885 039	1 978 406	1 813 926	2 196 193	24 813 246
-932 452	2 528 917	1 282 742	1 242 188	14 166 903
202 587	4 757 323	3 346 668	3 688 381	41 980 153
0	505 783	256 548	248 438	3 034 381
932 452	2 023 133	1 026 193	993 756	1 132 717

Aug Sep C

8000
7000
6000
5000
4000
3000
2000
1000
0



Turnover

May Jun Jul Aug Sep Oct Nov Dec

4 Turnover

4.1 Number of auditors with turnover

The total number of individual auditors who declared in 2022 to have invoiced some auditing work was 730 (37.73% of the total number of auditors), while the number of audit firms was 1,205 (62.27%):

/// **TABLE 12** Number of auditors with turnover

	Number of auditors
Natural persons	730
Firm	1,205
Total	1,935

The evolution of the number of auditors with turnover in recent years shows that there was an increase in the number of individual auditors in 2021 with respect to 2020 (5.24%), but this trend has been reversed since in 2022 their number has been reduced by 9.20% with respect to the previous year. On the other hand, the number of audit firms with turnover in 2022 has increased slightly with respect to 2021, up to 1,205 firms, a figure practically the same as in 2020:

/// **TABLE 13** Annual evolution of auditors with turnover

	2020		2021		2022	
	No. of auditors	% Var.	No. of auditors	% Var.	No. of auditors	% Var.
Natural person	764	-12.69%	804	5.24%	730	-9.20%
Firm	1,204	-1.87%	1,187	-1.41%	1,205	1.52%

4.2 Total turnover of the sector

The total turnover of the sector in 2022 was almost 826.5 million euros in fees for auditing work:

/// **TABLE 14** Total and average turnover

	No. of auditors	Invoicing	Average invoicing
Natural person	730	27,379,359.02 €	37,505.97 €
Firm	1,205	799,064,378.91 €	663,123.97 €
Total	1,935	826,443,737.93 €	427,102.71 €

The comparative turnover and its variations over the last three financial years are as follows:

//// **TABLE 15** Annual evolution and total turnover

	2020			2021			2022		
	Turnover	% Total	% Var	Turnover	% Total	% Var	Turnover	% Total	% Var
Natural Person	23,440,279 €	3.40%	-17.09%	29,681,382 €	3.60%	26.63%	27,379,359 €	3.31%	-7.76%
Firm	673,374,250 €	96.60%	-3.88%	799,516,565 €	96.40%	18.73%	799,064,379 €	96.69%	-0.06%
Total	696,814,529 €	100.00%	-4.39%	829,197,947 €	100.00%	19.00%	826,443,738 €	100.00%	-0.33%

//// **CHART 8** Annual development and total turnover



Turnover in 2022 was 826,443,738 euros, a slight decrease of 0.33% compared to the previous year. This apparent stability breaks down, however, into an uneven performance by type of auditor. Thus, individual auditors experienced a decrease of 7.76%, to 27,379,359 euros from the 29,681,382 euros they invoiced in 2021. In contrast, audit firms virtually maintained their turnover at €799,064,379 in 2022, much lower than the €799,516,565 achieved in 2021 (a 0.06% less in 2022 compared to 2021).

As a novelty, in this report on the state of auditing in Spain 2022, the concentration on the sector has been calculated. The concentration has been calculated using the Herfindahl-Hirschman Index (HHI), and shows the following evolution over the last 3 years:

/// **TABLE 16** Annual evolution of total turnover and concentration in the sector

	2020	2021	2022
Turnover	696,814,529.08	829,197,947.52	826,443,737.93
IHH	0.0979	0.0876	0.0932

NOTE

- ✓ The Herfindahl-Hirschman Index (HHI) is a measurement used in the study of existing concentration levels.
- ✓ It is calculated as follows:
$$IHH = \sum_{i=1}^n \alpha_i^2$$
- ✓ Where *i* represents the number of statutory auditors and α represents the percentage of a given auditor's turnover out of the total.
- ✓ This index can take values between 0 and 1, with a value of 0 being attributed to zero concentration and 1 to the maximum possible concentration. Economic literature estimates that below a value of 0.15 it can be considered a market with no concentration, between 0.15 and 0.25 a moderately concentrated market, and in the presence of values above 0.25 it is considered a highly concentrated market.

If a distinction is made between Public Interest Entities (PIEs) and the rest, the evolution of concentration by turnover is as follows:

/// **TABLE 17** Annual evolution of total turnover and concentration in the sector by type of entity (PIE and Non-PIE)

	2020		2021		2022	
	PIE	Non-PIE	PIE	Non-PIE	PIE	Non-PIE
Turnover	100,922,126.50	595,892,402.58	111,611,517.10	717,586,430.42	116,837,566.09	709,606,171.84
IHH	0.2908	0.0806	0.2943	0.0716	0.3086	0.0753

As can be seen, the concentration in PIE turnover has increased in recent years, from 0.2908 in 2020 to 0.3086 in 2022. On the other hand, the concentration in the rest of the entities (non-PIEs) has decreased from 0.0806 in 2020 to 0.0753 in 2022, although it is true that this concentration was lower in 2021 (0.0716).

4.3 Individual auditors turnover**27,379,359.02 €**Turnover
(euros)**730**Number of statutory
auditors with a turnover**37,505.97 €**Average
turnover

Distribution of the turnover of natural persons (individual) statutory auditors in 2022

By ranges

//// **TABLE 18** Distribution of the number of reports and turnover by interval of auditors (natural persons)

Ranges	Number	%	% Acum.	Turnover	%	% Acum.
More than 100.000 €	55	3.09%	3.09%	8,756,469.09	31.98%	31.98%
Between 30.000 y 100.000 €	240	13.48%	16.57%	13,024,276.90	47.57%	79.55%
Between 12.000 y 29.999 €	211	11.85%	28.43%	4,173,849.61	15.24%	94.80%
Between 6.000 y 11.999 €	122	6.85%	35.28%	1,023,358.70	3.74%	98.53%
Between 3.000 y 5.999 €	79	4.44%	39.72%	353,098.10	1.29%	99.82%
Less than 3.000 €	23	1.29%	41.01%	48,306.62	0.18%	100.00%
Without invoice	1,050	58.99%	100.00%			100.00%
Total	1,780	100.00%	100.00%	27,379.359.02	100.00%	100.00%

The distribution of turnover among individual auditors is highly concentrated. There are 55 auditors (3.09% of the total number of individual auditors) with a turnover of more than 100,000 euros, accumulating a total of 8,756,469.09 euros, which represents 31.98% of the total turnover in 2022. On the other hand, there are 240 auditors with invoicing levels between 30,000 and 100,000 euros, declaring invoicing between them 13,024,276.90 euros. Altogether, there are 295 individual auditors with a turnover of more than 30,000 euros, and between them, who account for only 16.57% of individual auditors, they account for 79.55% of the total turnover of individual auditors (21.780 million of the total 27.379 million euros).

Affiliated firms

//// **TABLA 19** Distribution by professional bodies of the number of reports and turnover of auditors (natural persons)

Firms	Number	%	Turnover	%
CGEE-REA	420	57.53%	15,382,311.91 €	56.18%
ICJCE	284	38.90%	11,371,724.77 €	41.53%
ICJCE y CGEE-REA	10	1.37%	242,080.55 €	0.88%
Non	16	2.19%	383,241.79 €	1.40%
Total	730	100.00%	27,379,359.02 €	100.00%

4.4 Audit firms turnover²

Audit firms with turnover in 2022

799,064,378.91 €

Turnover (euros)

1,205

Number of audit firms with turnover

663,123.97 €

Average turnover

2 Excluding firms of third countries

Distribution of audit firms turnover in 2022

By ranges/// **TABLE 20** Number of audit firm reports and audit firm turnover

Ranges	Numbers	%	% Acum.	Turnover	%	% Acum.
From 40,000,000 €	4	0.30 %	0.30 %	493,187,215.96 €	61.72 %	61.72 %
Between 8,000,000 and 39,999,999 €	4	0.30 %	0.60 %	56,359,683.99 €	7.05 %	68.77 %
Between 2,000,000 y 7,999,999 €	6	0.45 %	1.05 %	23,960,090.22 €	3.00 %	71.77 %
Between 1,200,000 y 1,999,999 €	21	1.58 %	2.63 %	31,246,102.08 €	3.91 %	75.68 %
Between 600,000 y 1,199,999 €	49	3.68 %	6.32 %	38,482,020.88 €	4.82 %	80.50 %
Between 400,000 y 599,999 €	63	4.74 %	11.05 %	30,634,538.97 €	3.83 %	84.33 %
Between 300,000 y 399,999 €	89	6.69 %	17.74 %	30,614,180.48 €	3.83 %	88.16 %
Between 180,000 y 299,999 €	174	13.08 %	30.83 %	39,839,080.61 €	4.99 %	93.15 %
Between 120,000 y 179,999 €	159	11.95 %	42.78 %	23,585,468.65 €	2.95 %	96.10 %
Between 60,000 y 119,999 €	237	17.82 %	60.60 %	20,496,252.46 €	2.57 %	98.67 %
Less than 60,000 €	399	30.00 %	90.60 %	10,659,744.61 €	1.33 %	100.00 %
Without turnover	125	9.40 %	100.00 %			100.00 %
Total	1,330	100.00 %	100.00 %	799,064,378.91 €	100.00 %	100.00 %

Regarding the turnover of audit firms, there are 4 firms (0.30% of the total) with a turnover of more than 40 million euros, which represents 61.72% of the total turnover. Adding the other 4 audit firms with a turnover between 8 million euros and 40 million euros, another 7.05% of the turnover is added, thus reaching 68.77% of the total turnover in 2022 (579.546 million of the total 799.064 million euros).

/// **TABLE 21** Distribution by professional associations of the number of reports and turnover of audit firms

Professional bodies	Number	%	Turnover	%
CGEE-REA	689	57.18%	120,023,544.38 €	15.02%
ICJCE	496	41.16%	677,156,373.81 €	84.74%
ICJCE y CGEE-REA	8	0.66%	1,352,950.50 €	0.17%
Non registered	12	1.00%	531,510.22 €	0.07%
Total	1,205	100.00%	799,064,378.91 €	100.00%



5

Audit engagements
and reports
issued and declared

5 Audit engagements and reports issued and declared

5.1 Total

The total number of works and reports produced in 2022 amounts to 68,571. The following table shows the annual evolution of work and reports produced over the last 3 years. In 2021 there was an increase compared to 2020 of 23.25%, but in 2022 there was a drop of 5.14%:

/// **TABLE 22** Annual evolution of the number of audit engagements and reports issued and declared

2020	2021	2022
58,648	72,283	68,571

On the other hand, if we look at the number of works and reports produced by the 4 largest audit firms in 2022, differentiating between Public Interest Entities (PIEs) and the rest (non-PIEs), we can see in the following table that the 4 largest audit firms produced 78.81% of the works and reports for Public Interest Entities and 31.24% of the rest (non-PIEs). In total, the BIG 4 produced 32.46% of the audit work and reports:

/// **TABLE 23** Number of audit work and reports produced by BIG 4 by type of entity (PIEs and Non-PIEs)

	PIE		Non-PIE		Total	
	No.	% s/Total	No.	% s/Total	No.	% s/Total
DELOITTE SL	295	16.71%	5,949	8.90%	6,244	9.11%
ERNST & YOUNG, S.L.	301	17.05%	5,220	7.81%	5,521	8.05%
KPMG AUDITORES, SL	363	20.57%	4,099	6.14%	4,462	6.51%
PRICEWATERHOUSECOOPERS AUDITORES, S.L.	432	24.48%	5,601	8.38%	6,033	8.80%
Total reports BIG 4	1,391	78.81%	20,869	31.24%	22,260	32.46%
No. total reports	1,765	100.00%	66,806	100.00%	68,571	100.00%



Likewise, if we differentiate between entities that issue securities and the rest, the 4 largest audit firms produced 85.11% of the work and reports corresponding to listed entities in 2022, while they only produced 31.98% of the rest (unlisted entities):

//// TABLE 24 Number of audit engagements and reports prepared by the BIG 4 for listed and unlisted entities

	Issues securities	Does not issue securities	Total
DELOITTE SL	75	6,169	6,244
ERNST & YOUNG, S.L.	135	5,386	5,521
KPMG AUDITORES, SL	177	4,285	4,462
PRICEWATERHOUSECOOPERS AUDITORES, S.L.	139	5,894	6,033
Total reports BIG 4	526	21,734	22,260
No. total reports	618	67,953	68,571
% BIG 4 s/Total	85.11%	31.98%	32.46%

5.2 Distribution by type of audited entity

Analysing the audit engagements and reports issued and declared, 5.72% were for collective investment institutions (3,924), 1.59% for pension funds (1,092), 0.46% for insurance companies (316) and 0.15% for banks (101).

//// TABLE 25 Distribution of the number of audit work and reports by type of audited entity

Type of institutions	Number	%	Turnover	%
Entities not included in the paragraphs that follow	62,481	91.12%	736,948,377.58 €	89.17%
Collective investment undertakings	3,924	5.72%	12,961,149.18 €	1.57%
Pension funds	1,092	1.59%	3,450,386.29 €	0.42%
Insurance company	316	0.46%	15,362,103.88 €	1.86%
Investment services company	214	0.31%	1,890,006.35 €	0.23%
Management company of collective investment undertakings	174	0.25%	1,312,408.04 €	0.16%
Banking	101	0.15%	45,370,448.19 €	5.49%
Credit union	78	0.11%	2,431,443.05 €	0.29%
Credit financial institution	45	0.07%	1,896,156.65 €	0.23%
Branch of foreign bank	44	0.06%	1,607,070.20 €	0.19%
Payment institution	43	0.06%	2,341,607.52 €	0.28%
Pension fund management company	30	0.04%	208,876.00 €	0.03%
Banking foundation	16	0.02%	351,852.00 €	0.04%
Electronic money institution	9	0.01%	223,603.00 €	0.03%
Savings bank	3	0.00%	83,250.00 €	0.01%
Official credit	1	0.00%	5,000.00 €	0.00%
Total	68,571	100.00%	826,443,737.93 €	100.00%

0.90% of the works and reports corresponds to listed entities, while 99.10% corresponds to unlisted entities, as can be seen in the following table:

//// TABLE 26 Distribution of the number of audit engagements and audit reports by type of auditing entity (PIE and Non-PIE)

	PIE	Non-PIE	Total	%
Listed	611	7	618	0.90%
Not listed	1,154	66,799	67,953	99.10%
Total	1,765	66,806	68,571	100.00%

By type of auditing entity, the concentration by turnover shows the following evolution over the last 3 years:

//// TABLE 27 Annual evolution of concentration by turnover in the sector by type of entity

	2020	2021	2022
Private Banking	0.5287	0.5581	0.5377
Savings bank	0.5577	0.5644	0.5596
Credit union	0.2643	0.2164	0.2275
Official credit	1.0000	1.0000	1.0000
Investment services company	0.1814	0.2190	0.1968
Insurance company	0.2041	0.2066	0.2550
Electronic money institution	0.3650	0.2106	0.1923
Payment institution	0.4072	0.2698	0.2910
Financial credit institution		0.4880	0.4615
Pension fund	0.1850	0.1857	0.1693
Banking foundation	0.4270	0.7415	0.6614
Collective investment undertakings			
Collective investment undertakings	0.2922	0.3000	0.2966
Pension fund management company	0.2408	0.2613	0.2828
Collective investment undertaking management company	0.1940	0.1826	0.1900
Branch of foreign bank		0.2609	0.3253

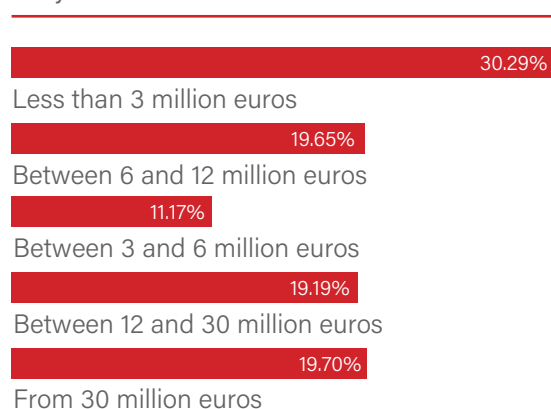
Of note is the increase in concentration in insurance entities, 23.39% in 2022 with respect to 2021. In the case of foreign bank branches, the increase in concentration was 24.68% in 2022 with respect to the previous year.

In contrast, concentration in investment services firms has decreased by 10.13% in 2022 compared to the previous year.

5.3 Distribution by turnover of the audited entity

By turnover, 30.29% of the audit engagements and reports were for audited entities with a turnover of less than 3 million euros.

//// CHART 9 Distribution of the number of audit engagements and reports by turnover of the audited entity





5.4 Distribution by size of audited entity

Audit reports have been classified according to the size of the audited company in accordance with the definitions set out in articles 3.9 and 3.10 of the LAC. By size of the audited entity, 50.19% of the audit reports were for small entities, 37.34% for medium-sized entities and 12.47% for large entities.

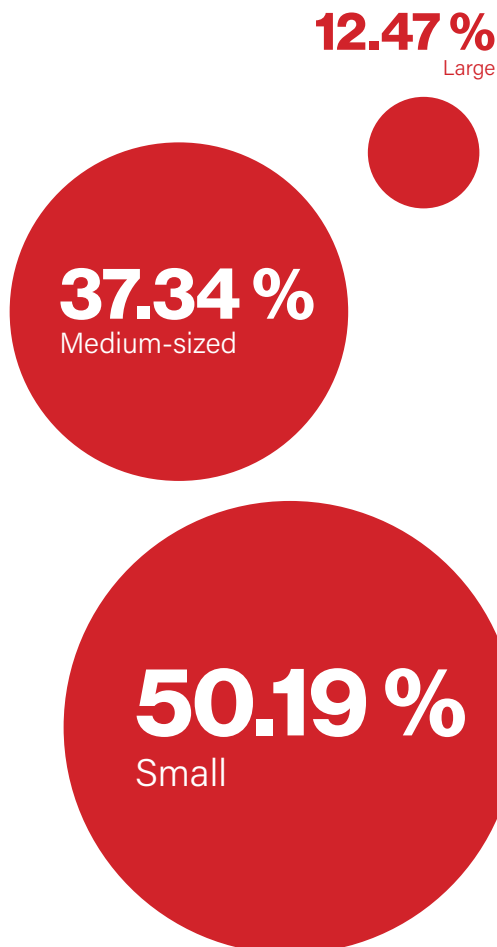
5.5 Distribution by type of work

By type of report, 92.88% corresponded to reports on individual annual accounts and only 7.12% corresponded to audits of consolidated accounts, 72.01% being mandatory reports and 27.99% voluntary.

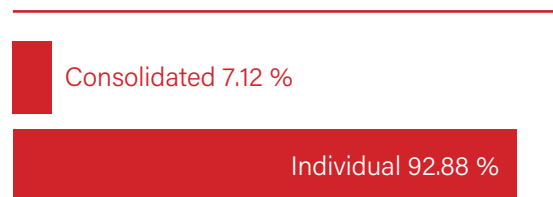
//// **TABLE 28** Distribution of the number of audit engagements and reports by size of audited entity

Size of audited entity	%
Large	12.47%
Medium-sized	37.34%
Small	50.19%

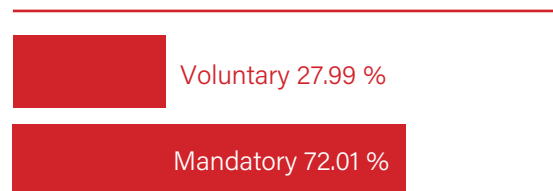
//// **CHART 10** Distribution of the number of audit engagements and reports by size of audited entity



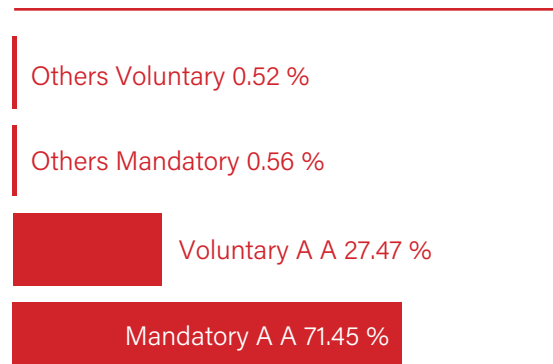
//// **CHART 11** Distribution of the number of audit engagements and reports by type of report (Individual or consolidated)



//// **CHART 12** Distribution of the number of audit engagements and reports by type of report (Mandatory or voluntary)



//// **CHART 13** Distribution of the number of audit engagements and reports by type of report (Individual or consolidated and mandatory or voluntary)



5.6 Distribution by type of opinion

The total number of reports has decreased in 2022 compared to 2021, from 72,283 to 68,571, a reduction of 5.14%. Specifically, there has been a 5.41% reduction in the number of PIE reports and a 5.13% reduction in the number of non-PIE reports. Of this total number of reports, there was a 12.32% drop in the number of qualified reports compared to 2021, and a significant decrease of 22.50% in the number of adverse reports, from 120 in 2021 to 93 in 2022:

//// **TABLE 29** Annual evolution of the number of audit engagements and reports by type of opinion and entity (PIE and Non-PIE).

	2020			2021			2022		
	PIE	Non-PIE	Total	PIE	Non-PIE	Total	PIE	Non-PIE	Total
Unmodified	1,443	47,421	48,864	1,817	57,507	59,324	1,714	55,467	57,181
Qualified	47	9,374	9,421	49	12,488	12,537	49	10,943	10,992
Adverse	0	101	101	0	120	120	0	93	93
Disclaimer of opinion	0	262	262	0	302	302	2	303	305
Total	1,490	57,158	58,648	1,866	70,417	72,283	1,765	66,806	68,571

5.7 Average term of audit contracts

The average term of the contracts in 2022 is 5.78 years, 12.46% less than in the previous year, which stood at 6.60 years (see table 30).

If a distinction is made between PIEs and the rest, the evolution of the average term of audit engagements is as in table 31.

In the case of PIEs, this average term has been significantly reduced, namely by 31.51% in 2022 compared to the previous year (6.58 years in 2021 compared to 4.51 years in 2022). Likewise, in the case of audited entities that are not PIEs, there has been a decrease of 11.96% in the last year, from 6.60 years in 2021 to 5.81 years in 2022.

//// **TABLE 30** Annual evolution of the average term of audit engagements

	2020	2021	2022
	7.53	6.60	5.78

//// **TABLE 31** Annual evolution of the average term of audit engagements by type of entity (PIEs and Non-PIEs)

	2020	2021	2022
PIE	7.88	6.58	4.51
Non-PIE	7.52	6.60	5.81

NOTE

- ✓ The average term of the audit contracts has been calculated as follows:

$$\text{Average term} = \frac{\sum_{i=1}^n (\text{Last year audited } i - \text{First year audited } i)}{n}$$

- ✓ Where i represents each of the reports or papers produced by each of the statutory auditors and n represents the total number of reports or papers produced in a single financial year.
- ✓ This figure provides the average number of years that audit firms have been auditing the audit engagements included in the information provided to the ICAC.



5.8 Number of joint audit reports

In 2022, 99.85% of the audit reports were developed individually and only 0.15% were produced in joint audit mode. The number of joint audit reports stood at 101 in 2022, compared to 144 in 2021, a decrease of 29.86%, confirming the downward trend already seen in the previous year (21.31% decrease compared to 2020). The downward trend in the total number of reports produced in joint audit mode is confirmed, with a cumulative fall in 2022 of 44.81% compared to 2020 (See Table 32):

//// **TABLE 32** Annual evolution of the number of reports produced under joint audit by type of entity (PIE and Non-PIE)

	2020			2021			2022		
	PIE	Non-PIE	Total	PIE	Non-PIE	Total	PIE	Non-PIE	Total
Audits	1,402	57,063	58,465	1,776	70,363	72,139	1,727	66,743	68,470
Joint audits	88	95	183	90	54	144	38	63	101
Total	1,490	57,158	58,648	1,866	70,417	72,283	1,765	66,806	68,571

5.9 Joint audit turnover or profit

In 2022, 99.60% of audit turnover will come from individual reports and comes from individual reports and 0.40% from reports produced in joint audit mode. Compared to 2021, the turnover of joint audit reports has increased by 3.41% in 2022. Audit reports have increased by 3.41% in 2022, although it had fallen by 16.82% in 2021 compared to 2020:

//// **TABLE 33** Annual evolution of turnover in audit and joint audit by type of entity (PIE and Non-PIE)

	2020			2021			2022		
	PIE	Non-PIE	Total	PIE	Non-PIE	Total	PIE	Non-PIE	Total
Audits	98,201,059	594,775,639	692,976,698	108,951,561	717,053,987	826,005,549	114,421,573	708,720,789	823,142,362
Joint audits	2,721,067	1,116,764	3,837,831	2,659,956	532,443	3,192,399	2,415,993	885,383	3,301,376
Total	100,922,127	595,892,403	696,814,529	111,611,517	717,586,430	829,197,948	116,837,566	709,606,172	826,443,738



Public interest
entities

6 Public interest entities

6.1 Public interest entities

The information provided in the following table is based on the declarations made by the individual auditors and auditing firms themselves in 2022, which reported the existence of 1,426 public interest entities, of which 114 were credit institutions and 241 insurance companies.

/// **TABLE 34** Distribution of the number of Public Interest Entities by type of entity

Type of PIE	Nº
Credit institutions	114
Insurance companies	241
Entities issuing securities on official secondary markets	345
Issuers of securities on the alternative stock market	49
Banking foundations, payment institutions and electronic money institutions and financial credit establishments	88
Investment services companies, collective investment undertakings and management companies	383
Pension funds and the management companies that administer them	178
Other entities not included in the previous sections due to their significant public importance (art. 8 RAC)	28
Total	1,426

6.2 Auditors of public interest entities

The audit engagements of these public interest entities was carried out by 8 individual auditors and 66 audit firms in 2022. The number of individual auditors fell by 44.44% in 2021 compared to 2020, but their number has almost recovered in 2022 (9 in 2020 compared to 8 in 2022). The number of audit firms remained constant at 77 in 2020 and 2021, but in 2022 the number has dropped to 66, a decrease of 14.29%:

/// **TABLE 35** Annual evolution of the number of individual auditors and audit firms of Public Interest Entities

	2020	2021	2022
individual auditors	9	5	8
Audit firms	77	77	66
Total	86	82	74