

AUDITING IN SPAIN

CURRENT SITUATION OF THE PROFESSION

SUPERVISOR OF THE PROFESSION

ICAC Institute for Accounting and Auditing is the official supervisor
of the audit profession

It is a branch of the Ministry of Economy

SUPERVISOR OF THE PROFESSION

ICAC: Functions

- . Keep the Registry of Official Chartered Auditors
- . Approve the Accounting Standards - According to the EU Directive
- . Approve the Audit Standards – According to the EU Directive
- . Direct supervision of auditors of PIE's
- . Supervision for the rest of auditors through professional bodies
- . Fines and sanctions

AUDITORS' PROFESSIONAL BODIES

REA–REGA: Depends on Consejo General de Economistas

ICJC: Institute of Certified Auditors

Both are composed of their members, individual and firms

PROFESSIONAL BODIES

Functions

- . Represent the Auditors
- . Education for the exam to become an auditor
- . Continuous professional training
- . Prepare and review drafts of audit standards
- . Supervision of the auditors when asked by ICAC

ACCES TO THE PROFESSION

Double exam and requirements

- . Accountancy, auditing, law and standards – University master
- . Practical cases (6 hours)
- . Three years of practical work in auditing

AUDIT MARKET IN SPAIN – DATA FROM 2014

Number of people registered as Auditors: 20.654

Working Auditors 4.222 → 20,4%

Number of firms: 1.404

AUDIT MARKET IN SPAIN – DATA FROM

2013 - 2014

Total invoicing

662M€ - 632M€

Evolution

-4,5%

Individuals

36M€ - 35M€

Firms

626M€ - 599M€

AUDIT MARKET IN SPAIN – THIS IS WAR!

Some notes:

- . Fees falling since 2010 → Audit is seen as a burden by most SME's
- . Invoicing of clients → Descending Less compulsory audits
- . Candidates at exams → Approved in the last <30%
- . New Law of Audit → More pressure on auditors
- . Applying ISA → ISA-701 for a all audit reports

AUDIT MARKET IN SPAIN – How to deal with it?

Some possible solutions:

- . More advising work
- . Agreed upon reports → Mainly grants and Court claims
- . Corporate Social Responsibility → Review of Integrated Reporting
- . Compliance

PROBLEM: None of the above works are really audits but related work.