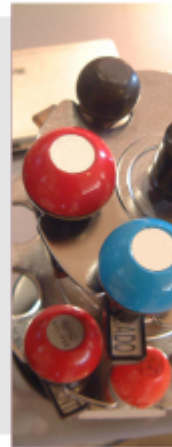




# FEE CONFERENCE ON AUDIT REGULATION. Panel Discussion on Quality Assurance



INSTITUTO DE CENSORES JURADOS DE CUENTAS DE ESPAÑA



**Rafael Cámara. President of ICJCE.  
November 2007**



# The role of the audit profession

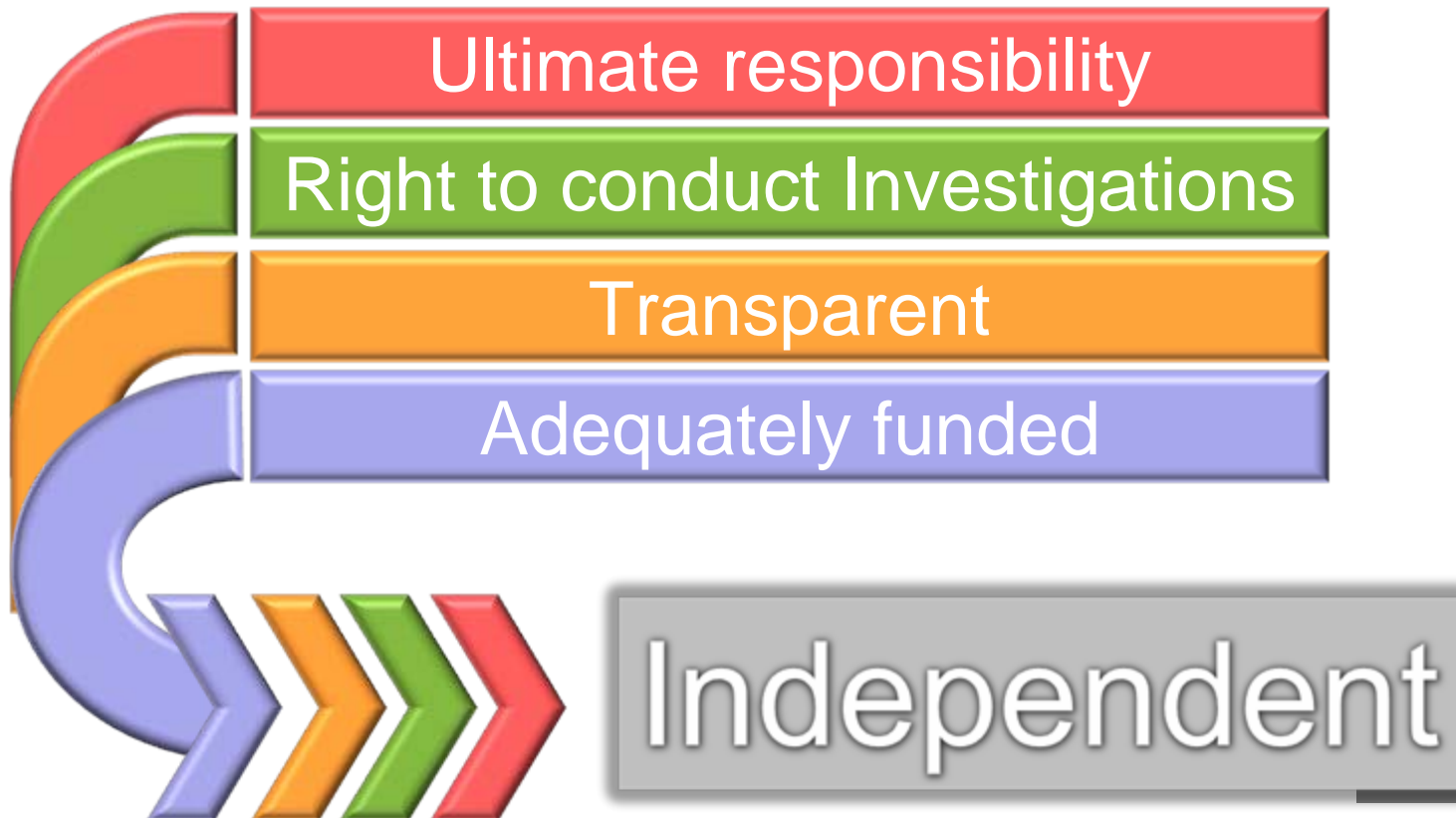
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- I. What does the 8th Directive say?
- II. Distinction between regulation and oversight
- III. Situation in Spain
- IV. Conclusions



# I. The 8th Directive

*Member States shall organise an effective system of public oversight for statutory auditors and audit firms*





## II. Regulation and Oversight

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- ✓ Regulator: “the institution which legislative production is intended to implement and to systematize an industrial or professional activity”
- ✓ Oversight Body: “the institution which has the ultimate responsibility in the adoption of professional standards and in the supervision of the professional behaviour of the members”

**It is not the same**



# III. Spanish situation (1)

## Oversight (?¿):

**ICAC:** Agency dependent to the Economy and Finance Ministry:

- Governing Bodies:
  - President. Political position
  - Accounting Committee
  - Audit Committee: Advisory Committee which members are Regulators, academics; profession..
- All decisions remain in hands of the President of ICAC
- No public programmes nor results of the Quality Control reviews
- Quality Control funded by the profession
- Disciplinary actions and sanctions

# Oversight ? Or Regulator ?

# Independent



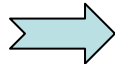
### III. Spanish situation (2)

# Quality Control

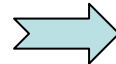
ICJCE

- Within our members of the profession and carried out by own personnel
- Reviewers have more than 10 years of experience in audit
- ICJCE makes the selection on a random and risk basis.
- All quality control reports remain at the disposal of the ICAC for its review in our premises

Bad results



ICJCE  
Ethics Com.



ICAC  
REVIEW





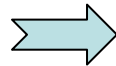
### III. Spanish situation (3)

# Quality Control

ICAC

- No standard on Quality Control.
- Collaboration contract with the ICJCE, that carries out the reviews on behalf of ICAC. The contract is agreed yearly
- Reviewers are hired by the ICJCE with the approval of ICAC
- Selection done by ICAC (unknown on which basis)
- Funded by a levy on each audit report issued.
- All results are submitted directly to ICAC

Bad  
results





## V. Conclusions

- ✓ There is not a single solution to address the Quality Control and Oversight of the profession.
- ✓ The Oversight system should be independent
- ✓ We think that the aim of the Directive is not to leave the profession out of the oversight and quality control
- ✓ The profession should participate in this process:
  - . Because of our knowledge
  - . Because of our own interest in a
    - ✓ Full of Strength
    - ✓ High quality
    - ✓ Reliable
    - ✓ Sustainable: **PROFESSION**





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THANK YOU

