



Public Interest Oversight Board

overseeing international audit, ethics and education standards for the accounting profession

“Reliable Financial Information Helps Reduce Costs”

(Translation from an article published in **EXPANSION** – May 27, 2010)

THE PIOB MARKS ITS FIFTH ANNIVERSARY/Gonzalo Ramos, secretary general of the organization that oversees the setting of audit standards, affirms that international convergence will lead to a reduction in costs.

Subtitular de contenido

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The Public Interest Oversight Board (PIOB) is the organization entrusted with overseeing the process of setting the international standards for audit, ethics and education carried out by the three independent standard-setting bodies of the International Federation of Accountants. The objective of this organization created in 2005 is to improve the quality of audited information, thereby increasing investor confidence and contributing to the stability of the international financial system, in line with the international organizations that support its work: The Basel Committee on Banking Supervision, The International Organization of Security Organizations – IOSCO – and the World Bank, among others.

The PIOB is one of the few international organizations headquartered in Spain; it also is headed by a Spaniard, Gonzalo Ramos. Previously, the secretary general of the PIOB was a member of the board and executive director for Spain and Mexico of the European Bank for Reconstruction and Development in London, where he presided over the Financial and Operations Policies Committee and the Early Transition Countries Fund. Moreover, he was the first director general of the Economy Ministry's International Finance Department.

According to Ramos, the architecture for regulating standard setting has improved notably under the oversight of the PIOB, due to its efforts to promote the public interest “and not the interests of the profession. This is an important development and we must continue in this direction, improving the processes. The model of collaboration between the profession and the international public sector overseen by the PIOB is new and unique, and it still has a way to go.”

The current challenge facing the organization, according to Ramos, includes the development of new standards in areas that are emerging today, such as corporate governance. The next step is to “ensure the standards are adopted globally,” which requires a real process of global convergence aimed at harmonizing how auditors work and report throughout the world. “If the information that auditors have is globally homogeneous and comparable, the costs of financial information will tend to fall; in so far as the cost of capital reflects an element of risk or uncertainty about the quality of the information, that (cost) will also tend to diminish” because “credible financial information helps eliminate the cost of wrong trades and reduces the cost of capital.”

Current Events

According to Ramos, there is a growing interest in information about the model for setting standards that affect financial information. “In the current context in which standards and



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regulation are being revised throughout the financial sector, the world of audit cannot avoid the discussion taking place. It still remains to be seen what the impact of the financial crisis will be on the audit sector”, above all, after the World Congress of Accountants in Kuala Lumpur towards the end of the year.