Consultation Response

IAASA Consultation on General Guidelines for Prescribed Accountancy Bodies

August 2026

AIA Response: General Guidelines for Prescribed Accountancy Bodies

AIA welcomes the opportunity to respond to IAASA's consultation on the proposed General Guidelines for Prescribed Accountancy Bodies (PABs). We support IAASA's objective of promoting robust governance, transparency, accountability and consistency across regulatory functions undertaken by PABs.

AIA recognises the importance of maintaining public confidence in the accountancy profession and supports the development of guidance that assists PABs in delivering effective regulation in the public interest. We broadly support the principles set out in the draft Guidelines and believe they provide a useful framework for regulatory oversight.

However, we also consider that the Guidelines should clearly reflect the principle of proportionality and recognise the differing size, complexity, structures and risk profiles of individual PABs. Outcomes-based guidance is preferable to prescriptive requirements where the same regulatory objectives can be achieved through different governance arrangements.

AIA supports the introduction of General Guidelines for Prescribed Accountancy Bodies and agrees that the proposed framework will strengthen consistency, transparency and effectiveness across regulatory functions.

To maximise the effectiveness of the Guidelines, AIA encourages IAASA to reinforce the principles of proportionality, outcomes-based supervision and flexibility in implementation. Clarification of certain reporting, governance and application guidance provisions would further support consistent interpretation and practical implementation across all PABs.

AIA looks forward to continuing engagement with IAASA during the development and implementation of the final Guidelines.

AIA Response

Question 1: Do you support the creation of General Guidelines for PABs? If not, please set out your rationale and any alternative approaches.

Yes.

AIA supports the development of General Guidelines for PABs. A common framework of supervisory expectations can enhance consistency, transparency and accountability across the profession while supporting IAASA's oversight role.

The proposed Guidelines provide a useful framework of governance and operational principles that PABs already seek to achieve. In particular, the focus on governance, conflicts of interest management, decision-making processes, resourcing and reporting is appropriate and aligned with good regulatory practice.

We would encourage IAASA to continue positioning the Guidelines as principles-based guidance rather than as prescriptive rules. This approach is better suited to a varying population of PABs.

AIA therefore supports the creation of the Guidelines provided that:

- proportionality remains an explicit and overarching principle;
- alternative approaches can be adopted where they achieve equivalent regulatory outcomes;
- compliance is assessed primarily against outcomes.

Question 2: Do the proposed Guidelines appropriately support effective and proportionate regulation by IAASA? Please provide reasons for your view.

Overall, yes.

The five principles identified in the Guidelines address the key components of an effective regulatory framework and provide a structured basis for IAASA's supervisory engagement with PABs.

In particular, AIA supports:

- the emphasis on clear governance arrangements and accountability;
- the requirement for documented regulatory processes;
- the focus on managing conflicts of interest;
- expectations regarding adequate resourcing and competence;
- enhanced reporting and communication with IAASA.

Notwithstanding this, AIA believes the Guidelines would benefit from a stronger and more explicit recognition of proportionality throughout the document.

While proportionality is referenced in several places, certain elements of the application guidance may be interpreted as creating de facto requirements that could be more suitable for larger bodies than smaller organisations. In some cases, the outcomes sought can be achieved through different governance arrangements depending on the size, complexity and risk profile of the PAB.

AIA therefore recommends that IAASA consider that:

- the application guidance is illustrative rather than mandatory;
- equivalent governance arrangements may be acceptable where they achieve the intended objectives;

Question 3: Are there any inclusions or exclusions that should be reconsidered?

AIA generally considers the scope and coverage of the Guidelines to be appropriate. However, where they refer to reviews of regulatory boards and committees, it would be helpful to clarify:

- the expected frequency of such reviews;
- what constitutes sufficient independence;
- whether existing internal audit, governance review or external assurance processes may satisfy the expectation.

Question 4: Are the expectations clear and practical? Or are there any areas requiring further clarification?

The majority of the Guidelines are clear and understandable. The outcome-focused structure and accompanying application guidance assist in explaining IAASA's expectations.

AIA believes further clarification would be beneficial in the following areas:

Status of application guidance

The document states that application guidance is illustrative and not exhaustive. However, some provisions are drafted in language that could be interpreted as mandatory expectations.

AIA recommends distinguishing between:

- mandatory guideline requirements; and
- non-mandatory examples of how compliance may be demonstrated.

Proportionality

As noted above, greater clarification regarding the application of proportionality would be helpful. AIA suggests including an overarching statement that IAASA's expectations will be applied having regard to the scale of regulatory activity and regulatory risk profile.

Timely reporting

Terms such as "reasonable timeframe", "timely basis" and "significant events" are used throughout the draft Guidelines. While some flexibility is appropriate, additional guidance on IAASA's expectations would improve consistency and certainty for PABs.

Question 5: Are there any practical or operational challenges? How could these be mitigated?

AIA does not anticipate significant challenges in implementing the overall framework, however there are some aspects which may require careful consideration. Potential challenges include:

Governance structures

Requirements relating to committee independence, committee composition and oversight reviews could create resource pressures where the available pool of suitably qualified individuals is limited.

Documentation and evidencing compliance

The Guidelines note the keeping of documentation, record keeping, reporting and evidence of compliance.

While AIA supports these objectives, the administrative burden should remain proportionate to regulatory risk.

This could be mitigated through:

- risk-based supervisory approaches;
- guidance on minimum expectations;
- recognition of existing governance and assurance mechanisms.
- implementation periods where appropriate.

PABs may require time to review constitutions, governance documents, procedures and reporting mechanisms following finalisation of the Guidelines.

About AIA

The Association of International Accountants (AIA) was founded in the UK in 1928 as a professional accountancy body and promotes the concept of 'international accounting' to create a global network of accountants.

AIA is recognised by the UK government as a recognised qualifying body for statutory auditors under the Companies Act 2006, across the European Union under the mutual recognition of professional qualifications directive and as a prescribed body under the Companies (Auditing and Accounting) Act 2014 in the Republic of Ireland. AIA also has supervisory status for its members in the UK under the Money Laundering Regulations 2017. AIA is a Commonwealth Accredited Organisation. AIA is a member of the European Federation of Accountants and Auditors (EFAA) for SMEs and SMPs.

AIA believes in creating a global accountancy profession and supports the International Federation of Accountants (IFAC) in their vision of a global accountancy profession recognised as a valued leader in the development of strong and sustainable organisations, financial markets and economies. AIA has adopted IFAC's Code of Ethics for professional accountants and also incorporates IFAC's International Education Standards (IES) into its qualifications and policies.

AIA has members working throughout the whole spectrum of the accountancy profession. Many of our members are at the top of the accountancy industry, from senior management to director level. Conversely, significant numbers of our members work in small and medium sized businesses (SMEs) and we strive to champion the importance of SMEs and their needs.

Further Information

The above replies represent our comments upon this consultation document. We hope that our comments will be helpful and seen as constructive. AIA will be pleased to learn of feedback, and to assist further in this discussion process if requested.

If you require any further information, please contact:

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