

Technical Newsletter

GIAS APPLICATION

Issue Q2/2026

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**Applying the Four-Point Quality Rating Model
under the Global Internal Audit Standards:
Practical Insights, Challenges, and Case-Based Guidance.**

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INTRODUCTION

The Global Internal Audit Standards (GIAS), together with the QA Manual 2024, reinforce a principles-based approach to assessing internal audit quality. Central to this is the Four-Point Quality Rating and Conclusion Model Full Achievement (FA), General Achievement (GA), Partial Achievement (PA), and Non-Achievement (NA). This model moves away from rigid, quantitative scoring and instead emphasises professional judgment, the substance and intent of the Standards, and a holistic evaluation of the internal audit activity's effectiveness. It also aligns closely with Standard 15.1, which requires a conformance statement in final engagement communications, thereby linking quality assessment outcomes with reporting practices.

POTENTIAL CHALLENGES FACED BY INTERNAL AUDITORS

In applying this model, internal auditors and Chief Audit Executives (CAEs) may encounter several challenges. The absence of prescribed quantitative thresholds can create uncertainty in determining appropriate ratings, particularly in borderline cases. Differentiating between GA and PA may be complex when gaps exist but are not clearly pervasive or fundamental. There may also be inconsistencies in the application of professional judgment across assessors, potentially affecting comparability of results. Additionally, assessing whether identified deficiencies impair the internal audit function's overall effectiveness requires a high level of maturity, experience, and evidence-based evaluation. Finally, linking the rating outcome to the appropriateness of issuing a conformance statement under Standard 15.1 may require careful deliberation, especially where partial gaps are present.

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PRAGMATIC APPLICATION (WITH CASE SCENARIOS)

To operationalise the Four-Point Model effectively, internal audit functions should adopt a structured, yet flexible assessment framework grounded in the intent of the Global Internal Audit Standards. This includes defining clear evaluation criteria, supported by practical indicators and examples, while ensuring that assessments focus on effectiveness in practice rather than mere documentation.

Equally important is evaluating the **pervasiveness and impact of identified gaps**, distinguishing isolated deficiencies from systemic weaknesses. The following scenarios illustrate how the model may be applied in practice:

Case Scenario 1: Full Achievement (FA)



The internal audit function not only conforms fully with the Standards but also demonstrates leading practices. There is strong governance, a mature QAIP, consistent application of methodology, and clear evidence of value delivery to stakeholders. Continuous improvement initiatives are embedded.

Assessment: No significant gaps are identified, and the Standards are achieved in both substance and intent.

Conclusion: FA is appropriate, with strong support for the conformance statement and positioning as a best-practice function.

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Case Scenario 4: Non-Achievement (NA)

The internal audit activity lacks a structured methodology, does not perform risk-based planning, and has no QAIP in place. Engagements are ad hoc, and reporting does not align with the Standards.

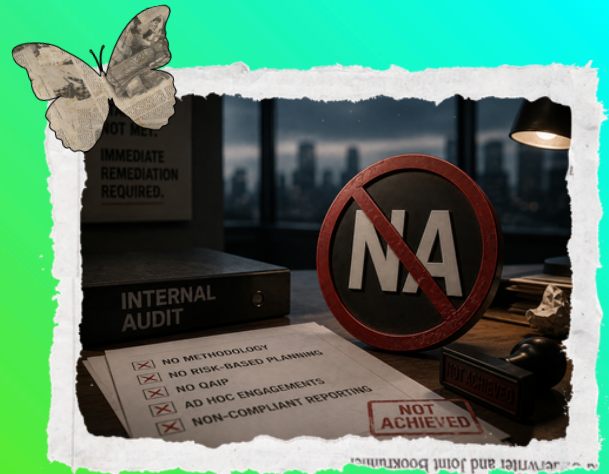
Assessment: Deficiencies are pervasive and fundamentally impair the function's ability to fulfil its mandate.

Conclusion: NA is appropriate. A conformance statement should not be included, and immediate remediation is required.

For consistent application, CAEs are encouraged to conduct **calibration sessions**, leverage **peer reviews**, and maintain thorough documentation to support conclusions. Importantly, the decision to issue a conformance statement should always be anchored on whether the internal audit activity remains capable of performing in accordance with the Standards, rather than solely on the rating label.

KEY TAKEAWAYS

The Four-Point Quality Rating Model underscores the importance of substance over form, requiring internal auditors to focus on whether the Standards are achieved in both intent and practice. Professional judgment, supported by sufficient and appropriate evidence, is central to determining outcomes. A GA rating typically indicates conformance in all significant respects and supports the inclusion of a conformance statement, while PA and NA ratings signal increasing levels of concern that may affect such disclosures. Ultimately, the model promotes a balanced, holistic view of internal audit quality rather than a checklist-driven approach.



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CONCLUSION

The QA Manual 2024 and the Four-Point Quality Rating Model represent a significant step toward enhancing the credibility and effectiveness of internal audit assessments. By emphasising professional judgment, materiality, and overall impact, the framework enables CAEs and internal auditors to provide more meaningful and transparent conclusions. When applied consistently and supported by robust evidence, it strengthens alignment with the Global Internal Audit Standards and reinforces stakeholder confidence in the internal audit function's ability to deliver value.

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REFERENCES:

1. Quality Assessment Manual, 2024 Edition
2. Global Internal Audit Standards, 2024 Edition