The Institute of Internal Auditors Malaysia

Technical Newsletter

GIAS APPLICATION

Issue Q4/2026



GIAS IN PRACTICE: Making Compliance Work for Small Internal Audit Functions

Practical Guidance for Chief Audit Executives and Internal Auditors

Practical solutions. Proportionate implementation. Demonstrable value.

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1. From Standards to Practice: Where Do We Start?

Implementing the 2024 Global Internal Audit Standards (GIAS) can appear challenging, particularly for small internal audit functions operating with limited resources, competing priorities and increasing stakeholder expectations.

For a function with only two or three internal auditors, implementing every improvement simultaneously may be unrealistic. However, limited resources do not remove the need to meet applicable Standards.

The solution is to adopt a risk-based, proportionate and evidence-driven approach. Start by understanding the applicable requirements, identify the most significant gaps, establish clear priorities and build practical processes into existing audit activities.

The key question is not simply:
"*Have we documented the process*?"
It is:
"*Can we demonstrate that the requirement is being met and that the process is effective*?"

2. Six Common Challenges — and Practical Solutions

Challenge 1: Too Many Requirements, Too Little Time

The challenge

The CAE may struggle to translate the GIAS into practical actions while managing the audit plan, reporting to the Audit Committee, supervising engagements and addressing stakeholder requests.

The practical solution: Start with a GIAS implementation tracker.
Rather than developing numerous new documents, map applicable requirements against existing policies, procedures and practices.

Action	Practical approach
Assess	Identify existing practices and available evidence.
Identify gaps	Distinguish missing documentation from ineffective implementation.
Prioritise	Focus improvement efforts on significant risks and critical requirements.
Assign	Allocate an owner and target date for each action.
Monitor	Review progress quarterly and retain supporting evidence.

Easy win: Maintain one consolidated tracker with the requirement, current practice, gap, action, responsible person, target date and evidence reference.

Remember: A tracker supports implementation but does not, by itself, demonstrate conformance.

Challenge 2: Governance Exists on Paper, but Is It Effective?

The challenge

An approved Internal Audit Charter may exist, but the CAE may have limited access to the Audit Committee, unclear approval arrangements or insufficient support when raising sensitive findings.

The practical solution: Use existing governance meetings more effectively.

The CAE should establish clear arrangements with the Board or Audit Committee, consistent with the applicable GIAS requirements, covering:

- Approval and periodic review of the Internal Audit Charter.
- Approval of the Internal Audit strategy and risk-based audit plan.
- Discussion of budget, resources and competency requirements.
- Appropriate reporting lines, access and safeguards for independence.
- Private discussions between the CAE and the Board or Audit Committee, as appropriate.

Easy win: Incorporate a standing Internal Audit agenda covering strategy, plan delivery, significant findings, resource constraints, independence matters and quality improvement.

Retain the relevant approved papers, minutes and records as evidence.

Challenge 3: The Audit Plan Is Not Truly Risk-Based

The challenge

A risk assessment may be completed annually, yet the audit plan continues to follow the previous year's schedule or is driven mainly by management requests.

The practical solution: Connect organisational risks directly to audit priorities.

The CAE should be able to explain how the organisation's objectives and significant risks influence the audit universe, audit priorities, engagement objectives and reporting to the Board.

For smaller functions, a simple risk-based audit universe and prioritisation matrix may be sufficient to support the process.

Consider, where relevant:

- Strategic and operational risks.
- Financial reporting, fraud and regulatory compliance.
- Cybersecurity, technology and artificial intelligence.
- Third-party, data privacy and business continuity risks.
- Sustainability and emerging business risks.

Easy win: For every proposed audit, document three things: the risk being addressed, the reason for prioritisation and the consequence if the area is not audited.

Where resources prevent coverage of significant risks, document the limitation and discuss its implications with the appropriate governance body.

Challenge 4: Insufficient Manpower and Specialist Skills

The challenge

Small teams may lack dedicated expertise in cybersecurity, data analytics, artificial intelligence, fraud investigations or other specialised areas. Recruiting additional permanent staff may not be financially viable.

The practical solution: Manage capability gaps, not just headcount.

Capability gap	Cost-conscious response
Specialist technical knowledge	Targeted training or time-limited specialist support.
Data analytics	Start with existing spreadsheet tools and available system reports.
Cybersecurity assurance	Coordinate with qualified specialists while preserving Internal Audit's independence.
Limited audit capacity	Reassess lower-priority coverage and consider risk-based co-sourcing.
Staff development	Use structured coaching, peer reviews and knowledge-sharing sessions.

Easy win: Prepare a one-page resource assessment comparing the competencies and capacity required against those currently available. Explain the impact of any gaps on risk coverage and assurance, rather than requesting additional headcount without supporting analysis.

The CAE remains responsible for ensuring that work performed by external specialists is appropriately overseen and that conclusions are supported by sufficient evidence.

Challenge 5: Quality Assurance Becomes an Additional Administrative Burden

The challenge

Quality assurance may be treated as a separate exercise conducted at year-end or only when an external quality assessment approaches.

The practical solution: Embed quality into routine audit work.

A practical Quality Assurance and Improvement Program (QAIP) can build on activities already performed.

Level 1 — Ongoing monitoring

- Review audit planning and workpapers.
- Supervise engagements and assess report quality.
- Monitor audit-plan progress and agreed actions.
- Obtain relevant stakeholder feedback.

Level 2 — Periodic self-assessment

- Evaluate applicable GIAS conformance.
- Review governance, independence, methodology and risk assessment.
- Assess engagement quality, performance and stakeholder satisfaction.
- Identify improvements and track corrective actions.

Level 3 — External quality assessment

Plan for an independent assessment in accordance with GIAS requirements.
Use the assessment to identify strengths, gaps and opportunities for improvement.

Easy win: Introduce a short engagement quality checklist and a quarterly QAIP review. Use recurring errors, review findings and stakeholder feedback to determine where coaching or methodology improvements are needed.

Quality assurance should improve the work, not merely produce additional documentation.

Challenge 6: Audit Findings Are Raised, but Do They Deliver Value?

The challenge

Reports may identify control weaknesses and record management's agreed actions, yet recurring issues remain unresolved or recommendations fail to address underlying causes.

The practical solution: Strengthen findings and follow-up.
Proposed to apply the 6Cs Internal Audit Finding Model as a practical enhancement to the traditional CCER approach:

Elements	Questions to answer
Condition	What did the audit identify?
Criteria	What should have happened?
Cause	Why did the issue occur?
Consequence	Why does it matter?
Corrective Action	What needs to change?
Commitment	Who will act, by when, and how will completion be evidenced?

Example: Procurement controls

Instead of reporting only that three quotations were not obtained, investigate the reason for the exception, assess the procurement and value-for-money risks, identify appropriate corrective action and agree an accountable owner and target date.

During follow-up, verify whether the action addresses the underlying risk and root cause, rather than merely confirming that management has marked the recommendation as completed.

Easy win: Prioritise follow-up based on the significance of the finding and residual risk. Escalate overdue high-risk actions through the established governance process.

Six Common Challenges



Too Many Requirements, Too Little Time



Audit Plan Is Not Truly Risk-Based



Insufficient Manpower and Specialist Skills



Governance Exists Only on Paper



Quality Assurance Burden



Audit Findings Delivering Real Value

3. A Practical 90-Day GIAS Improvement Plan

Small internal audit functions do not need to transform every process at once. A structured 90-day plan can help establish momentum.

Days 1–30: Understand and prioritise

- Complete a baseline assessment against applicable GIAS requirements.
- Identify significant gaps and existing evidence.
- Review governance, independence, the audit universe and resource constraints.
- Agree priorities with the CAE and relevant governance stakeholders.

Days 31–60: Implement practical improvements

- Update priority policies, procedures and templates.
- Strengthen the link between risks and the audit plan.
- Introduce or improve engagement quality checks.
- Address critical competency gaps through training or specialist support.

Days 61–90: Demonstrate and sustain

- Test whether selected improvements are operating effectively.
- Compile evidence supporting implementation and conformance.
- Report progress, unresolved gaps and resource implications.
- Establish quarterly monitoring and continuous improvement.

The 90-day period is a practical planning suggestion, not a GIAS deadline. The timing and sequence should reflect the function's circumstances, applicable requirements and the significance of identified gaps.

4. The Minimum Practical Toolkit

A small internal audit function can begin with a manageable set of integrated tools rather than creating a separate document for every requirement.

1. GIAS implementation tracker — requirements, gaps, actions and evidence.
2. Internal Audit strategy and risk-based audit plan — strategic priorities and risk coverage.
3. Resource and competency assessment — required capabilities, existing capacity and gaps.
4. Standard engagement file and report templates — consistent planning, evidence, findings and reporting.
5. QAIP checklist and improvement log — ongoing monitoring, periodic assessment and actions.
6. Audit recommendation tracker — ownership, deadlines, risk ratings and validation of corrective actions.
7. Performance dashboard — coverage, quality, timeliness, stakeholder value and improvement outcomes.

These tools should be adapted to the size, complexity and risk profile of the organisation. Combining related records may reduce duplication, provided all applicable requirements remain adequately addressed.

5. Measure What Matters: Demonstrating Internal Audit Value

Completing the annual audit plan is important, but it is not a complete measure of effectiveness.

CAEs should complement activity-based indicators with measures that demonstrate quality, risk coverage and organisational impact.

Traditional measure	More meaningful perspective
Percentage of audits completed	Coverage of significant risks and approved plan changes.
Number of findings raised	Significance of weaknesses identified and addressed.
Percentage of actions implemented	Evidence that corrective actions addressed underlying risks.
Number of reports issued	Timeliness, clarity and usefulness of audit insights.
Training hours completed	Demonstrated improvement in relevant competencies.

Small functions can start with a few meaningful indicators and refine them over time. Where outcomes cannot be directly attributed to Internal Audit, report the contribution made and avoid claiming that the function alone caused the improvement.

6. A Final Message to CAEs and Internal Auditors

Effective GIAS implementation is not determined by the size of the Internal Audit team or the volume of documentation produced. It depends on whether the function fulfils the applicable Standards, can demonstrate how its processes operate and continually improves the value it delivers.

For small internal audit functions, the way forward is to:

- Focus on applicable requirements and significant risks.
- Use existing processes and evidence wherever appropriate.
- Address resource constraints transparently.
- Embed quality into everyday audit activities.
- Demonstrate results through reliable evidence and meaningful reporting.

The practical test is simple: Can we explain the requirement, demonstrate what we do, show that it works and evidence the value it delivers?

GIAS implementation is a continuous improvement journey—not a one-off compliance exercise.

Author:
Alyssa Hew Li Min (Head, Technical & Quality Assurance Department, The Institute of Internal Auditors Malaysia)

References:

1. Global Internal Audit Standards, 2024 Edition.
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