

**A STUDY ON FACTORS INFLUENCING ON THE  
EFFECTIVENESS OF INTERNAL AUDITING PRACTICES  
AMONG PRIVATE AND STATE BANKS IN THE EASTERN  
PROVINCE OF SRI LANKA**

by

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**A Project Report**

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## ABSTRACT

This study investigated the factors influencing on the effectiveness of internal auditing practices among both private and state banks in the Eastern province. The objectives of this study is to find out the level of influence of management support , auditing staff's competency and independency of internal audit unit and evaluate the level of effectiveness of internal auditing practices among both private and state bank in the Eastern province.

The study employs cross sectional survey and conducted among the sample of 120 internal auditing staffs (internal auditors and internal control officers) who are randomly selected from the Eastern province. Data were collected through the questionnaires and Statistical techniques such as descriptive, correlation and regression were used under the Univariate analysis, Cross Tabulation analysis, and Bivariate analysis respectively.

The finding of this study reveals that the effectiveness of internal auditing practices is at high level among private and state banks. There is a significant strong positive correlation between management support and the effectiveness of internal auditing practices among state banks. Considering the independency of internal audit unit and the effectiveness of internal auditing practices, there is weak positive correlation between those variable among private banks. Further, there is positive impact of the variables management support and independency of internal audit unit on the effectiveness of internal auditing practices among all the private and state banks in the Eastern province.

These finding will be useful when developing and implementing the strategies for management among banking sector.

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