

**EFFECTIVENESS OF OUTSOURCING OF INTERNAL AUDIT
IN FINANCE COMPANIES IN HAMBANTOTA DISTRICT**

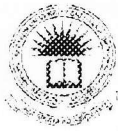


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ABSTRACT

The purpose of this research is to investigate the effectiveness of outsourcing of internal audit in Finance companies in Hambantota District. The independent variables are cost saving, technical competence of external providers, Audit independency, audit quality. The dependent variable is effectiveness of outsourcing of internal audit. The sample consists with hundred management level and operational level employees of Finance companies which outsourcing internal audit in finance companies in Hambantota District. A questionnaire was used to identify the effectiveness of outsourcing of internal audit function in finance companies. In this research nineteen dimensions have used in questionnaire which developed using five point Likert scale. Statistical Package for Social Sciences was used to analyze the data. Different analyze tools are used in this research to measure the reliability testing, descriptive statistics and independent sample t-test and Analysis of variance (one way ANOVA) with post hoc test and correlation analysis and multiple regression analysis. Researcher builds descriptive hypotheses to identify the impact of independent variables on the dependent variable. Researcher tested hypotheses and could identify four variables are significantly impact on the dependent variable. They were audit quality, cost saving and technical competence of external provider, audit independency.

Based on the findings of the study, it concludes that all the quality dimensions are at a higher level. Audit quality has scored the highest mean value. Availability of audit independency has received the lowest amount of mean value. There were no statistically significant difference could be found for cost saving, technical competence of external providers, audit independency and audit quality of effectiveness of outsourcing of internal audit in Finance companies in Hambantota District.

Keywords: Effectiveness of outsourcing, Management and Operational Level employees, Cost saving, Technical competence of external providers, Audit independency. Audit quality, Finance Companies, Management and Operational Level employees

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