

Study of Factors Determining Quality of Internal Audit in Public Listed Companies of Sri Lanka

R.A.M. Thilini^{1,*}, H.M.D.N. Somathilaka² and P.D.M.S. Pathiraja³

^{1,2,3}*Department of Accountancy and Finance, Faculty of Management Studies, Rajarata University of Sri Lanka, Mihintale, Sri Lanka*

*Corresponding author: thilininathunga96@gmail.com

Abstract

Internal auditing is an important function in public listed companies to enhance their performance. Quality of internal audit is ensuring accuracy and reliability of information and reports relating to accounting and other procedures and increasing the effectiveness of the operations. Therefore, the objective of this study is to investigate the factors determining quality of internal audit in public listed companies in Sri Lanka. In this study factors affecting the quality of internal audit are considered as independent variables and measured by using three components: internal auditor independence, management support, and competence of internal auditor. The study used primary sources of data through questionnaires. A total of one hundred sixty-nine questionnaires was distributed to internal audit department of randomly selected companies and one hundred two had been collected. Data were analysed through descriptive and inferential statistics. Findings of this study revealed that all three components namely, competence of internal auditor, internal auditor's independence, and management support show positive and significant relationship with quality of internal audit. This study provides information to practitioners and academics who are interested in identifying determinants of quality of internal audit.

Keywords: Competence of internal auditor, internal auditor's independence, management support, public listed companies, quality of internal audit