

# **Internal Audit and Its Impact on Performance**

**(With Special Reference to the Hatton National Bank in Puttalam  
District)**

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## ABSTRACT

The research problem can be shown in a statement. The problem can be defined as “lack of internal auditing system that affects profitability and service quality of the Hatton National Bank”. There are number of limitation in preparation of the research report.

And find out the cause for them, finding of this study could enable the management of the Hatton National Bank to make suitable alternative of take corrective decision in the audit control system. This will assist them in their researching their objective. Finding of this research could also research question for further investigation in future, on internal audit in Sri Lanka banking system.

This study will attempt to identify how far internal audit affects on the Hatton National Bank performance.

The hypothesis has been constructed is that there is a linear relationship between the Internal Audit System and its Performance. The statistical measures such as correlation and regression techniques are used to analyze the data.

As far as internal auditing and accounting procedures in the Hatton national bank concerned, 68% of the Hatton national bank has high level of internal auditing and accounting procedures. As far as application of accounting and auditing laws of the bank are concerned, only 42% of the Hatton national bank has high level. Because of the laws were established by the management to monitor the internal environment. So, comparatively HNB have lower level of application of accounting and internal auditing laws. As far as efficient use of resources in internal audit in the HNB is concerned, 68% of HNB has high degree of efficient use of resources in internal audit. So, HNB are comparatively in a moderate level of efficient use of resources on internal audit. Because of, the major financial activities are made by the computers.