

The Role of Audit Judgment Mediate the Effect of Moral Reasoning on the Quality of Internal Auditor

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Abstract: Audit quality is very important for an internal auditor, through high quality auditors are expected to produce financial statements that are relevant and can be trusted as a basis for decision making, which is influenced by audit judgment and moral reasoning attitude. The purpose of this study is to determine the role of audit judgment in mediating the influence of moral reasoning on the quality of internal auditors at PT Bank BRI Regional Bali. This research was conducted in all twenty-nine offices of PT Bank BRI in the Bali-Nusra Region in the Bali-Nusra Region in 2019 by making 107 auditors as samples with the saturated sample method. Data collection was carried out by distributing 107 returned questionnaires while a total of 13 were aborted, this study used path analysis techniques.

Based on the analysis, the moral reasoning variable has a significant positive effect on the quality of internal auditors at PT Bank BRI Regional Bali with a coefficient value of 0.556 and a significance level of 0.000. Moral reasoning has a significant positive effect on internal auditor audit judgment at PT Bank BRI Regional Bali with a coefficient value of 0.782 and a significance level of 0.000. Audit judgment has a significant positive effect on the quality of internal auditors at PT Bank BRI Regional Bali with a coefficient value of 0.325 and a significance level of 0.001. Audit judgment is able to mediate the influence of moral reasoning on the quality of internal auditors at PT Bank BRI Regional Bali with a coefficient value of 0.962 and a significance level of 0,000.

Keywords: Audit Judgment, Moral Reasoning, Internal Auditor Quality.

I. INTRODUCTION

The country of Indonesia is a developing country where economic development greatly influences the development of the country. One of the supports that can move the wheels of a country's economy is banking (Kasmir, 2008: 56). Banking currently has a very important role in the implementation of national development to improve economic growth and community stability in order to improve people's lives (Aida, 2015). Banks have a very important role in driving the economy of a country, as well as a financial institution whose main business is providing credit to those who need funds and in traffic the payment is to get income (Kasmir, 2008: 62). The phenomenon of problems in the banking world as a financial service provider includes deposits and loans distributed to the public, often with problems in lending, such as the emergence of bad loans or non-performing loans. Bad credit or bad credit is a disease that can disrupt and threaten the system of bank activities, other problems such as fraud are often interpreted as fraudulent acts carried out in a variety of cunning and deceptive ways and are often not realized by the injured victim. In the banking sector, it can be interpreted as a deliberate act of violating internal provisions (policies, systems and procedures) and laws and regulations that are in the interests of personal or other parties that have the potential to harm the bank, both material and moral. Judging from the indications based on preliminary research from cases that have occurred at PT Bank BRI Regional Office of Bali-Nusra, not a few workers are disrespectfully dismissed for being involved in fraud cases such as fictitious credit initiated by the credit department (AO), the use of money conducted by tellers or customer service, abuse of authority by the leadership in lending.

As an example of a case that lowers auditor quality, in the case of a conspiracy of fraudulent investments or deposits worth 111 billion for personal interests Bank Mega Jababeka Branch Head and Finance Director of PT Elnusa Tbk and

Bank BRI Cash Office Burglary Tamini Square involving the cash office Supervisors assisted by four suspects from outside the bank. The mode is by opening an account in the name of a suspect outside the Bank. The money transferred to the account is 6 million US dollars. Then the US Dollar is exchanged for a fake black Dollar to 60 Million US Dollars. This case was revealed by an internal auditor in his handling getting so much pressure in making a report on the audit findings, so that the auditor was not free from threats, from the terror that was perpetrated by the perpetrators which caused the auditor to feel afraid so that he did not dare to make decisions that showed the low quality of auditors (Source: Kompas.com, 2018). Internal auditors were formed by PT Bank BRI Denpasar Regional Office, in dealing with fraud as a supervisory bureau to prevent fraud in a company whose activities include testing and assessing the effectiveness and adequacy of internal control systems in the company. These supervisory measures are a way to overcome fraud so that state financial losses can continue to be suppressed and ultimately the goal is to eliminate state leakage and losses (Agung, 2016). Minister of Administrative Reform Regulation No. 5 of 2008 concerning Internal Audit Apparatus Auditing Standards, in the introduction explicitly and expressly stated that "Internal control of the company is an important management function in its administration. Through internal supervision, it can be seen whether an agency / company has carried out activities in accordance with its duties and functions effectively and efficiently, as well as in accordance with the plans, policies that have been set. In addition, internal supervision is needed to encourage the realization of good governance and clean government and to support corporate supervision that is effective, efficient, transparent, accountable and clean and free from corrupt, collusion and nepotism practices (Ahmed *et al.*, 2013).

Control over bank operations includes bank external control and bank internal control. Bank external control is in the form of an examination of the performance of commercial banks by the Financial Services Authority (OJK) as a central bank as well as audits of commercial bank financial statements by public accountants (Akhilesh *et al.*, 2016). As for the internal control of commercial banks in the form of controls or controls that will be applied in the system of procedures for bank operational activities and regular internal audits by internal auditors over the implementation of bank business activities based on the Bank's Internal Function Implementation Standards (SPFAIB) in 1999 (Betti, 2014). An internal auditor must have audit quality that has a high level of trust, because with high audit quality is expected to produce financial statements that can be trusted by users of financial information. Based on Internal Audit Professional Standards (SPAI) audits carried out by internal auditors can be of quality if they meet the requirements or auditing standards. De Angelo (1981) in Belkaoui, (2007: 123) states that audit quality is said to be a condition in which an auditor will find and report discrepancies with the principles that occur in his client's accounting reports. One approach that is used is a result oriented approach (outcome oriented) and a process oriented approach (process oriented) (Greg and Graham, 2013).

Auditor quality is good, of course, not just formed, but determined by many factors. Good audit quality is influenced by moral reasoning (Finty & Maria, 2017). According to Agung (2014) moral reasoning is defined as the reasons that underlie someone in carrying out an action or the reason that underlies someone in justifying or criticizing an action. An auditor who has high moral reasoning, will be more appropriate in conducting audit judgment, so that the quality of the resulting audit will also be better. To support the success in carrying out its duties and functions properly, moral reasoning is needed and has a professional audit judgment attitude in carrying out its obligations (Ceacilia *et al.*, 2016). According to Atqia (2015) moral reasoning is defined as the reasons that underlie someone in carrying out an action or reason that underlies someone in justifying or criticizing an action. An auditor who has high moral reasoning, will be more appropriate in conducting audit judgment, so that the quality of the resulting audit will also be better.

Some studies such as Ceacilia *et al.* (2016) found that moral reasoning had a positive and significant influence in mediating the effect of skepticism on auditor quality. The results of research conducted by Atqia (2015) also stated positively moral reasoning affects the quality of auditors. Syarhayuti's research (2016) which concluded that moral reasoning variables had a positive effect on audit quality. Erna and Natalia (2013) state that different moral reasoning matters do not directly affect auditor quality. Evi *et al.*, (2014) stated the same thing where moral reasoning did not directly affect the quality of auditors. An internal auditor in conducting an audit must have a judgment (judgment) on the accounting treatment that is referenced to the client so as to give satisfaction to his client to maintain his business (Aida *et al.*, 2015). According to Jamilah, *et al.*, 2007 in Christin (2017) audit judgment is the auditor's policy in determining opinions about the results of the audit that refer to the formation of an idea, opinion or estimate about an object, event, status, or other type of event. Audit judgment is inherent at every stage in the financial statement audit process, namely acceptance of audit engagements, audit planning, implementation of audit testing, and audit reporting (Okezie, 2016).

Julia and Sudana (2015) Auditors' judgment in this matter covers materiality, risk, cost, benefits, size and characteristics of the population. An auditor must collect and evaluate evidence that will be used to support the judgment given where

the evidence provides a rational basis for forming judgments. Therefore, if the auditor is not careful in determining his judgment, mistakes in the statement of opinion may occur. An auditor in carrying out his duties to make audit judgment is influenced by many factors, both technical and non technical. The aspect of individual behavior, as one of the factors that greatly influences the making of audit judgment, is now increasingly receiving attention from accounting practitioners or academics (Suriana, 2014). Some studies such as Atqatia's (2015) research found that audit judgment has a positive and significant influence on audit quality. The results of research conducted by Christin *et al.* (2017) concluded that the audit judgment variable is able to mediate the influence of moral reasoning on auditor quality. Paneeda *et al.* (2015) states audit judgment is able to mediate the influence of moral reasoning on auditor quality. In contrast to the results of the study Amanuddin *et al.*, (2015) stated that audit judgment does not mediate the influence of moral reasoning on auditor quality. Julia and Sudana (2015) prove that audit judgment variable does not directly mediate the influence of moral reasoning on auditor quality. Once the importance of audit quality provided by the auditor for the company, an auditor is required to avoid the occurrence of deviant behavior. Mukino (2015) states the importance of moral reasoning forms an important part of the overall reaction to the work faced by the auditor so that he is able to make decisions correctly, therefore an auditor must have moral reasoning so that the auditor can use his professional skills carefully and thoroughly to produce audit quality the good (Nurul, 2015).

II. CONCEPTUAL MODEL AND HYPOTESIS DEVELOPMENT

The Effect of Moral Reasoning on Auditor Quality

Moral reasoning or moral reasoning is an attempt to solve moral problems by using sound logic (Atqatia, 2015). Research by Mukino *et al.* (2016) found that moral reasoning had a positive and significant effect on audit quality. The results of research conducted by Fasial (2007) concluded that moral reasoning variables affect audit quality. Hasnah *et al.* (2015) prove that audit quality is positively influenced by moral reasoning. Paneeda *et al.* (2015) states moral reasoning has a positive and significant effect on audit quality. Sudarshan (2014) states moral reasoning has an influence on audit quality. Based on the description above, the hypotheses that can be formulated as follows:

H₁: Moral reasoning has a positive effect on auditor quality

The Effect of Moral Reasoning on Audit Judgment

Luthans (2006: 58) says that attitude change theory refers to how people explain the causes of other people's behavior or themselves. Christin *et al.* (2017) states that an auditor's moral reasoning can positively improve audit judgment. Research Evi *et al.* (2014) found that moral reasoning had a positive and significant effect on audit judgment. The results of research conducted by Betti (2014) concluded that moral reasoning variables affect audit judgment. Ega and Siti (2013) prove in their research that moral reasoning has a significant positive effect on audit judgment. Erna and Natalia (2013) stated that moral reasoning is positively influenced by the auditor's judgment audit attitude. Based on the description above, the hypotheses that can be formulated as follows:

H₂: moral reasoning has a positive effect on audit judgment.

The Effect of Audit Judgment on Auditor Quality

Consideration (judgment) of the accounting treatment that is referenced to clients so as to provide satisfaction to clients to maintain business (Suriana, 2014). Research Christin *et al.* (2017) found that audit judgment has a positive and significant effect on audit quality. The results of research conducted by Erna and Natalia (2013) concluded that audit judgment variables affect audit quality. Paneeda *et al.* (2015) states audit judgment has a positive and significant effect on audit quality. Julia and Sudana (2015) stated that audit judgment has an influence on audit quality. Based on the description above, the hypotheses that can be formulated as follows:

H₃: Audit judgment has a positive effect on auditor quality

Audit Judgment Mediates The Effect Of Moral Reasoning On Auditor Quality

High and low moral reasoning possessed by an internal auditor is influenced by audit judgment, because audit judgment can produce high or low moral reasoning attitudes and subsequently can affect auditor quality. The research of Paneeda *et al.* (2015) proved that audit judgment was able to mediate the positive influence of moral reasoning on audit quality. Christin *et al.* (2017) states audit judgment is able to mediate the positive influence of moral reasoning on auditor quality. Sudarshan (2014) proves that audit judgment mediates the positive influence of moral reasoning on auditor quality. Erna

and Natalia's (2013) research found that audit judgment is able to mediate the positive influence of moral reasoning on auditor quality. Based on the scientific arguments mentioned above, the hypotheses which can be formulated as a result of the research are as follows.

H₄: Audit judgment mediates the positive influence of moral reasoning on auditor quality

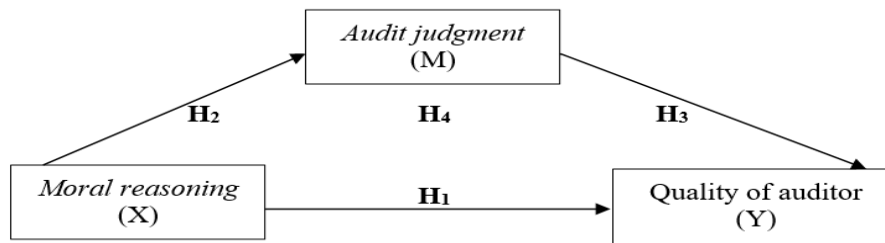


Figure 1: Conceptual Model

III. RESEARCH METHODOLOGY

Based on the problems studied, this study is classified as associative research (relationship), which is research that aims to determine the relationship of variables or more (Sugiyono, 2012:5). This research was conducted at the Inspection (Kanins) office of PT. Bank BRI Regional Office of Denpasar with an area of 29 branch offices consisting of Denpasar branch gatot subroto, Kuta, Gianyar, Ubud, Tabanan, Bangli, Negara, Waikabubak, Waingapu, Denpasar Gajah Mada, Singaraja, Klungkung, Karangasem, Mataram, Praya, Selong, Raba bima, Dompu, Sumbawa besar, Kupang, Soe, Kefamenanu, Atambua, Kalabahi, Larantuka, Maumere, Ende, Bajawa and the Ruteng branch with each branch occupying work units, cash offices and terraces in their respective Regions, 2018. Objects research in this study is the quality of the internal auditor PT Bank BRI Regional Bali with the influence of moral reasoning mediated by audit judgment. The population in this study were all auditors working at PT. Bank BRI Regional Bali totaling 107 people. This sample selection has represented the population, with a minimum sample size of a study of 107 samples. The number of respondents who will be included as samples in this study is 107 respondents using the census method (Sugiyono, 2013:17). Data collection methods used are observation and interviews. Data analysis techniques using path analysis.

IV. RESEARCH FINDING AND DISCUSSION

This study was conducted to determine the role of audit judgment in mediating the influence of moral reasoning on the quality of internal auditors at PT Bank BRI Regional Bali. Data was collected by distributing questionnaires to twenty nine offices of PT Bank BRI Regional Bali. Summary of sending and returning questionnaires. Questionnaires were distributed to respondents as many as 107 questionnaires and as many as 94 collected. There were no questionnaires who did not return and there were questionnaires that were aborted as many as 13 questionnaires, so that the overall number of questionnaires eligible to be used for analysis was 94 questionnaires.

The characteristics of the respondents in this study were profiles of 94 respondents who participated in filling out the questionnaire. The profile of the respondents contained in the questionnaire consisted of four aspects, namely: gender, education, and tenure. The description of the characteristics of respondents can be seen in Table 1:

TABLE 1: CHARACTERISTICS OF RESPONDENT

Characteristic	Classification	Respondent	(%)
Gender	Male	67	71,3
	Female	27	28,7
	Total	94	100
Education	Diploma III	-	0
	Bachelor	82	87,2
	Magister	12	12,8
	Total	94	100
Tenure	<5 years	35	37,2
	5-10 years	59	62,8
	Total	94	100

Source: Primary data processed, 2019

Table 1 shows the proportion of male and female auditors by sex. It can be seen that the number of male auditors is 67 respondents (71.3%) and female auditors are 27 respondents (28.7%). This indicates that as an internal auditor who has a pretty heavy task in carrying out the audit, more men are doing it because they seem to dare to take risks without regard to pressure from certain parties. Table 1 explains the level of education the respondent has. There are no respondents with Diploma level (0%), 82 people have S1 (87.2%) and 12 people have Master degree (12.8%). This indicates that an auditor is also determined by the level of education, which means that the better the level of education of an auditor can show the level of performance in conducting audits with better quality and broader knowledge. The table above explains the length of time the respondent worked in an audit team. It can be seen that respondents who are members of the audit team are less than or equal to five years as many as 35 people (37.2%). Respondents who joined the audit team for more than five years to 10 years were 59 people (62.8%). Based on these data, we can see that all respondents have already joined the audit team. This shows that the respondents used in this study are fit to use and show valid data, because by joining them in the audit team will certainly add or improve the internal auditor's performance standards

The results of the validity test show that all instruments of this study are valid and appropriate to be used as research instruments. Reliability test results show that all research instruments have Cronbach's Alpha coefficients of more than 0.60. So it can be stated that all variables have met the requirements of reliability or reliability so that they can be used to conduct research.

TABLE 2: THE RESULT OF PATH ANALYSIS STRUCTURE 1

Model	Standardized Coefficients		
	Beta	T	Sig.
(Constant)	0.824	2.852	0.005
<i>Moral reasoning</i>	0.782	10.113	0.000
R ²	: 0.526		
F Statistic	: 102.277		
Sig.F	: 0.000		

Source: Primary data processed, 2019

Based on the results of analysis of substructural path 1 as presented in Table 2, the structural equation can be made as follows:

$$M = 0.782 X$$

Table 2 explains the results of testing the effect of moral reasoning variables (X) on audit judgment (M) explained that moral reasoning has a significant positive effect on audit judgment with a standardized coefficient beta value of 0.782 and a sig t value of 0,000 < 0.05, because the standardized value Beta coefficients amounted to 0.782 with a value of sig t = 0,000 then H₁ is accepted. This means that moral reasoning variables have a positive and partially significant effect on internal auditor audit judgment at PT Bank BRI Regional Bali.

TABLE 3: THE RESULT OF PATH ANALYSIS STRUCTURE 2

Model	Standardized Coefficients		
	Beta	T	Sig.
(Constant)	0.544	2.027	0.046
<i>Moral reasoning</i>	0.556	5.560	0.000
<i>Audit judgment</i>	0.325	3.499	0.001
R ²	: 0.624		
F Statistik	: 75.376		
Sig.F	: 0.000		

Source: Primary data processed, 2019

Based on the results of analysis of substructure 2 pathways as presented in Table 3, the structural equation can be made as follows:

$$Y = 0.556 X + 0.325 M$$

Table 3 explains the results of testing the effect of moral reasoning variables (X) on the quality of internal auditors (Y) explained that moral reasoning has a significant positive effect on the quality of internal auditors with a standardized coefficient beta value of 0.556 and a sig t value of 0.000 <0.05, because the standardized beta coefficients are 0.556 with sig t = 0.000, then H1 is accepted. This means that moral reasoning variables have a positive and partially significant effect on the quality of internal auditors at PT Bank BRI Regional Bali.

The results of testing the effect of audit judgment variable (M) on the quality of internal auditors (Y) explained that audit judgment has a significant positive effect on the quality of internal auditors with a standardized coefficient beta value of 0.325 and a sig t value of 0.001 <0.05, because the standardized coefficients value beta of 0.325 with a value of sig t = 0.001 then H1 is accepted. This means that the audit judgment variable has a positive and partially significant effect on the internal auditor's audit judgment at PT Bank BRI Regional Bali.

A total determination value of 0.711 means that 71.1% of the variation in the quality of internal auditors is influenced by moral reasoning and audit judgment variables, while the remaining 28.9 percent is explained by other factors not included in the model.

TABLE 4: DIRECT EFFECTS, INDIRECT EFFECTS AND TOTAL EFFECTS MORAL REASONING (X) ON THE QUALITY OF INTERNAL AUDITOR (Y) AND MEDIATING AUDIT JUDGMENT (M)

Variable Effects	Direct Effects	Indirect Effects Through audit judgment (M) (β1 x β3)	Total Effects
X → Y	0,556	-	0,556
X → M	0,782	-	0,782
M → Y	0,325	-	0,325
X → M → Y	0,782	0,180	0,962

Source: Primary data processed, 2019

Based on the summary results in Table 4 the results can be explained as follows.

- 1) Moral reasoning (X) is proven to have a positive and significant effect on the quality of internal auditors (Y), which is indicated by the path coefficient value of 0.556, with a significance level or p value = 0,000, which means it is very significant. The path coefficient marked positive, can be interpreted that the amount of moral reasoning possessed by an auditor will be able to improve the quality of internal auditors, then hypothesis 1 that reads, moral reasoning has a positive and significant effect on the quality of internal auditors at PT Bank BRI Regional Bali supported.
- 2) Moral reasoning (X) is proven to have a positive and significant effect on audit judgment (M), which is indicated by a path coefficient of 0.782, with a significance level or p value = 0,000, which means it is very significant. The path coefficient is positive, it can be interpreted that the amount of moral reasoning possessed by an auditor will be able to increase the auditor's judgment judgment, then hypothesis 2 that reads, moral reasoning has a positive and significant effect on the auditor judgment audit at PT Bank BRI Regional Bali supported.
- 3) Audit judgment (M) is proven to have a positive and significant effect on the quality of internal auditors (Y), which is indicated by the path coefficient value of 0.325, with a significance level or p value = 0.001, which means it is very significant. The path coefficient is positive, it can be interpreted that the audit judgment attitude possessed by an auditor will improve the quality of the internal auditor, then hypothesis 3 that reads, audit judgment has a positive and significant effect on the quality of the internal auditor at PT Bank BRI Regional Bali supported.
- 4) Audit judgment (M) mediates the influence of moral reasoning (X) on the quality of internal auditors (Y), which is indicated by the path coefficient value of 0.962 with a significance level or p value = 0,000, which means it is very significant. The path coefficient is positive, it can be interpreted that audit judgment will be able to improve moral reasoning on an internal auditor so that it can improve the quality of internal auditors, so hypothesis 4 that reads, audit judgment mediates the effect of moral reasoning on the the quality of internal auditor at PT Bank BRI Regional Bali supported.

The Result of Sobel Test

Sobel test results from this study are the calculation results obtained comparisons of z count value of 6.802 > z table of 0.96, this means that audit judgment mediates the influence of moral reasoning on the quality of internal auditors at PT Bank BRI Regional Bali.

The Effect of Moral Reasoning on the Quality of Internal Auditors

The partial test results show that the regression coefficient of moral reasoning variables is 0.556 and moral reasoning has a positive effect on audit quality with a significance level obtained that is equal to 0,000 smaller than $\alpha = 0.05$. These results accept H_1 , namely moral reasoning has a significant positive effect on the quality of internal auditors at PT Bank BRI Regional Bali, which means that with a moral reasoning attitude an action that is based on a right decision or not an action taken by an auditor can have a positive influence or impact on the quality of internal auditors. The higher moral reasoning, the higher the quality of internal auditors produced by the auditor.

Based on the theory of attitude explaining moral reasoning is an important influence in achieving ethical awareness for an internal auditor to carry out his responsibilities. Moral reasoning in each individual influences them in building and increasing the effectiveness of the implementation of a code of ethics which includes the value of accountability. Accountability as one of the dimensions of audit quality can be influenced by moral reasoning owned by internal auditors in improving audit quality. The results of this study support from several studies such as Mukino *et al.* (2016) found that moral reasoning had a positive and significant effect on audit quality. The results of research conducted by Fasial (2007) concluded that moral reasoning variables affect audit quality. Hasnah *et al.* (2015) prove that audit quality is positively influenced by moral reasoning. Paneeda *et al.* (2015) states moral reasoning has a positive and significant effect on audit quality. Sudarshan (2014) states moral reasoning has an influence on audit quality.

The Effect of Moral Reasoning on Audit Judgment

The partial test results show that the regression coefficient of moral reasoning variables is 0.782 and moral reasoning has a positive effect on the auditor's internal audit judgment with a significance level obtained that is equal to 0,000 less than $\alpha = 0.05$. This result accepts H_2 namely moral reasoning has a significant positive effect on internal auditor audit judgment at PT Bank BRI Regional Bali, which means that moral reasoning possessed by an internal auditor can have a positive impact on internal auditor audit judgment at PT Bank BRI Regional Bali. The better the moral reasoning attitude possessed by an internal auditor, the better the audit judgment produced by the internal auditor.

Based on the theory of attitude change, an auditor who has a moral reasoning attitude will have a good understanding of audit judgment. Through moral reasoning an auditor can set the requirements of the auditor's expertise in carrying out his profession. Moral reasoning owned by an internal auditor will provide a sense of trust for users of financial statements with the results of the audit can be accounted for. The results of this study support from several studies such as Christin *et al.* (2017) states that an auditor's moral reasoning can positively improve audit judgment. Research Evi *et al.* (2014) found that moral reasoning had a positive and significant effect on audit judgment. The results of research conducted by Betti (2014) concluded that moral reasoning variables affect audit judgment. Ega and Siti (2013) prove in their research that moral reasoning has a significant positive effect on audit judgment. Erna and Natalia (2013) stated that moral reasoning is positively influenced by the auditor's judgment audit attitude.

The Effect of Audit Judgment on the Quality of Internal Auditors

Partial test results show that the audit judgment variable regression coefficient of 0.325 and audit judgment have a positive effect on the quality of internal auditors with a significance level obtained that is equal to 0.001 smaller than $\alpha = 0.05$. This result accepts H_3 namely audit judgment has a significant positive effect on the quality of internal auditors at PT Bank BRI Regional Bali, which means that with an understanding of audit judgment an action that is based on a correct decision or not an action taken by an auditor can have a positive influence or impact on audit quality. The better understanding of audit judgment, the higher the quality of internal auditors produced.

Based on the dissonance theory explains audit judgment is an important influence in achieving ethical awareness for an internal auditor to carry out his responsibilities. Audit judgment on each individual influences them in building and increasing the effectiveness of the implementation of a code of ethics which includes the value of accountability. Accountability as one of the dimensions of internal auditor quality in improving auditor quality. The results of this study support from several studies such as Christin *et al.* (2017) found that audit judgment has a positive and significant effect on audit quality. The results of research conducted by Erna and Natalia (2013) concluded that audit judgment variables affect audit quality. Paneeda *et al.* (2015) states audit judgment has a positive and significant effect on audit quality. Julia and Sudana (2015) stated that audit judgment has an influence on audit quality.

Audit Judgment Mediates The Effect Of Moral Reasoning On The Quality Of Internal Auditors

The test results using path analysis show that the regression coefficient of interaction variables between audit judgment variables in mediating the influence of moral reasoning on the quality of internal auditors is 0.962 with a significance value of 0.000 less than $\alpha = 0.05$. Audit judgment strengthens the effect of moral reasoning on the auditor's internal quality because the direction of the regression coefficient is positive and significant. This result accepts H4, that is, audit judgment strengthens the influence of moral reasoning on the quality of internal auditors at PT Bank BRI Regional Bali, which means that the understanding of audit judgment possessed by an internal auditor will have an impact on the moral reasoning owned by the auditor in carrying out the audit, the quality of the internal auditor produced will get better. The better audit judgment owned by the auditor will improve moral reasoning so as to improve the quality of internal auditors produced by the auditor.

Attribution theory explains an auditor's audit judgment in providing ethical perceptions of ethical violation cases will base the accountant's behavior on independent principles. High and low audit judgment that is owned by an internal auditor is influenced by one of moral reasoning, because moral reasoning can produce a high level of independence and subsequently can affect the quality of a good internal auditor. The results of this study support from several studies such as Paneeda *et al.* (2015) proved that audit judgment was able to mediate the positive influence of moral reasoning on audit quality. Christin *et al.* (2017) states audit judgment is able to mediate the positive influence of moral reasoning on auditor quality. Sudarshan (2014) proves that audit judgment mediates the positive influence of moral reasoning on auditor quality. Erna and Natalia's (2013) research found that audit judgment is able to mediate the positive influence of moral reasoning on auditor quality.

Research Limitations

- 1) The location of this research is only at PT Bank BRI Regional Bali and only examines the quality of internal auditors, while there are still several other locations besides Bali, such as Jakarta, Surabaya which is wider than the Bali region.
- 2) Research only uses path analysis techniques (path analysis), while it can be developed again with other analysis techniques, such as: confirmatory, MRA analysis and SEM analysis.
- 3) Research involves a limited subject, namely 94 respondents, so the results cannot be generalized to a large group of subjects.

V. CONCLUSIONS AND SUGGESTIONS

Based on the results of the analysis and discussion in the previous chapter, it can be concluded as follows:

- 1) Moral reasoning has a significant positive effect on the quality of internal auditors at PT Bank BRI Regional Bali.
- 2) Moral reasoning has a significant positive effect on the auditor's internal audit judgment at PT Bank BRI Regional Bali.
- 3) Audit judgment has a significant positive effect on the quality of internal auditors at PT Bank BRI Regional Bali.
- 4) Audit judgment mediates the influence of moral reasoning on the quality of internal auditors at PT Bank BRI Regional Bali.

Suggestions that can be given based on the results of the study are as follows:

1) Suggestions for PT Bank BRI Regional Bali

Moral reasoning that is of concern to date is the ethical attitude held by an auditor who is deemed to carry out work that is not in accordance with the values in accordance with BRI's work culture, therefore the PT Bank BRI Inspection Office must provide understanding and training of work culture for auditors so that able to work according to ethics and corporate values to reduce the occurrence of auditor dysfunctional behavior.

Audit judgment is the auditor's perspective in responding to information related to audit responsibilities and risks that will be faced by the auditor, as the party responsible for the PT Bank BRI Inspection office is more concerned with understanding the audit judgment possessed by an internal auditor, always prioritizing caution, accuracy as a basis for determining attitude so as to produce a good audit quality by giving satisfaction to the company to maintain its business.

2) Suggestions for further researchers

The next researcher is expected to be able to take a more diverse research location, such as Accountant Public Office, government and others. And can develop analytical techniques such as confirmatory, MRA analysis and SEM analysis.

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