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AUDIT QUALITY AND FINANCIAL PERFORMANCE OF QUOTED OIL AND GAS MARKETING COMPANIES IN NIGERIA.

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Abstract

This paper examines the impact of audit quality on financial performance of quoted Oil and Gas marketing companies in Nigeria. The population comprises of 11 oil and gas companies quoted on the Nigeria Exchange Group Plc. The paper adopted the longitudinal and ex-post facto research designs. Data were gathered from the published annual reports and accounts of the sampled oil and gas companies. The Multiple regression analysis model using the STATA Version 14.0 was employed in analyzing the data and testing of the stated hypotheses. The results revealed that audit firm type and auditors' tenure has no significant relationship with the financial performance of the quoted oil and gas marketing companies in Nigeria which is evidenced from a p-value 0.995 and 0.730 respectively. The study therefore recommends that quoted oil and gas marketing companies should ensure that they comply with the regulations as to the tenure of auditors as contained in CAMA 2020.

Keyword: *Audit quality, Audit firm type, Auditor's tenure, Return on Assets Financial Performance.*

I. Introduction

The detrimental impacts of the global financial crisis and worldwide accounting scandals have underlined the crucial relevance and on-going need to maintain trustworthy, high-quality financial reporting. The importance of independent audit in ensuring the accuracy of financial reporting of publicly traded firms in Nigeria, particularly oil and gas companies, which are heavily regulated due to their economic impact, cannot be overemphasized. Companies' financial reports are an important part of the regulatory and supervisory architecture, and as such, they are a public-interest activity. One of the most crucial challenges in audit practice nowadays is the quality of the audit performed on a firm. Several persons and groups, both internal and external, have an interest in the quality of audited financial information, and these individuals and groups are referred to as company stakeholders. The audit of financial statements is a mechanism set up to continuously monitor the information contained therein, reducing information asymmetry and protecting the interests of various stakeholders by providing reasonable assurance that the management's financial statements are free of any material misstatements. Auditors' societal duty should be

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to make a major contribution to financial performance by lowering the risk of serious misstatements and ensuring that financial statements are prepared in accordance with established norms and regulations.

Financial reports and accounts audited by a recognized independent auditor give market participants, most of whom are stakeholders, confidence that the financial reports are more credible and reliable than those certified by untrustworthy auditors. The audit market considers independent auditors and their size to be of higher quality than compensation provided to auditors by companies, which are reflected in higher or lower share price increases or reductions.

The credibility and integrity of financial statements are essential for well-functioning markets and improved financial performance. An independent quality audit underpins confidence in the credibility and integrity of financial statements, which is essential for well-functioning markets and improved financial performance. External audits conducted in line with high-quality auditing standards can aid reporting companies in implementing accounting standards and ensuring that their financial statements are trustworthy, transparent, and relevant. Sound audits can contribute to financial success by reinforcing solid company governance, risk management, and internal control.

Corruption in the extractive sector is a persistent source of concern for the industry. Because of the sector's profitability, particularly in oil and gas exploration and production, it is plagued by various forms of corruption ranging from money laundering to bribery to financial terrorism. As a result, one major challenge for those working in this sector is determining how to reduce the risk of becoming entangled in the quagmire of corrupt activities, whether within their own corporation or through third-party interactions.

The Oil and Gas industry like every other industry is not immune to corruption and has been fraught with this problem since oil was first discovered in the Southern region of Nigeria. Efforts from the Nigerian government to investigate and curtail this ill can be traced to the 1950s during the Olusegun Obasanjo military regime. A panel of enquiry was set up to investigate a Two Billion, Eight Hundred Thousand Naira fraud which could not be accounted for by the NNPC. In 1979, The Shehu Shagari Administration set up another panel probing the missing funds in the NNPC but the outcome of the investigation proved unsatisfactory as the public opinion was that the mere finding and indictment of persons

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found guilty were insufficient as they were never persecuted and convicted by a court of law (This Day Newspaper, 2020)

Furthermore, during the oil boom, large sums to the tune of $12.2bn (which are yet to be recovered) was allegedly syphoned as revealed by the Panel on the Reorganization and Reform of Central Bank of Nigeria set up by the late Sanni Abacha on 1994 and chaired by Dr. Pius Okigbo. In addition, Chevron Nigeria Limited was indicted for tax evasion in 1998 and 1999. The allegation was that the Company, in collusion with tax officials at the time, successfully avoided payment of tax to the federal government to the tune of approximately US$2.7 billion[1]. These fraudulent occurrences are majorly because of the country's anti-corruption regulation being weak or non-existent at the time (This Day Newspaper, 2020)

Corruption within the Oil and Gas industry in the recent years has deteriorated owing partly to the fall in crude oil prices and the high-cost companies incur in refining these products. Naturally, seeking ways to increase profit is something that all firms contemplate, but in the oil and gas industry, the preferred path appears to be one that should not be taken: bribery and corruption. In 2011, two giants in the Petroleum Industry; the Royal Dutch Shell petroleum company and Eni came up on the radar for having conned their way out of paying the Federal Government revenues due from the grant of an Oil Prospecting License valued at $1.1bn. This they were able to do by awarding oil block OPL 245 to Malabu Oil and Gas Limited. A firm that was said to be held by Dan Etete, who was at the time, the petroleum minister. He had utmost discretionary power to award contracts and grant licenses for owning Oil blocks. This was in total violation of principles of the Code of Corporate Governance and likewise, against the extant Code of Conduct Bureau and Tribunal Act 1991 (This Day Newspaper, 2019) .

WWF and Denham Capital, 2017 scandal of WWF invested more than $2m with oil and gas private equity firm Denham Capital, **the Car Wash corruption row Scandal in 2019, involving** with $2.1bn siphoned from Petrobras in bribes and secret payments, the largest foreign bribery case in history, **Shell-Eni Nigerian corruption scandal of $1.092bn in 2019, the Ogoni Nine scandal of 2019**, **the BP oil spill (**Deep water Horizon oil spill) **which is considered as** the biggest oil scandal in recent memory (The Essential Magazine for the offshore industry, 2019).

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The financial statements of these oil and gas companies have been audited by several auditors, which are expected to report on the true and fairness of the information contained therein. Regulators and standard-setters can assist quoted oil and gas companies become more effective by enacting rules and regulations that ensure that audits improve the quality of financial data. Internal financial statement users such as management, audit committees and board of directors have an interest in quality audits. Researchers in the Western world have recently focused on the impact of audit quality on financial performance. While these studies provide evidence from vibrant capital markets, very little research on the relationship between audit quality and the financial performance of organizations has been conducted in countries where capital markets are less developed. Thus, it is evident that there is a need for research on audit quality and the financial performance of organizations in Nigeria.

To this end in order to measure the impact of audit quality on the financial performance of quoted oil and gas companies in Nigeria, audit quality is measured using a proxy of audit firm type and audit tenure and return on asset (ROA) is used as the proxy for the measurement of financial performance.

Based on the research problem, the following specific objectives are set out below:

i. To determine the impact of audit firm type on the financial performance of quoted oil and gas companies in Nigeria.

ii. To determine the impact of auditor's tenure on the financial performance of quoted oil and gas companies in Nigeria.

II. Literature Review

This section reviewed some related and relevant literature to audit quality and financial performance.

2.1 Concept of Audit Quality

An audit is a systematic study of an organization's financial records and accounts by an independent individual known as an Auditor in order to provide an opinion on the accuracy and fairness of the information supplied in the financial statement for a specific accounting period. An external auditor is appointed, according to the Code (2018), to provide an independent opinion on the true and fair perspective of the company's financial statements in

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order to provide confidence to stakeholders on the financial statements' dependability. The failure of auditors to discover serious misstatements in financial statements, which raises issues about trustworthiness (Iliemena & Okoye, 2019), is one of the primary threats facing investors, necessitating a focus on audit quality. The entire quality of the audit exercise is represented by audit quality. The concept of audit quality has many definitions, but this study looks at it from the perspective of the stakeholders. As a result, audit quality is defined as the market-estimated joint likelihood that a specific auditor would both detect and disclose a violation in the client's accounting system. From a conceptual standpoint, there are numerous criteria and elements that influence audit quality. Audit fees, audit firm rotation, audit committee oversight, audit firm size, and the Auditor's personal attributes, such as competence, independence, qualification, and experience, are all revealed. These criteria appear to be linked, as the larger the audit company, the higher the audit fees, competence, audit plan, independence, qualification, and experience, all of which contribute to the quality of the audit and the likelihood of a truthful and fair assessment of the financial statements being audited.

2.2 Concept of Financial Performance

The financial performance of publicly traded corporations on the capital market is important; it is also seen as a platform for attracting capital and lowering a company's cost of capital. A corporation with a very high-pitched financial performance will, in reality, gain a favorable reputation among investors. At the same time, the capital market, managers, and investors rely on audited financial reports to make decisions about a company's business efficiency (Thu et al., 2020). As a result, better financial reporting will have a favorable impact on the company's financial performance. The term "financial performance" is described as "multifaceted" (Santos & Brito, 2012). Many scholars have used a variety of ways to quantify financial performance. The financial performance of the organization will be examined in this study based on its profitability. Profitability is always calculated as the ratio of pre-tax income to shareholder equity (Chen & Chen, 2011). Profitability is quantified in a variety of ways, including Return on Assets (ROA), Price Earnings Ratio (PER), and Return on Equity (ROE). The key metric of financial performance used in this study was return on assets (ROA).

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2.3 Audit quality and financial performance

Audit quality has been shown in several studies to increase a company's financial performance. According to Afza & Nasir (2014), independent audit quality increased a company's operational performance in the eyes of investors. They discovered that some companies that are audited by large audit firms will release financial statements that are reliable, appropriate, and legitimate, with the goal of reinforcing investor trust in those companies. However, Bouaziz (2012), excellent audit quality can lower agent costs when an auditor provides a reliable and sufficient index for financial statements, lowering monitor costs and enabling improved efficiency in a company's commercial activities. Hanim Fadzil et al. (2005) and Farouk & Hassan (2014), on the other hand, found a link between audit quality and firm performance. As a result, audit quality is projected to have a favorable impact on financial performance.

2.4 Empirical Evidence on Audit Quality and Financial Performance

This section discusses the various empirical evidences that have been undertaken in relation to audit quality and financial performance and these are presented below:

Babatunde, Adedeji and Adegbite (2021) examined the impact of audit quality on the performance of Deposit Money Banks (DMBs) in Nigeria. The results revealed that both audit fee and auditor size show a positive and significant relationship with accounting measure of bank's performance (ROA). Conversely, the audit fees and size have positive but not significant effect on market measure of performance, Tobin's Q.

Eneisik and micah (2021) ascertained the relationship between audit quality indicators and market price per share of listed deposit money banks in Nigeria. Findings shows that audit fees have negative and insignificant impact on Tobin's Q. Empirical evidence indicates that audit tenure had negative and significant impact on Tobin's Q. Empirical evidence suggests that audit firm size had positive and significant impact on Tobin's Q.

Amahalu and Obi (2020) ascertained the effect of audit quality on the financial performance of quoted conglomerates in Nigeria from 2010-2019. The results showed that audit committee size, audit committee independence, and audit committee financial expertise have a significant positive effect on return on assets at 5% level of significance respectively.

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Abdullahi**,** Norfadzilah, Umar and Lateef (2020) examined the impact of audit quality on the financial performance of listed companies Nigeria. Based on a panel data technique, 84 companies listed on the NSE were used, using 756 samples during a nine-year period from 2010 to 2018. To test the model, the study used multiple regression. The findings demonstrate that audit fee has a favorable but minor connection with ROA. This suggests that lowering the fee paid to auditors for audit services will improve the financial performance of Nigerian publicly traded companies. Auditor size has a large positive association with ROA, which supports the agency argument. This positive figure shows that as the number of enterprises audited by Big4 grows, so does financial performance (ROA). Auditor independence is likewise linked to the ROA in a positive and statistically meaningful way. Finally, auditor independence is demonstrated to have a greater impact on financial performance than auditor size.

Ugwunta, Ugwuanyi and Ngwa (2018) assessed the effect of audit quality on share prices in Nigerian oil and gas sector using regression and covariance analyses. The audit committee membership and auditor type have a considerable impact on quoted company market prices, according to the findings. According to the covariance study, whereas auditor type, auditor independence, and audit committee composition all have a significant association with share price, audit tenure has a negative link with share price. This study is timely, however it only looked at one component of performance, necessitating the need for a study that looks at the impact of audit quality on overall performance.

Egbunike & Abiahu, (2017) investigated the impact of audit firm report and financial performance of Money Deposit Banks in Nigeria with the aim of determining the effect of audit firm characteristics on financial performance of money deposit banks in Nigeria. The study used an ex post facto and correlational research design, with a sample population that included all money deposit banks in existence at the conclusion of the 2015 financial year, spanning a five-year period from 2010 to 2014. The study discovered that audit quality had a substantial impact on Nigerian banks' return on assets; however, audit fee and audit report lag had no significant impact on Nigerian banks' return on assets, earnings per share, or net profit margin. This study is also relevant, however the outcome would have been different or better and more accurate if it had combined market and financial performance measures.

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Al-Attar (2017) explored the impact of auditing on stock prices of Amman stock market. Impact of audit is indicated in terms of audit quality and its effect on financial performance measured by stock prices. Primary data on audit and its impact on stock prices was gathered from finance managers of listed companies on the Amman stock exchange. The results were determined using descriptive analysis, factor analysis, and structural equation models. It was discovered that audit has a direct impact on the stock prices of enterprises in the Amman stock market, and that increased audit quality leads to improved financial performance of the firms as reflected in their stock prices. In Al-Attar's study, questionnaires were employed, however the answers of questionnaires are often not trusted because they are frequently exploited by researchers.

Hua, Hla, and Isa (2016) examined the impact of audit quality and financial reporting standard practices of firms on their financial success in Malaysia. The study Sampled firms listed on Malaysian stock market from the construction sector for the period of 2010 to 2013. Data for the study was collected from published annual reports. Firm's engagement with established audit firm is used as a proxy for audit quality, and return on assets is used as a measure of firm performance. Ordinary Least Square Regression Model was developed to test the relationship between variables of interest in the study. Results of the study reveal that, compliance with financial reporting standard's relevant disclosure requirements and audit quality assurance of the firms are positively and significantly related with financial performance. The study examines audit quality in terms of firm size and financial performance in terms of return on asset and return on equity which is in line with other studies.

Eshitemi & Omwenga (2016) examined the relationship between auditor's independence, size of the audit firm, attributes of the audit team and experience of the auditor and Financial Performance of Listed Parastatals in NSE. A semi-structured questionnaire was used to obtain primary data. In this investigation, multiple linear regression analyses were employed. The findings show a link between audit quality proxies (audit firm size, independence, audit team qualification, and auditor experience) and financial performance indicators such as Return on Assets (ROA) and Return on Equity (ROE) (ROE). Despite the authors' claim that they used both primary and secondary data, no indication of secondary data utilization can be found in the study; instead, only the responses of respondents were

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analyzed and conclusions reached. Also, the use of a non-parametric tool like ANOVA instead of regression would have given a better result since the data used was primary.

2.5 Theoretical Framework

This section presents the theoretical framework that underpins the study under review.

2.5.1. The Policeman Theory

An auditor, according to the theory, serves as a security officer, ensuring accuracy, preventability, and fraud detection. The theory will aid an auditor in detecting and preventing deception and fraud in organizations. To strengthen fraud prevention, detection, and any abnormal case in an organization, the management board should establish and maintain a strong internal control system. Unless a specific agreement is made and signed by the auditor and the management board of the audited company, an auditor is not responsible for detecting fraud. However, if the audit process is in place, the auditor will be able to detect fraud committed by the audited company. An auditor's primary role is to verify the accuracy of financial accounts and provide reasonable assurance. However, fraud detection is a hot topic in discussions regarding auditor obligations, and such discussions are frequently held after fraud events in financial statements are discovered and pressure is put on auditors to expand their fraud detection responsibilities (Hayes et al, 2005).

This study is therefore hinged on the police man theory based on the fact that the impact of an audit is best measured by the quality and value an auditor is expected to add to the client and what can affect the quality of audit services rendered be it auditor's tenure or audit firm type must be given attention to.

III. Methodology

The paper adopted the longitudinal and Ex-post factor designs based on the fact that different oil and gas companies were considered over a period of 5years and it is also appropriate because the data is historical in nature. The data utilized for this study were retrieved from the annual reports and accounts of quoted oil and gas companies in Nigeria and data is secondary in nature which covered a period of five (5) ranging from 2016 to 2020. The population of the study are all the quoted oil and gas companies quoted on the Nigeria Exchange Group Limited (NGX LTD) as at the year 2020 which stood at 11 companies (NGX LTD website). The study covered the whole population, thereby using the census

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sampling technique. The Multiple Regression technique was adopted as the tool of analysis as it was found appropriate for the data analysis by specifically applying the statistical software STATA version 14.0.

3.1 Model Specification

In order to examine the impact or relationship between audit quality and financial performance of quoted oil and gas companies in Nigeria, A multiple regression equation was adapted to investigate the relationships between the dependent variable and the two independent variables in this study. The equation is given thus:

FP = β0 + β1 (AUFTYit) + β2 (AUDTENit) + β3 (FIRMSIZEit) +Єit

Where FP = Financial Performance (Dependent Variable)

AUFTY = Audit Firm Type (Independent Variable)

AUDTEN = Auditor’s Tenure (Independent Variable)

FIRMSIZE=Firm Size (Controlled variable)

Є = Error Term

3.2 Measurement of Variables

The dependent variable is Financial Performance (FP) and is measured using Return on Assets, and FP is calculated as net income divided by total assets based on the fact that oil and gas companies invest a lot on assets which are usually fixed or non-current in nature.

The Audit Firm Type ; AUFTY which is considered as an Independent variable and is measured or peroxide as the oil and gas companies being audited by the Big 4 audit firm and the non-Big 4 audit firm. Where an oil and gas company is being audited by the Big 4 audit firm, it is coded 1 and where the company is being audited by the non-Big 4audit firm, it is coded as 0. The Big 4 audit firms in Nigeria are; Delloite, Price Water House Coopers, Ernst and Young, and KPMG.

Auditor’s Tenure is also an Independent Variable and the auditors’ tenure; AUDTEN is measured using the number of years the oil and gas companies are being audited by the same audit firm. Where a company is being audited by the same audit firm for 5 years, it is coded as 1and where the companies are not being audited by the same auditor, it is coded as 0.

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Firm size was introduced as a controlled variable because of the difference in the size of the sampled firm and is been measured with the log of total assets of the sampled companies.

IV. Results and Discussions

This section presents the results of the findings after subjecting the data to statistical tests. The presentation, analysis and interpretation of data collected from the annual reports and accounts of the sampled oil and gas companies. The data collected were coded and presented in tables. Multiple regression analysis using the software called STATA version 14.0.

Table 4.1 Descriptive Statistics of the Dependent and Independent Variables

Variables	Mean	Std Deviation	Variance	Skewness	Kurtosis
ROA	0.4258	0.2418	0.5848	4.1632	29.2685
AUFTY	0.7000	0.4629	0.2143	-0.8729	1.7619
AUTEN	0.9800	0.1414	0.0200	-6.8571	48.0204
FIRMSIZE	10.933	0.6139	0.3769	0.6759	2.6372

Source: Author's Computation 2021 (STATA 14.0 Version)

Table 4.1 reveals the descriptive statistics of the dependent and the independent variables of the sampled 10 oil and gas companies quoted on the floor of Nigeria Exchange Group Limited (NGX LTD). From the results therein, the results of the Performance of the oil and gas companies represented with ROA reveals a mean of 42.58% for the profitability of the sampled oil and gas companies, which indicate that the average of all the sampled oil and gas companies is centered on 0.4258. Furthermore, the mean of the audit firm type (AUFTY) is 0.700 and a standard deviation of 0.4629. While the mean of audit tenure (AUDTEN) and firm size (FIRMSIZE) revealed a value of 0.9800 and 10.933 respectively with a standard deviation of 0.1414 and 0.61391 respectively.

From the results of the descriptive statistics, the Kurtosis was employed to test the normality of the data. If the Kurtosis is greater than 0.30 (Koop, 2009), data is accepted to be normally distributed. From the results therefore, with is represented by the lowest and the

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highest value 1.7619 and 48.0204 respectively in respect of Kurtosis values displayed on the descriptive statistics as shown on Table 4.1. It is therefore obvious that the data is normally distributed.

From the Skewness results therein, it shows that audit firm type (AUFTY) is moderately skewed indicating that it is skewed to the left with a value of -0.8729 alongside with audit tenure (AUDTEN) which has a value -6.8571 . While the remaining independent variable i.e firm size which was used as a controlled variable shows a value of 0.6759, which indicates that it is skewed to the right and is moderately skewed.

4.2 Correlation Matrix of Dependent and Independent Variables

Table 4.2 presents the correlation matrix which reveals the relationship between the dependent and the independent variables of the study and this is shown below**:**

Table 4.2 Correlation Matrix of Dependent and Independent Variables

Variables	ROA	AUFTY	AUTEN	FIRMSIZE
ROA	1.0000			
AUFTY	-0.0109	1.0000		
AUTEN	-0.0535	-0.0935	1.0000	
FIRMSIZE	-0.0602	0.2833	0.0336	1.0000

Source: STATA Output Version 14.0

From the Table 4.2 which depicted the correlation matrix, it can be seen that there exist a negative relationship between the dependent variable ROA and the all the independent variables: AUFTY, AUTEN and FIRMSIZE with a coefficient value of -0.0109,-00535 and -0.0602. The results of the correlation matrix shows that the variables are not in any way correlated as it is obvious from the result which is less than the accepted benchmark of 0.8. From literature, it is expected that a correlation values between each pair of variable should be less than 0.80, therefore any value greater than 0.80, it means then the pairs of independent variables are highly correlated (Hinkle et al., 2003). The result of the correlation matrix

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shows therefore that the independent variables are not highly correlated because the values ranges between 0.1 and 0.2.

4.3 Multicollinearity Test of Independent Variables

Table 4.3 shows the results of multicollinearity test of the independent variables of the study.

Table 4.3 Multicollinearity Test of Independent Variables

Variables	VIF	1/VIF
AUFTY	1.10	0.909113
AUTEN	1.09	0.916098
FIRMSIZE	1.01	0.987326
MEAN VIF	1.07	

Source: STATA Output Version 14.0

From Table 4.3 which presented the results of the multicollinearity test conducted which revealed that from the distribution of the values in the table, the correlation coefficient of the independent variables are indeed in line with the variance inflation factors (VIF). It is therefore acceptable that if the VIF is less than 10, it means that data is normally distributed (Gujarati, 2003).

4.4 Regression results of the Dependent and Independent Variables

Table 4.4 presents the regression results of the dependent and the independent variables of the study which reveals the coefficients and the p-values of the variables.

Table 4.4 Regression results of the Dependent and Independent Variables

Variable	Coefficient	P-value
CONSTANT	0.3814	0.578
AUFTY	0.0005	0.995
AUTEN	-0.8788	0.730
FIRMSIZE	-1.3825	0.704
R-Square	0.0063	
Adj. R- Square	0.0585	
Wild Chi 2	0.2486	
P>chi 2	0.9614	

Source: STATA Output Version 14.0

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4.5 Discussion of findings

After a thorough investigation of the relationship between audit quality and financial performance of quoted oil and gas marketing companies in Nigeria using the multiple regression model as a basis of data analysis, the results of the regression presented on table 4.4 reveal the true picture as to the relationship between the independent variables (audit firm type and audit tenure) and the dependent variable (ROA) of 11 oil and gas marketing companies quoted on the floor of Nigeria Exchange Group. Two hypotheses were formulated in order to ascertain what relationship exist between audit quality and financial performance

From the findings therein, it indicates that the two independent variables used as proxies for audit quality (audit firm type and audit tenure) does not determine the financial performance of these oil and gas companies in Nigeria. It means that the type of audit firms these oil and gas companies engaged to audit their financial statements does not culminate into increased financial performance. Whether these oil and gas companies used any of the Big 4 audit firm or not, it does not translate into better performance. The p-value therefore justified the basis for the acceptance of the null hypothesis which assumed that there is no relationship between audit firm type and financial performance of quoted oil and gas marketing companies in Nigeria.

The negative relationship between auditor's tenure and financial performance of quoted oil and gas marketing companies in Nigeria, indicates that as the tenure of auditors increases, the performance of these oil and gas marketing companies' decreases and therefore are not in any way affected. The performance of these companies is not tied to the number of years these audit firms are involved in performing audit services to these companies. From the findings therein, it was discovered that most of these oil and gas companies maintained the same auditors for a period of 5 years. Since there is no significant relationship between audit tenure and financial performance (ROA), it justifies the basis of the accepting of the alternative hypothesis which has the support of the findings of Ahmed, Farida and Mubarakatu (2020).

V. Conclusion

The paper investigated the impact of audit quality on the financial performance of quoted oil and gas marketing companies and from the findings therein, it revealed on the overall that there is no relationship between the qualities of audit performed which was

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proxied with the audit firm type and the tenure of auditors and financial performance of the sampled oil and gas marketing companies. The reason for these outcome is based on the fact that the type of auditors that audit the financial statements of these oil and gas marketing companies either the big 4 or non-big four audit firm only express their opinion on the end results of the company's operations and are not expected to contribute any effort as to the undertaken of transactions or decisions that is directly related to the financial performance of these oil and gas companies. Also, arriving at the relationship between audit tenure and financial performance not been significant could be related to the fact that the number of years these auditors are charged with the responsibility of auditing the financial statements of these oil and gas companies is not expected to have any relationship with their financial performance, because the auditors are not expected to contribute any suggestions or decision as to how the operations of these companies should be undertaken, since their responsibility is only to form an opinion on the correctness, accuracy and fairness of the end results of performance (financial statements).

VI. Recommendations

The paper therefore recommends that oil and gas marketing companies in Nigeria should adopt the policy as mandated by the Companies and Allied Matters Act, 2020, which requires that auditors should have a single term period of one year, followed by a renewable two years. The oil and gas marketing companies should also from time to time have a blend of their audit firm type in order to tap into the vast experience of other audit firm type which can improve their financial performance on the overall through credible financial reporting, prevention, detection of irregularities and the maintenance of sound internal control system.

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