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Internal Control and Risk Management in Oil and Gas Companies in Nigeria

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Abstract:- Over the years, Nigerian oil and gas companies have faced significant mismanagement risks and problems. These failures include management issues for oil and gas companies, capital requirements issues, idiosyncratic financing issues, and bankruptcy for oil and gas companies. This study explores the impact of internal controls on risk management in Nigerian oil and gas companies. Research approach was adopted in this study. Topics of this study include 100 internal control officers, executives in oil and gas finance companies, compliance officers, senior and middle managers, and internal audits of selected oil and gas companies in Lagos State, Nigeria.Analyze data using descriptive and inferential statistics. This study shows that internal control has no significant effect on the credit risk management of Nigerian oil and gas companies ($p>0.05$). This study shows that internal control has a significant impact ($p>0.05$) on the commercial risk management of Nigerian oil and gas companies.This study shows that internal control has a significant impact ($p < 0.05$) on the financial risk management of Nigerian oil and gas companies. The study concluded that internal control affects risk management in Nigerian oil and gas companies. A regular review of the internal management of oil and gas companies is recommended to ensure compliance with guidelines set out in international best practice to minimize fraud, fraud and error.

Keywords:- *Risk Management, Internal Control, Credit Risk Management, Market Risk Management, Financial Risk Management.*

I. INTRODUCTION

Recently, risk management has become an important phenomenon for businesses and the way they interact with them to avoid impacting the safety of the facility business. Traditionally, risk management has focused on internal and external risks affecting all international organizations, whether established or established. Both developed and developing countries face financial risks that can lead to loss of investment or business risks (Olivier, 2018). This is more common because companies in developing countries such as the United States and the United Kingdom are concerned about financial losses from risks affecting the economy and growth (Zubarev, Glukhova and Makovetsky, 2016).

Australian organizations are exposed to financial risks due to a variety of macroeconomic factors, changes in market interest rates and the prospect of business or economic growth.

There are also other financial risks when they decide to earn their income and solvency in the organization, which they think they can fix in the months after the event and be greatly affected. (Munir, 2018). The rules even allow national organizations to allocate their resources using the same risk management that drives the company's revenue (Mulyono, Asmawi & Nuriah, 2018).

In South Africa, oil and gas companies faced similar challenges in developing an effective approach to risk management. Oil and gas companies are exposed to uncertainty that occurs in many organizations (Akwaa-Sekyi& Moreno, 2017). Therefore, most of these companies are top level in credit management, business, financial and financial risk.

However, in order to balance the situation in most organizations with various risks, it is important to understand all the risks involved and to use effective methods for internal control and management to prevent or mitigate the impact of these hazardous situations. they become (Zubarev, Glukhova & Makovetsky, 2016). Therefore, optimizing the benefits that an enterprise-wide risk management approach brings to organizations is critical. Risk management is a valuable management tool that contributes positively to the success of the company by reducing and optimizing negative consequences. , choose appropriate risk management techniques to address the risk of loss, and implement and maintain risk management systems for all organisations. In general, effective internal control procedures allow the company to mitigate risk and prepare to survive unexpected problems. The fact that good internal controls are in the best interests of management, shareholders and other stakeholders is sometimes jeopardized when new regulations and compliance costs are imposed on companies due to poor performance.

Implementing effective internal controls allows organizations to invest in opportunities while reducing risks, which can save time and money and facilitate productivity and retention (Mendoza and Rivera, 2017). Peter (2016) also stated that the importance of implementing internal controls such as employee compliance, fraud investigation and financial reporting in the organization is unacceptable in financial institutions. A good internal control system can help the organization achieve its objectives. Currently, most organizations in many countries are evaluating and implementing internal control provided by COSO. Due to the above-mentioned problems of risk management in business organizations, this study focuses on investigating the relationship between internal control and risk management. 444 1.

The main impact of poor risk management is how oil and gas company management can improve supply in cost, time and quality decisions. This is because Nigerian oil and gas companies have had low oil risk in the past, which has affected the government's allocation of funds to state governments. The lack of risk in the oil and gas industry has led to a lack of guidance to develop and achieve better management goals that include the balance of knowledge skills and involved members. This represents the challenge Nigeria faces when trying to reconcile all kinds of risks and conflicts in the oil industry through the concept of internal governance, especially when seeking day-to-day management (Angela, 2016). Maybe that's why the oil and gas industry has a bad model.

For example, there are credit risk, income risk, long-term business risk, risk and financial risk in petroleum products interaction. These risks can lead to one way or another ineffectiveness in the oil and gas industry due to the organization's failure to fulfill its responsibilities (Fapohunda& Beth, 2020).

A. Research Objectives and Objectives

The main purpose of this study is to examine the impact of internal control on risk management and special purpose oil in Nigerian oil companies:

- Analysis of the impact of internal controls on the credit risk management of Nigerian oil and gas companies.
- Determining the Impact of Internal Control on Business Performance of Nigerian Oil and Gas Companies.
- one. Impact of Internal Control Design on Financial Management of Nigeria Oil and Gas Corporation.

B. Research Question

This study will answer the following research questions;

- What is the impact of internal control on the risk management of Nigerian oil and gas companies?
- Does Internal Control Affect Business Risk Management in Nigerian Oil and Gas Companies?

C. Scope of study

The subject of this study covers internal control personnel, financial auditors, compliance personnel, middle and level personnel, pressure and internal control personnel of oil and gas companies in Lagos State, Nigeria. 2019, Nigerian business groups have a total of twenty-four (24) multinational oil and gas companies listed. Five of these companies, known as the Big Five (ExxonMobil, Shell, Chevron, Agip, and Total), were used in this study, with the majority of investments being 95%. A total of 20 questionnaires, 100 forms in total, were distributed.

D. Research Findings

This research is based on the country (Nigeria) and international community - stakeholders, business owners, entrepreneurs etc. The chairman improves the local risk management system, beneficial for many national and foreign oil and gas companies and expanding their operations. Business information. implement internal controls and improve their performance and delivery in the country. This study will make organizations aware of the importance of providing the necessary information to improve performance in the Petroleum industry.

After many criticisms, risk management, business failures and other business failures in Nigerian MNCs, this study has implications for businesses, especially oil and all other business people, other than Oil companies that make a loud noise about business discipline. gas. company.

This research is very important to the academic community.

The academic cycle has been ahead of research on the impact of internal control on risk management. This study will contribute to the domestic and foreign literature on internal control and risk management by focusing on recent years rather than previous years. Finally, this work can equally serve as a reference for students wishing to do more research on this famous school and others.

E. Organization of the next chapter

Chapter 2 presents the data analysis, while Chapter 3 presents the research methodology.

Chapter 4 presents the data analysis, conclusions and discussion, and finally Chapter 5 presents the summary, conclusions and recommendations.

II. DATA ANALYSIS

A. Internal Control and Credit Risk Management

In a recent study, Alzoubi (2017) examined the determinants of compliance by employees and management on respect, fraud, compliance, financial reporting, and credit risk management. Using panel data analysis, the study found an interaction between employee and police compliance, fraud investigation, regulatory compliance, corporate reporting, and risk management. The study also showed that internal control (compliance and employee management, fraud investigation, management control, financial reporting of the organization) contributes to the risk management (credit risk management) process of oil and gas companies.

According to the results, 75 percent of insiders said identifying fraud risk helped them complete their risk management tasks, indicating that management's Internal auditors can advise employees and other audit groups on risk management. It is designed to combat financial fraud. The study concluded that the use of internal resources by employees should be improved and there should be monitoring and internal control for all kinds of risks in all management organizations.

Akinwumi, Michael, and Raymond (2017) conducted research on employee compliance and management, fraud analysis, regulatory compliance, financial reporting, and credit risk in organizations. The results of the study using Pearson's correlation coefficient showed a positive relationship between employee compliance and law enforcement, fraud detection incentive, regulatory control, financial reporting and credit risk management. Their findings also show the relationship between risk management processes (risk management, risk management and financial risk management) and bank departments, suggesting that companies should adopt the best available risk management model and use the risk management process. increase return on equity and reduce cost of loss.

The study concluded that oil and gas companies should review and redesign their risk management strategies to improve shareholder performance and improve asset utilization.

Muriithi and Waweru (2017) examine the impact of employee and management compliance, fraud investigation, management control, and financial reporting on credit risk compliance in the organization. Panel data procedure using random effects estimation and general moment method (GMM). The study revealed that employee compliance has a significant impact on the impact of credit risk, but not on the performance of financial institutions. The conclusion of the research is that the management of the organization must pay a reasonable price for risk management mechanism. They believed that risk control is basically concern with putting all organizational or operational risk on check, ensuring that they do not escalate to the point where the organization objectives and survival is threatened and that risk control is a key component in any organizational strategy ensuring long-term organization sustainability and profitability.

B. Internal Controls and Market Risk

Chebet, Karaba, and Ombui (2017) examines the impact of employee and management compliance, fraud, corporate governance, and business risk management of corporate external finance. A descriptive research design was used. A stratified sampling technique was used in this study and primary data from a questionnaire was used. Disclosure of results showed improved compliance and control of employees, fraud, management control, financial reporting of the organization with the establishment of clear rules for internal control that protect the organization from managing business risks. The study suggests that organizations in Nigeria should continue to hold seminars and workshops to train internal auditors, and that the head of internal audit should be responsible with sufficient authority from the audit committee to promote independence and ensure management of business risks.

As a result, Nigerian oil and gas companies have a clear understanding of fraud and business risks.

Dimitrijevic, Milovanovic, and Stancic (2015) explored the role of employee and management compliance, fraud, regulatory oversight, and financial reporting in the organization in fraud prevention. This article adopts a research design. This article examines internal control-related topics such as organizations, accounting procedures, fraud detection, financial management, and more. The thesis also pointed to the importance of internal control for the organization and the limitations of internal control.

Logistic regression analysis revealed a relationship between internal control and fraud detection and suggested that internal control can reduce fraud. The thesis believes that internal control is an organization's measures to prevent and control fraud.

C. Internal Control and Financial Risk

Abbas and Abu (2019) examines the impact of reporting on employee and management compliance, fraud detection, regulatory controls, and financial aspects of financial risk management in the Nigerian business economy. Use of search engines. Simple random sampling technique was used in this study.

Data were collected through a questionnaire. Using Pearson's product-moment correlation used descriptive and inferential statistical techniques. The findings show that there is a significant relationship between the financial management process and the performance results of the companies. He said that manufacturing companies should constantly improve their financial management practices by choosing appropriate and consistent management methods.

Shou, Hu, Kang, Li, and Park (2018) examine risk management and firm performance.

This study uses survey method and structural equation modeling (SEM) to show that risk management has a positive impact on operational efficiency and speed and has a direct impact on financial performance. Abdi (2015) investigated the impact of internal control on the financial performance of private banks in Mogadishu. The study adopted descriptive research design. The study was conducted by accountants, financial managers, financial managers, internal auditors and managers of private banks in Mogadishu and raw data from the question were used.

Lai, Li, Lin, and Wu (2017) examine the impact of poor internal control on firm performance in Texas.

Primary and secondary data are used in this study. Multiple regression analysis confirms that internal control does not have a negative impact on firm performance. The study collected data through interviews and documentary evidence. By analyzing its content, it can be concluded that the internal control system is effective and satisfactory. The study also shows that misrepresentation and loss of income are remnants of mismanagement.

This study concluded that organizations should review and redesign their business management strategies to maximize return on equity and improve asset utilization.

Bannier, Bofinger, Bauer and Ewelt-Knauer (2019) examine regulatory and financial risk management in Germany. The study is based on secondary data collected from the annual reports of 112 publicly traded companies in Germany. The regression results show that fit does not have a positive effect on returns on equity, but fit does have a positive effect on performance. Studies have shown a positive relationship between governance and financial risk; There is also a strong relationship between risk management and firm performance.

III. SUMMARY OF EMPIRICAL REVIEW

Table 1: Summary of Empirical Review

Authors	Title	Methodology	Findings	Gaps
Alzoubi (2017)	The relationship between employees compliance and credit risk	Secondary data and panel data analysis	The results show a negative correlation between employees compliance and credit risk	
Akinwumi, Micheal and Raymond (2017)	The effect of employees compliance on credit risk in Nigeria	Secondary data and regression analysis.	The study made use of Pearson correlation coefficient technique and the empirical results revealed that there is a statistically significant relationship between employees compliance and credit risk	
Muriithi and Waweru (2017)	The effect of employees compliance on credit risk	Panel data techniques of random effects estimation and generalized method of moments	The study revealed that Internal control design influences risk management in Nigeria	
Chebet, Karaba and Ombui (2017)	Effect of fraud audit on market risk	Descriptive research design, stratified sampling technique, primary data via questionnaire and regression analysis	Fraud audit has significant effect on market risk	
Dimitrijevic, Milovanovic and Stancic (2020)	The role of a company's internal control system in fraud prevention	Exploratory research design and logit regression	It was found a positive relationship between internal controls and fraud audit.	
Shou, Hu, Kang, Li , and Park (2018)	The effect of fraud audit on market risk	Survey based methodology and structural equation model	Fraud audit has significant effect on market risk	
Abbas and Abu (2019)	The impact of governance control mechanisms on financial risk in Nigerian manufacturing sector	Survey research design, simple random sampling technique and Pearson's Product Moment Correlation	Governance control mechanisms has significant effect on financial risk	
Shou, Hu, Kang, Li , and Park (2018)	The impact of risk management and firm performance	Primary data, simple random sampling and regression analysis as well as ANOVA	The results showed that risk management has significant effect on firm performance	
Lai, Li, Lin and Wu (2017)	The influence of internal control weaknesses on firm performance in Texas	Primary and secondary data and multiple regression analysis	Internal control weaknesses have a negative impact on firm performance	
Bannier, Bofinger, Bauer and Ewelt-Knauer (2019)	The effect of governance control on financial risk in Germany	Secondary data and multiple regression	The study showed that there is a positive relationship between governance control and financial risk	

IV. METHODOLOGY

This section describes the methodology used in the research. It presents research design, sample design and size, data collection tools, testing tools, tool validity and reliability, data analysis methods, specific teaching models, scientific theories and biases. It also explains the rationale for the process and ethical considerations, as well as the various methods and techniques used to collect data.

A. Research Design

This study adopted a research design. The survey research design was adopted because the research used non-existent data from surveys of target participants.

B. Research population

The universe of this research is the management staff of oil and gas companies, financial cooperation supervisors, compliance staff, internal staff, internal audits of middle and senior oil and gas companies, and internal audits of selected oil and gas companies. Lagos State, Nigeria. As of December 2019, there are twenty-four (24) multinational oil and gas companies listed on the Nigerian Stock Exchange Group.

Five of these companies, known as the Big Five (ExxonMobil, Shell, Chevron, Agip and Total) with a larger investment of 95%, were used in this study. A total of 20 questionnaires were distributed to a total of 100 people.

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C. Sample Size and Sampling Technique

Simple and objective sampling was used in this study.

D. Data source

Primary data was used in the study and researchers in the research service were trained in the administration, writing and coding of the questionnaire. Copies of the questionnaire were distributed to the participants. The fieldwork involved taking, classifying and coding the questionnaires. Copies of the questionnaire were distributed only to available and willing participants.

E. Data collection tool

The data collection tool used in this study is a self-administered questionnaire. The survey is divided into three parts. The first section contains personal information about the respondent. The second part (independent variable) contains guidelines that respondents should choose the options that best represent their views on business ethics. It has four parts A-C.

Part A - Staff Compliance and Compliance, Part B - Criminal Investigation, Part C - Administrative Procedures. Section III (Dependent Variable) allows respondents to select the options that best represent their view of the quality of financial reporting. This section also has four sections, D - F. Section D - Security Management, Section E - Business Risk Management, Section F - Financial Management. Responses were measured using a five-point Likert scale.

The scale is 5 (agree), 4 (agree), 3 (undecided), 2 (disagree), and 1 (strongly disagree).

F. Data Analysis Methods

Analyze data using descriptive and fact-check techniques. Responses were defined using frequencies, percentages, means, and standard deviations. Descriptive statistical analysis was used to present demographic data and variables.

Analyze the relationship and effects of independent variables on a set of variables using inferential statistical techniques such as regression analysis. In particular, multiple regression analysis was used to analyze the hypotheses. In this case, the relationship between ethical accounting practices and the quality of financial reporting. The analysis was made with the help of the Statistical Standard for Social Sciences (SPSS) 21.0 program.

G. Model specification and measurement of variance

This study uses two main variables, the variable and the individual variable. Ethical accounting practices are one thing and good financial reporting is another. The independent variable (X) is measured by internal control, employee compliance and management, fraud, and administrative control. The representative variables (Y) of risk management are credit risk management, business risk management and financial risk management.

- *Model*

CRM $=\beta_0+ \beta_1ECE + \beta_2FA + \beta_3GC + \mu$ Model 1
MRM $=\beta_0+ \beta_1ECE + \beta_2FA + \beta_3GC + \mu$ Model 2
FRM $=\beta_0+ \beta_1ECE + \beta_2FA + \beta_3GC + \mu$ Model 3

Where;
CRM = Credit Risk Management
MRM = Market Risk Management
FRM = Financial Risk Management
β_0 = the intercept or constant term
ECE = Employees Compliance & Enforcement
FA = Fraud Audit
GC = Governance Contol
β_1, β_2, β_3 = Coefficients of the independent variables to be estimated
μ = the error term of the regression equation.

V. DATA ANALYSIS, RESULTS AND DISCUSSION OF RESEARCH

This study explores the effectiveness of internal control and risk management in Nigerian oil and gas companies. This section includes the findings, interpretation and discussion of the findings. The results of this study are discussed through descriptive and inferential statistics. Based on the views guiding the research, the data were collected and presented in the form of words and percentages. As stated in Chapter 1, the aim of this study is to provide the basis for data analysis. The results of the three proposed targets are also tested and discussed in this section.

A. Response rate

A total of 100 questionnaires were distributed to all respondents. After the data were correctly coded and analyzed, 88 questionnaires were found to be useful for the study. The result was a response rate of 88% with 12 questionnaires or 12% of the total distribution not being returned. Therefore, data from all 88 studies were used in the analysis. Table 2 shows the correct and incorrect answers to the questions.

Table 2: Data Presentation of Response Rate by the Respondents.

Response	Respondents	Percentage (%)
Total Questionnaires Distributed	100	100
Questionnaires Returned	88	88
Questionnaires Unreturned	12	12

Source: *Field Survey 2023*

B. Analysis of participants' demographic information

Demographic information includes participants' gender, age, education, and years of employment. Analysis was done and the results showed all the demographics and characteristics of the people studied. Each feature is then measured using frequency and percentage.

Table 3: Respondent Bio-Data

Gender	male	48
		54.5%
	female	40
		45.5%
	Total	88
		100.0%
Age	Below 20 years	3
		3.4%
	21-30	17
		19.3%
	31-40	38
		43.2%
	41-50	27
		30.7%
	51 years and above	3
		3.4%
	Total	88
		100.0%
Academic Qualification	OND/NCE	24
		27.3%
	HND/B.Sc	27
		30.7%
	M.sc/MBA	18
		20.5%
	Ph.D	19
		21.6%
	Total	88
		100.0%
Working Experience	Less than 5 years	27
		30.7%
	6-10 years	41
		46.6%
	11 years and above	20
		22.7%
	Total	88
		100.0%

Source: Researcher's Field Survey Result, 2023.

Table 3 presents the demographic and personal profile of respondents used for this study. Gender distribution revealed that 48(54.5%) respondents are male, and 40(45.5%) respondents are female; indicating that more of the respondents are male. The age showed that 3(3.4%) were below 20 years, 17(19.3%) respondents were between 21-30 years, 38(43.2%) respondents were between 31-40 years, 27(30.7%) respondents were between 41-50 years and 3(3.4%) respondents were 51 and above.

Table 3 also revealed that 24(27.3%) respondents are OND/NCE holders, 27(30.7%) respondents are HND/B.Sc Holders; 18(20.5%) respondents are M.Sc/MBA Holders; and 19(21.6%) respondents are Ph.D Holders. Finally, Table 3 also revealed that 27(30.7%) respondents have less than 5 years of experiences; 41(46.6%) respondents have between 6-10 years of experiences; and 20 (22.7%) respondents have between 11-15 years of experiences and 9(11.4%) respondents have above 16 years of experience.

C. Data Analysis, Results and Discussion of Findings.

Statistical Package for Social Sciences (SPSS) version 27 was used to analyze the data relating to the effect of Internal Control and Risk Management in Oil and Gas Companies in Nigeria, descriptive analysis of respondent's replies and the creation of data on the effect of Internal Control and Risk Management in Oil and Gas Companies in Nigeria were noted. The following replies from the research study were presented and analyzed using a 5-point Likert scale:

➢ *RESTATEMENT OF OBJECTIVE AND RESEARCH ONE*

- **Objective One**: To examine the effect of internal controlon credit risk management of oil and gas companiesin Nigeria.
- **Question One:**What is the effect of internal controlon credit risk management of oil and gas companiesin Nigeria?

Table 4: Descriptive Analysis on Credit Risk Management

Descriptive Factor	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
Credit risk management enhance better delivery of the objectives of oil and gas companies in Nigeria	2	4	7	26	49
	2.3%	4.5%	8.0%	29.5%	55.7%
Credit risk management are identified as a measure of monitoring and enhancement principles for organizations	2	6	17	19	44
	2.3%	6.8%	19.3%	21.6%	50.0%
There is a criteria for ascertainment of credit risk management mechanism in Nigeria that are most critical to the growth of the organization	2	3	4	31	48
	2.3%	3.4%	4.5%	35.2%	54.5%
Our companies has put in place mechanisms of credit risk management for the growth of the organization	1	4	15	24	44
	1.1%	4.5%	17.0%	27.3%	50.0%
Source: Researcher's Field Survey Result, 2023					

Table 4 shows the description of respondents' responses to credit risk management. Combining acceptable and acceptable responses, 75 (84.2%) respondents, "Credit risk management helps Nigerian oil and gas companies achieve their goals", 63 (Chapter 71). 6% of respondents agreed that "Credit risk management is defined as a measure of the organization's monitoring and remediation principles" and 79 (89.7%) of respondents agreed that "Nigeria has a model for describing the credit risk management process, most important 68 people (77.3%) answered the question "For the growth of the institution" as "Our company has established a risk management system to support the growth of the institution".

➢ *RESTATEMENT OF HYPOTHESIS ONE:*

Internal control does not have a significant impact on the credit risk management of Nigerian oil and gas companies. Simple regression analysis was used to test Hypothesis 1. Credit risk management information is obtained by adding items under each variable. The results of the hypothesis tests are shown in Table 4.

1 pound

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.147[a]	.022	.010	6.57216

a. Predictors: (Constant), Credit Risk Management

Source: Researcher's Field Survey Result, 2023.

The table 5 shows the model summary of both the dependent variable (Credit risk management) and independent variable (Internal Control). The model summary in table 5 established the effect of Internal Controlon credit risk management in oil and gas companies in Nigeria.

Table 6: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	82.096	1	82.096	1.901	.172[b]
	Residual	3714.620	86	43.193		
	Total	3796.716	87			

a. Dependent Variable: Internal Control
b. Predictors: (Constant), Credit Risk Management

Source: Researcher's Field Survey Result, 2023.

Table 7: Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	37.667	4.150		9.076	.000
	Credit Risk Management	.332	.241	.147	1.379	.172

a. Dependent Variable: Internal Control

Source: Researcher's Field Survey Result, 2023.

- **Interpretation of Result**

Findings in table 5 reveals that Internal Control had no relationship with credit risk management and this effect was statistically significant at p>.000 [R =.147, p>.05]. This shows that Internal Control and Credit risk management have no relationship, this indicate that as Internal Control increases, credit risk managementremains constant in oil and gas companies. The model (coefficient of determination) was .147 indicating that Internal Control explained 14.7% of credit risk management in oil and gas industry. In table 6, the F statistic =1.901 was insignificant at p>0.05 which revealed that the model for hypothesis one was not significant in running the relationship between Internal Control and credit risk management in Oil and Gas companies. This is supported by a positive and insignificant unstandardized B coefficient in table 7, Internal Control is [B=0.332, t=1.379, p>0.05]. Therefore, the null hypothesis one (Ho_1) that states that Internal Control has no significant relationship with credit risk management is hereby accepted.

The regression model used to explain the variation is when credit risk management is affected by Internal Control of oil and gas companies can be stated as follows:

R= 37.667+ 0.332crm+ Ɛ …………………… (equ. i)

Where:

CRM = Credit risk management
IC = Internal Control
Ɛ= Error term

- *RESTATEMENT OF OBJECTIVE AND RESEARCH TWO*
- **Objective Two**: To determine the effect of internal controlon market risk management of oil and gas companies in Nigeria.
- **Question Two:** How does internal controlaffect market risk management of oil and gas companies in Nigeria?

Table 8: Descriptive Analysis on Market Risk Management

Descriptive Factor	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
Internal control processes provide supportive measures for market risk in our companies.	3	7	17	22	39
	3.4%	8.0%	19.3%	25.0%	44.3%
Internal control ensure prevents market risk in our companies base on some choice of certain accounting measures	6	9	14	27	32
	6.8%	10.2%	15.9%	30.7%	36.4%
Internal control allows for positive events towards market risk in oil and gas companies in Nigeria	3	2	24	25	34
	3.4%	2.3%	27.3%	28.4%	38.6%
Our companies provide information on how market risk can be reduced to the barest minimum	3	4	16	23	42
	3.4%	4.5%	18.2%	26.1%	47.7%
Source: Researcher's Field Survey Result, 2023					

Table 9 shows the descriptive analysis of the respondent's response on Market risk. By combining responses of strongly agree and agree, 61(69.3%) respondents agreed that "Internal control processes provide supportive measures for market risk in our companies", 59(67.1%) respondents agreed that "Internal control ensure prevents market risk in our companies base on some choice of certain accounting measures", 59(67.1%) respondents agreed that "Internal control allows for positive events towards market risk in oil and gas companies in Nigeria", and 65(73.8%) respondents agreed that "Our companies provide information on how market risk can be reduced to the barest minimum."

- *RESTATEMENT OF HYPOTHESIS TWO:*

There is no significant effect of internal control on market risk management of oil and gas companies in Nigeria. In order to test hypothesis two, standard simple regression analysis was used. Data on market risk was obtained by adding the items under each of the variable. The result of the test of hypothesis are presented in Table 9.

Table 9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.082[a]	.007	-.005	6.62216

a. Predictors: (Constant), Market Risk Management

Source: Researcher's Field Survey Result, 2023.

The table 9 shows the model summary of both the dependent variable (market risk) and independent variable (Internal Control). The model summary in table 9 established the effect of Internal Control on market risk management in oil and gas companies in Nigeria.

Table 10: Model Summary

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25.356	1	25.356	.578	.449[b]
	Residual	3771.360	86	43.853		
	Total	3796.716	87			

a. Dependent Variable: Internal Control
b. Predictors: (Constant), Market Risk Management

Source: Researcher's Field Survey Result, 2023.

Table 11: Model Summary

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	40.680	3.527		11.535	.000
	Market Risk Management	.166	.218	.082	.760	.449

a. Dependent Variable: Internal Control

Source: Researcher's Field Survey Result, 2023.

- **Interpretation of Result**

Findings in table 9 reveals that Internal Control had no relationship with market risk management and this effect was statistically significant at p>.000 [R =.082, p>.05]. This shows that Internal Control and market risk management have no relationship, this indicate that as Internal Control increases, market risk managementremains constant in oil and gas companies. The model (coefficient of determination) was .082 indicating that Internal Control explained 8.2% of market risk management in oil and gas industry. In table 11, the F statistic =0.578 was insignificant at p>0.05 which revealed that the model for hypothesis two was not significant in running the relationship between Internal Control and credit risk management in Oil and Gas companies. This is supported by a positive and insignificant unstandardized B coefficient in table 11, Internal Control is [B=0.166, t=0.760, p>0.05]. Therefore, the null hypothesis two (Ho_2) that states that Internal Control has no significant relationship with market risk management is hereby accepted. The regression model used to explain the variation is when market risk management is affected by Internal Control of oil and gas companies can be stated as follows:

R= 40.680+ 0.166mrm+ Ɛ ……………………… (equ. ii)

Where:

MRM = Market risk management
IC = Internal Control
Ɛ= Error term

- *RESTATEMENT OF OBJECTIVE AND RESEARCH THREE*

- **Objective Three**: To establish the effect of internal controlon financial risk management of oil and gas companiesin Nigeria.
- **Question Three:**How does internal control affect financial risk management of oil and gas companiesin Nigeria?

Table 12: Descriptive Analysis on Finance Risk Management

Descriptive Factor	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
Internal control curbs all the problems that could lead to financial risk in oil and gas companies in Nigeria	3	3	17	25	40
	3.4%	3.4%	19.3%	28.4%	45.5%
Internal control is an internal measure for financial risk through its contents	0	0	4	27	57
	0.0%	0.0%	4.5%	30.7%	64.8%
Internal control helps the presentation of calculated information for financial risk in oil and gas companies in Nigeria	1	2	4	26	55
	1.1%	2.3%	4.5%	29.5%	62.5%
Internal control help the measures of financial risk take the normal shape through checks management in the companies	9	3	1	20	55
	10.2%	3.4%	1.1%	22.7%	62.5%
Source: Researcher's Field Survey Result, 2023					

- **Interpretation**

Table 12 shows the descriptive analysis of the respondent's response on finance risk. By combining responses of strongly agree and agree, 65 (73.9%) respondents agreed that "Internal control curbs all the problems that could lead to financial risk in oil and gas companies in Nigeria", 84(95.5%) respondents agreed that "Internal control is an internal measure for financial risk through its contents", 81(92%) respondents agreed that "Internal control helps the presentation of calculated information for financial risk in oil and gas companies in Nigeria", and 75(85.2%) respondents agreed that "Internal control help the measures of financial risk take the normal shape through checks management in the companies".

➢ *RESTATEMENT OF HYPOTHESIS THREE*

Internal control has no significant effect on financial risk management of oil and gas companies in Nigeria. In order to test hypothesis three, standard simple regression analysis was used. Data on finance risk management was obtained by adding the items under each of the variable. The result of the test of hypothesis are presented in Table 13.

Table 13: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.257[a]	.066	.055	6.42068

a. Predictors: (Constant), Financial Risk Management

Source: Researcher's Field Survey Result, 2023.

The table 13 shows the model summary of both the dependent variable (finance risk) and independent variable (Internal Control). The model summary in table 13 established the effect of Internal Control on finance risk in Oil and gas companies in Nigeria.

Table 14: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	251.353	1	251.353	6.097	.016[b]
	Residual	3545.363	86	41.225		
	Total	3796.716	87			

a. Dependent Variable: Internal Control

b. Predictors: (Constant), Financial Risk Management

Source: Researcher's Field Survey Result, 2023.

Table 15: Regression Coefficent [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	31.847	4.691		6.789	.000
	Financial Risk Management	.657	.266	.257	2.469	.016

a. Dependent Variable: Internal Control

Source: Researcher's Field Survey Result, 2023.

- **Interpretation of Result**

Findings in table 13 reveals that Internal Control had no relationship with credit risk management and this effect was statistically significant at p=.000 [R =.257, p<.05]. This shows that Internal Control and finance risk management have a relationship, this indicate that as Internal Control increases, finance risk managementincreases in oil and gas companies. The model (coefficient of determination) was .257 indicating that Internal Control explained 25.7% of finance risk management in oil and gas industry. In table 14, the F statistic =6.097 was significant at p=0.05 which revealed that the model for hypothesis three was significant in running the relationship between Internal Control and finance risk management in Oil and Gas companies. This is supported by a positive and significant unstandardized B coefficient in table 15, Internal Control is [B=0.657, t=2.469, p<0.05]. Therefore, the null hypothesis three (Ho_3) that states that Internal Control has no significant relationship with finance risk management is hereby rejected. The regression model used to explain the variation is when finance risk management is affected by Internal Control of oil and gas companies can be stated as follows:

R= 31.847+ 0.657frm+ Ɛ ………………… (equ. iii)

Where:

FRM = finance risk management
IC = Internal Control
Ɛ= Error term

VI. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This study is divided into five different parts. The first section reviews the background of the research, explores and addresses current problems of the research, sets the objectives of the research, raises research questions, and sets out research hypotheses to guide research. This section also outlines the importance and importance of research and the organization of other sections. Finally, this chapter serves as the direction of this study.

The second part is mainly a literature review.

Chapter 3 of this study presents the work process in this study and discusses the tasks of design, workspace, sampling, data collection process, data processing, and review of training materials.

Chapter 4 presents the data analysis and its results.

Chapter 5 concludes research, draws conclusions and makes recommendations.

A. References

This paper examines the impact of internal controls on risk management in Nigerian oil and gas companies. Therefore, the study concludes that internal control has a significant impact on risk management in Nigerian oil and gas companies. Recommendation.

B. Recommendation

*R*ecommends that oil and gas companies' internal controls be reviewed regularly to ensure compliance with guidelines set in international best response practices, thereby reducing non-compliance, inaccuracy, fraud and error. This in turn will improve risk management for oil and gas utilities.

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