



AFRINIC-20
25 MAY - 6 JUNE 2014
Djibouti

AfriNIC Audit Committee Report 2014

By

Dr Paulos Nyirenda,
Chair: Audit Committee
paulos.nyirenda@afriNIC.net
paulos@sdnp.org.mw

6 June 2014

***Beyond connection:
Internetworking for African Development***



AFRINIC-20
25 MAY - 6 JUNE 2014
Djibouti

Outline

- Audit Committee mandate
- Members
- Audit for 2013 - process
- Audit report for 2013 – Financial statements
- Auditor opinion
- Board issues
- Risks



AFRINIC-20
25 MAY - 6 JUNE 2014
Djibouti

Audit Committee Mandate

- Committee of the Afrinic Board
- Charter approved by Afrinic Board - online
 - <http://www.afrinic.net/en/about-us/our-structure/bod>
 - Some challenges in implementing charter – secretary
- Oversee financial reporting process
- Review financial control, risk management
- Oversee audit, internal and external
- Recommend appointment of external auditor
- Monitor compliance with laws on financial reporting



AFRINIC-20
25 MAY - 6 JUNE 2014
Djibouti

Audit Committee Members

- 1. Paulos Nyirenda (Chair)
- 2. Sunday Folayan
- 3. Janvier Ngnoulaye
- 4. John Walubengo
- 5. Kris Seeburn



AFRINIC-20
25 MAY - 6 JUNE 2014
Djibouti

Meetings

- Met 3 times since Afrinic 19
- January 2013 - face to face
 - Also met with EY – external auditor
 - Plan 2013 audit
 - Letter of agreement + fees Rs160,000
 - No internal auditor – found not useful / not necessary
- March 2013 – RFP to recruit next external auditor
 - <https://afrinic.net/images/stories/Library/news-pub/audit-2015-2017.pdf>
 - Auditor recruitment covered in next presentation of this AGM
- May 2013
 - Processed Audit Report of 2013
 - Processed RFP: appointment of external auditor



AFRINIC-20
25 MAY - 6 JUNE 2014
Djibouti

2013 Audit – process

- Committee met auditor EY in Jan 2014
- Agreed on audit plan and fees
- External audit scheduled to start 29 Jan 2014
- 14 check points with deadline points and dates
- Scheduled to end 16 April 2014
- Committee expected report by end April 2014
- Report received 18 May 2014 – some delays
- Processed by Audit Committee 30 May,
submitted to Board on 1 June, signed, online:
 - http://www.afrinic.net/images/AFRINIC_Auditors_Report_2013.pdf



AFRINIC-20
25 MAY - 6 JUNE 2014
Djibouti

2013 Audit – report

- online: http://www.afrinic.net/images/AFRINIC_Auditors_Report_2013.pdf
- Annual report – signed by directors
 - Certified by company secretary
- Opinion by auditor – signed by auditor
- Financial statements – signed by directors
- Comprehensive income statement
- Change of equity statement
- Cash flow statement
- Notes
- Risk management



AFRINIC-20
25 MAY - 6 JUNE 2014
Djibouti

Issues raised by Board – 1

- Plant and equipment
 - Auditor: No inventory count of plant and equipment is performed at year end at AfriNIC
 - Management acknowledges that there has not been a full inventory of plant and equipment in recent years.
 - Board has asked management to have this attended to.



AFRINIC-20
25 MAY - 6 JUNE 2014
Djibouti

Issues raised by Board – 2

- Reserves
 - Not adequate
 - Board has recommended that adequate reserves be built to cover liabilities as a minimum
- Statement of comprehensive income
 - Board concerned about the significant growth in administrative expenditure
 - Notes that this is mostly in Human Resource



AFRINIC-20
25 MAY - 6 JUNE 2014
Djibouti

Issues raised by Board – 3

- Surplus / Deficit
 - Although company has not made a significant surplus, company shows good signs of recovery in progress from previous year of 2012



AFRINIC-20
25 MAY - 6 JUNE 2014
Djibouti

Risks

- Credit Risk – counterpart misses obligation
 - trade receivables – such as customers
 - financing activities
- Foreign currency risk
 - Company operates internationally and is exposed to forex risks primarily on USD
 - Board resolved: move to USD transaction / reporting
- Liquidity risk
 - need to maintain sufficient cash and marketable securities
 - Company does not have a credit rating
 - Company may hence not be able to access committed credit lines nor maintain flexibility in funding
 - Board request is to start by getting a credit rating

**Thank you
for your
Attention**

Questions?



[twitter.com/ afrinic](https://twitter.com/afrinic)



[flickr.com/ afrinic](https://www.flickr.com/afrinic)



[facebook.com/ afrinic](https://facebook.com/afrinic)



[linkedin.com/company/ afrinic](https://linkedin.com/company/afrinic)



[youtube.com/ afrinic](https://youtube.com/afrinic) media



[www. afrinic .net](http://www.afrinic.net)