Risk Management

To improve the governance structure, the Risk Management and Internal Audit functions have been restructured, to operate, independent of each other, in carrying out their operations. The Risk Management Division reports to the CEO and the Board Audit Committee.

Risk management continues to be embedded in our operations. It encompasses the scrutiny and proactive oversight of a number of key elements, including Revenue Assurance and Fraud, Enterprise Risk, Anti-money Laundering and Security.

A great amount of time and effort was put into our business continuity planning in the year to ensure that key identified risks were managed so that operations are not disrupted. The thrust of the risk management activities are geared towards anticipating and taking advantage of opportunities and risks as they arise.

Physical security and the safety of our staff and assets was key in the just-concluded General Elections. Great caution was exercised owing to the threats that arose from terrorist activities as well as insecurity related to electioneering activities.

Compared to the previous elections where a retail shop and a base station were destroyed, this year's elections were largely peaceful. Arising from the learnings of the 2008 experience, where some staff had to be evacuated, staff were provided with regular security updates via sms which helped them avoid trouble spots. Armed security was on stand-by for any eventualities.

In anticipation of social disruption, sufficient airtime was made available in our dealer network and via M-PESA. Large-scale preventative maintenance on our network ensured that we were able to meet the anticipated demand for high volume of services without outages during peak periods.

Internal Audit

During the financial year, Safaricom implemented a Controls Self-Assessment program whose objective is to develop a central database of all controls and to operationalize a controls conscious culture within the company. This included comprehensive documentation of the company-wide controls and self-assessment by the various process owners to formulate the Safaricom Controls Framework. This will go a long way to enhance process owner's involvement in reviewing the adequacy of their controls in managing risks.

During the year the Board Audit Committee charter, policy and procedures were documented and approved. In addition, the Audit charter and code of conduct were documented and approved by the Board Audit Committee.

In accordance with Internal Audit Standards an external quality review was carried out on Internal Audit and Information Systems (IS) Audit functions. The objective of the review was to gauge the functions compliance with the International Auditing standards and also to identify improvement areas. One of the key improvement areas arising from the review was the separation of the audit functions from the other risk management functions so as to enhance independence and effectiveness.

Twenty two risk based audit reviews were carried out in the year. The objective of the reviews was to obtain assurance on the adequacy of the design and operating effectiveness of the controls in the scoped processes.