Report No: IS-2023-02(E)

27 August 2023

Ministry of Finance – Public Accounting System (SAP) Information System Summary Audit Report

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AUDITOR GENERAL'S OFFICE

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EXECUTIVE SUMMARY

Information Technology (IT) audit usually comprises of collecting and evaluating evidence to determine whether a computer system safeguards assets, maintains data integrity, allows organizational goals to be achieved effectively and uses resources efficiently. In other words, it is the process that helps to draw reasonable assurance that the system and the controls surrounding the use of the systems support a mechanism that ensure the safety of assets essentially related to integrity, confidentiality, and availability of data. This is achieved through two distinct types of controls i.e., general controls and application controls. General controls refer to controls that focus on the management and monitoring of the IT environment which affect all IT-related activities.

Audits on key information systems including Public Accounting System (PAS) – the SAP system - is essential in order to strengthen the public finance management system of the Maldives. Given the current level of digitalization and automation of public sector services and the advancements in information technology, the IT infrastructure and information systems are prone to a high level of risk. The AGO aims to, with the development of its IT Audit function, mitigate these risks by providing timely recommendations to enhance the overall integrity of the Public Finance Management system.

In this engagement we mainly focused on reviewing general IT controls and application controls specific to the Public Accounting System (PAS) – the SAP system. For the sensitivity, and security of data on the SAP system, we would like to keep this report as a summary report. Whilst this report provides a summary of audit findings, they are elaborated in our full report to key stakeholder offices.

BACKGROUND INFORMATION

The Government of Maldives (GoM) has been undertaking several initiatives to reform the public financial management in order to enhance budget credibility, transparency, financial reporting and controls of central government finances. At the time this audit was carried out the Ministry of Finance (MoF) had been implementing a project under the aegis of the World Bank to strengthen the public finance management system in the Maldives. It was titled as Public Finance Systems Strengthening Project (PFSSP).

Recognising the need towards a more inclusive and holistic approach to PFM reform, PFSSP had expanded to include additional direct beneficiaries such as the Auditor General's Office (AGO). Capacity development needs of the AGO was identified and one amongst them was developing its IT audit function. This audit was carried out as a pilot audit engagement by the IT audit consultants on the capacity development project along with IT audit staff members of the AGO.

Over the past years, with the aim of enhancing the delivery of public service, the use of IT at public sector agencies have increased. Despite the significant benefits from the use of IT, IT environments are characterized by a variety of risks including accidental loss of information, technological failures, compromise of data integrity, unauthorized access and misuse of information and system resources. Therefore, it has become necessary to respond to these risks .

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in order to safeguard the confidentiality, integrity and availability of information and information systems from technology related threats.

One of the major information systems at government is the Public Accounting System (PAS) – the SAP system. Public sector institutions within the Male' City that use this system to process and record transactions relating to revenue, procurement, payment, and other processes. In this audit we have evaluated the adequacy and effectiveness of General IT controls and SAP-specific application controls.

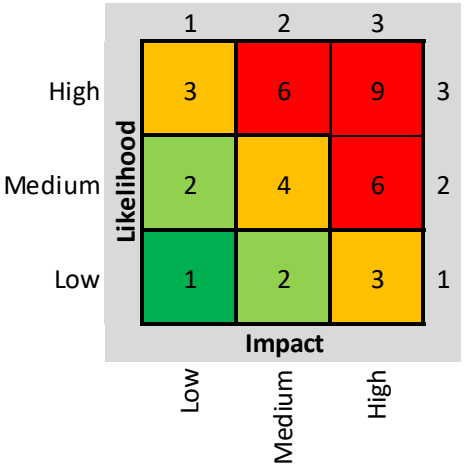
LIMITATION OF SCOPE

Notwithstanding the aforesaid, we note that direct access to AIS module, via creating a separate user for us – auditors - was not provided. Therefore, we were unable to carry out some audit procedures that we planned and designed to carry out as part of this audit. The said limitation of scope has been detailed in our full report to the relevant stakeholder offices. A summary of our audit findings are discussed below.

SUMMARY OF AUDIT FINDINGS

In our audit, we have found that the key issues in the use of IT were related to unauthorised superuser access, lack of system configuration, essential documentation and procedures, including IT policies that are required to ensure confidentiality, accuracy and integrity of data that is managed throughout the daily operations.

RATING & STATISTICS OF KEY AUDIT FINDINGS



Risk Matrix – Rating of Audit Findings

Findings made during the audit are categorised into high, medium, or low based on its likelihood and severity of impact.

High Risk (H): There is significant vulnerability in the system which needs immediate attention. Controls should be implemented to reduce risk.

Medium Risk (M): There is vulnerability although it is not significant, and it requires attention. Controls should be improved or developed to reduce risk.

Low Risk (L): A vulnerability has negligible chance to occur. And when it occurs, its impact is minimal. Thus, occasional monitoring is sufficient for low risks.

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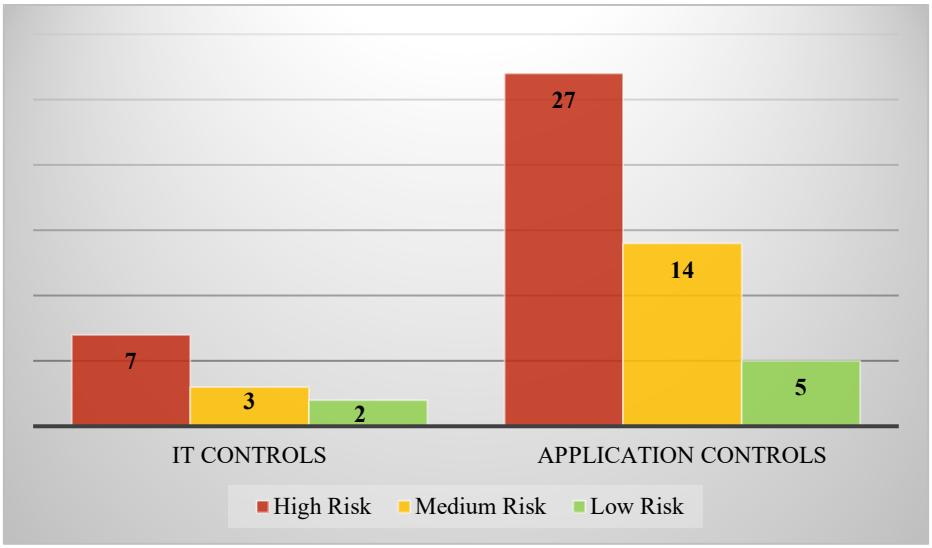
Statistics of Findings



27th August 2023

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