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27 August 2023

Maldives Inland Revenue Authority – Tax and Revenue Management (TRM) 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.

Audits on key information systems, including Maldives Inland Revenue Authority's (MIRA) Tax and Revenue Management System (TRM) on SAP is essential in order to strengthen the Public Finance Management system of The Republic of Maldives. Given the current level of digitalisation and automation of public sector services and the advancements in information system 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.

As part of the broader PFM (Public Finance Management) initiative by the Ministry of Finance, there has been a continuous effort to enhance and enrich the quality of the data being reported from TRM. The largest share of government revenue is collected by the MIRA and thus it is important to assess the risks associated with the systems.

In this engagement, the AGO mainly focused on reviewing general IT controls and application controls specific to the TRM.

Our audit observed deficiencies in the areas of IT general controls and application controls. Some deficiencies were related to additional accesses being granted to perform business activities, while others were with respect to system configurations not being in line with the policies and procedures and industry best practices. Whilst this report provides a summary of our audit findings, they are elaborated in our report to MIRA.

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 for 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 characterised by a variety of risks including accidental loss of information, technological failures, compromise of data integrity, unauthorised access and misuse of information and system resources. Therefore, it has become necessary to respond to these risks to safeguard the confidentiality, integrity and availability of information and information systems from technology related threats.

One of the major information systems at the GOM is the MIRA’s TRM system. Public sector institutions within Malé City use this system to process and record transactions relating to revenue and payments. In this audit we have evaluated the adequacy and effectiveness of General IT controls and specific application controls on TRM.

LIMITATION OF SCOPE

We were not able to conduct testing related to operating system controls and database, as we were not given access to them.

Below discussed is a summary of our audit findings we made in this audit.

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 daily operations.

RATING & STATISTICS OF KEY AUDIT FINDINGS

Rating Matrix for Findings

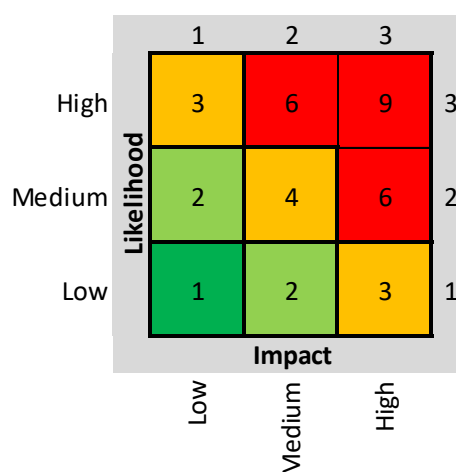
Below is the risk matrix that was used to rate the audit findings at the time of reporting.

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.

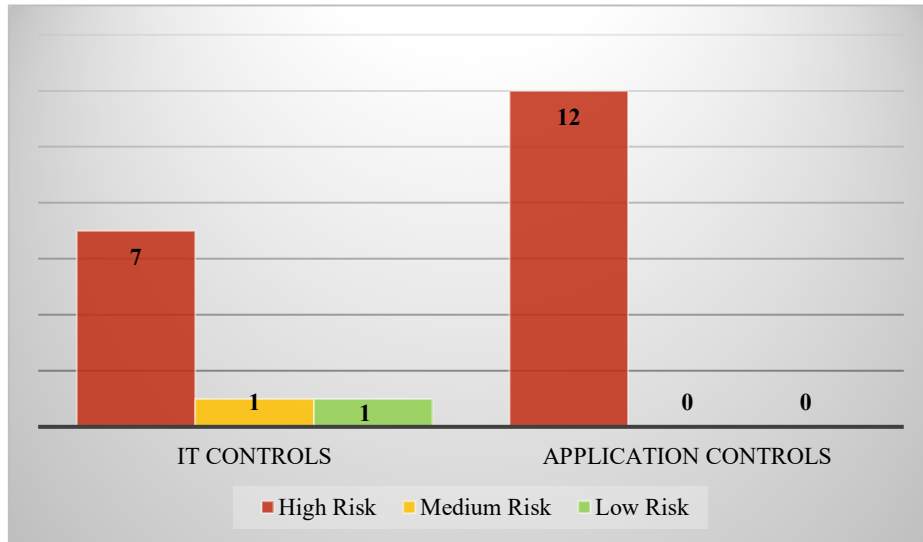
High Risk (H): There is significant vulnerability in the system which needs immediate attention. Controls should be implemented to reduce risk.

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.

Statistics of Findings



24th August 2023

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