

Chapter-II

Scope Limitation

2.1 Constraints faced by audit and limited assurance

The Entry conference was held with the Government, represented by the Principal Secretary, Finance, on 27th October 2021. The Government had promised to provide all the required and necessary documentation sought by audit during the audit processes.

Audit requisitions seek the information required to form an audit opinion and audit observations are preliminary audit conclusions/opinions and form the basis of final observations, which are further issued to the Government. During audit, we had given 75 audit requisitions and 42 audit observations to both APCFSS and the Finance Department.

We received replies; however, in respect of 11 of the observations, duly calling for crucial information on System Integration, User Acceptance Testing, Application Security *etc.*, were replied without supporting documents. Hence, assurance of the system functionality cannot be arrived at.

Particularly, for the second objective of this audit *i.e.*, Application Security including Business Continuity, no information was provided by APCFSS, which administers the system. A financial system including e-transactions, data recovery and business continuity processes cannot be a reliable one without an adequate Audit trail. However, audit efforts in the direction of gaining assurance on this met a roadblock and no information was received despite multiple requisitions and reminders⁷ sent to APCFSS and the Department.

2.2 User Acceptance Test

User Acceptance Test (UAT) is testing performed by the end user or the client to verify/accept the software system before moving the software application to the - production environment. UAT is done in the final phase of testing after functional, integration and system testing are done.

As the CFMS application was working on SAP – ERP platform and end solutions are critical and involving stake holders' sensitive issues, there is a clear need for UAT. However, when the above testing of UAT and the feedback from the stakeholders on initial UAT, change management and documentation were called for, APCFSS could not produce the same.

⁷ Letters dated 16.11.2021, 24.11.2021, 23.12.2021, 30.12.2021, 04.01.2022, 10.02.2022, 14.02.2022, 08.03.2022, 06.04.2022, 18.04.2022, 11.05.2022 & 12.05.2022

The other matters on which the documentation and the Department's action was sought and not produced to Audit are stated below.

- Data Storage and Retrieval
- Application security
- Performance issues of the application *e.g.*, Downtime and availability
- Criticality analysis and Business continuity procedures, including disaster recovery procedure
- Vendor lock-in and associated risks
- Service agreements