

*Audit of the COVID-19 Allocation of Resources for
Employees (CARE) Programme*

***Review of the Information Systems Infrastructure Governing
the CARE Programme with specific emphasis on the
Compassionate Grant and SET Cash Components***

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FOREWARD

In response to a specific request made by the Minister of Finance, Dr. Nigel Clarke, I commissioned a concurrent audit review of the *COVID-19 Allocation of Resources for Employees (CARE) Programme*, which is the temporary cash transfer programme to individuals and businesses to cushion the economic impact of the *COVID-19* pandemic. The overarching objective of this audit is to determine whether the programme's internal control structure is sufficient to reduce the risk of grant awards being made to individuals who do not meet the qualifying criteria. The audit is being executed in different phases beginning with an information systems review of the *We Care Application (CARES Portal)* which manages the receipt, processing and validation of applications. This report communicates the results of the information systems review in particular, the processing of *Compassionate Grants* and *SET Cash* components.

The audit sought to assess the integrity of the *We Care Application* and the strength of its security protocols to satisfy myself that reliance could be placed on the system to process and validate payments only for applications that meet the *We Care* programme established qualifying criteria. The application review focused on the step by step processing and handling of data, from the application stage to the approval for disbursement. However, it is anticipated that actual disbursements will begin after the finalization of this report. Consequently, this report does not comment on the actual disbursements. My comments on the efficacy of the disbursement process will be included in subsequent reports.

I am satisfied that the physical and environmental security controls implemented by *eGovJa* were adequate to prevent and detect unauthorised access and environmental hazards to the *CARES* system servers. The entity has formal policies and procedures which were observed to be effective and consistent with international best practices. Access to sensitive facilities were appropriately restricted and only accessible to authorized personnel.

On the other hand, our tests of the database of 402,393 applications revealed a few anomalies, such as 394 applicants who were flagged as eligible though they did not meet the established criteria; the processing of 3,343 applications which were submitted after the cut-off date; five applicants whose submissions were accepted by the system for grants in two different categories. Additionally, at the time of this report, we did not complete our verification to determine whether the system actually restricted applications to Jamaican based Internet Protocol (IP) addresses.

The aforementioned exceptions were brought immediately to the attention of *eGovJa* to investigate the matters before payments are made to the individuals. *eGovJa* subsequently confirmed our findings and indicated that additional control measures had been or will be implemented to prevent a recurrence.

I wish to thank my staff for their effort in completing this report and the management of eGov, TAJ and the Ministry of Finance and the Public Service for their responsiveness and courtesies extended to me and my staff.



Pamela Monroe Ellis, FCCA, FCA
Auditor General

PART ONE INTRODUCTION

Background

- 1.1. The *COVID-19 Allocation of Resources for Employees (CARE) Programme* is a temporary cash transfer programme to individuals and businesses to cushion the economic impact of the COVID-19 pandemic. The systems to deliver a targeted intervention of this scale have been built from scratch by a multidisciplinary team from the Ministry of Finance and the Public Service, the Accountant General's Department, Tax Administration Jamaica (TAJ) and eGov Jamaica Limited. As much as is possible, applications to the *CARE Programme* will be electronic through the <https://wecare.gov.jm/> website.
- 1.2. The CARE Programme is broad in scope with benefits for a wide range of individuals and businesses who are likely to be affected. The CARE Programme is comprised of the following nine components.
1. SET Cash - Supporting Employees with Transfer of Cash
 2. BEST Cash - Business Employee Support & Transfer of Cash
 3. COVID-19 General Grants
 4. COVID-19 Compassionate Grants
 5. COVID-19 Path Grants
 6. COVID-19 Small Business Grants
 7. COVID-19 Tourism Grants
 8. COVID-19 Student Loan Relief
 9. Other COVID-19 Support Programmes (Funding allocation for the Constituency Development Fund-CDF, small farmers through the Ministry of Industry, Commerce, Agriculture and Fisheries and for the Poor Relief Fund.)
- 1.3. Applications for and the management of the BEST Cash, SET Cash, General Grant, Small Business Grant and Compassionate Grant elements of the programme are managed through a custom-built GOJ portal, www.wecare.gov.jm.

Objective of the Information Systems Review

- 1.4. The objective of the *Information Systems Review* is to assess the risks associated with the *CARE Programme*, evaluate the control framework and determine whether reliance can be placed on the systems and processes used in administering the programme, in particular, the *Compassionate Grants* and *SET Cash* components to provide reasonable assurance that only qualified and legitimate applicants benefit under these components.

Management's Responsibilities

- 1.5. Management is responsible for designing, implementing and maintaining internal controls relevant to the activities of the *CARE Programme* to ensure that errors and irregularities, including fraud are prevented or detected. It is the responsibility of management to ensure that the internal controls are designed and managed in accordance with the requirements of the *CARE Programme*, the Financial Administration and Audit Act and other government regulations and best practices.
- 1.6. Management is responsible for providing us with:
- I. Access to all information of which management is aware that is relevant to the *CARE Programme*;
 - II. Additional information that may be requested from management for the purpose of the audit; and
 - III. Unrestricted access to all relevant systems and persons from whom we determine it necessary to obtain audit evidence.

Auditor's Responsibilities

- 1.7. The *Information Systems Review* was conducted in accordance with auditing standards issued by the International Organisation of Supreme Audit Institutions. Those standards require that I comply with ethical requirements, plan and perform the audit to obtain reasonable assurance that reliance may be placed on the internal controls over the *CARE Programme* and that the transactions were executed in accordance with the relevant guidelines.

Audit Scope

- 1.8. The *Information Systems Review* included a review of the key information technology systems used in the *CARE Programme* (*CARES Portal System and the Revenue Administration Information System-RAiS*), related documents, interviews with management and staff, key stakeholders, and analysis of information provided by eGov Jamaica, Tax Administration Jamaica, Ministry of Finance and the Accountant General's Department.
- 1.9. The procedures selected was based on the auditor's judgement, including the assessment of the risks of fraud or error. Because of the test nature and other inherent limitations of an audit, and any accounting, information technology and internal control system, there is an unavoidable risk that some errors may remain undiscovered. In conducting risk assessments, I considered internal controls relevant to the *CARE*

Programme, in order to design audit procedures and obtain sufficient appropriate evidence to support my conclusion.

Background

- 2.1. The BEST Cash, SET Cash, Small Business Grant, General Grant, Compassionate Grant and eventually the Tourism Grant components of the *CARE Programme* are to be managed through the custom-built *CARES Portal System* (<https://www.wecare.gov.jm>). This online platform will facilitate the management of benefits application, validation and payments and will be crucial to the timely and accurate delivery of the core components of the *CARE Programme*.
- 2.2. The solution, which was developed by eGov Jamaica Limited, will achieve its mandate through integration (via web services technology) with the Electronic Management Systems of the various participating government organizations (e.g. TAJ) that are critical in the validation and verification processes.

What was done

- 2.3. The audit included a review of the *CARES Portal System* (<https://www.wecare.gov.jm>) and the relevant components of the *Revenue Administration Information System (RAIS)*, related documents and processes, analysis of information from and interviews with management and staff of key agencies including eGov Jamaica, Tax Administration Jamaica, Ministry of Finance and the Accountant General's Department.
- 2.4. The objective of the review was to assess the risks associated with the *CARE Programme*, evaluate the control framework and determine whether reliance can be placed on the systems and processes used in administering the programme, in particular, the Compassionate Grants and SET Cash components to provide reasonable assurance that only qualified and legitimate applicants benefit under these components.

Application Controls

- 2.5. The application reviews focused on the step by step processing and handling of data, from the application stage to the approval for disbursement. It is anticipated that actual disbursements will begin after the finalization of this report. Consequently, this report does not comment on the actual disbursements. My comments on the efficacy of the disbursement process will be included in subsequent reports. The audit procedures were designed to provide reasonable assurance that:
 - a. Appropriate policies and procedures are in place to support reliable processing of information.

- b. Controls over the preparation, collection and processing of source documents, especially from the various participating government organizations were effective.
 - c. Data entered into the *CARES Portal System* database is accurate, complete and authorised.
 - d. Data is processed as intended in keeping with the guidelines under the *CARE Programme*.
 - e. Data output is accurate and complete.
 - f. Interface controls are suitable to enforce completeness, accuracy, validity and timeliness of data transferred.
 - g. Controls over master file integrity are effective which ensure changes are approved, accurate and complete.
 - h. Controls over transaction logs are in place which ensure transaction history is accurate, complete and facilitates an effective audit trail.
 - i. There is adequate segregation of duties to ensure that no staff is able to override existing controls.
 - j. Backup and recovery procedures are adequate to ensure that the system/application can be recovered in the event of a disaster.
- 2.6.** The audit also involved a review of the results of the eligibility verification tests done by eGov and TAJ to determine the eligibility status of each applicant for the *Compassionate Grant* and the *SET Cash* components of the programme. Independent audit verifications were also conducted to corroborate the results of the eligibility verification tests.

General Controls

- 2.7.** The objective of the general computer controls review sought to determine whether the computer controls effectively support the confidentiality, integrity, and availability of the *CARES Portal System*. General computer controls include controls over the information technology (IT) environment, computer operations, access to programs and data, program development and program changes. The audit procedures were designed to provide reasonable assurance that the relevant controls were effective in the following control categories:

- a. Systems Development and Change Management
- b. Access Controls
- c. Information Security
- d. Physical and Environmental Security
- e. Disaster Recovery and Contingency Planning

What was found

Application Controls

- 2.8.** The input controls were sufficient to appropriately identify a user by validating the name, Tax Registration Number (TRN) and birth date of each applicant against the RAiS system maintained by Tax Administration Jamaica (TAJ). Further, the *CARES Portal System* does not permit an application to be submitted by a minor as a Table Lookup was used to restrict birth date to on or before the year 2002. However, a risk exists that the TRN of a deceased person, within the accepted age range, may be used to submit an application, where the applicant's name is maintained on a commercial bank account.
- 2.9.** Our test for duplicate applications revealed only five exceptions. We found that the applicants were able to successfully submit applications under the *Compassionate* and *SET Cash* components contrary to the *CARE Programme* specifications. eGovJa subsequently indicated that their *"investigations revealed that there was a rare case in an early version of the application which would allow an applicant to have two applications which has since been fixed. Even though the applications were accepted on the system the payment batching rules prevents the same TRN from being batched twice under the rules for SET and Compassionate Grants. A decision is to be taken by Ministry of Finance and Planning as to which of the duplicates will be cancelled. The applicant will not benefit from both programmes."*
- 2.10.** We have determined that there is an inherent risk of *Compassionate Grant* applicants benefiting, where an employer fails to submit monthly and annual returns¹ within the stipulated periods. In order to qualify for the grant, an applicant should be unemployed and therefore not appear on the annual and monthly PAYE Returns submitted as at March 31, 2020 and April 14, 2020, respectively. However, based on the eligibility determination process, persons employed to organizations that are generally negligent in filing their returns may be classified as eligible and receive a grant. Our concern is corroborated by the fact that information from TAJ revealed that between December 2018 and December 2019 an average of 30% of employers filed their monthly returns

¹ The Employer's Monthly Statutory Remittance Payroll Deductions (S01) for March 2020 was due on April 14, 2020, while the Employers Annual Return for 2019 was due on March 31, 2020.

late. Additionally, 23% of employers filed their annual returns late for 2018 and to date 8% of employers have filed late for 2019. Further, an applicant who was unemployed as at January 1, 2020 may be ruled as ineligible if he/she appears on an annual return for the period ended December 31, 2019.

- 2.11.** We undertook a 100 percent validation test of the *Compassionate Grant* applicants in the *CARE Portal System* against the payroll tax returns in RAiS based on the eligibility requirements. We found that 394 applicants reflected as eligible in the *CARES Portal System* were identified in RAiS as being included on a S01 monthly payroll deduction or S02 Annual Returns. eGovJa subsequently confirmed our findings and indicated that *“the CARE system had flagged the applications as Eligible based on the time that they were checked. The eligibility run was conducted between 4/23/2020 12:43:24 AM and 4/24/2020 8:35:09 PM at which time these applicants TRN check returned “No employer” or they were on a payroll for 2018 and or earlier. This was highlighted in the project as a risk as there would have to be a cut-off time to process payments”*. eGovJa further indicated that they *“have since decided to re-execute eligibility just prior to batching to mitigate this particular risk and as such we are now performing those checks which will see the correct status assigned to each applicant”*.

General Controls

- 2.12.** eGov Jamaica Limited (eGovJa) applied the Agile principles and a modified SCRUM methodology for the development of the *CARES Portal System*. The Agile principles focus on providing a workable product instead of the traditional method of system documentation. This approach is in keeping with industry practices and is appropriate in circumstances involving time constraints. eGovJa indicated that the Programme Manager worked closely with the team and agreed to changes prior to releases, however due to the rapid pace of development there was some delay in the formal documentation of the changes. We have reviewed a sample of the change requests and are satisfied that the requisite approvals were given.
- 2.13.** The physical and environmental security controls of eGovJa were adequate to prevent and detect unauthorised access and environmental hazards to the *CARES* system servers. The entity has formal policies and procedures which were observed to be effective and consistent with international best practices. Access to sensitive facilities were appropriately restricted and only accessible to authorized personnel.
- 2.14.** We were unable to assess the adequacy of the *CARES Portal System’s* disaster planning as the relevant backup records were not provided at the time of this report. eGovJa has since advised us that backups of the system are done nightly and backups of the database are as frequent as changes made to the system.

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