Important Circular

The Ministry of Company Affairs (MCA) has notified that from 1st April 2023, every company is required to maintain an audit trail in its accounting software for maintaining its books of accounts. An audit trail should primarily comprise of the following:-

1. An audit trail feature of each and every transaction,

2. Creating an edit log of each change made in the books of account along with the feature to capture the dates/timelines when such changes were made.

3. Software to ensure that the audit trail cannot be disabled.

Auditors are now required to report, as part of the auditors report as to whether,

(a) the accounting software used by the company being audited has the feature of recording audit trail (edit logs),

(b) the audit trail feature was operational throughout the financial year and had not been tampered with and

(c) such audit trails have been retained for the period as statutorily prescribed.

Hence ensure that you activate the audit trail feature of your accounting software with effect from 1st April 2023.