

Accounting Software used by the Company

S.No.	Name of the Accounting Software	Records maintained (Books of account)	Hosting Location
1	e.g., XYZ	Journal entries, subledgers and general ledger	Company Data Center, Bangalore
2	e.g., PQR	Sales Invoices, Inventory, Customer Ledger	SaaS / On Cloud

Queries:-

S.No.	Inquiries	Remarks
Implementation of Audit trail (w.e.f. 01 April 2023)		
1	Please specify the records and transactions that constitute books of account under section 2(13) of the Act.	
2	Please specify the software i.e., IT environment including applications, web-portals, databases, Interfaces, Data Warehouses, data lakes, cloud infrastructure, or any other IT component used for processing and or storing data for creation and maintenance of books of account.	
3	How the Management evaluated changes that are required for the maintenance of audit trail as part of changes or upgrades to the accounting software ?	
4	Please confirm the following-	
	(a) whether the software(s) have the audit trail feature ?	
	(b) whether the audit trail captures changes to each and every transaction of books of account; information that needs to be captured may include the following: o when changes were made o who made those changes o what data was changed	
	(c) whether the audit trail feature is always enabled (not disabled) ?	
	(d) whether the audit trail is enabled at the database level (if applicable) for logging any direct data changes ?	
	(e) whether the audit trail is appropriately protected from any modification ?	
	(f) whether the audit trail feature is configurable (i.e., if it can be disabled or tampered with) ?	
	(g) whether the audit trail has been preserved as per statutory requirements for record retention ?	
	(h) whether the Company has migrated from one software to the other which happened during the year or higher version of software installed ?	

	(i) whether controls over maintenance and monitoring of audit trail and its feature are designed and operating effectively throughout the period of reporting ?	
5	Please confirm whether the Company has implemented following internal controls which are required to be implemented and operated:	
	(a) controls to ensure that the audit trail feature has not been disabled or deactivated.	need to do testing of control
	(b) controls to ensure that User IDs are assigned to each individual and that User IDs are not shared.	need to do testing of control by checking log book.
	(c) controls to ensure that changes to the configurations of the audit trail are authorized and logs of such changes are maintained.	need to do testing of control by checking log book.
	(d) controls to ensure that access to the audit trail (and backups) is disabled or restricted and access logs, whenever the audit trails have been accessed, are maintained.	Require extracts of BM minutes for authorised persons who can access Audit trail.
	(e) controls to ensure that periodic backups of the audit trails are taken and archived as per the statutory period specified under Section 128 of the Act.	
6	In case of accounting software supported by service providers, please provide SOC 2/SAE 3402 report(if available) for compliance with audit trail requirements.	Client to confirm
Maintenance of electronic records		
7	Are Servers available in India?	In House server
8	What is the backup policy?	Client to confirm
9	Evidence of the backup configuration from the backup utility to demonstrate that books of account and other relevant books and papers are backed up on a daily basis, including error configuration to address backup failures (For example, screenshot/reports of configuration from the back up utility)	Evidence like Hard Drive, Server logs can be kept. This is to be confirmed by client
10	Evidence providing details of physical server setup in India where the local backups are stored including Internet Protocols (IP) address and data center location supported by backup configuration demonstrating backups are stored on local server (For example, IP address or listing of such servers)	
11	Evidence of back up failures, if any, and their resolution during the audit period	
12	Evidence of restoration test performed by the entity to see whether backed up data for the current year is recoverable	
13	In case an external service provider has been hired by the company for maintenance of books of account in an electronic form, please share the following details:	

(a)	the name of the external service provider	
(b)	the Internet Protocol (IP) address of the service provider	
(c)	the location of the service provider (wherever applicable)	
(d)	where the books of account and other books and papers are maintained on cloud, such address as provided by the service provider	
(e)	where the service provider is located outside India, the name and address of the person in control of the books of account and other books and papers in India	
(f)	SOC 2/SAE 3402 report (if available) (The report should specifically cover the maintenance of daily backups in line with the requirements of the 2013 Act on a daily basis and also provide the details of the physical servers' setup in India)	

Maintained Inhouse or Outsourced	Database	Operating System	Audit Trail enabled
In-house	XYZ	Windows 10	Yes
Outsourced Maintained by ABC Corp	PQR	Windows 10	Yes