

Section 15.8

Audit Trail

The Audit Trail feature of QuickBooks permits you to track all changes (additions, modifications, and deletions) made to your QuickBooks records. When used appropriately, the Audit Trail feature improves internal control by tracking any unauthorized changes to accounting records. The owner (or manager) should periodically review the Audit Trail for discrepancies or unauthorized changes. The Audit Trail report is especially useful if you have more than one user for QuickBooks. This report permits you to determine which user made which changes.

Access to the Audit Trail should be restricted to only the QuickBooks Administrator.

When you export the Audit Trail report to Excel, you can perform further analysis with the Auto Filter feature shown in the following example.

To illustrate how an accounting clerk, Ima M. Bezler, might attempt to embezzle funds, assume Ima pockets a customer's cash payment. If Ima just keeps the cash payment, the customer would receive another bill and possibly contact the company to complain, triggering an investigation into the customer's account activity. So Ima deletes any record of the customer's bill from QuickBooks.

Instead of deleting the bill, Ima might try to write off the customer's account as uncollectible in order to ensure the customer does not receive another bill.

To test the Audit Trail feature, first record a customer invoice to Sofia Rafael.

- 1 Select the **Create Invoices** icon
- 2 Select Template: **Service Date Invoice**
- 3 Select Invoice Date: **02/01/2024**
- 4 Select Customer Job: **Sofia Rafael Vaulted Kitchen**
- 5 Select Service Date: **02/01/2024**
- 6 Select Item: **Labor Mural**

- 7 Select Quantity: **3 hours**
- 8 Select **Save & Close** to close invoice

On 02/02/2024, Sofia Rafael pays her bill in cash. If Ima decides to keep the cash and delete the invoice (so that Sofia Rafael would not receive another bill), the Audit Trail maintains a record of the deleted invoice.

To delete the invoice:

- 1 Open the Rafael invoice that you just created
- 2 Select **Edit Menu**
- 3 Select **Delete Invoice**
- 4 When asked if you are sure, select **OK**

The Audit Trail report will list the original transaction to record the invoice and the change to delete the customer's invoice.

To prepare the Audit Trail report:

- 1 From the Report Center, select **Accountant & Taxes**
- 2 Select **Audit Trail**
- 3 Select Dates: **All**
- 4 Select: **Run**

To create a filter to display **2024** transactions:

- 1 Select **Customize Report > Filters**
- 2 Remove Selected Filter: **Entered/Modified Today**
- 3 Choose Filter: **Date**
- 4 Select Date From: **01/01/2024 To: 12/31/2024**