



POWER OF SIMPLICITY

Knowledge Map

Tally.ERP 9

Preface

What is a Knowledge Map?

A Knowledge Map is a representation of a concept using levels of information. Each level provides deeper understanding than the previous one. The emphasis is on gaining the maximum understanding in the shortest possible time.

Why Knowledge Map for Tally.ERP 9?

Tally.ERP 9 is one of the most widely used financial software that has extended capabilities and great potential to transform a business. Many areas of Tally, when implemented, actually translate to increased efficiency, reduced costs, and organised business operations.

This Knowledge Map has been created to help readers gain an immediate understanding of the key areas of expertise; such an understanding can bring about positive impact on your business.

This Knowledge Map on Tally.ERP 9 aims to

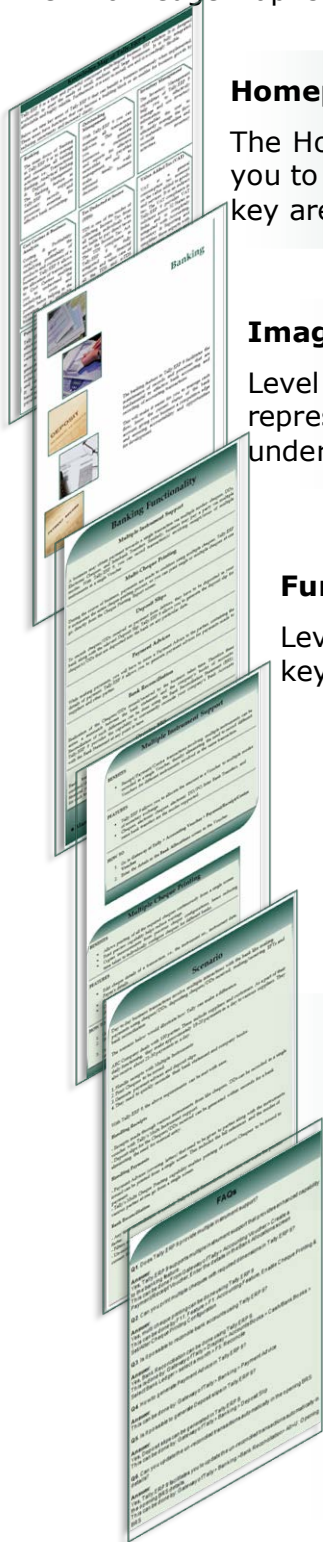
1. Get you closer to understanding the key areas in a short time.
2. Illustrate how these key areas can benefit a business.
3. Encourage the efficient use of the most appropriate solutions.
4. Have the most beneficial information handy, enhancing usability of Tally.ERP 9.
5. Helps users find critical information quickly.
6. Enhance decision-making and problem-solving by providing access to applicable information.

Benefits of using the Knowledge Map for Tally.ERP 9

- Grasp the necessary know-how quickly without having to refer to any secondary material.
- Arrive at information faster! This is a non-continuous, easily understandable guide on how to obtain a positive impact with Tally.ERP 9.
- Information on any page is complete and relevant to the functionality of the key area; you don't have to refer to another page to understand it.
- Immediate awareness of where you are in the Knowledge Map. All pages have been marked for easy navigation.

Structure of the Knowledge Map for Tally.ERP 9

The Knowledge Map is layered as shown below, with each layer zooming in on each key area.



Homepage (Level 1)

The Homepage consists of the key areas. Clicking on any of these topics will take you to the page containing pictorial representation of the key functionalities of that key area.

Image Trigger (Level 2)

Level 2 provides a pictorial overview of the key areas. The purpose of pictorial representation is to act as triggers, to help you remember the basics of the topic under discussion. The images will lead you to Level 3 when clicked.

Functionality (Level 3)

Level 3 contains a brief explanation of the Statutory Audit functionality of the key area of interest.

A brief introduction on Statutory Audit functionalities in Tally.ERP 9 will be given here. Zoom in to Level 4 for more details by clicking the name of the functionality.

Functional Details (Level 4)

Navigating to Level 4, will lead you to further information on the functionality of the key area i.e., the benefits and features of the functionality, and how to use it.

Scenario and FAQs

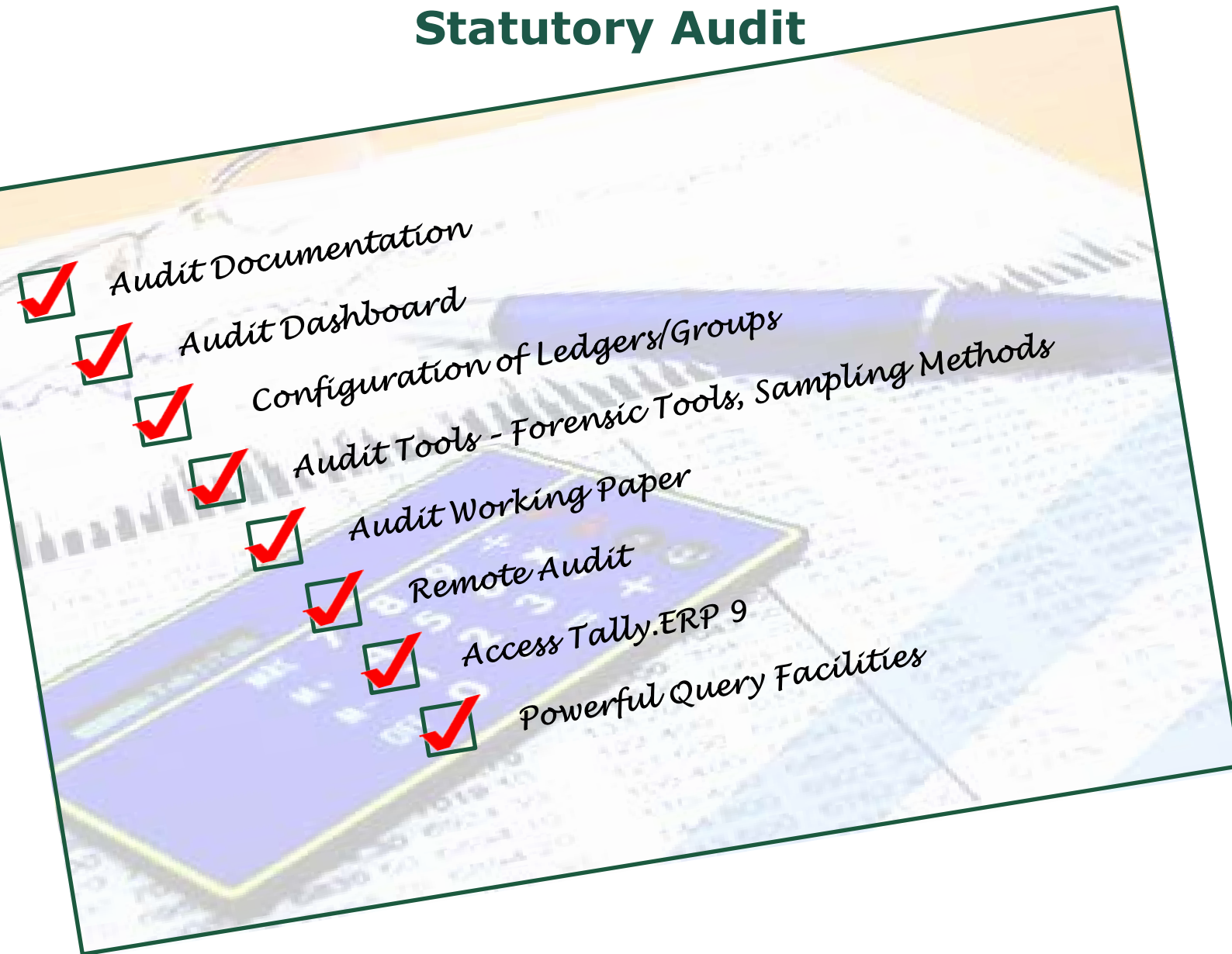
A typical business situation that can be simplified with Tally.ERP 9 is presented as a Scenario.

The FAQs section, as the name suggests, contains a set of Frequently Asked Questions pertaining to each of the key areas discussed.

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Statutory Audit



The term audit generally refers to auditing of financial statements. In a statutory audit, the Auditor performs the audit as required under a statute, e.g. Companies Act, 1956. The Auditor provides the expert opinion about the quality of and attests the truth of the financial statements.

Simply put, audit means a critical and intelligent examination of facts – financial or otherwise, to provide a certificate or report an attestation, an expert opinion or advice.

As per the Auditing and Assurance Standards on basic principles governing an audit, SA 200 (old AAS 1) published by the Institute of Chartered Accountants of India, an audit is an independent examination of financial information of any entity, whether profit oriented or not, and irrespective of its size or legal form, when such examination is conducted with a view to express an opinion thereon.

Statutory Audit Functionality

Comprehensive Audit Documentation

The starting point of any audit activity is the audit documentation. The feature in the product offers exciting sub features like Audit Report, Audit Working Paper, CARO and Auditor's Report, Accounting and Auditing Standards checklists, and configuration details made during the audit when certain features are used, etc. These sub features are used to plan, execute and control the audit process from the beginning to the end.

Audit Dashboard

The process of audit can be traced to know about its current status, whether it is classified as internal observation or it is sent to the client as external observation. The details of audited, sampled altered transactions after audit are some of the highlights.

Configuration of Ledgers/Groups for Audit

One of the main requirements is to extract the required ledgers/groups for audit. This is simplified by configuring the data with the inputs from the client and gets the required data for audit. This process is done easily in the product. You can configure MSME ledgers, Periodic payments/receipts, sampling of data, etc.

Use of Forensic Tools

CAAT (Computer Assisted Audit Techniques) are used to detect erroneous transactions for rectification. A feature like RSF (Relative Size Factor), Cash Withdrawals/Deposits to Bank, helps the auditor to pull out such transactions for analysis.

Detecting Exceptions in Data - Opening Balance, etc.

Exception management of accounting data is important step to define the audit scope. By detecting the exceptions the auditor can determine which transactions require more attention for audit.

Statutory Audit Functionality

Vouching of Transactions

Selection of data for audit is a major area. Concepts like materiality, exceptions are used in selecting the data. The use of sampling techniques is important to select the required data for audit.

Simpler process of auditing

Select a transaction or more than one transaction for audit. Options to enter the details of audit as a note, copy to the working paper, create a working note for internal purpose-present and future use, etc. Audit working papers are used as evidence during peer review.

Remote Audit

Auditors can capitalise the benefits of a good broadband connection to audit the clients' data remotely. Saves costs and time, provides more value to the clients.

Access Default Tally.ERP 9 features within Auditor Edition

An auditor need not come out of the AE features to use the features of default Tally .ERP 9 product. The product is so designed that the accounting and inventory features of the product can be accessed within the AE.

Powerful query facility – Range and Value

To support the audit findings, the auditor can generate reports using query features like **Range** (**Alt +F12**) and **Value** (**Ctrl + F12**).

Comprehensive Audit Documentation

BENEFITS

- A well planned audit programme
- Collection of audit evidence

FEATURES

- Audit documentation features consisting of audit programme, working papers, CARO, checklists for standards assist in production of evidence to support audit observations and findings.

HOW TO

1. **Gateway of Tally > Audit & Compliance > Statutory Audit > Audit Documentation**

Audit Dashboard

BENEFITS

- Get details of exceptions to decide the scope of the audit
- Perform audit of selected transactions, record observations for discussions with client and preparation of audit report

FEATURES

- The Data Analysis part consists of features that assist an auditor to check the quality of the data under audit by executing certain tasks, generate exceptions, perform analysis, forensic audits, etc. The Auditing part consists of sampling and vouching the transactions, related party, forex, etc.

HOW TO

1. **Gateway of Tally > Audit & Compliance > Statutory Audit > Audit & Analysis > Data Analysis/Auditing**

Configuration of Ledgers/Groups for Audit

BENEFITS

- Configure ledgers/groups to generate exceptions for audit
- Assists in forming the scope of the audit

FEATURES

- The configuration of the data is made through a **Master Config (Ctrl + F9)** button and the **F12: Configure** button. Both options enable the auditor to narrow down to the desired set of transactions for the audit. Examples of features to be configured are MSME transactions, sampling methods, related parties, etc. The **F12: Configure** option in each feature generates the required data for detecting exceptions for audit.

HOW TO

1. **Gateway of Tally > Audit & Compliance > Statutory Audit > Audit & Analysis > Data Analysis/Auditing > Ctrl + F9: Master Config/F12: Configure**

Use of Forensic Tools

BENEFITS

- Detects erroneous/fraudulent transactions
- Assists in 'cleaning' the data before audit

FEATURES

- The CAAT features' objective is to detect the data which have deviated from the norms. The focus is to detect control lapses and to protect client's assets.

HOW TO

1. **Gateway of Tally > Audit & Compliance > Statutory Audit > Audit & Analysis > Data Analysis/Auditing > Relative Size Factor (RSF)**

Detecting Exceptions in Data – Opening Balances, etc.

BENEFITS

- Detects exceptions in data to determine the areas for audit (scope)

FEATURES

- The exceptions are generated based on the selected feature under **Data Analysis**. For e.g., the **Verification of Balances** generates exceptions relating to opening balances in the current year when compared with the previous year.

HOW TO

1. **Gateway of Tally > Audit & Compliance > Statutory Audit > Audit & Analysis > Verification of Balances**

Vouching of Transactions

BENEFITS

- Select transaction (s) based on some criteria (sampling methods/manual/random sampling)
- Quick audit and selection of transactions without bias

FEATURES

- Different sampling methods like amount range, even/odd number, random numbers, etc. can be used to generate sample data for audit.
- Saves audit time by focusing on a sample set of data

HOW TO

1. **Gateway of Tally > Audit & Compliance > Statutory Audit > Audit & Analysis > Verification of Vouchers > Alt+ S: Sampling Config**
2. **Gateway of Tally > Audit & Compliance > Statutory Audit > Audit & Analysis > Ctrl + F9: Master Config > Sampling Methods > Ctrl + R: Random Sampling**

Simpler process of auditing transactions

BENEFITS

- Select transaction (s) for audit/verification
- Include audit details in **Audit Note** and **Audit Working Papers** for audit report preparation

FEATURES

- Facility to audit at transaction level for each selected feature
- Option to enter audit details for the audited transactions
- Can audit more than one transaction at a time.

HOW TO

1. **Gateway of Tally > Audit & Compliance > Statutory Audit > Audit & Analysis > Verification of Vouchers > Ledger Vouchers > Alt+ F9: Audit**

Remote Audit

BENEFITS

- Saves time and costs
- Auditor can work at own pace from anywhere
- Client with offices in different places (geographically dispersed) is benefited

FEATURES

- Use the internet facility to advantage by auditing remotely
- Configuration of Auditor's ID in Control Centre

HOW TO

1. **Gateway of Tally > Audit & Compliance > Ctrl + K: Control Centre > Alt +U: User Management** (to provide access rights to audit data remotely- Client's End)
2. **Gateway of Tally > Audit & Compliance > F4: Connect** (for connecting remotely- Auditor's End)

Access Default Tally.ERP 9 features from Audit Tools

BENEFITS

- Access the default product features without having to leave AE

FEATURES

- Click **F9: Inv Reports** and **F10: Acc Reports** buttons to access the default product features

HOW TO

1. **Gateway of Tally > Audit & Compliance > Tax Audit/Statutory Audit > F9: Inv Reports/ F10: Acc Reports**

Powerful query facility – Range and Value

BENEFITS

- Additional reports/features that supports audit findings and observations

FEATURES

- Click **Alt+ F12: Range** and **Ctrl + F12:Value** to generate reports based on inputs

HOW TO

1. **Gateway of Tally > Audit & Compliance > Verification of Balances > Group/Ledger level > Alt + F12: Range /Ctrl + F12: Value**

Scenario

XYZ is a company whose accounts are audited by M/s. **Audit & Co**, a firm of Chartered Accounts. The **Auditor** is deputed by the firm to perform the audit of **XYZ**. The firm has purchased Tally.ERP 9 AE license and wants to use the tool to automate its audit activities. Before leaving to the client site, he has a discussion with the Senior Auditor on the manner the audit to be performed. Senior Auditor designs a plan to perform the audit.

The plan of audit is as follows:

- The Auditor to study the previous year's audit report and its findings to plan work accordingly
- Prepare an audit programme consisting of:
 1. Verify if the closing audited balances have brought forward correctly
 2. Find the details of those accounts (ledgers) which are squared off
 3. Find if any stock items have negative closing balances
 4. Find through analysis the highest change in indirect expense account
 5. Sample those payment vouchers whose amounts exceeds Rs.20000

Preparatory work

- The Auditor reads the previous year's audit report and makes important noting on the findings. Thus he has inputs from the previous year audit relating to the client, its systems and operations. He also undergoes a brief training on the use of Tally.ERP 9 Audit Tools and familiarises himself on the features required to carry out the current audit as per the plan. The Auditor is now ready to audit as per the plan approved by his senior.
- **Preparation of audit programme:** To prepare a programme for the audit he executes the following steps.
 - Go to **Gateway of Tally > Audit & Compliance > Audit Documentation > Audit Programme**
 - He now enters the necessary details of the client and auditor, areas of audit, time and people to work on the audit.

Audit steps

1. **Verification of Opening Balances:** In the beginning, the Auditor loads the current year data (present in separate folders).

Steps to perform are:

- **Company Info. > Select Company**
- Select the current year Company (**XYZ**)
- Type values **for Name of User** and **Password**
- Press **Enter** to go to the **Gateway of Tally** screen

The Auditor now accesses the **Audit & Analysis** screen by executing the following steps:

- **Gateway of Tally > Audit & Compliance > Audit & Analysis**

Scenario

Steps to load previous year's data:

- Click **Ctrl + F3: Compare Cmp**
- Select the previous year Company (**XYZ**)
- Type value for field **Password**
- Press **Enter** to go to the **Audit & Analysis** screen

To ascertain the carry forward of correct opening balances, the **Auditor** clicks the **Verification of Balances** feature under **Audit & Analysis** menu. The steps to execute are:

- Go to **Gateway of Tally > Audit & Compliance > Audit & Analysis > Verification of Balances**

He extracts the report of differences between the current year's opening balances and the previous year's closing balances by executing this step.

- Click **Alt + X: Exceptions**

Now CA Auditor will find the reasons for the difference and recommend the client to rectify them.

2. Accounts squared off during the year: The Auditor now proceeds to find those ledger accounts that escape appearing in the final accounts (squared off). Squared off ledgers have nil opening and closing balances but the debit and credit amounts are equal. He executes these steps:

- Go to **Gateway of Tally > Audit & Compliance > Audit & Analysis > Verification of Chart of Accounts > Accounts squared-off during the year**

A list of squared-off ledgers is displayed for the Auditor to verify. He performs the verification and enters the required details.

3. Stock items with negative closing balances: The Auditor further wants to find those stock items with negative closing balances. He executes these steps:

- Go to **Gateway of Tally > Audit & Compliance > Audit & Analysis > Verification of Stock Items > Negative Stock**

A list of those stock items which have negative closing balances is displayed. Now CA Auditor can select any stock item and review its transactions (Stock Vouchers) to know the reasons for the negative balances. The verification of the stock item can be performed by clicking **Alt + F9: Verify** button after review of its transactions.

Scenario

4. Change in indirect expense accounts: To ascertain which expense account had the highest change in percentage terms, CA Auditor used the **Analytical Procedures** feature.

The steps performed are:

- Go to **Gateway of Tally > Audit & Compliance > Audit & Analysis > Analytical Procedures > Comparison between Sales Accounts and Indirect Expenses**

CA Auditor finds one head of expense: **Business Promotion Expenses** recorded a change above 200% in relation to the change in Sales values for the two years (Current and Previous). He can look into the matter and ascertain the reasons for the change.

5. Sample those payment vouchers whose amounts exceed Rs.20000: CA Auditor wants to employ a sampling method to extract 20 payment vouchers whose amounts exceed Rs.20000/-.

To achieve this end, CA Auditor executes the following steps:

- Go to **Gateway of Tally > Audit & Compliance > Audit & Analysis > Verification of Vouchers > Payment > Alt + S: Sampling Config > Amount Range**

He then provided the minimum and maximum amounts as shown:

- **Minimum Amount: 20000**
- **Maximum Amount: (blank)**

A list of the vouchers which carry amounts more than Rs.20000 is displayed for audit. CA Auditor after conducting the audits as per the audit programme, prints the audit working paper as an evidence to discuss with the Senior Auditor and later with the Client.

FAQs

1. I want to prepare an audit programme. How do I prepare it?

You can prepare the audit programme in the Audit Tool by clicking **Audit Documentation** feature (**Gateway of Tally > Audit & Compliance > Audit Documentation > Audit Programme**)

2. What are the features that require configuration? How do I configure the data before audit?

You can configure the data under the four heads of:

- MSME (Micro, Small & Medium Enterprises)
- Periodic Payments and Receipts
- Related Party
- Sampling Methods

Configuration of the above transactions is an easy task in the audit tool.

Go to **Gateway of Tally > Audit & Compliance > Ctrl + F9** > select the feature for configuration.

For example, if you select and click MSME, the MSME Configuration screen is displayed. Select the ledger(s) by pressing the **Spacebar** and click **F5: Update** button and exit. The selected ledgers are displayed under the feature, MSME Transactions for audit.

3. How do I find the exceptions in the Chart of Accounts in the current year's data?

The **Verification of Chart of Accounts** is the feature when selected and clicked displays the exceptions related to the Chart of Accounts.

Path: **Gateway of Tally > Audit & Compliance > Audit & Analysis > Verification of Chart of Accounts**.

You can now proceed to select any sub-feature, say, **Accounts Squared-off during the year** and check for the details. You can record the observations relating to the selected ledger. If you want to refer to the accounting data before making an observation, you may click **F10: Acc Reports**.

4. Can the Tally.ERP 9 AE assist me in detecting postings to wrong ledgers, errors in postings, etc.?

The errors due to wrong amount postings, postings to wrong ledgers, etc., can be detected by using the feature, **Relative Size Factor (RSF)**.

Select the feature under **Data Analysis** and drill down to the ledger voucher level to view its individual RSF. The RSF is the ratio of the highest amount debited/credited to the ledger to the next highest amount. If the ratio is unusual, you can investigate the reasons for the deviations. The reasons may be wrong postings of amounts, amounts to wrong ledgers, etc.

FAQs

5. My accounting data is large. I want to audit a sample of it. Is it possible?

Yes. In the Tally.ERP 9 AE, we have provided methods for you to draw the sample from a large population. The sampled vouchers can be audited.

Path:

1. Gateway of Tally > Audit & Compliance > Audit & Analysis > Verification of Vouchers > Alt + S: Sampling Config
2. Gateway of Tally > Audit & Compliance > Audit & Analysis > Ctrl + F9: Master Config > Ctrl + R:Random Sampling

The audit tool provides 8 different sampling methods. A few sampling methods are:

- All Vouchers (100% audit)
- Amount Range
- Benford Analysis
- Even Numbered Vouchers
- Random Sampling...

6. We wish to audit the interbank transaction between our bank accounts. We would like to know if the delays in banking of Cheques/DDs between various banks can be found out by your audit tool.

We have a feature, **Inter Bank Transactions** under the heading, **Other Analysis**. This feature will provide you details of:

- Accounting date
- Instrument date
- Bank date (date of credit as provided by the receiving bank statement)
- Delays in terms of days

Now you can verify further the reasons for the delay in crediting the amount. We also provide the option (**F5: Reconcile**) to reconcile the entries in your bank book with the bank pass statement.

Path: **Gateway of Tally > Audit & Compliance > Audit & Analysis > Other Analysis > Inter Bank Transactions**

FAQs

7. Can your audit tool assist me to confirm sundry ledgers'/sundry creditors' balances with respective parties?

External Confirmation (Third Party Confirmation) is a new feature in the audit tool. You can mark accounts for confirmation (**F6: Mark for Confirm**). You can mark accounts for confirmation (**F6: Mark for Confirm**). You can confirm the ledgers remotely through internet or use your ID in the authenticating mode.

The ledgers marked for confirmations are reflected when the client logs in to the system.

Path: **Gateway of Tally > Display > Statement of Accounts > Audit and Compliance Info > Statutory Audit Info > External Confirmation (Third Party Confirmation)**

The Client can print or email to the selected parties requesting them to confirm directly to the auditor.

The confirmation from the parties can be received by the Auditor through XML import or as physical documents for review.

There are two ways of confirming the balances as reported by parties, by the Auditor.

- Select a ledger (party's A/c) and click **Enter** (single party)
- Click **Alt + F6: Confirmed Bal** for confirming the balances received from multiple parties (more than 1 party)

For confirming the balances received through a XML file, you can click **F5:A/c Reconcile button**.

8. What are the different components of the Dashboard under the Auditing section?

There are 5 components under the **Auditing** section that provide you with the necessary information about the progress of an audit.

1. **Sampled**: These are the number of vouchers that have been sampled by applying the different methods of sampling. You can also select a voucher manually for audit.
2. **Audited**: The number of vouchers audited from the sampled lot.
3. **Internal Observation**: The number of vouchers that are referred internally to the audit senior/chartered accountant to seek clarifications. These are further classified as pending or clarified.
4. **External Clarification**: The number of vouchers that are referred to the client for clarifications. These are further classified as pending or clarified.
5. **Altered**: These are the vouchers that are altered after audit. They have to be re-audited.

FAQs

9. Can you please explain the process of auditing a voucher transaction or multiple transactions?

The auditing process in Tally.ERP 9 is a simple and easy to perform.

- Select any feature, for example, **Verification of Vouchers** by pressing the **Spacebar**
- Drill down to the **Voucher Register** report
- Select any voucher and press **Enter**
- Select/type the details in the **Audit Details** window
- Save the details

If you want to audit more than one voucher:

- Select the vouchers to be audited by pressing the **Spacebar/Ctrl + Spacebar**
- Click **Alt + F9: Audit**
- Select/Enter the details in the **Audit Details** window
- Save the details

10. If I have completed the verification under Data Analysis and vouching under Auditing, how do I indicate them on the Dashboard?

After you have completed the verification activity, select the required feature(s) and click **Alt + F9: Verify** button.

Similarly after the vouching activity is completed, click **Alt + V: Vouching Done** button.