



Bangalore Branch of SIRC of
The Institute of Chartered Accountants of India

Using Tally: Beyond Accounting to Assurance

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Learning Objectives

**Tally: Accounting
Key features**

**Assurance: Analytics
– Fin. Stmt. Assertions**

**Tally:
Beyond
Accounting to
Assurance**

**Tally/CAATs: Demo
Assurance features**

**Data Analytics:
Case Studies**

Key Lesson

- **Get insights on how Data Analytics can be used for providing Better Assurance with Greater Assurance:**
 - Within Tally
 - Integrated with Tally
 - Beyond Tally
- **To help you remain ahead and be continually relevant**

Perception and reality



"I never cheat on my taxes. That's what I hire accountants like you for."

What is the most important
Challenge faced by Auditors?

THE ETERNAL CHALLENGE

AUDITOR AND AUDITEE.....

Fault Finder?



WHAT IS THE VALUE ADDITION?

What is auditor's Toolkit



How can I fish if you do not give me the tool?

What good is the tool if I do not know how to use it?

How can I use it if I do not know what fish to catch and where the fish is ?

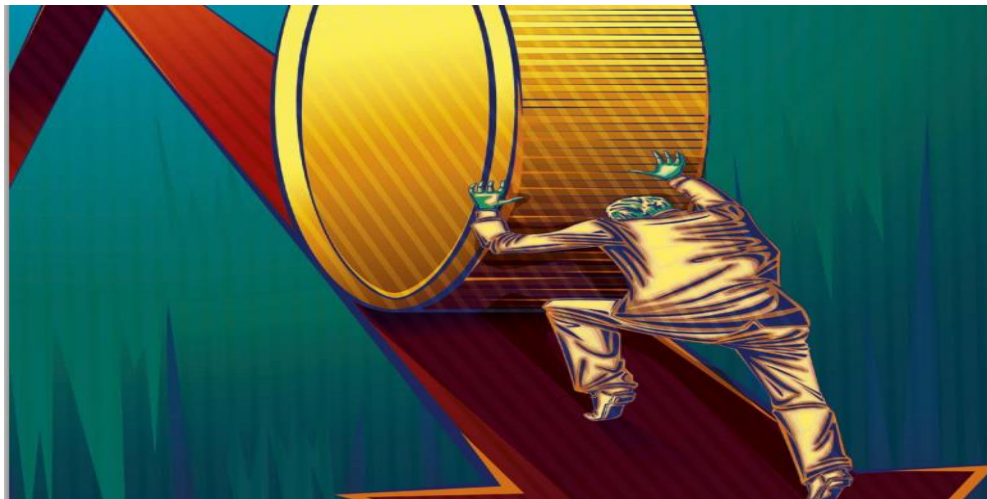
**Enterprises are moving from
Manual controls
to
Automated Controls?**

**Are our
Audit Tools and Techniques
Evolving to
meet this change
from manual controls
to Automated Controls?**

**The critical success factor
of effective audit of
automated controls
is in
knowing the
"Why" before "What".**



What is the most important
Skill-set required by Auditors?



Insights through analysis using IT

"We can now analyse large volumes of fast moving data from different data sources to gain insights that were never possible before."

#Dataanalytics Tip1: CAAT Skills are the primary CSF for auditors to future-proof their career and contribute value.

AUDIT PROCESS KNOWLEDGE

protivit

10-YEAR TRENDS

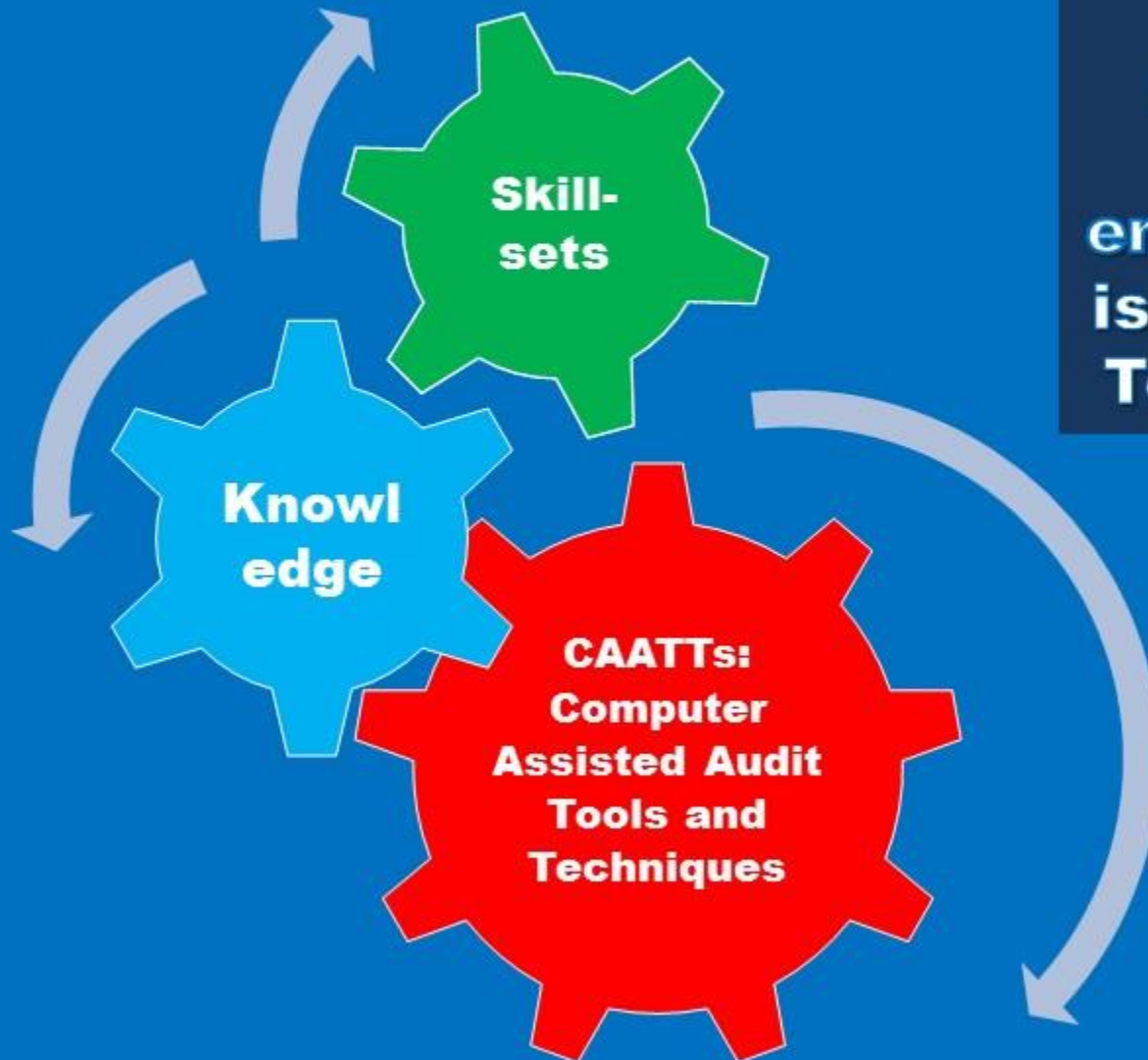
Computer-assisted audit tools (CAATs) and data analysis tools represent the longest-running priorities over the decade we have conducted our survey. Nearly half of the top-ranked priorities over the past 10 years are tied to technology-enabled auditing and analytics. This is a clear indicator there are gaps to address.

- A priority that has emerged in recent years, **marketing internal audit internally**, reflects a sustained effort by CAEs to convey their functions' value throughout the organization

- For CAEs, data analysis tools and CAATs have ranked as priorities over most of the past decade. Internal audit leaders should **identify and address the obstacles** preventing their functions from more fully leveraging technology-enabled auditing.

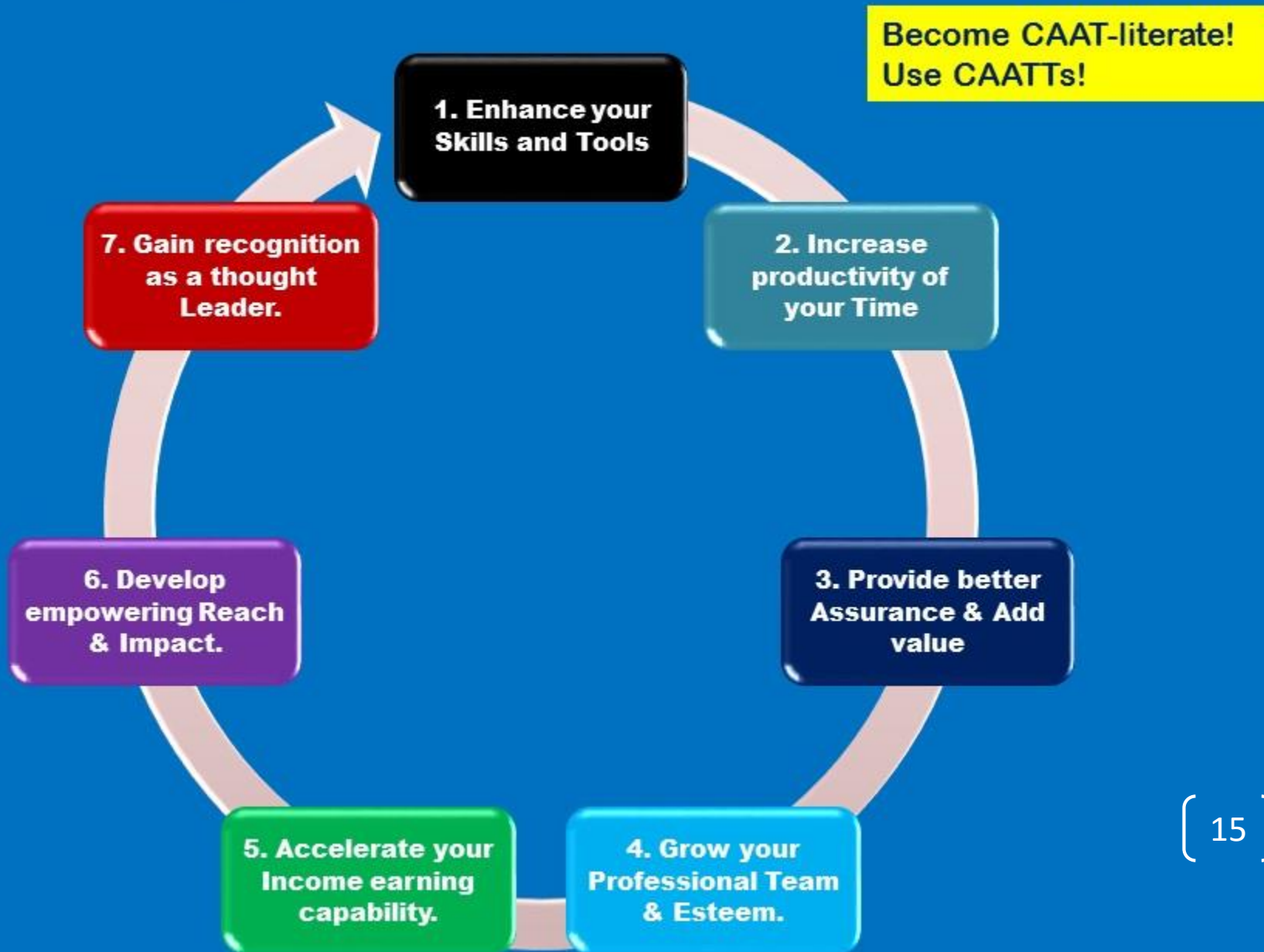
- While internal audit functions remain committed to **improving how they leverage technology-enabled audit tools**, a decade of results suggests progress is lacking.

CAATTs: the key differentiator!



**80% of
Audit in
today's
environment
is related to
Technology**

Seven Key Benefits of using CAATs/Data Analytics



What does this all mean?



**Your Mission is
what you must always
Live & Work for;
but the
Methods, Means and Mechanism
may have to be
Modified/updated
as required!**

1. Walk-through of Tally for Accounting - key features

**Musical instrument used by a
master gives melody.**

**Automated Tools used by Experts,
Empowers Enterprises and Auditors...**

Key features

- Gateway of Tally
- Selection of Options
- Understanding Architecture
- Configuration
- Transaction entry
- Navigation/Drill Down
- Reporting/Export/Query

Security and controls

- Creation of Company
- Security and Controls
- Password Policy
- User Types
- User rights
- Access rights

2. Practical approach for using Data Analytics for Assurance

Audit Function

- Audit- Systematic, independent and documented process for obtaining *audit evidence* and evaluating it objectively to determine the extent to which *audit criteria* are fulfilled
- *Audit Criteria*-set of policies, procedures or requirements
- *Audit evidence* – records, statement of fact or other information which are relevant to the audit criteria and verifiable

CARO Report requirements

(iv) is there an **adequate internal control procedure** commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods.

Whether there is a continuing failure to correct **major weaknesses in internal control;**

(xxi) **whether any fraud on or by the company has been noticed or reported** during the year; If yes, the nature and the amount involved is to be indicated

Audit evidence and assurance limitations

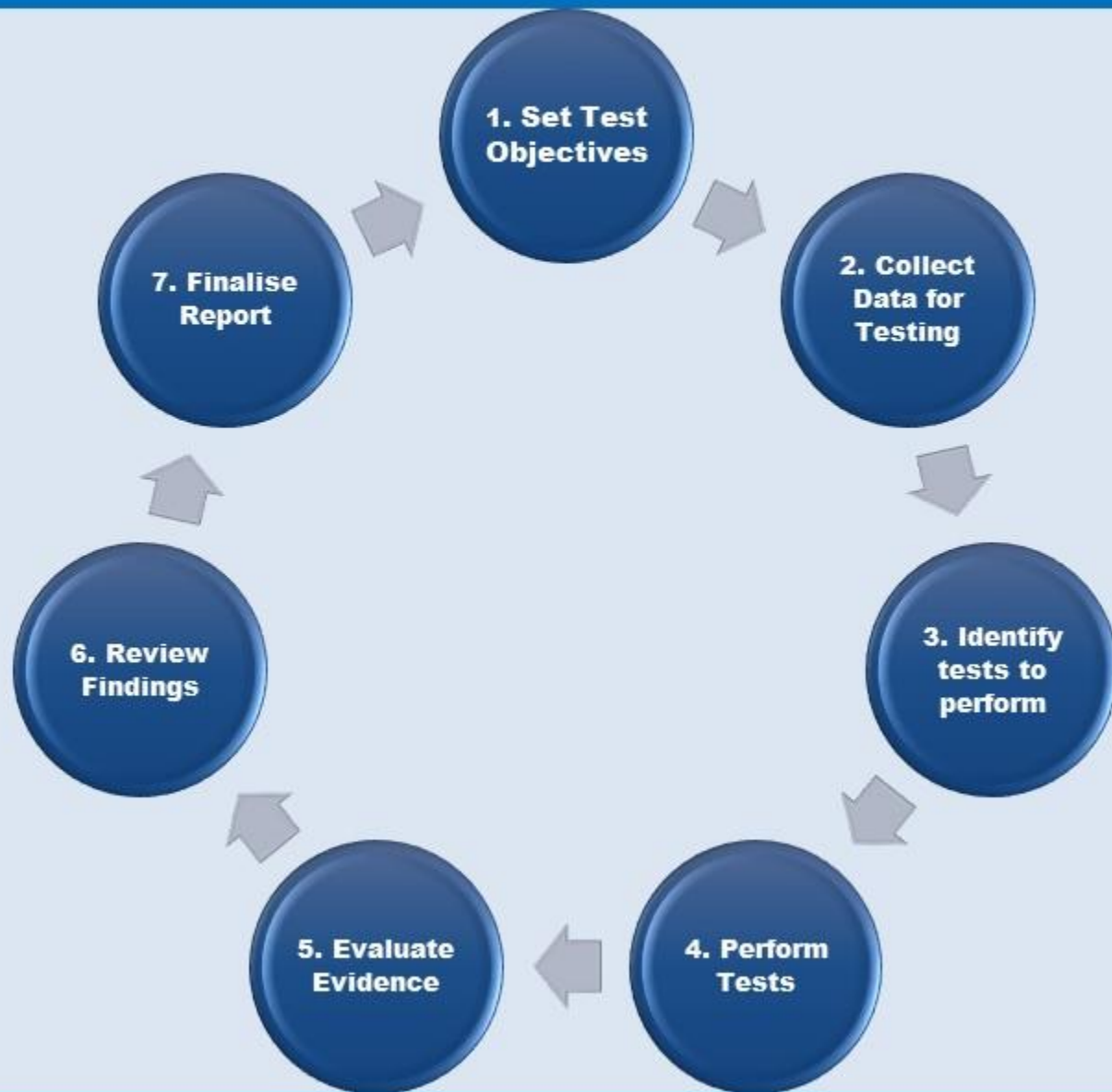
- In forming the audit opinion, the auditor obtains **sufficient appropriate audit evidence** to be able to draw conclusions on which to base that opinion.
- The auditor's opinion enhances the **credibility of financial statements** by providing a high, but not absolute, level of assurance.
- **Absolute assurance in auditing is not attainable** as a result of such factors as the need for judgement, the use of **test checks**, the **inherent limitations of any accounting and internal control systems** and the fact that most of the evidence available to the auditor is persuasive, rather than conclusive, in nature.

THE COMPANIES ACT 2013

SECTION 143 – Powers and duties of auditors and auditing standards

- (3) The auditor's report shall also state:
 - (i) whether the company has **adequate** internal financial controls system in place and the operating **effectiveness** of such controls;

Seven steps of using CAATs



Automated Tools and Assurance

- The IIA defines technology-based audit techniques as,
 - “Any automated audit tool, such as generalized audit software, test data generators, computerized audit programs, specialized audit utilities, and CAATs.”

Understand the IT environment

- **IT Resources**
- Facilities
- Technology
- Applications
- Data
- People

What is the Information Architecture of the enterprise?

Proactive and pervasive controls

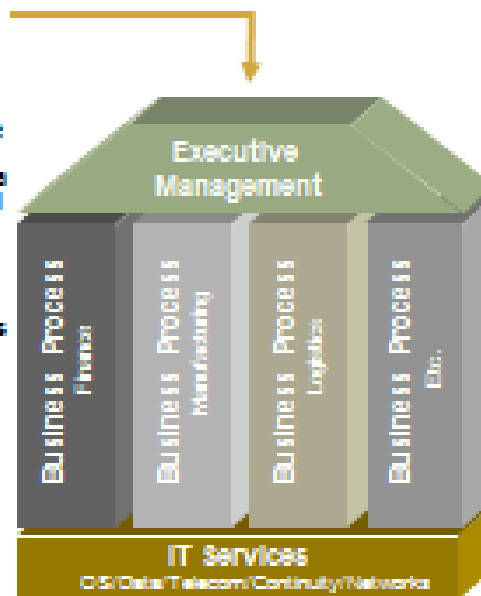
Figure 3—Common Elements of Organizations

Entity-level Controls

Entity-level controls set the tone and culture of the organization. IT entity-level controls are part of a company's overall control environment.

Controls include:

- Strategies and plans
- Policies and procedures
- Risk assessment activities
- Training and education
- Quality assurance
- Internal audit



Application Controls

Controls embedded within business process applications directly support financial control objectives. Such controls can be found in most financial applications including large systems such as SAP and Oracle as well as smaller OTS systems such as AGRAG.

Control objectives/assertions include:

- Completeness
- Accuracy
- Existence/authorization
- Presentation/disclosure

IT General Controls

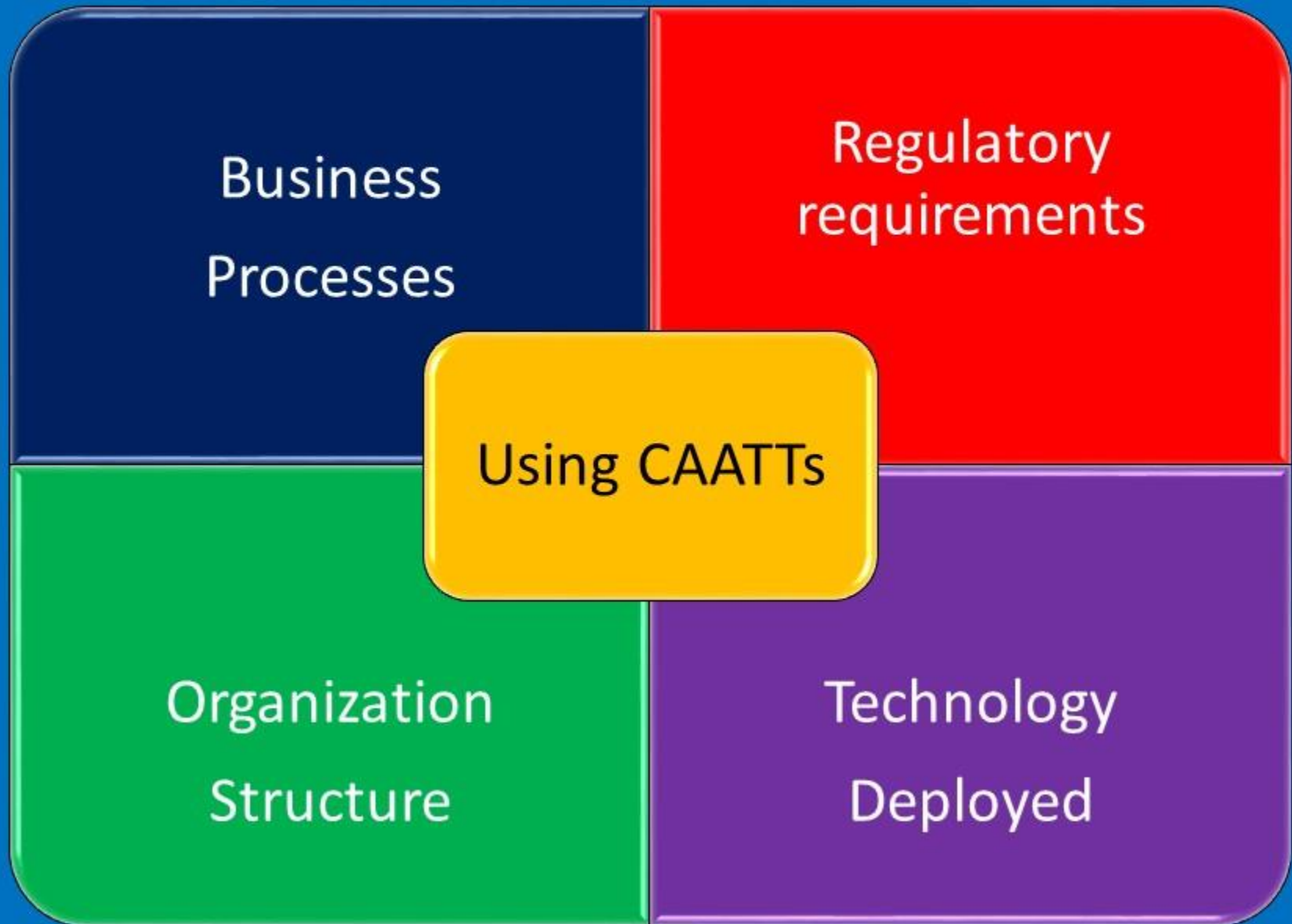
Controls embedded within IT processes that provide a reliable operating environment and support the effective operation of application controls.

Controls include:

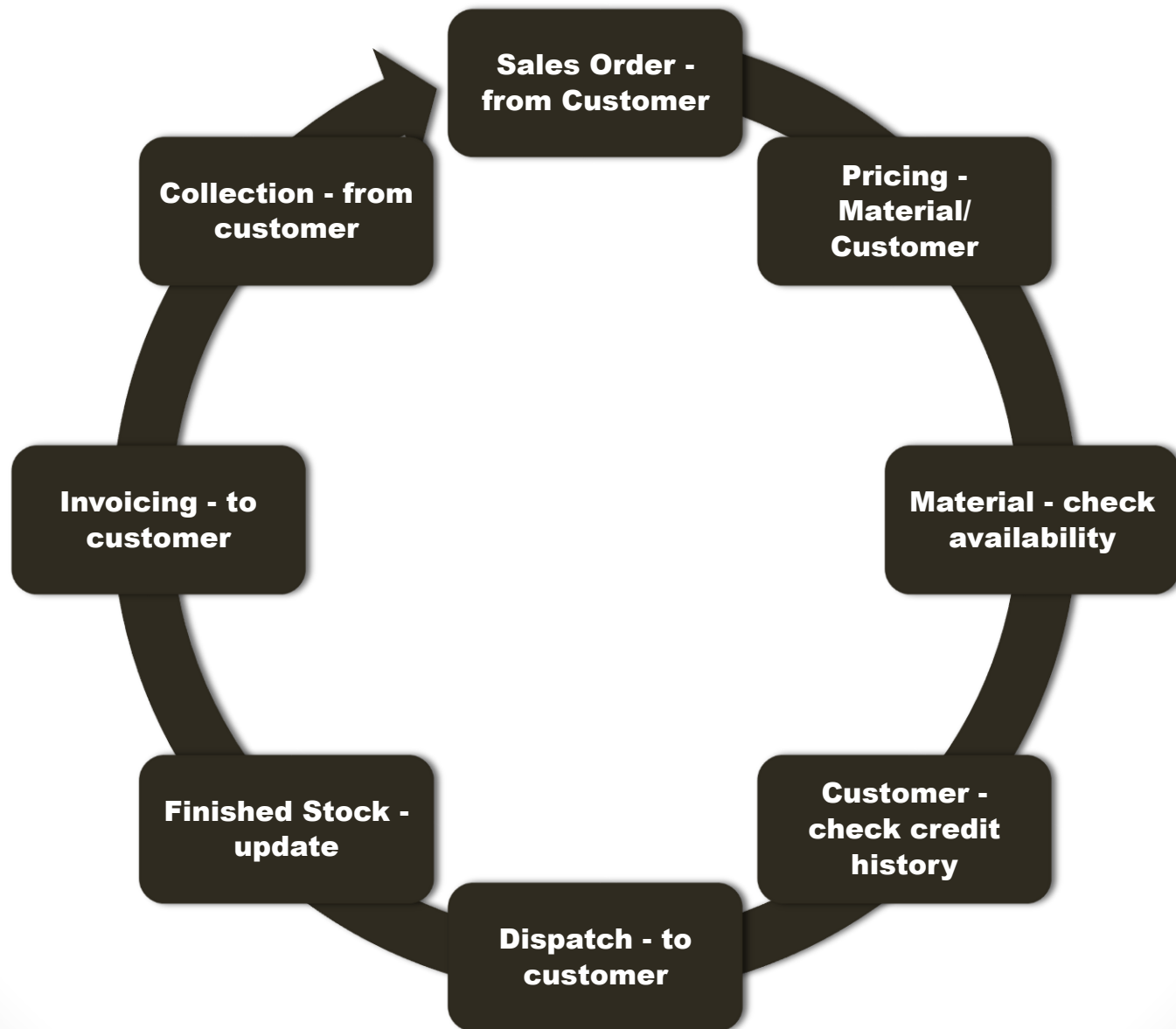
- Program development
- Access to programs and data
- Program changes
- Computer operations

3. Practical demo of Assurance in Tally and selected CAATs

Assurance using CAATTs: key factors



Sample Process Flow



Walk-through of Tally Audit & Compliance Features

- Audit Documentation
- Audit & Analysis
- Audit Journals
- Financial Statements

4. Case Studies of how to use Data Analytics

Walk-through of specific functions for Audit in Tally

- Statutory Audit
- VAT Audit
- Tax Audit
- Internal Audit

18 key features of Audit Software

- Age
- Analytical Tool
- Benford Law
- Duplicates
- Export
- Extract
- Find
- Classify
- Gaps
- ✓ Join
- ✓ Merge
- ✓ Recalculate
- ✓ Sample
- ✓ Sequence
- ✓ Sort
- ✓ Statistics
- ✓ Stratify
- ✓ Summarize

#ServiceCommerce - Next level of commerce. Using Technology for providing Services. What is the road ahead for CAs?.



ClearTax Raises \$2 Million From Its Investors - TechStory

Share on FacebookShare on Twitter 26 May 2016, BENGALURU: ClearTax, a financial technology start-up that helps individuals and corporates to file ...

techstory.in

Do you know how to adapt IT for assurance?

Can you help the business manage at
speed?

**Innovate
or
become
irrelevant**





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Thank You