No. ITD/5724/2012/HRD   January 14, 2015

Technical Circular-5

Sub: IHRD – Automation of Accounts - Tally.ERP9 - Guidelines- reg.

The following information is provided for the use of Head of Institutions and accounting staff of IHRD Institutions in connection with the Tally.ERP9 based accounting system.

1. Updating audited opening balance as on 01-04-2012.

When Tally.ERP9 solution was adapted from 01-04-2012 in IHRD, all head of Institutions had set the opening balance of ledger heads under *current assets/current liabilities* group as per the information available with them. But in some cases, these figures were not correct due to accounting errors or improper maintenance of registers.

Now the chartered accountants have completed the auditing of accounts for 2011-12 and the audited closing balance as on 31-03-2012 is available. The finance section is already requested to forward the information to individual Institutions.   All head of Institutions using the Tally.ERP9 for accounting are requested to correct the existing opening balance in Tally.ERP9 as on 01-04-2012, if it does not match with the audited closing balance as on 31-03-2012, using the account 'principal'.

You may do it by using the option ***Gateway of Tally → Masters →Accounting info→ ledgers→ Multiple ledgers→Alter*** option in the menu. Please note that you need to modify opening balance of ledger heads in the ***Current Assets & Current liabilities*** group only. A list of ledger groups may need OB correction is given below for information.
Assets group : Cash-in-hand, Bank accounts, Loans & advances(assets), **Current liabilities group** : Deposits(liabilities), Receipts(student), Receipts (Employee), Receipts(other), IHRD fee, Advance received, Duties & Taxes, University, etc.
Please do not modify OB of any ledger heads other than in the *Current assets & Current liabilities* groups.

Note : 1) *The OB of ledger heads under Indirect Income & Indirect expenditure group for each financial year will be always zero.*
2) *Please note that manual accounting during 2011-12 had fewer ledger heads than we use in Tally template. So the audited closing balance of some heads given in the auditor's report may be a collection of multiple heads under Tally.ERP9. In such case, please split the total amount in to multiple heads as per the information available with the Institution.*

After completing the above update, the closing balance of ledgers under *current assets & current liabilities* group will be up to date. You have to repeat the procedure, when audited closing balance for 2012-13 & 2013-14 are available and forwarded from finance section.

2. Data split for each financial year.

At present the data folder inside Tally.ERP9 folder of all IHRD institutions contains combined accounting data for 2012-13, 2013-14 and 2014-15. The data forwarded to finance section in the form '10xxxfeb14.rar' also contains combined data. Now the file size of .rar file has become large and has resulted in failure to upload the data as email attachment.

In the above situation, it seems necessary to split the existing data of different financial years so that the size of data to be transmitted to the finance section from February 2015 onwards is considerably less. The data split procedure was postponed so far for making corrections in the opening balance, if any, as per the audited closing balance, as stated in pre-para 1 above.

The proposed procedure for data split is explained below for your information.

1) The data split process is scheduled to take place during January/February 2015. Only Tally Administrator can perform data split as per the existing security settings.
First, You have to complete the correction in the opening balance of ledger heads in the *assets & liabilities* group as stated in para 1. Then send a request by email(*sub: data split request*) to ihrd.tally@gmail.com with the information that you have verified and updated opening balance as stated above. The request for data split will be processed in the chronological order of request received in ihrd.tally@gmail.com after updating audited opening balance.

2) Tally Administrator will connect to your Tally.ERP9 Installation through *Ammyy* software on the appointed date and time and will perform procedure for data split for your institution.

3) The data split procedure is as follows.
   a) A backup copy of existing data folder(say, 10xxx) will be taken to a backup folder.
   b) Data split process will be initiated by the Tally Administrator.
   c) On completion of split process, there will be three folders(*companies*) in the data folder of Tally.ERP9 installation, as in the following example.

   i) 10324 : data folder of existing combined data.(from 2012-13 to 2014-15)
   ii) 12324 : data folder of Institution with code '324' for financial years 2012-2014.
   iii) 14324 : data folder of Institution with code '324' for financial years 2014-2015.

After completing data split as detailed above,

- You may copy data folders 10xxx & 12xxx to your manual backup folder.
- Take a backup copy of folders 10xxx & 12xxx on a DVD media and keep in the safe custody of Head of Institution for future audit purpose.
- You shall continue to enter ledger entry in the data folder 14xxx for financial year 2014-15 and you have to forward the monthly data backup of this folder only to IHRD finance section during 2014-15. (*company name* will be changed like '*CAS, xxxxx (from 1-April-2014')*

Note : During data split Tally.ERP9 will automatically post the closing balance of ledger heads(assets & liabilities group) of previous year, as the opening balance of next year data.

It is proposed to perform data split procedure for subsequent years also.

3. Modification in Bank accounts entries.

a) Grouping project related bank accounts

Institutions like Engineering Colleges & Polytechnic colleges are maintaining multiple bank accounts for various projects like TEQIP, MHRD, FIST, MODROBS etc. Institutions are already permitted to create appropriate bank accounts ledgers in the Tally template as per requirements. But now it has come to the notice that it is difficult to identify the *main Institutional account* and accounts related to the *special projects* due to naming method followed in the Institutions. So it is now recommended to place all projects related bank accounts(SB) in a subgroup called "Projects" under the main group of "Bank Accounts". In this circumstance, the following modification in the Tally template for such Institutions is recommended. Use the 'principal' account to perform the following tasks.

Step 1: Create a group entry "Project" under *Bank accounts* group.
  GW of tally→Masters→Accounts info→groups→Create Single
  Add a new subgroup "Project" under "Bank Accounts" group.
  Save the modification by *accepting* entries.

Step 2: Place all ledger entries of bank accounts related to projects under new sub group "Projects" under "Bank accounts" as follows:
  GW of tally→Masters→Accounts info→ledgers→Multiple ledgers→Alter
Now select "Bank Accounts" group from the list displayed.
  i) Keep the subgroup of Institutional bank accounts as "Bank Accounts" in the column heading "Under" (ie. No change)
  ii) Modify the subgroup of all bank accounts related to projects as "Project" in the column "Under".
Save the modification by *accepting* entries.
Now all the *Project* related bank account ledgers will be in "*project*" subgroup under "*Bank accounts*" main group. Only Institutional bank accounts shall be directly under "Bank accounts" group.
Repeat the above steps i & ii for *"Bank accounts(FD)"* also, if required.
For any clarification/assistance contact Tally Administrator.

b) Naming convention for bank accounts

It is observed that Institutions are following different naming method for multiple bank accounts. It is recommended to follow a standard naming method for multiple bank accounts for easy identification as follows.

Use first 3 or 4 characters for bank name, next 4 characters as last 4 digit of account no and the project name in brackets, as give in the following examples.

Eg: i) for SB account
         SBI4571(e-grantz)
         SBT2345(FIST)
         SBM4057(MODROBS)
         SBI3423(MHRD)

     ii) for FD account
         FDSBI(FIST)
         FDSBM(MODROBS)
         FDSBT(MHRD)

Institutions can modify the existing bank accounts ledger entries similar to one shown above, using the 'principal' account.

4. Negative Ledger entries

Please verify **Display→Exception reports→negative ledgers** report using *Principal*'s account. It will display list of ledger heads with possible errors in entries. Normally this list will have only one head named "*Profit and Loss a/c*". If any other ledger heads are listed, please verify and perform corrections using journal entries.

Hint : The error listing in this report may be due to following reasons:

i) any '*payments*' entries are made in a ledger head under '*Indirect Income*' group, which is not normal.
ii) any '*receipt*' entries are made in a ledger head under '*Indirect Expenses*' group, which is not normal.

If error in entries could be identified, appropriate journal entries may be made for corrections to effect before end of the financial year. Please ensure that the similar errors are not repeated during subsequent financial years.

5. Modification in the approved ledger heads list.

The accounting template now in use of IHRD institution is prepared based on the *IHRD approved account heads list ver. 1.8* published during April 2013. This accounting template is in force for almost two financial years, and now it is felt the need to review the list and include any modification, if required.   In this circumstance, all accounting staff/Head of Institutions are requested to forward suggestions, if any, for modifying existing list of accounting heads.   The proposal should contain the following details.

 i) Proposed name of new ledger head and its accounting group.
 ii) Purpose of this new ledger head.(explain the situation)
iii) Change in grouping/modification of existing ledger heads, if necessary, with reason for such modification.

It is proposed to publish the revised ledger head list during March 2015 and use it in the accounting template from the financial year 2015-16 onwards. Suggestions for modification should reach the mail box of tally administrator(ihrd.tally@gmail.com) before 28th February 2015 for earlier processing.

6. General guidelines

a) Some of the Institutions had deputed temporary accounting staff during previous training programme conducted during 2012 due to non-availability of regular staff. If trained temporary staff is not available in the office at present and Institution needs training for substitute staff, please send a formal request to the Director to arrange for a fresh training for substitute staff. A training programme can be arranged subsequently based on the requests and no. of staff to be trained.

b) It is required to forward monthly accounts report on or before **5th** of each month as instructed earlier. However, the monthly backup data need to be forwarded only after **entering the data up to 10th** of the month in which the data is being forwarded.

c) It shall be ensured that a standard filename format is followed for data forwarded to Finance section as explained in the earlier technical circulars.(eg. 10xxxFeb14.rar or 14xxxFeb15.rar). Please send monthly data backup and monthly reports as attachments to separate email messages.
Do not send data & reports to any other email-id other than ihrd.acc@gmail.com. It has been noticed that few institutions are not following these guidelines.

d) It shall be ensured that appropriate journal entries are made for expenditure incurred using Grant-in-Aid(Plan) fund allotted to the Institution for financial year 2014-15 as detailed in the *Technical circular 4* published. Otherwise, appropriate journal entries can be made as on 31-03-2015, using *Principal*'s account.

e) The helpdesk facility at the headquarters has completed its proposed term and is discontinued with effect from 30-04-2014. However, selected regional tally resource persons(RTRP) and the Tally administrator will continue to help you as an alternate arrangement for Helpdesk. The list of RTRP is expected to release shortly.

f) All heads of Institutions and the accounting staff are requested to ensure that backup copy of Tally data is taken periodically as suggested earlier.

Sd/-
Deputy Director

Copy to : 1) Finance Officer
            2) IT Division for publishing in the website (in *Accounts* section)
            3) O.C.
            4) S.F.