VOUCHING

AN INTRODUCTION

What is vouching?

Definition

**Vouching means testing
Of the truth of items appearing
In the books of original entry**

Meaning:

From the definition it is clear that,
A voucher is a documentary evidence
In support of a transaction in books of accounts.
Vouching is used to find out the accuracy and
efficiency of entries in the books of accounts.
In other words vouching can be regarded as
the backbone of Auditing.

VOUCHER:

Written instrument
That serves to confirm or witness(vouch) for
Some facts such as transaction.
Commonly a voucher is a document that shows
goods have bought or
Services have been rendered, authorizes payment,
And indicates the ledger account(s) in which
These transactions have to be recorded

Type of vouchers

- Payment voucher
- Receipt voucher
- Purchase voucher
- Sales voucher
- Contra voucher
- Journal voucher
- Debit note
- Credit note

Sample voucher

2.6 Payment Voucher

Go to **Gateway of Tally > Accounting Vouchers > press F5**

Universal Enterprises
Plot No. 113 & 114,
Industrial Estate, Hongasandra
Bangalore

Payment Voucher

No. : **7**   Dated   : 16-Apr-2008

Through : **HDFC Bank**

Particulars	Amount
Account :	
Simco Machinery Co.,	3,00,000.00
Agst Ref **SMC/3215** 3,00,000.00 Dr	
On Account of :	
Ch. No. :685001	
Amount (in words) :	
Rs. Three Lakh Only	
	3,00,000.00

Receiver's Signature: Authorised Signatory

Figure 2.6 Payment Voucher

2.5 Receipt Voucher

Go to **Gateway of Tally > Accounting Vouchers >** press **F6**

No.: **119**   Dated 31-Mar-2009

Universal Enterprises
Plot No. 113 & 114,
Industrial Estate, Hongasandra
Bangalore

R E C E I P T

Recd with thanks from : **Mr.Arvind Kumar**

The sum of   : **Rs. Twenty Five Thousand Only**

By   : **Cheque/DD**

Remarks   : **Ch. No. :725656 dt.31.03.2009 Being amount**
received from customers

Rs. 25,000.00   Authorised Signatory

Figure 2.5 Receipt Voucher

Journal voucher

	Particulars	Debit	Credit
Dr	Motorcycle A/c	50,000.00	
	Cur Bal : 50,000.00 Dr		
Cr	Amit Honda		50,000.00
	Cur Bal : 0.00 Cr		

Accounting Voucher Alteration (Secondary) Anmol Gupta Traders Ctrl + M

Journal No. 1 2-Apr-2015 Thursday

Narration :
being mobike purchased

50,000.00 50,000.00

P: Print E: Export M: E-Mail O: Upload G: Language K: Keyboard K: Control Centre H: Support Centre H: Help

F1: Accounts Buttons
F1: Inventory Buttons
F2: Date
F3: Company
F4: Contra
F5: Payment
F6: Receipt
F7: Journal
F8: Sales
F8: Credit Note
F9: Purchase
F9: Debit Note
F10: Rev Jrnl
F10: Memos
T: Post-Dated
L: Optional
F11: Features
F12: Configure

Q: Quit A: Accept D: Delete X: Cancel Ctrl + N

Tally MAIN --> Gateway of Tally --> Display Menu --> Account Books --> Journal Register --> Journal Register --> Voucher Re... (c) Tally Solutions Pvt. Ltd., 1988-2009 Thu, 7 Apr, 2016 20:39:15

Objectives

- To ensure that transactions are acceptable(valid).

- To ensure that all entries made with evidence.

- To see that all transactions are recorded and nothing is left out.

- Non business transactions are ignored.

- Detection of frauds and errors.

Importance

1. Reliable Examination
2. Examination of Original Evidences
3. Detection of errors at Initial Stage
4. Keeps the Auditor alert

Characteristics

1. Examination of entries

   - by documentary

   - by other evidence eg. Vouchers, receipts, counterfoils of check book and pay-in-slips, minute books, correspondence

2. Such documentary supports and substantiate a transaction.

3. Ensures correctness and

4. Important aspect of Auditing

5. Preliminary work of auditing

How to do vouching?

General points to be kept in mind during checking of a voucher

- ✓ Serial no.
- ✓ Date
- ✓ Name
- ✓ Address
- ✓ Amount
- ✓ Particulars
- ✓ Approval & signature
- ✓ Revenue stamp

General Points to be kept in mind during checking of a voucher cont...

- ✓ Continuous vouching
- ✓ Cancelling the voucher
- ✓ Period(should not be of prior period)
- ✓ Entry in books of account
- ✓ List of missing vouchers
- ✓ Cash payment exceeding Rs. 20,000/- in a day.

Evidence: supporting document

- Backbone of a voucher

- Without supporting voucher is unreliable

- It can be in any form

- Proof for the auditor that voucher/transaction is genuine.

Area of concentration

- Cash vouching

- Purchase vouching

- Sales vouching

- Journal vouching

Cash vouching

(i) Who opens letter, what record is kept, and whether all cheques and postal orders are immediately endorsed to bankers and crossed 'Account Payee Only'?

(ii) Whose duty is to enter cash, cheques and other forms of remittance in the Pay-in-Slip and who deposited it in the bank?

(iii) Are receipts banked daily?

(iv) Who prepares receipts and who countersigns the same before these are issued to the parties from whom the amounts have been received?

(v) Whether printed receipts with counterfoils, numbered serially by a machine, are used and who maintains the stock of unused receipts?

(vi) Are the receipt books kept in safe custody and are they issued only when the current receipt book has been used up?

(vii) What internal check is being exercised over the collection of cash sales and miscellaneous income?

Cash vouching cont….

- The cashier should have control over ledgers.
- All unused receipt books and cheque books should be kept under lock.
- All payments except petty cash expenses should be made by cheque.
- All the payments should be authorized.
- If there is any restriction to signing authority to sign the amount to a limit then check whether limit is fulfilled or not?
- If Cash voucher is exceeding Rs. 5,000 then revenue stamp must be affixed in voucher.
- Cash balance can never be in negative.
- In a single day, payment should not be exceeding Rs. 20,000 in cash to a party, otherwise expenses will be disallowed in section 40A(3) and 40A(3A) of Income Tax Act, 1961.
- After payment of cash, stamp should be affixed on cash voucher just like "PAID".

Purchase vouching

- Check cash memo issued by supplier.
- Goods inward book should be checked.
- With every purchase invoice a Purchase order and Goods receipt note should be enclosed.
- Purchase invoice must be a "Tax Invoice" otherwise buyer can't avail input tax credit of vat .
- Purchase invoices must be on the name of company with proper address.
- If payments have to be made by cheque,trace entry in bank statement.
- Special attention should be given to purchases made near the balance sheet date.
- Ensure that advances made to supplier for future purchases have not been included in current year's purchases.
- Verification of physical stock on regular intervals should be conducted to trap the bogus purchases made in books.
- Check the closing balances & purchases made during the year with vendors confirmation.
- Check the credit limit of payments and verify that payments have been made accordingly.

Sales vouching

- Examine the internal control over receipts from sales.

- Examine authorization level for making cash sales and receiving amount therefrom.

- Test check the few bills for ascertaining accuracy of rate, amount, discount and sales tax/VAT etc.

- In case large number of cash sales are affected, check cash sales summary book maintained by client.

- In case of company, every invoice should have CIN.

- With every sales invoices, purchase order or Foreign inward remittance certificate should be attached.

- In case of inter state sales, we have to check whether company have follow up for C forms etc.

Sales vouching cont…

- Examine copies of cash memos.

- In case daily cash sales are banked on next day, examine bank statement of subsequent day.

- Sales during the year should be recognized even if movement of stock have not taken place, specially with respect to sales made near the B/S date.

Journal vouching

- It is the vouching of journal vouchers.

- Journal vouchers can be of many types.

- Transaction which do not falls in any other voucher comes in journal voucher.

- Journal voucher can be of income, expense, purchasing of assets, payment of liabilities, etc.

Points to be kept in mind during journal vouching

- Check whether any personal expense should not be booked in the books of company.

- Check the agreements for various type of expenses and incomes and check whether the transaction is as per these agreements or not?

- Check whether the credit of taxes paid has been taken into account or not(if company is eligible for such credit)?

- Check whether the expense/income booked in correct head of expense/income or not?