

# Internal Controls and Cash

## Chapter 8

### Internal Controls

- Good division of duties (responsibilities)
- Good employees to perform the duties
- Good practices to follow in each department
- Good system of control over assets, liabilities, revenue, and expense



### Historical Events

Ever heard of \_\_\_\_\_ ?

Ever heard of \_\_\_\_\_ ?

### Undesirable Combinations

- Cash receipts and \_\_\_\_\_
- Cash receipts and \_\_\_\_\_
- Cash disbursements and \_\_\_\_\_
- Cash receipts and bank reconciliation



### Illustrations

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_



### Internal Control Procedures

- Double-entry bookkeeping system
- \_\_\_\_\_ ledgers / \_\_\_\_\_ accounts
- Cash \_\_\_\_\_
- Prenumbered sales tickets
- Keeping \_\_\_\_\_ in bank account
- \_\_\_\_\_ bank records and book records
- Use of a \_\_\_\_\_ fund



Comparison of Point-of-View

<u>Our Books</u>	<u>"Their" Books</u>
Accounts Receivable	_____
_____	_____
Interest Expense	_____
Cash in Bank	_____
_____	_____



Causes of Reconciling Items on Bank Reconciliations

Ending Balances will agree if no . . .

- \_\_\_\_\_
- \_\_\_\_\_



Format for Bank Reconciliation

<u>Bank's Records</u>	<u>Our Records</u>
EOM Bank Balance	EOM Book Balance
+ _____	+ _____ *
) _____	) _____ *
= <u>=====</u>	= <u>=====</u>

\* require a journal entry on OUR company's books

Format for Journal Entries

1. One entry for EACH change.
2. \_\_\_\_\_
3. One entry for ALL changes.