

Chapter 7 Notes UCSC

Internal Controls

- Safeguard assets
- Encourage employees to follow procedures
- Promote efficiency
- Ensure accurate, reliable accounting records

Sarbanes Oxley Act

Risk Assessment

Internal and External Auditors

Steps to help ensure Control

- Hire competent, reliable and ethical employees
- Assign Responsibilities
- Separation of duties
- Audits (unannounced and announced)
- Encryption
- Collusion is a problem
- Receipts for Cash
- Remittance Advice

Setting up a petty cash fund:

General Journal					
					Page 4
			Post Ref.	Debit	Credit
1		Petty Cash		\$ 250.00	
2		Cash			\$ 250.00
3					
.					

To replenish petty cash:

Balance \$200

Cash on hand 118

Petty Cash tickets 80

198

Use Cash over and short to balance

General Journal					
					Page 4
			Post Ref.	Debit	Credit
1		Office supplies		\$ 60.00	
2		Delivery Expense		\$ 20.00	
3		Cash Over/short		\$ 2.00	
4		Cash			\$ 82.00
5					

Bank Reconciliation

Cash per Books \$ _____

Cash per Bank \$ _____

+ N/R

+ Deposits in Transit (DIT)

- Service Charge

- Outstanding checks

Balance \$ _____

Balance \$ _____

You also need to journalize the transaction you did not know about. Which ones would that be?