

# Chapter 4

## Cash and Internal Controls

### Brief Exercise 4-3 (LO 4-2)

1. e.
2. a.
3. f.
4. c.
5. b.
6. d.

### Exercise 4-1 (LO 4-1)

1. False
2. True
3. True
4. False
5. True
6. True

### Exercise 4-2 (LO 4-1)

1. True
2. False

3. True
4. True
5. False
6. False

### **Exercise 4-3** (LO 4-2)

1. True
2. False
3. False
4. True
5. True
6. False
7. True
8. True
9. False

### **Exercise 4-7** (LO 4-4)

The petty cash fund of \$10,000 is too large. Employees should not be allowed to both place a receipt in the fund and withdraw cash. Employees should obtain permission before writing a check. While it is good that checks over \$5,000 must be signed by Goldie or Kate, this amount is too high. A more realistic amount may be \$200.