

**Financial Accounting for Undergraduates**  
**3<sup>rd</sup> Edition by Wallace, Nelson, Christensen, and Ferris**

**Practice Quiz**

**Chapter 7. Internal Control and Cash**

1. Which of the following is *not* one of the three elements of the fraud triangle?
  - a. Embezzlement
  - b. Opportunity
  - c. Pressure
  - d. Rationalization
  
2. Which of the following is *not* an element of internal control?
  - a. Implement segregation of duties
  - b. Conduct internal audits
  - c. Maintain adequate accounting records
  - d. Only promoting from within
  
3. "EFT" refers to:
  - a. Electronic funds transfer
  - b. Enter for transaction
  - c. Enter for transfer
  - d. Electronic forward transfer
  
4. Internal auditors are responsible for:
  - a. The day-to-day monitoring of internal controls
  - b. Issuing a certification report on the internal controls
  - c. Auditing the financial statements
  - d. Preparation of the financial statements
  
5. Which of the following is *not* a primary activity of effective cash management?
  - a. Excess cash should be invested in short-term investments to earn interest rates on the cash balances.
  - b. Inventory levels should be kept high.
  - c. Cash payments to suppliers should be delayed.
  - d. Increase the rate at which accounts receivable are collected.



6. Which of the following statements regarding a petty cash fund is false?
- The fund is managed on an imprest basis.
  - The fund is used to pay for minor expenses like postage and delivery charges.
  - The fund should have a balance large enough to pay the expected expenses for one year.
  - All fund replenishments are made by check.
7. What is a bank reconciliation?
- A formal financial statement that lists all of a firm's bank account balances.
  - A merger of two banks that were previously competitors.
  - A statement sent monthly by a bank to its depositors.
  - A schedule that accounts for differences between a firm's cash account balance and the balance reported by its bank.
8. In a bank reconciliation, outstanding checks are:
- Deducted from the bank balance
  - Added to the bank balance
  - Deducted from the general ledger cash account balance
  - Added to the general ledger cash account balance
9. "NSF" refers to:
- National Science Foundation
  - Not-sufficient-funds check
  - Need some funds
  - New service funding
10. An operational audit is:
- The same as a financial statement audit
  - Performed only by internal auditors
  - Included as part of a company's annual report
  - Used to assess the quality and efficiency of a company's operational performance