

Petty Cash Interview Questions And Answers Guide.



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Petty Cash Job Interview Preparation Guide.

Question # 1

What is petty cash book?

Answer:-

Petty cash book is a formal summarization of petty cash expenditures, sorted by date. In most cases, the petty cash book is an actual ledger book, rather than a computer record. Thus, the book is part of a manual record-keeping system.

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Question # 2

List the types of entries in the petty cash book?

Answer:-

There are two primary types of entries in the petty cash book, which are a debit to record cash received by the petty cash clerk (usually in a single block of cash at infrequent intervals), and a large number of credits to reflect cash withdrawals from the petty cash fund. These credits can be for such transactions as payments for meals, flowers, office supplies, stamps, and so forth.

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Question # 3

What is more useful format in Petty Cash?

Answer:-

A somewhat more useful format is to record all debits and credits in a single column, with a running cash balance in the column furthest to the right, as shown in the following example. This format is an excellent way to monitor the current amount of petty cash remaining on hand.

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Question # 4

Define the variation on the petty cash book?

Answer:-

Variation on the petty cash book is to maintain it as a spreadsheet, where each item is recorded in a specific column that is designated for a particular type of receipt or expense. This format makes it easier to record petty cash activity in the general ledger.

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Question # 5

How you can reconcile petty cash?

Answer:-

petty cash reconciliation is a formal review of petty cash records. The intent of this activity is to see if there have been any undocumented disbursements. Such disbursements are a common problem in petty cash, where there is a high risk of fraud. Also, since most petty cash custodians are not trained as accountants, they may incorrectly record disbursements. For these reasons, a petty cash reconciliation should be conducted at regular intervals. The review can be treated as an audit, which means not warning the petty cash custodian of the arrival of the reviewer.

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Question # 6

How to reconcile petty cash?

Answer:-

Take the following steps to reconcile petty cash:

- * Ascertain stated balance
- * Obtain reconciliation form
- * Calculate withdrawn cash
- * Summarize vouchers
- * Investigate variances



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It is useful to charge unexplained differences to an expense account set aside for that purpose. By doing so, it is much easier to track the cumulative amount of undocumented losses over time. Also, consider having a policy that requires the internal audit staff to be notified if the amount of an unexplained shortage in a petty cash fund exceeds a certain amount.

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Question # 7

How to Obtain reconciliation form?

Answer:-

If the company uses a formal reconciliation form, obtain a blank copy and use it to document the following steps.

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Question # 8

How to Ascertain stated balance?

Answer:-

Review the company's petty cash policy and determine the stated petty cash balance for the fund to be reviewed. Petty cash funds can have different stated balances, since some experience higher transaction volumes than others.

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Question # 9

How to Calculate withdrawn cash?

Answer:-

Count the cash remaining in the petty cash fund and subtract it from the stated balance for the fund. The result is the amount of cash withdrawn from the fund.

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Question # 10

What is petty cash system?

Answer:-

Petty cash system is a set of policies, procedures, controls, and forms that a company uses to dispense cash for various miscellaneous needs, such as office supplies and services.

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Question # 11

How to Investigate variances?

Answer:-

Investigate any differences between the stated amount of the petty cash fund and the actual total of cash and vouchers. If the difference is unexplained, complete a voucher stating the unexplained amount, and charging it to a predetermined departmental account in the general ledger.

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Question # 12

How to Summarize vouchers?

Answer:-

Add up the total expenditure listed on each petty cash voucher in the petty cash fund (the information can also come from the petty cash book). Subtract this amount from the calculated amount of cash withdrawn. The result should be zero. If there is a residual balance, then there is a cash overage in the fund. If there is a negative balance, there is a cash shortage in the fund.

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Question # 13

What is Fund petty cash boxes?

Answer:-

Shift the designated amount of cash to each petty cash box, and record the transfer in the general ledger as a movement of cash to a separate petty cash account.

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Question # 14

Define Petty Cash Training?

Answer:-

Train the petty cash custodians in how to evaluate requests for petty cash, how to fill out vouchers in exchange for cash payments, and when to request replacement cash when cash levels are low.

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Question # 15

What is Replenishment and recordation?

Answer:-



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Enact a procedure whereby the cashier replenishes the amount of cash in each petty cash box, as requested by the petty cash custodians. This also involves summarizing and recording all expenditures in the general ledger.

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Question # 16

Define Reconciliation?

Answer:-

Enact a procedure whereby an accounting person periodically examines the amount of cash and receipts in each petty cash box to see if the total matches the original amount of funding established for the box, and to reconcile any variances.

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Question # 17

What are Vouchers?

Answer:-

Purchase a set of petty cash vouchers from an office supply store. There is no need to create a custom form.

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Question # 18

What are Boxes?

Answer:-

Set up locked petty cash boxes or locked desk drawers, including a supply of petty cash vouchers. It may be necessary to create an alarm that will sound if a box or drawer is improperly accessed.

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Question # 19

List the basic process of setting up a petty cash system?

Answer:-

Basic process of setting up a petty cash system is:

- * Location
- * Funding
- * Custodian
- * Boxes
- * Vouchers
- * Fund petty cash boxes
- * Training
- * Reconciliation
- * Replenishment and recordation

The petty cash system must incorporate a sufficient number of controls to mitigate the risks that petty cash will be stolen, or that it will be granted for improper reimbursement requests, or that petty cash expenditures are improperly recorded. You should periodically review the control problems that have arisen, to see if the system of controls should be adjusted to reduce the risk of loss.

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Question # 20

What is Custodian?

Answer:-

Appoint petty cash custodians. These are usually administrative staff who are on-site most of the day, and who have sufficient clerical skills to maintain the necessary amount of record keeping with a high degree of accuracy.

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Question # 21

What is Location?

Answer:-

Decide upon the locations where petty cash funds will be installed. There may be a single one for the entire company, or perhaps one per building or department.

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Question # 22

What is Funding?

Answer:-

Decide upon the size of the petty cash fund at each location. This is typically in the range of \$100 to \$500. Given the high risk of petty cash theft, it is generally better not to create excessively large petty cash funds, even though smaller ones must be replenished more frequently.

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