

Candy Inc. Process Narrative – STAFF ACCOUNTANT

Congratulations! You are a newly hired staff accountant at Candy Inc., a publicly traded company with over 200 locations in the US. You will be working in the New York City office, which consists of 4 stand-alone candy shops. Each of the 4 candy shops in New York City have 1 cashier and operate on a cash only basis. All 4 candy shops share one bank account at the Bank of New York.



TASK:

Your senior accountant would like you to write a process narrative to document the Company's process around the collection and depositing of cash.

What you need to know about process narratives:

- Process narratives are critical for public companies to help provide auditors a clear understanding of the Company's business process.
- Process narratives should provide step-by-step details on how the business process operates from start to finish.
- Process narratives should consider the Company's potential business risk and discuss the controls in place that will prevent or detect those risks.

The Stores:

Store 1: Candy Inc. Upper West Side

Store 2: Candy Inc. Downtown

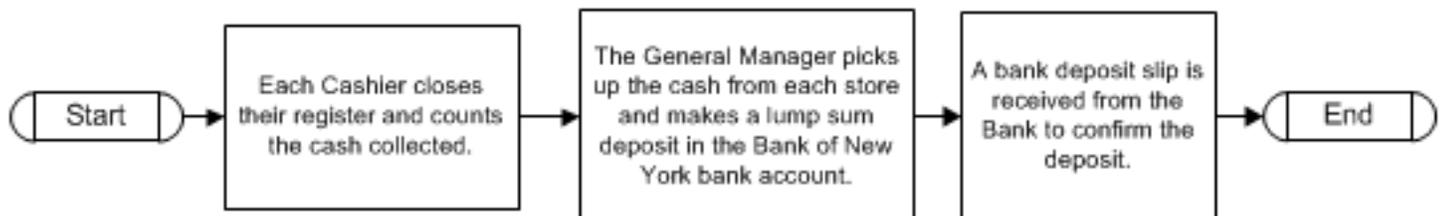
Store 3: Candy Inc. Midtown

Store 4: Candy Inc. Upper East Side

Considerations to help you get started:

- Cash registers are empty at the beginning of each business day.
- Does anyone count the cash at the end of the day?
- Who collects the cash?
- Who deposits the cash?
- Does anyone reconcile the cash collected vs. the cash deposited?

PROCESS NARRATIVE EXAMPLE:



Candy Inc. Process Narrative – SENIOR ACCOUNTANT

You are a seasoned senior accountant at Candy Inc., a publicly traded company with over 200 locations in the US. You work in the New York City, NY office, which consists of 4 stand-alone candy shops. You recently hired a new staff accountant to work with you. Their first assignment was to create a process narrative to document the process around the collection and depositing of cash.



What you need to know about process narratives:

- Process narratives are critical for public companies to help provide auditors a clear understanding of the Company's business process.
- Process narratives should provide step-by-step details on how the business process operates from start to finish.
- Process narratives should consider the Company's potential business risk and discuss the controls in place that will prevent or detect those risks.

The Stores:

- Store 1: Candy Inc. Upper West Side
- Store 2: Candy Inc. Downtown
- Store 3: Candy Inc. Midtown
- Store 4: Candy Inc. Upper East Side

TASK:

You will need to provide feedback to your staff accountant on how well they documented the process narrative. At the end of your feedback session, provide your staff with one of the following ratings based on their performance.

- 1 – Excellent
- 2 – Good Job
- 3 – Satisfactory
- 4 – Needs improvement

Things to consider while performing your review:

- Is the process narrative documented in a clear and concise manner?
- Is the person collecting the cash appropriate? Should it be someone at a higher or lower level in the Company?
- Should the cash count be performed by the cashier and cash collector together?
- Is the daily cash log signed by both cashier and cash collector after the cash has been counted?
- Is the cash collected reconciled to the cash deposited? If so, who performs this reconciliation?
- Did they consider all potential business risks related to the process?

PROCESS NARRATIVE EXAMPLE:

