

Audit Accounting Case Assignment #2: Substantive Testing

Objective: Using the **Clorox Company**, you will need to investigate the **Revenue** area in their financial statements.

Part I: Written Deliverable

In approximately 2 pages (single-spaced), please answer the following questions regarding the account you've selected from the list above.

- a) Briefly describe the U.S. Generally Accepted Accounting Principles relevant to the revenue account (e.g., when is revenue recognized?).
- b) Review the guidance provided by the Generally Accepted Auditing Standards (PCAOB and AICPA standards) related to auditing the revenue account. Describe procedures that would be useful to test the relevant assertions.
 - a. PCAOB Auditing Standards: <https://pcaobus.org/oversight/standards/auditing-standards>
 - b. AICPA Statements on Auditing Standards: <https://www.aicpa.org/research/standards/auditattest/clarifiedsas.html>
- c) Using the most recent 10-K, describe the information provided by the Clorox Company regarding the revenue account. What is the year-end balance? How does it compare to the prior-year balance? What risks are associated with the revenue account from an audit perspective? Have recent events from COVID-19 significantly impacted the revenue account balance in any way?

Part II: 3 Minute Presentation

For the presentation, please share the information specific to the Clorox Company from Part I (i.e., section (c) above – it is not necessary to include discussion of GAAP or GAAS). Discuss the nature of the Revenue account, balance fluctuations, and risks identified. In addition, please include a brief analysis of the Revenue account as compared to that of a close competitor. An example you can use is Procter & Gamble.

*** Since we are in a remote format, you will need to create a script of what you would have presented to the class, hitting on all the topics mentioned in the paragraph above. You must time yourself reading it aloud and make sure it hits a ballpark of 3 minutes. This should be roughly a page, give or take single spaced.

Submission

For your submission, please adhere to the following formatting guidelines: font – Times New Roman size 12; single spaced; standard margins. To earn full credit, please ensure that you have followed the instructions, used professional language, avoided spelling and grammar mistakes, and clearly organized your responses. Make sure to label Part I and Part II, submit on the same file.