

SAM - INCOME

ACCOUNTING FOR AUDIT ASSESSMENTS

8286

(Revised 04/2016)

As a result of audit examinations, persons or other entities are often assessed amounts to be paid or returned to the state. Some statutes and/or administrative procedures provide for a period during which the audit finding may be protested. After resolving protests or after the protest period expires, the audit assessment becomes final.

Prior to their being final, audit assessments will be established in the accounting records as a contingent receivable as of the date the audit assessment is ready to be made known formally to the entity being assessed. Such receivables will be fully deferred, see SAM Chapter [8700](#), Miscellaneous Accounting Procedures. Upon being made final, audit assessments will be recognized as valid receivables. If it is an abatement or reimbursement receivable, follow the instructions in SAM sections [8287](#), [10407](#) and [10408](#). Revenue receivables will be accrued in accordance with SAM section [8290.4](#), Accounts Receivable.