



State of Arizona Accounting Manual

Topic 40 Revenues and Receipts
Section 40 Accounting Corrections Involving
Receipt-related Transactions

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INTRODUCTION

There are a number of situations related to receipts that give rise to the need to have an accounting correction made. This section of SAAM discusses many of these situations and how they should be handled.

These types of corrections are those that require an adjustment to realized revenue, but do not involve actual amounts due to the State.

POLICIES

1. This section of SAAM does not apply to delinquent accounts:
 - 1.1. That have been referred to the Office of the Attorney General (OAG) for collection.
 - 1.2. That have been determined to be uncollectible by the Office of the Attorney General (OAG) and approved for removal from the State's books of account by the Joint Legislative Budget Committee (JLBC).
 - 1.3. Amounts due the State arising from taxes, penalties, fines or interest charges must be forwarded to the OAG for collection when they become delinquent.
 - 1.4. For which neither the revenue nor the account receivable related to the underlying event have been posted to AFIS.
2. This section does apply to the following types of receipt-related transactions:
 - 2.1. Checks that have been returned to the State, dishonored by the bank upon which they are drawn, due to non-sufficient funds (NSFs), stop payments or account closures when:
 - 2.1.1. The original remittance was for a license, either original or renewal, that was either never issued or immediately revoked.
 - 2.1.1.1. Agencies evaluating these situations must make sure that, for the amounts for which an accounting correction are requested, the applicable statutes or rules specify that the fee is for a license.
 - 2.1.1.2. Certain statutes and rules designate some fees as application processing charges. If so, and if the application has been processed, a service has been

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provided and the underlying amount cannot be handled as an accounting correction.

- 2.1.2. The remittance represents a duplicate payment.
- 2.1.3. A replacement check was erroneously recorded as revenue instead of settlement of an NSF receivable.
 - 2.1.3.1. Situations under which a replacement remittance was received for a previously dishonored check but was inadvertently recorded a second time as revenue rather than as a recovery of a bad check. This has the effect of overstating revenue and should be processed through the GAO as an accounting correction.
- 2.1.4. The remittance was for goods or services, other than licensing, that were not delivered or rendered.
- 2.1.5. The amount is one that was recorded as an account receivable in AFIS and has been determined to be uncollectible by the OAG and approved for write-off by the JLBC.
- 2.1.6. Simple mistakes in recording revenue-related transactions and other situations that require correction.
- 2.1.7. Other situations in which the GAO can, based upon the explanation and documentation provided by the requesting agency, determine with certainty that the correction is warranted and that there is no debt owed to the State.
3. Generally, to initiate a request for an accounting correction, use as an attachment in the AFIS workflow a completed Form GAO-21, "Request for an Accounting Correction," found on the GAO Website at <https://gao.az.gov/publications/forms>. A letter to the State Comptroller may be required in lieu of the Form GAO-21 for very complex situations.
4. SAAM 2022 contains information about delinquent debt processing.