



441 G St. N.W.
Washington, DC 20548

November 16, 2023

Inspectors General

Financial Audit Guidance: FY 2024 and FY 2025 Audit Procedures for Government Land

In July 2021, the Federal Accounting Standards Advisory Board issued Statement of Federal Financial Accounting Standards (SFFAS) 59, *Accounting and Reporting of Government Land*. SFFAS 59 addresses the accounting and reporting of (1) general property, plant, and equipment land and permanent land rights (referred to as G-PP&E land) and (2) stewardship land and land rights (referred to as stewardship land).¹

Generally, G-PP&E land has been required to be reported on the balance sheet at historical cost and stewardship land has been required to be disclosed in the notes to the financial statements, based on the number of physical units with no related cost information. In SFFAS 59, the Board determined that reporting estimated acres of both G-PP&E land and stewardship land in the notes to the financial statements would increase transparency, comparability, consistency, and reliability of land information while minimizing burden and costs. As this was a significant change in the accounting and reporting of government land, the Board established an implementation period in which the new requirements would first be reported as unaudited required supplementary information (RSI) for fiscal years 2022 through 2025. This time would allow preparers and auditors to identify implementation challenges and allow agencies to prepare for the transition of land information from RSI to note disclosures in fiscal year 2026.

To further these efforts, we developed this audit guidance, in cooperation with the Council of the Inspectors General on Integrity and Efficiency (CIGIE). The procedures in the enclosed guidance are designed to obtain information for fiscal years 2024 and 2025 to (1) better understand the extent to which measurement and presentation of land information is consistent with SFFAS 59 and (2) identify any preparation and audit challenges related to reporting government land. The Board plans to consider preparation and audit challenges that preparers and auditors have identified during the transition, and, as appropriate, take actions to address them before the information transitions to the note disclosures.

We prepared this guidance under the authority of the Comptroller General to conduct work in this area. The objective of this work is to provide audit guidance on procedures to be applied to RSI reporting of government land by auditors performing audits of federal entities' financial statements for fiscal years 2024 and 2025. To prepare the guidance, we met with officials from the major land holding agencies and their auditors, reviewed agency documentation relating to

¹G-PP&E is property, plant, and equipment (PP&E) used to provide government services or goods. PP&E consists of tangible assets, including land, that have estimated useful lives of 2 years or more; are not intended for sale in the ordinary course of operations; and have been acquired or constructed with the intention of being used, or being available for use, by the entity. PP&E also includes assets acquired through capital leases, including leasehold improvements, property owned by the reporting entity in the hands of others, and land rights. Land rights are interests and privileges held by the entity in land owned by others. Stewardship land is land and land rights other than that included in G-PP&E and is intended to be held indefinitely.

the agencies' implementation of SFFAS 59, and reviewed agency financial reports and estimates of land acreage. CIGIE distributed a draft of the guidance for comment. All comments we received were considered in the final guidance.

We conducted our work from May 2021 to November 2023 in accordance with all sections of GAO's Quality Assurance Framework that are relevant to our objective. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our objective.

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We appreciate the extensive cooperation of agency officials and their financial statement auditors from the major land holding agencies. We are sending copies of this report to appropriate congressional committees, the Deputy Controller of the Office of Management and Budget's Office of Federal Financial Management, the Chief Financial Officers of the 24 federal executive agencies covered by the Chief Financial Officers Act of 1990, and other interested parties. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you have any questions regarding the information in this report, please contact me at (202) 512-3406 or simpsondb@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are Robert F. Dacey (Chief Accountant), Phyllis L. Anderson (Assistant Director), Joseph O'Neill (Assistant Director), Clayton Clark, and Bradley Johnson.



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Enclosure

Enclosure

Financial Audit Guidance: FY 2024 and FY 2025 Audit Procedures for Government Land

Introduction

This document provides guidance on procedures auditors should apply to the required supplementary information (RSI) reporting of government land when performing audits of federal entities' financial statements for fiscal year 2024 and fiscal year 2025.¹ Such RSI reporting is required by Federal Accounting Standards Advisory Board's (FASAB) [Statement of Federal Financial Accounting Standards \(SFFAS\) 59, Accounting and Reporting of Government Land](#).

The procedures in this guidance are in addition to those required by AU-C 730 and are designed to obtain additional information to (1) better understand the extent to which measurement and presentation of land information in RSI is consistent with SFFAS 59 and (2) identify any preparation and audit challenges related to reporting government land in RSI, consistent with the intent of FASAB's Basis for Conclusion in SFFAS 59.² Auditors will provide this additional information to entity management and GAO. FASAB plans to consider actions necessary to address challenges that preparers and auditors identified in preparation for the transition of RSI requirements to note disclosure requirements in fiscal year 2026.

This audit guidance has been prepared in cooperation with the Council of the Inspectors General on Integrity and Efficiency.

Overview of SFFAS 59

SFFAS 59 addresses the reporting of general property, plant, and equipment land and permanent land rights (referred to as G-PP&E land), as well as the reporting of stewardship land and land rights (referred to as stewardship land).³ This guidance provides audit procedures for and addresses testing of acreage and acreage by predominant use subcategories (i.e., conservation and preservation land, operational land, or commercial use land) for both G-PP&E land and stewardship land, which are defined as follows:⁴

¹This document represents audit guidance for RSI that is in addition to that in *Government Auditing Standards* (GAO-21-368G), issued by the Comptroller General of the United States. Those standards are generally accepted government auditing standards (GAGAS or the Yellow Book) that incorporate, by reference, U.S. generally accepted auditing standards (U.S. GAAS) and the attestation standards established by the Auditing Standards Board of the American Institute of Certified Public Accountants.

²See SFFAS 59, para. A39.

³Land rights, such as easements or rights-of-way, for an unspecified period of time or unlimited duration are considered permanent land rights. Temporary land rights are for a specified period of time or limited duration.

⁴Property, plant, and equipment consists of tangible assets, including land, that have estimated useful lives of 2 years or more; are not intended for sale in the ordinary course of operations; and have been acquired or constructed with the intention of being used, or being available for use by the entity. Property, plant, and equipment also includes assets acquired through capital leases, including leasehold improvements, property owned by the reporting entity in the hands of others, and land rights. See [SFFAS 6, Accounting for Property, Plant, and Equipment](#), paras. 17 and 18.

- G-PP&E land includes land acquired for or in connection with other G-PP&E for construction purposes. G-PP&E land excludes withdrawn public lands or land restricted for conservation, preservation, historical, or other like restrictions.
- Stewardship land includes public domain and land owned by the federal government, intended to be held indefinitely. Examples of stewardship land include land used as forest lands and national parks and for wildlife and grazing. It excludes natural resources (for example, minerals, timber, and petroleum) related to the land.

SFFAS 59 requires G-PP&E land and stewardship land be reported using estimated acres. FASAB has stated that it (1) does not seek exact precision in determining estimated acres or predominant use assessments and (2) does not intend to direct or prescribe the use of any particular approach. This guidance refers to estimated acres as “acres” or “acreage.”

SFFAS 59 requirements include, reporting

- acres of G-PP&E land and stewardship land;
- within each category of G-PP&E land and stewardship land, estimated acres by three predominant use subcategories: conservation and preservation land, operational land, and commercial use land;⁵
- acres of G-PP&E land and stewardship land held for disposal or exchange; and
- land rights information, whether such rights are permanent or temporary, and amounts paid during the year to maintain such rights.⁶

⁵Predominant use is the major or primary current use of an asset during the reporting period and does not include incidental or infrequent uses of the asset. Moreover, predominant use can change between reporting periods. An asset's predominant use should be consistent with the entity's authorizing legislation but may not always be consistent with the original intent or reason why the asset was initially acquired. See SFFAS 59, fn. 46.1a. Though they are separate categories, conservation and preservation land are closely linked. Each involves a certain type or degree of protection. Specifically, conservation is generally associated with the protection and proper use of natural resources, whereas preservation is associated with the protection of buildings, objects, and landscapes. Operational land is used for land and land rights that have general or administrative purposes. Commercial use land is used where land and permanent land rights generate inflows of resources derived from the land itself or activities that nonfederal third parties perform on the land, usually through special use permits, right-of-way grants, and leases. See SFFAS 59, app. B, Illustrations, for specific examples of all three predominant use subcategories.

⁶Land rights are interests and privileges held by the entity in land owned by others, such as leaseholds, easements, water and waterpower rights, diversion rights, submersion rights, rights-of-way, and other like interests in land.

Estimated Time Frames for SFFAS 59

Table 1 shows estimated time frames in SFFAS 59 for actions that preparers and auditors will/are to take and potential actions that FASAB may take relating to SFFAS 59.

Table 1: Statement of Federal Financial Accounting Standards (SFFAS) 59, Accounting and Reporting of Government Land, Estimated Time Frames

Fiscal year(s)	Responsible entity	Action
2022 and 2023	Preparers and auditors	<ul style="list-style-type: none"> Present acreage and acreage by predominant use subcategories as required supplementary information (RSI) Apply audit procedures to RSI (auditors) Identify implementation issues for FASAB consideration
	Federal Accounting Standards Advisory Board (FASAB)	<ul style="list-style-type: none"> Address, as appropriate, implementation issues
	GAO, in cooperation with the Council of the Inspectors General on Integrity and Efficiency (CIGIE)	<ul style="list-style-type: none"> Develop and issue audit guidance for estimated total acreage and acreage by predominant use subcategories
2024 and 2025	Preparers and auditors	<ul style="list-style-type: none"> Present acreage and acreage by predominant use subcategories as RSI Apply audit procedures developed by GAO, in cooperation with CIGIE, to RSI (auditors) Identify implementation issues for FASAB consideration
	FASAB	<ul style="list-style-type: none"> Consider actions to address, as appropriate, preparation and audit challenges
2025	FASAB	<ul style="list-style-type: none"> Complete assessment of remaining implementation issues associated with RSI Consider actions to address implementation issues, as appropriate, before transition to note disclosure requirements

Source: GAO analysis of SFFAS 59, paragraph A39. | GAO-24-106986

Note: FASAB does not seek exact precision in determining estimated acres or predominant use assessments nor does it intend to direct or prescribe the use of any particular approach. The table refers to estimated acres as “acres” or “acreage.”

Background

There are many complexities associated with federal land. The history of U.S. land includes territory ceded by the original 13 colonies, territorial annexations, land purchases, and land acquired by treaty. In SFFAS 59, FASAB addressed concerns associated with federal entities having corroborating documents to support federal ownership of G-PP&E land and stewardship land. Early acquisitions and disposals of federal land were not documented like modern land transactions. Land records and detailed listings from early periods of the nation’s history may not exist. FASAB concluded that management’s assertions concerning land ownership and its related estimates of acreage of land and permanent land rights must be based on nontraditional supporting documentation and reasonable estimates.

FASAB also stated that because federal land was acquired in a variety of ways and over the nation’s early settlement and formation, it is not unreasonable that supporting documentation can be developed using alternative methods, and there can be different forms of corroboration. For example, ownership can be evidenced by public law, treaties, entity certifications, maintenance or renovation contracts, historical maintenance records, a history of payment of invoices, minutes of meetings, historical databases, initial surveys of land, a history of past/historical practices (e.g., the length of time an entity controls the land establishing de facto

ownership), or other relevant sources of information. These alternatives, or a combination of these alternatives, may provide acceptable evidence of government ownership.

Entities may also use the above types of documentation to reasonably estimate acreage or rely on management tools such as geospatial information. SFFAS 59 provides flexibility for entities to support and estimate G-PP&E land and stewardship land acreage and categorization of that acreage into the three predominant use subcategories. For example, SFFAS 59 states that an entity's estimated land acreage can be based on different underlying sources of data, including traditional and geospatial mapping, historical records, surveys, plats, or any combination of these.

Given the diverse nature of how land was acquired, information from different time periods would be expected to affect acreage estimation methods and techniques. An entity is not expected to adjust its acreage estimates for insignificant amounts of in-holdings, intra-agency shared lands, or acquisitions or disposal of land.⁷ As a result, an entity's acreage estimates can be based on different underlying sources of data applying different measurement and mapping methods and, can be deemed reasonable within industry-accepted tolerance levels applied at an aggregate level defined by the entity's management.⁸

SFFAS 59 also states that the preparer should determine the level of aggregation of land and permanent land rights that it uses to decide predominant use by considering the entity's mission, types of land use, and how it manages those assets. For example, the entity may determine that predominant use is determined by national park or forest. Further, the entity may determine that the predominant use of a national park or forest is conservation and preservation even though some uses of the national park or forest are for operational or commercial use, but are not predominant uses. SFFAS 59, appendix B, provides illustrative examples of what activities could be included within each land use subcategory.

Accounting and Reporting Requirements

To understand the accounting and reporting requirements (including RSI and note disclosure) of SFFAS 59, refer to the following, as appropriate:

- [SFFAS 6, Accounting for Property, Plant, and Equipment](#);
- [SFFAS 29, Heritage Assets and Stewardship Land](#); and
- Office of Management and Budget (OMB) [Circular A-136 \(Revised\), Financial Reporting Requirements](#).⁹

⁷SFFAS 59, para. A35, states that an in-holding is privately owned land inside the boundary of a national park, national forest, state park, or similar publicly owned, protected area. Generally, in-holdings result from private ownership of lands prior to the designation of the protected park or forest area, which then are grandfathered within the legally designated boundary.

⁸For example, an entity may aggregate its land by national park or reserve, bureau, regional/district office, topography, or land cover, as described in SFFAS 59, para. A35.

⁹The OMB reporting guidance in effect as of the publication date of this guidance is OMB Circular No. A-136, *Financial Reporting Requirements*, issued on May 19, 2023. OMB reporting guidance is updated annually, and the current version can be found on the OMB website at <https://www.whitehouse.gov/omb/information-for-agencies/circulars/>, accessed August 10, 2023.

Phases for Audit Procedures

The auditor's procedures for land are organized into phases: planning, internal control, substantive testing, and reporting. This document provides guidance for each phase.¹⁰

Planning Phase

The overall objectives of the planning phase are to develop effective and efficient ways for obtaining the evidence needed to support conclusions on the entity's G-PP&E land and stewardship land information in RSI and on internal controls over G-PP&E land and stewardship land information. The auditor should perform the following steps.

- 1) Understand significant accounting, auditing, and reporting issues for G-PP&E land and stewardship land—such as those reported by management or their contractors and by auditors.
- 2) Assess the significance to the entity of its land acreage and consider factors, including how land is used in operations, whether it is important to the entity's operations or its mission, whether it drives major expenses of the entity, or whether it provides certain revenue to the entity. If the auditor concludes that the entity's land acreage is significant, then the auditor should proceed with planning phase steps 3 and 4 below. As the auditor proceeds through the planning phase and further phases, the auditor may revise the conclusion about the acreage's significance to the entity.
- 3) Understand the entity's policies, processes, methodologies, and information systems for
 - a. maintaining information on land, including how land relates to the entity's mission;
 - b. classifying acreage into G-PP&E land or stewardship land;
 - c. estimating acreage;
 - d. summarizing and reconciling acreage of G-PP&E land and stewardship land to underlying records;
 - e. determining the level of aggregation the entity used to categorize acreage into predominant use subcategories;
 - f. categorizing acreage into predominant use subcategories;
 - g. identifying and recording land activity;¹¹
 - h. identifying land held for disposal or exchange;
 - i. identifying changes between reporting periods in the predominant use of land and recording those changes to the predominant use subcategories; and
 - j. reporting land rights information, whether such rights are permanent or temporary, and amounts paid to maintain such rights.

¹⁰[Government Auditing Standards](#), para. 3.109, states that the auditor must use professional judgment in planning and conducting the engagement and in reporting the results. The auditor will exercise professional judgment in making decisions about materiality and planning the work to audit the estimated acres of G-PP&E land and stewardship land and its categorization by predominant use subcategory.

¹¹This document defines "activity" as increases and decreases in acreage that result from acquisition, transfer, land swap, donation, land grant, eminent domain, or other means, such as sales or adjustments based on land surveys that occur during the reporting period.

- 4) Based on the understanding obtained in step 3, the auditor should determine whether land is, or could be, material to the entity by considering the factors in step 2. If the auditor determines that land is or could be material, the auditor should proceed with the remaining audit procedures in this guidance. As the auditor gains more information, the auditor may revise the conclusion about the materiality of land to the entity. If the auditor determines that land is **not** material, the auditor should communicate that determination and its basis to GAO.
- 5) Determine performance materiality and tolerable misstatement for purposes of designing the nature, timing, and extent of procedures for auditing reported land information.
 - a. Determine performance materiality for total land acreage (G-PP&E land and stewardship land). Auditors should generally use 5 percent of total acreage as performance materiality during the period that land is reported as RSI, but they may reduce performance materiality based on professional judgment.
 - b. Determine tolerable misstatement, which is the application of performance materiality to a substantive sampling procedure.¹² Based on professional judgment, the auditor may set tolerable misstatement equal to or less than performance materiality and may establish different quantities of tolerable misstatement for substantive sampling procedures of G-PP&E land and stewardship land.
- 6) Identify risks of material misstatement at the assertion level (see table 2 for assertions for land) and assess inherent risk, considering appropriate inherent risk factors for G-PP&E land and stewardship land.¹³ Inherent risk factors may include (a) the complexity of implementing a new standard based on acreage estimates; (b) the development of estimates and new methodologies based on management judgment; and (c) new or repurposed information systems that may not adequately support the activities related to acquiring, disposing, maintaining, and tracking estimated acreage of land.
- 7) Preliminarily assess control risk for G-PP&E land and stewardship land. Control risk is the risk that a misstatement could occur in an assertion about land information reported in RSI that could be material and would not be prevented, or detected and corrected, on a timely basis by the entity's internal control. Control risk is a function of the effectiveness of the design and operation of internal control relevant to preparation and presentation of information in G-PP&E land and stewardship land's RSI.

Some control risk will always exist because of both the inherent limitations of internal control and complexities relating to the history of the acquisition, disposal, and transfer of federal land. In assessing control risk, the auditor should identify the existence of risk factors for these internal control components: control environment, entity risk assessment, information and communication, monitoring, segregation of duties, and general controls. See Financial Audit Manual (FAM) 260.¹⁴

¹²Tolerable misstatement is defined in AU-C 530, *Audit Sampling*, para. 530.05.

¹³See Statement on Auditing Standards No. 145, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, October 2021, effective for audits of financial statements for fiscal year 2024.

¹⁴GAO and the Council of the Inspectors General on Integrity and Efficiency, *Financial Audit Manual Volume 1*, [GAO-22-105894](#) (Washington, D.C.: June 2022), presents a methodology for performing financial statement audits of federal entities in accordance with professional standards.

- 8) Preliminarily assess and document the risk of material misstatement of total acreage of G-PP&E land and stewardship land and the entity's categorization of acreage by predominant use subcategory.

Internal Control Phase

The auditor should obtain a sufficient understanding of the design of the control activities to determine whether they are likely to achieve the control objectives and support the related assertions in table 2.¹⁵ See FAM 340 for identifying and understanding control activities. The auditor should perform the following steps.

- 1) For each control objective, based on discussions with entity personnel and the results of other procedures performed, identify the control activities for achieving the specific control objective.
- 2) Determine whether control activities have been effectively designed to achieve the control objectives identified in table 2. The factors that the auditor should consider include directness, selectivity, manner of application, and follow-up.¹⁶
- 3) For control activities that have been effectively designed, perform walk-throughs to determine whether those control activities have been implemented. These walk-throughs may include a mix of observation, inspection, and inquiry with personnel responsible for applying or maintaining each control activity.¹⁷
- 4) For control activities that are effectively designed and implemented, perform tests of the control activities to determine whether they are operating effectively to achieve the control objectives. The auditor should test the operating effectiveness of those control activities that the auditor determined are designed and implemented effectively (FAM 360.01). As part of testing control activities, the auditor should also test segregation of duties (FAM 360.09–.10). In the initial year of applying this audit guidance, the auditor may apply audit procedures to land at the end of period or to both land activity occurring during the period and land at the end of the period.

Such tests may include observation, inquiry, inspection, or a combination of these, although inquiry alone is not sufficient. The auditor should select sufficient items for control testing to support a low level of assessed control risk. The tests can be applied to

¹⁵Control activities are the policies, procedures, techniques, and mechanisms that help ensure that management directives are carried out and respond to risks in the internal control system, which includes the entity's information system. See GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

¹⁶**Directness** refers to the extent to which a control activity relates to a control objective. The more direct the relationship, the more effective that activity may be in achieving the objective. **Selectivity** refers to the magnitude of the amount, or the significance of other criteria or distinguishing characteristics, that a specific control will identify as an exception condition. **Manner of application** refers to the way in which an entity places a specific control into operation, including frequency of application and authority and competence of personnel. **Follow-up** refers to the procedures performed when a control identifies an exception condition.

¹⁷For additional information, refer to FAM 350.07.

all items in the population, a nonstatistical selection, or a statistical sample.¹⁸ If using a statistical sample, consider performing control tests and substantive tests together as part of a multipurpose sample.

- 5) Determine whether internal control provides reasonable assurance that control objectives are achieved (see FAM 370.02).
- 6) For each control objective that is not achieved, obtain sufficient (1) information to identify the underlying internal control deficiencies and report such control deficiencies to entity management and GAO and (2) evidence to support the preliminary assessment of the effectiveness of internal control and the risk of material misstatement.
- 7) Determine whether the auditor has obtained sufficient evidence to support the auditor's evaluation of the effectiveness of internal control over land.¹⁹ Reassess risk of material misstatement of land information reported in RSI.

Table 2: Identifying Control Activities for G-PP&E Land and Stewardship Land

Assertion/ segregation of duties	Control objective	Identifying control activities
Existence 1. Land reported in RSI exists at a given date. ^a	End of the period	
	a. Land exists at a given date.	<ul style="list-style-type: none"> • How does the entity reasonably assure that land (i.e., parcel or unit of land) reported by the entity exists?^b • If applicable, how does the entity reasonably assure that it does not include in RSI, if material, land that is managed and reported by another federal entity?
	b. Land is properly classified in the entity's records between G-PP&E land and stewardship land.	<ul style="list-style-type: none"> • How does the entity reasonably assure that land is properly classified as G-PP&E land or stewardship land? • What are the entity's policies and procedures to reasonably assure the recording and classifying of G-PP&E land and stewardship land?
Occurrence 2. Recorded land activity and events occurred and pertain to the entity.	Activity during the period	
	Recorded land activity and events actually occurred and pertain to the entity.	<ul style="list-style-type: none"> • How does the entity reasonably assure that recorded land activity and events are authorized by federal laws, regulations, and management policy? • How does the entity reasonably assure that appropriate individuals approve land activity and events (i.e., acquiring and disposing, etc. of G-PP&E land and stewardship land) in accordance with management's policy? • How does the entity reasonably assure that land activity and events recorded in the current period occurred and are properly classified as G-PP&E land or stewardship land?

¹⁸For additional information, refer to FAM 360.06-.08.

¹⁹For additional information, refer to FAM 360.21 and .22.

Assertion/ segregation of duties	Control objective	Identifying control activities
Completeness 1. All land that should have been recorded as G-PP&E land and stewardship land is recorded in the proper period and presented as RSI.	G-PP&E land and stewardship land that should have been recorded is recorded, recorded in the proper period, and presented as RSI.	<p style="text-align: center;">End of the period</p> <ul style="list-style-type: none"> • How does the entity reasonably assure that underlying records of land are reconciled to reported land that is presented as RSI? • How does the entity reasonably assure that it periodically reconciles documentation of land under the entity's management or control with the entity's recorded land?
		2. All land activity and events that should have been recorded are recorded in the period.
Accuracy 1. Land acreage is presented as RSI at appropriate amounts.	a. Land acreage is presented as RSI at appropriate amounts. b. Reported land acreage is supported by underlying records that are accurately summarized and reconciled.	
		2. Amounts and other data relating to recorded land acreage activity and events have been appropriately recorded.
Rights 1. The federal government has rights to the land and the entity has been assigned responsibility for managing and reporting the land.	The federal government has rights to the land and the entity has been assigned responsibility for managing and reporting the land.	<p style="text-align: center;">End of the period</p> <ul style="list-style-type: none"> • How does the entity reasonably assure that G-PP&E land and stewardship land are supported by documentation that provides evidence of federal ownership or the federal government's interest in land rights? • How does the entity reasonably assure that G-PP&E land and stewardship land are supported by documentation indicating that the entity has been assigned responsibility for managing and reporting the land?

Assertion/ segregation of duties	Control objective	Identifying control activities
Presentation	End of the period	
1. The RSI narrative is appropriately and clearly presented in accordance with SFFAS 59 and OMB Circular A-136.	The RSI narrative is appropriately and clearly presented in accordance with SFFAS 59 and OMB Circular A-136.	<ul style="list-style-type: none"> How does the entity reasonably assure that its narrative presentation for land presented as RSI is appropriately and clearly presented in accordance with SFFAS 59 and OMB Circular A-136?
2. Numerical and other information for land presented as RSI is appropriately aggregated or disaggregated and clearly described in accordance with SFFAS 59 and OMB Circular A-136.	Numerical and other information relating to land presented as RSI is appropriately aggregated or disaggregated and is clearly described in accordance with SFFAS 59 and OMB Circular A-136.	<ul style="list-style-type: none"> How does the entity reasonably assure that its presentation of numerical and other information of land presented as RSI is appropriately aggregated or disaggregated and clearly described in accordance with SFFAS 59 and OMB Circular A-136? ^c How does the entity reasonably assure it properly categorizes land and other numerical information into predominant use subcategories in accordance with SFFAS 59 and OMB Circular A-136?
3. Numerical and other information for land is in accordance with SFFAS 59 and OMB Circular A-136 and consistently applied.	Numerical and other information for land is in accordance with SFFAS 59 and OMB Circular A-136 and consistently applied from period to period.	<ul style="list-style-type: none"> How does the entity reasonably assure that numerical and other information for land is presented in accordance with SFFAS 59 and OMB Circular A-136 and consistently applied?
4. Numerical and other information is appropriately measured and described and is relevant and understandable in the context of the requirements of SFFAS 59 and OMB Circular A-136. All numerical and other information that should have been included in RSI has been included.	Numerical and other information is appropriately measured and described and is relevant and understandable in the context of the requirements of SFFAS 59 and OMB Circular A-136. All numerical and other information that should have been included in RSI has been included.	<ul style="list-style-type: none"> How does the entity reasonably assure that numerical and other information is appropriately measured and described and is relevant and understandable in the context of the requirements of SFFAS 59 and OMB Circular A-136? How does the entity reasonably assure that all numerical and other information that should have been included in RSI has been included?
Segregation of duties	Activity during the period	
	Persons do not have uncontrolled access to land records; they are not assigned duties that would allow them to both commit and conceal errors or fraud.	<ul style="list-style-type: none"> How does the entity assign and approve appropriate access to land records to reasonably assure there is no uncontrolled access?

Legend: G-PP&E = general property, plant, and equipment land and permanent land rights; OMB = Office of Management and Budget; RSI = required supplementary information; SFFAS = Statement of Federal Financial Accounting Standards

Source: GAO analysis. | GAO-24-106986

^aLand includes permanent land rights.

^bThere may be control activities that address multiple assertions (e.g., existence, accuracy, and rights).

^cThe entity should determine the level of aggregation of G-PP&E land and stewardship land by factors, including the entity's mission, types of land use, and how it manages the land. It would be helpful if the entity documented the rationale for its approach to aggregation.

Substantive Testing Phase

For G-PP&E and stewardship land, the auditor should perform substantive testing procedures. Monetary unit sampling (based on number of acres) or classical variables sampling should be used in substantive testing of land.²⁰ The auditor uses professional judgment, as well as knowledge of sampling methods, in applying audit sampling.²¹ When designing an audit sample, the auditor should consider the purpose of the audit procedure and the characteristics of the population from which the sample will be drawn (AU-C 530.06).²² FAM 400 provides a framework for applying audit sampling to financial audits. The auditor generally should consult with an audit sampling specialist for assistance in designing and evaluating audit samples and in evaluating the costs and benefits when deciding the appropriate type of audit sampling to use, unless the auditor determines only basic statistical concepts will be applied.

In the initial year of applying this audit guidance, the auditor may exercise professional judgment in determining whether to apply audit procedures to land at the end of period or to both land activity occurring during the period and land at the end of the period. The scenario below provides audit guidance for the auditor to apply this guidance for the end of the reporting period in 2024.

Initial End-of-Period Testing for Substantive Testing Phase

The auditor should perform substantive testing as provided in table 3 for the initial end-of-period testing. Refer to the Internal Control Phase section for guidance on testing of control activities. In substantive testing, the auditor considers materiality and risk of material misstatement related to land. An entity's land, which has boundaries and a description, should be recorded in the entity's records. The entity should also have corresponding acreage for its land.

Depending on the nature of an entity's land records, land units sampled may be (1) aggregated land units used to determine predominant use, (2) other appropriate land aggregation, or (3) individual land parcels. If aggregated land units are used, subsampling may be used to select individual units for testing of existence, accuracy, and rights based on the auditor's consideration of the effectiveness and efficiency of such testing.

If permanent land rights are included in separate records, select a separate sample of those records and perform the tests shown in table 3.

²⁰Audit sampling methods involve selecting individual items from a population with the objective of reaching a conclusion on all the items in the population. Audit sampling can be either statistical (intended to be representative of and statistically projected to the population) or nonstatistical (intended to be representative of but not statistically projectable to the population). Nonstatistical selection may be used when testing small populations of land units.

²¹All decisions should be documented and supported.

²²See AU-C 530, *Audit Sampling*.

Table 3: Substantive Testing at End of Period for G-PP&E Land and Stewardship Land

Assertion	Substantive tests
Existence	<ul style="list-style-type: none"> For each sample selection of recorded land, determine whether the existence of the land is supported by sufficient and appropriate evidence.^a
Completeness	<ul style="list-style-type: none"> Identify land that the entity manages and should be recorded through inquiry of program managers or other means and determine whether the land is properly included in the entity's land records.
Accuracy	<ul style="list-style-type: none"> For each sample selection of recorded land, determine whether the estimate of the acreage is reasonable based on examination of related records. SFFAS 59 states that such records may include traditional records to verify ownership, geospatial mapping, cadastral surveys, other historical records, other surveys, plats, or any combination of those records.
Rights	<ul style="list-style-type: none"> For each sample selection of recorded land, examine evidence that supports federal ownership of land or the federal government's interest in land rights. Such documents could include contracts, deeds, and sales or exchange agreements; public laws; treaties; entity certifications; maintenance or renovation contracts; historical records; a history of past/historical practices; and so forth. For each sample selection of recorded land, compare the recorded land to source documentation to confirm that the entity has been assigned responsibility for managing the land.
Presentation	<ul style="list-style-type: none"> Determine whether the entity's narrative presentation for land presented as RSI is appropriately and clearly presented and described in accordance with SFFAS 59 and OMB Circular A-136. Determine whether the reported land information for acreage and its aggregation into the predominant use subcategories agree with the underlying records and reports. For each sample selection of recorded land, determine whether the classification of acreage for the related predominant use subcategory is supported by sufficient, appropriate evidence based on the entity's mission, how the entity views the G-PP&E land and stewardship land for management purposes, and materiality considerations. For each sample selection of recorded land, determine whether the predominant use is the major or primary current use of G-PP&E land and stewardship land at the end of the reporting period and is not based on incidental or infrequent uses of that land. For each sample selection of recorded land, determine whether the predominant use is consistent with the entity's authorizing legislation. Note that the predominant use may not always be consistent with the original intent or reason why the land was initially acquired and can change between reporting periods. Determine whether the aggregation of the data for the predominant use subcategories is appropriate

Legend: G-PP&E = general property, plant, and equipment land and permanent land rights; OMB = Office of Management and Budget; RSI = required supplementary information; SFFAS = Statement of Federal Financial Accounting Standards

Source: GAO analysis. | GAO-24-106986

^aThere may be forms of evidence that address multiple assertions (e.g., existence, accuracy, and rights).

Subsequent Periods of Audit

After the auditor is satisfied with the established acreage in RSI at the end of the 2024 reporting period, the auditor may consider the efficiency of testing the activity, if material, of that acreage in RSI in subsequent reporting periods, as shown in table 4.

To substantively test acreage activity, the auditor should perform the following steps.

- 1) Obtain a summary analysis of changes in acreage of G-PP&E land and stewardship land (i.e., opening acreage, increases, decreases, and ending acreage) and their reconciliation to recorded land.

- 2) Select a sample from a population of land activity during the year, reconciled to the recorded land, using audit sampling methods.
- 3) Perform substantive testing of activity described in table 4 for the sample.
- 4) Perform other tests described in table 4.

Table 4: Substantive Testing of Activity of G-PP&E Land and Stewardship Land

Assertion	Type of test
Occurrence	<ul style="list-style-type: none"> • For each sample selection of recorded land activity and events, determine whether the recorded acreage activity is supported by sufficient, appropriate evidence.
Completeness	<ul style="list-style-type: none"> • Review the reconciliations of the G-PP&E land's and stewardship land's beginning balance, activity during the period, and ending balance for the current period. Trace the beginning and ending balances to the recorded G-PP&E land and stewardship land. • Identify land activity and events that occurred during the period through inquiry of legal counsel and program managers and determine whether the land activity and events were properly recorded in the land records.
Accuracy	<ul style="list-style-type: none"> • For each sample selection of recorded land activity and events, determine whether the estimate of the acreage is reasonable based on examination of related records. SFFAS 59 states that such records may include traditional records to verify ownership, geospatial mapping, cadastral surveys, other historical records, other surveys, plats, or any combination of those records.
Rights	<ul style="list-style-type: none"> • For each sample selection of recorded land activity and events that relate to increases to land during the period, examine evidence that supports federal ownership of land or the federal government's interest in land rights. Such documents could include contracts, deeds, and sales or exchange agreements; public laws; treaties; entity certifications; maintenance or renovation contracts; historical records; a history of past/historical practices; and so forth. • For each sample selection of recorded land activity and events that relate to increases to land during the period, compare the recorded land activity and events to source documentation to confirm that the entity has been assigned responsibility for managing the land.
Presentation	<ul style="list-style-type: none"> • Determine whether the entity's narrative presentation for land presented as RSI is appropriately and clearly presented in accordance with SFFAS 59 and OMB Circular A-136. • Determine whether the reported land information for acreage and its aggregation into the predominant use subcategories agree with the underlying records and reports. • For each sample selection of recorded land activity and events, determine whether the classification of acreage for the related predominant use subcategory is supported by sufficient, appropriate evidence based on the entity's mission, how the entity views the G-PP&E land and stewardship land for management purposes, and materiality considerations. • For each sample selection of recorded land activity and events that relate to increases, determine whether the predominant use is the major or primary current use of G-PP&E land and stewardship land during the reporting period and does not include incidental or infrequent uses of that land. • For each sample selection of recorded land activity and events that relate to increases, determine whether the predominant use is consistent with the entity's authorizing legislation. Note that the predominant use may not always be consistent with the original intent or reason why the land was initially acquired and can change between reporting periods.

Legend: G-PP&E = general property, plant, and equipment land and permanent land rights; OMB = Office of Management and Budget; RSI = required supplementary information; SFFAS = Statement of Federal Financial Accounting Standards

Source: GAO analysis. | GAO-24-106986

The auditor might detect misstatements when performing substantive tests or other procedures discussed above. The auditor should accumulate misstatements identified during those procedures, other than those that are clearly trivial (AU-C 450.05), and evaluate misstatements individually and in the aggregate in both quantitative and qualitative terms to the land information in RSI. The auditor should refer to FAM 540 for the evaluation and other factors to consider.

Reporting Phase

To determine the proper reporting, presentation, and disclosure of G-PP&E land and stewardship land, the auditor should review the appropriate information about acreage and determine whether the acreage, and the categorization of the acreage of G-PP&E land and stewardship land, into predominant use subcategories is properly reported as RSI in accordance with SFFAS 59 and OMB Circular A-136.

The auditor should perform the following procedures (AU-C 730.05), if they have not been addressed by the procedures discussed above.

- 1) Inquire of management about the methods of preparing the information, including (i) whether it has been measured and presented in accordance with prescribed guidelines, (ii) whether methods of measurement or presentation have been changed from those used in the prior period and the reasons for any such changes, and (iii) whether there were any significant assumptions or interpretations underlying the measurement or presentation of the information.
- 2) Compare the information for consistency with (i) management's responses to the foregoing inquiries, (ii) the financial statements, and (iii) other knowledge obtained during the audit of the financial statements.
- 3) Obtain written representations from management (i) that it acknowledges its responsibility for the RSI; (ii) about whether the RSI is measured and presented in accordance with prescribed guidelines; (iii) about whether the methods of measurement or presentation have changed from those used in the prior period and, if so, the reasons for such changes; and (iv) about any significant assumptions or interpretations underlying the measurement or presentation of the RSI.

If the auditor's procedures identify deficiencies related to the entity's control activities for properly reporting, presenting, and disclosing acreage of G-PP&E land and stewardship land and its predominant use subcategories as RSI, the auditor should communicate those deficiencies to entity management and GAO.

Auditor Communications

After assessing the results of applying the above procedures for acreage and acreage by predominant use subcategories for G-PP&E land and stewardship land in accordance with SFFAS 59 and OMB Circular A-136, the auditor should

- determine whether there are any omissions, material departures from FASAB guidance (including material misstatements), or material inconsistencies with the financial statements

and the auditor's knowledge, based on the procedures performed on acreage in RSI as described above;

- if the auditor is unable to complete the procedures required by AU-C 730, consider whether management contributed to the auditor's inability to complete those procedures; and
- if the auditor concludes that the inability to complete the procedures required by AU-C 730 was due to significant difficulties encountered in dealing with management, inform those charged with governance.

In addition, the auditor should communicate to GAO any procedures in this audit guidance that the auditor was unable to perform and the underlying reasons. Also, as discussed above, if the auditor determines that land is **not** material, the auditor should communicate the determination and the basis for it to GAO.

Auditor Reporting

The auditor is responsible for completing procedures under AU-C 730, *Required Supplementary Information*. In addition, the auditor should include in the audit report a general description of the procedures performed on acreage and acreage by predominant use subcategories for G-PP&E land and stewardship land.

The auditor should include a separate section in the auditor's report on the financial statements with the heading "Required Supplementary Information." The auditor should include specific wording in this section if

- the auditor is unable to complete the procedures required by AU-C 730 with respect to the land information requirements of SFFAS 59,
- some or all land information required by SFFAS 59 is omitted,
- the auditor has identified material departures from the land information requirements of SFFAS 59 (including material misstatements²³), or
- the auditor has unresolved doubts about whether the land information is measured or presented in accordance with SFFAS 59.

Also, the auditor should communicate all identified misstatements, other than clearly trivial ones, to entity management and GAO, as well as any unresolved doubts about whether the land information is measured or presented in accordance with SFFAS 59.

²³Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment that a reasonable user would make based on reported land information.

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