ADMINISTRATION POLICY:

Administration Policy for Accounting and Reporting Liabilities for Remediation of Contaminated Sites

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Policy Number:  
ALT Report:  
Approved By:  
Effective Date: 2014/04/01  
Next Revision Due: 2017/01/01  
Department / BU: 

BACKGROUND
The City of XXXXXXX (“The City”) is required to present its annual financial statements in accordance with the Generally Accepted Accounting Principles (“GAAP”) established in CPA Canada Public Sector Accounting Standards (“PSAS”). Fulfilling this requirement includes accounting for and reporting liabilities related to remediation and management of contaminated sites.

The Environmental Protection and Enhancement Act (your province), together with regulations, guidelines, codes and standards established thereunder, establish the regulatory liabilities and environmental standards primarily applicable to contaminated sites in Alberta.

PURPOSE
The purpose of this policy is to establish policy, governance and roles and responsibilities over the management, financial accounting and reporting of liabilities associated with the remediation of contaminated sites in accordance with PSAS 3260 (Liability for Contaminated Sites).

DEFINITIONS
1. “Applicable Law” means all statutes, regulations and bylaws, together with any subordinate permits, licenses, approvals, authorizations, consents, directives, orders, policies, guidelines, standards, rules, interpretations and other requirements of any federal, provincial, municipal or other governmental or quasi-governmental body, agency, commission, court, tribunal or authority having jurisdiction and lawfully empowered to make, issue, impose or enforce laws with respect to Contamination or Contaminated Sites.
2. “Asset Retirement Obligation” means liabilities associated with the retirement of long-lived Tangible Capital Assets that are in productive use.

3. “Consolidated Related Entities” means organizations accountable for the administration of their financial affairs and resources to The City who are controlled by The City and consolidated in the City’s annual financial statements.

4. “Contamination” means the presence of a “substance”, as defined in the Environmental Protection and Enhancement Act (your province), in land or water that exceeds an Environmental Standard, but does not include airborne substances in the atmosphere that have not been introduced into land or water.

5. “Contaminated Site” means a titled parcel of land owned by The City where Contamination is present.

6. “Contaminated Sites Inventory” means the list of Contaminated Sites that are managed by insert department incharge of site inventory.

7. “Environmental Standard” means any regulatory requirement under Applicable Law which prohibits Contamination or establishes a qualitative or quantitative limit on the presence of Contamination.

8. “Financial Reporting Date” means December 31 of each calendar year.

9. “Future Economic Benefit” means a Contaminated Site with potential to contribute, directly or indirectly, to the flow of cash or cash equivalents to the City or used to provide goods and services in accordance with the Citys’ objectives.

10. “Legal Liability” means a legally enforceable liability of The City for the Contamination of a Contaminated Site as a matter of:

   (a) Applicable Law;

   (b) a contract or other agreement in writing;

   (c) common law principles; or

   (d) actions evidencing a clear and unequivocal intention by The City to assume responsibility for the Contamination.

11. “Non-Productive Contaminated Site” means a Contaminated Site not being used by The City for any municipal purpose.

12. “Precautionary Measures” means any Remediation of a Contaminated Site voluntarily undertaken by The City without assuming a Legal Liability therefore.

13. “Productive Contaminated Site” means a Contaminated Site being used by The City for any municipal purpose.
14. “Qualifying Contaminated Site” means any Contaminated Site with Contamination that exceeds an Environmental Standard that The City has a Legal Liability for and must report a Reported Liability all in accordance with PSAS 3260, including:

(a) Non-Productive Contaminated Sites;

(b) Productive Contaminated Sites where Contamination has migrated off-site and is adversely impacting the environment or public health or safety; and

(c) Contaminated Sites where The City has an immediate legal obligation to undertake Remediation pursuant to Applicable Law.

15. “Remediation” means any action to investigate, assess, monitor, risk manage or remediate a Contaminated Site.

16. “Remediation Costs” means all costs directly attributable to the Remediation of a Contaminated Site to the applicable Environmental Standard.

17. “Reported Liability” means the estimated Remediation Costs for a Qualifying Contaminated Site to be accounted for and reported pursuant to PSAS 3260.

POLICY

1.0. Scope/Exceptions

1.1. Scope

1.1.1. This policy applies to all Business Units and Consolidated Related Entities.

1.2. Exceptions

1.2.1. This policy does not apply to:

(a) Liabilities for closure and post-closure of solid waste landfill sites addressed by PSAS PS 3270 (Solid Waste Landfill Closure and Post-Closure Liability);
(b) Asset Retirement Obligations;
(c) Precautionary Measures;
(d) Non-Productive Sites for which the City has elected to forego Future Economic Benefits.

2.0. Reported Liabilities
2.1. The City will recognize, account for and report a Reported Liability for Qualifying Contaminated Sites as at the Financial Reporting Date for each calendar year.

3.0. Contaminated Sites Governance

3.1. The Administrative Leadership Team (ALT) is ultimately responsible for the oversight, governance of, and adherence to, this policy. The ALT may delegate, in whole or in part, this responsibility to any individual or group.

3.2. The Chief Financial Officer (CFO) is the ultimate authority on all matters related to corporate financial accounting and reporting of the Reported Liabilities for Qualifying Contaminated Sites. The CFO may delegate, in whole or in part, the authority to interpret this policy, resolve disputes and determine appropriate corporate financial reporting practices for Reported Liabilities.

3.3. The Director of department incharge of PS3260 liability (Director) is the ultimate authority on all matters related to the remediation and estimation of Remediation Costs of Contaminated Sites. The Director may delegate, in whole or in part, this responsibility to any individual or group.

3.4. The City Solicitor is the ultimate authority on all matters related to the assessment of Legal Liability for Contaminated Sites. The City Solicitor may delegate, in whole or in part, the responsibility for conducting Legal Liability assessments to any lawyer.

3.5. Finance department and department incharge of PS3260 liability shall establish supporting procedures regarding, respectively, the management and financial accounting and reporting of Contaminated Sites. All parties with responsibilities under this policy must adhere to these supporting procedures.

4.0. Contaminated Sites Roles and Responsibilities

4.1. Department/Unit Responsibilities

4.1.1. Informing and consulting with department/unit incharge of PS3260 liability if a Business Unit (BU) suspects or becomes aware of actual or potential Contamination.

4.1.2. Funding Remediation for Contamination the BU is responsible for unless other funding sources are made available.

4.1.3. If a BU cannot be identified as causing the Contamination, the BU that is the designated steward of the Contaminated Site is
responsible for funding remediation unless other funding sources are made available.

4.2. **Department/Unit incharge of PS3260 Liability Responsibilities**

4.2.1. Maintenance of a Site Information Management System database, within which all Contaminated Sites shall be recorded, with BU responsibility assigned in accordance with Section 4.1.

4.2.2. Maintenance of the Contaminated Sites Inventory, and provision of an annual list of known Contaminated Sites, including Remediation Costs for Qualifying Contaminated Sites and all necessary presentation and disclosure information, to the **finance department**.

4.2.3. Provide advice and information regarding the management and Remediation of Contaminated Sites to the responsible BU.

4.2.4. Implementation of Remediation for Qualifying Contaminated Sites in accordance with this policy on behalf of the responsible BU.

4.3. **Finance Department Responsibilities**

4.3.1. Overseeing The City’s compliance with this policy, including the presentation and disclosure of Reported Liabilities for Qualifying Contaminated Sites in The City’s annual financial reports, in accordance with GAAP.

4.4. **Law Department Responsibilities**

4.4.1. Perform Legal Liability assessments for Contaminated Sites.

5.0. **Consequences of Non-Compliance**

5.1. Failure to adhere to this policy may result in disciplinary action, up to and including termination of employment.

**SUPPORTING REFERENCES AND RESOURCES**

Please note that some of the items listed below may not be publicly available.

**References to related corporate-wide procedures, forms and resources**
- Supporting Procedures for the Administration Policy for Accounting and Reporting Liabilities for Remediation of Contaminated Sites

**Other references and resources**
- Environmental Protection and Enhancement Act (your province)
• CPA Canada Public Sector Accounting Standards
• Local Government & Municipal Knowledge Base

Revision history

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