



## Emerging Issues Task Force

**Issue Number: 14-04**

**Date Posted: March 13, 2015**

**Issue Short Heading: PS 3260 Liability for Contaminated Sites**

**Issue Category:**

- Membership issue
- Government (Provincial)
- Government (Federal)
- PSAB
- Other

**Issue Description:**

PS 3260 “Liability for Contaminated Sites” was introduced by the Public Sector Accounting Board in 2010 and has an effective date for fiscal years beginning on or after April 1, 2014. The section provides guidance on applying the existing definition of a liability in the CICA Public Sector Accounting Handbook to the specific area of contaminated sites. The purpose of this memorandum is to provide additional resources to municipalities and government entities reporting under PSAS that are responsible for contaminated sites.

**Issue commentary/research:**

**Clarification of Productive Use Assets**

An issue that has been debated by PSA discussion groups is whether productive use assets are in the scope of PS 3260 and if productive use assets are in scope of the standard, what is the definition of productive use. These two issues are important in determining if a contaminated site is within the scope PS 3260 and therefore recognition of a liability. Financial Reporting & Assurance Standards Canada has developed and published a discussion specific to this issue titled “Section PS 3260: Determining When Assets are “No Longer in Productive Use””. It provides insightful discussions and interpretations for determining if sites that are currently in productive use are within the scope of the standard and the definition of productive use. This publication is publicly available through the Financial Reporting & Assurance Standards Canada website; see link in the references section.

## **PS 3260 Implementation Action Plan**

KPMG has developed a Contaminated Sites Issues and Implementation Action Plan, which details an action plan for government entities to review/follow to ensure they are compliant with PS 3260 for the 2014-15 years. Compliance for both the 2014-15 years is required, as financial statements for years ending on or after April 1, 2014 will require comparative figures for the liability. This document is publicly available through KPMG.ca, see link in the references section.

## **The Impact of PS 3260 on Your Organization**

On June 3, 2014, KPMG Canada hosted a webcast “Do you know the impact PS 3260 will have on your organization”. A recording of this webcast is publicly available for viewing through the KPMG website; see the link in the references section.

## **PS 3260 Self Assessment Checklist**

To further assist municipalities in assessing if they are ready for the implementation of PS 3260, KPMG has developed an online self assessment survey that will allow municipalities to determine how ready they are for PS 3260 compliance. After the survey is completed, the user will be provided results from the survey. Further to this, KPMG will analyze the results and contact the municipality to discuss these results to ensure that entities will be compliant with PS 3260. This is publicly available through KPMG.ca; see link in the references section.

## **A Guide to Adoption of PS3260**

In January 2014, the Municipal Finance and Advisory Services department of the Manitoba Municipal Government, published a guide for the adoption of PS 3260. This guide breaks down the accounting standard to help guide municipalities towards successful implementation of PS 3260. The guide provides answers to many common questions and has a decision tree that will help guide municipalities towards their decision regarding contaminated sites where they are responsible and are ultimately required to record a liability. This guide has been made publicly available through the Government of Manitoba website; see link in the references section.

## **PS 3260 at-a-Glance**

BDO Canada has developed “at a glance” publications for PSAB standards including PS 3260; the at a glance publications provide a quick overview of the accounting standards and definitions of items within the standard. Included in the PS 3260 publication is a breakdown of the handbook guidance for the scope, recognition, environmental

standard, contamination, direct responsibility, accepting responsibility, future economic benefits, uncertain responsibility and measurement of the standard. This will further guide municipalities in the determination of potential contaminated sites and the liability (if any) that will be recorded in the financial statements under PS 3260. This publication is publicly available through BDO.ca; see link in the references section.

**References:**

<http://www.frascanada.ca/standards-for-public-sector-entities/public-sector-accounting-discussion-group/search-past-meeting-topics/item79465.pdf>

<https://www.kpmg.com/Ca/en/topics/IPO-Services/Documents/Contaminated-Sites-Fall-2013-web-FINAL.pdf> (KPMG's Implementation Action Plan)

<http://www.media-server.com/m/p/3tsqbg7b> (KPMG Do you know the impact PS 3260 will have on your organization webcast recording)

<https://surveys.kpmg.ca/se.ashx?s=58F002177DA64D98> (KPMG Self Assessment Survey)

[http://amm.mb.ca/download/psab/A\\_Guide\\_for\\_the\\_Adoption\\_of\\_PS\\_3260\\_Liability\\_for\\_Contaminated\\_Sites.pdf](http://amm.mb.ca/download/psab/A_Guide_for_the_Adoption_of_PS_3260_Liability_for_Contaminated_Sites.pdf) (A Guide for the Adoption of PS 3260)

<http://www.bdo.ca/en/Library/Services/assurance-and-accounting/Documents/PSAB-at-a-Glance/PSAB-at-a-Glance-Section-PS-3260.pdf> (BDO - PS 3260 at a Glance)

Note: Direct inquiries, commentaries and questions to the GFOA Discussion Forum by clicking on this link: <https://www.gfoa.ab.ca/forum/discussion/257/ps-3260-liability-for-contaminated-sites>. . You will be taken directly to this conversation.

