



Accounting Policy

Version 6.a
April 30, 2021
Finance

Accounting Policy

1. Table of Contents

2. Introduction	2
2.1 Policy statement	2
2.2 Purpose	2
2.3 Definitions.....	2
3. Policy.....	2
3.1 Duties and responsibilities.....	2
3.2 Application of the policy	2
3.2.1 Capital assets.....	2
3.2.2 Capital expenditures	3
3.2.3 Banking.....	4
3.2.4 Insurance.....	4
3.2.5 Travel.....	4
4. Administration.....	6
4.1 Related documents and legislation.....	6
4.2 Procedures	6
4.3 Forms	6
4.4 Amendment history	6
4.5 Scheduled review date.....	6

Accounting Policy

2. Introduction

2.1 Policy statement

The Alberta Motor Vehicle Industry Council (AMVIC) is Alberta's automotive industry regulator. AMVIC is a public agency accountable to the Minister of Service Alberta and the Government of Alberta.

AMVIC will meet the goals and mandate of the organization on a day to day basis while operating within the annual budget as approved by the AMVIC board.

2.2 Purpose

Financial decisions made by AMVIC management will be in the best interest of the organization and provide good value.

2.3 Definitions

In this policy:

- i. "annual budget" is an operating or capital budget formally approved by the AMVIC Board of Directors.
- ii. "board" means the AMVIC Board of Directors.
- iii. "capital asset or lease" means any item having a unit cost of more than \$1,000 and an expected useful life in excess of three years.
- iv. "CEO" means the chief executive officer of AMVIC.
- v. "CFO" means the chief financial officer of AMVIC.
- vi. "good value" is the best balance between cost, effectiveness and durability.

3. Policy

3.1 Duties and responsibilities

It is the responsibility of the CEO and CFO to ensure compliance to this policy.

This policy applies to all employees, contracted personnel and board directors of AMVIC.

3.2 Application of the policy

3.2.1 Capital assets

Expenditures meeting the definition of a capital asset or capital lease are recorded on the balance sheet. Those costs are then recognized as expenses on the statement of operations over time (depreciation) in accordance with the depreciation rates set out in this policy.

Accounting Policy

Asset classification

Capital assets should be charged to an asset classification, which will provide meaningful segregation for capital management purposes.

Depreciation

Depreciation will be recorded for all capital assets on a monthly basis at the prescribed depreciation rates. Depreciation on newly acquired assets should commence in the month the asset was acquired and finish the month the asset is disposed.

Depreciation rates are outlined as follows:

Category	Rate	Method
Furniture and fixtures	10%	Straight line (SL)
Leasehold improvements	20%	SL
Computer hardware	30%	SL
Computer software	30%	SL

Leasehold improvements should be fully depreciated by the end of the term of the applicable lease agreement.

Asset disposal or trade-in

The difference between the selling price and net book value of any asset should be booked as a gain or loss on sale. The trade-in value is deemed to be the selling price. Where it is impossible or impractical to establish net book value, net book value shall be deemed to be zero.

Salvage value

Salvage value for all depreciable assets has been established at zero.

3.2.2 Capital expenditures

A capital request for expenditure must be within the parameters of the annual budget as approved by the AMVIC board.

The decision to purchase or lease a capital asset is a financial decision and must include an Authorization for Expenditure (AFE).

The AFE is a proposal to commit to make capital asset investments on a specific schedule with valid justification. There are many opportunities to invest and the AFE describes why a particular investment is preferable to others and addresses proposals as efficiently as possible.

Accounting Policy

Authorization for Expenditure form

The AFE form provides the basic summary of the proposal. The AFE must be signed by the manager proposing the expenditure and the required expenditure officers as per the Expenditure and Accounting Officer Policy. Their signatures verify they have read and understood the proposal, the information is true and accurate, they are in agreement, and they fully support the proposal.

If the expenditure exceeds the original AFE amount by ten per cent a new approval is required.

AFE proposal

The AFE proposal is comprised of the following requirements:

- Description: the description covers the nature and scope of the proposed investment. It should include the total estimated cost. An outline of the historical data or other background material that has led to the present proposal and clearly outlines the problem being solved or the opportunity being addressed.
- Reasons for expenditure: this section outlines the reason and justification for the project and discusses alternatives to the present proposal.
- Schedule of funds: each AFE must provide a time schedule indicating when cash will be required.

3.2.3 Banking

AMVIC appointed Canadian Imperial Bank of Commerce (CIBC) as its banker to carry out all banking needs. The standard CIBC General Banking Resolution and other CIBC banking forms will be authorized by two board chairs, secretary, or treasurer.

3.2.4 Insurance

Coverage

The CEO and CFO will ensure appropriate insurance coverage for the organization is in effect. These insurance coverages will include property, general liability, errors and omissions, directors' and officers', tenants' legal liability, crime, and non-owned automobile.

Incident reporting

All incidents must be reported to the CEO, who has the discretion of reporting it to the board.

Incidents that may result in a claim being made under any of these policies will be reported to the CFO. The CFO will act as the liaison with the insurance provider.

3.2.5 Travel

AMVIC employees, board directors and contracted personnel will follow the Government of Alberta Travel, Meal and Hospitality Expenses Directive.

Out of province travel must be approved in advance by the CEO.

Accounting Policy

Expense report

Employees will be reimbursed for reasonable expenses incurred on AMVIC business which are fully substantiated by legible detailed receipts. Employees are required to pay up front for their business expenses and will be reimbursed through the employee expense claim procedure outlined in the AMVIC Employee Handbook.

In exceptional circumstances, if approved by the CEO, temporary cash advances will be available to employees in order to cover the anticipated cash expenses on a specific business purpose. Cash advances will be deducted from the employee's next expense report. If any residual remains outstanding on termination, that residual will be deducted from the employee's final pay.

All expense reports must be approved by the employee's manager. Expense claims from the CEO must be approved by either the board treasurer or the board chair.

Accounting Policy

4. Administration

4.1 Related documents and legislation

Automotive Business Regulation

Consumer Protection Act

Financial Administration Act

AMVIC Bylaws

AMVIC Employee Handbook

AMVIC Expenditure and Accounting Officer Policy

Government of Alberta Travel, Meal and Hospitality Expenses Directive

4.2 Procedures

4.3 Forms

4.4 Amendment history

Version	Date	Summary of update
1	Oct. 21, 2008	Original.
2	May 14, 2013	Reviewed and approved.
3	March 12, 2014	Reviewed and approved.
4	Feb. 8, 2016	Administrative edits. Change executive director to CEO.
5	Sept. 26, 2018	Updates by CFO, conversion to new policy template.
6	Oct. 6, 2020	Administrative edits. Moved expenditure and cheque signing limits to Expenditure and Accounting Officer Policy.
6.a	April 30, 2021	Administrative change to reflect update in title of Government of Alberta directive.

4.5 Scheduled review date

April 2024