

# Administrative Procedure

## *Private Vehicle Reimbursement*

This procedure falls under the **Financial Administrative and Control Directive, A1206**.

**Date of Approval:** *January 1, 2019*

**Next Scheduled Review:** *December 31, 2019*

**Approved By:** Linda Cochrane, City Manager

### **Purpose:**

The City of Edmonton recognizes that employees may be required to use their personal vehicle to conduct authorized City business. Employees who use their personal vehicle to conduct authorized City business will be reimbursed based on the number of kilometres travelled. City employees should not be financially advantaged or disadvantaged due to these expenses. At the same time, employees are expected to demonstrate stewardship and accountability when incurring and approving business expenses.

The purpose of this procedure is to outline how the City of Edmonton will reimburse employees for the approved use of a personal vehicle while conducting authorized official City business.

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### **Definitions:**

All definitions contained in the [Financial Administration and Control Directive](#) apply to this procedure. In addition:

- **“business travel”** is the amount of business kilometres traveled by an employee in the performance of their employment duties using their private vehicle. This does not include travel for personal business or travel between an employee’s home and regular place of employment.
- **“point of call”** is a place an employee travels to perform his or her employment duties other than the employee's regular place of employment. When the City of Edmonton (City), on an infrequent and irregular basis, requires an employee to proceed directly from home to a point of call other than their Regular Place of Employment or to return home from some such point, this travel is not considered personal.
- **“regular place of employment”** is any location where an employee regularly reports for work or performs the duties of employment. In this case, "regular" means there is some degree of frequency or repetition in the employee's reporting to that particular work location in a given pay period, month, or year. This "place" does not have to be an establishment of the employer. An employee can have more than one regular place of employment in the course of a year, and those can change from time to time.
- **“reimbursement rate”** is the per kilometre rate at which each kilometre of authorized Business

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Travel will be reimbursed.

- **“supervisor”** is someone in a position senior to the employee making the claim who has the authority to question and request evidence supporting the employee’s claim. Typically, this is the individual directing the employee’s work and evaluating employee performance.

### **Guidelines:**

Employees will be reimbursed for using their private vehicles for business purposes when it has been authorized by their supervisor. Reimbursement will be based on the total number of kilometres driven for business purposes. Employees will not be reimbursed for any driving that is considered personal which includes:

- driving to conduct personal activities
- travel between home and a regular place of employment, other than a point of call

If an employee has multiple regular work locations and travels between home and several work locations during the day, only the trip from the employee’s home to the first work location and the trip from the last work location to home is personal driving. Any travel by the employee between work locations is business related.

Employees should refer to Attachment IV Examples of Business Versus Personal Travel for clarification on what qualifies as business travel.

All employees driving a personal vehicle to conduct authorized City business must follow all of the rules of the road. All vehicle operators are responsible for using the vehicle in a safe and responsible manner while conducting City business and are to abide by all traffic laws while operating a vehicle.

### **Per Kilometre Reimbursement Rate:**

The reimbursement per kilometre travelled is non-taxable and is based on the Canada Revenue Agency (CRA) reasonable per-kilometre allowance prescribed in section 7306 of the Income Tax Regulations in effect at the time of review of this procedure. This rate is intended to reflect the key components of owning and operating a vehicle such as financing and operating expenses (e.g. gas, maintenance, insurance and license fees) as well as depreciation of the employee’s vehicle.

The reasonable per-kilometre allowance prescribed by CRA currently uses a tiered rate in which the first 5,000 kilometres travelled in a calendar year are reimbursed at a higher rate. Any kilometres over 5,000 kilometres in a calendar year are reimbursed at a lower rate. The current rates in effect can be found in Attachment I - Current Reimbursement Rate.

The per kilometre reimbursement rate will be revised to reflect any changes to the reasonable per-kilometre allowance made by CRA.

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The City will not reimburse any parking tickets, speeding tickets or other fines/costs incurred while driving a personal vehicle for business purposes. Additionally, any costs associated with the maintenance, fuel, vehicle breakdown, or damage incurred while driving a personal vehicle for business purposes are contemplated in the standard mileage rate and will not be reimbursed. Reimbursable amounts are paid to the driver of the vehicle only. Passengers travelling in the motor vehicle may not claim mileage or the cost of equivalent public transportation. Employees must notify their Supervisor immediately if they are involved in an accident during the performance of their employment duties.

### **Insurance and Licensing:**

Employees authorized to use their private vehicle for business travel must possess a valid Alberta operator's license (minimum class 5), a valid vehicle registration certificate and must have a minimum of \$1,000,000 of public liability and property damage insurance at all times. Employees are responsible for completing their private vehicle insurance certification annually, in PeopleSoft, which includes:

- a. Name of insurance company, policy number, phone number of insurance agent and insurance start and expiry date
- b. Certifying they possess a valid Alberta operator's license
- c. Certifying that their vehicle is covered for public liability and damage of at least \$1,000,000
- d. Certifying they have informed their insurance agent that they will be using their vehicle for business purposes and have confirmed that they have coverage for this use.
- e. Certifying that they are aware that providing false or misleading information on their insurance coverage could lead to disciplinary action against them, up to and including dismissal.

After the initial proof of insurance certification is completed in PeopleSoft, employees will be required to certify that their insurance is valid each year when it is renewed or when there is a change in insurance that will impact coverage (i.e. change in provider). These updates will also be completed in PeopleSoft.

Employees must notify their Supervisor and immediately stop using their vehicle for City business if their insurance coverage is discontinued for any reason, if their driver's license is revoked, suspended or expired or if their vehicle registration is expired or cancelled.

Supervisors must ensure that employees certify that they have the required insurance coverage before authorizing the use of the employee's private vehicle for business travel.

### **Claim Submission Process and Approval:**

A daily log of Business Travel must be maintained to support reimbursement claims and must be submitted to a Supervisor with each claim. At a minimum, the daily logs must include date, initial starting location, destination, business purpose, and the distance traveled. See Attachment II, Private Vehicle Reimbursement Daily Log for an example of the requirements. Employees may require a separate record for personal tax purposes. Where all required daily log information is recorded in Peoplesoft, separate paper copies of the log are not required.

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Where employees do not have PeopleSoft system access or where departments have assigned the role of data entry to a coordinator, the coordinator will process claims for reimbursement and enter insurance certification into PeopleSoft.

### Employee Responsibilities:

- Employees must obtain approval from their Supervisor prior to using their private vehicle for business purposes. Approvals can be documented through email.
- Employees are responsible for maintaining a daily log of Business Travel to support reimbursement claims and must submit a copy of the log to their Supervisor with their claim.
- Employees must complete vehicle insurance and licensing certification in PeopleSoft.
- Employees must submit and receive approval for Business Travel reimbursement claims prior to the end of the month following the month of the Business Travel.
- Employees who choose to deduct employment expenses from his or her income and report vehicle reimbursement as taxable income are responsible for submitting the form (Tax form T2200 – Declarations of Conditions of Employment) to their immediate Supervisor for completion and approval.

### Supervisor Responsibilities:

- Supervisors must approve employees use of their private vehicles for business purposes prior to an employee using their private vehicle for business purposes. Approvals can be documented through email.
- Supervisors must review and approve claims for reimbursement no later than the end of the month following the month of the claim. Supervisor should be approving private vehicle reimbursement claims at the same time they are completing bi-weekly time approvals.
- Supervisors are accountable to maintain all submitted employee daily logs and employee insurance certifications for internal audit purposes for two years plus the current year. If all required daily log detail is recorded in Peoplesoft, then Peoplesoft records may be used for City purposes.
- Supervisors will not approve a claim without first reviewing supporting daily log detail.
- Supervisors must also ensure that an employee has certified they have the required insurance and licensing before approving any claims for reimbursement.

### Private Vehicle Versus City Owned Vehicle Thresholds:

The monthly cost of providing a vehicle can fairly be compared to the cost of reimbursing an employee for the use of a personal vehicle. At some point, based on mileage driven, it is more cost-efficient to provide

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a car than it is to reimburse an employee.

Reporting will be made available to Supervisors which will summarize private vehicle reimbursement made to individual employees in the calendar year in order to monitor and review private vehicle usage and reimbursement for individuals they supervise. With this reporting, the monthly cost of providing a City owned vehicle to an employee for business purposes can be fairly compared to the cost of reimbursing an employee for the use of a personal vehicle for business purposes. Supervisors will conduct a cost benefit review of annual claims that meet or exceed established thresholds for the provision of City owned vehicles (see Attachment III, Threshold for Review of Cost Effectiveness Analysis to Provide a City Owned Vehicle). Supervisors will work with Fleet Services to determine if a City-Owned vehicle should be assigned and the appropriate type of vehicle to meet operational requirements and to manage vehicle acquisition and storage.

Annually, the Threshold for Review of Cost Effectiveness Analysis to Provide a City Owned Vehicle (Attachment III, Private Vehicle Reimbursement Threshold) will be reviewed and updated.

The standard City vehicle life cycle replacement process will be followed once a department receives a City owned vehicle.

### **Compliance:**

If an employee provides false or misleading information on insurance coverage, it could lead to disciplinary action, up to and including termination.

Any employee who violates or knowingly allows his/her staff to violate this Administrative Procedure is subject to disciplinary action up to and including termination.

### **Rate Updates:**

The Branch Manager, Financial Services may, after review by the City Solicitor, make updates as appropriate to the private vehicle reimbursement rate (Attachment I) and Thresholds for Review of Cost Effectiveness Analysis to provide a city owned vehicle to employees (Attachment III); however, any amendments to the processes contained in this procedure must be approved by the City Manager.

### **Attachments:**

The following attachments are related to this procedure:

- [Attachment I - Current City of Edmonton Reimbursement Rate](#)
- [Attachment II - Private Vehicle Reimbursement Daily Log](#)
- [Attachment III - Threshold for Review of Cost Effectiveness Analysis to Provide a City Owned Vehicle](#)
- [Attachment IV - Examples of Business Versus Personal Travel](#)