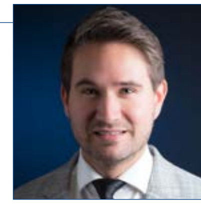
Commission municipale Québec



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Ensuring Credit Cards Are Used Properly

The Commission municipale has oft discussed the prohibition on municipal council members using credit cards to incur expenditures on a municipality's behalf.[1] However, when the power to authorize an expenditure is delegated to an officer or employee,[2] what needs to be done to ensure that public funds are managed properly?

This question merits attention, since it is common for municipal administrations to use credit cards. However, while they are convenient, they are absolutely not a blank cheque. As such, it is important to properly regulate and monitor expenditures incurred in this way.

The Direction des enquêtes et des poursuites en intégrité municipale (DEPIM) discussed precisely this subject in a recent report following an investigation into the City of Beauharnois.[3] The DEPIM found that the City had no rules, policies, or directives on the types of charges that could be made to the credit card, nor did it have internal control measures that would allow it to intervene if the card was misused. What's more, some council members were unaware of the charges to the card; they had no way of monitoring them, as detailed expense reports were not sent to the council.

In this case, the DEPIM did not conclude that any wrongdoing had been committed against the City of Beauharnois. However, the media did call certain expenditures into question, like the purchase of pets, expensive meals at restaurants, and hotel rooms. It is not up to the DEPIM to judge whether expenditures are appropriate, but it is important that council members be properly informed of the authorized expenditures that need to be listed in a "report […] to the council at the next regular sitting held after the expiry of a 25-day period following the authorization." In our opinion, this report should be detailed enough to allow elected officials to see the true nature of the expenditure, as they are accountable to the public when it comes to the management of public funds.

It should be emphasized that it is the lack of oversight of credit card expenditures that can allow taxpayers' money to be misused. To prevent this from happening, the DEPIM recommends that municipalities amend their by-laws on delegating the authority to authorize expenditures. The law allows municipalities to not only specify the "area of competence" to which the delegation applies, but also "the other conditions to which the delegation is subject." As such, it is a good idea to specify which types of expenditures are allowed. It is also advisable to establish an oversight mechanism through an internal policy or directive to identify potential misuse.

In conclusion, municipal credit cards require a great deal of caution, as well as proper oversight to ensure that public funds are properly managed.

1 *Direction des enquêtes et des poursuites en intégrité municipale v Gaétan Guindon,* 2024 CanLII 39512 (QC CMNQ) and Joanie LEMONDE and Lucie TRITZ, *Qu'en est-il des dépenses par carte de crédit?*, published in the September 2024 issue of *Quorum,* the magazine of the Fédération québécoise des municipalités.

2 *Cities and Towns Act (CQLR, c. C-19) s. 477.2 and Municipal Code (CQLR, c. C-27.1) s. 961.1.*

3 *Commission municipale du Québec (Direction des enquêtes et des poursuites en intégrité municipale), Conclusions et recommandations à la suite d'une divulgation d'actes répréhensibles à l'égard de la Ville de Beauharnois, May 2025.*