



**Subject:** *Procurement Policy update - Low Value Threshold*  
**To:** Corporate and Residential Services Committee  
**Date Prepared:** December 17, 2024  
**Related Motions:** N/A  
**Prepared by:** Michael Hatfield, Procurement Officer  
**Approved by:** Adam Clarkson, Director of Corporate Services

---

## Summary

This report recommends increasing the Low Value Threshold at which an Invitation Quotation is required from \$5,000, the current threshold, to \$10,000. This change will require updates to the Council [Procurement Policy](#) and other administrative documents used to administer the Policy.

The Low Value Threshold in the Council Procurement Policy has been at \$5,000 since the first modern Procurement Policy was adopted by Council back in 2012. This is the threshold at which the requirement changes from “due diligence” to the requirement to request a minimum of three quotations.

The nature of business and the value of transactions has changed considerably over the last several years. The \$5,000 threshold is out-of-touch with the current cost of Goods, Services, and Construction. In the provincial context, the same threshold has been \$10,000 for several years though the recent change to the *Public Procurement Act (September 2024)* is the main catalyst for revisiting this threshold now.

## Financial Impact Statement

None.

## Recommendation

Approve the change to the Low Value Threshold, increasing it from \$5,000 to \$10,000 in the Procurement Policy.

## Recommended Motion

[Regular Meeting of Council \(Policy & In Camera\) January 21, 2025](#)

***Move that the Corporate and Residential Services Committee recommends to Council that Council give notice of intent to amend their Procurement Policy as attached to the Executive Agenda January 21, 2025.***

[Regular Meeting of Council January 29, 2025](#)

***Move that the Corporate and Residential Services Committee recommends to Council that Council amend their Procurement Policy as attached to the Executive Agenda January 21, 2025.***

---

## Background

The first modern version of this policy was adopted by Council in 2012.

The purpose of the Policy is to establish how the Municipality will fulfill their obligations under the *Public Procurement Act, Nova Scotia*. This Policy is meant to inform Council, staff, Suppliers, and the public with respect to how East Hants will procure Goods, Services and Construction.

The Policy has been designed to drive best value for the expenditure of public funds on the acquisition of Goods, Services and Construction through maximizing competition, adopting commercially reasonable business practices which reflect the needs of the citizens of East Hants, and conducting open, fair and transparent procurement processes.

---

## Discussion

### PROCUREMENT VERIFICATION

The current process requires that every procurement over \$5,000 be recorded on a procurement verification form. This has been an essential administrative control in verifying that staff adhere to the Procurement Policy when purchasing Goods, Services, and Construction for the Municipality. Our auditors look for this Form when auditing us.

However, this requirement adds significant administrative burden staff and the CAO. Staff are asked to find three Suppliers to invite to provide prices on Good, Services, and Construction which may cost more than \$5,000. More and more often, it is difficult to impossible to find Suppliers interested in small jobs or, when they are interested, to convince them to provide a quotation in the timeline required by operations. While asking for quotations, even if they are not received, is compliant to the Procurement Policy, the effort and delay associated with the exercise does not typically result in better value for the Municipality. This effort can be better focused on higher cost Goods, Services, and Construction and staff time can be used to put in place effective risk management for those requirements.

In addition, procurement verification of every procurement over \$5,000 creates significant burden on the Finance Department. In order to pay invoices over \$5,000, Finance staff must locate the applicable procurement verification form prior to the payment being made. While on most occasions this is seamless, there are times where the form is delayed in signing or the waiting on a process step before going Finance, affecting the strict timelines associated with a payables' run. With this change, there will be fewer invoices subject to this review.

This change will reduce burden on the CAO. Certain purchases within the Low Value Threshold still require CAO approval; this change will reduce that volume.

### DUE DILIGENCE

Due diligence is always a requirement when purchases are made for Goods, Services, or Construction. The overall responsibility on a Director to ensure due diligence does not change. Directors will need to continue to ensure that staff are doing their due diligence with purchases less than \$10,000 in value.

### FUTUTRE CHANGES

Staff anticipate changes to the Nova Scotia Procurement Policy which will allow for additional changes to the Council Procurement Policy. Those changes will be the subject of a future report but the urgency of this change to reduce administrative burden made it prudent to make this change now.

It is expected that the new provincial procurement Policy will be available this year and it will allow an increase in the High Value Threshold to better reflect the cost of Goods, Services, and Construction which are in line with the trade agreement obligations for Municipalities. When the provincial Policy is released, staff anticipate aligning with the threshold value recommended by the province.

### STRATEGIC ALIGNMENT

This change embraces the Organizational Value of Fiscal Responsibility by empowering change which uses tax dollars and staff effort more efficiently.

#### LEGISLATIVE AUTHORITY

The [Public Procurement Act](#) (September 2024) establishes the duties of a Public Sector Entity with respect to procurement, one of which is to “adopt or adapt its procurement policies to be consistent with the requirements...” of *Act*.

#### FINANCIAL CONSIDERATIONS

There are no financial implications with respect to making this change other than the cost of staff time to make this change. Such additional time necessary to make the change should be offset by savings in time made in the reduced workload in Finance and in departments.

---

### Alternatives

The alternatives are:

1. Choose not to change the Low Value Threshold at this time. In this event, no changes are required to the Procurement Policy.

---

### Attachments

Link or list any related documentation relevant to the report:

1. Council Procurement Policy
2. Draft amended Council Procurement Policy