Budgeting Policy

Policy Number: G-04.01.00	Next Review Date: 2028
Approved by: NSRDDA Board	Approval Date: October 10, 2025

1. Purpose

This policy establishes the principles, responsibilities, and processes for budgeting at the NSRDDA. It ensures that the Regulator's financial resources are aligned with its mandate, strategic priorities, and operational needs, while maintaining transparency and fiscal responsibility.

2. Scope

This policy is intended for use by:

- The Board
- The Registrar and staff

It applies to all budgeting activities undertaken by staff and reviewed and approved by the Board. It covers the preparation, approval, monitoring, and revision of the annual operating and capital budgets.

3. Principles

The following principles will guide the development of the annual business plan and budget for the NSRDDA:

- **Accountability**: Budgets must reflect responsible stewardship of registrant fees. License fees should be kept as low as possible while still providing the NSRDDA with the resources it needs to carry out its regulatory responsibilities effectively.
- **Alignmen**t: Budgets must align with the strategic plan, regulatory obligations, and risk tolerance.
- **Prudence**: Conservative assumptions should be used when forecasting revenues and expenditures.
- **Transparency**: Budgeting processes must be documented, justifiable, and communicated to the Board. The Board should also have a good understanding of where resources allocated in the budget are actually spent by the NSRDDA.

4. Policy Statement

(a) Roles and Responsibilities

The **Registrar**:

- Leads the development of the draft annual budget, with input from relevant staff and Committees
- Manages the budget within approved allocations or delegated discretionary authority
- Provides analysis of key changes, risks and assumptions, monitors actual results against budget and reports variances to the Finance, Audit and Risk Committee and the Board.

Staff provide input on budgetary needs and resource allocations. They also support data collection and forecasting.

The **Finance, Audit and Risk Committee** reviews the draft budget for reasonableness and alignment with strategic priorities. It recommends the final budget to the Board for approval.

The **Board** reviews and approves the annual budget. It also provides strategic direction and fiscal oversight.

(b) Balanced Budget

The Regulator will prepare and adopt a balanced budget annually, where expected revenues equal or exceed planned expenditures. The Board may approve a deficit budget in one year, at its discretion, where the reserve fund is significantly higher than the minimum level required and (a) the deficit is funded from accumulated surpluses or reserves, (b) it supports strategic or capital initiatives aligned with the Regulator's public protection mandate, or (c) there is an opportunity to either reduce or maintain license fees at current levels.

(c) Financial Reserves and Use of Surplus

A minimum reserve fund equivalent to one year's operating costs for the NSRDDA is desired and annual budgets will achieve the minimum reserve level over time. Reserve levels will be reviewed and approved by the Board annually as part of the budget process. The organization will manage its unrestricted net assets (equity) to maintain financial sustainability and credibility. Excess equity beyond the Board-approved thresholds may be used to (a) reduce registrant fees, (b) fund special initiatives, or (c) invest in improvements to regulatory programs or services. Annual operating surpluses may be allocated as follows:

1. Replenishment of reserves if below target thresholds
2. Strategic or capital investments
3. Contribution to future year budgets to moderate fee increases
4. Other uses as approved by the Board.

(d) Budgeting Process and Timeline

The NSRDDA's fiscal year is the same as the calendar year. The budgeting process and timeline are as follows:

- Early Q3 – Registrar leads internal budget planning with input from relevant staff and Committees; staff performance reviews are completed so that proposed salary adjustments can be reflected in the budgeting exercise
- Mid-Q3 – Draft budget reviewed by the Finance, Audit and Risk Committee
- Late Q3 – Final budget submitted to the Board for approval at the late September meeting

(e) Budget Structure

Budgets will include:

- Operating expenses (e.g., salaries, technology, legal, consulting, communications)
- Program-specific costs (e.g., hearings, investigations, quality assurance)
- Capital expenditures (e.g., IT systems, office equipment)
- Forecasted revenues (e.g., registration and renewal fees)

(f) Budget Management

The Registrar is responsible for managing the approved budget and ensuring the efficient and effective use of resources.

(g) Forecasting and Variance Reporting

The Registrar will ensure that:

- Regular variance analysis and year-to-date comparisons with the last fiscal year are conducted to compare actual financial performance to the approved budget
- Forecasts are updated at least quarterly to reflect projected year-end financial outcomes
- Variances and forecasts are reviewed by the Finance, Audit and Risk Committee and reported to the Board with appropriate explanations and mitigation strategies, where required

(h) Timetable

The annual business planning process described in the Policy will normally follow the following timetable:

- September - Approval of annual business plan and budget by the board (normally) for the following fiscal year
- February - Approval of Annual Report (minus the Audited Financial Statements which are approved in May) by the Board

(i) Annual Evaluation and Report

The Registrar will evaluate the NSRDDA's progress in relation to the goals and targets set out in the strategic plan at least semi-annually. The Registrar will present the results of that evaluation to the Board semi-annually in the Spring and Fall of each year.

5. Monitoring and Policy Review

The Chair of the Finance, Audit and Risk Committee will ensure that this policy is reviewed in accordance with the Board's policy review cycle or as required by significant operational or environmental changes.

6. Accountability

The Board Chair and the Registrar are accountable for ensuring compliance with this policy.

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