

Policy on Budgeting & Fee Setting Process

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Purpose

- 1 The Strategic Plan determines where the Dental Council as an organisation is going over the next two years and beyond, how it's going to get there and how it'll know if it got there or not. The focus of the strategic plan is on the entire organisation.
- 2 The Council's Annual Plan is a subset of the Strategic Plan. The annual plan or operational plan supports the vision, and sets the operational objectives, responsibilities and timelines set for the coming year.
- 3 Budgets are identified to support both the strategic and annual plan. Budgets specify the money needed for the resources that are necessary to implement the strategic and annual plan. Budgets depict how the money will be spent, for example, for Secretariat expenses, Council projects and for professional group operational and disciplinary expenses.
- 4 The process and methodology for determining Council reserves is laid out in the Council Policy on the Level of Reserves. The Strategic Plan and the costing of budgets for the two year plan horizon will determine the quantum of reserves to be maintained to meet Council strategic goals.

Budget Preparation and Fee Setting Process

- 5 When preparing the budget that establishes the fees consideration must be given to the following legislation:
 - The Health Practitioners Competence Assurance Act 2003;
 - Regulations (Disallowance) Act 1989;
 - Public Audit Act 2001; and
 - Constitution Act 1986
- 6 The Corporate Services Manager and Finance Officer in conjunction with the Chief Executive Officer prepare the budget. The timing of the budget process flows from the setting of the Strategic and Annual plans as follows:
 - Strategic Planning for Council occurs throughout the year, with particular focus at Council's August meeting.
 - Strategic and Annual Plan scripted by mid August.
- 7 By early September the Corporate Services Manager and Finance Officer prepare the detailed revenue and expenditure budgets in consultation with the Secretariat Management team as follows:
 - Council Secretariat administration expenditure;
 - Council project expenditure;
 - Council non APC revenue;
 - Profession income and expenditure; and
 - Capital expenditure.

- 8 The Secretariat Management Team provide the proportions of time they and their staff spend on each of the main Secretariat activities. These activities are categorised into two main types:
- Activities provided to non registrants of the Dental Council
 - Registration;
 - Examination; and
 - Accreditation
 - Activities provided to registrants (stakeholders) of Dental Council:
 - Recertification;
 - Competency;
 - Discipline; and
 - Policy and Administration.
- 9 Secretariat personnel and overhead expense budgets are costed to each of the activities using the proportions provided by the Management Team. This determines the cost pools to be recovered in the fees charged to applicants for registration and examination or educational institutions for accreditation. The residual Secretariat costs are met from other Secretariat income such as interest income and Annual Practising Certificate and Retention fees.
- 10 The approved cost allocation percentages are applied against Secretariat administration, Council project and non APC Council revenue to determine each profession's share of the net Council expenditure budget.
- 11 This enables an overall set of proportions to be determined for the allocation of net Council expenditure to each of the relevant practitioner groups.
- 12 The Dental Council's year to date financial accounts to 31 August are used to prepare full year forecasts projected to the end of the financial year at 31 March. This set of forecasts is used to determine the closing reserve levels for each profession's operational and discipline reserve as at 31 March.
- 13 A set of financial accounts is prepared for the upcoming budget year plus a second budget year incorporating the forecast closing reserves levels. This enables the closing reserves levels at the end of the second budget year to be determined for each professional group.
- 14 The closing reserves position is compared with the minimum reserves level as set under the Council's reserves policy to determine the impact on APC fees.
- 15 To determine each profession's Annual Practising Fee for the upcoming budget year the following is taken into account:
- Each profession's share of Council (Secretariat and Council Project) net expenditure over the two budget years;
 - Each profession's share of their professions net expenditure over the two budget years;
 - Each profession's minimum operational and discipline reserves;
 - Each profession's share of the projected closing operational and discipline reserves at 31 March of the current financial; and
 - The standard capital replacement APC fee applicable to each practitioner (refer paragraph 15 below).
- 16 The Annual Practising Fee is calculated over a two year budget threshold. This is aimed at smoothing the APC fee to avoid large fluctuations in the fee each year.
- 17 The capital expenditure budget is forecast over two financial years. The capital replacement reserve is funded by an APC fee of equal amount for each practitioner to ensure the reserve is fully funded to meet all capital expenditure at the end of the two year period, plus a 10% contingency set according to the Council reserves policy.

Budget and Fee Setting Approval Process

- 18 The draft budgets, financial statements and fees (APC, registration and examinations etc) recommendations are reviewed by the CEO and Chair of Council.
- 19 In October the Audit and Risk Management Committee consider the draft budgets and draft financial statements and fee recommendations.
- 20 The draft budgets and fee recommendations are amended or updated as required by the Audit and Risk Management Committee and recommended for submission to Council.
- 21 Council in November consider and approve (after alteration where necessary) to go to consultation the draft budgets and draft financial statements and fee recommendations for the upcoming budget year.
- 22 Council's annual plan and budget and fee recommendations are issued to consultation after the Council meeting and posted on the Council website.
- 23 In late January the Audit and Risk Management Committee consider the feedback from registrants on the draft budgets and fee recommendations and recommend to Council any changes prior to final approval of the annual plan, budgets and fees by Council.
- 24 In February Council gives final approval to the annual plan, budgets and fees for the upcoming budget year.
- 25 At least 28 days prior to 31 March the fees for the new financial year are gazetted to take effect from 1 April.
- 26 Once the annual plan and budgets are given final sign off by Council, any assumption changes can only be reflected in the projected outturn in the financial statements (rather than changes to the initial budget). Any changes are reported to the Audit & Risk Management Committee and are tabled at the next Council meeting if they are major in nature.
- 27 The CEO has delegated authority to shift financial resources within the annual approved budget of up to \$30,000.