

## Why Budget or Forecast?

As part of sound governance principles, every race club should be undertaking financial planning of their operations. The scale of this planning depends on the size and complexity of your club but the requirement to undertake budgeting and forecasting of cash is universal to ensure ongoing financial sustainability.

A budget is effectively an estimation of income and expenses for the coming financial year. A well-considered budget exhibits good financial management. Some key purposes of a budget are:

<b>Planning</b>	A management tool for planning the effective and efficient application of financial resources and advancing the strategic goals and objectives of a club.
<b>Coordination</b>	Budgets assist in coordinating and linking resources from different areas of a club aimed at progressing the common goals.
<b>Communication</b>	Support decision-making by communicating relevant and useful information to the committee and other stakeholders.
<b>Motivation</b>	Budgets document specific targets and facilitate the measuring and reporting of actual performance.
<b>Evaluation</b>	Actual v Expected. Discrepancies can be identified, and underlying causes addressed.
<b>Control</b>	Budgets act as a control mechanism aimed at reducing financial risk.
<b>Compliance</b>	All Tier 1 and Tier 2 race clubs are required to submit a budget in the prescribed format by July 15 of the financial year as part of RQ commercial compliance requirements.

## Budget Tracking

Regular (monthly) monitoring of the budget against actual results provides valuable insight into whether the club is on track to meet its financial goals. Tracking your budget:

- Enables financial awareness
- Reflects current performance
- Offers informed control over spending and cost management
- Allows identification of Timing v Permanent differences
- Indicates how the assumptions stacking up.



## Life cycle of the FY22 operating budget

March 2021

### Creation

Process of creating the budget for the following financial year occurs in this period. Consultation with committee and other stakeholders to allow alignment with strategic and business plans. Key assumptions should be agreed. Budget is finalised and approved.

June 2021

### Review / Tracking / Reporting

FY 22 Budget is in place and submitted to RQ compliance by Round 1 due date of July 15. Actual performance is constantly being tracked against forecast. Variances are identified and reviewed by management. Ideally, tracking outcomes are reported to Committee. This allows for early implementation of strategies to get budget back on track.

June 2022

### Analysis / Reporting

All actuals have been plotted against budget for prior year – updated against Financial Statements where necessary. Full year variances to be reviewed with commentary for Treasurer as part of presentation at AGM.

September 2022