



uOttawa

School of Human Kinetics | Faculty of Health Sciences

University of Ottawa

Executive Master in Sport Organisation Management



MEMOS XXV (2022-2023)

A Review of Financial Governance in the Malaysian National Cycling Federation

Ahmad Arif Bin Astaman (MAS)

Tutored By: Dr. Donald Rukare



OLYMPIC
SOLIDARITY

Table of Contents

	Abstract	... 3
	Acknowledgements	... 6
	List of Acronyms	... 7
1.	Introduction	... 8
2.	Literature Review	... 12
3.	Research and Data Collection Methodology	... 18
4.	Data Analysis and Findings	... 22
5.	Discussion of the Findings	... 33
6.	Recommendations and Action Plan	... 43
	References	... 51
	Appendices	... 57

Total Number of Words (from Introduction to Recommendations): **12,113 words**

Declaration

I declare that this thesis has been composed solely by myself and that it has not been submitted, in whole or in part, in any previous application for a degree. Except where it states otherwise by way of reference or acknowledgment, the work presented is entirely my own.

(The remainder of this page is intentionally left blank)

Abstract

The recent 2022 revision to the International Olympic Committee Code of Ethics marks the first time that a high level sport governance code – which the Basic Universal Principles of Good Governance within the Olympic Movement is contended to be – has specifically been included in the IOC Code of Ethics and referenced a set of ‘financial governance’ practices.

While it is undisputed that governance is widely regarded as an important consideration in the administration of modern sport, studies that focus specifically on financial governance within sport organisations remain rare. This change then presents a unique opportunity to utilise the newly introduced Principle 4 (Financial Governance) in the IOC Code of Ethics as a means of reviewing the financial governance standing of a national sport association (NSA). For this paper, the Malaysian National Cycling Federation (MNCF) was selected as the subject of study, having considered researcher access to the organisation, and the significance of financial management, or a perceived lack thereof, as a key factor in many of its recent challenges.

The findings were derived from a documentary review of publicly available documents of the MNCF, including its Annual Reports, Financial Statements, Minutes of Annual General Meetings (AGM) and other relevant documents that the researcher was able to access, as well as a series of interviews with serving and former Executive Committee members for additional context. It was found that the financial governance of the MNCF was largely compliant and partially compliant to the elements of Principle 4, with some 40% of the elements not complied with. The findings were presented in a table that incorporated justifications for each compliance status that was proposed. A discussion to address the clustering of the elements based on compliance levels is also featured and incorporates some perspectives from the interviewees to provide further nuance to the conclusions.

It was also found that this situation may be attributable to the well-meaning but rather outdated perspectives of the MNCF leadership, which views compliance as a procedural requirement rather than a tool to help improve credibility, accountability, and performance. The paper proposes a series of recommendations, in the form of an action plan, for the potential adoption of the MNCF. Future avenues of research include the possible review of the MNCF from the perspective of other Principles, and the development of a proper assessment tool for this.

Abstract (French)

La récente révision du Code d'éthique du Comité international olympique pour 2022 marque la première fois qu'un code de gouvernance sportive de haut niveau - que les Principes universels de base de bonne gouvernance au sein du Mouvement olympique sont censés être - est spécifiquement inclus dans le Code d'éthique du CIO et fait référence à un ensemble de pratiques de "gouvernance financière".

S'il est incontestable que la gouvernance est largement considérée comme un élément important dans l'administration du sport moderne, les études portant spécifiquement sur la gouvernance financière au sein des organisations sportives restent rares. Ce changement offre donc une occasion unique d'utiliser le nouveau principe 4 (gouvernance financière) du code d'éthique du CIO comme moyen d'examiner la situation de la gouvernance financière d'une association sportive nationale (ASN). Pour ce document, la Fédération nationale malaisienne de cyclisme (MNCF) a été choisie comme sujet d'étude, compte tenu de l'accès des chercheurs à l'organisation et de l'importance de la gestion financière, ou de l'absence perçue de celle-ci, comme facteur clé de bon nombre de ses récents défis.

Les conclusions ont été tirées d'une analyse documentaire des documents publics de la MNCF, notamment ses rapports annuels, ses états financiers, les procès-verbaux de ses assemblées générales annuelles (AGA) et d'autres documents pertinents auxquels le chercheur a pu accéder, ainsi que d'une série d'entretiens avec des membres du comité exécutif en exercice et d'anciens membres du comité exécutif, afin d'obtenir un contexte supplémentaire. Il a été constaté que la gouvernance financière du MNCF était largement conforme et partiellement conforme aux éléments du principe 4, quelque 40 % des éléments n'étant pas respectés. Les résultats ont été présentés dans un tableau comprenant des justifications pour chaque statut de conformité proposé. Une discussion sur le regroupement des éléments en fonction des niveaux de conformité est également présentée et intègre certains points de vue des personnes interrogées afin de nuancer davantage les conclusions.

Il a également été constaté que cette situation pouvait être attribuée aux perspectives bien intentionnées mais plutôt dépassées des dirigeants du MNCF, qui considèrent la conformité comme une exigence procédurale plutôt que comme un outil permettant d'améliorer la crédibilité, la responsabilité et les performances. Le document propose une série de

recommandations, sous la forme d'un plan d'action, en vue de l'adoption éventuelle du MNCF. Parmi les pistes de recherche futures figurent l'examen éventuel du MNCF du point de vue d'autres principes et la mise au point d'un outil d'évaluation approprié.

(The remainder of this page is intentionally left blank)

Acknowledgements

Undertaking a serious and demanding qualification that is MEMOS, particularly as a national sport association volunteer with an unrelated day job, is by itself a massive undertaking. Doing it as a husband and a father of four is even more so.

I am first and foremost grateful for the opportunity given by Olympic Solidarity to be in this programme. The unique combination of travelling to three different cities and joining a cohort of other passionate individuals is truly a money-can't-buy experience, and I hope to honour this trust by paying it forward through my continuing service to Malaysian sport.

To my parents, parents-in-law and siblings who have all helped out to give me and my family the necessary support, particularly during my travels for MEMOS, I owe you a tremendous debt and hope that this paper is worthy of your kind assistance.

To my sporting family in the Olympic Council of Malaysia, especially Ms Moira Tan, Mr Fong Wan Hor and Ms. Stephanie Rajagopal, I thank you for putting up with my incessant comments and thoughts on how we can always do better! You each represent the highest ideals of the Olympic movement, and I am proud to be your colleague.

To my fellow cycling administrators in the Malaysian National Cycling Federation, particularly Datuk Abu Samah Wahab and Ms Mimi Razak, I thank you for taking the time to engage me as I conducted this research, and for being honest, candid and tolerant with me.

To all my lecturers and tutors, particularly Dr. Donald Rukare and Dr. Leigh Robinson, and to my fellow MEMOSians of cohort XXV, I can only express my heartfelt gratitude for all the guidance, laughter, kindness, friendship and countless cups of coffee during this journey. This will be an experience I will cherish for life, and certainly the most enjoyable part of MEMOS.

Above all, to my wife Haslina, and to my children, Adam, Daniya, Ezra and Noah, there are no words to describe how humbled and fortunate I am to be blessed with you in my life. This work is as much theirs as it is mine.

List of Acronyms

ACC	Asian Cycling Confederation
AGM	Annual General Meeting
ASOIF	Association of Summer Olympics International Federations
BIBGIS	Basic Indicators for Better Governance in International Sport
BUP	Basic Universal Principles of Good Governance Within The Olympic Movement
EXCO	Executive Committee
FIFA	Federation Internationale de Football Association
IFRS	International Financial Reporting Standards
IOC	International Olympic Committee
KGP	Key Governance Principles and Indicators
MASB	Malaysian Accounting Standards Board
MNCF	Malaysian National Cycling Federation
MPERS	Malaysian Private Entity Reporting Standard
NSA	National Sport Association
NSC	National Sports Council of Malaysia
OCM	Olympic Council of Malaysia
OSC	Office of the Sports Commissioner of Malaysia
RAT	Readiness Assessment Tool
SDA	Sports Development Act 1998 (Malaysia)
SIGGS	Support the Implementation of Good Governance in Sport
SGO	Sports Governance Observer
UCI	Union Cycliste Internationale

(The remainder of this page is intentionally left blank)

Chapter 1 Introduction

There is little doubt today that governance is a significant part of modern organisational management, and its relevance to sport organisations is also no exception. Over the past century, the complexity of transactions, responsibilities and expectations faced by organisations have only increased, and the ‘creep’ of market principles such as cost control, performance measurement and managerial accountability (Ezzamel and Wilmot, 1993) is now noticeable beyond its original corporate roots, first within public sector organisations, and in the last 30 years, within the voluntary sport sector (Pijetlovic, 2015). Sport-specific governance research continue to intrigue researchers to this day (Thompson et. al., 2022), with several pioneering but comprehensive works on the applicability of governance practices within sport contexts such as Henry and Lee (2004), Hoye and Cuskelly (2007) and Green and Houlihan (2006) remaining influential for subsequent generations of researchers.

Historically, the progress toward what is now more popularly known as better governance (Geeraert, 2022; Thompson et. al., 2022), was begun in earnest as a direct response to the uncovering of successive process abuses for personal financial gain in hitherto well-regarded sporting institutions such as the Federation Internationale de Football Association (FIFA) (Zeimers and Constandt, 2022) and the International Olympic Committee (IOC) (Chappelet and Mrkonjic, 2019; June et. al., 2023). Further, the role of factors including the expanding skillset required to manage the growth of the intersection between business and sport, and the increased demand for accountability on public funds received by sport also cannot be discounted. All of the foregoing points to the significance of financial literacy and process management as a key component of sport management at all levels.

Recognising that the fallout from such a significant loss of public trust would be an existential crisis for it (Fridman, 1999) the IOC embarked on a comprehensive exercise that culminated in the introduction of the Basic Universal Principles of Good Governance for the Olympic and Sports Movement in 2009 (IOC, 2008), which was then updated in 2022, in line with its Olympic Agenda 2020+5 recommendations (IOC, 2021). The revision encompassed not only a much-needed update on the language to reflect the evolution of international sport and its relationship with its stakeholders but was also elevated to become an integral part of the IOC’s Code of Ethics, thus becoming enforceable on the members of the Olympic Movement (IOC, 2023).

Paper Context

It is this newly revised Basic Universal Principles of Good Governance that became the inspiration for this paper, as a means of assessing the present state of affairs from the perspective of a national sport association, specifically the Malaysian National Cycling Federation (MNCF), in the author's home country of Malaysia. However, the sheer scale of reviewing MNCF practices against the entirety of the Basic Universal Principles would have been too overwhelming and ambitious, given the resource and time constraints. As such, this paper proposes to conduct a review on a specific area – namely financial governance – as the analytical starting point and potential catalyst for future action.

The main rationales for this focus on financial governance include:

- a. Recent criminal charges brought against the current MNCF President, stemming from alleged conflict of interest involving inappropriate financial gain in some procurement exercises using public funds (The Star, 2022),
- b. The ongoing refusal of the Malaysian National Sports Council (NSC) to provide direct funding to the MNCF for its programmes and events, which was supposedly attributed to the poor management of previous disbursements linked to the nation's premier cycling race, the Tour de Langkawi (New Straits Times, 2014a), and general dissatisfaction with the management of funds previously distributed for its athlete development,
- c. The suspension of the MNCF's registration as a sports body by the Office of the Sports Commissioner of Malaysia in 2014, due to alleged financial mismanagement (New Straits Times, 2014b), and
- d. The continuing inability of the MNCF to engage private sector entities as commercially sustainable sponsors or partners for its events, athletes and programmes, the epitome of which was a lawsuit by a former sponsor to recover what it deemed was unaccounted for funds due to non-compliance with reporting requirements (New Straits Times, 2016).

Organisation Context

The Malaysian National Cycling Federation (MNCF) is the governing body for the sport of cycling and the Union Cycliste Internationale (UCI)-recognised national federation for Malaysia. It is one of the oldest sport associations in the country, having been established in 1953, and comprises voting affiliates representing each of Malaysia's thirteen states, two out of three existing Federal Territories, the Royal Malaysian Police and the Malaysian Armed Forces cycling associations (MNCF, 2018).

It has an executive committee comprising the President, the Deputy President, five (5) Vice Presidents, the Secretary and the Assistant Secretary, and the Treasurer and the Assistant Treasurer, which carries out functions normally associated with a board. It also has a National Council, comprising one appointed representative from each voting affiliate (MNCF, 2018). The annual budget of the MNCF is approximately USD 350,000 (three hundred and fifty thousand US Dollars), the bulk of which comes from sanctioning and licensing fees collected from affiliates, license holders and cycling race organisers (MNCF, 2022).

Further, cycling occupies a particular significance amongst Malaysians, as the sport is only one of three (the others being badminton and diving) to have had athletes medal in the most recent Olympics (National Sports Council, 2020), while the country's oldest continuously held international sporting event is the Tour de Langkawi, a stage race first organised in 1996 and the only major sporting event directly supervised and funded by the Ministry of Youth and Sports (Le Tour de Langkawi, 2020).

The MNCF was chosen as the organisational research subject after having considered:

- a. The domestic maturity of cycling as a sport as well as the sophistication of its international and regional federations,
- b. The availability of and access to documents and relevant personnel by the author, and
- c. The ability of author to propose change based on the outcomes and findings of the paper.

The Research Objective

The objective of this research paper is to review and subsequently determine the compliance levels of the MNCF to an external and credible set of financial governance principles, by seeking the answer to the following primary question:

How divergent are MNCF practices from Principle 4 (Financial Governance) of the IOC's Basic Universal Principles of Good Governance, and what factors influence this?

The immediate 'real world' implications of the findings include the identification of specific gaps and shortcomings within the MNCF when compared to a mature set of financial governance best practices, to establish whether such gaps can be addressed and to propose an action plan for improvements that will advance the MNCF's capacity and credibility moving forward, particularly with its key domestic stakeholders such as the National Sports Council, the Olympic Council of Malaysia (OCM) and prospective commercial partners.

Other longer-term objectives would also be to catalyse similar improvements in the MNCF's affiliates and associate members, and if appropriate, the findings may also be shared with the Office of the Sports Commissioner (OSC) Malaysia, in order to improve its role as regulator and overseer of Malaysian sports bodies.

(The remainder of this page is intentionally left blank)

Chapter 2 Literature Review

The prevailing academic research on organisational governance in general is relatively mature and nuanced, particularly in the more mainstream for-profit, corporate contexts (Cheffins, 2012). The initial American-centric development of the concept today known as ‘corporate governance’ became much more internationalized in the 1990s (Cheffins, 2012), but over the past three decades, considerable research on the subject of governance has also been done to account for organisations, circumstances, and contexts that do not neatly fit into the corporate or public sector moulds (Slack and Hinings, 1992; Robinson, 2003; Cornforth, 2003; Henry and Lee, 2004; Hoye and Cuskelly, 2007; Houlihan and Green, 2009; Robinson, 2010; Cornforth and Brown, 2014).

It is on the back of this evolution that sport-specific governance research begun to proliferate, to accommodate the ‘special features of sport’ which was argued as ‘not simply another form of business enterprise’, and for which members, while regarded as an important resource, ‘cannot be expected to set the planning or managerial agenda’ (Stewart and Smith, 1998). Coincidentally, international sport in the late 1990s also saw successive public scandals such as the Festina affair at the Tour de France (Hanstad et.al., 2008), the allegations of bribery surrounding the award of the Salt Lake City Winter Olympics (MacAloon, 2011; Dodds, 2016) and the persistent allegations of corruption at the 1998 FIFA elections (Darby, 2003), all of which helped to shine a spotlight on the shortcomings of the then-existing oversight of sport’s top administrators, and heralded an additional impetus on both public and academic interest in sport governance, particularly at the supra-national level (Forster, 2006; Chappelet, 2018).

In their still-influential work, Henry and Lee (2004) adapted the three inter-related conceptions of governance proposed by Leftwich (1994), namely systemic governance, organisational governance and political governance to the context of modern sport organisations, and convincingly explained the gradual shift from a ‘direct control or government of sport, to a *governance of sport* (emphasis added) approach’ (Henry and Lee, 2004), which they attribute to the growth of commercialisation and diversification of the stakeholders of sport, particularly in the West. The parallel development of professionalisation in sport was also widely regarded as an influencing factor, with Bayle and Robinson (2007) arguing that a high level of professionalisation – of people, activities, structures and processes – was a determinant of strong organisational performance, while Nagel et. al. (2015) provides a helpful framework in

understanding the forms, causes and consequences of professionalisation. These further affirm Geeraert et. al.'s (2012) findings that show the evolution from a 'hierarchical pyramid network' to a multi-level, multi-actor governance structure, particularly in Europe.

Chappelet (2018) further notes the 'blended' characteristics of sport organisations (2018, p. 725), having both corporate and public sector features, and thus demanding a more suitably adapted approach. Subsequent commentators that sought to further clarify this unique dynamic include Foster (2006), Chappelet and Kübler-Mabbott (2008) and Robinson and Palmer (2010), with particular attention given to the role of the International Olympic Committee (IOC) as the 'cardinals of sport' (Chappelet and Kübler-Mabbott, 2008).

Governance improvements in the Olympic context were initially linked to changing attitudes to amateurism and professionalisation at the Olympic Games (Crowther, 2004) and covered matters such as qualification restrictions relating to age and an athlete's remuneration (2004, p. 448). What began in earnest in the late 1980s as 'experimental' changes to allow professional tennis, hockey, and soccer players to take part in the Olympics (Cervin, 2021) also coincided with the growth of television broadcast rights and increased commercial interest in international sport (Robinson, 2003), which in turn led the 'globalised governance' of sport federations so as to avoid being left behind commercially (Chatzigianni, 2018)

However, as mentioned above, it was the massive scandal involving the award of the Nagano and Salt Lake City Olympics in the late 1990s that created sufficient external pressure from the IOC's own sponsors, the media and governments from around the world (Chappelet and Kübler-Mabbott, 2008) for it to restructure in the face of an overwhelming 'legitimacy crisis' (MacAloon, 2011). The uncertainty over the future of 'sporting autonomy', particularly in the wake of European judicial decisions in the landmark *Bosman* and *Meca-Medina* cases, also spurred the IOC to firmly resolve in 2008 that good governance be acknowledged as the fundamental basis of protecting sporting autonomy and keeping state interventions at bay (Chappelet, 2016b).

Thus, in the past two decades, this body of work has been provided further nuance in areas such as networked governance - where power dynamics are explained as web of interactions between stakeholders, rather than a mere top-down hierarchy (Henry and Lee, 2004; Geeraert and Bruyninckx, 2014; Clausen et. al, 2018), board size, structures, and roles (Yeh and Taylor,

2008), board strategic capabilities (Ferkins and Shilbury, 2010), limitations on the focus of boards (Cornforth, 2012), board strategic balance (Ferkins and Shilbury, 2015), collaborative governance (Shilbury, O'Boyle and Ferkins, 2015), collective board leadership (Ferkins, Shilbury and O'Boyle, 2018) and accountability mechanisms (Tacon, Walters and Cornforth, 2017), among others.

However, no notable work was found that specifically discusses financial governance within a sport organisation at any level, despite the observations that 'recent scandals within (international sporting organisations) are rooted in major deficiencies in these organisations' governance, which is characterised by a lack of integrity, conflicts of interest, ...ineffectual control mechanisms and opaque financial reporting' (Chappelet and Mrkonjic, 2019), and that 'rapidly increasing financial interests in sport and associated with sport create a fertile setting for corrupt practices to take hold' (Pielke, 2016).

In the context of the IOC, the formalisation of the Basic Universal Principles of Good Governance of the Olympic and Sports Movement was completed in 2009, a full five years after the word 'governance' referenced for the first time in the Olympic Charter, (Chappelet, 2016b), and addressed seven distinct principles including:

- i. Vision, mission and strategy,
- ii. Structures, regulations and democratic processes,
- iii. Highest levels of competence,
- iv. Accountability, transparency and control,
- v. Solidarity and development,
- vi. Athlete's involvement, participation and care, and
- vii. Harmonious relations with government while preserving autonomy.

This was recently refreshed to reflect contemporary language and developments as a recommendation of the Olympic Agenda 2020+5 initiative, where most notably for this paper, Principle 4 was redesignated as Financial Governance (International Olympic Committee, 2022) and is the first 'code' of its type that features financial governance as a distinct header.

The revised Basic Universal Principles was also entrenched as part of the IOC Code of Ethics since September 2022 (International Olympic Committee, 2023), and comes on the heels of

notable frameworks such as the Basic Indicators for Better Governance in International Sport (BIBGIS) (Chappelet and Mrkonjic, 2013), the Sports Governance Observer (SGO)(Geeraert, 2015), the Key Governance Principles and Indicators (KGP) proposed by the Association of Summer Olympic International Federations (ASOIF) (ASOIF, 2017), the European-centric Support the Implementation of Good Governance in Sport (SIGGS) (Zintz and Gérard, 2019) and at the national levels, the Code for Sport Governance in the UK (UK Sport, 2021) and the Sport Governance Principles in Australia (Australian Sports Commission, 2020).

While the contents of the aforementioned frameworks are similar – focusing on ‘traditional’ areas such as boards and their functioning, internal controls, ethical standards, integrity, solidarity, transparency, and newer areas such as diversity, inclusion and performance management, finance-related indicators remain spread out across different dimensions, making them less attractive to use in as specific review of financial governance.

Chappelet and Mrkonjic’s (2019) contemporary work touches on the enforceability of these frameworks, with a frank discussion that highlights the difference between privately driven, voluntary frameworks such as the BIBGIS and SGO, and a top-down framework emanating from the IOC such as the BUP. Most recently, Thompson et. al.’s (2022) systematic review further highlighted the diversity of governance principles and the disconnect relating to the applicability and relevance of such principles for organisations at the different spectrums of sport – local, state, national and international.

A further observation is that only the national level codes take the step to link compliance with funding (Australian Sports Commission, 2020; UK Sport, 2021), and this reflects the findings that codification, particularly at the national levels, as having created the link between compliance and organisational legitimacy (Tacon and Walters, 2022), and the contention that concurrent government regulation is a significant motivator of change adoption (Parent, et al., 2022).

As far back as 2006, it was already observed that ‘the lack of external regulation has a negative impact on issues of transparency, accountability and standards’ of governance within a football club context (Arnaut, 2006) and that a solution for improvement lay in ‘appropriate regulatory controls’. Sports organisations in more industrialised jurisdictions have also seen a much more prescriptive approach to financial governance in the past decade, with formal and written

guidelines that contain non-compliance consequences ranging from denial or withdrawal of public funding, such as in the United Kingdom, or even outright dissolution, such as in Canada (Parent et. al, 2022). Jack (2022) in his paper on the role of sport governance consultants remarked that the causality of financial transparency improvements in preventing governance failures are difficult to prove, but the continuing inclusion of such measures in contemporary governance codes should be acknowledged as significant.

On the other hand, some commentators contend that a one-size-fits-all approach can burden less prepared organisations (Parent, et. al. 2022), and that ‘the sheer number of guidelines and indicator proposals... has flooded the sportscape with options making it hard to know which approach is good, better, or best’. Henry (2022) also argues that the present approach reflects an assumption on the account of the proponents of a uniform set of governance principles that poorly accounts for differences in culture, and that there should be agreements on ‘*processes* through which sport governance principles should be decided, rather than in the imposition of definitive principles per se’.

Chappelet and Mrkonjic (2013) further propose that a context-sensitive evaluation that helps organisations to become ‘better’ at governance is more useful than a presumed aspirational universality of good governance across local, national and international organisations (Ghadami and Henry, 2015; Parent and Hoye, 2018; Thompson et. al., 2022). The foregoing observations have been persuasive in justifying an area-focused review of governance practices as proposed by this paper, rather than a general review, so that the findings can be more readily digested, and expectations duly managed by the organisation in question.

From the Malaysian perspective, sporting organisations have not been isolated from the aforementioned developments. The ‘convergence’ pressures from both the local corporate and public sectors led to the promulgation of the Sports Development Act of 1998 (Parliament of Malaysia, 1998), which for the first time specified certain activities as sports – thus regulated by the Act – and separated the registration and oversight of ‘sport bodies’ from the Registrar of Societies to a new Office of the Sports Commissioner. However, academic works on sport in general in Malaysia remain quite scarce, and anecdotally, the bulk of the available literature seems more focused on sports’ scientific or sociological aspects, rather than its management aspects.

While there is a diversity of academic interest in sport, covering areas such as women in sport management and leadership (Radzi and Abdullah, 2010; Daud et. al., 2013; Aman et. al., 2019), gender equality (Khoo and Zainal Abidin, 2021), sport consumption (Munodawafa et. al., 2015) , the sport industry (Yusof and Shah, 2008; Megat et. al., 2008; Ho Voon et. al., 2014) and sport tourism (Yusof et. al., 2009; Mapjabil et. al., 2013; Zarei and Ramkissoon, 2021), there are no notable published works on sport governance, other than Minikin and Robinson's (2015) analysis on the development of Malaysian national sport associations (NSA), from the perspective of their resources and capabilities.

The comprehensive assessment of 33 Malaysian NSAs, of which the Malaysian National Cycling Federation was one, using the Readiness Assessment Tool (RAT) developed by Robinson and Minikin (2011) focused on understanding whether each NSA had the resources and capabilities necessary to produce 'medal winning athletes' (Minikin and Robinson, 2015), and concluded that most of the organisations surveyed did not have the 'resources or ways of managing to operate effectively as sport organisations', with ineffective understanding and delivery in the areas of strategic planning, financial management, human resource management, commercial development and competition structure. However, an analysis of the RAT elements shows that it is not particularly suited for the purposes of conducting a financial governance review envisioned by this paper.

It can be concluded that the preponderance of literature demonstrates the maturing of governance as an important consideration in the running of modern sport organisations, and the integral role of financial governance practices in nearly all frameworks reviewed. The most recent iteration of the IOC's Basic Universal Principles further show that financial governance can be specifically identified and clustered, and provides a suitable starting point for the review and assessment of the relevant state of affairs at the MNCF.

(The remainder of this page is intentionally left blank)

Chapter 3 Research and Data Collection Methodology

This paper's research question, as framed on page 9 above, is contended to be more suited to a qualitative analysis than a quantitative one and conforms to Manheim and Rich's (1995) ideas on structured research using an established protocol to guide the data collection, as opposed to exploratory research which covers new phenomena or phenomena which has not been studied before (1995, p.89).

Thus, to adequately address both the objective and subjective elements of the research question, and to ensure a level of robust corroboration, the methodology for data collection drew upon a mixture of approaches. Creswell (1998) highlights the four basic methods of data collection within the qualitative research framework, namely observations, interviews, documents, and audio-visual materials, while Skinner et. al.'s (2021) recent work updates these methods to include focus groups while excluding audio visual materials. For this paper, documents and interviews were duly utilised.

As the first part of the research question explicitly refers to organisational aspects which are typically reduced into writing, the primary data collection method employed is that of documentary review. For the purposes of this paper, documents reviewed comprised the following publicly available documents, as well as any other written documents not publicly available that was provided by the Federation at the author's request:

No.	Document	Year	Issued By	Language	Status
1.	Code of Ethics	2022	IOC	English	Public
2.	Constitution	2018	MNCF	Malay	Public
3.	Annual Report	2022	MNCF	Malay	Public
4.	Annual Report	2021	MNCF	Malay	Public
5.	Annual Report	2020	MNCF	Malay	Public
6.	Annual Report	2019	MNCF	Malay	Public
7.	Annual Report	2018	MNCF	Malay	Public
8.	Annual Financial Report	2022	MNCF	Malay	Private
9.	Annual Financial Report	2021	MNCF	Malay	Private
10.	Annual Financial Report	2020	MNCF	Malay	Private
11.	Annual Financial Report	2019	MNCF	Malay	Private

12.	Annual Financial Report	2018	MNCF	Malay	Private
13.	Annual General Meeting Minutes	2021	MNCF	Malay	Private
14.	Annual General Meeting Minutes	2020	MNCF	Malay	Private
15.	Annual General Meeting Minutes	2019	MNCF	Malay	Private
16.	Annual General Meeting Minutes	2018	MNCF	Malay	Private
17.	Constitution	2021	UCI	English	Public
18.	Code of Ethics	2021	UCI	English	Public
19.	Agenda 2022 Document	2018	UCI	English	Public
20.	Agenda 2030 Document	2022	UCI	English	Public
21.	Terms of Reference: Audit and Finance Committee	2021	UCI	English	Public
22.	Sports Development Act 1998	2019	Malaysian Parliament	English	Public
23.	Malaysian Private Entity Reporting Standards (MPERS)	2015	Malaysian Accounting Standards Board	English	Public
24.	Special Audit Report on the Ministry of Youth and Sports Funding to the MNCF	2014	Ministry of Youth and Sports Malaysia	Malay	Private
25.	Financial Guidelines	2014	MNCF	Malay	Private

Table 1. List of Documents Reviewed.

While Principle 4 of the Basic Universal Principles of Good Governance represents an easily defined, single point of reference for finance best practices (International Olympic Committee, 2023), identifying corresponding compliance at the Federation level is not limited to merely its constitution alone, and required an examination of other documents to establishing nuance. The choice of the abovementioned documents is therefore meant to demonstrate evidence of full, partial or non-compliance of the MNCF to the elements of Principle 4, and where pertinent, to provide context as to why this is so.

Nevertheless, the author notes that Bowen (2009) highlights some inherent limitations in document analysis, including insufficiency of details, and biased selectivity, among others (2009, p.32), which is partly mitigated by triangulating the data derived from the documentary review though interviews with relevant informants, as a secondary form of data collection. The bulk of the interview data is used to inform the discussion and recommendations of this paper.

This paper found Skinner et. al.'s (2021) typology of interviews highly persuasive and utilised the semi-structured interview – being open-ended and more flexible – for the human interaction component of data collection. This is based on the presumption of relevant knowledge on the part of the interviewee, by virtue of their roles to show convergence, complementarity or divergence (Nightingale, 2020) to the preliminary findings. This is particularly important to shape the discussion of the findings and the development of the recommendations that follow.

For the purposes of this paper, a total of four interviews were conducted, and the interviewees comprise current and former Executive Committee (Exco) members and staff of the MNCF, all of whom were centrally involved in the financial management of the MNCF through their roles. In order to encourage candour and openness, the interviewees were assured of confidentiality and anonymity, and are only broadly categorised and referenced as follows:

No.	Reference	Context	Interview Language
1.	Interviewee A	Serving member of the MNCF Exco	Malay
2.	Interviewee B	Serving member of the MNCF Exco	Malay
3.	Interviewee C	Former member of the MNCF Exco	Malay
4.	Interviewee D	Serving member of the MNCF staff	Malay

Table 2. List of Interviewees.

Further, the choice of interviewees were also influenced by their accessibility by the author, and their capacity to further inform the discussion and recommendations of this paper. The interviewees were all approached with similar guiding questions, in an order that comported with the natural flow of the conversation with each, and a focus on their awareness and perceptions of externally imposed benchmarks for organisational governance, especially any reasons for resisting change or to give backgrounds for existing practice.

Concurrently, the author remains mindful of ‘the rhetoric of interviewing’ (Atkinson and Silverman, 1997) in which a potentially ‘politically correct dialogue’ is elevated as authentic (1997, p.305), and attempts to manage its effects accordingly through the document review. One noteworthy aspect is the conduct of the interviews in Malay rather than English, to maximise interviewee candour and confidence, but which then adds an additional burden of

translation to the transcribed interviews. The translated and edited transcript of the interview with Interviewee A is included as **Appendix 1**.

The paper considered the use of benchmarking as another potential tool for data collection and analysis. According to Taylor (2012), benchmarking is the ‘process which provides comparisons’ between similar organisations, comprising both data and process benchmarking and is widely used in performance management. However, the limitation to this is the absence of a bespoke benchmarking tool based on the Basic Universal Principles of Good Governance. Geeraert (2016) further reminds us that ‘benchmarking tools can never capture all the nuances that exist within the governance structures of each organisation’ (2016, p. 57), and that analyses are more meaningful for specifically identified ‘core elements for good governance’.

Regarding the other forms of data collection, the use of observations was discounted due to the lack of any planned events or engagements that directly tied to the paper’s context of reviewing the governance practices of the MNCF against the provisions of the IOC’s Basic Universal Principles of Good Governance, and the limitation of time due to the unstructured nature of the opportunity. The matter is further complicated by the large distance of the offices of the Federation and the author’s residence, making it even less attractive as a data collection method.

Lastly, the use of focus groups too was similarly discounted, as the Federation’s Executive Committee comprises volunteers from seven different states in Malaysia, and the likelihood of facilitating a meaningfully sized group was exceptionally low, due to resource constraints. Initial enquiries on the possibility of having a group meet online was also not enthusiastically received, with the gap in technological familiarity and a lack of confidence within a virtual environment being cited as major concerns. Further, the reality of existing dominant personalities within the board is also likely to colour the dynamic of the group and potentially impact overall reliability of the collected data.

(The remainder of this page is intentionally left blank)

Chapter 4 Data Analysis and Findings

As mentioned above, the preliminary extraction of data was obtained from a review of the documents listed in Table 1, with a view of deriving a tabular representation of the present levels of compliance with each element of Principle 4 of the Basic Universal Principles of Good Governance as contained in the IOC Code of Ethics. The table below represents the key elements of analysis, arranged as a form of response to each specific element of Principle 4, namely the finding of whether the MNCF is compliant or otherwise, the document(s) that provide the evidence, and a remark or comment thereon.

For the purposes of this analysis:

- a. *Compliance* is used when there is unambiguous and consistent application of the specific financial governance element, evidenced by both a written requirement that carries largely the same meaning or effect as the element concerned in a key governing document, and demonstrated practice pursuant thereto,
- b. *Partial compliance* is used when there is some evidence of application, but is either inconsistent, ambiguous, or does not address the entirety of the financial governance element concerned, or such application is practiced without reference to a written requirement in any key governing document, and
- c. *Non-compliance* is used when there is no written reference to the financial governance element in any key governing document, nor is there any demonstrated practice of the element in any document tabled to the general assembly.

The analysis table is presented from page 21 onwards.

No.	Principle	Compliance Status	Document Reviewed As Evidence	Remarks / Comment
4.1	Financial Transparency			
a.	Accounts shall be established in accordance with the applicable laws and the “true and fair view” principle.	Partially compliant	<ul style="list-style-type: none"> • Sports Development Act 1998 • MNCF Constitution • MNCF Annual and Financial Reports 2019, 2020, 2021, 2022 	<p>The Sports Development Act, which governs sport bodies’ administration, does not specify, or mandate any accounting regulations except that a clause requiring ‘fully audited accounts’ to submitted to the Sports Commissioner annually be included in the constitution of all sports bodies (Malaysian Parliament, 1998). This requirement is thus reflected in Clauses 20.7, 21.1 and 21.2 of the MNCF Constitution.</p> <p>Further, the Annual Report in 2019 shows that the Malaysian Private Entity Reporting Standards (MPERS) was used as the basis for preparation of accounts, Section 3 of which requires financial positions of such entities be ‘fairly presented’. However, the financial statements of Annual Report of 2019 were submitted with a qualified opinion, and subsequent reports showed only an internal audit certificate.</p>

b.	All sports organisations shall adopt accounting principles (e.g. IFRS/GAAP) in the preparation of their financial statements.	Partially compliant	MNCF Annual and Financial Report 2019	The Financial Report in 2019 shows a covering note from an external auditor demonstrating that the accounting standards used for audit are that of MPERS. The Preface of MPERS (MASB, 2015, p.3) confirms that it is derived from the IFRS for Small and Medium Sized Entities.
c.	The annual audited financial statements should be approved by the General Assembly and published.	Compliant	<ul style="list-style-type: none"> • MNCF Constitution • MNCF Annual and Financial Reports 2019, 2020, 2021, 2022 	Clause 20.7 of the MNCF Constitution requires the tabling and publication of its financial statements to the Annual General Meeting. The Annual Reports confirm the practice through the inclusion of the financial statements, that are audited either internally or externally. As mentioned above however, the last external audit was conducted in 2019, and the statements tabled since have only been audited internally.
D.	A comprehensive pluri-annual financial plan, such as a quadrennial plan, should be approved.	Non-compliant	<ul style="list-style-type: none"> • MNCF Constitution • MNCF Annual and Financial Reports 2018, 2019, 2020, 2021, 2022 • UCI Agenda 2022 • UCI Agenda 2030 	In all the Annual Reports reviewed, a budget for the following year was only tabled in 2018 and 2022. No pluri-annual financial plan has ever been tabled, nor is it mandated by its constitution or domestic law. However, based on the UCI Agenda 2030 document, the UCI itself is firmly committed to multi-year financial planning to better account for the ‘non-linearity’ of Olympic revenues and improve solidarity distributions (UCI, 2022, p.121).

e.	Policies on travel/accommodation, allowances, per diems and benefits for officials (including members of the governing bodies) shall be adopted. The total amount of such allowances, per diems and benefits shall be separately indicated in the annual financial statements.	Partially compliant	<ul style="list-style-type: none"> • MNCF Financial Guidelines • MNCF Annual Financial Reports 2018, 2019, 2020, 2021, 2022 	<p>The MNCF Financial Guidelines outlines policies and entitlements relating to travel, accommodation, allowances, per diems and benefits, but despite being used by the Exco and staff as a guide, has never been formally tabled and adopted to the MNCF AGM.</p> <p>Based on a review of the specific line items in the financial statements of 2018-2022, allowances, per diems and benefits are consolidated under a single heading of 'Claims', rather than being separately indicated.</p>
f.	A remuneration policy for staff should be established.	Partially compliant	<ul style="list-style-type: none"> • MNCF Constitution • MNCF Financial Guidelines • MNCF Annual Reports and Financial Reports 2018, 2019, 2020, 2021 and 2022 	<p>There is no reference to a written remuneration policy for staff in any of the documents reviewed. However, the Financial Guidelines provides for specific allowances and claimable expenditures staff and volunteers, such as flights, meals and accommodation, and certain entitlements for staff, such as Federation contributions in the event of death, illness, and births.</p> <p>Other elements that commonly have a financial implication to an organisation such as leave, taxes, increments, performance targets, retirement and the like were not sighted. Further, no salary scale or job grade, or references thereto, for any of the existing employees were sighted throughout the document review.</p>

g.	A dual signature process shall be established, and individual signatures shall be avoided for binding financial and contractual obligations.	Partially compliant	<ul style="list-style-type: none"> • MNCF Constitution • MNCF Financial Guidelines 	<p>Clause 20.3 of the Constitution mandates that any cheque of the Federation shall be signed by any two of the three key office bearers, namely the President, the Deputy President, or the Treasurer. However, the document is silent on the method of execution of any instruments that have a binding financial or contractual obligation, and the specific reference to only 'cheques' demonstrates a degree of datedness.</p> <p>The Financial Guidelines state that decisions on procurement requires the collective decision of a specially established committee of senior office bearers, but it too does not specify which officers can properly represent the MNCF and bind it for any financial or contractual obligation.</p>
4.2	Financial Control			
a.	Precise and clear regulations ensuring checks and balances shall be established and published and should be properly implemented and monitored to ensure effective and efficient use of funds and control.	Partially compliant	<ul style="list-style-type: none"> • MNCF Constitution • MNCF Financial Guidelines • Minutes of Annual General Meeting 2018, 2019, 2020, 2021 and 2022 	<p>Clause 20 of the Constitution lists multiple requirements that are likely meant to promote checks and balances, such as the need for multiple signatories for cheques, a need to table expenditures exceeding MYR 50,000 to the Exco, a limit on petty cash, and the preparation, distribution, and approval of financial statements.</p> <p>The Financial Guidelines provide further clarity and specific limits of authority in expenditure or spending approval, the recording of transactions and related documents, and claimable</p>

				expenses and entitlements. However, as mentioned above, the Financial Guidelines are not published nor approved by the AGM and its actual status as an official document remains in doubt. A review of the Minutes of the AGM available also did not yield any references to concerns regarding checks and balances from the delegates attending.
b.	Appropriate segregation of duties controls shall be established to avoid conflicting duties being assigned to the same individual.	Partially compliant	<ul style="list-style-type: none"> • MNCF Constitution • MNCF Financial Guidelines 	Clause 18 of the Constitution specifies the duties of each office bearer in the Exco. The duties and roles of the President, Secretary, Treasurer, Assistant Treasurer and Chair of the Finance Committee are all duly separated and defined. The Financial Guidelines also require the creation of a Committee of five (5) office bearers to consider all forms of procurement by the Federation. However, none of the documents reviewed address the role of salaried staff.
c.	A strategy to ensure diversification of income sources shall be established.	Non-compliant	<ul style="list-style-type: none"> • MNCF Constitution • MNCF Financial Guidelines • MNCF Annual Reports and Financial Reports 2018, 2019, 2020, 2021 and 2022 • Minutes of Annual 	<p>Clause 18.8 of the MNCF Constitution specifies that specifies that the main responsibility of the Chair of the Finance Committee is to source income for the Federation, which includes ‘sponsorship, government assistance, donations, or other forms of funding from legal means’.</p> <p>Clause 20.1 specifies that the funds of the Federation can</p>

			General Meeting 2019, 2020, 2021 and 2022	be derived from ‘annual fees and re-affiliation penalties, donations, sponsorship, assistance from government or statutory bodies, income from its businesses, and other sources permitted by law’. However, it is contended that these do not constitute a strategy for income diversification. The other documents reviewed also did not have any specific references to a stated objective or desirability of diversifying income, nor any strategy to do so.
4.3	Internal Control and Risk Management			
a.	An internal control system for key processes and operations, including financial, shall be established and monitored within sports organisations.	Partially compliant	<ul style="list-style-type: none"> • MNCF Constitution • MNCF Financial Guidelines 	The MNCF Constitution contains several elements of internal controls, such as the segregation of duties, the limits of authority in spending, multiple signatories for cheque issuance and audit requirements. The Financial Guidelines also contain significant controls that are much more detailed, including procurement processes, the use of payment vouchers, the need for verifiable proof of legitimate expenditure, and other procedures for making and submitting claims to the Federation.

b.	The structure of the internal control system should depend on the size of the organisation.	Partially compliant	<ul style="list-style-type: none"> • MNCF Constitution • MNCF Financial Guidelines 	The existing system of internal control is collected in a series of clauses throughout the Constitution and the Financial Guidelines. While the size of the organisation has remained constant for a long period, there are no written requirements for reviewing the effectiveness of these controls, nor is there any indication that the controls are linked to the size of the organisation.
c.	<p>A clear and appropriate risk management policy shall be established that takes into account the following elements:</p> <p>- Identification of potential risks for the organisation, including corruption, financial, environmental, human rights, security and data protection requirements,</p>	Non-compliant	<ul style="list-style-type: none"> • Sports Development Act 1998 • MNCF Constitution • MNCF Financial Guidelines • MNCF Annual Reports and Financial Reports 2018, 2019, 2020, 2021, 2022 • Minutes of Annual General Meeting 2019, 2020, 2021 and 2022 • UCI Constitution • UCI Code of Ethics • UCI Agenda 2022 • UCI Agenda 2030 • UCI Audit and Finance Committee 	<p>Based on the review, this seems to be the single largest non-compliance with Principle 4 of the Basic Universal Principles of Good Governance. Neither the current law that governs sport bodies, nor the MNCF Constitution and Financial Guidelines contain the word 'risk', and a search on the Minutes of the AGM as well as the Annual Reports also yielded only the following two (2) results:</p> <p>A. The mention of the risk of serious crashes for road events at night – in the context of a comment from a delegate requesting the MNCF to no longer sanction night races, and</p> <p>B. The mention of risk management as a focus of the Sarawak Cycling Association (an affiliate of the MNCF) – in the context of a general comment of its President, when delivering concluding remarks as a Council Member.</p>

			Terms of Reference	<p>There was no evidence from the MNCF documents reviewed that indicated or acknowledged risk as an area of concern for the MNCF.</p> <p>A further review of the UCI Constitution and the UCI Code of Ethics show that risk management as a concept is not addressed or required. However, the UCI Agenda 2022 document references multiple risks, including accident risks and betting risks (UCI, 2018), while the UCI Agenda 2030 references an internal ‘risk matrix’ and an expanded risk outlook, including that of breakaway competitions and its impact on revenue, flooding risks to the UCI headquarters and other risks derived from climate change (UCI, 2022).</p> <p>The Terms of Reference of the UCI Audit and Finance Committee is the only UCI or MNCF prescriptive document reviewed that specifies duties relating to risk management, internal controls, and corporate reporting. This arguably indicates that risk management is internally driven rather than externally imposed, as far as the UCI is concerned.</p>
--	--	--	--------------------	--

D.	- A risk assessment process	Non-compliant	As above	<p>The review of all MNCF documents show that risk assessments are not currently prescribed as a responsibility of MNCF management, nor is it formally part of the AGM agenda as set out by the Constitution. There was also no feedback on this matter by any delegate during the Meetings.</p> <p>The UCI Audit and Finance Committee Terms of Reference contain specific details on the role of the Committee in the risk assessment process, including reviewing the risk matrix prepared by the UCI management, signaling the process as an integral responsibility of the UCI management (UCI, 2018).</p>
----	-----------------------------	---------------	----------	---

e.	- Mitigating factors, including the diversification of income sources.	Non-compliant	As above	<p>The review of more recent MNCF documents show that mitigating risks is not currently prescribed as a responsibility of the MNCF management. However, the MNCF did attempt to mitigate some risks that had already materialised, particularly the impact of Covid-related government measures on MNCF funding and finances, which included the32nclude32etion of a Virtual Ride as a source of new income for 2020 (MNCF, 2022, p.37).</p> <p>Further, the loss of licensing and sanctioning income during the movement restrictions was something the MNCF remained unable to address throughout the relevant years of 2020, 2021 and 2022, and no other presentations were made to the AGM in this regard except for the Virtual Ride.</p>
f.	- Risk monitoring.	Non-compliant	As above	<p>The review of MNCF documents show that risk monitoring is currently not prescribed as a responsibility of the MNCF management, nor is it formally part of the AGM agenda as set out in the Constitution.</p> <p>The Financial Guidelines may be considered a manifestation of the risk management process, but itself does not prescribe any form of monitoring on identified risks. This differs from the UCI approach of having the Audit and Finance Committee review the UCI's risk matrix and make recommendations</p>

				‘as to the content and scoring’ of the matrix.
g.	Risks related to third parties (clients, service providers, suppliers, commercial partners, intermediaries, subcontractors, etc.) shall be included in the risk assessment.	Non-compliant	As above	As stated in the preceding comment, risk assessments are not currently prescribed as a responsibility of the MNCF management by any of its foundational documents. As such, there is no evidence of prescription for the inclusion of third party risks in the risk assessment process, in any of the documents reviewed. Further, there is also no documentary evidence to show that such risks related to third parties were considered or incorporated into the organisation’s planning.
4.4	Internal Audit			
a.	An internal audit function should be established, including an internal auditor and/or an audit committee, depending on the size of the sports organisation.	Compliant	<ul style="list-style-type: none"> • MNCF Constitution • MNCF Financial Guidelines • MNCF Annual Reports and Financial Reports 2018, 2019, 2020, 2021, 2022 	Clause 21 of the Constitution mandates the appointment of two (2) internal auditors, every four years, and they are duly empowered to inspect, verify, and report on the financial statements of the Federation. However, the clause does not specify any qualifications of internal auditors, beyond a prohibition of serving Exco members from being appointed.
b.	An annual internal audit report shall be presented to the General Assembly.	Compliant	<ul style="list-style-type: none"> • MNCF Constitution • MNCF Annual Reports and Financial Reports 2018, 2019, 2020, 2021, 2022 	Clause 20.7 of the Constitution states that the audited financial statements shall be tabled for the approval of the AGM but does not specify if the audit is internal or external. Based on all the Annual Reports reviewed, the internal audit certificate has been duly included in each report. However, there are no

				substantive reports that have been ³⁴ included with it.
4.5	External Audit			
a.	For all organisations, annual financial statements shall be audited by independent and qualified external auditors appointed by the General Assembly.	Partially compliant	<ul style="list-style-type: none"> • Sports Development Act • MNCF Constitution • MNCF Annual Reports and Financial Reports 2018, 2019, 2020, 2021, 2022 	Clause 21.2 of the Constitution states the AGM may appoint an external auditor if it deems necessary. Based on the review of Annual and Financial Reports, the last tabling of an externally audited set of financial statements was made in 2018, and subsequent financial statements were only audited internally. The Schedule to the Act also specifies that the audited financial statements are to be tabled at the AGM

Table 3. The analysis of MNCF compliance with Principle 4, based on documentary reviews.

The preliminary findings based on the review of available documents show that the MNCF is either compliant or partially compliant on 13 out of 20, or 65% of the Principle 4 elements. A summary of the above is as follows:

Descriptor	Occurrence	Financial Governance Area	Principle
Compliant	3	Presentation of audited statements to AGM	4.1 (c)
		Establishment of internal audit function	4.4 (a)
		Presentation of internal audit report to AGM	4.4 (b)
Partially Compliant	10	Adoption of ‘true and fair view’ principle	4.1 (a)
		Adoption of accounting principles in financial statements	4.1 (b)
		Adoption of policies on staff and member benefits etc.	4.1 (e)
		Establishment of staff remuneration policy	4.1 (f)
		Establishment of dual signature process	4.1 (g)
		Establishment of regulations ensuring check and balance	4.2 (a)
		Establishment of segregation of duties and roles	4.2 (b)
		Establishment of internal controls for key processes	4.3 (a)

Non-Compliant	7	Adoption of internal controls relative to organisation size	4.3 (b)
		Appointment of qualified external auditors	4.5 (a)
		Approval of pluri-annual financial plan	4.1 (d)
		Establishment of income diversification strategy	4.2 (c)
		Establishment of comprehensive risk management policy	4.3 (c)
		Establishment of a risk assessment process	4.3 (d)
		Establishment of risk mitigating factors	4.3 (e)
		Establishment of risk monitoring	4.3 (f)
		Establishment of third-party risks in assessment	4.3 (g)

Table 4. Summary of compliance according to general areas of financial governance.

(The remainder of this page is intentionally left blank)

Chapter 5 Discussion of The Findings

As a general initial observation, the above findings can be argued to demonstrate a level of organisational financial governance that aligns with the circumstances that underlie this paper's context. The non-compliance and partial compliance to the bulk of the Principle 4 elements listed would certainly explain why the MNCF is perceived as not financially credible by its major stakeholders, and provides a potential rationale for the many decisions against it, including the funding withdrawal from the National Sports Council, its registration suspension, the lawsuit to recover poorly accounted sponsorship funds and the criminal case against the President that stems from a conflict-of-interest circumstance, as stated on page 7 above. Nevertheless, the findings reveal a basis for some optimism for the future, as there seems to be a certain level of discipline in MNCF financial governance linked to widespread awareness and expectations on the utility of specific practices, that represent both mimetic and coercive isomorphic pressures (DiMaggio and Powell, 1983) from the MNCF's wider operating environment.

Another notable observation is that the use of relatively straight forward labels of 'compliant, partially compliant or non-compliant' for each element of Principle 4 was found to inadequately reflect the nuance behind each conclusion. This approach, which was derived from the language of the IOC Code of Ethics itself that exhorts the 'Olympic parties' to 'undertake to comply and ensure compliance' (IOC, 2023, p.14) with the Code, makes a determination of compliance quite difficult as some of the elements comprise several aspects, and may have differing levels of compliance at the same time. It is arguable that the reason for this may be the need to strike a balance between the generality of the elements, to allow some latitude in localised customisation without sacrificing the 'universality' of the Principles as a whole. While this is an understandable necessity, the main implication will be the struggle to provide a quick and reliable snapshot of where an organisation stands, without having to include an elaborate explanation to show the complete picture.

A further perusal of Table 4 above shows the clustering of certain types of financial governance areas according to compliance status, and upon further reflection, can be said to express specific 'higher order themes' (Corley and Gioia, 2004) that yields the basis for the discussion that follows. A visualisation of this is proposed as below:

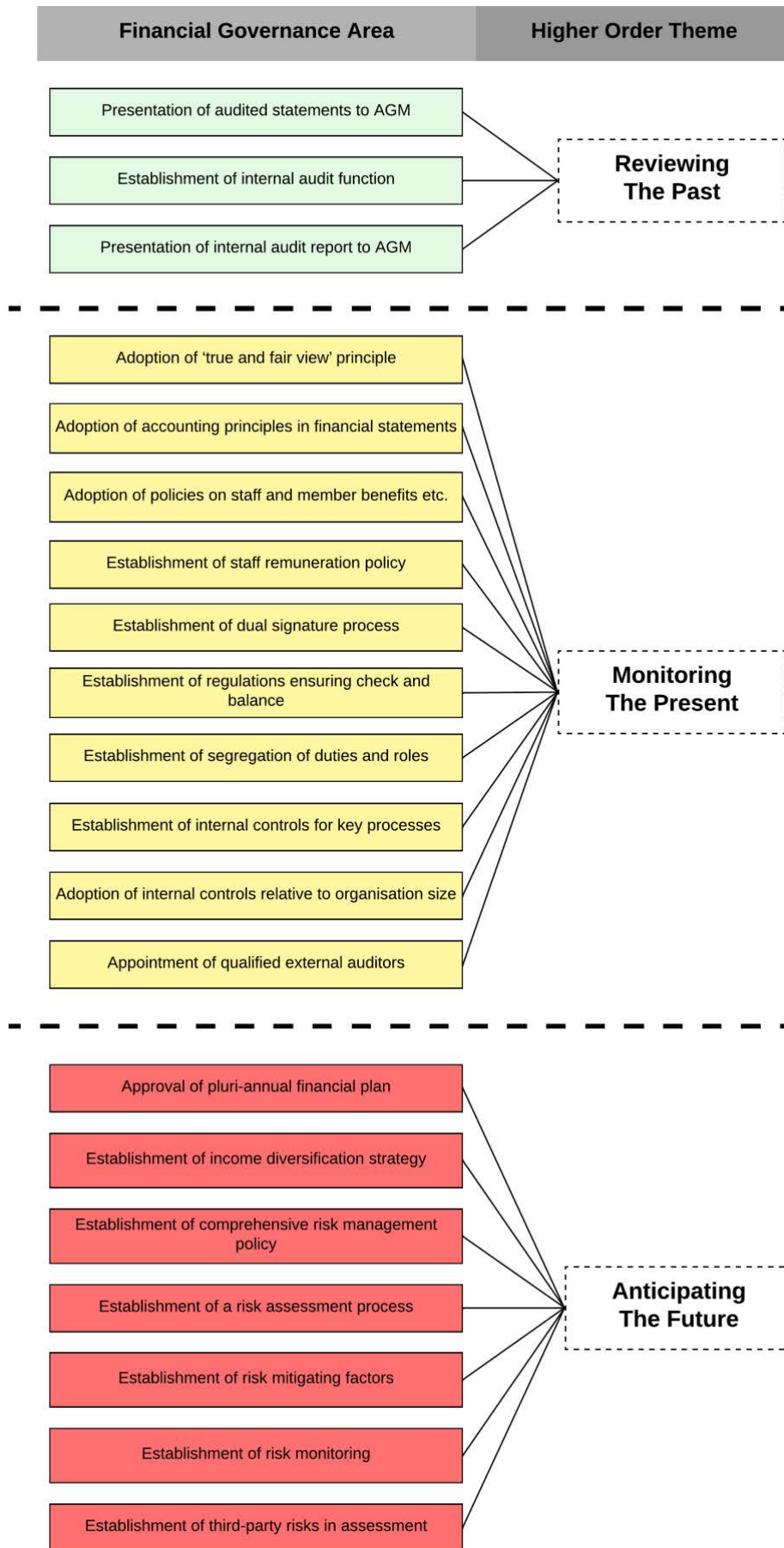


Figure 1. Proposed higher order themes based on clustering of governance areas. *Source: Author's own.*

A ‘traffic light’ style visualisation on the left side of Figure 1 allows for quick identification of the clustered governance areas, while three ‘higher order themes’ are proposed as the nexus for the said clusters. These include ‘reviewing the past’ for areas that are complied with, ‘monitoring the present’ for the areas rated as partially compliant, and ‘anticipating the future’ for the areas labelled as non-compliant and is explained further below.

‘Reviewing the past’

It was found by this paper that the Principle 4 elements that are fully complied with by the MNCF is centred around an established requirement for auditing the financials of the organisation. This development, which is also linked to the widespread application of audits in corporate (Parliament of Malaysia, 2016) and public (Parliament of Malaysia, 1957) organisations, has also been made mainstream for other forms of incorporation, including societies (Parliament of Malaysia, 1966) and sport bodies (Parliament of Malaysia, 1998), via specific references for audit in federal law. This ‘reviewing of the past’ through internal or external audits, is thus accepted as part of the responsibilities of office bearers representing a legal entity, which would explain compliance. As highlighted by Interviewee A:

“For the most part, our accounts are prepared by a qualified staff member, and we are audited internally and externally. Our submissions to the Sports Commissioner have also never been disputed or questioned,”

“(w)e voluntarily looked for external auditors to look over our accounts and conduct audit, because we know it is something our members expect,”.

Interviewee C expressed a more forthright view:

“The audit requirements of the (MNCF) Constitution are a first step, but it is only optional, the external audit. If they want to be credible, it should be mandatory. They should not merely be on equal footing with the clubs they are meant to regulate, they must lead by example.”

This shows that even those office bearers without any background in finance or accounting, as Interviewee A and C were, are aware of the centrality of audit as an element of financial governance. However, the document review and the interviews both show a continuing gap in the understanding of MNCF stakeholders regarding the differences of internal and external audit, and the implications of external auditor qualified opinions and inconsistent audit

approaches. With the exception of a single comment in the Minutes of the 2019 AGM on the qualified opinion of the external auditors for the 2018 financial statements, no other comments were recorded by delegates or Exco members for that issue, despite the significance of it.

It can therefore be argued that compliance in this regard is inclined toward checklist compliance, rather than a capacity to use audit as an oversight tool by both the Exco over the management, and by the Annual General Meeting over the Exco. Nevertheless, this does not impact the fact that compliance was duly achieved.

‘Monitoring the present’

The analysis above shows partial compliance to be the predominant descriptor, with nearly half of the Principle 4 elements being complied with in some form. The clustering of these areas seem to be linked mainly to operational concerns, including the manner in which accounts are prepared, the application of internal controls and regulations, and the establishment of policies and procedures, which is why a theme of ‘monitoring the present’ is proposed. An interesting perspective was provided by Interviewee B, who recalled that this particular directional change in the MNCF really came from an external push due to the Tour de Langkawi, which was a major international race funded by the government and run by the MNCF:

“The current constitution was actually a standard format by the (Office of the Sports Commissioner, OSC) for all national sport associations and state level bodies. No one really wanted to amend the constitution, but back then (in 2009/2010) there was a lot of pressure from the OSC to follow that standard format. I think it is likely due to the government funds coming in to run the Tour de Langkawi, which we could not risk losing. So they adopted the new one to ensure the funding remained. That money still got us in trouble though.”

Interviewee D also agreed on the significance of this, noting:

“Whatever financial governance that we presently have can be attributed to two key documents, I believe – the constitution in 2009 and the financial guidelines introduced in 2015. I am not sure where our financial governance will be if (the MNCF) had not adopted these documents.”

Based on a comparison to the generic version of the constitution provided by the OSC, the customisations done by MNCF in 2011, 2012 and 2017 were focused on the administrative provisions, with the financial provisions remaining largely intact and unchanged from the

generic version, other than the setting of the limit of authority for spending, which was left blank in the generic version. It is the contention of this paper that the 2009 constitution, in concert with the MNCF Financial Guidelines introduced in 2015, that establishes the bulk of the baseline partial compliance, through the introduction of specific practices relating to finance that was not previously required.

However, as mentioned above, the use of a single phrase to denote the complexity of establishing compliance is problematic and is significantly so here. It was noted that the finance provisions of the MNCF Constitution, being a standardised clause in a document that was grudgingly adopted, was likely only meant to introduce a basic and rudimentary level of financial governance. No additional documentary data was able to be acquired on the operational situation at MNCF before the introduction of the 2014 Special Audit Report, but Interviewee D was confident in her recollection:

“The special audit conducted by the Ministry of Youth and Sports in 2014 was a real eye opener for those who were involved. The mismatch of records and accounts were quite significant, some even amounting to millions of Ringgit. That said, I sincerely believe that this was due to a lack of understanding on how accounts are prepared, rather than any malice or ill-intent on the part of the Exco at the time. Most of the people who handled the money then were quite indifferent about record-keeping. Maybe they felt it was okay as they were not pocketing the money. But the only reason this became a major issue that led to that short suspension was that it was government money. So I suppose there was some good that came out of it.”

The MNCF constitution in its current incarnation allows for elements such as the dual signature process, the segregation of duties and individual roles and the appointment of qualified external auditors to be placed in the partially compliant column, and once a review to update these specific elements to reflect contemporary realities is duly carried out, this paper contends that full compliance is indeed likely. It can therefore be argued that the operational situation was improved greatly when the constitution was taken more seriously and the Financial Guidelines implemented immediately following MNCF’s suspension period in 2014, but major shortcomings continue to persist and was still noted with this review.

A major concern is certainly inconsistency. This can be seen with the ‘true and fair view’ principle, together with the use of the Malaysian Private Entity Reporting Standard (MPERS) as the default accounting standard for the MNCF. According to their external auditor in 2018, this was duly adopted since 2016 and applied to the accounts up to 2018, but the lack of external

audit from 2019 onwards would have likely nullified this. The Minutes of the 2019 AGM also carry a sole remark by a delegate that the accounts were differently formatted from the 2018 set, and was tabled without the accompanying notes but subsequent years' Minutes show no further queries, despite the disappearance of the externally audited accounts altogether, and the inconsistent featuring of other financial information, such as the list of creditors (presented for financial years 2018 and 2022, not presented for the rest) and the budget for the subsequent year (presented for financial year 2019 and 2022, not presented for the rest). One additional alarming aspect of the aforementioned list of creditors was how far back it went, where it was noted that debts more than 10 years old are neither paid off nor written off, with no further explanation.

The next issue of note with regard to 'monitoring the present' is the ambiguous status of the MNCF Financial Guidelines as an official document. A perusal of the Minutes of the AGM for 2017 to 2021 show that the document was not referred to at all by any delegate or Committee member present, nor is it referred to in any of the Annual Reports and Annual Financial Reports of the MNCF, from 2018 to 2022. Despite the MNCF Financial Guidelines featuring prominently as a source of compliance determination, there was no record of the document ever being tabled and/or approved by the Exco, the Council or the AGM.

Indeed, Interviewee C, despite being a former Exco member with a finance role, claimed only to have seen it, but was not actually provided a copy, and asserted that many of the processes laid down were routinely not followed, without any consequences:

"I do know what you are talking about, but I don't think it is anything other than guideline. Are there any implications or consequences for not adhering to it? I have never seen anyone being admonished for that. If anything, the priority remains to get things done – this is the unfortunate consequence of having the Exco drawn from all over the country. I suppose it was decided that to make things work is more important than anything else."

This has significant implications, as key elements such as staff benefits and reimbursement policies, the staff remuneration policy and the bulk of internal controls currently utilised by the MNCF are drawn directly from the Financial Guidelines. In order to improve compliance, this document will need to be properly reviewed to reflect current best practices, and subsequently tabled to the Exco, the Council and the AGM for approval in order for it to gain legitimacy, and for staff, Exco members and AGM delegates to have a collective awareness of it.

‘Anticipating the future’

The final higher order theme proposed relates to how those elements deal with issues, problems and challenges that have not happened yet. Five of the elements that were firmly rated as non-compliant are embedded in a single context, namely comprehensive risk identification and management, while the remainder two focus on a pluri-annual financial plan and a need for an income diversification strategy. All of the foregoing involve a degree of anticipation of future events and circumstances and are quite dependent on specialised skills for implementation. This may also account for why none of these elements were inherited in MNCF’s standard form constitution, nor is it addressed in the 2014 Special Audit by the Ministry of Youth and Sports, as the concerns of government regulators are focused on present operational issues.

As such, without any existing written requirement compelling the MNCF to undertake comprehensive risk management, multi-year financial planning and income diversification, it is not surprising at this point that no attempt has been made to formalise these elements as part of the organisation’s financial governance. As highlighted on page 27 above, a search of the word ‘risk’ in all the Annual Reports and Minutes of AGMs from 2017 to 2022 only yielded two returns, and only one of which was about risk management as whole, from the perspective of an affiliate that wanted to embark on its implementation. Despite the manifestation of several major risks including withdrawal of public funding, suspension of registration and criminal charges against a serving office bearer, no visible efforts have been made to address future risk.

A multi-year financial plan is also an equally foreign concept, that is compounded by the current arrangement where the National Sports Council directly manages the cycling athletes that they fund, and the inconsistency of sanctioned events on the national calendar, making projections really unpredictable. The lack of qualified staff to help lead this process may also be a factor, as stated by Interviewee D:

“We try to make do with what we have, and all of us are used to carrying workload beyond what is normally expected (laughs). But it is frustrating at times that we are asked to do or even lead things that we actually have no training or background in, and then be held accountable for it as if we were qualified.”

The final element, involving a strategy for diversifying income, is also poorly addressed, despite multiple income types being envisioned in Clause 20 of the constitution. Nonetheless,

that constitutional ‘diversity’ continues to rely on the position and authority of MNCF as a governing body rather than leveraging on commercially sustainable propositions or innovations and securing performance-based or product-based income. This is also evident in the visible association of many large brands with individual cycling athletes, clubs, events and races, but no such consistency is observed with the national championship event series or the national team. This could mean that public and corporate perception of cycling as a sport and recreational activity remains robust and ‘investable’, but the perception does not extend as convincingly to the sports’ domestic governing body.

In summary, the MNCF could be said to be doing well when looking at its past, has a mixed performance in monitoring its present operations, and has significant difficulty in anticipating its future.

To conclude, the overall thinking seems to be influenced by a well-meaning, but rather dated outlook that certainly is difficult to defend in light of the underlying intent of the IOC Code of Ethics. The experience of the recent past, where indifference in record keeping has cost the MNCF financially and reputationally multiple times, has made the organisation wary, but not overly so, on the importance of financial governance. Interviewee A’s remarks on balancing governance and swift decision-making sheds some light on this:

“I do admit that sometimes this type of approach can be seen from the outside as abusing authority, but like I said, some decisions need to be made quickly. Sometimes delays in decision making can lead to being in a worse financial position for the Federation, and in some instances, what is perceived as a conflict of interest from the outside is actually more beneficial and cost-effective to the Federation. How is this a bad thing, in the grand scheme of things?”

It is therefore contended that the present motive of financial governance practice at the MNCF is most likely rooted in the minimal fulfilment of the laws, rules and expectations of their most important stakeholders, and that too based on a specific perception of it, rather than any considered aspiration that compliance will result in improved performance, credibility or accountability. However, this paper would assert that such motives are common within many volunteer run organisations in the domestic Malaysian context, likely attributable to the gaps in awareness of contemporary management sciences between the average local sport administrator and their counterparts in more advanced countries.

Chapter 6 Recommendations and Action Plan

Based on the above findings and discussion, the following recommendations are proposed for implementation. They are collectively meant to address the gaps that were identified, with a view of making the MNCF generally compliant with Principle 4 of the BUP upon a follow-up review in the future, after a reasonable transition period. This paper accordingly contends that a positive change is feasible, but requires an adapted and extended timeline that must account for the general operating environment of Malaysian sport administration and the peculiarities of the organisation, especially the resource and internal capability constraints. Further, assumptions of any baseline individual or societal awareness of financial governance that may be safely made in developed countries are arguably less applicable in the Malaysian context.

As such, this paper supports the utility of an ‘action plan’ approach as a way of identifying the key elements necessary for change, namely ‘what’ (the recommendations or desired outcomes), ‘how’ (the specific deliverables for each recommendation), ‘who’ (the lead persons for each deliverable), ‘when’ (the timelines for expected completion), ‘with what’ (the resource requirements for each recommendation) and the critical success factors (the major determinants of change adoption) for each recommendation.

In terms of the resources required, these are categorised as follows:

- a. ‘Time’, which refers to the commitment of time to prepare documents or presentations, conduct engagements or meetings and to make decisions,
- b. ‘Expertise’ which includes specific knowledge about what is necessary to implement a particular action, whether the same is internal, external, technical or experiential,
- c. ‘Funds’, which refers to the financial and other material resources needed, and
- d. ‘Social Capital’, which refers to the capacity of individuals responsible to persuade or otherwise convince the stakeholders involved, on the necessity and desirability of change.

With regard to the timelines, these are expressed relative to the mandatory AGMs of the MNCF, which according to the MNCF Constitution, must be held no later than 30 September of a given year, or to a specific quarter in a calendar year.

These recommendations are further categorised according to priority, urgency, complexity, and implementation horizon, to improve buy-in and reduce resistance from stakeholders who may be impacted, namely:

- a. The ‘Low Hanging Fruits’, to reflect the readily implementable recommendations that involve the least resources and time, or mostly procedural in nature,
- b. The ‘Lifestyle Changes’, to reflect recommendations that constitute a major change from existing practice, will require some form of planning and expectation management, and may involve a significant number of resources, and
- c. The ‘Moonshots’, to reflect those recommendations that involve a major shift in outlook for the stakeholders, is meant to be a long-term evolution for the organisation and build organisational resilience regardless of MNCF’s environment of the future.

The recommendations are presented from page 45 onwards.

“The Low Hanging Fruits”

<i>Priority</i>	<i>Recommendation</i>	<i>Deliverable(s)</i>	<i>Responsibility</i>	<i>Resource(s)</i>	<i>Timeline</i>	<i>Critical Success Factor(s)</i>
High	Update and formally adopt the MNCF Financial Guidelines	Table the 2014 Special Audit Report on the Ministry of Youth and Sports Funding to the MNCF to the AGM	President, Sec Gen, Treasurer	Social Capital	2023 AGM	Buy in from Exco, understanding of MNCF Affiliates on impact of report
		Conduct review and update of Financial Guidelines to ensure continuing fitness for purpose and relevance	Sec Gen, Treasurer, Finance Committee Chair	Time, Expertise, Social capital	Q1 2024	Appropriate external advice and benchmarking; buy in from Exco
		Amend Constitution to mandate use of the Financial Guidelines	President, Sec Gen, Treasurer, Finance Committee Chair	Time, Social capital	2024 AGM	Buy in from Exco and MNCF Affiliates
High	Improve transparency and procedures relating to external audit of financial statements	Prepare and publish external audit terms of reference	Sec Gen, Treasurer	Time, Funds	Q4 2023	Appropriate internal and external advice
		Amend Constitution to require accounts to be externally audited	President, Sec Gen, Treasurer	Time, Social capital	2024 AGM	Buy in from Exco and MNCF Affiliates
		Amend Guidelines to mandate presentation of audited accounts to the Exco by external auditor	President, Treasurer	Social capital, Expertise	Q1 2024	Buy in from Exco, cohesion with overall review of Guidelines

Medium	Introduce continuing skills training of staff and financial literacy training for internal auditors and finance-related Exco members	Propose a training needs analysis for finance personnel and finance-related Exco members	Treasurer, Finance Committee Chair, Finance Manager	Time, Expertise, Funds	Q4 2023	Appropriate external advice and benchmarking, buy in from staff
		Propose specific financial literacy courses for internal auditors and finance-related Exco members	Treasurer, Finance Manager, Finance Committee Chair	Time, Funds	Q4 2023	Appropriate internal and external advice, buy in from Exco
		Propose specific continuing professional education training for finance personnel	Sec Gen, Treasurer, Finance Committee Chair	Time, Funds	Q4 2023	Appropriate internal advice, buy in from staff
“The Lifestyle Changes”						
<i>Priority</i>	<i>Recommendation</i>	<i>Deliverable(s)</i>	<i>Responsibility</i>	<i>Resource(s)</i>	<i>Timeline</i>	<i>Critical Success Factor(s)</i>
High	Propose, adopt and implement an organisational strategic plan	Conduct comprehensive stakeholder engagement for the planning process and ensure financial resilience and credibility are included as outcomes of the planning	President, Sec Gen, Treasurer, Finance Manager	Time, Funds, Social Capital, Expertise	Q1 2024	Appropriate external advice and benchmarking, to demonstrate usefulness of strategic planning; buy in from stakeholders
		Design and finalise a strategic plan document incorporating feedback from relevant parties	Sec Gen	Time, Funds, Social Capital, Expertise	Q2 2024	Competence of drafting team in reflecting diverse viewpoints, without losing focus on key items

Medium	Implement a two-year budgeting process	Prepare terms of reference and engage external advisor for initial multi-year budget process	Treasurer, Finance Committee Chair Finance Manager	Funds, Expertise	Q4 2023	Buy in from Exco and staff
		Design and conduct engagement and challenge sessions with key stakeholders for the draft budget	Sec Gen, Treasurer, Finance Manager	Funds, Expertise, Social Capital, Time	Q2 2024	Diplomacy and patience in stakeholder engagement, ability to defend assumptions
		Prepare first biennial budget for tabling at AGM	Treasurer, Finance Manager	Time, Expertise	2025 AGM	Buy in from Exco, competence of drafting
		Incorporate monitoring of budget via quarterly financial reports to Exco, with variance reporting	Treasurer, Finance Committee Chair, Finance Manager,	Time, Expertise	Q1 2025	Buy in from Exco and staff
High	Implement comprehensive plan to regularise existing shortcomings, and strengthen processes	Prepare a medium term income diversification strategy , centred on creating commercial appeal and sustainability of existing MNCF events and teams	President, Sec Gen, Treasurer, Finance Committee Chair, Finance Manager	Funds, Expertise, Time, Social Capital	Q1 2024	Appropriate external advice on the realistic commercial exploitation of existing assets
		Prepare a plan to manage and resolve existing debt aging issues	Treasurer, Finance Committee Chair, Finance Manager	Funds, Expertise, Time, Social Capital	Q3 2023	Buy in from creditors, negotiation skill of relevant Exco
		Prepare terms of reference and engage external advisor for initial operational risk management planning	Sec Gen, Treasurer, Finance Committee Chair	Funds, Time	Q4 2023	Appropriate external advice, capacity to realistically assess operational risk

“The Moonshots”

<i>Priority</i>	<i>Recommendation</i>	<i>Deliverable(s)</i>	<i>Responsibility</i>	<i>Resource(s)</i>	<i>Timeline</i>	<i>Critical Success Factor(s)</i>
Medium	Implement a four-year, cycle-based budgeting process and financial sustainability strategy	Introduce long-term income diversification strategy , centred on philanthropic endowments, acquisition of revenue generating assets and multi-year commercial partnerships in different sponsor categories for MNCF events and national cycling teams	President, Sec Gen, Treasurer, Finance Committee Chair, Finance Manager	Time, Funds, Social Capital, Expertise	Q3 2025	Success of initial medium term income diversification and MNCF credibility/image building, skill set of Exco at relevant time
		Cultivate long term government engagement with a view of obtaining a lease or outright allocation of a permanent office or headquarters	President, Sec Gen, Treasurer, Finance Committee Chair	Time, Social Capital	Q1 2025	Success of MNCF credibility/image building, skill set of Exco at relevant time
		Design a multi-year budget that is linked to the cycle of a major multi-sport games (either the Olympics or the Asian Games)	Treasurer, Finance Committee Chair, Finance Manager	Time, Social Capital, Expertise	Q3 2025	Initial buy in from Affiliates, Exco and staff, capacity of staff and Exco at relevant time
		Prepare terms of reference and engage external advisor for the design of a long term financial sustainability strategy	Sec Gen, Treasurer, Finance Committee Chair, Finance Manager	Funds, Expertise	Q3 2024	Success of initial two-year budget process, acceptance of updated MNCF Financial Guidelines, buy in from Exco and staff

Medium	Implement comprehensive risk management planning	Design a dynamic risk matrix and build internal capability to monitor and adapt to evolving risk environment, particularly financial risks	President, Sec Gen	Time, Expertise	Q3 2024	Implementation of initial operational risk management framework, buy in of staff
		Propose risk literacy courses for all Exco members, as part of onboarding	Sec Gen	Funds	Q1 2024	Success of initial financial literacy training, implementation of initial operational risk management framework
Low	ISO certification for processes and documentation	Propose a document management and control plan , including digitisation of transaction records	Sec Gen, Finance Manager, Finance Committee Chair	Funds, Expertise, Time	Q3 2024	Acceptance of updated MNCF Financial Guidelines, success of medium term income diversification strategy, buy in of staff
		Prepare terms of reference and engage external advisor for ISO certification in document management	Sec Gen, Finance Manager	Funds, Expertise, Time	Q3 2025	Rollout of document management and control plan, buy in of Exco and staff

Table 5. Recommendations for implementation based on findings and analysis. Source: Author's own.

References

- Adam, S. (ed.) (2021). *National Sports Governance Observer 2. Benchmarking governance in national sports organisations*. Aarhus: Play The Game.
- Alm, J. (ed.) (2013). *Action for Good Governance in International Sport Organisations Final Report*. Copenhagen: Play the Game/Danish Institute for Sport Studies.
- Arnaut, J. (2006) Independent European Sport Review, A report by José Luis Arnaut.
- Association of Summer Olympic International Federations (ASOIF) (2017). *First Review of IF Governance*. Lausanne: ASOIF.
- Atkinson, P. and Silverman, D. (1997). "Kundera's Immortality: The Interview Society and the Invention of the Self". *Qualitative Inquiry*, 3(3), pp. 304-325.
- Australian Sports Commission (2020). *Sports Governance Principles*. Australian Capital Territory: Australian Sports Commission.
- Aman, M. P., Hanapi, S., Yusof, A., Razali, A. B. and Dev, R. D. O. (2019). "Women in Sport Leadership Positions in Malaysia: Issues and Challenges". *International Journal of Academic Research in Business and Social Sciences*, 9(11), pp. 1506–1519.
- Bayle, E. and Robinson, L. (2007). "A Framework for Understanding the Performance of National Governing Bodies of Sport." *European Sport Management Quarterly*, 7(3), pp. 249-268.
- Bowen, G.A. (2009) "Document Analysis as a Qualitative Research Method". *Qualitative Research Journal*, 9(2), pp. 27-40.
- Cervin, G. (2021). *Degrees of Difficulty*. Chicago: University of Illinois Press.
- Chappelet, J-L. and Kübler-Mabbot, B. (2008). *The International Olympic Committee and the Olympic System*. Oxford: Routledge.
- Chappelet, J.-L., and Mrkonjic, M. (2013). *Basic Indicators for Better Governance in International Sport (BIBGIS): An Assessment Tool for International Sport Governing Bodies*. Lausanne: IDHEAP Working Paper, 1/2013.
- Chappelet, J-L. (2016a). "From Olympic administration to Olympic governance." *Sport in Society*, 19(6), pp. 739-751.
- Chappelet, J-L. (2016b). Autonomy and governance: necessary bedfellows in the fight against corruption in sport, in *Global Corruption Report: Sport*, Transparency International (ed.). New York: Routledge.
- Chappelet, J-L. (2018). "Beyond governance: the need to improve the regulation of international sport". *Sport in Society*, 21(5), pp. 724-734.
- Chappelet, J-L. and Mrkonjic, M. (2019). Assessing sport governance principles and indicators, in *Research Handbook on Sport Governance*, Winand, M. and Anagnostopoulos, C. (eds.). Cheltenham: Edward Elgar.
- Chatzigianni, E. (2018). "Global sport governance: globalizing the globalized." *Sport in Society*, 21(9), pp. 1454-1482.
- Cheffins, R. (2012). "The History of Corporate Governance". European Corporate Governance Institute Working Paper Series in Law, Working Paper No. 184/2012.

- Clausen, J., Bayle, E., Giauque, D., Ruoronen, K., Lang, G., Nagel, S., Klenk, C. and Schlesinger, T. (2018) "Drivers of and Barriers to Professionalization in International Sport Federations." *Journal of Global Sport Management*, 3(1), pp. 37-60.
- Cornforth, C. (2003). Contextualising non-profit governance: the influence of contextual factors on board characteristics and paradoxes, in *19th European Group for Organizational Studies (EGOS) Colloquium: Organization Analysis Informing Social and Global Development*, July 2003, Copenhagen, Denmark.
- Corley, K.G. and Gioia, D.A. (2004). "Identity Ambiguity and Change in the Wake of a Corporate Spin-Off." *Administrative Science Quarterly*, 49(2), pp.173-208.
- Cornforth, C. (2012). "Nonprofit Governance Research: Limitations of the Focus on Boards and Suggestions for New Directions." *Nonprofit and Voluntary Sector Quarterly*, 41(6), pp. 1117-1136.
- Cornforth, C. and Brown, W.A. (2014). *Nonprofit Governance: Innovative Perspectives and Approaches*. London: Routledge.
- Creswell, J. W. (1998). *Qualitative inquiry and research design: Choosing among five traditions*. Thousand Oaks, California: Sage.
- Crowther, N. (2004). "The state of the modern Olympics: *citius, altius, fortius*?" *European Review*, 12(3), pp. 445-460.
- Darby, P. (2003). "Africa, the FIFA Presidency, and the Governance of World Football: 1974, 1998, and 2002". *Africa Today*, 50(1), pp. 3-24.
- Daud, M.A.K., Radzi, W., Abdullah, R., and Johari, F. (2013). "The participation of women managers in managing sport: challenges and reality." *Life Science*, 10(3), pp. 870-878.
- DiMaggio, P.J. and Powell, W.W. (1983). "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields." *American Sociological Review*, 48, pp. 147-160.
- Dodds, M. (2016). Revisiting the Salt Lake City Olympic scandal: Would the outcome be different today? *Sports Management International Journal*, 12(1), pp. 1-14.
- Duval, A. (2018). "The Olympic Charter: A Transnational Constitution Without a State". *Journal of Law and Society*, 45(S1), pp. 245-269.
- Ezzamel, M., Lilley, S., & Wilmott, H. (1993). Be wary of new waves. *Management Today*, 99.
- Fridman, S. (1999). Conflict of interest, accountability and corporate governance: the case of the IOC and SOCOG. *University of New South Wales Law Journal*, The, 22(3), 781-798.
- Ferkins, L. and Shilbury, D. (2010). "Developing board strategic capability in sport organisations: The national-regional governing relationship." *Sport Management Review*, 10, pp. 235-254.
- Ferkins, L. and Shilbury, D. (2012). "Good Boards Are Strategic: What Does That Mean for Sport Governance?" *Journal of Sport Management*, 26, pp. 67-80.
- Ferkins, L. and Shilbury, D. (2015). "Board strategic balance: An emerging sport governance theory." *Sport Management Review*, 15, pp. 489-500.
- Ferkins, L., Shilbury, D. and O'Boyle, I. (2018). "Leadership in governance: Exploring collective board leadership in sport governance systems." *Sport Management Review*, 21(3), pp. 221-231.
- Forster, J. (2006). "Global Sport Organisations and their governance." *Corporate Governance*, 6(1), pp. 72-83.
- Geeraert, A., Bruyninckx, H. and Scheerder, J. (2012). The historic treble in football: The legal, political and economic driving forces behind football's transformation (*Sport Policy & Management* 15). Leuven: KU Leuven/Policy in Sport & Physical Activity Research Group.

- Geeraert, A. and Bruyninckx, H. (2014). You'll never walk alone again. the governance turn in professional sports, in *Sportpolitik im Spannungsfeld von Autonomie und Regulierung: Grundlagen, Akteure und Konfliktfelder*, Mittag, J. and S. Guldenpfennig, S. (eds.). Essen: Klartext Verlag.
- Geeraert, A. (2015). *Sports Governance Observer 2015: The legitimacy crisis in international sports governance*. Copenhagen: Play The Game/Danish Institute for Sport Studies.
- Geeraert, A. (2016). "Indicators and benchmarking tools for sports governance," in *Global Corruption Report: Sport*, Gareth Sweeney (ed.) and Transparency International, Oxford: Routledge
- Geeraert, A. (ed.) (2018). *National Sports Governance Observer: Final report*. Aarhus: Play the Game/Danish Institute for Sports Studies.
- Geeraert, A. (2022). Indicators of good governance in sport organisations, in *Good governance in sport: Critical reflections*, A. Geeraert, & F. van Eekeren (Eds.). (pp. 152–166). Oxford: Routledge.
- Ghadami, M. and Henry, I. (2015). "Developing Culturally Specific Tools for the Evaluation of Good Governance in Diverse National Contexts: A Case Study of the National Olympic Committee of the Islamic Republic of Iran." *The International Journal of the History of Sport*, 32(8), pp. 986-1000.
- Green, M. and Houlihan, B. (2006). "Governmentality, Modernization, and the "Disciplining" of National Sporting Organizations: Athletics in Australia and the United Kingdom." *Sociology of Sport Journal*, 23(1), pp. 47-71.
- Hanstad, D.V., Smith, A. and Waddington, I. (2008). "The establishment of the World Anti-Doping Agency." *International Review for the Sociology of Sport*, 43(3), pp. 227-249.
- Henry, I and Lee, P.C. (2004). Governance and Ethics, in *The Business of Sport Management*, Chadwick, S. and Beech, J. (eds.). Cambridge: Pearson.
- Henry, I. (2022). The transferability of Western principles and values in the governance of sport, in *Good governance in sport: Critical reflections*, A. Geeraert, & F. van Eekeren (Eds.). (pp. 195–209). Oxford: Routledge
- Houlihan, B. (2004). Sport Globalisation, the State and the Problem of Governance, in *The Commercialisation of Sport*, Slack, T. (ed.). Oxford: Routledge.
- Houlihan, B. and Green, M. (2009). "Modernization and sport: the reform of Sport England and UK sport." *Public Administration*, 87(3), pp. 678 – 698.
- Ho Voon, B., Lee, N. and Murray, D. (2014). "Sports service quality for event venues: evidence from Malaysia." *Sport, Business and Management*, 4(2), pp. 125-141.
- Hoye, R. and Cuskelly, G. (2007). *Sport governance*. London: Routledge.
- International Olympic Committee (2008). *Basic universal principles of good governance of the Olympic and sports movement*, IOC: Lausanne.
- International Olympic Committee (2021). Olympic Agenda 2020+5. IOC: Lausanne.
https://stillmed.olympics.com/media/Document%20Library/OlympicOrg/IOC/What-We-Do/Olympic-agenda/Olympic-Agenda-2020-5-15-recommendations.pdf?_ga=2.65537198.1048217450.1682689468-821219960.1673184398, Accessed 28 April 2023.
- International Olympic Committee (2022). *Basic Universal Principles of Good Governance within the Olympic Movement*. Lausanne: IOC.
- International Olympic Committee (2023). *IOC Code of Ethics*. Lausanne: IOC.

- Jack, R. (2022). The role of sport governance consultants: Help or hindrance? in *Good governance in sport: Critical reflections*, A. Geeraert, & F. van Eekeren (Eds.). (pp. 115–128). Oxford: Routledge
- James, M. and Osborn, G. (2011). London 2012 and the impact of the UK's Olympic and Paralympic legislation: protecting commerce or preserving culture?, *The Modern Law Review*, 74 (3), pp. 410-429.
- June, H. M., Kernan, A. R., Sumsion, R. M., Cope, M. R., Sanders, S. R., & Ward, C. (2023). When Event Social Sustainability Is Tarnished by Scandal: Long-Term Community Perceptions of the 2002 Winter Olympics Bid Scandal and Legacy. *Sustainability*, 15(3), 2558.
- Khoo, S. and Abidin, N.E.Z. (2021). Sport in Malaysia: Towards gender equality, in *Women and Sport in Asia*, de D'Amico, R.L., Jahromi, M.K., and Guinto, M.L.M. (eds.), pp. 124-135. Oxford: Routledge.
- Leftwich, A. (1994). "Governance, the State and Politics of Development." *Development and Change*, 25(2), pp. 363-386.
- Le Tour de Langkawi (2020). Petronas Le Tour de Langkawi: Celebrating 27 Years of Cycling Excellence. Downloaded from <https://www.ltdlangkawi.my/petronas-ltdl-2020>. Accessed 3 July 2023.
- MacAloon, J. (2011). "Scandal and governance: inside and outside the IOC 2000 Commission". *Sport in Society*, 14:03, pp. 292-308.
- Malaysian Accounting Standards Board (MASB) (2015). MASB Approved Accounting Standards for Private Entities Downloaded from <https://www.masb.org.my/pages.php?id=20>. Accessed 2 July 2023.
- Manheim, J.B., and Rich, R.C. (1995). *Empirical Political Analysis: Research Methods in Political Science*. Michigan: Longman.
- Mapjabil, J., Marzuki, M., Kumalah, M.J., Tangavello, L. and Zainal Abidin, M.K. (2015). "Sport as a tourism attraction in Malaysia: Potential and prospects." *Malaysian Journal of Society and Space*, 11(12), pp. 23-31.
- Megat, A.K.M.D., Wirdati, M.R., Habib, M.S., Shahrir, J., & Abdul, I.R. (2008). "Academic development of sports: basis of sports industry in Malaysia." *Masalah Pendidikan*, 31(1), pp. 103-115.
- Minikin, B., and Robinson, L. (2015). Resources and Capabilities? Developing Malaysian National Sport Associations, in *Managing Elite Sport Systems*, Andersen, L., Houlihan, B. and Ronglan, L.T. (eds.), pp. 67-86. Oxford: Routledge.
- MNCF (2018). *MNCF Constitution (As at 9 August 2018)*. Melaka: MNCF.
- MNCF (2022). *MNCF Annual Report 2021*. Melaka: MNCF.
- Munodawafa, R., Ho, M.K. and Chan, Y.F. (2015). "A Study on Sport Consumption in Malaysia." *European Academic Research*, 3(3), pp. 3493-3505.
- Nagel, S., Schlesinger, T., Bayle, E. and Giauque, D (2015). "Professionalisation of sport federations – a multi-level framework for analysing forms, causes and consequences." *European Sport Management Quarterly*, 15(4), pp. 407-43.
- National Sports Council (2020). Malaysia's Participation in the Olympics. Downloaded from <https://www.nsc.gov.my/en/sukan-olimpik/>. Accessed 3 July 2023.
- New Straits Times (2014a). MNCF must explain missing prize money. Downloaded from <https://www.nst.com.my/news/2015/09/mncf-must-explain-missing-prizemoney>. Accessed 3 July 2023.
- New Straits Times (2014b). MNCF yet to respond to suspension notice. Downloaded from <https://www.nst.com.my/news/2015/09/mncf-yet-respond-suspension-notice>. Accessed 3 July 2023.

- New Straits Times (2016). MNCF chief, deputy ordered to pay RM288k to Sime Darby Foundation. Downloaded from <https://www.nst.com.my/news/2016/08/168188/mncf-chief-deputy-ordered-pay-rm288k-sime-darby-foundation>. Accessed 3 July 2023.
- Nightingale, A. (2020). "Triangulation", in Kobayashi, A. (Ed.), *International Encyclopedia of Human Geography*. Elsevier imprint.
- Obada S. Zeidan and Simon G. Fauser (2015). Corporate governance and corporate social responsibility – the case of FIFA. *Problems and Perspectives in Management*, 13(2-1), pp. 183-192.
- Parliament of Malaysia (1957). Audit Act 1957. Downloaded from <https://www.audit.gov.my/index.php/info-korporat/akta-audit>. Accessed 26 June 2023.
- Parliament of Malaysia (1966). Societies Act 1966. Downloaded from <https://lom.agc.gov.my/act-detail.php?act=832&lang=BI&date=2021-11-15>. Accessed 26 June 2023.
- Parliament of Malaysia (1998). Sports Development Act 1998. Downloaded from <https://www.kbs.gov.my/en/akta-dasar/akta.html?download=539:sports-development-act-1997-act-576>. Accessed 13 November 2022.
- Parliament of Malaysia (2016). Companies Act 2016. Downloaded from https://www.ssm.com.my/acts/aktaBM_20160915_AktaSyarikat2016Akta777.pdf. Accessed 26 June 2023.
- Parent, M.M. and Hoye, R. (2018). "The impact of governance principles on sport organisations' governance practices and performance: A systematic review." *Cogent Social Sciences*, 4(1), 1503578, DOI: 10.1080/23311886.2018.1503578 (Accessed 12 November 2022).
- Parent, M. M., Hoye, R., Taks, M., Naraine, M. L., & Séguin, B. (2022). Good sport governance and design archetype: One size doesn't fit all, in *Good governance in sport: Critical reflections*, A. Geeraert, & F. van Eekeren (Eds.). (pp. 180–194). Oxford: Routledge.
- Pijetlovic, K. (2015). *EU Sport Law and Breakaway Leagues*. The Hague: Asser Press.
- Pielke (2016). 'Obstacles to accountability in international sports governance' in *Global Corruption Report: Sport*, Transparency International (ed.). New York: Routledge.
- Radzi W.M. and Abdullah, R. (2010). "Through Rose Tinted Glasses: Muslim women sport managers in Malaysia." *Asian Women*, 26 (3), pp. 1-28.
- Raj, M., & Bhalla, S. (2022). "Elements and dimensions of FIFA compliance programme". *International Journal of Physiology, Nutrition and Physical Education*; 7(1): 365-370
- Robinson, L. (2003). The Business of Sport, in *Sport and Society: A Student Introduction*, Houlihan, B. (ed.). Wiltshire: Sage Publications.
- Robinson, L., & Palmer, D. (Eds.). (2010). *Managing Voluntary Sport Organizations*. London: Routledge.
- Robinson, L. (2010). The Voluntary Sport Sector, in *Managing Voluntary Sport Organisations*, Robinson, L. and Palmer, D. (eds.). London: Routledge.
- Robinson, L., and Minikin, B. (2011). "The strategic capacity of Olympic Sport Organisations." *Sport, Business and Management: An International Journal*, 1, pp. 219-233.
- Shilbury, D., O'Boyle, I., and Ferkins, L. (2015). "Towards a research agenda in collaborative sport governance." *Sport Management Review*, 19, pp. 479-491.
- Skinner, J., Edwards, A., and Smith, A.C.T. (2021). *Qualitative Research in Sport Management, Second Edition*. Oxford: Routledge.

- Slack, T. and Hinings, B. (1992). "Understanding change in national sport: and integration of theoretical perspectives." *Journal of Sport Management*, 6, pp. 114-132.
- Stewart, B. and Smith, A. (1998). "The special features of sport." *Annals of Leisure Research*, 2(1), pp. 87-89.
- Tacon, R., Walters, G., & Cornforth, C. (2017). "Accountability in Nonprofit Governance: A Process-Based Study." *Nonprofit and Voluntary Sector Quarterly*, 46(4), pp. 685–704.
- Tacon, R. and Walters, G. (2022). The promises and pitfalls if codification of governance in sport as legitimacy work, in *Good governance in sport: Critical reflections*, A. Geeraert, & F. van Eekeren (Eds.). (pp. 221-235). Oxford: Routledge.
- Taylor, P. (2012). "Approaches to managing sport performance in sport organisations", in Robinson, L., Chelladurai, P., Bodet, G., and Downward, P. (Eds.), *Routledge Handbook of Sport Management*, Oxford: Routledge.
- The Star (2022). Cycling federation president claims trial to abuse of power charges. Downloaded from <https://www.thestar.com.my/news/nation/2022/06/03/cycling-federation-president-claims-trial-to-abuse-of-power-charges>. Accessed 2 July 2023.
- Thompson, A., Lachance, E.L., Parent, M.M. & Hoye, R. (2022). "A systematic review of governance principles in sport." *European Sport Management Quarterly*, DOI: 10.1080/16184742.2022.2077795 (Accessed 13 November 2022).
- Union Cycliste Internationale (UCI) (2018). UCI Agenda 2022. Aigle: UCI.
- Union Cycliste Internationale (UCI) (2022). UCI Agenda 2030. Aigle: UCI.
- UK Sport (2021). *A Code for Sports Governance*. London: UK Sport and Sport England.
- Yeh, C.M. and Taylor, T. (2008). "Issues of governance in sport organisations: a question of board structure and roles". *World Leisure Journal*, 50(1), pp. 33-45.
- Yusof, A. and Mohd. Shah, P. (2008). "Globalization and the Malaysian Sports Industry". *Research Journal of International Studies*, 8, pp.112-116.
- Yusof, A., Omar-Fauzee, M.S., Mohd Shah, P. and Soh, K.G. (2009). "Exploring Small-Scale Sport Event Tourism in Malaysia". *Research Journal of International Studies*, 9, pp. 47-58.
- Zarei, A., & Ramkissoon, H. (2021). "Sport Tourists' Preferred Event Attributes and Motives: A Case of Sepak Takraw, Malaysia". *Journal of Hospitality & Tourism Research*, 45(7), 1188–1213.
- Zeimers, G., & Constandt, B. (2022). An Integrity System Framework for the FIFA World Cups. In *The Business of the FIFA World Cup* (pp. 89-105). Routledge.
- Zintz, T. and Gérard, S. (2019). Support the implementation of good governance in sport (SIGGS): A European project for national Olympic committees and national sport federations, in *Research handbook on sport governance*, M. Winand, & C. Anagnostopoulos (eds.) pp. 53–71. Cheltenham: Edward Elgar.

(The remainder of this page is intentionally left blank)

Appendices

APPENDIX 1

Translated Transcript of Interview with Interviewee A

1. How would you rate the level of financial governance of the Federation at present, and why do you say so?

I think we are doing okay. For the most part, our accounts are prepared by a qualified staff member, and we are audited internally and externally. Our submissions to the Sports Commissioner have also never been disputed or questioned. I also think we have been very good custodians of our funds, where we spend prudently, but the years during Covid were not particularly good for us. Nevertheless, we managed to make do by cutting down our expenses. It was a sacrifice that all our staff and Executive Committee members made.

And we also suffered a setback when (the last Treasurer) and (the last Secretary) passed away within months of each other. But we did not have any issues to make the transition. Probably because our practice relies on the Finance Executive being a key person. So, to answer your question, I would rate our level of financial governance as good, for the reasons I just mentioned. We are not perfect, for sure. But we don't have any major issues with our financial practices. Even though the (Malaysian Anti-Corruption Commission) took away our records for the investigation against (the MNCF President) and still have not returned it, which makes our past 2 audits incomplete, I think it shows that we have nothing to hide.

Also, it used to be that we did not have a proper budget for each year, but this has changed. We now have budget that we present during the Annual General Meeting, and it is approved. All in all, I think we are doing well, all things considered.

[Follow Up] What are your comments about the qualified opinion of the external auditor for the 2017 accounts? Has this been addressed, as subsequent accounts for the years 2018 to 2021 the records show that it was only certified by the MNCF's internal auditors only?

The qualified opinion is actually related to some historical issues, which started all the way back when we were provided with some funds for the Tour de Langkawi in 2011, and came to a head in 2013, when our boys failed to win the medals at the South-East Asian Games. The (Ministry of Youth and Sports) were not satisfied with the way we accounted for the spending. That was also why they suspended the Federation for a whole month, despite our provision of the documents they wanted. So I disagreed wholeheartedly with their conclusions, and I think that what they tried to do was quite unfair to MNCF.

Performance is always dependent on the form of the riders on race day, and the form of their competitors. That's what it is for road races. For that we were suspended in 2015. I think it can even be said that the dispute lies in the fact that some people in government were not happy that we were running things the way we did, and they wanted to make

their own mark or even take over the functions of the MCF. Because of that dispute we were unable to satisfy the auditors requirements to sight the documents relating to the expenditure of LTDL And it continues to be reflected in our accounts to date if I recall correctly.

But at the end of the day, it is about how our members and the (Office of the Sports Commissioner) react to our finances. They have all the opportunity to mention it during the AGM, and when we submit the (mandatory submission of annual documentation of sports bodies under the Sports Development Act), but nobody really brings it up. So we move on.

2. What specific areas of financial management do you feel the Federation is doing particularly well or particularly poorly? Can you elaborate?

This is a very tricky question. It is difficult to pinpoint a specific area of financial management that is best or worst for us. I think the thing that I am most proud of is our relative independence as a Federation in terms of handling our own operational expenses, for the last decade in fact. The (National Sports Council) presently provides financial assistance to us on a case-by-case basis – they directly fund our athletes training programmes and give us limited funding for some specific events like the national championships. But in terms of our existence as a Federation, we exist on the funds we get through our role as a Federation, from sanctions, licensing, and sponsorships. And this is something we have managed to maintain for a very long time.

On the other hand, I also am aware that our record keeping could use some improvement. As you know, this was the reason for the (Sime Darby) suit against us. We spent the money properly, but we had improper and incomplete records of it. And we paid a heavy price. I am quite proud that we managed to pay off the settlement on our own, without any government help too.

[Follow Up] Have you been able to change that though?

I think we certainly tried our best to do so, based on the efforts of our staff and the Exco members. Our records have improved greatly I think, but there is always room to do better. With some of our sponsors, the relationship has entered many years, and we are quite lucky that the (Covid movement restrictions) had at least one positive impact for us, in that many people began to take up cycling as an activity, and this allowed race and ride organisers to hit the ground running as soon as things got better. So now, almost all of our spending and income is properly tracked on paper, although we still have plenty of unresolved debt. We still cannot afford to pay it off at this time.

Many Exco members have made financial advances to the Federation when necessary, too. Some large, some small, but all quite willingly, and knowing full well that the risk of not getting our funds back. But I accept that this is part and parcel of voluntary leadership. I suppose this is why there has not been a leadership contest for the Federation in a very long time. People who initially harbour the ambition will always come to realise that when push comes to shove, we have to fork out our own money to ensure the Federation remains afloat. (The President) got a lot of negative feedback when (he) publicly mentioned that our coffers were almost fully depleted, and that we faced bankruptcy, for lack of a better word, but it was true. Covid had affected our

Exco's ability to even resort to our own money. It was at that time that we came up with the MNCF Virtual Ride as means of fundraising, and thankfully it succeeded.

3. Have you been involved directly with any aspect of the Federation's financial management, and in your opinion, was the experience reflective of your ideas of best practices in financial governance?

I have been directly involved, for many years in fact. Personally, as a decision maker, I chose to give the priority to the survival of MNCF and the delivery of our performance targets for the competitions we take part in. I saw no issue or conflict between what I did, or allowed to be done, based on my own experience in managing my businesses. It is not as if I am completely clueless about financial best practices.

However, I do admit that sometimes this type of approach can be seen from the outside as abusing authority, but like I said, some decisions need to be made quickly. Sometimes delays in decision making can lead to being in a worse financial position for the Federation, and in some instances, what is perceived as a conflict of interest from the outside is actually more beneficial and cost-effective to the Federation. How is this a bad thing, in the grand scheme of things? From where I stand, I don't think this is what our members want – for us to be so hung up on process and procedure, that we end up financially worse.

In my experience of running several companies, the (Companies Commission of Malaysia) sets certain rules that require us to disclose and submit information to them, but they do not impose upon us any requirements when we want to make decisions. As a business owner, I should be able to make the best decisions in the manner I feel is best for my company.

4. In your opinion, how should the Federation approach its financial governance, i.e., should it be subject to some externally imposed standards, such as from the UCI or the IOC, chart its own path or carry on its existing practices so long as it is permitted under domestic law?

As I mentioned before, the MNCF has always been compliant with what is expected of us. The Sports Development Act specifies our responsibilities, and we have never received any negative feedback about our submissions to the (Office of the Sports Commissioner). I don't think the government wants to interfere, especially when there are no issues. Even when the MNCF was suspended for a short time some years back, we were reinstated after a month, because they realised that there was nothing to pick on. We may have disagreements on the best way to keep records and demonstrate our management, but surely the focus must be on getting results rather than a blind desire to comply, even when the outcome is negative.

This is the case with UCI too. We pay our affiliation fees, and communicate frequently with them, to ensure that our obligations as a member federation is followed properly. No complaints so far, other than recent occasional delays in payments due, which they understand is because of Covid-related cash flow issues.

[Follow Up] What about the Olympic Council of Malaysia? Do you think they can play a role in making you change for the better?

So far, we have not been engaged by the OCM for this purpose. I think they also know that as an association of national sport federations, their ultimate objective is to facilitate our collective growth. If they did give us suggestions on how to improve, certainly the Exco will give it some thought. We have been very supportive in the past, when they ask us to participate in all sorts of awareness programmes, and where it is appropriate and feasible, we make our comments known to them as well.

5. What do you think could be catalyst events or circumstances that would motivate the Federation to change its existing financial governance structure and practices?

Over the years, we have adapted and improved our financial management as and when it has become necessary. For example, we voluntarily looked for external auditors to look over our accounts and conduct audit, because we know it is something our members expect, even when it is not legally required of us. The (Sports Development Act) does not mention it, you know. But you have to be mindful that all of this also costs money, and sometimes we have other priorities. It is not that we do not want to change for the better, but I prefer keeping things the way I understand them, especially when it has not caused us any problems so far. Not with our members. Not with the (Sports Commissioner of Malaysia)

Of course, if the government changes the law, we are obliged to comply. And sometimes, we also get notices from the UCI or the (Asian Cycling Confederation) that they want things done a certain way. And we will comply. It is not an issue. The (Malaysian National Sports Council) has done that to us many times, where they impose certain conditions for their funding of our athletes in the Podium programme, or for the national cycling championships. What else is there to say?

It is just that generally, if our members accept our practices, and have nothing to say about it, why would I want to make changes, just for the sake of change? My successor, when he or she comes, may have a different opinion on this, and it will be entirely up to them.

6. Do you agree that as a legal entity under the Sports Development Act, the Federation should be subject to certain financial standards, like other companies or associations in Malaysia?

Of course, I agree. That is why we are committed to being as transparent as we can with regards to our finances. You can take a look at our AGM documents and see that we have nothing to hide. I cannot recall specifically what financial standards we are subject to, but I think it's not reasonable for us to be subject to the standards of companies, as we are not in the same league.

Companies have a profit objective, and they have shareholders who have invested funds into it. Our federation on the other hand is comprised of affiliate members and we are run by volunteers. Surely we cannot be subject to the same standards for our financial reporting. But that said, I do believe that we have a responsibility to our members and our stakeholders to give an accurate report on our financial position.

I'm actually also not sure on what standards are used for associations under the Societies Act. You will have to find out yourself.

- 7. Are you aware of the 2009 National Sports Policy objective relating to good governance in sport bodies? Do you believe the Federation complies with this objective presently, especially from the financial perspective?**

(Laughs) No, I'm not aware the national sports policy has a specific objective relating to governance. I'm not sure that anyone is. You will have to tell me what it says. Since I'm being honest with you, I can't actually say with any kind of certainty whether we are complying with this or not.

- 8. What do you see as challenges for the Federation to adapt its financial governance to reflect current best practices in the same area?**

In order for us to do better the irony is that we require more funds. As you are well aware we are an organization of volunteers, and we have limited funds to attract people. We have been very fortunate that our staff have remained loyal and have been able to function despite the limited opportunities that we can give them. We are very lucky that we have passionate people both in our staff as well as in our executive committee. I certainly wish that the federation can pay them more or at the very least give them market rates to ensure that we retain them for the long term and to motivate them to remain honest and to do their work to the best of their ability.

I suppose it does not help that our headquarters is in Melaka, but this is the only way we can control our fixed costs. I cannot imagine if our office is in Kuala Lumpur, and we have to pay KL rates for our rent. At the same time, I'm also mindful that we as beggars cannot be choosers and we have to play with the cards we are dealt with any capacity of our people in finance management must be balanced with the ability to commit in terms of time and other resources to do the work of the federation. There is no point having a financial wizard who is unable to commit his time to the needs of the federation.

I also accept that our democratic roots means that our talent pool this will actually limited especially for the treasurer and assistant treasurer posts to people who come from our affiliates. While we do get some highly educated folks who come as delegates to our AGM, volunteering to take up an exco post is a whole other matter. When it comes to finance management, I also need to be able to trust the people who are appointed, that they will have integrity to do the job, even if it is at the cost of some competence.

Lastly, financial management is an evolving thing, and it changes from time to time, and sometimes we cannot keep track (of the changes). I have to trust that our staff will keep themselves updated.

9. Do you have any other thoughts on the Federation's financial governance that you would like to share?

I think we can conclude by saying that from the perspective of financial performance, we are not one of the big boys. We are not football or badminton or hockey. Those associations have got long standing leagues and competitions, with long term commercial partners. They have also attracted the most influential volunteers, politicians and royals and the like. We do not have such luck. So we make do with what we have. While I am open to any suggestions on how to make the Federation more credible financially, these potential changes have to be meaningful to improve our ability to deliver. This is the bottom line. Otherwise, it will just be an unnecessary distraction for us.

(The remainder of this page is intentionally left blank)

APPENDIX 2

Translated Version of the Objectives, Finance and Audit Clauses of the MNCF Constitution

Clause 4. OBJECTIVES AND AIMS

- 4.6 To ensure the Federation's fully audited accounts, and the reports on all its activities as well as its income and expenditure for the preceding year, is submitted to the Office of the Sports Commissioner, together with any other report or document that may be required by the Office of the Sports Commissioner.
- 4.8 To carry out any charitable or commercial activity to improve the Federation's financial surplus, so long as these activities do not contravene any domestic law.
- 4.9 All proceeds of any Federation participation in any business or investment venture shall be used exclusively to advance and/or carry out the objectives and aims of the Federation. Notwithstanding the foregoing, any payments made to any employee of the Federation for salary and/or expense reimbursement purposes shall not be considered a breach of this Clause. The Federation also may establish a subsidiary to conduct its business activities, and may own any type of asset, provided that any surplus derived therefrom shall be deposited into the Federation's account.

Clause 13. FUNCTIONS OF THE ANNUAL GENERAL MEETING

The agenda of the Federation's Annual General Meeting shall comprise the following:

- i. To receive and confirm the Minutes of the preceding Annual General Meeting,
- ii. To receive the Annual Report of the Federation from the Executive Committee for the preceding year,
- iii. To receive the Annual Treasurer's Report and audited Financial Statements for the preceding year,
- iv. To consider any matters arising originating from the Annual General Meeting,
- v. To elect new members of the Council under Clause 15.1 of this Constitution, and to appoint two (2) auditors under Clause 21.1 of this Constitution, every four (4) years.

Clause 18. CENTRAL COMMITTEE (FEDERATION COUNCIL)

18.6 Treasurer

The Treasurer shall carry out the following functions:

- i. To collect all membership dues,
- ii. To maintain the financial accounts of the Federation,
- iii. To maintain cheque books and financial documents of the Federation,
- iv. To prepare the annual financial statements for submission to the Executive Committee and the Council, and to prepare any other finance related statements, and
- v. To maintain custody over all the Federation's real property assets.

18.8.1 Responsibilities of the Sub-Committee Chairpersons

i. Finance Committee

The Chairperson of this Committee shall preside over all its meetings and appoint all its Members. The main responsibility of this Committee shall be to source income for the Federation, including sponsorship, government assistance, donations or from other legitimate means that does not conflict with the Federation's regulations or national law.

Clause 20. FINANCE

20.1 The finances of the Federation may be obtained via:

- i. Annual membership fees and readmission penalties,
- ii. Donations and sponsorship,
- iii. Assistance from government or statutory bodies,
- iv. Proceeds of the Federations' commercial business, and
- v. Other sources permitted by law.

20.2 The income of the Federation shall be used to achieve the objectives and aims of the Federation and its members, as stated in this Constitution.

20.3 All cheques of the Federation shall be signed by any two (2) office bearers comprising the President, the Deputy President, or the Treasurer.

20.4 Expenditures exceeding RM 50,000 at any one time shall not be made without the prior approval of the Council.

20.5 Expenditures below RM 50,000 at any one time may be made without the prior approval of the Council.

20.6 The Treasurer may maintain a petty cash fund not exceeding RM 3,000 at any one time. Any excess shall be deposited into the Federation's account.

20.7 The Treasurer shall prepare an income and expenditure statement, and a balance sheet for a financial year, and the same shall be inspected by the auditors as soon as reasonably practicable after the end of a financial

year, in accordance with this Constitution. The audited financial statements shall be tabled for the approval of the Annual General Meeting and copies thereof made available to all members of the Federation.

- 20.8 The financial year of the Federation shall be from 1 January to 31 December of each year.

Clause 21. AUDITORS

- 21.1 Any person who is not a member of the Council may be appointed during the Annual General Meeting as auditors. They shall hold office for four (4) years and may be reappointed. The role of the auditor is to inspect and review the financial statements of the Federation, and to make such reports or certifications of the said financial statements.
- 21.2 The Annual General Meeting may appoint a qualified external audit firm to perform such audit functions if necessary.

Clause 30. GENERALITIES

- 30.14 The Federation may establish a subsidiary company with the Companies Commission of Malaysia (CCM) as a means of conducting Federation activities, subject to the approval of the Council or the Executive Committee. The subsidiary shall ensure that it complies with all prevailing CCM regulations, and an audited financial report shall be submitted to the Federation annually. If necessary, the Federation may provide such cash advances to allow for the subsidiary's activities to be carried out.

(The remainder of this page is intentionally left blank)