

MALAYSIA CONVENTION & EXHIBITION BUREAU

Main Points

What we examined?

- Malaysia Convention & Exhibition Bureau (MyCEB) is a company limited by guarantee that is not profit-oriented. MyCEB was established on 13 August 2009 by the Ministry of Tourism and Culture which is now known as the Ministry of Tourism, Arts and Culture (MOTAC). MyCEB's main activities are to identify potential; provide support and incentives; promote and marketing; and industry development for Business Events and International Sports Events.
- The performance and management of MyCEB's main activities that were evaluated are the management of support and incentive activities, which are subvention funds and event support for the period of 2019 to June 2022.
- Two aspects that were evaluated for activity performance are output achievement and outcome achievement. Output achievement was evaluated based on Key Performance Indicators (KPI), government grant utilization performance and event organization bidding performance while achievement of outcome was based on the implementation and achievement of MyCEB's strategic plan and the effect of economic returns to the country.
- For the management of support and incentive activities, the four things that were assessed are the application and approval of funds; payment of funds to promoters; financial assistance of the Reality TV Programme - The Challenger 2022; and event management monitoring.
- Evaluation of nine aspects of corporate governance were done namely the Chairman, the Board of Directors (BOD), the Company Secretary, the Chief Executive Officer, the Standard Operating Procedures (SOP), the Strategic Plan and KPI, the Audit Committee (JKA), the Internal Audit, and the Nomination and Remuneration Committee for the period from 2019 to June 2022.
- Analysis of the financial position was carried out against the audited financial statements of 2019, 2020 and 2021.

Why is it important to audit?

- MyCEB plays an important role in promoting and positioning Malaysia internationally as a destination for Business Events and International Sports Events.
- As of June 2022, MyCEB received development grants amounting to RM408.14 million from the Government through MOTAC to

implement Business Events and International Sports Events and a total of RM292.18 million (71.6%) has been spent.

What we found?

- On overall, MyCEB has achieved its establishment objective in promoting and positioning Malaysia as a destination of choice for organising international events. However, aspects of performance and management of subvention funds and event support as well as corporate governance need to be improved.
- KPI achievement has reached the set targets for 2019, 2020 and 2021. However, the 2019 KPI results did not reflect MyCEB's actual KPI achievement because it took into account events that have not yet taken place. The performance of the expenditure of subvention funds and event support for the years 2020 and 2021 were between 6% to 79.8% due to planned events being postponed or cancelled due to the Covid-19 pandemic. MyCEB operating expenditure for year 2019 to 2021 have exceeded the amount of allocation requested and received; and losses before tax has caused the company financial position to become unstable.
- The implementation and achievement of MyCEB's strategic plan was also not discussed, monitored and evaluated by the Board of Directors. The achievement of economic returns to the country from the organisation of events showed a downward trend for the period from 2019 to 2021.
- The management of subvention activities and event support was inefficient because the preliminary screening records of fund applications by organisers are not maintained, Subvention Agreements were not signed according to the period set in the SOP; final payment claims amounting to RM1.43 million were made after the expiry of the agreement; and incomplete supporting documents for the payment to the organizers amounting to RM11.93 million for the Reality TV Programme - The Challenger 2022.
- MyCEB's corporate governance practices were at a satisfactory level. Among the aspects of corporate governance that were not fully practised are related to participation in learning programmes by BOD; the role of the Company Secretary; preparation and compliance to SOP; the frequency of the Audit Committee meetings; establishment of Internal Audit; and the establishment of the Nomination and Remuneration Committee.

What do we recommend?

- Stakeholders should consider the following recommendations:
 - set the company's KPI based on actual achievements in the current year. In addition, the information in the Customer Relationship Management (CRM) System also need to be updated to ensure that the KPI reports made are accurate;

- to improve the performance of the use of subvention funds and event support to achieve the company's objectives. In addition, the application for managing allocations must also be in line with MyCEB's annual expenditure projections;
- ensuring the implementation and achievement of the strategic plan presented and monitored by the BOD;
- ensuring records related to preliminary screening before organisers are allowed to apply for subvention and event support are maintained completely; the Subvention Agreement is signed according to the period set in the company's SOP; the clauses specified in the agreement are complied with. Fund payments must also be made with complete supporting documents in accordance with the terms of the SOP and agreement to guarantee the interests of MyCEB; and
- to improve corporate governance practices related to BOD learning programmes, the role of the Company Secretary, SOP, the Audit Committee; Internal Audit; and the Nomination and Remuneration Committee.