



BUSINESS TRANSFORMATION

ARISING FROM IMPLEMENTATION OF

FORENSIC AUDIT REPORT

TOWNHALL

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Vice-President

19.09.2026



BUSINESS TRANSFORMATION THE RATIONALE

A SITUATIONAL ANALYSIS AND ACTIONS TO FIX THE WEAKENESS.

- Constitutional Rules (CR) – Sets out the DOs and Don'ts
- The Club's Business Processes and Practices.
- Financial Losses over the years....
- Lack or Loss of Savings.. Depletion of RM 6 million?
- Cash Flow Impact – The Hon Treasurer reports...
- Continued Discovery of Procurement Abuses (Dishwasher Contracts, Gym Contract, Rental Income, Chinese Restaurant)
- **IN Summary: Implement Corrective, Disciplinary and structural reforms**
- Improper Practices by Management and GCs - **Continuing**



CURRENT GC INITIATIVES and Status of Actions

SCOPE OF Improvements	Why? : Risks to Club	Actions Implemented
1. Petty Cash Management	Cash Payments to Casual Workers and Entertainment performers. Cash Leakage, Potential abuses on pay-outs.	Petty Cash Policy Prepared and Implemented. No more auto top up.
2. Financial SOP	Financial cash flows, approvals & checklists, Audits Actions	WIP – Beverages Policy, Asset Management, Food Commission
3. Procurement Governance – SOP As Per ROS Note!	Procurement Irregularities and Misuse/Abuse of Funds (by both). Lack of Robust Process with clear segregation of duties and system access by Elected Office Bearers. Cost savings : Est. 60K	New Procurement Workflow implemented under the leadership of the Hon Treasurer. This Digitised solution simplifies approval process without sacrificing Governance and compliance. Full Audit Trail.
4. Delegated Approval Limits	Too Many GCs signing off payments (Financial Limits).	DAL consolidated and limited to 5 Financial Office Bearers
5. Conflict of Interest	High Risk -About 80% of Works/ Services supplied by Members. Poor Quality, Unable to reprimand/ terminate.	Financial Policy approved by GC where Members shall not participate in procurement subject to Exemptions.



Current initiatives and Status of Actions

Scope of Improvements	Risks to Club	Actions Implemented by GC
6. Sports Accounts (separate P&L)	Club and Bank Reconciliation With these development, Sports Accounts shall be ready the 10 th of the folwing month.	Fully automated under leadership of Treasurer with the assistance of It Manager. It will be produced with minimum manual Re-Work.
7. Contracts Management	From Pre-qualification, Vendor Due Diligence, Risk Screening, Master Supplier List, Performance Metrics.	Pre-Qualification Document for all Suppliers will be implemented asap. MSL is being updated.
8. Human Resources	A. Conversion & Promotion of Employees, Salary Review & Increments on ad-hoc basis . B. Ex-Gratia Payments, Performance Evaluation , Poor Records arising from Members involvement . C. HR has been doing Salary Administration & Not Strategic Role	HR Transformation actions: • New KPIs for all Mgrs. • Departmental Roles to be set out with targets. • Outsource Salary Admin? • Engage in Staff Development • HR Manual to be revised.



Current Initiatives and Status of Actions

Scope of Improvements	Risks to Club	Actions Implemented
9. GC and Portfolios	Assignment of Portfolios not based on competency and heavily skewed.	SOP to be in place with GC's TORs on power & authority .
10. Inventory Stock and Bar Losses	Bar Losses and Potential Stock Mismanagement.	Reduce Reversals, Forming, Spoils, Semi-sold Barrels, Slow moving Liquors. Since July 2026, Treasurer has implement tracking of Bar Stocks, its Losses at the Outlets . Other Stocks are in progress.
11. Delegated Approval Limits	Too Many GCs signing off payments (Financial Limits).	DAL consolidated and limited to 5 Office Bearers. President, VP. Treasurer, Secretary and SC.



BT Recommendations and Current status of Actions

Recommendations	Risks to Club	Actions Implemented
12. Open Tenders	➤ Major Breach of the CR ➤ High Risk & High Value Procurements not Open for Tenders! (Manpower Supplies) ➤ Lack of proper Contractual Terms ➤ Personal/One to one Negotiated terms! ➤ Millions	Tenders: a. Air-cons b. Pest Control c. Next is for Roof, GYM, Swimming Pool d. 2027 Manpower and Security Services
13. Structural Issues	Structural weaknesses and built-in inertia	New Business Structure approved by GC.
14. Governance and Committee oversight.	Serious concerns in Governance: 1. Appointment of Vendors/ Suppliers. Some GCs want free hand! GCs shall not meet Suppliers privately! 2. Failure to disclose information with GCs on communication with Third-parties. 3. Compliance to CRs. An apathy and poor attitude.	• To-date Approvals were never delayed or rejected. • But some Club sections have failed to submit for approval with relevant documents.



STRATEGIC INITIATIVE BUSINESS PROCESS MANAGEMENT (BPM)

- ❖ Several Pain Points in HR and Organisation established.
- 1. Organisation Structure: Span of Control too wide, So Amalgamate No of Managers reporting to GM. Action: Merge functions, not silos.
- 2. People Management: Generally Employees seem to be clock watchers with little motivation. High Nos. of MCs. Action: Re-training and Career Opportunities. Restructure current Scholarship to include Education for Employees
- 3. Compensation and Benefits: Unlimited ceiling! Action: Restructure without breaching the Employment Legislations. These may include Job Grading, Pay Grades and Qualifications.
- 4. Core Competencies and Skills: Out of 82 Staff, 90pct have not furthered education, skills and competencies since leaving SPM and acquiring short-term certs!!! Action: Educational Opportunities to be rolled out.
- 5. Automation of Business Process. Action: Simplifying decision-making without Sacrificing controls and reduce discretionary approvals.

RESOLUTION APPROVED AT THE AGM 01.03.2026 TO IMPLEMENT ACTIONs INCLUDING DISCIPLINARY ACTION

- On July 1, 2025, Resolution 9 was submitted to the EGM dated 24 August 2025 proposing a Forensic Audit. The Resolution was approved by the Members with 2/3rds majority.
- Baker Tilly submitted a 173 page FAR on Jan 30,2026 detailing corrective, disciplinary and structural reforms.
- **There are 32 Total Findings out of which 31 are High Risks.**
- **This Forensic report is by an independent reputable audit & accounting firm of international standard which forms the fundamental basis for further and specific actions on Management and GCs. The report includes GCs/ management response to the issues raised therein.**



IR PROCESS IN THE DISCIPLINARY ACTION ON EX-GM

1. Firstly, I must appreciate the President for his unwavering support to Take Disciplinary actions on whoever breached the Constitution Rules.
2. The President in allocating the HRC Portfolio to me said that the Implementation of FAR is critical and reforms must follow.
3. The GC also approved the appointment of two (2) very senior practising IR lawyers from 2 large corporations with more than 10,000 employees. They are SMEs with extensive expertise in IR matters for more than 20 years each. They agreed to guide the HRC on the IR process and review all matters.
4. The **HRC reviewed the FAR and established various abuses and misconduct** against several Employees.
5. Based on GC Resolutions passed at the first GC meeting in March, a Notice of Suspension and Show Cause with 11 Allegations was issued to the Ex-GM.
6. On 12 March, **The President in the presence of VP and several GCs served the Notice of Suspension and Show Cause** to Ex-GM.
7. The Ex-GM was informed & was given all the opportunity under the IR processes to seek extension of time, inspection of Club documents at the club and submission of a complete Defence. He has had in his possession Club Laptop throughout this process to prepare his **case!**

IR Process – FINDINGS ON EX-GM

8. Of the 11 Allegations, two (2) of Ex-GM Responses were accepted by the IR Lawyers.
9. On the other (9) Allegations, the Ex-GM was found guilty of breaches of the Club's Constitutional Rules, governance failures, potential misuse of Club funds, and/or gross dereliction of duties - all of which he is directly implicated in his capacity as the Ex-General Manager.
10. On All Financial Irregularities and Abuse of Club Funds, the Ex-GM was found Guilty of the Allegations.
11. The use of Club's Food Allowance of RM700 p.m.to consume alcohol is a very serious misconduct. On his last day of work, the Ex-GM was owing the club RM 3,753.52 in unpaid bills for liquor consumption.
12. So was the use of Club monies to stitch 4 himself 2 coats & an Italian Fabric Shirt.
13. Based on the Findings, a Letter of Termination of Employment for Gross Misconduct was submitted by the Lawyers to HRC & GC. This was presented to the GC and it was unanimously agreed. The President signed by the Letter which was issued to EX-GM 02.04.2026.
14. The Termination was conducted with due process and just cause n excuse. The Disciplinary Decision were made based on Employee responses and Club documentations. The Disciplinary process is considered as Due Inquiry.



MORE ABUSES AND MISCONDUCT DISCOVERED AFTER TERMINATION

- There are Four (4) more MISCONDUCT CASES

1. Dishwashing Contracts:

- The award of several Dishwasher Contracts, split into several smaller POs value to by pass approval and tender process has been discovered. The Club supplied Dishwashers to several Food operators. The Food Operators were not charged the rentals for these supplies. About 8 machines estimated at the annual value of 54,000 p.a. were supplied and the Food Operators were not back charged.
- This was discovered by the Treasurer and these contracts were terminated and/or re-assigned.

2. Award of Chinese Restaurant Contract

The Ex-GM signed an LOA and awarded the Operation of the Chinese Restaurant to an Operator at 5% commission based on unusual billings and in poorly drafted Contract.

The 2025 GC gave approval only for the award dated 7th May 2025 to the Chinese Operator. The Commission of 5% on gross sales of RM100,00 and duration of 5 years after probation were not disclosed to the GC and was never approved.

The 5% commission continued till July 2026 and was discovered in May 2026 by the Treasurer who stood firm and directed the GC to normalise the Contract. Normalisation took effect from Aug 1st 2026 with better Commission structure.



MORE ABUSES AND MISCONDUCT WAS DISCUSSED AFTER TERMINATION

3. Loss of Club Rentals:

The Ex-GM has **waived rentals for Club facilities/equipment** to certain Past Presidents, GCs, Members and Third-parties which is beyond his approval Financial limits.

These were executed without proper authorisation and financial approvals. A sum of RM 20,000 is estimated as loss of revenue to the Club.

4. Award and Renewal of GYM Contract – During Forensic Audit period

The Ex-GM issued a **new Contract for GYM Services on 31.12,2025, on eve of New Year.**

The Contract was stamped on 08.03.2026, 7 days after the 2026 AGM and Election of New Office Bearers.

The value is more than RM50,000.

The History of the GYM Contracts are as follows.



THE HISTORY OF GYM CONTRACT

Contract Period	Scope of Services	Number of Buildings	Monthly Payment	Total Payment
01.11.2020-31.10.2022 24 Months	Training for Cardio, Resistance, Group Exercises, Fitness program. Many more free services to Cub Members! No Contract from Nov 2022 to Aug 2023?	2 Buildings Dataran, RM 2,000 Kiara RM 4,750	6,750	162,000
01.09.2023-31.08.2025 24 Months	Administer Fitness evaluation for all Members including: • BP and Pulse • Body Fat, Body Girth • Fitness test. No Contract from Sept 2025 to Dec 2025?	Kiara only	7,100	170,000
01.01.2026-31.12.2026 12 Months	Administer Fitness evaluation for all Members including BP, Body Fat, pulse, Body girth, Fitness test • Agreement Made of 31Dec2025, eve of New Year. • Stamped on 08.03.2026. Post-Forensic Report. • No Date on Signature page. • No GC submission and approval. • CR : Any contract more than RM50,000 must be open tendered and awarded through Tender Board. 12 Months	Kiara only	7,100	85,000



MEMBERS FEEDBACK AND Speculation

- Recent Unfounded Rumours
- The Disciplinary actions on 3 senior Staff was unanimously approved by the GC. These are documented in the GC MOM. The Club has all the documents relevant to the Cases.
- The Letter of Termination for the Ex-GM **was signed by the President** who was fully appraised in the Disciplinary process end to end.
- The President and several GCs requested the HRC to circulate some of the Disciplinary documents to GCs **via email**.
- We took cognisance of the **malpractices** in our Club's history of non-compliances in leaking documents submitted to GC (in some cases, documents were shared to members whilst the GC meeting was still on-going).
- In the best interest to protect **the ex-GM reputation and to ensure integrity and confidentiality**, these Disciplinary documents were circulated **via hardcopies to all GCs** to review and confirm during the meetings. The GC MOMs on the Disciplinary actions will show the high level of transparency and integrity in the process.



DB ACTIONS AGAINST MEMBERS/GCs

The Club through the Secretary has filed three (3) DB actions against two (2) former GC Members and an Ordinary members.

These actions are currently under review by the DB.

As stated in the 173 page report, there are many other instances of potential abuses and breaches of constitution cited in the Forensic Audit Report which the Club are still under consideration.

Note of Concern:

Some members are irresponsibly circulating parts of GC MOMs without full CONTEXT of the GC meeting, which is misleading.

In All actions, the GC acted in the Best of the the Club and the Members.



BUSINESS POLICIES FOR APPROVALS - AT EGM NOVEMBER 2026

1. RESOLUTIONS ON:

a. Compensation and Benefits Policy

The Policy will cover:

- a. Job Grades and Salary Grades with Maximum Compensation with Flexible Pay Scales
- b. Revise minimum and Maximum Salaries with caps.
- c. Salary Increments to be regularised and where Salary Increments exceed Maximum salary. these will be paid in cash.
- d. Unionised Staff: Restructure Increments and bonus pay-outs for Unionised staff.

b. Scholarship Fund

An Amendment to Scholarship Fund will be proposed to convert it into “Scholarship and Staff Development Fund”

The Objective is to allow use of fund to encourage Staff to pursue further education and training on certain specific Skills to enhance the current standard of core competencies..

- c. GCs shall comply with existing Management Positions and R&R.
- d. Propose to Outsource certain economically viable Services.