

Auditor-General's Report/Information Ministry: Fault in RTM's TV advert agreement

[Reports by V. Vasudevan and Sarban Singh](#)

THE Information Ministry has been taken to task for entering into an airtime marketing agreement under which a company is paid its commission even before payment is received for advertisements aired over RTM's television channels.

The Auditor-General, Tan Sri Ambrin Buang, in his 2005 report said the company, Marketing Solutions Sdn Bhd, received RM2.83 million on RM56.68 million in airtime sale before the money was collected. Under the agreement, Marketing Solutions is to be paid its commission two weeks after the ministry invoiced advertisers. Advertisers on the other hand were given a month to pay, some took longer or ran up arrears. The company receives a cut of five per cent on its sales under the two-year agreement entered into in January, 2005.

The agreement also required the ministry to pay the company a commission even if the advertiser had booked the airtime directly with RTM. Although the Information Ministry had entered into agreement with Marketing Solutions to sell television airtime, this job was also being done by the RTM marketing division. The Auditor-General said airtime worth RM84.81 million was sold last year, RM29.32 million of this by the RTM marketing division.

Ambrin said Marketing Solutions received a commission on the RM29.32 million sale made by the RTM marketing division. The report said the unit which employed 50 people, including 32 contract workers, was set up without the approval of the Public Services Department.

The Auditor-General said Marketing Solutions was appointed even though it had not furnished the ministry with all the supporting documents. The report said although the Information Ministry had gazetted new advertising rates for television airtime in 1988, Marketing Solutions was selling at the old rate. This, he said, was illegal. "If the new rate is unrealistic, the ministry must take action by gazetting that it was postponing the implementation of the new rate," Ambrin said. The report said the bookings for advertisement airtime exceeded the bank guarantees provided by ad agencies.

Bank Negara: Failure to act against money changers

BANK Negara should act against money changers who fail to submit information on its shareholders and directors, employees and monthly business report. Of the 682 licensees in 2004, only 60 submitted information on their shareholders/directors and in the following year only 161 of the 718 complied.

Bank Negara had also failed to act against money changers who were late in renewing their licences. The Money Changers Act 1998 (Act 577) will be amended to enable Bank Negara officials to conduct checks at any of the 798 outlets without having to obtain a warrant. The Auditor-General said this was one of the matters being considered by Bank Negara to ensure money changers were genuine businessmen and had no prior criminal records. It is understood the amendments would help eradicate money laundering.

Although the law does not allow for checks without warrants, Bank Negara should still make regular visits to ensure money changers comply with the law.

Malaysian Highway Authority: Call for action against shoddy work

Maintenance works on four highways were not properly carried out between 2003 and November last year. STERN action should be taken against highway concessionaires who failed to carry out scheduled maintenance works, the Auditor-General said. An audit on the North-South Expressway, Sprint, Penang Bridge and East Coast Highway showed that 989 maintenance works between 2003 and November 2005 were not carried out.



Maintenance works on four highways were not properly carried out between 2003 and November last year.

Of these, 963 were on the southern sector of the NSE. It involved landscaping, slope-cutting and maintenance of embankments, pavements, drains, road shoulders and rest-and-service and lay-by areas. The Auditor-General, in his annual report on statutory bodies, said the Malaysian Highway Authority should set a time frame for these works to be carried out. This was important for the convenience of the highway users.

He said a six-month audit of the four highways also showed that PLUS, the operator of the NSE had failed to achieve the 70 per cent maintenance work rate as required under the concession agreement. The MHA, he said, should be asked to give written explanations and such matters should be raised during the annual meetings between both parties. The MHA should also give the concessionaire a time frame for the work to be

carried out.

The report said the Works Ministry should also get involved in the monitoring work carried out by the MHA for better management and maintenance of highways. The emergency phone lines along the highways and tunnels should also be properly maintained to ensure they were always in working order.

All highway concession agreements should be reviewed to ensure the Government's interest was protected. This is also necessary to ensure public infrastructure such as noise barriers, pedestrian bridges and the use of latest technology on highway maintenance was incorporated. The Malaysian Highway Authority Act 1980 should also be reviewed to ensure it was consistent with the privatisation of the country's highways. This is because the MHA, which was set up to build and maintain highways, was no longer the agency responsible for this.

Since 1983, its role had been taken over by concessionaires and it was now only a supervisory body. The scheduled maintenance and upgrading works to be carried out by the concessionaires should also be clearly spelt out. As of November 2005, 18 concessionaires were managing the country's 20 highways covering a distance of 1,490.7km. On the Social Security Organisation which paid out RM830.18 million in compensation and benefits in 2004, the report said a system was needed to enable injured workers or their next of kin to know the status of their applications.

An audit on 306 applications showed that payment for 71 applications was made within 30 days; 47 applications — between 31 and 60 days; and 188 — more than 60 days. The longest payment was made after 787 days or after almost two years and two months. He said Socso should have a better document management system so that cases could be disposed of quicker.

Applications which were pending should also be constantly reviewed as failure to do so would result in a higher backlog.

Health Ministry: Open tender process sidelined

THE appointment of contractors for the construction of 33 hospitals did not go through the open tender process but were instead done through direct negotiations. The reason cited by the Health Ministry was because these hospitals were urgently needed. The Economic Planning Unit selected the contractors for the project before the contract price was negotiated between the contractor, Works Department and Health Ministry.

Four of the contractors were not registered with Pusat Khidmat Kontraktor, and three (of the four) were not even registered with the Construction Industry Development Board.