

EXECUTIVE SUMMARY

Substantial increase in tax collection	<p>In 2010-11, the collection of taxes from motor vehicles increased by 41 percent over the previous year which was due to increase in registration of vehicles, increase in the enforcement activities and arrear collection.</p>
Internal audit not conducted	<p>Audit of Motor Vehicle Department has never been conducted by the Examiner of Local Accounts. This resultantly had its impact in terms of the weak internal controls in the Department leading to substantial leakage of revenue. It also led to the lapses on the part of the Department remaining undetected till we conducted our audit.</p>
Very low recovery by the Department of observations pointed out by us in 2010-11	<p>During the period 2005-06 to 2009-10, we have pointed out non/short realisation of tax, fees, fines with revenue impact of ₹ 1806.10 crore in 22 cases. Of these, the Department/Government accepted audit observations in seven cases involving ₹ 1236.43 crore but recovered only ₹ 0.04 crore in one case. The recovery position as compared to acceptance of objection was negligible.</p>
Result of audit conducted by us in 2010	<p>In 2010-11, we test checked the record of five units relating to taxes on motor vehicles and found non/short realisation/levy of tax, fee, fines etc involving ₹ 1.20 crore in 19 cases.</p> <p>The Department accepted non/short realisation/levy of tax and other deficiencies of ₹ 0.59 crore in seven cases. An amount of ₹ 0.13 lakh was recovered in one case.</p>
What we have highlighted in this chapter	<p>In this Chapter, we present illustrative cases of ₹ 0.25 crore selected from observations noticed during our test check of records relating to assessment and collection of motor</p>

vehicle tax in the office of the Commissioner of Transport, State Transport Authority and District Transport Offices were we found that the provisions of the Act/Rules were not observed. We also present a Performance Audit on “*Computerisation of Motor Vehicle Department*” wherein we have highlighted systemic deficiencies and compliance deficiencies and implementation of VAHAN and SARATHI Application Systems.

It is a matter of concern that similar omissions have been pointed out by us repeatedly in the Audit Reports for the past several years, but the Department has not taken corrective action despite switching over to an IT-enabled system in all the District Transport offices. We are also concerned that though these omissions were apparent from the records which were made available to us, the District Transport Officers were unable to detect these mistakes.

Our conclusion

The Department needs to improve the internal control system including strengthening of internal audit so that weakness of the system are addressed and omissions of the nature detected by us are avoided in future.

It also needs to initiate immediate action to recover the non-realisation of tax, fees penalties etc pointed out by us, more so in those cases where it has accepted our contention.

CHAPTER-IV: MOTOR VEHICLE RECEIPTS

4.1 Tax administration

The Secretary, Transport Department is the head of the Department at the Government level. At the Department level, the Commissioner of Transport (CT) is the administrative in-charge and is responsible for overseeing the functioning of various wings of the Department. The Deputy Commissioner of Transport, who is also the ex-officio secretary, State Transport Authority (STA), assists him. At the district level, the District Transport Officer (DTO), who is also the secretary, Regional Transport Authority (RTA) is responsible for collection of receipts under the provisions of the various acts and rules. The administration of the Department and collection of receipts are regulated by the Motor Vehicles (MV) Act, 1988 and the Assam Motor Vehicles Taxation (AMVT) Act, 1936 (as adopted by the Government of Meghalaya) and various rules made thereunder. In addition, the Department has an Enforcement Branch (EB) headed by a DTO, for enforcement of the rules in force.

4.2 Trend of receipts

Actual receipts of the Transport Department during the years 2006-07 to 2010-11 alongwith the total tax receipts during the same period is exhibited in the following table and graph.

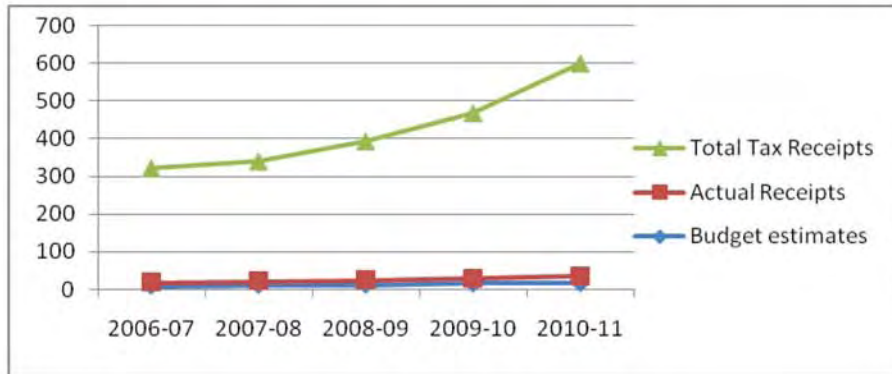
(₹ in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-a-vis total tax receipts
2006-07	8.50	9.34	(+) 0.84	10	304.74	3
2007-08	10.56	11.35	(+) 0.79	7	319.10	4
2008-09	11.62	13.21	(+) 1.59	14	369.44	4
2009-10	14.48	13.61	(-) 0.87	6	444.29	3
2010-11	15.64	19.19	(+) 3.55	23	566.07	3

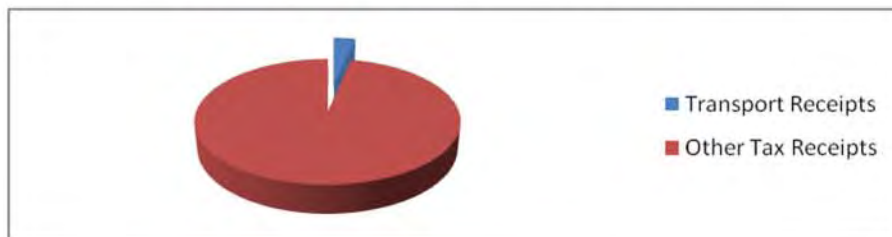
Thus, the percentage variation which was 10 per cent in 2006-07 came down to the level of seven per cent in 2007-08. After rising to the level of 14 per cent in 2008-09, it abruptly went down to (-) six per cent in 2009-10 and again jumped to 23 per cent in 2010-11.

Motor vehicles receipts formed about 3-4 per cent of the total tax receipts of the State during the period 2006-07 to 2010-11.

A line graph of budget estimates, vis-à-vis the actual receipts and total tax receipts of the State may be seen below:



Also a pie chart showing the position of actual transport receipts vis-à-vis the total tax receipts during the year 2010-11 may be seen below:



4.3 Cost of collection

The cost of collection (expenditure incurred on collection) of the Transport Department during the year and the preceding two years is shown below:

Year	Actual revenue (₹ in crore)	Cost of collection (₹ in crore)	Percentage of expenditure on collection	All India average percentage of preceding year
2008-09	13.21	3.14	23.77	2.58
2009-10	13.61	2.80	20.57	2.93
2010-11	19.19	3.55 ¹	18.50	3.07

Thus, the cost of collection during all the three years remained well above the all India average percentage. The Government needs to take appropriate measures to bring down the cost of collection.

4.4 Impact of audit reports

During the last five years (including the current year's report), we have pointed out non/short levy, non/short realisation of taxes, fees and fines, loss of revenue etc, with revenue implication of ₹ 1,642.43 crore in 25 paragraphs. Of these, the Department/Government had accepted audit observations in 7

¹ Department figures

paragraphs involving ₹ 1,236.43 crore and had since recovered ₹ 4 lakh. The details are shown in the following table:

(₹ in crore)

Year of Audit Report	Paragraphs included		Paragraphs accepted		Amount recovered	
	No.	Amount	No.	Amount	No.	Amount
2006-07	1	714.15	1	708.38	1	0.04
2007-08	3	255.67	2	255.51	-	--
2008-09	7	272.69	3	272.33	-	--
2009-10	8	397.97	1	0.21	-	--
2010-11	6	1.95	1	-	-	-
Total	25	1642.43	8	1,236.43	1	0.04

Thus, against the accepted cases involving ₹ 1,236.43 crore, the Department/ Government has recovered an amount of ₹ 4 lakh which is 0.0032 per cent.

We recommend that the department needs to revamp its revenue recovery mechanism to ensure that they could recover at least the amount involved in the accepted cases.

4.5 Results of audit

Test check of the combined registers and other records of 5 units relating to the Transport Department during the year 2010-11 revealed non-realisation of taxes, fees and fines etc., amounting to ₹ 1.20 crore in 22 cases, which can be categorised as under:

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
1.	“Computerisation of Motor Vehicles” (A Performance Audit)	1	-
2.	Non-imposition of penalty	6	0.22
3.	Non-realisation of fees/duties etc.	3	0.07
4.	Other irregularities	13	0.91
Total		23	1.20

During the year 2010-11, reply in respect of only one DTO² has been received. The observations featured in the Performance Audit have however been accepted by the Department.

A few illustrative audit observations involving ₹ 0.25 crore and a Performance Audit on “Computerisation in the Motor Vehicles Department” are mentioned in the succeeding paragraphs.

² DTO, Jowai

4.6 Non-compliance of the provisions of the Acts/Rules

The provision of the MV Act, 1988, AMVT Act, 1936 and Rules made thereunder require levy and payment of:

- Penalty for non-renewal of permits.
- Payment of composite fee to the STA.
- Prompt deposit of Government revenue into treasury.
- Non-revision of lumpsum payable by the lessees of weighbridges.

Non-compliance of the provision of the Act/Rules in some cases mentioned in paragraph 4.8 to 4.12 resulted in non/short realisation of ₹ 0.25 crore.

4.7 PERFORMANCE AUDIT ON COMPUTERISATION IN THE MOTOR VEHICLES DEPARTMENT

Highlights

The Performance Audit on ‘**Computerisation in the Motor Vehicle Department**’ revealed the following:

➤ We noticed that the Transport Department (TD) had not entered into any annual maintenance contract (AMC) for maintenance and repairing of hardware. Further, 67 per cent of the servers, 17 per cent of the slim PCs, 55 per cent of the printers, and 75 per cent of UPS with the Department were not functioning as on 30 August 2011.

(Paragraph 4.7.8.1)

➤ We noticed that out of the seven DTOs, four DTOs had not completed computerisation of backlog records of 12,150 registered vehicles. The backlog of records of 2.07 lakh driving licenses was not cleared in all the seven DTOs. Thus the State and National Registers were incomplete to that extent.

(Paragraph 4.7.8.2, 4.7.10.4)

➤ We noticed that there was no fire detection equipment or fire extinguishers to fight any contingencies, in any of the three DTOs visited and the Office of the STA housing the computer for the National Permit System.

(Paragraph 4.7.8.3)

➤ We noticed that in three DTOs the server were switched on and off on a daily basis, while in one DTO, the server was switched off at varying intervals and on holidays and weekends. The department has not laid down any guidelines laying down the necessity of switching on/off the servers. We also noticed that log files were deleted without conducting any analysis leading to loss of audit trail.

(Paragraph 4.7.8.9)

➤ We noticed that surcharge was not realised from 399 vehicles out of 19,719 private vehicles registered in East Khasi Hill Division. The rates of surcharge could be altered manually as such manual intervention cannot be ruled out due to this.

(Paragraph 4.7.9.1)

➤ The data available in the system indicated that three vehicles shared same registration number, 1,308 vehicles shared 654 registration numbers, 1,277 vehicles shared the same set of engine numbers and 44 vehicles shared 22 chassis numbers. Out of these, 112 vehicles were registered after implementation of Vahan.

(Paragraph 4.7.9.3 and 4.7.9.8)

➤ 190 non-transport (NT) DLs were issued to 55 applicants authorising the licence holder to drive the same class of vehicle. We further noticed that 1,493 DL³ and 27 LL⁴ were issued by recording the name of the licence holder in abbreviation.

(Paragraph 4.7.10.2)

➤ We found abnormal delays ranging from 31 to 183 in issuing 453 learner licences (LL). Similarly, the delay in issuing 1,300 driving licences (DL) ranged from 31 days to 461 days. There was no time limit set for issue of LLs and DLs.

(Paragraph 4.7.10.5)

³ East Khasi Hills : 1453 DL, Jowai : 1 DL and Ri-Bhoi: 39 DL:

⁴ East Khasi Hills: 25 LL and Ri-Bhoi: 2LL

4.7.1 Introduction

To achieve faster and better services, transparency and better monitoring of revenues generated from implementation of the Motor Vehicle Act and Rules, the Government of India provided standardised softwares ‘Vahan’ and ‘Sarathi’, developed by National Informatics Centre (NIC) to the Transport Department (TD), Government of Meghalaya (GOM). The TD was also provided with technical assistance from the NIC, free of charge, for customisation and backend integration.

Consequent upon a new National Permit (NP) composite fee regime becoming effective from 07 May 2010 for national goods carrier vehicles, an electronic system of grant of NP was developed by Ministry of Road Transport and Highways (MoRTH) in consultation with NIC, New Delhi. Access to this software was made available to the State through a National Portal.

4.7.2 Organisational setup

The Principal Secretary to the Government of Meghalaya, Transport Department is the administrative head of the TD. He is assisted by the Commissioner of Transport (CT) who heads the Commissionerate of Transport. The CT is also the ex-officio Secretary of the State Transport Authority (STA) and is assisted by an Assistant Commissioner of Transport. An Enforcement Wing is also attached to the Directorate and is headed by a District Transport Officer (DTO). At the district level, the office is headed by a DTO who is also the ex-officio Secretary, Regional Transport Authority (RTA). There are seven DTOs⁵ in the State. The function of the CT is to oversee the functioning of the various wings of the TD and implementation of the Acts and Rules governing the assessment, levy and collection of motor vehicle taxes, fees and fines while the DTO Enforcement Wing is responsible for enforcing the provision of the Acts and Rules. The primary function of the STA is to grant inter-state permits and that of RTA is to grant regional road permits to transport vehicles.

4.7.3 Objectives of the computerisation

At the all India level, the main objectives were:

- to develop a national database by developing and providing a uniform software which could be used by all the States for computerisation of Transport Offices responsible for issuing vehicle registration certificates and driving licences;
- to have common specification for the software, to ensure that documents issued by any State are readable and interoperable throughout the country; and,
- to have interconnectivity amongst DTOs in the State and a National Register of Motor Vehicles.

⁵ DTOs East Khasi Hills, West Khasi Hills, Jaintia Hills, Ri Bhoi, West Garo Hills, East Garo Hills and South Garo Hills.

At the State level, the objectives were:

- to bring about transparency in the system;
- to ease and speed up all work related to vehicle registrations and driving licences;
- to connect the entire State using the networking facility;
- to assist in monitoring work related to vehicle registrations and driving licences; and
- to create State Register of vehicles registered and driving licenses issued.

4.7.4 Audit objectives

The audit objectives were to ascertain whether:

- the objectives of computerisation through the NIC developed Information Technology (IT) applications of 'Vahan', 'Sarathi' and 'National Permit System' (NPS) were achieved;
- the phase wise implementation of the two application ('Vahan' and 'Sarathi') were achieved as per time frames fixed;
- computerised systems implemented were complete (module-wise) and data captured by the DTO were correct and complete;
- connectivity was established between the DTOs in the State for creation of State Registers of vehicles and licences and National Registers and Central Servers were put in place towards achievement of above stated objectives;
- reliable controls were in place to ensure data security and audit trail besides back up of data for loss of data/crash of systems; and,
- internal control mechanism was in place at the State level to monitor the implementation of two IT applications.

4.7.5 Audit criteria

The Performance Audit was carried out based on the following criteria:

- Motor Vehicles Act, 1988 (MV Act);
- Central Motor Vehicles Rules, 1989;
- Assam Motor Vehicles Taxation Act, 1936 (as adopted and amended by Meghalaya)
- Assam Motor Vehicles Taxation Rules, 1936 (as adopted and amended by Meghalaya)
- Meghalaya Motor Vehicle Taxation (Amendment) Act 1973,
- Notification issued by the Government of India;
- Notification issued by the State Government
- Circulars issued from time to time
- Motor Vehicle (New High Security Registration Plates) Order, 2001
- Vahan and Sarathi software as developed by NIC.

4.7.6 Scope and methodology of Audit

During 2006-07, we had covered the topic of the implementation of ‘Vahan’ in DTO, East Khasi Hills and it was featured in Para 6.4 of the Report of the Comptroller and Auditor General of India for the year ending 31 March 2007. The scope of the present IT Audit covers audit of implementation and examination of controls in the ‘Vahan’, ‘Sarathi’ and ‘NPS’ application softwares. Between June 2011 to August 2011, we checked the records of the CT/STA, imported and analysed data upto 31 March 2011 of all the seven DTOs⁶ of the State using Idea⁷ and MS Excel softwares and also visited three DTOs⁸ to verify the original records and ascertain the correctness of the data. vis-à-vis the data captured in the system.

4.7.7 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation of the Transport Department in providing the necessary information and records for the Performance Audit on ‘Computerisation of the Transport Department’. The entry conference for the Performance Audit was held on 30 May 2011 in which the objectives, scope and methodology of audit were explained. The conference was attended by the CT, ACT, representatives from Finance Department and NIC, Shillong. The draft Performance Audit report was sent to the Government/department on 17 October 2011 for their response. An Exit Conference was held on 20 October 2011 which was attended by the CT, Meghalaya and Scientific Officer from NIC, Shillong in which the results of audit were discussed, wherein the Department accepted all the points raised by audit.

4.7.8 Description of the softwares developed by NIC

Vahan: An application developed by NIC Headquarters ,Delhi for registration of vehicles, collection of taxes, issuing various certificates and permits and recording fitness of vehicles. The software was provided free of charge to the State on 01 April 2002 and customised to suit the local requirement. The ‘Vahan’ software uses Java as the front-end application programme and Oracle 10G for the backend database. The software captures information about the registered vehicles and its owner such as owner’s name, permanent and temporary address, vehicle description such as date of registration, chassis and engine number, type and class of vehicle, etc.

Sarathi: An application developed by NIC Hyderabad, for issue of Learner Licence, Permanent driving licence, conductor’s licence and Driving School licence and to collect in each case the amount of fees as applicable. The software was provided free of charge to the State on 01 September 2005 and

⁶ East Khasi Hills, West Khasi Hills, Jaintia Hills, Ri Bhoi, West Garo Hills, East Garo Hills and South Garo Hills

⁷ Interactive Data Extraction and Analysis

⁸ DTOs East Khasi Hills, Jaintia Hills and West Garo Hills

customised to suit the local requirement. The ‘Sarathi’ software uses Java as the front-end application programme and Oracle 10G for the backend database. The software captures information about the details of licence holders like name, permanent and temporary address, licence number, class of vehicles authorised to drive, validity period of the licence, etc.

National Permit System: In order to implement a new NP composite fee regime, a National Web Portal (NWP) for issue of NP was developed by NIC New Delhi. The server for the portal is placed at New Delhi. The portal enables the applicant to make online transactions from SBI internet banking. The concerned authority after entering details of the vehicles then issues the online permit to the applicant after verification. The user ID and password for the NWP was forwarded to the TD by NIC, New Delhi on 25 June 2010. In Meghalaya the portal was operationalised on 09 February 2011.

4.7.9 Audit findings

Planning and implementation

4.7.9.1 Inadequate planning in management of IT assets

To implement ‘Vahan’, ‘Sarathi’ and the ‘NPS’, GOI, MoRTH, between August 2001 and August 2011 supplied free of cost the following hardware to the TD through NIC, Shillong as shown below:

Description of the hardware/UPS	CT	Secretary, STA	Jaintia Hills	East Khasi Hills	West Khasi Hills	East Garo Hills	West Garo Hills	South Garo Hills	Ri Bhoi	Total
No of server system	1	-	2	2	2	2	2	2	2	15
Functioning	1	-	2	1	1	1	1	1	2	10
Not functioning	0	-	0	1	1	1	1	1	0	5
%age not functioning	-		-	50	50	50	50	50	100	67
No of slim PC	10	3	6	15	5	5	5	5	5	59
Functioning	10	3	4	10	4	4	5	4	5	49
Not functioning	0	0	2	5	1	1	0	1	0	10
%age not functioning	-	-	33	33	20	20	-	20	-	17
No of DMP Ink jet/laser/MFP/Colour laser printer	4	-	4	6	3	3	3	3	3	29
Functioning	4	-	2	2	1	1	0	1	2	13
Not functioning	0	-	2	4	2	2	3	2	1	16
%age not functioning	-	-	50	66	66	66	100	66	33	55

UPS (10 KVA/5 KVA/3 KVA/2 KVA/1 KVA)	1	-	1	1	1	1	1	1	1	8
Functioning	1	-	0	0	0	0	1	0	0	2
Not functioning	0	-	1	1	1	1	0	1	1	6
%age not functioning	-	-	100	100	100	100	-	100	100	75

(Source: Commissioner of Transport/NIC Shillong)

We noticed that the TD had not entered into any annual maintenance contract (AMC) to repair the hardware in case of its non-functioning. We also noticed that 67 per cent of the servers, 17 per cent of the slim PCs, 55 per cent of the printers, and 75 per cent of UPS were not functioning as on 30 August 2011. No action was also taken by the TD to repair or dispose off the defective computers and peripherals.

We recommend that TD take immediate action to repair the defective hardware. Action should also be taken to dispose off non-repairable/ obsolete hardware.

On this being pointed out, the Department accepted the audit observation and stated (October 2011) that necessary action would be taken to enter into an AMC and to dispose off unserviceable/obsolete hardware.

4.7.8.2 Incomplete State Register of Motor Vehicles

Sections 63(1) of the Motor Vehicles Act, 1988 (MV Act) stipulates that each State Government, shall maintain a register to be known as State Register (SR) of Motor Vehicles in respect of Motor Vehicles of the State.

On 07 July 2008, GOI, MoRTH directed the State Government to maintain the SR of Motor Vehicles in the electronic form utilising the 'Vahan' software. During the period from July 2008 to June 2011, the TD established connectivity between the database of all seven DTOs and the State server placed at NIC, Shillong. Data from the database of the DTOs is extracted and stored in the State server thereby establishing the State Consolidated Register (SCR). Information such as name and address of the vehicle owner, fitness and tax paid details, vehicle descriptions, etc. is extracted from the SCR and stored in the SR. Data from the SR is then replicated into the Central server at NIC New Delhi, storing the data for National Registers of Motor Vehicles.

We noticed that 12,150 backlog records of registered vehicles, involving all seven DTOs had not yet been computerised. Thus the State is yet to achieve a completed status of SR of Motor Vehicles.

On this being pointed out, the Department accepted the audit observation and stated (October 2011) that the department is outsourcing the data entry to a private agency with a time frame to complete the work in three months.

4.7.8.3 Implementation of computerisation without secured environmental control in place

We noticed from the record of the Commissionerate that three DTOs offices⁹ brought to the notice of the CT between 26 June 2007 and 02 November 2011 that rain water seeps into the computer rooms housing the server and other computer peripherals. This places the system and the users to risk of electrical short circuits, damage of data and hardware. Even though the seepages were reported to the CT by DTO, West Garo Hills over 1 year 10 months back and by the DTO, Jaintia Hills and DTO, Ri Bhoi over 1 year 1 month and 9 months back respectively, necessary repairs had not yet been carried out (August 2011). The DTO wise position along with present status is tabulated below:

SI	DTO	Date of reporting to CT	Estimated amount for repairs	Present status
1	Jaintia Hills	26/07/10	2,72,500	Proposal for repair sent to the Government on 09/06/11. Sanction awaited.
2	West Garo Hills	08/10/09	8,60,000	Proposal for repair sent to the Government on 04/07/11. Sanction awaited.
3	Ri Bhoi	02/11/10	16,14,150	Estimate of ₹ 16,14,150 received from Meghalaya Government Construction Corporation Ltd. on 11/03/11. Proposal yet to be sent to Government for approval.

We also noticed that there was no fire detection equipment or fire extinguishers to fight any contingencies, in any of the three DTOs visited and the Office of the STA, housing the computer for the NPS.

We recommend that necessary repairs to buildings be urgently carried out and fire extinguishers be placed in all field offices and Office of the STA.

On this being pointed out, the Department accepted (October 2011) the audit observation and stated that action is being taken to repair/renovate the buildings and to install fire extinguishers.

4.7.8.4 Modification/changes made to the system without documentation

Mention was made in Para 6.4.7.3 of the C&AG's Report for the year 2006-07 regarding absence of documentation on changes/modifications and the approval for same carried out in the 'Vahan' software and it was recommended that a well documented change management procedure be put in place. In response the TD stated (February 2008) that action would be taken as per recommendation of audit.

⁹ DTOs Jaintia Hills, West Garo Hills and Ri Bhoi

Between 27 February 2008 to 31 March 2011, NIC Shillong carried out 19 modifications of the ‘Vahan’ software to suit the local requirement. Despite the assurance given earlier, we noticed that no documentation was available to show the authority who had placed the ‘request for change’ and no acceptance certificate for the changes made was issued by the TD.

We recommend that TD always issue a formal ‘request for change/modification’ and document the approval for all changes carried out.

On this being pointed out, the Department accepted (October 2011) the recommendation made by audit.

4.7.8.5 Non-availability of documentation relating to description of Vahan and Sarathi softwares

Mention was made in Para 6.4.9.1 of the C&AG’s Report for the year 2006-07 about non maintenance of documents such as the ‘user requirement specification’ (URS), ‘system design documents’ (SDD), etc. of ‘Vahan’. It was recommended that system documentation and manuals be prepared and maintained. In response the TD stated (February 2008) that action would be taken as per recommendation of audit.

The URS, SDD, data flow diagram, data dictionary, relationship between tables gives the complete description of the system developed and are hence crucial for continuity of the computerisation project. Despite the assurance, we noticed that these documents relating to ‘Vahan’ and ‘Sarathi’ were still not maintained. We also noticed that though ‘Vahan’ has been modified 19 times, no user manuals incorporating all the changes have been developed and circulated to all the users. This makes the application system non-user friendly and thereby leads to improper use and input of incorrect records.

We again recommend that the TD prepare and maintain the system documentation and update the user’s manuals from time to time.

On this being pointed out, the Department accepted (October 2011) the recommendation made by audit.

4.7.8.6 Partial utilisation of Vahan

Mention was made in Para 6.4.7.2 of the C&AG’s Report for the year 2006-07 regarding non utilisation of ‘Permit’ and ‘Enforcement’ modules available in the ‘Vahan’ software and it was recommended that all the modules of the ‘Vahan’ software be fully utilised. In response the TD assured (February 2008) that necessary action would be taken as per recommendation made by audit.

Despite the assurance we noticed that the TD is still (August 2011) not utilising the ‘Permit’, ‘Temporary Registration’ and ‘Enforcement’ module/

sub-module and still manually processing and managing information relating to Inter and Intra-State Permits of Tourist/Local Taxi/Maxi Cabs, temporary registration of vehicles, collection of fee for temporary registration and fines collected by the Enforcement Wing.

We also noticed during test check of records that in three DTOs, 597 transport vehicles in West Garo Hills, East Khasi Hills and Jaintia Hills were plying without having their permits renewed. These vehicles were neither declared off-road nor were any reasons recorded for non-renewal of permits and of fine of ₹ 11.94 lakh was not levied.

We recommend that TD start utilising the 'Permit' and 'Temporary Registration' module/sub-module.

On this being pointed out, the department accepted the audit observation and stated (October 2011) that 'Permit' and 'Temporary' modules would be implemented shortly.

Safety and security of Data

4.7.8.7 Absence of a proper password policy for operating the system

Password policy requires that a password should ideally be alpha numeric and of at least eight characters and should be changed at regular intervals to prevent misuse of the system in case the password has been accidentally disclosed. The TD, however, has not yet made any policy for creation of passwords or for ensuring that the users change their password at frequent intervals.

We noticed during test of the 'Vahan' and 'Sarathi' application softwares that no validation exists to ensure minimum length or alpha-numeric combination for the password. As such the system accepts passwords of even one character making it vulnerable to misuse.

During field visits to three DTOs to verify the duration of change of passwords by the users of 'Vahan', we saw that in DTO, East Khasi Hills, 2 users out of 35 users changed their password once during the period from 04 October 2010 to 31 March 2011. The analysis for DTO, Jaintia Hills and DTO, West Garo Hills, for the period covered by the IT Audit could not be carried out as the log files were deleted.

We recommend that TD frame guidelines to ensure users change their password quarterly and also ask NIC to modify the 'Vahan' and 'Sarathi' softwares to ensure that password is of minimum eight characters and alphanumeric.

On this being pointed out, the Department accepted (October 2011) the recommendation made by audit and ensured that guidelines would be framed for the password policy.

4.7.8.8 Absence of proper logical access control to prevent sharing of passwords

Logical access controls in the system should prevent any unauthorised access to the system.

During visit to three DTOs we noticed that access to ‘Vahan’ and ‘Sarathi’ servers was through a single administrator’s id and password. Thus when the administrator is on leave or not available in the office the same password is used by other users. Because of this situation, the other users (other than the administrator) can easily alter the system date of ‘Vahan’ and ‘Sarathi’ and this exposes the softwares to risk of change of date and execution of manipulative transactions which will go unnoticed.

We recommend that TD ask NIC to create additional users who can switch on the system but without the right to change the system date in ‘Vahan’ and ‘Sarathi’ servers. We also recommend that TD issue instructions to prevent sharing of passwords.

On this being pointed out, the department accepted (October 2011) the recommendation made and stated that NIC would be asked to create additional users who can switch on the system but without the right to change the system date in ‘Vahan’ and ‘Sarathi’ servers.

4.7.8.9 Loss of audit trail

Every time, the ‘Vahan’ server is switched on, the ‘Vahan’ software creates a text file called log file and records the actions of the users till the server is not switched off thereby providing an audit trail.

During our visit to the three DTOs, we noticed that in DTO, Jaintia Hills and DTO, West Garo Hills the server were switched on and off on a daily basis, while in DTO, East Khasi Hills, the server was switched off at varying intervals and on holidays and weekends. The Department has not laid down any guidelines laying down the necessity of switching on/off the servers. We also noticed that only partial log files were available in the system as shown below:

SI	DTO	Period during which ‘Vahan’ was implemented	Period from which log files were available
1	Jaintia Hills	May 2007	16/06/2011
2	East Khasi Hills	April 2002	04/10/2010
3	West Garo Hills	October 2006	26/08/2011

The log files of the remaining period were deleted without conducting any analysis leading to loss of audit trail.

In view of the above we recommend that:

- The TD should lay down guidelines for switching off the servers daily to ensure creation of a daily log file.
- The log files for one financial year should be preserved till the end of the next financial year, i.e. log files of 2010-11 be retained till 31 March 2012.
- Log files should be analysed to ascertain that (i) users change their password quarterly (ii) unauthorised modification of users' roles has not taken place (iii) system has not been accessed during holidays, etc and report submitted to CT/DTO.
- Log files may be deleted only after obtaining the approval of the CT.

On this being pointed out, the department accepted (October 2011) the recommendation made by audit and stated that log files would be deleted with the permission of the CT/DTO only after analysis is carried out.

4.7.9 *Audit observation relating to 'Vahan'*

Mapping of business rules

4.7.9.1 *Partial mapping of business rule relating to collection of surcharge*

As per Section 4A of the Meghalaya Motor Vehicle Taxation (Amendment) Act 1973, a Motor Vehicles surcharge (SC) at the rate of 10 *per cent* of the tax payable shall be charged on all private vehicles.

Although the 'Vahan' software automatically calculates registration fee, road tax and SC based on the key parameters, there also is a provision to change the amount of SC through manual intervention. We noticed that SC was not realised from 399 vehicles out of 26,747 private vehicles registered in four DTOs. The reasons for not collecting the SC was not found on record. Thus, manual intervention cannot be ruled out due to this design deficiency. The position of 'non realisation of SC' of these four DTOs was as under:

DTO	Number of private vehicle from whom SC realisable	Number of private vehicle from whom surcharge realised	Number of private vehicle from whom surcharge not realised
Jaintia Hills	2,132	2,129	3
East Khasi Hills	19,719	19,326	393
West Garo Hills	4,536	4,534	2
South Garo Hills	360	359	1
Total	26,747	26,348	399

This omission to collect SC was not noticed in the other three DTOs¹⁰.

¹⁰ DTO West Khasi Hills, DTO East Garo Hills and DTO Ri Bhoi

We recommend that the SC be realised from the vehicles owners and NIC asked to disable the existing provision that enables manually entering the SC amount.

On this being pointed out, the department accepted the audit observation and stated (October 2011) that necessary instructions would be issued to all concerned DTOs for realisation of the surcharge.

4.7.9.2 Non-mapping of provision for calculating penalty for delayed registration

Section 43 of the MV Act stipulates that the owner of a motor vehicle may apply to the registering authority to have the vehicle temporarily registered with a validity period of one month only and shall not be renewable. Contravening the provision of the Act attracts a minimum penalty of ₹ 100 under section 177 of the MV Act.

In Meghalaya, the dealers register the vehicles temporarily for a period of 30 days prior to delivery of vehicles to the purchaser. During test of ‘Vahan’ software, we noticed that the system registers vehicles even after a period of 30 days from the date of purchase without red flagging a data entry wherever a vehicle is being registered late. The system also does not auto-calculate the penalty applicable for delayed registration as per the provision of the MV Act. The system only provides for manual entry of the penalty amount thus making the application of penalty discretionary.

After implementation of ‘Vahan’ software, out of 23,659 vehicles registered late in seven DTOs, 16,337 vehicles were registered by charging penalty and the remaining 7,322 vehicles were registered without charging penalty for delayed registration. The DTO wise position is as under:

SI No	DTO	No of vehicles registered after 30 days	No of vehicles from whom penalty realised for delayed registration	No of vehicles registered without charging penalty for delayed registration
1	Jaintia Hills	1,696	364	1,332
2	East Khasi Hills	8,802	4,046	4,756
3	West Khasi Hills	830	767	63
4	East Garo Hills	5	5	0
5	West Garo Hills	5,333	4,937	396
6	South Garo Hills	4,995	4,943	52
7	Ri Bhoi	1,998	1275	723
	Total	23,659	16,337	7,322

We recommend that TD ask NIC to build in an alert mechanism in cases where vehicles are registered late.

On this being pointed out, the Department accepted (October 2011) the audit observation and stated that the issue of building an alert mechanism in case where vehicle is being registered late would be looked into.

4.7.9.3 Inadequate validation resulting in same registration number being assigned to vehicles registered in different DTOs

Under sub-section 6 of Section 41 of MV Act, a registered vehicle is assigned a unique registration number which serves as a distinguishing mark for the vehicle.

During analysis of data of 'Vahan' we noticed that 1,311 vehicles¹¹ of different make were assigned 655 registered numbers. While 3 vehicles shared a same registration number, 1,308 vehicles shared 654 registration numbers. Out of these 1311 vehicles, 488 vehicles sharing 244 registration numbers were of different vehicle make. E.g. while one vehicle having registration number say 'ML0NX NNN1' is a 'Two wheeler' another is a 'Truck'. Similarly while another vehicle having registration number say 'ML0NX NNN2' is a 'Jeep' another is a 'Maruti 800'. Out of these 1,311 vehicles, 1199 vehicles were registered before implementation of Vahan and 112 vehicles were registered after implementation of Vahan.

Issue of same registration number to another vehicle is a violation of the provision of the Act.

We recommend that all cases of duplicate registration numbers be investigated and rectified.

On this being pointed out, the Department accepted (October 2011) the audit observation and stated that necessary action would be taken to prevent reoccurrence of similar error and duplicate registration numbers would be rectified.

4.7.9.4 Non-mapping of jurisdiction of the registering authority into 'Vahan' software

Section 40 of the MV Act requires every owner of a motor vehicle to register his vehicle in the jurisdiction of the registering authority where he has the residence or place of business where the vehicle is normally kept. Thus, as per the provision of the Act, the DTOs are responsible to process only those applications for registering the vehicles whose owner's residence or place of business fall under their jurisdiction.

We noticed that even though the 'Vahan' software captures the temporary and permanent address including pincode number of the vehicle owner, it does not have an in-built mechanism to ensure that the temporary or permanent address of the vehicle owner falls under the jurisdiction of the registering authority. The system permits vehicle owners residing any where to register their vehicle in any of the DTOs.

¹¹ Vehicles with same Registration number but different Chassis.

We noticed from analysis of the data that out of 1,47,988 vehicles registered within the State, the temporary and permanent address of 5,736 vehicle owners were from places outside the jurisdiction of the registering DTO and 9,002 vehicles were from outside the State of Meghalaya.

DTO	Number of registered vehicle	Number of vehicle from different district of the State	Number of vehicle from outside the State
Jaintia Hills	16,075	453	289
East Khasi Hills	79,330	1,315	6,979
West Khasi Hills	4,884	368	8
East Garo Hills	2,313	703	464
West Garo Hills	22,805	812	1,101
South Garo Hills	8,958	371	40
Ri Bhoi	13,623	1,714	121
Total	1,47,988	5,736	9,002

Thus a total of 14,738¹² vehicles were registered in violation of the provision of the Act.

We recommend that TD ask NIC to build a validation check to restrict registration of vehicles whose address does not fall in the jurisdiction of respective DTO.

On this being pointed out, the Department accepted (October 2011) the recommendation made by audit.

4.7.9.5 Non-generation of the letters 'ML' by the system while registering the vehicles in the State

As per sub-section 6 of Section 41 of the MV Act, a registration number consists of a group of letters followed by such letters and figures as are allotted to the State by the Central Government. The Central Government has allotted to the State of Meghalaya the letters 'ML' for use as registration number.

We noticed during test of the 'Vahan' software that, the software does not automatically generate the letters 'ML' assigned to the State and requires the user to input the same. Analysis of data, revealed that between 10 October 1983 to 29 January 2010, 215 vehicles were assigned incorrect registration numbers such as 'M09', 'M10', 'JML', 'KML', 'AP09V', 'MNL', 'MP', etc. These have not yet been corrected. The DTO-wise position was as under:

Sl No	DTO	Number of registered vehicle	Number of vehicles with wrong registration mark
1	Jaintia Hills	16,075	30

¹² 5,736 + 9,002 = 14,738

2	East Khasi Hills	79,330	18
3	West Khasi Hills	4,884	13
4	East Garo Hills	2,313	10
5	West Garo Hills	22,805	52
6	South Garo Hills	8,958	57
7	Ri Bhoi	13,623	35
Total		1,47,988	215

Thus the numbers were wrongly lying in the database thereby affecting the correctness of the State Register of registered vehicles

We recommend that the wrong registration numbers be rectified and NIC be asked to update the 'Vahan' software so as to generate the letters 'ML' automatically while assigning registration numbers.

On this being pointed out, the Department accepted (October 2011) the audit observation and stated that rectification of the incorrect data would also be carried out. NIC stated that validation is being put in place to ensure that only the letter 'ML' is entered during data entry.

4.7.9.6 Non-capturing of fitness certificate at the time of registration of new vehicles by the system.

Under the provision of the Section 56 of the MV Act, a transport vehicle shall not be deemed to be validly registered for the purpose of Section 39 of the Act, unless it carries a certificate of fitness issued by the prescribed authority.

We noticed that although the vehicle owner submits the certificate of fitness along with the application for registering the vehicle, the 'Vahan' system, however, registers a vehicle even without capturing the mandatory information of fitness. As a result, out of 77,761 vehicles registered in the State after implementation of 'Vahan', the fitness information was not captured in 6,881 cases. The DTO-wise position was as under:

Sl No.	DTO	No. of vehicles registered after implementation of 'Vahan'	No. of vehicles where fitness has not been captured
1.	Jaintia Hills	6,962	349
2.	East Khasi Hills	44,786	92
3.	West Khasi Hills	1,868	3
4.	East Garo Hills	12	0
5.	West Garo Hills	11,958	13
6.	South Garo Hills	6,873	6,279
7.	Ri Bhoi	5,302	145
Total		77,761	6,881

We recommend that TD ask NIC to update the system to make input of data of fitness mandatory while registering vehicles in the State.

On this being pointed out, NIC stated that private vehicles does not require fitness certificate. The reply of the NIC was not correct as fitness certificate

are necessary for private vehicles also at the time of registration. The Department, however, accepted (October 2011) the audit observation and stated that NIC would be asked to modify the system to as to make input of data of fitness mandatory.

4.7.9.7 Non-capturing of essential information of vehicles by the system

As per the MV Act, tax is levied based on parameters like laden and unladen weight in respect of private motor cars, motorcycles etc., seating capacity in case of passenger vehicles like stage carriages and contract carriages and laden weight in the case of goods vehicles. Correct and complete personal information of the vehicle owner will enable the DTOs to issue demand notices to defaulting vehicle owners for realisation of outstanding dues expeditiously.

Our data analysis of ‘Vahan’ of the seven DTOs revealed that data entries of certain key fields were not done at the time of registration as these were not mandatory fields. The incomplete key fields noticed during analysis is summarised below:

Particulars	Vehicles registered prior to implementation of ‘Vahan’ and data entered in backlog mode	Vehicles registered after implementation of ‘Vahan’
Seating capacity left blank	558	511
Unladen weight left blank	6055	753
Owner’s name in abbreviation	444	318
Owner’s name blank	727	4
Chassis number not mentioned	4	14
Engine number not mentioned	682	599

Registration of vehicles without complete data entry of key fields indicated deficiency in input controls and lack of monitoring.

We recommend that NIC update the software to make data entry mandatory of all fields at the time of registration. TD should also ensure that data entry is regularly monitored. On this being pointed out, NIC stated that the Vahan application would be re-visited to prevent such cases. Further the department accepted (October 2011) the audit recommendation to make data entry mandatory of all fields at the time of registration.

Data accuracy

4.7.9.8 Inaccuracies noticed in data of engine/chassis number

Mention was made in Para 6.4.8.1 of the C&AG's Report for the year 2006-07 regarding lack of validation controls in 'Vahan' to prevent entry of duplicate engine/chassis number and it was recommended that validation controls be put in place to prevent such duplication. In response the TD assured (February 2008) that necessary action would be taken as recommended by audit.

Despite assurance, we noticed (July 2011) validation check was provided only to prevent entry of duplicate chassis number and no validation check was provided to prevent entry of duplicate engine number. Analysis of data of the seven DTOs revealed that 1,277 vehicles shared the same set of engine numbers¹³. 601 engine numbers were shared by 1,202 vehicles, 14 engine numbers were shared by 42 vehicles, 3 engine numbers by 12 vehicles, 3 engine numbers by 15 vehicles and one engine number by 6 vehicles. After this was pointed out, NIC stated that the application software has been rectified and duplicate chassis number ids are no longer allowed to be entered. However we found that even with the validation control for 'chassis number', six out of seven DTOs had a total of 44 vehicles sharing 22 chassis numbers. The DTO-wise position of vehicles sharing more than one chassis and engine number is shown in the table below

DTO	Number of set of engine numbers	Vehicles sharing the same engine number	Number of set of chassis number	Vehicles sharing the same chassis number
East Khasi Hills	257	527	3	6
West Khasi Hills	50	102	5	10
Jaintia Hills	73	151	3	6
Ri Bhoi	108	219	4	8
South Garo Hills	90	190	1	2
West Garo Hills	42	84	6	12
East Garo Hills	2	4	-	-
Total	622	1,277	22	44

Further, as the project has been implemented as stand-alone package in all the seven DTOs without linking them to a common database, analysis of the consolidated data of all seven DTOs revealed that 1,318 vehicles registered across the State shared 654 chassis numbers 2 to 3 times. Similarly, 2,413 vehicles registered across the State shared 1,178 engine numbers 2 to 6 times. Thus due to absence of a common database, the purpose of having the validation check to prevent entry of vehicles with duplicate chassis or engine numbers stood defeated. Moreover, as the data had been uploaded into the State and National Registers, the vehicles with duplicate chassis and engine numbers are also stored in these registers.

¹³ i.e. same engine number was recorded on more than one vehicle.

To ascertain the reason for vehicles sharing the same chassis/engine number, 161 original vehicles records from 3 DTOs were called for out of which records of 86 vehicles were produced to audit. We noticed that the duplication arose as 15 no objection certificates (NOCs) (14 manually and one from the system) were issued from one DTO office to the other, but the information was not entered in the system by the NOC issuing office, and hence still retained in the table containing the list of active registered vehicles. Moreover out of these 15 NOCs, even though 'Vahan' was implemented, 14 NOCs were issued manually for no recorded reason. Further, in 20 and 24 cases, the vehicles shared the same chassis and engine number respectively resulting in duplication of chassis and engine number. In these DTOs, chassis and engine number were incorrectly entered in 9 and 18 cases respectively

We recommend that TD investigate and rectify all cases of duplicate engine/chassis numbers and ask NIC to:

- build validation control for duplicate engine number also;
- revisit the existing validation control for chassis number to detect all duplicate chassis numbers and
- upgrade 'Vahan' to provide linkages amongst the DTOs to detect and prevent entry of duplicate chassis/engine numbers.

On this being pointed out, the NIC stated that the validation control would be reviewed in due course, as regards the linkages with the DTOs the same cannot be done at the moment due to connectivity problem. Further the department accepted the audit recommendation and stated (October 2011) that reasons for issuing NOCs manually would be ascertained.

4.7.9.9 *Incorrect depiction of registration of a vehicle in more than one DTO*

Under Section 49 of the MV Act, if the owner of a registered vehicle changes his place of residence or business, he has to apply for change of address in the Registration Certificate to the new Registering Authority in whose jurisdiction his new address falls and after effecting the change of address the new Registering Authority is to communicate the altered address to the original Registering Authority who then deletes the registered vehicle from his database.

The adequacy of validation controls in the 'Vahan' software to prevent duplicate entry of registration numbers was checked. Tests revealed that the software had a validation check in the system to prevent entry of a duplicate registration number. However, as the seven DTO offices of the TD have been computerised with a stand alone database and not linked to a common database, the validation put in place had not completely addressed the problem of having duplicate registration number amongst the different DTO offices of the State.

During analysis of data of 'Vahan' we noticed that 546 vehicles¹⁴ were registered with two to three DTOs with same registration number. While four vehicles with same registration number were registered with three DTOs, 542 vehicles with same registration number were registered with two DTOs. As a result of the multiple registration, the combine database of the DTOs depict existence of 1,096 vehicles sharing 546 registration numbers. Out of these 1,096 vehicles, 949 vehicles were registered before implementation of vahan and 147 vehicles were registered after implementation of vahan.

To ascertain the reason for same vehicle being registered with different DTOs, 19 original vehicles records from 3 DTOs were called for out of which records of 15 vehicles were produced to audit. We noticed from these records that in all 15 cases NOCs were issued from one DTO to other DTO, but the fact was not captured in the system of the NOC issuing office. As a result, the same vehicle was being shown as an active registered vehicle in the databases of both the DTOs.

We recommend that details of NOCs issued be entered into the system and all cases of duplicate registration numbers be investigated and rectified. We also recommend that TD explore the feasibility of linking the data of all DTOs to a common database to avoid issue of duplicate registration number.

On this being pointed out, the Department accepted (October 2011) the audit recommendation and stated that details of NOCs issued would be entered into the system and all cases of duplicate registration numbers would be investigated and rectified.

4.7.9.10 Registration of vehicles on Sundays/national holidays

Mention was made in Para 6.4.8.4 of the C&AG's Report for the year 2006-07 regarding registration of vehicles on Sundays, Republic day, Independence day, Gandhi Jayanti and on Christmas day and it was recommended that date of registration be generated from the system to prevent entry of incorrect date. In response the TD assured (February 2008) that necessary action would be taken to correct the anomalies.

We noticed that validation check was provided on 27 February 2008 to prevent registration of vehicles on Sundays and National holidays. Despite the validation we noticed that in DTO, Ri Bhoi two vehicles were registered on Sunday and in DTO, South Garo Hills one vehicle was registered on Christmas day. No validation was provided to prevent registration of vehicles on Saturdays.

We also noticed that prior to building in the validation, the database of 'Vahan' contains 4,371 records of vehicles registered on Saturdays, Sundays

¹⁴ Vehicles having same registration and chassis numbers.

and National Holidays. Despite the assurance of the TD in February 2008, these have not yet been rectified. The DTO wise position was as under:

DTO	Saturdays	Sunday	Republic day	Independence day	Gandhi Jayanti	Christmas
Jaintia Hills	551	0	0	0	2	0
East Khasi Hills	2535	248	1	6	6	4
West Khasi Hills	92	44	0	1	2	2
East Garo Hills	7	37	0	0	2	0
West Garo Hills	317	0	0	0	0	0
South Garo Hills	159	22	2	0	2	3
Ri Bhoi	267	58	0	0	1	0
Total	3928	409	3	7	15	9

The Department needs to verify the date of registration with respect to the original records to ascertain as to why vehicles were registered on holidays.

In view of the above, we recommend that the validation check built in to prevent registration of vehicles on Sundays and National Holidays be revisited and validation check also be built to restrict registration of vehicles on Saturdays.

On this being pointed out, the Department accepted (October 2011) the audit observation and stated that holiday list would be fed into the system to prevent registration of vehicles on holidays.

4.7.9.11 Inaccurate and unusual data

Mention was made in Para 6.4.8.5 of the C&AG's Report for the year 2006-07 regarding unusual and inaccurate data and it was recommended that appropriate input and processing controls with validation check be urgently incorporated within the system to prevent entry of incorrect data. In response the TD assured (February 2008) that appropriate action will be taken to rectify the errors.

Despite assurance, data analysis of 'Vahan' of the seven DTOs revealed the following:

- In the previous Audit Report, 1,748 cases of vehicles registered prior to the date of purchase was pointed out. Despite assurance we noticed that the database of DTO East Khasi Hills has not been corrected and we found that 1,482 vehicles were shown to have been registered 1 day to 40 years 9 months prior to the date of purchase.
- After implementation of 'Vahan', the fitness of 202 private vehicles was shown to be valid for more than 15 years¹⁵, in violation of the MV Act. In seven cases (ML10 9820, ML10 9029, ML08B 9029, ML08B 4221, ML06 3406, ML08B 6021, ML08 5197) the fitness of the

¹⁵ The fitness certificate of a private vehicles is valid for a period of fifteen years.

vehicle have been shown to be valid upto 91 to 1016 years from the date of registration.

- Seating capacity of vehicles was incorrectly entered. For example, seating capacity of Auto Rickshaw was entered as 7 to 10 and 50 seater, Maruti 800 as 8 to 11 seater, Jeep as 11 to 15 seater, Scooter as 0 and 6 seater, Tata LPT 909 Turbo Truck as 31 to 40 seater, Bus as 2 to 8 seater, etc.

These data entry errors need to be checked by proper supervision which did not exist at present.

We recommend that TD ask NIC to incorporate validation checks in 'Vahan' to prevent entry of incorrect data and rectify all incorrect data.

On this being pointed out, the department accepted (October 2011) the audit recommendation and stated that instruction would be issued to NIC for incorporating the validation checks.

4.7.9.12 Incomplete data of stolen vehicles

As per Section 62 of the MV Act, the State Government may if it thinks necessary, direct the Police Department (PD) to furnish returns regarding vehicles which have been stolen and stolen vehicles which have been recovered to the TD.

We noticed that the TD had not yet directed the PD to furnish the above returns. The TD also stated that the theft report module available in the 'Vahan' software was not being utilised.

During analysis of data, we, however, noticed that during the years 2006 to 2010, information of five stolen vehicles were captured in the system contradicting the reply of the TD.

Further, as per statistics of the PD, during the years 2006 to 2010, 692 vehicles were stolen across the State and 125 vehicles were recovered. The position of vehicles stolen and vehicles recovered in the State is shown in the table below:

Year	Motor Cycle/Scooter etc.		Motor Car/Taxi/Jeep		Other Motor Vehicles		Total	
	No. of vehicles stolen	No. of vehicles recovered	No. of vehicles stolen	No. of vehicles recovered	No. of vehicles stolen	No. of vehicles recovered	No. of vehicles stolen	No. of vehicles recovered
2006	56	9	66	6	13	5	135	20
2007	33	4	15	3	45	2	93	9
2008	32	7	53	13	47	7	132	27
2009	22	8	59	12	99	7	180	27
2010	10	2	43	19	99	21	152	42
Total	153	30	236	53	303	42	692	125

Source: http://meghpol.nic.in/Crime_Statistics/proplost_8.htm

Failure to ask for the returns has resulted in DTOs having no information about 562¹⁶ stolen vehicles and is fraught with risk of subsequent re-registration in other DTOs.

We recommend that TD ask the PD to furnish returns regarding vehicles stolen and stolen vehicles recovered at least monthly and also explore the possibility of linking the Vahan system with the PD to detect and prevent registration of stolen vehicles in the State.

On this being pointed out, the department accepted (October 2011) the audit recommendation and stated that matter would be taken up with the Police Department for furnishing returns regarding vehicles stolen and stolen vehicles recovered.

4.7.9.13 Lack of control in the application software to prevent issue of NOCs with same reference numbers

As per Section 47 of the MV Act, for assignment of new registration number on removal of the vehicle to another State, the owner of the vehicle amongst other things is to apply for a new registration number along with the NOC issued by the registering authority where the vehicle was originally registered.

The 'Vahan' software has the provision to issue a 'NOC' with a system generated reference number (despatch number) or cancel an 'issued NOC' on request of the vehicle owner. On issue of the NOC, the data relating to the registered vehicle is removed from list of registered vehicles and preserved in a list of 'NOC issued vehicles'. Subsequently on cancellation of an 'issued NOC', the data is reverted back to the list of registered vehicles.

We noticed during analysis of data that after implementation of 'Vahan', from 16 December 2005 to 31 March 2011, seven DTOs issued 1,874 NOCs through the system. Even though the NOC reference number was generated through the system, we noticed that 271 NOC numbers were generated 2 to 18 times and shown to have been issued to 1,874 vehicles, indicating lack of control in the application software to prevent generation of same NOC's reference number. The DTO-wise position is as under:

DTO	Period to which NOC issued relate	No. of vehicles to whom NOC issued	NOCs with same NOC reference No	Range of duplicate NOC reference no issued
Jaintia Hills	17/09/09 to 30/03/11	170	23	2 to 10
East Khasi Hills	16/12/05 to 31/03/11	1,213	145	2 to 18
West Khasi Hills	20/01/10 to 22/02/11	22	5	2 to 6
East Garo Hills	-	-	-	-
West Garo Hills	10/09/09 to 14/03/11	165	44	2 to 14
South Garo Hills	09/11/10 to 09/12/10	3	1	2
Ri Bhoi	11/10/07 to 22/03/11	301	53	2 to 11
Total		1,874	271	

¹⁶ 692 – (125 – 5) = 562

Further, out of 1,874 vehicles to whom NOCs were issued, the NOCs of 17 vehicles were subsequently cancelled by four DTOs. However the data relating to these 17 registered vehicles were not reverted back to the list of registered vehicles and still preserved in a list of NOC issued vehicles. Thus, by removing these vehicles from the table storing the list of registered vehicles, these vehicles will not show up as defaulters, in case of non-payment of tax and other violations. The details of these vehicles are shown below:

DTO	No. of NOC cancelled and removed from list of registered vehicles	Vehicle registration No.	Date of NOC	Date of cancellation of NOC
East Khasi Hills	9	ML05B 7257	26/10/2010	01/11/2010
		ML05E 9791	09/09/2009	05/10/2009
		ML05D 2665	29/04/2010	30/09/2010
		ML05E 4177	19/12/2008	18/03/2011
		ML05E 6621	27/09/2010	13/12/2010
		ML05F 4112	24/08/2009	22/12/2010
		ML05E 1189	09/02/2011	10/02/2011
		ML05D 4121	04/01/2011	15/03/2011
West Khasi Hills	3	ML06 2836	25/03/2011	31/03/2011
		ML06 1318	30/03/2011	31/03/2011
		ML06 2480	04/05/2011	04/05/2011
West Garo Hills	2	ML08 0828	25/01/2011	25/01/2011
		ML08 9441	17/02/2010	02/12/2010
Ri Bhoi	3	ML10 8079	12/04/2010	04/11/2010
		ML10A 4650	08/04/2011	13/04/2011
		ML10A 4651	04/04/2011	13/04/2011

The reasons for issuing multiple NOC with the same dispatch number and non reversion of data of vehicle on cancellation of NOCs into the list of registered vehicles need to be analysed and prevented.

We recommend that the TD ask NIC to modify the system to ensure reversion of data of cancelled NOCs to the list of registered vehicles.

On this being pointed out, the department accepted (October 2011) the audit observation and stated that the reason for the system issuing NOC with same reference number would be re-verified.

Issues relating to the Vahan software

4.7.9.14 Status of computerisation of vehicles registered in the State

As on 31 March 2011, records of 1,47,988 registered vehicles have been computerised through the ‘Vahan’ software. The status of DTO-wise records is as under:

SI No.	DTO	Details of records of vehicles computerised under ‘Vahan’
1	Jaintia Hills	16,075
2	East Khasi Hills	79,330
3	West Khasi Hills	4,884
4	East Garo Hills	2,313
5	West Garo Hills	22,805
6	South Garo Hills	8,958
7	Ri Bhoi	13,623
Total		1,47,988

We noticed that as on 30 August 2011, out of seven DTOs, four DTOs (Jaintia Hills, West Garo Hills, South Garo Hills and Ri Bhoi) have still to complete computerisation of backlog records. Analysis showed that, from the date of commencement of data entry of backlog records to 30 June 2011, these four DTOs have been computerising between 6 to 10 records of registered vehicles per day. At the current pace of data entry, the two DTOs, Jaintia Hills and South Garo Hills, would further require 19 months to 33 months to computerise all their backlog records.

The date of commencement of backlog entry, pace of computerisation and further projected time required to computerise backlog records in the four DTOs is shown in the table below:

DTO	Date of implem-ent-tation of ‘Vahan’	Computerisation of backlog data through ‘Vahan’ software					Further projected time required to compute-rised at current pace
		Date of commenc-ement of backlog entry	No of days upto 30/06/11	Backlog data computer-ised upto 30/06/11	Avg rate of compute-risation per day	Records pending computer-isation	
Jaintia Hills	07/05/07	09/07/07	1,452	11,250	8	8,000	19 months
West Garo Hills	11/10/06	10/12/06	1,663	16,602	10	150	15 days
South Garo Hills	09/11/06	11/01/07	1,631	9,268	6	3,700	33 months
Ri Bhoi	27/02/07	29/04/07	1,523	10,412	7	300	43 days
Total				55,122		12,150	

Thus in view of the above the entry of backlog records in the system need to be done at a faster pace. We recommended that TD may outsource backlog of data entry to a private agency.

On this being pointed out, the department accepted the audit observation and stated (October 2011) that the department is outsourcing the data entry to a private agency with a time frame to complete the work in three months.

4.7.9.15 Starting of fresh series of registration numbers without exhausting ongoing series

Mention was made in Para 6.4.8.12 of the C&AG's Report for the year 2006-07 regarding commencement of next series of registration numbers without exhausting the ongoing series in DTO, East Khasi Hills and it was recommended that TD take steps to ensure methodical and systematic allotment of registration numbers. In response the TD assured (February 2008) that necessary action would be taken as recommended.

Even after assurance, we noticed that in all seven DTOs, allotment of registration numbers of subsequent series was started before exhausting the registration numbers of the ongoing series. Out of 99,990 registration numbers available, the seven DTOs allotted 69,524 (70 per cent) and failed to utilise 30,466 (30 per cent) of the registration numbers. Alloting registration numbers from a fresh series, without exhausting the numbers of the ongoing series, points towards improper management of registration of vehicles besides possibility of misuse of unallotted numbers.

In DTO, West Garo Hills, ML08E 0079 was assigned to a vehicle on 22 February 2005 even though ML08A series was still not exhausted. As on 31 March 2011, the DTO, West Garo Hills, has not yet exhausted the 'ML08B' also.

The registration numbers not allotted in the seven DTO offices was as under:

SI No	Series	Total number utilised in the series	Number of registration numbers not allotted from the series
1	ML04	7523	2476
2	ML05	6584	3415
3	ML05F ¹⁷	9839	160
4	ML05G	9940	59
5	ML06	4054	5945
6	ML07	2395	7604
7	ML08	4486	5513
8	ML08A	9234	765
9	ML09	6752	3247
10	ML10	8717	1282
	Total		30,466

¹⁷ Series ML05 A to E covered in Para 6.4.8.12 of the C&AG's Report for the year 2006-07.

We found that the system has options for generation of registration numbers either automatically through the system or manual entry of registration numbers. The use of manual system has led to starting of fresh series of registration numbers without exhausting ongoing series

We recommend that the DTOs start the next series only after exhausting all the numbers of the ongoing series.

On this being pointed out, the department accepted (October 2011) the audit observation and stated that all numbers of the ongoing series would be exhausted and that a system of issuing ‘choice number’ for a fee will be introduced.

4.7.9.16 System deficiencies in management information system (MIS) of vahan

During test of ‘Vahan’ software, we noticed the following deficiencies:

- **Deficiency in format of receipts:** The receipt generated through the ‘Vahan’ software clubs the amount paid for road tax, surcharge and penalty for late registration under the nomenclature ‘Road Tax’. This does not give a true picture of the amount charged from the holder of the receipt. Hence the format need to be modified.
- **Partial mapping of laser code number of the vehicle into the Vahan system:** As per clause 4(v) of the Motor Vehicle (New High Security Registration Plates) Order, 2001, implemented in the State with effect from 11 August 2006, a permanent identification number of minimum 7 digits is to be laser branded into the high security registration plates (HSRP) of every vehicle. Two permanent identification numbers, called the ‘laser code’, is branded into the front and rear number plate of a vehicle. We, however, noticed that the ‘Vahan’ software has only one field to capture the laser code number.

On this being pointed out, the department accepted (October 2011) the audit observation and also stated that necessary action would be taken to capture both the front and rear laser code number.

4.7.9.17 Data showing plying of transport vehicles without fitness certificate

Mention was made in Para 6.4.8.11 of the CAG’s Report for the year 2006-07 regarding non renewal of certificate of fitness by transport vehicle owners and it was recommended that exception reports be generated at regular intervals to identify vehicles violating the MV Act and Rules. In response the TD assured (February 2008) that the matter will be pursued to ensure that all defaulting vehicle owners renew their fitness certificates and pay penalty for non renewal of fitness certificate.

Despite assurance, we noticed that out of 41,901 transport vehicles, fitness certificates of 23,379 (56 per cent) transport vehicles had expired and were not shown to have been renewed in the system. The DTO-wise position is as under:

Sl No	DTO	No of transport vehicles	No of transport vehicles whose fitness have expired
1.	Jaintia Hills	7,417	4,729
2.	East Khasi Hills ¹⁸	17,990	9,581
3.	West Khasi Hills	3,386	2,255
4.	East Garo Hills	419	419
5.	West Garo Hills	5,763	2,645
6.	South Garo Hills	1,380	640
7.	Ri Bhoi	5,546	3,110
	Total	41,901	23,379

There was no documentary evidence to show that the information was supplied to enforcement staff to utilise the information to detect vehicles plying on roads with valid fitness certificates in violation of the MV Act.

We recommend that TD's enforcement wing utilise the information available in 'Vahan' to detect and penalise vehicles plying without valid fitness certificates.

On this being pointed out, the department accepted (October 2011) the audit recommendation.

4.7.10 *Audit observation relating to the 'Sarathi' software*

4.7.10.1 *Incomplete State Register of Driving Licences*

Section 26 of the Motor Vehicles Act, 1988 (MV Act) stipulates that each State Government, shall maintain a register to be known as the State Register (SR) of Driving Licences in respect of driving licences issued and renewed by the licensing authorities of the State.

On 07 July 2008, GOI, MoRTH directed the State Government to maintain the SR of Driving Licences in the electronic form utilising the 'Sarathi' software. During the period from July 2008 to June 2011, the TD established connectivity between the database of all seven DTOs and the State server placed at NIC, Shillong. Data from the database of the DTOs is extracted and stored in the State server thereby establishing the State Consolidated Register (SCR). Information such as license holder's name, address, license number, date of issue/renewal of license, date of expiry of licence, class or type of vehicle authorised to drive, etc. is extracted from the SCR and stored in the

¹⁸ Non-renewal of fitness certificate of 9829 vehicles was pointed out in the C&AG's Report for the year 2006-07

SR. Data from the SR is then replicated into the Central server at NIC New Delhi, storing the data for National Registers of Driving Licences.

We noticed that 2,07,573 backlog records of DLs, involving all seven DTOs had not yet been computerised. Thus the State is yet to achieve a completed status of SR of Driving Licences.

On this being pointed out, the department accepted the audit observation and stated (October 2011) that the department is outsourcing the data entry to a private agency with a time frame to complete the work in three months.

Mapping of business rules

4.7.10.2 Inadequate mapping of business rule led to issue of dual licences

In order to prevent issue of two licences for the same class of vehicle to one applicant, the ‘Sarathi’ software has a validation check to prevent processing of application for second licence by detecting the name of the applicant and his/her father’s/husband’s name from the data available in the system.

Test of the ‘Sarathi’ software revealed that the validation could be easily bypassed by entering the name of the father/husband in an abbreviated form.

Analysis of the data showed that between 20 August 1980 to 14 March 2011, 190 non-transport (NT) DLs were issued to 55 applicants authorising the licence holder to drive the same class of vehicle. The applicants were issued the second licences by entering the father/husband’s name in an abbreviated form or by more than one DTO office.

We further noticed that 1,493 DL¹⁹ and 27 LL²⁰ were issued by recording the name of the licence holder in abbreviation.

We recommend that TD issue instructions to ensure that the name of the applicant and father/husband of the applicant is entered in the system in full form.

On this being pointed out, the department accepted (October 2011) the audit findings and stated that necessary action would be taken to cancel one of the dual licence issued.

¹⁹ East Khasi Hills : 1453 DL, Jowai : 1 DL and Ri-Bhoi: 39 DL:

²⁰ East Khasi Hills: 25 LL and Ri-Bhoi: 2LL

Data accuracy

4.7.10.3 Verification of Learner Licences (LL) applications

To ascertain the accuracy of data captured in 'Sarathi', 390 applications for LLs were verified. The findings are summarised below:

➤ **Incomplete and incorrect documentation**

Our scrutiny revealed that necessary documentary evidence for issue of licences was neither found on record nor was the same furnished to audit. A few instances are mentioned below:

- In 81 cases, certificate of address proof of the applicants were not enclosed.
- In 35 cases, the proofs of date of birth were not enclosed.
- In 6 cases, the blood group of the applicants was not mentioned.
- In 3 cases, the applicants had mentioned different blood group than that mentioned in the medical certificate submitted by the applicants
- 37 unsigned applications were received from the applicants.

➤ **Data entry error and processing of incomplete applications**

- In 4 cases, incorrect date of births were entered.
- In 37 cases, LLs were issued to applicants whose applications were unsigned.
- In 17 cases, the name of the applicants were incorrectly entered.

We did not find a mechanism for timely detection of data entry errors. We recommend that TD rectify the data entry errors and ensure processing of only those applications which are complete in all respect.

On this being pointed out, the department accepted (October 2011) the audit observation and stated that instructions would be issued to all DTOs to ensure that only those applications which are complete in all respect are processed.

4.7.10.4 Status of computerisation of issue of licences

The 'Sarathi' software was implemented in all the seven DTOs between July 2009 and August 2010. As on 31 March 2011, records of 37,033 driving licences (DL) have been computerised through 'Sarathi' software' as indicated below:

Sl No	DTO	Number of LLs/DLs computerised
1	Jaintia Hills	2,559
2	East Khasi Hills	21,151
3	West Khasi Hills	1,879
4	East Garo Hills	1,167
5	West Garo Hills	6,427

6	South Garo Hills	219
7	Ri Bhoi	3,631
	Total	37,033

Further we noticed that from the date of commencement of entry of backlog records to 30 June 2011, the different DTOs have been computerising 4 to 38 backlog records per day. At the current pace these DTOs will further require around 4 months to 49 months to complete computerising the remaining 2,07,573 backlog records. Backlog entry of South Garo Hills was yet to commence.

The date of commencement of backlog entry, pace of computerisation and further projected time required to complete the exercise is shown in the table below:

DTO	Date of commencement of backlog entry	No of days upto 30/06/11	B/L data computerised upto 30/06/11	Avg rate of computerisation per day	Records pending computerisation	Further projected time required to computerised at current pace
East Khasi Hills	30/09/09	638	24314	38	85000	73 months
West Khasi Hills	28/03/10	459	1878	4	12665	102 months
Ri Bhoi	01/02/10	514	2568	5	24350	160 months
Jaintia Hills	11/02/10	504	3934	8	25000	105 months
West Garo Hills	19/10/10	254	7307	29	42825	49 months
East Garo Hills	30/09/10	273	1050	4	11333	97 months
South Garo Hills	28/05/10	398	-	-	6400	-
Total			41051		207573	

Thus in view of the above the entry of backlog records in the system need to be done at a faster pace.

On this being pointed out, the department accepted the audit observation and stated (October 2011) that the department is outsourcing the data entry to a private agency with a time frame to complete the work in three months.

4.7.10.5 Delay in issuing Learner Licences and Driving Licences

The MV Act does not prescribe any time frame for issue of learner licence (LL) and driving licence (DL). Bihar and Chandigarh have prescribed a timeline for delivery of services such as issue of LL within the same day and 2 days respectively, with provision for penalty ranging from ₹ 250 per day to ₹ 5000 deductible from the salaries of the defaulting employees. No such time line has been fixed in Meghalaya.

We noticed that out of 6,615 LLs, 2,354 LLs were issued on the same day, 3,938 LLs were issued within 30 days and 323 LLs were issued after a delay

ranging between 31 days to 183 days. The DTO-wise breakup of issue of LLs is shown in the following table.

DTO	Period during which LL issued	No of LL	Same day	Within 1 day to 30 days	Within 31 to 183 days
Jaintia Hills	18/01/10 to 29/03/11	917	770	123	24
East Khasi Hills	20/07/09 to 31/03/11	2,650	137	2,343	170
West Khasi Hills	24/02/10 to 31/03/11	600	209	321	70
East Garo Hills	01/11/10 to 31/03/11	331	122	199	10
West Garo Hills	17/08/10 to 31/03/11	1,289	989	287	13
South Garo Hills	02/08/10 to 31/03/11	177	123	50	4
Ri Bhoi	07/12/09 to 30/03/11	651	4	615	32
Total		6,615	2,354	3,938	323

Abnormal delay, ranging from 31 days to 183, days in issuing 453 LLs does not conform to the normal business practice.

Similarly the delay in issuing DLs was as below:

Sl	DTO	Period during which DL issued	No of DL	Same day	Within 1 day to 30 days	Within 31 to 461 days
1	Jaintia Hills	25/01/10 to 31/03/11	1,182	296	797	89
2	East Khasi Hills	04/09/09 to 31/03/11	4,374	159	3,293	922
3	West Khasi Hills	14/04/10 to 31/03/11	1,239	402	754	83
4	East Garo Hills	17/09/10 to 31/03/11	273	149	121	4
5	West Garo Hills	20/08/10 to 31/03/11	653	408	239	6
6	South Garo Hills	22/10/10 to 31/03/11	39	20	17	2
7	Ri Bhoi	11/02/10 to 31/03/11	684	43	447	194
	Total		8,444	1,477	5,668	1,300

We recommend that TD fix a timeline for issue of an LL/DL with provision for penalty in case of delay recoverable from the defaulting employee.

On this being pointed out, the department accepted the audit observation and stated (October 2011) that instruction would be issued to all the DTOs for timely issue of LLs/DLs.

4.7.10.6 Need for revision of Form 2

The 'Sarathi' software contains provision to capture information of the applicant such as mobile phone numbers, email address, etc. However, the prescribed application form (Form 2) for a driving licence does not contain any columns seeking this information from the applicants.

We recommend that the TD revise the application form (Form 2) and incorporate additional columns for mobile phone numbers and email addresses.

On this being pointed out, the department accepted (October 2011) the audit observation and stated that Form 2 would be modified as recommended by audit.

4.7.11 Findings on National Permit System

4.7.11.1 Delay in implementation of National Permit System

With a view to implement a new composite fee regime for National Permit (NP) holders, an electronic system for grant of National Permit through a National Web Portal was developed by GOI, MoRTH in consultation with the NIC to be implemented from 15 September 2010. The user ID and password for the portal was provided to the TD/STA by NIC, New Delhi on 25 June 2010.

We noticed that the State Government approved the implementation of the system only on 25 January 2011. The STA, responsible for issue of NPs to transport vehicles, however, implemented the new system from 09 February 2011. There was thus a delay of 4 months 25 days from 15 September 2010 to implement the electronic system for grant of NPs.

On this being pointed out, the department while accepting (October 2011) the audit observation stated that the delay was due to office procedure.

4.7.12 Conclusion

The Performance Audit revealed a number of deficiencies in implementation of the project of computerisation in the Department. The Department had not entered into any annual maintenance contract (AMC) to repair the hardware or dispose off the defective hardware even though large percentage of its hardware was non-functioning. The State Registers of Registered Vehicles and Driving Licences were incomplete as backlog entries were not entered into the system. The backlog records of registered vehicles and driving licences issued, involving all seven DTOs had not yet been computerised. Secured environment for IT systems (Vahan, Sarathi and National Permit System) were not put in place and changes/modification to the software were taking place without any documentation. The log files generated by the system were deleted without conducting any analysis leading to loss of audit trail. The software had design deficiencies thereby enabling non-realisation of surcharge and penalty from vehicles registered late without charging penalty for delayed registration. The Performance Audit also highlights lack of inter-connectivity/common database leading to entry of duplicate registration number, chassis number, driving licences. Thus existing data was not reliable, besides the progress of implementation was very slow and at the current pace, the DTOs would further require 4 months to 49 months to complete computerisation of the backlog records. The Performance Audit also

highlights absence of a time limit for issue of LL and DL and abnormal delay was found in issuing these licences.

In the absence of clear IT strategy, execution and monitoring, the TD could not fully achieve its stated objectives of bringing transparency in the system, easing and speeding up all work related to vehicle registrations and driving licences and monitoring of work related to vehicle registrations and driving licences.

4.7.13 Summary of recommendations

We recommend that:

- TD take immediate action to repair the defective hardware. Action should also be taken to dispose off non-repairable/obsolete hardware. Formal procedure for 'request for change/modification' and approval of all changes be put in place. 'Permit', 'Temporary Registration' and 'Enforcement' module be utilised forthwith.
- necessary repairs to buildings be urgently carried out and fire extinguishers be placed in all field offices and Office of the STA. TD always issue a formal 'request for change/ modification' and document the approval for all changes carried out.
- the TD prepare and maintain the system documentation and update the user's manuals from time to time. TD ask NIC to create additional users who can switch on the system but without the right to change the system date in 'Vahan' and 'Sarathi' servers. We also recommend that TD issue instructions to prevent sharing of passwords.
- the SC be realised from the vehicles owners and NIC asked to disable the existing provision that enables manually entering the SC amount. All cases of duplicate registration numbers be investigated and rectified.
- NIC update the software to make data entry mandatory of all fields at the time of registration. TD should also ensure that data entry is regularly monitored. TD ask NIC to incorporate validation checks in 'Vahan' to prevent entry of incorrect data and rectify all incorrect data.

4.8 Misappropriation of revenue and late deposit of Government moneys

As per rule 7(1) of the Meghalaya Treasury Rules, 1985 all moneys received on account of revenues of the Government, shall, without undue delay, be paid in full into the treasury. Moneys collected but not deposited into Government account tantamount to misappropriation. Further, Rule 103 of the Meghalaya Financial Rules provides that all receipts and payments are to be noted in the cash book as soon as they occur and attested by the Head of Office (HO) or his duly authorised representative as a token of check. When moneys are to be deposited into treasury or bank, the HO should compare the treasury challans and bank receipts with the entries in the cash book to satisfy himself that the amount has been actually credited into Government account. Further, the HO should within a week of the end of the month obtain from the treasury a consolidated receipt for all the remittances made during the month which should then be compared with the postings in the cash book. The HO is responsible for the accuracy of the cash book and of the cash balances.

We noticed during test check of records of the Commissioner of Transport (CT), Meghalaya in March 2011 that entries in the cash book were made only upto 27 March 2010. During 2009-10 no monthly verification of the cash balance / closing balance was carried out. No detailed analysis of the closing balance as well as result of reconciliation of monthly consolidated receipts received from treasury was recorded in the cash book. ₹ 4.06 crore deposited into the treasury through 13 challans was not entered in the cash book. In 30 cases,

Government moneys were deposited after a delay ranging between 5 to 122 days. We further found that the cashier received fines realised by the Enforcement Branch (EB) through receipt books. The cashier acknowledged receipt of moneys on the back side of the counterfoils of the receipt books. However, he either did not deposit the money in the treasury or deposited less than what he had received from the EB. As such, ₹ 6 lakh collected through 14 receipt books during 2009-10 was neither entered in the cash book nor deposited into treasury. The amount thus was misappropriated which was attributable to the non/irregular maintenance of cash book and laxity on the part of CT to monitor the receipt, deposit and accounting of moneys as prescribed.

We reported the matter to the Transport Department, GOM in April 2011, followed by demi-official letter to the Chief Secretary in June 2011, reply was awaited (September 2011).

4.9 Non levy/short levy of fine for non-renewal of permits

Under Section 81 (1) & (2) of the MV Act, 1988 the validity of a permit is five years and may be renewed on an application made not less than 15 days before the date of expiry of the permit. Plying of vehicles without a valid permit attracts the provision of Section 192 A of the Act, under which, a minimum penalty of ₹ 2,000 shall be levied. Further, as per Section 66 of the Act ibid, no owner of a motor vehicle shall use his vehicle as a transport vehicle in any public place without a valid permit whether or not such vehicle is actually carrying any passenger or not.

During scrutiny of the permit registers of the Commissioner of Transport (CT), Meghalaya and State Transport Authority (STA), Meghalaya, Shillong in March 2011 we noticed that 353 transport vehicles were plying without getting their permits renewed. For non-renewal of permits after expiry of validity period, minimum penalty of ₹ 7.06 lakh as stipulated in Section 192 A was leviable against which, only ₹ 2.17 lakh was levied and realised in 219 cases. In the remaining 134 cases, no penalty was levied. Thus, inaction on the part of the CT / STA led to short realisation of penalty of ₹ 2.17 lakh in 219 cases and non-realisation of penalty of ₹ 2.68 lakh in 134 cases.

We reported the cases to the Transport Department, GOM in May 2011; reply was awaited (September 2011).

4.10 Non-receipt of bank drafts sent for revalidation

Section 88 of the Motor Vehicles (MV) Act, 1988 Act stipulates that a permit granted in any one state shall not be valid in other states unless the permit is countersigned by the State Transport Authority (STA) of the concerned states on payment of prescribed fee known as Composite Fee (CF). The CF is payable by bank draft and remitted to the STA, Meghalaya when vehicles which have been issued permits by other states are authorised to ply in Meghalaya. The STA is required to maintain a Register of Valuables (RoV) to watch the receipt of bank draft from other states and ensure prompt credit of the amount into Government account.

During scrutiny of the bank draft registers of the STA, Meghalaya in March 2011, we noticed that the STA did not maintain a RoV. We also noticed that the STA did not deposit the bank drafts into the Government account in time. As a result, 179 bank drafts amounting to ₹ 5.42 lakh pertaining to the period from August 2009 to June 2010 became time-barred. The

STA returned the bank drafts on various dates between February 2010 and December 2010 to the concerned STAs for revalidation but none of the bank

drafts were returned by other states. The STA also did not initiate any follow up action to get back the revalidated bank drafts thereby resulting in non-realisation of revenue of ₹ 5.42 lakh.

We reported the case to the Transport Department, GOM in May 2011; reply was awaited (September 2011).

4.11 Undue benefit granted to weighbridge lessees

In Meghalaya, private parties are allowed to operate weighbridges on behalf of the Transport Department (TD) on payment of lump sum annual amount to the State Government as agreed upon.

No norms have been stipulated in the Rules for determination of the agreed price. However, in actual practice, the agreed price is worked out on the basis of weighing fee and the estimated number of vehicles passing through the road.

There are 08 notified weighbridges in the State which were leased out to private parties to operate on behalf of the TD on payment of lumpsum amount of ₹ 2.48 crore during 2010-11. This was based on a weighing fee of ₹ 30 per loaded vehicle. The State Government, however, enhanced the weighing fee per loaded vehicle from ₹ 30 to ₹ 50 with effect from 08 January 2010. However, no notification was issued by the Government for revision of the lumpsum amount payable by the lessees.

We noted during test check of the records of the CT Meghalaya, Shillong in March 2011 that all lessees during 2010-11 charged the higher rate of ₹ 50 but paid ₹ 2.48 crore²¹ as lease to the State Government instead of ₹ 4.13 crore. Absence of the Rules and failure of the TD to incorporate a provision in the agreements with the lessees to provide for a proportionate increase in the lease payable to government in the event that the weighing fee was enhanced during the duration of the lease led to a loss of ₹ 1.65 crore to the public exchequer and a corresponding undue benefit to the lessees.

We recommend that the TD incorporate a clause in the agreements with lessees to provide for a proportionate increase in the lease payable to government in the event of the weighing fee being enhanced during the course of the lease.

We reported the case to the Transport Department, GOM in May 2011; reply was awaited (September 2011).

²¹ Calculated from 08 January 2010

4.12 Short realisation of Composite Fee

Under Section 88 of the Motor Vehicle Act, 1988, a permit granted in any one state shall not be valid in any other state unless countersigned by the State Transport Authority (STA) of the other state. Further, under Section 6 B of the Meghalaya Motor Vehicle Taxation Act, vehicles granted an All India Permit granted by any STA other than the State of Meghalaya shall ply in Meghalaya on payment of a Composite Fee (CF) in lieu of all taxes leviable under the Act. The CF is ₹ 12,000 per annum in respect of tourist maxi cabs. The CF is realised by the STA of the state which grants the permits and remitted to the STA, Meghalaya through bank drafts.

During scrutiny of records of the STA Meghalaya in March 2011, we noticed that 232 tourist maxi cabs registered in Assam were authorised to ply in Meghalaya during 2009-10 from whom the STA, Assam had realised CF totaling ₹ 13.92 lakh (at the rate of ₹ 6,000 per vehicle each instead of ₹ 12,000) and remitted to STA, Meghalaya through bank drafts. The STA, Meghalaya however, did not take

up the matter with his counterpart in Assam to recover the balance amount of ₹ 13.92 lakh thereby resulting in short realisation of CF of ₹ 13.92 lakh.

We reported the case to the Transport Department, GOM in May 2011; reply was awaited (September 2011).