

December, 12, 2012

Robert J. Ravi
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Telecom Regulatory Authority of India,
Mahanagar Doorsanchar Bhavan,
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New Delhi - 110 002,

Sub: views/ suggestion on TRAI's **Consultation Paper on Review of The Quality of Service (Code of Practice for Metering & Billing Accuracy) Regulations, 2006**

Dear Sir,

We warmly welcome the innovative draft consultation paper issued by the Telecom Regulatory Authority of India on review of '**The Quality of Service (Code of Practice for Metering & Billing Accuracy) Regulations, 2006**.'

The appended document details our suggestion on Draft consultation paper. We look forward to continuing association with the TRAI on this important initiative.

Thanking You

Laxmikant Saini
S.M.Saini & Associates

Question 1: What are your views on imposing financial disincentives for delay in submitting audit reports of the metering and billing system and what should be the quantum of such financial disincentives? Please give your comments with justification.

Metering & Billing Audit reports for all Service providers highlighting the compliances with code of practice for Metering and Billing Accuracy as well as the audit report ensure that performance of metering and billing system of service providers meet the benchmark prescribed by the authority under the said regulation. The authority examines audit report and takes further action on the basis of audit report & action taken note submitted by the service providers. However failure to submit timely final reports may affect examination of report by the authority hence its desirable that all audit report should be submitted to the authority with the time frame prescribed by the regulation. However all Single audit reports not received by their due date should not be considered delinquent and are subject to appropriate follow-up and appropriate financial disincentives should be levy on case to case basis rather than a fixed sum of Rs. 50,000 per day. In case of any genuine hardship the authority should take a lenient view on penalty.

Question 2: What are your views on imposing financial disincentives for delay in submission of Action Taken Reports on audit observations of the metering and billing system and for providing false information or incomplete information and what should be the quantum of such financial disincentives? Please give your comments with justification.

Same as point no.1

Question 3: What are your views on the proposal for audit of the CDRs for at least twice a year- three months CDR pertaining to first half year and three months CDR pertaining to second half year? Please give your comments with justification.

We totally agreed with the authority that usually CDRs are live in the billing system for three to six months and subsequently they are archived and reloading the same in the system require a lot of time, energy and cost. We appreciate the effort of the Authority in the consultation paper to increase the frequency of audit twice in a year. However our concern is that despite the proposed increase of frequency of the audit twice in a year would not representative of the whole year. Apart from this the proposed change would subject service provider and auditor to unreasonable increase of works without a fair representation of whole year data.

For timely detection of overcharging event and fairly representation of whole year data we suggested that audit of billing system should be done on quarterly basis with one month CDRs for each quarter.

Question 4: What are your views on the proposal for simultaneous reporting of instances of overcharging to TRAI by the auditor, monthly progress report on the action taken by service providers on such audit observations and financial disincentives on delayed refund of such overcharged amounts? Please give your comments with justification.

We agreed with the authority for simultaneous reporting of instances of overcharged to TRAI by auditor. We would like to emphasize that whenever an audit observation raised with the auditee the auditee require a time for vetting and revert on the same. So we suggest that only those overcharging events where auditee is agreed would immediately intimate to the authority. The authority itself agreed that reloading of archived CDRs in the billing system took considerably time and find out effected customer and make refund them is a tedious & time consuming process. So we suggest that time period for progress report on the action taken by service provided should be quarterly basis.

Question 5: Do you support mandating service providers to undertake a thorough analysis of each audit observations and the requirement to furnish a detailed comment on each audit observation, as proposed above, including financial disincentives for submitting audit reports without adequate comments? Please give your comments with justification.

We fully agree with the authority that each audit observation require a detail comments on it.

Question 6: Do you support nomination of auditor by TRAI and appointment of the nominated auditor by the service provider? Please give your comments with justification.

Independent regulation and oversight of the audit profession enhances audit firm's ability to deliver high quality audits. In this context, we welcome the proposed move of the authority for nomination of auditor by TRAI to the service providers. As suggested by the authority, effective audit reform must adopt to ensure auditor's independence. We further support proposals that higher degree of regulators' involvement in appointment process which will then promote greater transparency for all stakeholders. However an independent audit committee requires evaluating the quality of audit on continues basis. In addition to this there should be explicit guideline or regulation should be in place for rating of audit firm or criteria that committee should consider as part of their assessment of auditors and further nomination to the service providers.

Question 7: What are your views on the proposal for fixing of remuneration of auditor by TRAI and what should be the quantum and methodology for computation of audit fees, in case the same is to be fixed by TRAI? Please give your comments with justification.

As suggested by the authority the frequency of the audit should be increased by twice in a year as well as monthly progress report by auditor would substantially increase work and volume of the audit. So we suggest that the authority should consider the following parameters for computation of audit fees:

1. Billing System is canalized or decentralized.
2. No. of Subscribers
3. No. and type of service (Single-technology ,Dual-technology or Wireline)
4. No. of circle

Audit fee of at least Rs.1 lakh per service area is a benchmark fee but the other consideration as stated above should also consider while filling them.

Question 8: What are your views on the proposals relating to tariff plans to be covered for audit? Please give your comments with justification.

The present criteria for selection of tariff plan are fair enough. Telecom market is dominated by voice segment in term of number of subscribers and due to this data plan or broadband plan fall outside of purview of tariff plan selection. However 3G Plan, broadband, data plan is based on new technology and more complex than traditional voice plan so we suggest that that one or two broadband/data/3G plan having highest number of subscriber should also cover under this audit.

Thanks & Regards

Laxmikant Saini
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Chartered Accountants