

Sanjay Gupta & Associates

Cost Accountants

December 17th, 2012

Advisor (CI & QoS)

Telecom Regulatory Authority of India
Mahanagar Door Sanchar Bhawan,
Jawahar Lal Nehru Marg (Old Minto Road),
New Delhi-110002

Kind Attention: Mr. A. Robert J. Ravi

Reference No.- Consultation Paper No. 15/2012

Sub: - Consultation Paper on Review of "The Quality of Service (Code of practice for Metering & Billing Accuracy) Regulations, 2006" - Views/ Suggestions of Sanjay Gupta & Associates, Cost Accountants

Dear Sir,

We like to introduce ourselves as Sanjay Gupta & Associates, Cost Accountants (SGA) as one of the empanelled Firms for conducting Metering & Billing Audits as per TRAI.

With reference to the Consultation Paper dated 27th November, 2012 on the above mentioned subject, below are our suggestions on the Issues for Consultation.

- 1. What are your views 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 justifications.**

SGA's Comments: *The very purpose of mandating auditing of metering and billing system in telecom is to improve the quality of service and to protect the interest of consumers. The past experience shows that this mandation has made tremendous improvement in the telecom sector by ensuring accuracy in the metering and billing. This is extremely important that any error in the metering and billing will immediately translate into a burden on the consumer. There are instances where in a number of cases, the reports were not submitted in time and it defeated the very purpose of the regulation. The reason may be on the part of the service provider for not providing the relevant records and other materials in time for audit or can be on the part of the auditors who audit and submit the report very late. Unless there is some financial disincentive which will be a deterrent for such inefficient working/reporting we cannot ensure the desired result. TRAI has proposed a financial disincentive @ Rs 50,000 for each day of delay for submission for the audit reports. This will encourage those several operators who are meticulously complying the orders of the Authority. We should also take note of the fact that many operators are willingly and happily complying the orders of the Authority and the Authority should design special schemes for incentivizing and rewarding such operators. In our view this proposal is apt and if implemented will ensure far better results.*

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 quantum of such financial disincentives? Please give your comments with justification.**

***SGA's Comments:** The service providers are mandated to submit the Action Taken Report on audit observations and inadequacies, if any, pointed out by the auditor in the audit report to TRAI. The action taken report is acting as a compliance report for the inadequacy/inaccuracy of the system and also mitigating the losses/sufferings caused to subscribers. There is no justification for the operator to delay this process as this has direct bearing on the customers. Hence, we see no reason why a financial disincentive should not be imposed to improve compliance. There should be penalty for those who violate the rules and should encourage/reward and motivate for those who follow the rules.*

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.**

***SGA's Comments:** In a technology advanced era making available the CDR for audit should not be an issue at all. In most of the cases, the overcharging/excess charging has been made known only after the audit of CDR is done. Hence it is important that more periodical audit of CDR is conducted. TRAI has suggested that CDR to be audited at least twice a year. In our view this is essentially required taking into account the volume of consumer complaints and the delay in settling it. This will in fact serve to several consumers who otherwise do not even know that they have been charged in excess.*

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 the service providers on such audit observations and financial disincentives on delayed refund of such overcharged amounts? Please give your comments with justifications.**

***SGA's Comments:** The whole intention of metering and billing audit is to ensure fairness and to give the relief to the customers by attending the compliance and settling overcharging/excess charging. In many cases even after auditor points out certain anomalies which lead to refund to the customer, it seldom happens within a reasonable time and there are instances where the consumer as well as TRAI insisted for the settlement by writing letters and reminders. One of the ways these issues can be sorted out is by mandating simultaneous reporting to TRAI by auditor. This will be a deterrent for delaying the process. As earlier mentioned in our submission above, unless there is a strong disincentive a simple mandation does not become effective. Hence we are of the opinion that certain financial disincentive must be provided in the regulation for delayed refund of overcharged amount. Even though there is a provision to pay penal interest for delay this is not an effective deterrent to stop delay.*

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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.

SGA's Comments: It's not required because the Service Providers are adhering to giving the detailed Auditee Comments and also verifying the same in the Action Taken Reports and the Compliance Report of the ATR in the next year.

6. Do you support nomination of auditor by TRAI and appointment of the nominated auditor by the service provider? Please give your inputs.

SGA's Comments: The Auditor is selected from the list empanelled by TRAI itself, hence it's not required and should be at the discretion of the Service Provider to select the Auditor from the Empanelled List of Auditor.

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.

SGA's Comments: In most of the cases it has been observed that the auditor is being appointed by service providers based on certain tender/negotiations. In a tendering process the market tendency is to quote low prices to obtain the contract/work. This has resulted in compromising in the quality of work.

In order to eliminate this possibility it is ideal that TRAI should fix the fee for the auditor. However, while doing so the regulator should be reasonable by taking the market reality and if the Frequency of the Audit is to be increased twice a year then accordingly the fees should be fixed as this Audit requires constant up gradation to new techniques, processes and Softwares which requires lots of capital.

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

SGA's Comments: The current regulation of the selection of the Tariff Plans is fine and adequate and doesn't require any changes. The Authority can look at adding/mandating the auditing of Special Tariff Vouchers/Rate Cutters.

In case any other input/clarifications are required, please feel free to contact us.

Thanking You,

Yours Faithfully,

Sanjay Gupta

Partner

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