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Reply to Consultation paper No. 15/2012 on review of The Quality of Service (Code of Practice for Metering & Billing Accuracy) Regulations, 2006

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.

Response: Imposing financial disincentives for delay in submitting audit reports of metering and billing audit is not fair because:

- ⇒ Telecom operator will impose pressure on the appointed auditor for timely submission of reports even though CDRs have been submitted late to avoid penalty, which may impact on quality of audit or audit report.
- ⇒ Audit report may be closed without adequate auditee's comment.

Thus, it is suggested that proposal for imposing financial disincentives may be dropped as it will affect quality of report.

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.

Response: Time limit for submission of ATR should not be fixed like (30th September) but it should be based on days (i.e. 90 days after submission of audit report) so that telecom operator can get sufficient time for submission of ATR even if there is delay in audit report.

Financial disinvestment of Rs 50000/- for each day of delay should be imposed for late filing of ATR so that action can be taken on audit observations with in time.

Flat penalty (i.e Rs. 10 lac.) for false or incomplete information in ATR is not fair because impact of observation is different. So for providing false information or incomplete information penalty should be imposed slab basis i.e.

Category	Proposed Penalty Amount
Category 1	15,00,000
Category 2	10,00,000
Category 3	5,00,000

It is recommended that TRAI should impose penalty for delay in submission of ATR and for submission of incomplete/ incorrect information in ATR. It will ensure submission of correct ATR and within time, but time limit may be in 90 days after submission of audit report rather than fixed date and penalty for incomplete/ incorrect information in ATR may be based on category of audit observation.

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.

Response: It is a very welcome idea to conduct audit half yearly.

- ⇒ In case of prepaid, CDRs are purged on six months basis. If audit is conducted half yearly, this would facilitate refund of overcharging in case of prepaid customers.
- ⇒ Even in case of postpaid, refund of overcharging would be faster to the customers.
- ⇒ This would also facilitate quicker corrective action by the service provider for overcharging as well as undercharging.

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.

Response: It is a very welcome idea to give simultaneous reporting to TRAI in case of overcharging. Refund should be made to customer within 30 days of receiving the Auditee's Comment. Service Provider should give the comment on overcharging observation within 30 days of receipt of Audit observation. We propose the financial disincentive equivalent to amount of overcharging should be deposited with TRAI. This would facilitate faster refunds by the service providers to affected customers.

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.

Response: Comment on audit observation ensures that each audit observation is analysed by the service provider. So comment should be given on each audit observation and such comment should be complete (in terms of date of occurrence, date of rectification affected customers etc). To bind service provider for thorough analysis of each audit observation and furnishing the comment on each audit observation financial disincentive should be imposed. Financial disincentive should be based on category of observation rather than imposing flat penalty.

Therefore, to achieve the purpose of metering & billing audit, it is recommended that financial disincentives for submitting audit reports without adequate comments should be imposed.

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.

Response: As per existing regulation, appointment of auditor is done by service providers from the empanelled auditor which results in:

- ⇒ Appointment of auditor whose bid is lowest, which affects quality of audit.
- ⇒ Adjustment in audit report for renewal of audit assignment in next year, which affects quality of audit report.
- ⇒ Service provider makes arrangement with auditor which affects quality of audit as well as audit report.

To ensure the quality and independence of audit, we strongly recommend that service provider should appoint the nominated auditor of TRAI. Even though the remuneration is fixed by TRAI, service provider can make certain arrangements with the auditor which might affect the quality of audit. So auditor should be nominated as well as appointed by TRAI only.

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.

Response: Service Provider appoints the auditor who makes the lowest bid which affects the quality of audit. Metering & Billing Audit is a specialised audit and requires a lot of technical competence. To do this audit, fixed cost of auditor is involved. Also in case of Category B telecom service provider efforts are same as it customization of the rating software, cost of technical persons etc. We recommend a fees of Rs 1,50,000 per circle or Rs 5,00,000.00 whichever is higher.

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

Response: Plans launched by the service provider can be divided in two categories, plans launched during the year and old plans. It is noticed that more no. of overcharging/undercharging cases are observed in newly launched plans.

In case of plans launched during the year:

- ⇒ In these plans possibility of overcharging or undercharging is more than old plans due to wrong configuration.
- ⇒ Service provider may launch too many plans during the year so that small no. of subscribers falls within preview of audit.
- ⇒ It is not possible to check 100% percent CDR of all consumers of newly launched plans.

After considering the above points, it is recommended that all newly launched plans should fall under preview of audit but it should be segregated

- ⇒ 3 prepaid tariff plan and 2 postpaid tariff plans having largest no. of subscriber: confidence level of 95% at a confidence interval of 3% is achieved.
- ⇒ Others: confidence level of 90% at a confidence interval of 5% is achieved.

Therefore, for identification of all cases of under or overcharging, all new plans may be covered in audit but confidence level may be reduced for new plans having low subscriber base.