



**INDUSIND MEDIA & COMMUNICATIONS LIMITED**



Date : 22-01-2018

To,  
**Mr. S. K. Singhal - Advisor**  
Telecom Regulatory Authority of India,  
Room No. 716, MTNL Building,  
Mahanagar Doorsanchar Bhawan,  
Jawaharlal Nehru Marg, (Old Minto Road),  
Near Dr. Zakir Husain College,  
New Delhi-110002.

**Subject** : Response to the Consultation Paper on Empanelment of Auditors for Digital Addressable Systems.

Dear Sir,

Please find our response on the above mentioned subject, please find the enclosed document for the same.

Yours Faithfully,  
For **Indusind Media & Communication Ltd.**

(Authorized Signatory)





**Response to TRAI's Consultation Paper on Empanelment of Auditors for Digital Addressable Systems.**

**Q1. Do you agree with the scope of technical audit and subscription audit proposed in the consultation paper? Give your suggestions along with justification?**

The scope of technical and subscription audit proposed is comprehensive in establishing the mandatory requirements to safeguard the provisioning of the signals.

The covert finger printing technique to be specified for either / or to establish compliance

1. The unique identifier is displayed in a single frame
2. The unique identifier is split over various frames to reveal the uniquely identify the Set Top Box

The scope of the technical audit should be restricted only to those aspects as defined by the regulations as regularly broadcasters request assessment of items that are beyond the scope of the regulations. Further the audit should be done by independent auditors with the capability of the DPO to challenge the findings where this is not acceptable or is not correct.

Care should also be taken to ensure that audits of larger MSOs where there are JV partners are done separately so that each JV's audit is completed independently, even if the data resides on the same CAS/SMS platforms.

Auditors must use the systems provided by the DPOs and ensure that no data is taken outside of the facilities to ensure data security at all costs.

**Q2. Is there a need to have separate panel of auditors for conducting technical audit and subscription audit?**

Depending on the skill set available, the auditor's panel will be capable of conducting both the technical and subscription audit or can have internal bifurcation of teams based on the skill sets. Methodologies established to conduct audit as per the schedule in the guidelines makes it feasible for the auditors to conduct both technical and subscription audit. The audit firm should be given the flexibility to have the team established to cover the technical and subscription audit.



**Q3: Should there be a different list of empanelment of auditors based on the model/make of CAS and SMS installed by distributor? Will it be feasible to operate such panel of auditors?**

The audit requirements in the schedule being constant of the output requirements there need not be a different list of empanelment of auditors based on the makes and models of CAS & SMS even though the interfaces may be different.

The CAS & SMS providers compliant with the features laid down by the regulations, can register themselves to be certified by the audit panel and documentation covering their feature functionality documentation to be made public towards audit compliance. This will be verified for implementation at the client end towards compliance.

**Q4: What should be various parameters forming eligibility criteria for seeking proposals from independent auditors (independent from service providers) for empanelment? How would it ensure that such auditors have knowledge of different CAS and SMS systems installed in Indian TV sector?**

Firms conducting Technical system audit, along with Software systems audit would be able to establish eligibility to be a part of the audit panel.

Issues on the points defined

- 2.10 Given that the scope of audit is well defined suggestions will not be a challenge.
- 2.11 Experience in the field of audit can establish proficiency towards conducting audit
- 2.12 Audit companies can showcase their understanding and get registered with relevant bodies towards empanelment of the audit firm
- 2.13 Empanelment of service providers with association in the broadcasting service industry should be considered as the service providers may have separate audit teams without any conflict of interest.

**Q5: Should the minimum period of experience in conducting the audit be made a deciding parameter in terms of years or minimum number of audits for empanelment of auditor?**

For the empanelment of auditor, the number of years in conducting audit along with examples of the audits conducted by the firm should be one of the deciding parameters. The understanding of the media space would also form one of the parameter towards deciding the empanelment of auditor and its experience in the pay TV industry.

**Q6: Any suggestions on type of documents in support of eligibility and experience?**

- a. Documents submitting the relevance of the firm to be considered for empanelment
- b. Skill set and experience of professional staff
- c. Self-certification of the teams availability for conducting audit



**Q7: What should be the period of empanelment of auditors?**

Period of empanelment of auditors should be a period of 5 years. Firms can be added based on the demand.

**Q8: What methodology to decide fee of the auditor would best suit the broadcasting sector? and Why?**

The audit fee to be regulated so there is no competition between the empanelled firms to provision services at lower costs effecting the quality of the audit. There should be guidelines on the charges based on number of subscribers slab, number of head ends, number of CAS & SMS systems, number of days and number of auditors required to complete the audit. Also required would be a mechanism to establish the distribution of audit work equally between all the empanelled members.

**Q9: How the optimum performance of the auditors can be ensured including maximum permissible time to complete audit? Give your suggestions with justification.**

The scope and the methodology of the audit has to be clearly defined. This would ensure auditors optimal performance. The data extraction is based on the systems deployed and the time taken to extract the report which extends the time frame of audit. The data points have to be defined for a common methodology of analysis to be established. If common data points can be established, tools can be developed for analysis and reporting. Based on the slabs of based on number of subscribers slab, number of head ends, number of CAS & SMS systems, guidelines on time frame of completion can be determined.

**Q10: What can be the parameters to benchmark performance of the Auditor? What actions can be taken if the performance of an Auditor is below the benchmark?**

As mentioned above when the scope and methodology of every point of the audit established, this can be clearly benchmarked to auditor performance. The audit firm can initiate the necessary action to reskill to be able to perform as per the benchmark.

**Q11: Should there be different time period for completion of audit work for different category of the distributors? If yes what should be the time limits for different category of distributors? If no what should be that time period which is same for all categories of distributors?**

Depending on the complexity in terms of number of CAS / SMS, locations and time taken to travel between locations, data extraction which is system dependent, the time taken will be different for different categories.

**Q12: Are the conditions cited sufficient for de-empanelling an auditor? If not what should be the conditions for de-empanelling the auditor?**



The conditions for de-empanelling of auditor would be

- a) Self-certifications and declarations are found to be false
- b) Disclosure or misuse of confidential information
- c) Audit not performed in accordance to the laid procedures
- d) DPOs are not satisfied with the veracity of the audit report generated and it is proven that auditors are not providing accurate and verifiable facts in their reports.

**Q13: Comments on re-empanelment if any?**

Re-empanelling after a period of 3 years, once the required conditions are met.

**Q14: Any suggestion relating to the audit framework**

- a) Audit Procedure to be defined
- b) Methodology of extraction and reporting mechanism based on the audit framework to be established.
- c) Standardized tools to be developed for analyzing the data

Further there should be a procedure for challenging audit findings to ensure that they are correct and any findings are documented correctly.

A further item that needs to be considered in relation to the usage of hacked CAS systems. Currently the requirement is that the CAS system used has never been hacked. In the event that the system does get hacked then DPOs must be given some suitable amount of time to resolve these issues as it could require software download to STB/smart cards, replacement of smartcards across the entire territory, or worse even a replacement of all STBs, which could be unfeasible. The risk of CAS hacking is getting greater due to the fact that most of the CAS systems were deployed more than 5 years ago, and this will become a reality at some point.