

Dated 3rd December 2012

Mr. Robert J. Ravi,
Advisor (QOS)
Telecom Regulatory Authority of India
New Delhi

Dear Sir,

This is with reference to the Consultation Paper on Review of 'The Quality of Service (Code of Practice for Metering and Billing Accuracy) Regulations, 2006, dated 27th November 2012, inviting comments on the questions raised in the consultation paper.

I give my comments on the same as under:

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.

Comments

In the interest of avoiding delay and timely submission, the imposition of financial disincentives for delay in submission of audit reports of metering and billing system should be in place. In case genuine difficulty in timely submission with due justification by the telecom company and prior permission of TRAI, the delay may be condoned. The amount of disincentive instead of flat basis should be imposed circle-wise and having looked into the subscriber base and gross receipt from telecom operations and the period involved.

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.

Comments

In the interest of avoiding delay and timely submission, the imposition of financial disincentives for delay in submission of Action Taken Reports of metering and billing system should be in place. In case genuine difficulty in timely submission with due justification by the telecom company and prior permission of TRAI, the delay may be condoned. The amount of disincentive instead of flat basis should be imposed circle-wise and having looked into the subscriber base and gross receipt from telecom operations and the period involved.

For the false or incomplete information the amount of disincentive should also be based on the quantum of amount involved in the false or incomplete information with intention to conceal actual facts from TRAI and subscribers.

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.

Comments

TRAI Should appoint auditor for full year, with directions to submit reports twice in a year, i.e. for six month period as in the proposed in the consultation paper, as otherwise reloading of the Voluminous Data being difficult and time consuming for determining the actual overcharging and which may result in delay or non-refunding of the overcharged amount to the concerned subscriber.

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.

It will be a good practice for transparency and justification that the reporting is done simultaneously to TRAI directly as well by the Auditor.

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.

Comments

We definitely support the view for thorough analysis of each audit observation to bring transparency and correctness of the billing and metering system and that no subscriber is overcharged or unduly charged or cheated unknowingly.

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.

Comments

We support the view that nomination of auditor for billing and metering audit should be by TRAI, from the panel of firms listed with it for independence of the auditor and transparency. We base our opinion considering the following facts:

For the Statutory audit of Public Sector Undertakings (PSUs) under the Indian Companies Act, 1956, the appointment of Auditors is made by Comptroller and Auditor General of India (C&AG) out of the Panel of firms maintained by it. The PSU Company has to get the accounts audited from the so appointed Auditors. The report of the auditors is issued as per the requirements of the Companies Act, 1956 and a special supplementary report u/s 619 of the Companies act, 1956, as per

requirements of the C&AG, for which the necessary directions containing the matters on which report is required to be given by the Statutory Auditors is given by it.

C & AG considers the report of the Auditors for issue of final report by their office.

The aforesaid procedure is for bringing about more transparency as the auditors are not influenced by the fact that their appointment is not made by the PSU Company. When the appointment is made by the auditee company, the company may influence the auditor to oblige them while issuing their report and on the matters to be reported.

In support of the above we also invite attention to that:

- For special audit the Department of Telecom (DoT), Ministry of Telecommunication, appointed auditors in respect of license fee payable to DoT by the telecom companies, which is payable on the gross telecom receipts as per the license conditions. *Even though the telecom companies are submitting AGRs certified by the statutory auditors, **but for independent and transparent report it appointed separate independent auditors.*** This has resulted in huge demands by DOT on telecom companies, as reported in the news.
- For Special Audit the Income Tax Department (ITD) also appoints a firm out of the panel of firms maintained by them, to do the special audit. ***The firm so appointed is different from the statutory auditor under The Companies Act by appointed by the company, to bring about transparency and independent in reporting.*** The report has to be given in the prescribed form and on the matters specified for the purpose by ITD while appointing the special auditor.
- Securities and Exchange Board of India (SEBI), the **regulator for listed companies**, where it feels necessary gets the accounts of the company examined by a firm of chartered accountants, empanelled with it, in the interest of share-holders, particularly small shareholders, who cannot look into the accounts or others trading at the stock exchanges,. It appoints the firm for the examination and also fixes their remuneration for the purpose, considering the size and volume of work after due assessment. SEBI appoints the

auditors, itself for independence and transparency in the report of audit / examination.

- Audit Bureau of Circulation (ABC), after 1st January 2012 **started appointing auditor for Circulation audit of Newspapers by itself** from the **panel of firms maintained** by it. Earlier ABC had instructed to get the bi-annual audit done from any of panel auditors, to be appointed by the auditee. It has been done to **bring in more transparency and to maintain independence of the auditor.**

TRAI being a regulatory authority, in the interest of subscribers, who are very large in number and most important stake-holders, being very small as compared to the telecom company, the billing and metering audit has been introduced. For the auditor to be independent and for full transparency the auditor should be appointed by TRAI and the remuneration payable should also be fixed by TRAI.

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.

Comments

The remuneration for the Billing and Metering Audit should be fixed by the TRAI, which I fully support.

*The quantum of remuneration, should be fixed circle-wise keeping in view the size of business in the circle. The business can be determined either by **considering the number of subscribers in the circle or the gross receipts from telecom operations**. Slabs can be fixed for remuneration considering the size of subscribers / business with minimum and maximum amount of remuneration considering the smallness or extra-ordinary large size of base of subscribers / business.*

My opinion is based on the fact, that in respect of branch auditors appointed for the audit of branches of the bank, the remuneration to be paid is fixed on the basis of business of advances in the branch, i.e. Amount of advances at the end of the period to which the audit relates, i.e. 31st March every year. Different slabs of Advances have been prescribed by the Reserve Bank of India with fixed remuneration for each slab.

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


Comments

It is a fact that plans introduced during the year and particularly those during the last part of the year, the subscriber base remains small to get covered within in the 10% subscriber requirement and as such is left out. To bring more transparency that two / three plans of the six-months or at least one plan introduced in every month, with highest number of subscribers, should also be covered in audit.

I do hope your will kindly consider my comments for the purpose, as I am a stake holder, being a user of telephone connections and accordingly a subscriber of telecom companies.

Thanking you,

Yours faithfully,


(M K Juneja)