

**5<sup>th</sup> February 2018**

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**Sub: AIDCFs response to Consultation paper on Empanelment of Auditors for Digital Addressable Systems**

AIDCF (All India Digital Cable Federation) wishes to express its sincere gratitude to the Telecom Regulatory Authority of India (the Authority) for its support and cooperation in the establishment and growth of Broadcasting & Cable TV industry in India. The Federation further thanks the Authority for providing an opportunity to submit comments/ response on the Consultation Paper on "Consultation paper on Empanelment of Auditors for Digital Addressable Systems" as issued by the Authority.

**In this regard, please find our pointwise response as below:**

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

We are in agreement with the scope of technical and subscription audit proposed in the consultation paper. As authority is aware that there are big/small/independent MSO working in the sector and it is important for the growth of the sector that systems and processes are standardized across the sector. This would ensure transparency and build trust among various stakeholders.

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

Yes. The panel for technical and subscription audit has to be different both require separate skill set and expertise. While technical auditor would require understanding & knowledge about working of CAS and SMS Systems, the subscription auditor would need to have knowledge about the industry, various regulations and orders governing this sector along with working / basic understanding of CAS and SMS Systems.

**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?**

No. It would not be feasible to have different lists of auditors for different CAS and SMS providers as basic technology for the CAS & SMS systems remain the same, while the features may differ from one service provider to another. If you have to empanel for each model/make of CAS and SMS, we might have to empanel new auditors every time a new version of the CAS/SMS is launched, which would create chaos.

**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?**

In our opinion, any audit firms who have minimum five-year experience of working in the Telecom/ Cable & Broadcasting sector and have sufficient resources to manage the requirement of the sector should only be empaneled. They should have a team of qualified personnel's having knowledge of CAS and SMS on their roles and not outsourced. This is to avoid non-serious firms getting empaneled.

**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?**

Please refer to our answer of question no.4. The auditors must have conducted audit of any telecom /cable & Broadcasting company in last two financial years.

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

A self-declaration by auditors on listing of audits done in five years and at least audit reports of last two years should be submitted with the regulator.



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

The period for empanelment should be for 3yrs.

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

The audit fee should have two components – Fixed fee & Variable Fee. The Fixed fee should be the minimum amount payable to the Auditor irrespective of the Subbase of the MSO being audited, while variable fee should be slab based, which should be a certain % of the MSO subbase, decreasing with the increase in the Subbase.

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

To achieve maximum optimum performance of the auditors, the audit process should be divided into four segments.

1. Scope / Methodology of audit – 3 working days
2. Conduct audit based on the scope and methodology of audit – 7 working days
3. Queries and discussion – 3 working days
4. Report finalization – 3 working days.

**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?**

The parameter to Bench mark the performance of the Auditor Should be :

1. Timely completion of audit
2. Accuracy of the analysis of subscriber data
3. Transparency on audit observation

In case of performance below the benchmark, TRAI should have the right to take action including de-empanelment of the auditor and he should not be allowed to be empaneled for next 3 years.

**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?**

No. Please see answer to question no. 9 for the same. The timelines should be similar for all categories of distributors.

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

In our Opinion, the condition cited in Q10 are sufficient for de-empaneling an auditor.

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

No comments

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

Scope of audit should cover maximum period of past twelve months from the date of audit.

Thanking you,  
Your's Faithfully  
For All India Digital Cable Federation



Rajan Gupta  
(President)