

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Dwight D. Keen, Chair
 Susan K. Duffy
 Andrew J. French

In the Matter of the Audit of inContact, Inc.)
by the Kansas Universal Service Fund)
(KUSF) Administrator Pursuant to) Docket No. 22-BUYC-035-KSF
K.S.A. 66-2010 (b) for KUSF Operating)
Year 24, Fiscal Year March 2020-)
February 2021.)

ORDER ADOPTING AUDIT REPORT

The above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and determination. Having examined its files and record, and being duly advised in the premises, the Commission finds and concludes as follows:

1. On July 27, 2022, the Commission directed Vantage Point Solutions (VPS) to perform an audit of inContact, Inc. (hereinafter referred to as “inContact”) for Kansas Universal Service Fund (KUSF) purposes.

2. On July 5, 2022, VPS filed its Audit Report making four findings for inContact in Operating Year 24.¹ The VPS Audit Report findings are as follows:

Audit Finding No. 1:

inContact did not report revenues for the periods that they were earned and did not correct the reporting by filing True-up Reports, causing an overpayment to the KUSF in the amount of \$819.02;

Audit Finding No. 2:

inContact did not correctly complete Box C of the Carrier Remittance Worksheet (CRW) with no financial impact to the KUSF;

¹ Kansas Universal Service Fund Audit Report, Docket No. 22-BUYC-035-KSF (July 5, 2022).

Audit Finding No. 3:

inContact did not report Late Payment Fees to the KUSF, resulting in an underpayment of \$2,260.02;

Audit Finding No. 4:

inContact did not report Directory Assistance revenues to the KUSF, resulting in an underpayment of \$191.85.

3. The Commission finds the VPS Audit Report to be thorough and complete and accepts it as filed. The Audit Report provides a detailed analysis to support the VPS findings. It recommends inContact file True-up Reports for Fiscal Year 23, March 2019 - February 2020, Fiscal Year 24, March 2020 – February 2021, and Fiscal Year 25, March 2021 to February 2022, and a Quarterly True-up Report for March 2022 to May 2022, to correctly report actual intrastate revenues to the KUSF for the appropriate periods, as well as correctly completing Box C to report the actual KUSF surcharge amounts collected from customers. The Audit Report proposes that inContact remit a net payment of \$1,632.85 to the KUSF. The Audit Report additionally recommends inContact file an affidavit of a corporate officer attesting the Company corrected deficiencies for not reporting intrastate revenues for appropriate periods, reporting Late Payment Charges and Directory Assistance revenues, reporting the KUSF surcharges collected from customers in Box C of the CRW, as well as the date new procedures were implemented. VPS also advises to have inContact reminded to file Quarterly True-up Reports within 45 days of each quarter's end. Moreover, VPS recommends inContact be directed to take corrective action within 45 days of the Order Adopting the Report, with VPS filing a Compliance Report within 60 days of the Order. The Commission now addresses the GVNW recommendations.

4. inContact is a Competitive Local Exchange Carrier, an Interexchange Carrier and Voice over Internet Protocol (VoIP) provider that is headquartered in Sandy, Utah. It collects

KUSF assessments from its Kansas customers. It is required to report revenue and pay related assessments to the KUSF on an annual basis. inContact is not designated as an Eligible Telecommunications Carrier and does not offer Lifeline service to its customers. In determining revenue for KUSF purposes, inContact assesses the voice portion of its bundled service. It states it uses the same methodology for Federal USF reporting purposes.

5. Audit Finding No. 1 indicates inContact did not report revenues during the appropriate periods for the KUSF, but rather one month later. This practice led to an underpayment of \$2,359.63 for Fiscal Years 23 and 24, and an overpayment of \$3,178.65 in Fiscal Year 25, giving rise to a net credit of \$819.02. To correct the reporting deficiency, VPS has recommended that inContact file annual True-up reports for Fiscal Years 23, 24 and 25, and the current period March 2022 to June 2022, to correct not reporting revenue during the appropriate periods. VPS also recommended that inContact file an affidavit signed by a corporate officer attesting to changes in its procedures to have revenues reported in the periods they were earned. VPS has advised that inContact take action within 45 days of the issuance of this Order.

6. Audit Finding No. 2 indicates inContact did not correctly report amounts collected from customers in Box C of its CRWs for Fiscal Years 23, 24 and 25, and the current period March 2022 to May 2022, but rather reported amounts one month in arrears. VPS recommends inContact file True-up Reports for Fiscal Years 23, 24 and 25 and the current period, to correct the deficiency of not properly reporting amounts collected from customers in Box C of its CRWs. Additionally, VPS proposes inContact file an affidavit signed by a corporate officer attesting to changes in procedures for accurately reporting the KUSF surcharge collected from customers in Box C of its annual CRWs in the proper period.

7. Audit Finding No. 3 indicates inContact did not report Late Payment Fees to the KUSF. This caused inContact to under-report revenues in the amount of \$2,260.02. VPS proposes to have inContact file True-up Reports for Fiscal Years 23, 24, and 25, and the current period March 2022 to May 2022, and remit payment to the KUSF for net underpayments. Additionally, VPS recommends inContact file an affidavit of a corporate officer attesting to changes it made to its reporting procedures for recognizing Late Payment Fees.

8. Audit Finding No. 4 shows inContact did not report Directory Assistance revenues to the KUSF. This caused inContact to under-report revenues in the amount of \$191.85. VPS proposes to have inContact file True-up Reports for Fiscal Years 23, 24 and 25, and the current period March 2022 to May 2022, and remit payment to the KUSF for net underpayments. Additionally, VPS recommends inContact file an affidavit of a corporate officer attesting to changes it made to its reporting procedures for recognizing Directory Assistance revenues.

9. The Commission adopts the recommendations of VPS in its Audit Report and Finding Nos. 1-4. inContact shall file Audit True-ups for Fiscal Years 23, 24 and 25, and the current period March 2022 to May 2022, to correctly report revenues in the appropriate periods and to report Late Payment Fees and Directory Assistance revenues. inContact shall make an additional payment of \$1,632.85 to the KUSF. inContact is directed to file an affidavit signed by a corporate officer attesting to changes made to procedures for reporting revenues in the appropriate periods, correctly completing Box C of the CRWs, reporting revenues for Late Payment Fees and Directory Assistance Revenues, and the dates the reporting procedures were changed for all deficiencies. These actions and payment shall be completed within 45 days of the issuance of this Order. VPS then shall file a Compliance Report within 60 days of the issuance of this Order to confirm completion of the actions directed by the Commission.

IT IS THEREFORE, BY THE COMMISSION ORDERED THAT:

A. The Commission accepts and adopts Vantage Point Solutions' Audit Report filed June 5, 2022, and directs inContact, Inc. to correct deficiencies set forth in the Audit Report.

B. inContact shall file Annual True-up Reports for Fiscal Years 23, 24 and 25, and the current period from March 2022 to May 2022, to correct reporting to have revenues reported during the period they were earned, reporting revenues for Late Payment Fees and Directory Assistance revenues and correctly filling out Box C of the CRWs. It is directed to pay an additional amount of \$1,632.85 to the KUSF. It is also directed to file an affidavit signed by a corporate officer attesting to corrections implemented for reporting revenues during the period they were earned, reporting Late Payment Fees and Directory Assistance revenues and timely reporting the KUSF surcharge collected from customers in Box C of the CRWs. Corrective action is to be taken within 45 days of this Order.

C. Vantage Point Solution shall file a Compliance Report once inContact, Inc. has addressed the requirements of this Order, but no later than 60 days from this Order.

D. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).²

E. The Commission retains jurisdiction over the subject matter and parties for the purpose of entering such further orders as it may deem necessary.

² K.S.A. 66-118b; K.S.A. 77-503(c); and K.S.A. 77-531(b).

BY THE COMMISSION IT IS SO ORDERED.

Keen, Chair; Duffy, Commissioner; French, Commissioner

Dated: 07/12/2022



Lynn M. Retz
Executive Director

wah

CERTIFICATE OF SERVICE

22-BUYC-035-KSF

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 07/12/2022.

Wendy Harper, DIVISION MANAGER
VANTAGE POINT SOLUTIONS
2930 MONTVALE DRIVE, SUITE B
SPRINGFIELD, IL 62704
wendy.harper@vantagepnt.com

WALKER HENDRIX, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
w.hendrix@kcc.ks.gov

SHOMARI JACKSON
VANTAGE POINT SOLUTIONS
2930 MONTVALE DRIVE SUITE B
SPRINGFIELD, IL 62704
shomari.jackson@vantagepnt.com

DENNIS SMITH
VANTAGE POINT SOLUTIONS
2930 MONTVALE DRIVE STE B
SPRINGFIELD, IL 62704
dennis.smith@vantagepnt.com

NICOLE STEPHENS, KUSF ADMINISTRATOR MANAGER
VANTAGE POINT SOLUTIONS
2930 MONTVALE DRIVE SUITE B
SPRINGFIELD, IL 62704
nicole.stephens@vantagepnt.com

KRISTI THORNLEY, CONTRACTS & COMPLIANCE
SPECIALIST
INCONTACT, INC.
75 W TOWNE RIDGE PKWY
TOWER 1
SANDY, UT 84070
compliance@niceincontact.com

/S/ DeeAnn Shupe

DeeAnn Shupe