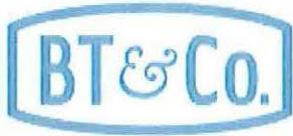


BERBERICH TRAHAN & CO., P.A.  
*Certified Public Accountants*

## KANSAS UNIVERSAL SERVICE FUND

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AGREED-UPON PROCEDURES  
YEAR ENDED FEBRUARY 28, 2017



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**INDEPENDENT ACCOUNTANT'S REPORT ON**  
**APPLYING AGREED-UPON PROCEDURES**

Kansas Corporation Commission  
Topeka, Kansas

We have performed the procedures enumerated on the attached supplement, which were agreed to by the Kansas Corporation Commission (the KCC or the Commission) and Kansas Universal Service Fund (KUSF or the Fund), solely to assist the specified parties in connection with the evaluation of GVNW Consulting, Inc.'s (GVNW's or the Administrator's) compliance with the Fund's Administration Contract with the KCC and GVNW's compliance with the Fund's responsibilities set forth in state statutes for the year ended February 28, 2017. GVNW is responsible to the KCC for compliance with the attached procedures. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures on the attached supplement either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed, the records that we examined, and the results of our procedures are summarized on the attached supplement, which is an integral part of this report.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct, an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the compliance of GVNW with the Fund's Administration Contract and GVNW's compliance with the Fund's responsibilities set forth in state statutes. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the KCC and KUSF and is not intended to be, and should not be, used by anyone other than these specified parties.

*Berberich Trahan & Co., P.A.*

July 24, 2017  
Topeka, Kansas

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	Control Technique to be Tested	Test(s) to be Performed	Sample / Population of Test(s) to be Performed	Test Results
1	An approved, signed contract with the State of Kansas authorizes GVNW to perform as the administrator of the KUSF for the State. The contract is signed by the KCC Chair or designee and GVNW President.	We will inspect the contract for proper approval.	Once during period under review.	No exceptions noted.
2	GVNW maintains its status as a foreign corporation registered with the Kansas Secretary of State.	We will review GVNW's filing status with the Kansas Secretary of State's Office to verify GVNW has maintained its status as a registered company in the State of Kansas for the period from March 1, 2016 to February 28, 2017.	Once during period under review.	No exceptions noted.
3	GVNW will maintain insurance coverage for general liability and errors and omissions liability and will provide the KCC annual evidence of such coverage upon request.	We will inspect the insurance policy and determine whether evidence of coverage is available to the KCC upon request.	Once during period under review.	No exceptions noted.
4	GVNW will obtain all required permits, licenses, and bonds to comply with regulations, municipal, county, state, and federal laws and assumes liability for all applicable taxes.	We will interview GVNW to determine that GVNW has acquired all permits, licenses, bonds, etc.	Once during period under review.	No exceptions noted.
5	GVNW will maintain a blanket fidelity bond recognizing the Commission or KUSF as the additional insured third-party beneficiary.	We will review GVNW's bond to ensure it complies with the KCC requirements.	Once during period under review.	No exceptions noted.
6	GVNW will request the KCC authorization regarding any change in insurance or bond coverage.	We will inspect the insurance and bond coverages and changes and verify written authorization regarding changes was provided by the KCC.	Once during period under review.	No exceptions noted.

	Control Technique to be Tested	Test(s) to be Performed	Sample / Population of Test(s) to be Performed	Test Results
7	The database and all documentation supporting the monthly financial reports and annual financial statements are maintained in a protected environment for at least five years after the end of a KUSF fiscal year and five years after the end of the contract.	We will interview the KUSF manager regarding the nightly back-up procedures and verify such procedures are covered in GVNW's operational controls.	Once during period under review.	No exceptions noted.
8	GVNW will maintain complete and accurate databases, KUSF records of contributors and recipients, and KUSF transactions in accordance with industry accounting practices and keep in a safe place all financial records and statements pertaining to the operation of the KUSF for a period of five years from the close of each KUSF fiscal year's operation.	We will interview applicable personnel to determine whether all supporting documentation is in a protected environment and saved for at least five years after the end of a fiscal year or the end of the contract, whichever is later.	Once during period under review.	No exceptions noted.
9	KUSF files, including all master files and databases, are backed up nightly and stored off-site in a protected environment. Such files will be maintained for at least five years after the end of a KUSF fiscal year and five years after the end of the contract.	We will interview the KUSF manager regarding the nightly back-up procedures and verify such procedures are covered in GVNW's operational controls.	Once during period under review.	No exceptions noted.
10	GVNW maintains all KUSF records in a separate, secure location agreed to by the KCC.	We will review the agreement between the KCC and GVNW noting the separate secure location and then interview GVNW staff concerning this agreement.	Once during period under review.	No exceptions noted.
11	GVNW maintains a formal disaster recovery plan that is tested at least annually to ensure KUSF transactions will continue as normal, at an alternate location, in the event of a disaster.	We will inspect the formal disaster recovery plan, and interview GVNW staff concerning testing procedures and results.	Once during period under review.	No exceptions noted.
12	GVNW will not destroy any files without prior approval of the KCC staff.	We will interview GVNW staff concerning file destruction and review any approvals by the KCC of files that were destroyed.	Once during period under review and we will select one instance of file destruction with the KCC approval, if available.	No exceptions noted.

	Control Technique to be Tested	Test(s) to be Performed	Sample / Population of Test(s) to be Performed	Test Results
13	GVNW will not assign or subcontract to another party any KUSF administration function without receiving written approval from the KCC. GVNW will provide a description of the function to be assigned or subcontracted, the name of the assignee or subcontractor, the price of the assigned or subcontracted service, and any relationship of the assignee or subcontractor to the telecommunications industry prior to receiving any approval from the KCC.	Review any subcontractor agreements related to the KUSF administration and review written authorization provided by the KCC.	Review all KUSF administration related subcontractor agreements and related authorization by the KCC.	No exceptions noted.
14	GVNW does not employ, during the period of its contract, any professional personnel employed by the State and does not employ any State employee who participated in the making of the contract for two years after termination of employment with the State.	We will interview GVNW staff to determine that GVNW has not hired any employee that was involved in the making of the KUSF administration contract that worked for the State of Kansas within the past two years.	All new hires within past two years.	No exceptions noted.
15	GVNW, nor any officer, board of director's member, or employee performs contracted services or has an agreement to provide such services to a person, organization, corporation, or company regulated by the KCC absent a written waiver from the Commission.	We will interview GVNW personnel to determine that GVNW nor any board of director's member, officer, or employee that performs KUSF functions perform work for any person, entity, organization, or company regulated by the KCC. We will review any waivers of conflict of interest provisions provided via written authorization. We will review the attestations, signed by a manager(s) or the President of GVNW verifying this information.	Once during period under review.	No exceptions noted.
16	All GVNW employees are made aware of the contract provision that prevents employees from accepting any beneficial or contractual relationships with any telecommunications service provider for the term of the contract, and for six month thereafter, without first obtaining written permission from the Commission. All employees working with KUSF information are required to sign the GVNW/KUSF Protective Agreement.	We will interview GVNW personnel to determine that GVNW employees are aware of the contract provision. We will review and verify that all GVNW employees hired or assigned to KUSF duties within the audit year have signed the GVNW/KUSF Protective Agreement.	We will select each GNVW/KUSF Protective Agreement for GVNW employees hired or assigned to KUSF duties within the audit year to inspect for a signature.	No exceptions noted.
17	GVNW will provide notification to the Commission, in writing, of any revision to the electronic transaction authorization(s) whenever an authorized person or an authorized person's privileges are deleted or modified or a new authorized user is added.	We will interview GVNW personnel to determine whether a revision was made during the year and inspect notification to the KCC.	Once during period under review. We will select one revision, if applicable, to inspect for notification to the KCC.	No exceptions noted.



	Control Technique to be Tested	Test(s) to be Performed	Sample / Population of Test(s) to be Performed	Test Results
18	GVNW will not make any news releases, bulletins, or media alerts pertaining to this contract or the KUSF program without prior approval from the KCC.	We will interview GVNW personnel to determine whether any news releases, bulletins, or media alerts pertaining to this contract or the KUSF program were made. If any of the aforementioned were made, we will verify GVNW received approval from the KCC prior to the news release, bulletin or media alert occurring.	Once during period under review. We will select one news release, bulletin, or media alert pertaining to this contract or the KUSF program, if applicable, to verify approval by the KCC.	No exceptions noted.
19	All GVNW employees working with KUSF data are required to sign a GVNW/KUSF Protective Agreement prohibiting disclosure of individual company and proprietary data.	We will review and verify that all GVNW employees hired or assigned to KUSF duties within the audit year have signed the GVNW/KUSF Protective Agreement.	We will select each GVNW/KUSF Protective Agreement for GVNW employees hired or assigned to KUSF duties within the audit year to inspect for a signature.	No exceptions noted.
20	Access to confidential data is limited to a minimum number of authorized employees.	We will interview applicable GVNW staff to obtain an understanding of the authorized personnel and determine appropriateness.	Once during period under review.	No exceptions noted.
21	Access to KUSF files is limited, with data maintained in locked file cabinets or password protected computer files.	We will interview applicable GVNW staff to obtain an understanding of the segregation of duties and determine whether there was appropriateness. We will review access to KUSF files and determine appropriateness.	Once during period under review.	No exceptions noted.
22	GVNW will ensure that no services are performed for any entity regulated or funded by the KCC or the KUSF, absent a written waiver of a conflict of interest from the KCC.	We will interview KCC, KUSF, and GVNW staff to identify whether any such entity exists. We will verify that a written waiver was provided by the KCC, where applicable.	Once during period under review.	No exceptions noted.
23	GVNW shall obtain an annual financial statement audit in accordance with auditing standards generally accepted in the United States and obtain an Independent Auditor's Report stating the records are maintained in accordance with GAAP.	We will conduct an annual audit.	We will issue an Independent Auditor's Report on the financial statements for the fiscal year ended February 28, 2017.	No exceptions noted.
24	GVNW shall obtain an annual Agreed-Upon-Procedure review of its contractual compliance and internal operating and administrative controls to ensure compliance with Kansas statute and its contract with the Commission.	We will conduct an annual Agreed-Upon Procedure.	We will issue an Independent Accountant's Report on GVNW's compliance with contractual and statutory obligations for the fiscal year ended February 28, 2017.	No exceptions noted.
25	GVNW segregates administration duties from audit personnel functions. Administration personnel do not perform work related to KUSF carrier audits, and GVNW audit personnel do not perform administration duties.	Review GVNW internal operating and administration procedures to verify a separation of duties performed by administration and audit personnel.	Once during period under review.	No exceptions noted.

	Control Technique to be Tested	Test(s) to be Performed	Sample / Population of Test(s) to be Performed	Test Results
26	Separate employees are responsible for authorizing KUSF disbursements than the employees accounting for the Fund's records.	We will interview applicable GVNW staff to obtain an understanding of the segregation of duties and determine whether there was appropriateness.	Once during period under review.	No exceptions noted.
27	KUSF administration files, records, and assets are maintained separate from other state funds or accounts managed or owned by GVNW.	We will inspect GVNW's files, records, and assets of KUSF to determine whether they are maintained separate from other state funds or accounts managed or owned by GVNW.	Once during period under review.	No exceptions noted.
28	KUSF funds are maintained in separate and unique accounts within the KUSF system of accounts.	We will inspect the GVNW general ledger to determine whether separate accounts are maintained.	Once during period under review.	No exceptions noted.
29	GVNW staff will accumulate and store carrier data, including revenue data and KUSF telecommunications service provider information, in a separate and distinct database.	We will inspect GVNW's KUSF database noting that it includes revenue data and GVNW's KUSF telecommunication service provider information in a separate and distinct database.	Once during period under review.	No exceptions noted.
30	The KUSF Accounts Receivable Report is reconciled to the general ledger postings prior to posting and sending out statements each month. Follow up on any discrepancies. Reconciliation is approved by the Manager or designee prior to posting to the billing system.	We will inspect the reconciliation of the KUSF Accounts Receivable Report to the general ledger posting summary and inspect the report for proper approval.	We will select three months to inspect.	No exceptions noted.
31	The KUSF bank account is reconciled to the lockbox / bank deposit report and system lockbox activity, noting and following up on each discrepancy.	We will inspect the KUSF bank reconciliation for completeness and accuracy.	We will select three months to inspect.	No exceptions noted.
32	The KUSF bank account is reconciled to the lockbox / bank deposit report and KUSF disbursement report every month and any discrepancy is followed up on.	We will inspect the KUSF bank reconciliation for completeness and accuracy.	We will select three months to inspect.	No exceptions noted.
33	GVNW employees authorized to initiate and approve KUSF disbursements do not account for KUSF account receivables or company-specific KUSF records.	We will interview applicable GVNW staff to obtain an understanding of the segregation of duties and determine whether there was appropriateness.	Once during period under review.	No exceptions noted.
34	KUSF disbursements to ETCs and approved programs are prepared by the Reporting Administrator and approved by the Manager or designee.	We will inspect KUSF disbursements to ETCs and approved programs to verify they are prepared by the Reporting Administrator and approved by the Manager or designee.	We will select five disbursements to inspect.	No exceptions noted.

	Control Technique to be Tested	Test(s) to be Performed	Sample / Population of Test(s) to be Performed	Test Results
35	The KUSF website is maintained separate from other funds administered by GVNW.	Verify GVNW maintains a KUSF website separate from other state administration websites and that current KUSF information is available to all KUSF contributors and recipients.	Once during period under review.	No exceptions noted.
36	GVNW will maintain accurate and current information on the KUSF website.	We will view the KUSF website to verify that GVNW maintains reasonable and current information.	Once during period under review.	No exceptions noted.
37	GVNW will provide a copy of its KUSF Administration Procedures and Operational Controls to the Commission no later than March 1 of each year.	Verify the Administration Procedures and Operational Controls were provided to the KCC by March 1 through interviews with GVNW and the KCC staff and verification of email sent by GVNW to the KCC.	Once during period under review.	The Administration Procedures and Operational Controls were not provided to the KCC by March 1.
38	Each month, GVNW will send a monthly account statement/invoice to each KUSF telecommunications service provider who has activity during the month.	We will inspect monthly account statements that were sent to companies with activity.	We will select 10 account statements to inspect.	No exceptions noted.
39	Monthly statements are reconciled to monthly reports to ensure all activity is included on statements and a statement has been generated for each company with activity.	We will inspect monthly account statements that were sent to companies with activity to ensure proper reconciliation and that a statement was generated for each company with activity.	We will select 10 companies to inspect.	No exceptions noted.
40	Monthly statements/invoices provide detailed information of assessment owed, assessment paid, penalties applied, and resulting balance at the end of the month.	We will inspect monthly account statements/invoices for proper detailed information.	We will select 10 statements/invoices to inspect.	No exceptions noted.
41	Monthly statements/invoices are reviewed prior to being sent out to providers. Monthly statement checklist is completed, signed and dated prior to statements being issued. The checklist is maintained in the Monthly Forms/Checklist binder.	We will inspect monthly account statements/invoices for proper reviews and that a checklist is completed, signed, and dated appropriately.	We will select 10 statements/invoices to inspect.	No exceptions noted.
42	The Administrator will review each company's Operations and Identification Form (Attachment B) to ensure it is consistent with Commission Orders. GVNW will send written notification to each company that elects to report and remit payment on a basis for which the contributor does not qualify.	<p>We will interview applicable GVNW personnel regarding carriers who have been approved for remittance of data on a basis other than monthly.</p> <p>We will inspect a sample of carriers reporting on an annual, quarterly, or monthly basis to determine whether they notified GVNW of this election and whether GVNW approved the elections.</p>	<p>Once during period under review.</p> <p>We will select 15 carriers to inspect.</p>	No exceptions noted.



	Control Technique to be Tested	Test(s) to be Performed	Sample / Population of Test(s) to be Performed	Test Results
43	GVNW will review Carrier Remittance Worksheets (CRWs) for accuracy. GVNW will notify the Company if a CRW is submitted that is not consistent with the election selected by the company in its Operations and Identification Form (Attachment B).	We will inspect a sample of CRWs to determine consistent election between the Operations and Identification Forms.	We will select 10 Carrier Remittance Worksheets to inspect.	No exceptions noted.
44	The Monthly Report package is reviewed for completeness prior to being sent to the KCC or staff. Emails showing submission of reports to staff are retained.	We will inspect the Monthly Reporting package for review by GVNW staff and verify that emails of submission are retained.	We will select three months to inspect.	No exceptions noted.
45	Late payment and CRW penalties are applied in accordance with Commission Orders. Late payment penalty of 1% per month (12% annum) is assessed for each assessment payment not received by the due date. A 1% per month (12% cumulative) delinquent balance penalty is assessed for the entire outstanding balance, including assessment principal but excluding current month's penalties. Late CRW penalty, late payment penalty, and outstanding balance penalty forms are completed, signed and dated each month, with forms maintained in the Monthly Forms/Checklist binder.	We will inspect the corresponding carrier statements that were sent to delinquent accounts and recalculate the late payment or CRW penalties.	We will select 15 carriers to inspect.	No exceptions noted.
46	GVNW staff shall furnish any special reports, summaries, or other information needed by the KCC.	We will inspect applicable requests from the KCC.  We will discuss with the appropriate staff of the KCC regarding GVNW's compliance with the KCC's requests.	Once during the period under review.  We will inquire of GVNW staff if all special reports that were requested of KUSF staff were performed for the year under audit.	No exceptions noted.
47	Accountant completes Monthly Performance Report, reconciles to general ledger and provides to the Manager by the 12th of each month.	We will inspect the Monthly Performance Report for completion and reconciliation by the Accountant and will interview the Manager for receipt of the MPR.	We will select three months to inspect.	The three Monthly Performance Reports selected for testing were not provided to the Manager by the 12th of the month.

	Control Technique to be Tested	Test(s) to be Performed	Sample / Population of Test(s) to be Performed	Test Results
48	GVNW staff shall prepare and provide to the KCC staff, no later than the 18th of each month, a Monthly Report package to include the following: Fund Performance Report, comparison of actual to projected fund results, Aging of Account Receivable Report, Returned Mail Report, Delinquent Carrier Report, and monthly detail reports to include disbursements for each funded program, late payment and CRW fees, and revenues for wireless and interconnected VoIP providers.	We will inspect and compare the monthly and cumulative disbursements by program to each recipient, the total monthly disbursements by program, and cumulative disbursements by program and the detailed schedule provided by GVNW to the KCC showing monthly disbursements by program and cumulative disbursements by program for reasonableness.	We will select three months to inspect.	No exceptions noted.
49	The Monthly Statement of Fund Performance will summarize annual and year-to-date revenue, disbursement, and overall fund balance information.	We will inspect the Monthly Statement of Fund Performance for reasonableness.	We will select three months to inspect.	No exceptions noted.
50	A manager or designee approves all disbursements. The Reporting Administrator runs a query to verify all companies eligible for KUSF support submit a worksheet, with the Compliance Administrator following up on missing worksheets.	We will inspect disbursements to determine whether a manager or designee has approved.  We will interview the Reporting Administrator and Compliance Administrator regarding their process and inspect supporting worksheets.	We will select 10 disbursements and five supporting worksheets to inspect.	No exceptions noted.
51	Payments to each institutional program are disbursed to the program's designated agent/administrator within 15 business days of request of such payment.	We will inspect payments to institutional programs for compliance with the 15 day requirement.	We will select 10 payments to institutional programs to inspect.	No exceptions noted.
52	Corrections and revisions to work product that contains a substantive or material error, submitted to the KCC or staff, will be provided to the KCC or staff within five business days of notice or notification of the error, unless otherwise agreed upon in writing.	We will inspect corrections and revisions to work product that contain a substantive or material error to verify that notification was given within five days.	We will select five corrections or revisions to work product that contains a substantive or material error that were submitted to the KCC or staff.	No exceptions noted.
53	GVNW will update its database and carrier records to reflect new information provided by the KCC staff in regard to the Returned Mail Report.	We will interview the KCC staff for any new information that has been provided to GVNW for updating and inspect GVNW's database and carrier records for reflection of the new information.	Once during the period under review. We will select one reflection of new information provided by the KCC, if applicable.	No exceptions noted.

	Control Technique to be Tested	Test(s) to be Performed	Sample / Population of Test(s) to be Performed	Test Results
54	Annually, at the end of each KUSF fiscal year, request the KCC staff to send a report showing all active and inactive telecommunications providers and compare the report to the KUSF master files. Note all differences, and after collaboration with the KCC staff, make changes to master file as appropriate.	We will interview both the KCC and GVNW staff to verify the request was completed and verify the report was sent.	Once during the period under review.	No exceptions noted.
55	GVNW will submit a report, by May 1st of each year, of the annual reconciliation of the KUSF master files to the KCC's database to identify companies required to report to the KUSF with all differences identified. GVNW will perform a reconciliation on a quarterly basis.	We will review the annual reconciliation report submitted by GVNW and verify the reconciliation file was sent to the KCC. We will review quarterly reconciliations to ensure they are being completed.	Once during period under review. We will select one quarterly reconciliation to ensure they are being completed.	No exceptions noted.
56	GVNW staff shall review and compare the KUSF master file to the Carrier Remittance Worksheets to ensure all carriers required to report to the KUSF are doing so.	We will interview GVNW staff to verify that this process is being performed.	Once during period under review.	No exceptions noted.
57	All changes to a carrier's information, including contact data, is updated in the database at the time of receipt.	We will interview GVNW staff to verify that this process is being performed and inspect the database for changes to a carrier's information.	Once during period under review. We will select one carrier change to verify to the database.	No exceptions noted.
58	GVNW staff shall update the KUSF master files at least monthly to reflect company and docket activity provided in the KCC staff monthly activity email.	We will interview GVNW staff to verify that this process is being performed and inspect the KUSF master files to verify appropriate activity has been updated.	Once during period under review. We will select one monthly activity email to verify the updates to the KUSF master file.	No exceptions noted.
59	GVNW reviews the KCC's website "Recent Commission Actions" to identify the KCC approved carrier changes at least every other week.	We will interview GVNW staff regarding the procedures to review the KCC website and verify that appropriate actions appear to be followed.	Once during period under review.	No exceptions noted.

	Control Technique to be Tested	Test(s) to be Performed	Sample / Population of Test(s) to be Performed	Test Results
60	GVNW reviews, on a quarterly basis, the Federal Communications Commission's Carrier Locator Directory and Database for carriers required to remit Form 499-A and identifies carriers that may be required to report and contribute to the KUSF. The review will identify carriers not subject to the KCC certification procedures, including, but not limited to: paging providers, wireless carriers, and interconnected VoIP providers. Reflect all necessary changes to the master file. Note if no new providers are identified. Information is printed, signed, and dated by the Compliance Administrator as record of review.	We will interview GVNW staff to verify that this process is being performed and inspect the master file for necessary changes noting the information is printed, signed, and dated by the Compliance Administrator. We will inspect all notes to verify that no new providers were identified for the quarter as applicable.	Once during period under review. We will select two quarters and select one change from each quarter to inspect.	No exceptions noted.
61	GVNW mails each telecommunications service provider an introductory letter, instruction packet with attachments, current Carrier Remittance Worksheet and Commission Order determining current KUSF assessment rate within 20 days of identification of the provider's requirement to comply with KUSF obligations.	We will interview GVNW staff to verify that this process is being performed and verify that GVNW has an instruction packet with all attachments required to be sent to a new telecommunication service provider.	Once during period under review.	No exceptions noted.
62	GVNW will notify all providers participating in the KUSF of the approved assessment rate via mailings no later than February 20th of each year. Mailings will include the instruction packet and attachments, CRWs with the new rate(s). Commission Order or link to the Order setting the new KUSF assessment rate, and the "What's New" letter to highlight new or modified requirements, and other information as necessary. Additional mailings occur if the assessment rate is modified during the year.	We will interview GVNW staff to verify that this process is being performed and verify that GVNW has an instruction packet with all attachments required to be sent to all telecommunication service providers on an annual basis.	Once during period under review.	No exceptions noted.
63	GVNW shall follow up on all delinquent contributors (Attachment B, CRW, payments) through phone calls and monthly written notices. GVNW staff shall document all applicable communications with delinquent carriers and include in the Monthly Delinquent Report sent to the KCC by the 18th of the month, if criteria is met.	We will inspect the GVNW master file and the monthly financial statement package prepared for the KCC and documentation relating to applicable communications with delinquent carriers for reasonableness.	We will select two months to inspect.	No exceptions noted.
64	The KUSF database is updated with any new or revised company information per the Attachment B at least annually.	We will interview GVNW staff to verify that this process is being performed and inspect the KUSF database to verify appropriate activity has been updated.	Once during period under review.	No exceptions noted.

	Control Technique to be Tested	Test(s) to be Performed	Sample / Population of Test(s) to be Performed	Test Results
65	All carriers' files are moved to a temporary closed file location when GVNW receives permission to change the status to "closed." Administrator maintains an electronic list of files to be moved to storage. After close of the KUSF year, the Compliance Administrator verifies all accounts closed during the year are identified in the list before files are moved to storage. A summary list of the closed files is printed after the close of the year, reviewed, initialed, and dated by the Compliance Administrator, and placed in the binder. A list of files to be destroyed is sent to staff prior to being destroyed.	We will interview GVNW staff to verify that this process is being performed and inspect the list of closed files verifying it is approved by the Compliance Administrator and a temporary location is maintained for closed files.	Once during period under review.	No exceptions noted.
66	GVNW will compare historical and cumulative revenue reported totals and notify a company if revenue exceeds annual revenue election per Attachment B.	We will interview GVNW staff to verify that this process is being performed and inspect Carrier Remittance Worksheets to determine GVNW's compliance and follow up with any company that exceeds annual revenue election per Attachment B.	We will select five Carrier Remittance Worksheets to inspect.	No exceptions noted.
67	GVNW will apply a \$100 election change charge for the 3rd and any subsequent election changes during a KUSF year.	We will interview GVNW staff to verify that this process is being performed and inspect Carrier Remittance Worksheets to determine GVNW's compliance.	We will select five Carrier Remittance Worksheets to inspect.	No exceptions noted.
68	Each company changing its filing election on Attachment B is reviewed for historical revenues. Carriers are given written notification of incorrect reporting frequency for which they do not qualify. A copy of written notification is retained in the carrier's file and initialed by the Compliance Administrator.	We will interview GVNW staff to verify that this process is being performed and inspect Carrier Remittance Worksheets to determine GVNW's compliance.	We will select five Carrier Remittance Worksheets to inspect.	No exceptions noted.
69	GVNW staff will analyze the database to compare current reported data to previously reported data on a monthly basis.	We will interview GVNW staff to verify that this process is being performed.	Once during period under review.	No exceptions noted.
70	Carrier Remittance Worksheets are date stamped upon receipt.	We will inspect Carrier Remittance Worksheets for date stamp.	We will select 30 Carrier Remittance Worksheets to inspect.	No exceptions noted.
71	Current Carrier Remittance Worksheet data is compared to prior reported data, on a monthly basis, to identify reporting or payment issues and variances exceeding 10%.	We will inspect CRWs and compare to prior reported data for reporting or payment issues and variances exceeding 10%.	We will select 30 Carrier Remittance Worksheets to inspect.	No exceptions noted.

	Control Technique to be Tested	Test(s) to be Performed	Sample / Population of Test(s) to be Performed	Test Results
72	CRWs will be examined and analyzed by GVNW staff assigned to KUSF to include a review for errors, omissions, mathematical correctness, and compliance with established submission procedures.	We will inspect CRWs for errors, omissions, and accuracy and inspect documentation for any errors found and determine whether proper amounts were entered into the database.	We will select 30 Carrier Remittance Worksheets to inspect.	No exceptions noted.
73	Carriers will be notified if a discrepancy is found in the remittance form. This is done via phone call, email, or a returned CRW.	We will interview GVNW and KUSF personnel regarding any discrepancies in remittance forms and the promptness of the actions taken.	Once during period under review.	No exceptions noted.
74	CRWs submitted to GVNW without the signature of a company officer or designated agent will not be considered final. GVNW staff will return the unsigned form and a follow-up letter, to obtain a signed form.	We will inspect remittance forms to determine whether appropriate carrier personnel signed the form.	We will select 30 Carrier Remittance Worksheets to inspect.	No exceptions noted.
75	KUSF Carrier Remittance Worksheets are processed within ten business days of receipt, except: (1) CRWs for the next KUSF year that are received on or before March 31st of the current KUSF will be processed between April 1st and 30th; (2) the Company does not have a current or complete Attachment B on file or when follow-up is needed; or (3) processing of data has been appropriately deferred for the KCC approval.	We will inspect the process date to determine whether the forms were processed within ten business days, as applicable.	We will select 30 Carrier Remittance Worksheets to inspect.	No exceptions noted.
76	All CRWs received by the 15th of the month (or due date) are recorded in that month's KUSF activity, except CRWs: (1) related to the next KUSF year; (2) deferred to the KCC for approval; or (3) subject to follow-up.	We will inspect the process date to determine whether the CRWs received by the 15th of the month were recognized in that month's KUSF activity.	We will select 30 Carrier Remittance Worksheets to inspect.	No exceptions noted.
77	KUSF CRWs and Company Identification and Operations (Attachment B) are due by April 15 for each fiscal year. (See KUSF Instructions, Attachment A for list of due dates.) New KUSF year CRWs and Attachment B forms received prior to April 1 are processed within the month of April, except CRWs or Attachment Bs: (1) deferred to KCC for approval; or (2) subject to follow-up.	We will inspect the process date to determine whether the forms were processed within ten business days, as applicable.	We will select 10 Carrier Remittance Worksheets to inspect and 10 attachment B forms.	No exceptions noted.



	Control Technique to be Tested	Test(s) to be Performed	Sample / Population of Test(s) to be Performed	Test Results
78	A CRW penalty is applied (1% of assessment owed or \$100, whichever is greater), for any CRW received after the due date.	We will inspect the process date to determine whether the CRWs received after the due date were assessed a penalty.	We will select 10 Carrier Remittance Worksheets to inspect.	No exceptions noted.
79	GVNW will verify that each company requesting KUSF high-cost support or Lifeline credits is eligible for such support/credits and verify the amount the company is eligible to receive.	We will interview GVNW personnel regarding their verification process of eligibility and verify this process is being performed.	Once during period under review. We will select one new company determined to be eligible during the period under review to inspect.	No exceptions noted.
80	GVNW staff will review access line counts reported on remittance worksheets for reasonableness and follow up with companies as necessary.	We will interview GVNW staff to verify that this process is being performed.	Once during period under review.	No exceptions noted.
81	GVNW staff will compare Lifeline reimbursement requested with the KUSF Support Calculation Worksheet Lifeline credit. Number of Lifeline lines will be checked for reasonableness by GVNW staff. Follow up with companies as necessary when number of lines differs significantly from prior requests.	We will interview GVNW staff to verify that this process is being performed.	Once during period under review.	No exceptions noted.
82	Provide separate written notice to each provider delinquent in reporting revenue or remitting payment, within 30 days of the delinquency. Provide a 2nd notice upon 60 days delinquency and a 3rd notice, via certified mail, upon 90 days delinquency. Manager reviews the Delinquent Report to verify written delinquent notice is given to each provider when an account is 30 days, 60 days, and 90 days delinquent.	We will interview GVNW personnel regarding their verification process of eligibility and verify this process is being performed.	Once during period under review. We will select one delinquent provider to verify, if applicable.	No exceptions noted.
83	Each 90 day delinquent notice is sent via certified mail and the specified company has 20 days from receipt to remit delinquent report or payment to the KUSF or the account will be turned over to the KCC for further action.	We will interview GVNW staff to verify that this process is being performed and verify accounts are being turned over to the KCC for further action.	Once during period under review.	No exceptions noted.
84	Contact each delinquent carrier (not only the provider's authorized agent) via electronic medium or phone calls informing it of any delinquent CRW, Attachment B, or payment(s) and that continued non-compliance will result in the issue being turned over to the Commission for further action.	We will interview GVNW staff to verify that this process is being performed and verify accounts are being turned over to the KCC for further action.	Once during period under review.	No exceptions noted.

	Control Technique to be Tested	Test(s) to be Performed	Sample / Population of Test(s) to be Performed	Test Results
85	For each delinquency over 180 days, discuss with staff the current show cause status, whether the account qualifies for write-off, or other actions to collect outstanding reports or payments.	We will interview GVNW staff to verify that this process is being performed.	Once during period under review.	No exceptions noted.
86	Any delinquency persisting for three months will be referred to the KCC for further action.	We will interview GVNW staff to verify that this process is being performed and verify accounts are being turned over to the KCC for further action.	Once during period under review.	No exceptions noted.
87	GVNW will inform the KCC immediately of any carrier's refusal to pay its legitimate fund contributions.	We will interview GVNW and the KCC staff to verify that this process is being performed.	Once during period under review.	No exceptions noted.
88	GVNW will immediately notify the KCC if it has any reason to believe that a contributor has misstated its assessment, submitted false information, or any other irregularities exist.	We will interview GVNW and the KCC staff to verify that this process is being performed.	Once during period under review.	No exceptions noted.
89	GVNW will prepare a Quarterly Write-Off Report to identify company balances that meet the Commission's write-off policy and send to staff. If no companies meet the write-off criteria, a memorandum stating this will be sent to staff.	We will interview GVNW staff to verify that this process is being performed and review the Quarterly Write-Off Reports.	Once for each quarter.	No exceptions noted.
90	GVNW staff shall review the monthly accounts receivable analysis and follow-up on any outstanding balances in a timely fashion.	We will test accounts receivable balances as of February 28, 2017 to subsequent cash payments in order to determine whether amounts were paid.	Select over 80% of outstanding accounts receivable balances as of February 28, 2017.	No exceptions noted.
91	The Compliance Administrator and the Reporting Administrator have regular contact with the KCC staff to discuss carriers.	We will interview GVNW and the KCC staff to verify that this process is being performed.	Once during period under review.	No exceptions noted.
92	True-up forms are generated and sent automatically via email. Companies that changed filing frequency during the year have true-ups manually created.	We will interview GVNW staff to verify that this process is being performed and verify automatic and manual forms are being created.	Once during period under review. We will select one company to inspect for automatic forms being created and one company to inspect for manual forms being created.	No exceptions noted.
93	GVNW runs a query to identify all carriers that have not remitted true-ups to determine if true-ups are required. Companies required to submit true-up forms, but that have not done so are identified and included in the monthly Delinquent Report.	We will interview GVNW staff to verify that this process is being performed and inspect the Delinquent Report for companies who have not submitted the proper forms.	Once during period under review. We will select one company from the Delinquent Report to verify the proper form was not submitted at the time of the report.	No exceptions noted.

	Control Technique to be Tested	Test(s) to be Performed	Sample / Population of Test(s) to be Performed	Test Results
94	The automated system performs calculations after data entry. GVNW verifies system calculations agree to company calculations and follows up with company on any discrepancies.	We will interview GVNW staff to verify that this process is being performed.	Once during period under review.	No exceptions noted.
95	The Reporting Administrator identifies each company with a 10% or greater variance in revenues of current month in comparison to prior month, and sends a follow-up email to the Company. The Reporting Administrator initials and dates that an email was sent. For any company that does not respond within ten calendar days, a follow-up email is sent, with the date of the follow-up email and initials of sender noted in the Report. The Reporting Administrator prints the Report to include: the two months' of revenues compared; the variance percentage, date of each email sent, and initials of person that sent email, and places the Report in binder. The Compliance Administrator reviews the Report to ensure an email was sent to each company, with all follow-up emails sent as applicable. The Compliance Administrator initials and dates.	We will interview GVNW staff to verify that this process is being performed. We will inspect the variance report for the Reporting Administrator's initials and dates and the Compliance Administrator's initials and dates. We will verify that the report is filed.	Once during period under review. We will select five variance forms to review.	For two of the five months selected for testing, there were no variance reports located in the "Forms & Checklist" binder. Noted that electronic versions of the variance reports were available.
96	Notices are sent to any company incurring a monthly late payment or CRW penalty.	We will interview GVNW staff to verify that this process is being performed.	Once during period under review.	No exceptions noted.
97	GVNW and the KCC staff collaborate to determine if KUSF carrier audit selection criteria or audit program needs modified. GVNW's KUSF auditor(s) submit selection and recommendations to the Commission for review.	We will interview GVNW and the KCC staff to verify that this process is being performed.	Once during period under review.	No exceptions noted.
98	GVNW staff shall work with the KCC staff to prepare KUSF Support Calculation Worksheets based on information provided by the KCC staff and applicable Commission Orders. One-time KUSF support payments are made based on the KCC Order.	We will interview GVNW staff to verify that this process is being performed and verify with the KCC staff that this process is being performed.	Once during period under review.	No exceptions noted.
99	GVNW will send the Support Calculation Worksheet to each ETC prior to the beginning of each KUSF fiscal year or anytime the ETC's support changes.	We will interview GVNW staff to verify that this process is being performed. We will verify that the Support Calculation Worksheets are being prepared when required.	Once during period under review. We will select five Support Calculation Worksheets for review.	No exceptions noted.

	Control Technique to be Tested	Test(s) to be Performed	Sample / Population of Test(s) to be Performed	Test Results
100	Invoices for KRSI and TAP are approved by the Manager or designee prior to payment processing.	We will inspect invoices for KRSI and TAP for approval by the Manager or designee prior to payment processing.	We will select 10 invoices to inspect.	No exceptions noted.
101	GVNW verifies each provider requesting to net its KUSF obligation with a KUSF support payment is authorized to receive KUSF support. GVNW verifies the amount of KUSF support is the amount approved by the Commission. The Manager reviews monthly disbursement to verify only those authorized are included for net support payments.	We will interview GVNW staff to verify that this process is being performed and verify that GVNW has verification and approval by the KCC for support payments for provider requests.	Once during period under review. We will select 10 provider requests to verify.	No exceptions noted.
102	ACHs are prepared by authorized GVNW personnel and approved by the appropriate Manager. Electronic transfers require authorized password for person preparing transfer and separate authorized individual(s) with separate password to release funds.	We will inspect applicable ACH and note proper payment, date, and approval.	We will select 10 ACH transactions to inspect.	No exceptions noted.
103	KUSF support payments to carriers will be made via ACH on or before the first day of every month. KUSF payments to ATK for Telecommunications Relay Services/Dual Party Relay (Relay/DPR) and Telecommunications Access Program (TAP) will be made via ACH upon written authorized request.	We will trace and agree a sample of Support Payable Amounts from the Carrier Remittance Worksheets to the KCC generated High Cost Support Worksheet to determine whether amounts requested by carriers agree with the amounts authorized by the KCC.	We will select 30 Support Payable Amounts to inspect.	No exceptions noted.
104	GVNW's internal processing of disbursements from the KUSF fund, as requested by the KCC appointed agent for the Relay/DPR and TAP will follow KUSF approval requirements. Disbursements for these State funds require the approval of the GVNW President or designee.	We will inspect the disbursements for proper approval.	We will select 30 disbursements to inspect.	No exceptions noted.
105	GVNW staff will ensure that funds are distributed from KUSF to the Kansas programs in the following priority: (1) Relay Services, (2) Telecommunications Access Program Fund, (3) Kansas Lifeline Service Program, and (4) Kansas Universal Service support for high cost areas.	We will discuss with GVNW personnel to determine that there were no shortfalls in the funding.	Once during period under review.	No exceptions noted.
106	GVNW's administrative and audit expenses will be withdrawn from the KUSF in accordance with the administration contract.	We will inspect GVNW expense disbursements to determine whether there was compliance with procedures and Section V of the contract.	We will select 10 disbursements to inspect.	No exceptions noted.

	Control Technique to be Tested	Test(s) to be Performed	Sample / Population of Test(s) to be Performed	Test Results
107	Bank and trust fees incurred by the KUSF are automatically withdrawn by the KUSF financial institution on a monthly basis.	We will verify the amounts withdrawn from the KUSF match the amounts recorded by the financial institution.	We will select two months to verify.	No exceptions noted.
108	The Monthly Performance Report is completed and reconciled to the general ledger. The Manager or designee reviews and compares to prior month's report prior to submission to the Commission. The Accountant follows up with the Manager on the 10th and 15th.	We will interview GVNW staff to verify that this process is being performed. We will verify the Monthly Performance Report is being completed and reconciled timely.	Once during period under review. We will select two months to verify.	No exceptions noted.
109	Monitor monthly KUSF fund balances and notify the Commission staff when the contingency fund allowance balance is less than the Contingency Fund Allowance approved by the Commission.	We will interview GVNW staff to verify that this process is being performed. We will inspect the allowance balance requirement approved by the KCC.	Once during period under review.	No exceptions noted.
110	If KUSF balances appear they will fall below the level necessary to pay all amounts due, GVNW will notify staff, in writing, when the balance is (a) equal to the fiscal year's contingency fund allowance plus \$2.0 million; (b) equal to the contingency fund allowance plus \$1.0 million; and (c) equal to the contingency fund allowance.	We will interview GVNW staff to verify that this process is being performed or that the GVNW staff are aware of this requirement if the need arises. Review the Monthly Reports to verify comparison of balances occurs.	Once during period under review.	No exceptions noted.
111	Establish a short-term line of credit of \$500,000, subject to the Commission's approval, if insufficient funding occurs. GVNW and the KCC will execute all appropriate bank documents to authorize the line of credit. Manager reviews and initials confirmation from bank detailing the line of credit.	We will interview GVNW staff to verify that this process is being performed or that the GVNW staff are aware of this requirement if the need arises.	Once during period under review.	No exceptions noted.
112	The KCC maintains a contract with a bank with offices located in Kansas to perform KUSF lockbox and investment functions. GVNW and the KCC execute appropriate banking documents that allow GVNW to establish and maintain lockbox and investment activities.	We will interview GVNW and the KCC staff to verify that this process is being performed and verify a contract is maintained with a bank with offices in Kansas to perform KUSF lockbox and investment functions.	Once during period under review.	No exceptions noted.
113	KUSF monies are maintained in a separate and unique system of accounts.	We will interview GVNW staff to verify that this process is being performed and inspect the accounts are maintained in a separate and unique system of accounts.	Once during period under review.	No exceptions noted.

	Control Technique to be Tested	Test(s) to be Performed	Sample / Population of Test(s) to be Performed	Test Results
114	KUSF monies are invested in accordance with KCC requirements. Checking account balances are maintained in accordance with the KCC authorizations and excess monies are maintained in investment accounts, with monies swept from investment to checking on a daily basis to meet KUSF obligations.	<p>We will inspect the Summary Statements of Transactions to determine the existence of the Federated Account and the daily balances.</p> <p>We will analyze the average daily cash balance per the bank statements received from Core First Bank and Trust in Topeka, Kansas to determine excess cash reserves and daily balances avoid cash shortfalls.</p> <p>We will inspect the Federated Investment Statements to determine all investments reflect those provided per the contract.</p> <p>We will interview GVNW personnel to determine whether monies are invested in the proper accounts.</p>	<p>We will select two months to inspect.</p> <p>We will select three months to analyze.</p> <p>We will select one month to inspect.</p> <p>Once during period under review.</p>	No exceptions noted.
115	Quarterly investment account analysis is provided to the Commission showing the earnings detail for the quarter.	We will interview GVNW and KCC staff to verify that this process is being performed.	Once during period under review.	No exceptions noted.
116	Deposits are insured by the FDIC or FSLIC, or invested and secured as permitted by the KUSF administration contract and Kansas statute, and authorized by the Commission.	We will interview GVNW staff to verify that this process is being performed and inspect collateral statements for amounts over the FDIC or FSLIC, if applicable.	Once during period under review.	No exceptions noted.
117	GVNW shall recognize interest income in the KUSF fund balance.	We will inspect the reasonableness of the investment balance as of February 28, 2017 and the related interest income for the year then ended.	We will inspect as of February 28, 2017.	No exceptions noted.
118	Prior to December 10th, a file is prepared containing each provider's reported revenue, by month, for March through October, and projected revenues, by month, for November through February of the current KUSF fiscal year.	We will interview GVNW staff to verify that this process is being performed and inspect provider's files for the appropriate reports.	Once during period under review. We will select ten providers to inspect.	No exceptions noted.
119	The Manager reviews the revenue reported and projected file prior to December 10th, with the file provided to staff on or before December 10th.	We will interview the GVNW Manager to verify that this process is being performed.	Once during period under review.	No exceptions noted.
120	A file containing each provider's revenue, including true-ups received by April 15th (or the due date), and presorted by carrier business operations, is completed and reviewed by a manager by June 1st of each year.	We will interview GVNW staff to verify that this process is being performed and inspect provider's files for the appropriate reports and approvals.	Once during period under review. We will select 10 providers to inspect.	No exceptions noted.



	Control Technique to be Tested	Test(s) to be Performed	Sample / Population of Test(s) to be Performed	Test Results
121	The revenue file, containing each provider's revenue, including true-ups received by April 15th (or the due date), and presorted by carrier business operations, is provided to the KCC staff by June 1st of each year.	We will interview GVNW and the KCC staff to verify that this process is being performed.	Once during period under review.	No exceptions noted.



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July 6, 2017

Ms. Lynn Retz  
Secretary to the Commission  
Kansas Corporation Commission  
Utilities Division  
1500 SW Arrowhead Road  
Topeka, KS 66604-4027

RE: Response to Preliminary Findings noted by the auditors with Berberich Trahan & Co., PA  
following their audit of the Administrator of the Kansas Universal Service Fund for FY 20.

Dear Ms. Retz:

Please see GVNW's responses to the above noted audit preliminary findings:

**37) Control Technique:** GVNW will provide a copy of its KUSF Administration Procedures and Operational Controls to the Commission no later than March 1 of each year.

**Test Results:** The procedures were not provided to the KCC by March 1.

**GVNW Response:** Due to policy changes made by the KCC, KCC Staff and GVNW had implemented changes in the Procedures and Controls within the prior six months. As no new material changes were made to the Procedures and Controls for the new Plan Year, the Procedures and Controls were not submitted on March 1 with the new Plan Year date. This was corrected when the Procedures and Controls were submitted on June 13. To prevent this situation happening in the future, GVNW has instituted a Company Calendar with all submittal dates noted as reminders to prevent this oversight from reoccurring.

**47) Control Technique:** Accountant completes Monthly Performance Report, reconciles to general ledger and provides to the Manager by the 12th of each month.

**Test Results:** The reports selected for testing were not provided to the Manager by the 12<sup>th</sup> of the month

**GVNW Response:** The reports are due to the KCC staff by the 18<sup>th</sup> of the month. Internally, the GVNW manager must review before that time, which is customarily by the 17<sup>th</sup> of the month, which was the case in these three samples. GVNW recommends that this Control Technique be reviewed for modification, as applicable.

**95) Control Technique:** The Reporting Administrator identifies each company with a 10% or greater variance in revenues of current month in comparison to prior month, and sends a follow-up email to the Company. The Reporting Administrator initials and dates that an email was sent. For any company that does not respond within ten calendar days, a follow-up email is sent, with the date of the follow-up email and initials of sender noted in the Report. The Reporting Administrator prints the Report to include: the two months' of revenues compared; the variance percentage, date of each email sent, and initials of person that sent email, and places the Report in binder. The Compliance Administrator reviews the Report to ensure an email was sent to each company, with all follow-up emails sent as applicable. The Compliance Administrator initials and dates.

**Test Results:** For two of the five months selected for testing, there was no Variance Report found in the Forms & Checklist binder. Noted that electronic versions of the Variance Reports were available.

**GVNW Response:** The Variance Report had been completed and there is an electronic copy of that Report, but it is true that the step to print a paper copy was not taken. GVNW will endeavor in the future to always print out its electronic copies per the Control.

Please let me know if there anything further required.

Sincerely,



Judi Ushio  
Midwest Division Manager