

## **AUDIT PROPOSAL**

### **Evaluating the Business Enterprise Program's Finances and Operations**

#### **SOURCE**

This audit proposal was requested by Representative Kristey Williams.

#### **BACKGROUND**

The Business Enterprise Program (BEP) provides Kansans who are legally blind an opportunity to operate food service businesses such as snack bars, cafeterias, and vending machines in public and government-owned facilities. These facilities include state and local office buildings, the Statehouse, military dining facilities, and highway rest areas. The goal of the program is to provide blind individuals with employment opportunities that can allow them to be economically self-sufficient.

The program is administered by the Department for Children and Families (DCF). DCF is responsible for licensing, recruiting, and placing vendors in available locations. DCF identifies and announces potential food service opportunities when they become available. Licensed blind vendors who are interested may apply for those opportunities. DCF selects vendors through a competitive bidding process. They then provide the selected vendors training, marketing assistance, accounting services, and operational support.

Only individuals who are legally blind and capable of managing food service operations are allowed to participate in the program. Interested vendors typically work with DCF staff to assess their vocational readiness, develop necessary business skills, and receive training and support for things like financial management. DCF reported that in the fall of 2025, 8 vendors operated about 85 food service businesses in various buildings throughout 8 Kansas counties.

The BEP is funded through federal monies and BEP vendor fees. BEP vendors are supposed to give 9% of the net profits from their food service businesses to DCF for program administration costs. These fees are used as a state match to receive federal grant funding through the Randolph-Sheppard Act. 78% of the program is funded by federal grant dollars and 22% is funded by vendor fees. DCF uses the federal funding and vendor fees it receives to support 2 staff who help administer the program. They also use the funds to help vendors with costs to repair, replace, and rent equipment and for utilities.

Kansas also has two advisory committees that provide feedback and advice to DCF on the programs and services the agency provides to individuals who are blind or visually impaired. The Kansas Advisory Committee for the Blind and Visually Impaired has 15 members and the BEP Advisory Committee has 5 members. In particular, the BEP Advisory Committee assists DCF with the BEP by participating in major administrative decisions, program development, and training. They also advocate for blind vendors and receive vendor grievances.

During the 2026 legislative session, the House Select Committee on Government Oversight held a hearing on the BEP. Stakeholders and DCF staff provided testimony describing

numerous concerns with the program's operations and financial reporting. Based on that testimony and associated documentation, legislators raised questions about the accountability of BEP revenues, including how they're collected, reported, and used. They also expressed concerns about how the program is administered. This included questions about the processes DCF and its advisory committees use to select and place blind vendors, provide support services, and handle vendor grievances.

### **AUDIT OBJECTIVES AND TENTATIVE METHODOLOGY**

*The audit objectives listed below are the questions we would answer through our audit work. The steps listed for each objective convey the type of work we would do. These may change as we learn more about the audit issues.*

**Objective 1: Do the Department for Children and Families (DCF) and Business Enterprise Program (BEP) vendors have adequate controls to ensure complete and accurate accounting of program revenues?** Our tentative methodology would include the following:

- Work with DCF staff and review BEP policies and other documentation to understand how the BEP works. This would include information about the stakeholders who are involved in the program and their responsibilities.
- Review federal law, state law, and financial best practices to identify key financial requirements and processes DCF and BEP vendors should have.
- Talk to DCF staff and all BEP vendors and review agency policies and relevant financial documentation to determine what processes they have designed and implemented to check their accounting records and to ensure their financial reports are complete and accurate. This would include work to verify that DCF and BEP vendors used the processes they developed to check their data.
- Compare DCF and BEP vendors' processes to key legal requirements and financial practices to determine if the processes they designed and implemented were adequate.
- Talk to DCF staff and BEP vendors to determine the causes of any identified issues and to identify potential improvements to address them.

**Objective 2: Did DCF and BEP vendors properly collect, report, and use program revenues in the most recent year?** Our tentative methodology would include the following:

- Work with DCF staff and review relevant laws and program policies to identify requirements for how BEP vendors calculate and report program revenues to DCF. This work also would identify the requirements for how DCF staff collect and spend BEP revenues as well as how they report that information to the federal government.
- Select a projectable sample of BEP food service businesses to review. Review financial documentation and other relevant information for the sampled businesses to

determine if vendors reported accurate program revenues to DCF in the most recent year. Also review that financial documentation to determine if vendors properly calculated and remitted 9% of their businesses' net profits to DCF as required.

- Work with DCF staff and review financial documentation and other relevant information to determine if DCF staff properly collected and used program revenues in the most recent year. This would include determining what types of expenses DCF paid with program revenues, such as program salaries, vendor equipment costs, and utilities.
- Compare DCF's financial documentation to the information they reported to the federal government to determine if the report was complete and accurate.
- Talk to DCF staff and BEP vendors to determine the causes of any identified issues and to identify potential improvements to address them.

**Objective 3: Is the BEP's process for selecting, placing, and providing support services to BEP vendors objective and equitable?** Our tentative methodology would include the following:

- Review federal law, state law, and best practices to identify what processes DCF and the BEP Advisory Committee should use to select and place BEP vendors to ensure that interested vendors have equal employment opportunities. Also identify what processes DCF should use to ensure that program services and revenues are equally distributed to BEP vendors. This work would include identifying best practices for eliminating conflicts of interest.
- Review BEP policies and documentation from DCF's competitive bidding process to determine how DCF and the advisory committee selected and placed BEP vendors for several of the most recent opportunities that were available.
- Review financial documentation from Objective 2 to determine what program costs (i.e., equipment and utility costs) BEP vendors requested assistance with and which ones DCF and advisory committee funded. Also review other program documentation to determine the types and level of support services DCF provided to each BEP vendor. Support services could include services such as training, marketing, accounting, and equipment assistance.
- Compare DCF's policies and processes to legal requirements and best practices to determine if they align with requirements. Also determine if DCF and advisory committee objectively and equally distributed business opportunities and program services and revenues across BEP vendors.

- Interview BEP vendors and other relevant stakeholders to gather their opinions about DCF and the advisory committee's processes for selecting and placing BEP vendors and their satisfaction with the support services they receive.
- Talk to DCF staff and other stakeholders as needed to determine the causes of any identified issues and to identify potential improvements.

**Objective 4: Is the BEP's grievance process objective and effective?** Our tentative methodology would include the following:

- Review federal law, state law, and best practices to identify what processes the BEP should have to ensure that the process for handling BEP vendors' complaints is effective. This work also would include identifying best practices for eliminating conflicts of interest.
- Review documentation from the BEP Advisory Committee's grievance process to identify and categorize the frequency and types of complaints the committee received in recent years.
- Select a small number of the complaints the advisory committee received. For the selected complaints, review documentation and talk to committee members as needed to determine how they handled each complaint and what the resolution was.
- Compare DCF's policies and the advisory committee's grievance process to legal requirements and best practices to determine if the process aligns with requirements and was objective (i.e. free of conflicts of interest) and effective (i.e. resolved the issue).
- Interview BEP vendors, applicants who weren't awarded a food service contract, and other relevant stakeholders to gather their opinions about the effectiveness of the BEP's processes for handling grievances and their satisfaction with it.
- Talk to DCF staff, BEP Advisory Committee members, and other stakeholders as needed to determine the causes of any identified issues and to identify potential process improvements.

#### **ESTIMATED RESOURCES**

We estimate this audit would require a team of **5 auditors** for a total of **6 months** (from the time the audit starts to our best estimate of when it would be ready for the committee).