



Commonwealth of Massachusetts  
Office of the State Auditor  
Suzanne M. Bump

*Making government work better*

Official Audit Report – Issued April 3, 2020

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## Community Day Care Center of Lawrence, Inc.

For the period July 1, 2017 through June 30, 2019





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Office of the State Auditor  
Suzanne M. Bump

*Making government work better*

April 3, 2020

Ms. Lucy Hulse, President  
Community Day Care Center of Lawrence, Inc.  
190 Hampshire Street  
Lawrence, MA 01840

Dear Ms. Hulse:

I am pleased to provide this performance audit of Community Day Care Center of Lawrence, Inc. This report details the audit objectives, scope, and methodology for the audit period, July 1, 2017 through June 30, 2019. My audit staff discussed the contents of this report with management of the organization.

I would also like to express my appreciation to Community Day Care Center of Lawrence, Inc. for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMBump".

Suzanne M. Bump  
Auditor of the Commonwealth

cc: Ms. Maria Moeller, Chief Executive Officer, Community Day Care Center of Lawrence, Inc.  
Ms. Samantha L. Aigner-Treworgy, Commissioner, Department of Early Education and Care  
Ms. Alicia Siryon-Wells, Associate Commissioner for Audit Resolution and Teacher Qualifications,  
Department of Early Education and Care

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## TABLE OF CONTENTS

|   |   |
|---|---|
| EXECUTIVE SUMMARY .....                       | 1 |
| OVERVIEW OF AUDITED ENTITY .....              | 2 |
| AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY..... | 5 |
| APPENDIX .....                                | 7 |

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## LIST OF ABBREVIATIONS

|       |   |
|-------|---|
| CCFA  | Child Care Financial Assistance             |
| CCRR  | Child Care Resource and Referral Agency     |
| CDCCL | Community Day Care Center of Lawrence, Inc. |
| DCF   | Department of Children and Families         |
| DTA   | Department of Transitional Assistance       |
| EEC   | Department of Early Education and Care      |

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## **EXECUTIVE SUMMARY**

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of Community Day Care Center of Lawrence, Inc. (CDCCL) for the period July 1, 2017 through June 30, 2019. In this performance audit, we examined CDCCL's compliance with requirements related to eligibility for subsidized childcare.

Our audit revealed no instances of noncompliance by CDCCL that must be reported under generally accepted government auditing standards.

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## OVERVIEW OF AUDITED ENTITY

Founded in 1970, Community Day Care Center of Lawrence, Inc. (CDCCL), doing business as The Community Group, became a private, nonprofit organization in 1973. It creates opportunities through education and related services. CDCCL provides the following programs and services, which are more fully described in the Appendix to this report.

- Community Day Learning: state-licensed education and care programs for infants, toddlers, preschoolers, school-age children, and teen parents
- Child Care Circuit: childcare financial assistance vouchers, information regarding childcare resources and referrals, and parent education
- Community Partners Initiative: educator training, data analysis, and consultation
- School Management Services: management services for three public charter schools and one district public school

### Subsidized Childcare

The Department of Early Education and Care (EEC) uses both vouchers<sup>1</sup> and contracted slots<sup>2</sup> to purchase developmentally appropriate childcare for infants, toddlers, preschoolers, and school-age children. Eligibility is primarily based on service need, family size, and monthly income. Families that have vouchers or contracted slots pay copayments based on their incomes and family sizes. Very-low-income families receive free childcare.

To be eligible for subsidized childcare through either a voucher or a contracted slot, a family must first be placed on EEC's centralized waitlist. A parent or guardian can be placed on the waitlist by telephone, by applying online, or by contacting a Child Care Resource and Referral Agency<sup>3</sup> (CCRR). Applicants must provide information on themselves, their children, their income, and their need for services to be placed on the waitlist. If funding is available, the applicant is notified and referred to a specific childcare vendor or to a CCRR. Applicants are required to complete applications and fee agreements and provide

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1. Childcare vouchers are certificates that show the number of hours and days per week for which a child has been approved for subsidized childcare. Parents with vouchers can select any childcare provider that has space available and accepts vouchers.
  2. Contracted slots set aside spaces at specific childcare centers, family childcare providers, or schools for children from low- to moderate-income families.
  3. CCRRs administer the childcare voucher program and give families information and referrals for licensed and license-exempt programs, including childcare centers, family childcare providers, preschools, and out-of-school programs. CCRRs also receive voucher payments from EEC that they then distribute to childcare providers.

documentation such as photo identification, proof of address, children’s birth certificates, service need information, and proof of income. Successful applicants are either given a contracted slot with a vendor or issued a voucher by a CCRR that can be accepted by any vendor that accepts state-subsidized payments. Eligibility is redetermined at least every 12 months. Children referred for childcare by the Department of Children and Families (DCF) through either a voucher or a contracted slot, or by the Department of Transitional Assistance (DTA) through a written referral document, get immediate placement if slots are available and are not placed on the waitlist.

CDCCL is a contracted childcare provider and also operates a CCRR. According to statistics provided by CDCCL, it provided childcare to clients in the following categories during the audit period.

### Clients Served by Type

| Type                              | Fiscal Year 2018 | Fiscal Year 2019 |
|-----------------------------------|------------------|------------------|
| <b>Income Eligible</b>            | 631              | 617              |
| <b>Supportive*</b>                | 265              | 360              |
| <b>Teen Parent Infant/Toddler</b> | 120              | 127              |
| <b>Total Contracted Slots</b>     | <u>1,016</u>     | <u>1,104</u>     |
| <b>Vouchers†</b>                  | 495              | 528              |
| <b>Total</b>                      | <u>1,511</u>     | <u>1,632</u>     |

\* This category consists primarily of referrals from DCF and DTA.

† These vouchers are issued by CCRRs, including CDCCL’s Child Care Circuit.

During the audit period, the Child Care Circuit (the CCRR operated by CDCCL) made payments to approximately 300 childcare providers on behalf of voucher recipients, of whom there was an average of 8,246 children per month in fiscal year 2018 and 8,594 children per month in fiscal year 2019.

### Sources of Revenue

During fiscal years 2018 and 2019, CDCCL received revenue from the following sources, according to its Uniform Financial Statements and Independent Auditor’s Reports<sup>4</sup> for each year.

4. Under Operational Services Division regulations (Section 1 of Title 808 of the Code of Massachusetts Regulations), any contractor or subcontractor that has been awarded a contract in excess of \$100,000 to provide human and/or social services from a Commonwealth agency is required to file a properly completed Uniform Financial Statement and Independent Auditor’s Report annually. These reports contain contractual and financial information prescribed by the Operational Services Division, including audited basic financial statements.

**Summary of Revenue by Fiscal Year\***

| Revenue Source                                  | Fiscal Year 2018            | Fiscal Year 2019            |
|---|-----------------------------|-----------------------------|
| EEC—Vouchers                                    | \$ 67,246,607               | \$ 74,499,198               |
| EEC—Contracts                                   | 9,282,007                   | 10,112,442                  |
| Other Revenue                                   | 2,493,744                   | 2,504,973                   |
| Client Resources                                | 1,557,025                   | 1,707,921                   |
| Direct Federal Grants                           | 1,474,352                   | 1,450,504                   |
| Massachusetts Local/Quasi-Governmental Entities | 1,232,845                   | 1,233,342                   |
| State Agency Non—Purchase of Service            | 933,542                     | 975,849                     |
| Massachusetts Government Grants                 | 872,623                     | 1,164,652                   |
| Investment Revenue                              | 614,896                     | 796,378                     |
| Purchase of Service Subcontract                 | 282,131                     | 250,462                     |
| Private Client Fees                             | 265,669                     | 232,669                     |
| Contributions, Gifts                            | 54,298                      | 48,396                      |
| <b>Total</b>                                    | <b><u>\$ 86,309,739</u></b> | <b><u>\$ 94,976,786</u></b> |

\* CDCCL's fiscal year begins July 1 and ends June 30 (e.g., fiscal year 2018 began July 1, 2017 and ended June 30, 2018).



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## AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of Community Day Care Center of Lawrence, Inc. (CDCCL) for the period July 1, 2017 through June 30, 2019.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Below is our audit objective, indicating the question we intended our audit to answer and the conclusion we reached regarding the objective.

| Objective   | Conclusion |
|---|------------|
| 1. Did CDCCL determine eligibility for subsidized childcare in accordance with Sections 10.03 and 10.04 of Title 606 of the Code of Massachusetts Regulations and enter eligibility information in the childcare financial assistance application maintained by the Department of Early Education and Care (EEC)? | Yes        |

To achieve our audit objective, we gained an understanding of the internal controls we determined to be relevant to our audit objective by reviewing applicable regulations and agency policies and procedures, as well as conducting interviews with CDCCL's staff and management. We evaluated the design and implementation, and tested the operating effectiveness, of controls over eligibility for subsidized childcare and entry of information in the Child Care Financial Assistance (CCFA) database application.<sup>5</sup>

Additionally, we performed the procedures described below.

### Subsidized Childcare

To determine eligibility to receive subsidized childcare, we selected a statistical sample of 60 children from a population of 3,174 enrollees during the audit period. We selected the sample with a 95%

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5. CCFA is maintained by EEC and used to document family eligibility, track child attendance, and assist childcare providers with submitting requests for reimbursement.

confidence level and a 10% tolerable error rate, with an expected error rate of zero. We reviewed eligibility documentation that parents must submit when applying for subsidized childcare, such as photo identification, address information, children's birth certificates, service need information, and proof of income. We determined the applicants' monthly incomes and family sizes. We also determined whether the applicants made any copayments for subsidized childcare by referring to EEC's Parent Co-Payment Table. We compared our results to CDCCL's eligibility determinations and then traced eligible applicants' information (service need, income, and children's and parents' names and ages) to CCFA.

### **Data Reliability Assessment**

CDCCL uses EZCare childcare management software to catalog family and income information about childcare applicants. To assess the reliability of eligibility data in EZCare, we reviewed selected system control policies (i.e., access controls, configuration management, contingency planning, and segregation of duties) for the audit period. We also performed the following tests:

- We selected 10 childcare clients from EZCare and determined whether the information (program type, billing type, slot number, start date, and parents' and children's names) in EZCare matched hardcopy childcare files.
- We selected 10 hardcopy childcare files and traced the program type, billing type, slot number, start date, and parents' and children's names to EZCare.

Based on our audit work, we determined that the data obtained from EZCare were sufficiently reliable for the purposes of our audit work.

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## APPENDIX

### Community Day Care Center of Lawrence, Inc. Programs

The following descriptions of programs offered by Community Day Care Center of Lawrence, Inc. (CDCCL), doing business as The Community Group, are quoted from the organization's website and describe in more detail the services provided. The Community Group classifies its programs under four categories: Community Day Learning, Child Care Circuit, Community Partners Initiative, and School Management Services.

#### Community Day Learning

##### Early Head Start

*The Community Day Care Early Head Start Child Care Partnership (EHS CCP) provides early, continuous, intensive, and comprehensive child development and family support services to eligible families and their infants and toddlers age birth to three years old in child care centers and age four in Family Child Care Home. EHS CCP provides many resources including educational, health, nutritional and behavioral services based on the needs of the child and family. The principles of Early Head Start are designed to nurture the relationship between the child and his or her parent and to focus on the strengths of each and every family. EHS parents are encouraged to participate in the Parent Policy Council to support the functions of the programs, approve policies, serve as a leader in the community and to develop lifelong skills.*

##### Family Child Care

*For children 2 months–12 years of age . . .*

*Homes in our Family Child Care (FCC) network offer learning in a nurturing, small group setting. Professional educators chosen for their experience and understanding of child development work with infants, toddlers, preschoolers, and school age children. Individual attention, flexible hours, a variety of locations, and a nursery school large group experience for preschoolers are all benefits of the program.*

*Learning in FCC homes is guided by Creative Curriculum®, which provides a framework for creating an environment that moves and flows with children's developing interests and changing needs. Children learn about themselves and the world around them; teacher-caregivers observe and monitor the healthy development of children.*

*Community Day Learning Family Child Care educators are licensed, visited by Community Day Learning staff, and receive training and development at regularly occurring meetings. Educators also hold the Child Development Associate (CDA) credential or are enrolled in a college degree program. The CDA credentialing program marks the ability to*

*meet the specific needs of children and work with parents and other adults to nurture children's physical, social, emotional, and intellectual growth in a child development framework. Many of the network's providers are also bilingual in Spanish and English.*

*A full or partial day program can be coordinated with parents' schedules.*

*Family FCC Educators homes range in size up to a maximum of 6 children or up to 10 children if the FCC Educator is licensed accordingly and has a full-time licensed assistant.*

## **Kindergarten**

*For children 5 years old . . .*

*Kindergarteners are ready to expand their early learning and develop the foundational skills necessary for a successful elementary experience. Our curricula include Journeys (Literacy), Foundations (Phonemic Awareness), Lucy Calkins' Writing Workshop (Writing), and enVision (Math). Classroom learning is extended through field trips and a summer camp experience. . . .*

*A full or partial day program can be coordinated with parents' schedules; a summer program is available.*

*Kindergarten classrooms are led by certified, highly qualified teachers and have 2 teachers with up to 25 students.*

## **Lawrence Early Achievement Partnership**

*The Lawrence community was awarded a grant through the U.S. Department of Education to expand preschool across the city. The Lawrence Early Achievement Partnership (LEAP) was created to add 130 preschool seats for eligible children. This is a partnership between The Community Group (TCG), Greater Lawrence Community Action Council, Head Start, and Lawrence Public Schools (LPS).*

*The program will use the Massachusetts preschool curriculum framework and will prepare students to be successful in kindergarten.*

## **Teen Parent Infant/Toddler**

*For children 2 months–3 years, 9 months . . .*

*The Teen Parent Infant/Toddler Program provides nurturing, developmentally appropriate care to the children of teen parents who are attending school or high school / GED graduates who are working. The program has two components: early education and care for infants and toddlers offered in the center-based setting or family child care provider homes and support for young mothers.*

## **Toddler**

*For children 15 months–2 years, 9 months . . .*

*Toddlers thrive in an environment that supports language, socialization, and their growing sense of independence. Teacher-caregivers give individual attention to toddlers, guiding them through activities and interactions in small groups.*

## **Preschool**

*Preschool—For children 2 years, 9 months–3 years, 11 months*

*Pre-Kindergarten—For children 4–5 years (if turning 5 after September 1) . . .*

*As toddlers develop into preschoolers, they are ready for new challenges. Social and skill-based learning helps preschoolers prepare for success in school. Students develop foundational skills, including literacy, math, and science, while advancing in important social learning, including cooperation, sharing, interacting with others, and understanding emotions. Preschoolers learn about themselves and the world around them through independent, small group, and large group explorations. Classroom learning is extended through on-site visits from museums, storytellers, and music and movement teachers in addition to explorations during field trips.*

## **School Age**

*For children in kindergarten through 12 years of age . . .*

### **Latchkey Enrichment Program**

*The Latchkey Enrichment Program is designed to be a fun, supportive environment that supports the academic, social, and physical development of students. The program uses out-of-school time to extend learning and enrich students' experiences through homework help, reading time, art activities, games, computer lab use, violin lessons, physical activities, field trips, and special events. The Junior Achievement® curriculum, which includes hands-on activities to inspire and prepare young people to succeed in a global economy, and SPARK, a program that helps students develop motor skills, movement knowledge, and social and personal skills to encourage lifelong healthy behaviors, are also incorporated into programming.*

### **21st Century Community Learning Centers**

*In partnership with Lawrence Public Schools, Community Day Learning is the recipient of a grant from the Massachusetts Department of Elementary and Secondary Education to operate out-of-school time programs that extend student learning beyond the school day. Fun, multidisciplinary projects engage students while strengthening their grasp of academic concepts.*

*Project-based learning takes place in sessions during the year and has incorporated elements from a range of curricula and structured programs:*

- *Engineering Adventures™ from the Museum of Science, Boston, a curriculum created for out-of-school time programs that introduces students to the engineering design process as they ask questions, imagine, plan, create, and improve solutions to real-world problems*
- *Strength and Power in Nutrition (SPIN): a health and consumer program of UMass for adolescents emphasizing personal power and healthy choices*
- *SPARK, a program that helps students develop motor skills, movement knowledge, and social and personal skills to encourage lifelong healthy behaviors*
- *Scratch, a graphical programming system developed by MIT Media Lab*
- *Beyond the Chalkboard from the Children's Museum, Boston, which covers a range of subjects, including science, literacy, culture, art, health, math, and engineering in ways that support what's learned during the school day*

*Past project themes have included the Merrimack River; physical fitness and health; mock trials; engineering, 3D building, and other STEM topics; bicycle safety; astronomy; book clubs; cooking; fairy tales and fables; Fit Math; insects; Native Americans; origami; poetry slams; rain forests; Reader's Theater; rockets; sailing and kayaking; and tide pools. Parents and the school community convene for special presentations that showcase student work.*

## **Community Partners Initiative**

*At Community Partners Initiative, we give teachers and schools the support they need to increase student achievement and communicate their success. At the heart of our initiative is the idea that data should inform instruction, and we, as educators, should be partners sharing our best educational practices. Our data and management services allow school leaders to focus on their most important priorities: students, teachers, and communities.*

## **Child Care Circuit**

According to Child Care Circuit's website,

*Child Care Circuit is a Massachusetts based private nonprofit organization providing child care referrals, training and parent & provider services locally and nationwide. . . .*

*Child Care Circuit maintains a comprehensive database of licensed child care providers and resources. Various memberships are available to parents and employers that include access to updated information as well as to other Child Care Circuit resources. . . .*

*The Massachusetts Department of Early Education and Care (EEC) provides financial assistance to eligible families seeking care at early education and care or out of school time programs.*

*Families must generally meet income and activity requirements to be eligible for EEC financial assistance.*

## **School Management Services**

CDCCL is the management agent for three community day charter public schools in Lawrence that provide education for kindergarten through eighth grade. The schools are R. Kingman Webster, Prospect, and Gateway.

CDCCL also operates a public elementary school in Lawrence, Community Day Arlington Elementary School, which serves kindergarten through fourth-grade students. The elementary school uses methods developed at the charter schools.