



MASSACHUSETTS
**Department of
Early Education and Care**



Commonwealth Cares for Children (C3) FY26 Grant Management and Compliance Training

Center-Based Child Care Providers Module 1: Grant Management

June 25, 2026



Module 1: Grant Management



Introductions & Agenda

With You Today

- Alicia Wells, EEC Sr. Associate Commissioner, Program Integrity and Internal Controls
- Jose Mendez, EEC Director of Child Care Business Operations and Facilities
- Judi Kennedy, EEC Audit and Fiscal Compliance Manager
- Ellen Song, EEC Child Care Operations and Financing Strategy Specialist
- Anthony Trapasso, Managing Director, KPMG LLP
- Evan Lehman, Director, KPMG LLP
- Dominique Moran, Manager, KPMG LLP
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Module 1 - Agenda

1) Program Overview

C3 Program Eligibility

Understanding the FY26 C3 Formula

2) Grant Management and Compliance Overview

Internal Policies and Procedures

Internal Controls and Processes

3) Wrap-Up and Resources



Section 1 – Program Overview



C3 Program Eligibility

Who is Eligible for C3 Funding?

Requirements

- Must be an EEC-licensed or funded child care provider in Massachusetts
- Must be open, operating, and serving children during the month in which funding is applied for
- Must be willing to accept children receiving Child Care Financial Assistance (CCFA) vouchers
- Must maintain compliance with EEC licensing requirements

Providers should internally confirm their ongoing eligibility prior to re-applying for C3 funds each period and regularly reference the EEC C3 website for updates to eligibility requirements: [Commonwealth Cares for Children \(C3\) Grants | Mass.gov](#).



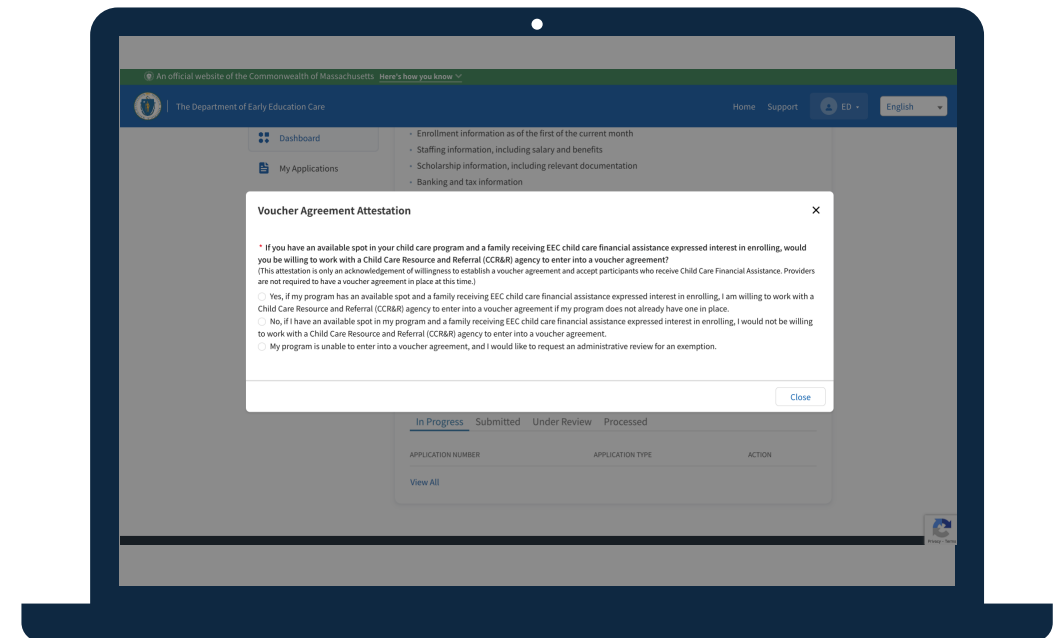
Common Misconceptions

Myth: “I can receive funding for a month my program was closed.”

Fact: Providers must be open and serving children during the month for which they are applying for funding.

Myth: “I cannot receive C3 funding if I do not currently serve children with CCFA vouchers.”

Fact: Providers are not required to have *currently enrolled* CCFA families, but as part of the application/recertification and recordkeeping process, providers must attest to their willingness to accept CCFA-eligible families, consistent with current C3 requirements.



What is Child Care Financial Assistance (CCFA)?

CCFA is a state-funded program run by EEC to **help families pay for child care**, also known as a "**subsidy or voucher**."

Overview of CCFA

- CCFA helps families with low or moderate incomes or families in certain special situations pay for child care.
- EEC administers three CCFA programs accessible to families in the form of vouchers or contracted slots (Income Eligible, DCF Related, DTA Related).
- Families access these programs through the EEC centralized waitlist or by referral from DCF or DTA and must meet eligibility rules.

CCFA Covers

- Child care for infants, toddlers, and preschoolers.
- Before-school, after-school, and summer programs for school-age children.
- Care provided by:
 - Licensed child care centers
 - Licensed family child care homes
 - Approved license-exempt programs
 - Summer camps (do not need an EEC license)

***For more information on the CCFA program, leverage EEC's CCFA webpage: [Managing Child Care Financial Assistance | Mass.gov](#)**

Responsibilities when receiving both C3 and CCFA

Program requirements:

- CCFA and C3 have different requirements and allowable uses
- As such, provider responsibilities for reporting, documentation, and monitoring differ

Compliance considerations:

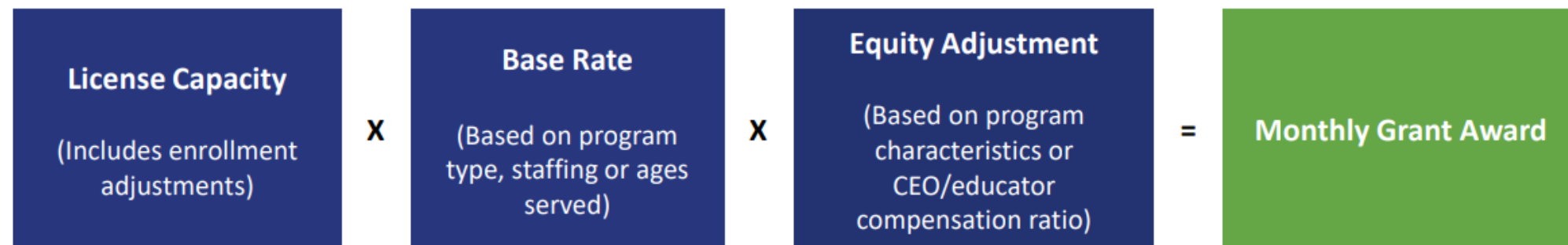
- C3 and CCFA funds must be used for distinct purposes and cannot pay for the same expense
- Providers may receive separate monitoring or compliance reviews for each program
- Both programs require strong financial tracking and organized documentation to help support compliance



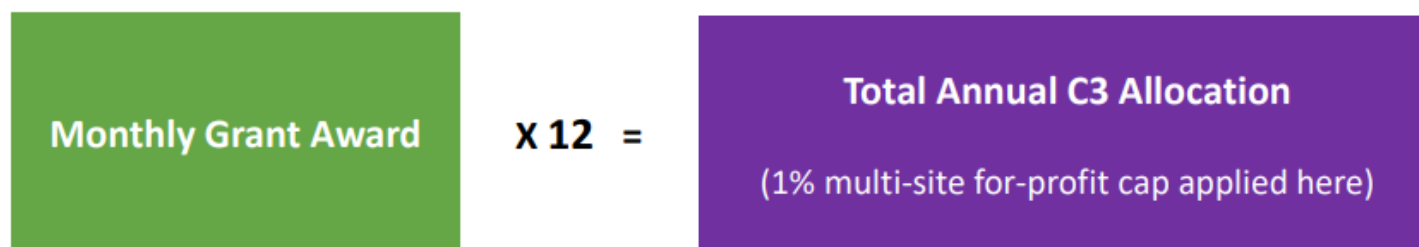
Understanding the FY26 C3 Formula

Current C3 Formula

Monthly C3 Funding Calculation



Annual C3 Funding Calculation



*Funding is based on provider-reported operational and enrollment data

For more information on the EEC formula, reference EEC's C3 website and formula FAQ:

- Mass EEC C3 website: <https://www.mass.gov/info-details/commonwealth-cares-for-children-c3-grants>
- Mass EEC C3 FAQ: <https://www.mass.gov/doc/fy26-formula-updates-faq/download>

Base Rate & Equity Adjustment Components

Base Rate	
Standardized Base Rate	
(Based on youngest age group served, differentiated for part-time programs)	
Licensed Capacity (Adjusted by enrollment*)	
Center Based Care	Family Child Care
\$100 if serve infants (\$80 if open part time)	\$80 if Full Time Assistant (\$60 if open part time)
\$80 if serve toddler (\$60 if open part time)	\$60 if Part Time Assistant (\$40 if open part time)
\$70 if serve preschool (\$50 if open part time)	\$50 if No Assistant (\$30 if open part time)
\$50 if only serve school age (including K)	



Equity Adjustment	
Tier 1	- Serves 25% or more children receiving EEC CCFA, or - is a Head Start Program, or - is located in a very low-opportunity area
Tier 2	- Serves 1-24% children receiving CCFA, or - Serves at least 25% of children with non-CCFA scholarship that covers at least 50% of tuition
Tier 3	- Does not qualify for Tier 1 or Tier 2, or - CEO compensation ratio equals or exceeds 30:1

*Enrollment based on 12-month historical average. Centers with ≥75% average enrollment receive full base rates. Those with <75% average enrollment have base rate prorated accordingly. FCCs with ≥3 children enrolled on average receive full base rate. Those with at least 2 but less than 3 children enrolled on average over the last year receive 75% of base rate, at least 1 but less than 2 children enrolled on average receive 50% base rate, and more than 0 but less than 1 child enrolled on average receive 25% base rate. FCCs with 0 children enrolled not eligible.

***Formula is effective as of November 1, 2025, and is subject to change.**

Inaccurate or Unsupported Reporting

May result in:



Incorrect funding determinations based on November 2025 application data



Delays in completing administrative monitoring reviews



Recoupment of funds by EEC

Supporting Your Application Data

Providers should maintain documentation supporting:

- Child enrollment counts
- Attendance records
- Licensed capacity
- Staff certification and workforce information
- CCFA-related enrollment data
- Operational status and program schedules

Age	# of Children Enrolled Part-time (less than 25 hours per week) <i>(If you have children enrolled in care for less than 25 hours per week, all of those enrolled children should appear in the part-time column here.)</i>	# of Children Enrolled Full-time (25 hours or more per week) <i>(If you have children enrolled in care for 25 hours or more per week, all of those enrolled children should appear in the full-time column here.)</i>
Infants (0-15 Months)		
Toddlers (15 Months – 2 Years, 9 Months)		
Preschoolers (2 Years, 9 Months – Kindergarten)		
School-age		
Total # of children enrolled on the first of the month	<i>Auto-calculates from above</i>	<i>Auto-calculates from above</i>

**C3 Monthly Recertification – Program Enrollment Information*

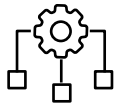


Section 2 - Grant Management and Compliance Overview



Internal Policies and Procedures

Why Policies and Procedures Matter



Consistency

Helps ensure tasks are handled the same way across staff and operations



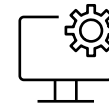
Continuity

Helps preserve institutional knowledge and maintain operations during staffing changes or absences



Clarity

Reduces confusion and supports staff training and transitions



Compliance

Demonstrates formal processes for managing grant funds and program operations



Accountability

Clearly defines responsibilities, approvals, and expectations

What's the Difference?

Policies:

- Define rules and expectations
- Establish organizational standards
- Guide decision making

Procedures:

- Define how tasks are completed
- Outline steps, roles, and timing
- Support consistent implementation of policies

Example:

- **Policy:** A provider has a policy that all program expenditures planned to exceed \$300 will require secondary review and approval before the expenditure can be made.
- **C3 Procedure:** Staff submits an outline of all planned expenses and their anticipated cost, including justification for each item and confirmation of allowability under the C3 program. The Supervisor approves, and the Staff continues with the purchase. Once the purchase is made, all supporting documents (e.g., invoices and receipts) are saved.

How to Document a Policy

Every organization may document policies and procedures differently, but strong documentation typically includes clear ownership, purpose, approval, and operational guidance.

Administrative information

- Policy title or topic
- Date created and last updated
- Name of person prepared by
- Name of person approved by

Purpose and scope

- Purpose of the policy
- Details, including governing requirements, who the policy applies to, and when or under what circumstances it applies

Policy Title

Prepared by	Reviewed by	Date Created	Date Modified

Purpose

The purpose of this policy is to...

Details

This policy is applicable to...

Child Enrollment, Attendance, and Payment



Records Required to Be Maintained and Available On-Site:

- Child enrollment
- Attendance records with time-in and time-out
- Payment-related processes

Questions to consider

- Who reviews attendance records?
- How are tuition discounts documented?
- How are enrollment changes communicated?

Practical tips

- Organize records in a way that is accessible and easy to follow during reviews or staff transitions.
- Use forms and tracking methods that clearly show when updates or enrollment changes were made and who made them.

The Commonwealth of Massachusetts
Department of Early Education and Care

Child's Enrollment Form

Child Information

Child's Name: _____ Date of Birth: _____
Age at Admission: _____ Date of Admission: _____
Child's Home Address: _____
Home Phone Number: _____
Primary Language: _____ Identifying Marks: _____
Eye Color: _____ Hair Color: _____ Skin Color: _____
Sex: _____ Height: _____ Weight: _____

Parent/Guardian Information

Parent/Guardian Name: _____
Relationship to Child: _____
Home Address: _____
Reachable Phone Number: _____
Email Address: _____
Business Name: _____
Business Address: _____
Business Phone Number: _____
Hours at Work: _____

Parent/Guardian Name: _____
Relationship to Child: _____
Home Address: _____

Page 1 of 2 SG/LG/SACChildEnrollmentForm20100122

Staff Management



Areas that should be clearly documented:

- Updating and maintaining EEC staff record checklists
- Updating and maintaining educator and staff schedules
- Tracking staff time worked and attendance
- Handling actual, potential, or perceived conflicts of interest

Questions to consider

- Who in my organization approves staff timesheets?
- How are payroll corrections documented and substantiated?
- How are staffing records maintained?

Practical tips

- Handwritten documents should be legible to eliminate reviewer confusion or misunderstanding.
- Use a consistent process for approving and retaining staff timesheets, including documenting payroll corrections or schedule changes when they occur.
- Periodically compare staffing schedules, payroll records, and classroom assignments to confirm they align and accurately reflect who was working, when, and in what role.

Financial & Accounting Operations



Areas that should be clearly documented:

- Processing payroll
- Tracking and allocating funds received by source (e.g., C3, CCFA, and program income)
- Conducting reconciliations

Questions to consider

- How are funding sources tracked separately?
- Who reviews reconciliations?
- How are payroll records verified before processing?

Practical tips

- Define how purchasing decisions are reviewed, including an appropriate dollar value threshold for transactions requiring a supervisor review.
- Conduct ongoing budgeting to make sure planned allowable expenses meet or exceed the amount of grant funding expected.

Grant Purchases



Areas that should be clearly documented:

- Determining if an expense is allowable under a specific grant (e.g., C3 vs CCFA)
- Allocating shared costs (i.e., how costs are split between grant funds and other sources) and how to prevent a duplication of benefits
- Documenting and tracking inventory purchased with grant funds (e.g., computers, supplies)

Questions to consider

- How are you assigning expenditures to a funding source?
- How is grant-funded inventory tracked?

Practical tips

- Utilize the EEC Expenditure Tracker or a similar tracking mechanism to track C3 expenditures on a monthly basis, including any expenses that required use of multiple funding sources.
- Set up an automated internal control within your financial management system to require you input a funding source before the entry can be completed.

Recordkeeping



Areas that should be clearly documented:

- Complying with record retention requirements
- Safeguarding sensitive data or Personally Identifiable Information (PII)
- Maintaining grant data for ongoing application recertifications and monitoring

Questions to consider

- Where are records stored?
- Who has access to sensitive information?
- Are my grant records organized enough to support a future C3 monitoring review?

Practical tips

- Create a consistent folder structure for records, including a naming and numbering convention to help make documentation easy to locate.

Administration



Areas that should be clearly documented:

- Prevention and detection of fraud, waste, and abuse
- Employee codes of conduct detailing rules and expectations
- Oversight responsibilities and approvals
- Reporting concerns or irregularities

Questions to consider

- How are concerns reported internally?
- What expectations apply to staff conduct?

Practical tips

- Keep approval processes simple and easy to understand.
- Include links to key resources, such as Massachusetts whistleblower contacts.
- Review procedures periodically as operations change, or set quarterly reminders to review procedures for continued relevancy.



Internal Controls and Processes

What Are Internal Controls?



Internal controls are the safeguards and review processes built into your operations to reduce risk and improve accountability.

Manual vs. automated controls

- **Manual:** Separation of duties, reconciliations, physical locks on doors or filing cabinets
- **Automated:** Password protections, restricted system access to PII, automated alerts for expiration of staff certifications, automated routing to required approver

Common examples

- Established approvals and reviews
- Separation of responsibilities
- Documentation requirements

Preventative vs. detective controls

- **Preventative controls:** Designed to stop errors or issues before they occur
- **Detective controls:** Designed to identify issues after they occur so they can be corrected

Examples of Internal Controls for CBC Providers

Financial & grant management controls

- Separate staff responsible for payroll processing and approval
- Monthly reconciliation of financial records
- Spending thresholds that trigger additional review or approval requirements
- Financial system access controls that limit access to authorized staff only
- Inventory tracking for grant-funded purchases

Enrollment & staffing controls

- Supervisor review of attendance records
- Verification of enrollment changes before submission
- Approval process for timesheet corrections

Document & oversight controls

- Restricted access to sensitive records
- Classification of records by document type and required retention period
- Automated archival settings to support record retention

Internal Controls and Procedures Working Together: Attendance Records

- **Procedure:** On-site staff document daily child attendance records and submit finalized weekly attendance records to the supervisor every Friday afternoon
- **Internal control:** A supervisor reviews child attendance records for missing information, inconsistencies, and required time-in/time-out entries before records are finalized
- **Examples of internal control activities:**
 - Reviewing attendance records for missing signatures, dates, or time entries
 - Comparing attendance records against enrollment information
 - Following up on inconsistencies or corrections before records are finalized

Internal Controls and Procedures Working Together: Grant Expenditures

- **Procedure:** Program staff submit purchase requests and supporting documentation before C3-funded purchases are made
- **Internal control:** If the expenditure exceeds a certain threshold, the request is routed to the Program Director or Manager for review prior to approval and payment
- **Examples of internal control activities:**
 - Reviewing the expense for allowability and alignment with grant requirements
 - Confirming the amount is reasonable and supported by documentation
 - Verifying the correct funding source is being charged
 - Obtaining multiple quotes or additional approvals for larger purchases or facility-related work
 - Confirming supporting documentation is complete before payment is issued

Grant Expenditure Procedure & Control – Use Case

Scenario

- A program requires supervisor review of any C3-funded expense over \$300 purchased with a business credit or debit card, prior to approval, recording, and allocation to C3
- A staff member identifies classroom supplies needed, which may exceed \$300

Procedure

- Staff member sends a list of needed supplies to the supervisor for approval before making the purchase
- Supervisor approves, and the staff member purchases the supplies at Target with the business card
- Staff member takes a photo, scans, or retains an emailed copy of the itemized receipt
- The expense is recorded in the organization's financial records and Expenditure Tracker using the appropriate expense category

Internal Control

- Before allocating the expense to the C3 grant, the supervisor reviews the purchase to confirm:
 - The expense is allowable under the grant
 - The amount appears reasonable
 - The supporting documentation is legible, and includes the vendor name (i.e., Target), dollar amounts, and the date

Internal Controls and Procedures Working Together: Staff Timekeeping

- **Procedure:** Staff record hours worked using weekly time-in/time-out timesheets.
- **Internal control:** Supervisors review and approve timesheets before payroll is processed, and unusual or inconsistent entries are escalated to finance or HR staff for additional review when appropriate
- **Examples of internal control activities:**
 - Timesheets for employees coded as part-time automatically flagged when reported hours exceed a defined threshold, such as 40+ hours in a week
 - Payroll entries automatically flagged when overtime exceeds established approval thresholds



Section 3 – Wrap-up and Resources

Application Reminders & Data Quality

Providers should:

- Review all pre-populated application data for continued accuracy before recertification, including enrollment, staffing, and other operational information
- Retain documentation supporting submitted information
- Re-read the attestation prior to each submission for continued compliance. If discrepancies with the attestation are identified during monitoring, EEC will determine appropriate remedial action

Application reminders:

- Submitted enrollment counts may serve as benchmarks during administrative monitoring reviews
- Monthly applications must be submitted within the applicable quarterly submission window and cannot be submitted after that quarter closes
- Automated reminders are issued for incomplete submissions

Resources and Additional Modules

Reminder: This is Module 1 of a three-part training series

- Module 2 covers fiscal management and licensing requirements
- Module 3 covers an overview and demo of the C3 monitoring review process
- Links to the recordings and copies of the materials will be made available for reference

Resources

- CBC Training Summary Reference Guide
- For LEAD technology questions:
 - Email: eecgrantsupport@mtxg.ai
 - Call: 1-833-600-2074
- For C3 monitoring questions, email: EECAuditIP@mass.gov



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Thank you for
participating!



Module 2: Fiscal Management and Licensing



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Module 2 - Agenda

1) Fiscal Management, Administration, and Monitoring

Fiscal Management of C3

Allowable vs. Unallowable Costs

Demo – Expenditure Tracker

50% Workforce Requirement

2) Licensing and Enrollment

3) Wrap-Up and Resources



Section 1 – Fiscal Management, Administration, and Monitoring



Fiscal Management of C3

Fiscal Management of C3

Fiscal management is ultimately about understanding how C3 funding fits into the broader financial operations of your organization.



Strong fiscal management helps providers:

- Track how grant funds are used
- Support accurate reporting and monitoring
- Maintain operational stability
- Make informed financial decisions over time



Helpful financial management tools:

- Accounting software (QuickBooks, etc.)
- Budget tracking worksheets
- EEC expenditure tracker templates

	A	B	C	D	E	F	G
1	Provider Name: Name						
2	Provider ID: P-123456						
3							
4	Grant Award Received for February 2022 \$		25,000.00				
5	Total grant awards received total as of 1/31/22 \$		75,000.00				
6	Total grant awards received to date \$		100,000.00				
7							
8	Transaction #	Date Added to Tracker	Date Expense Paid	Expenditure Category	Expenditure Description	Amount	Account Charged
9	1	2/10/2022	2/10/2022	Paying for past expenses incurred after January 31, 2020	Rent due for January 2021	\$ 5,000.00	Rent Expense
10	2	2/15/2022	2/15/2022	Personal protective equipment, cleaning and sanitation supplies and services, or training and professional development related to health and safety practices	Cleaning supplies and educational books*	\$ 50.00	Supplies
11	3	2/21/2022	2/21/2022	Personnel costs, benefits, premium pay, and recruitment and retention	February salaries for all employees	\$ 12,000.00	Salaries & Wages Expense
12	4	2/28/2022	2/28/2022	Mental health supports for children and employees	Mental health consultation for a staff member	\$ 120.00	Other
13					Sum of funds expended in February	\$ 17,170.00	
14					Net February fund remaining	\$ 7,830.00	
15							

Financial Tracking Basics

Leading practices:

- Track C3, CCFA, and program income separately
- Record expenditures and allocation calculations immediately
 - Example: If C3 funds are used to pay a portion of shared facility rent, document the allocation method and supporting calculation when the payment is made so important details are not lost
- Use consistent expense categories across funding sources
- Reconcile financial records regularly
- Maintain supporting documentation for expenditures

Examples of expense categories:



Payroll and workforce costs



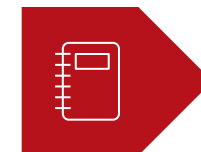
Classroom materials and supplies



Rent and utilities



Professional services



Facility maintenance

Fiscal Management for Programs Under Parent Organizations

Many CBCs receive and manage C3 funds through multi-site “umbrella” organizations or their corporate or regional offices



Key requirement:

- Even if you opt for C3 funds to be sent to your umbrella organization, the funds must still be tracked and spent at the individual program-level. Because C3 awards are calculated based on location-specific information, it is essential each awarded location of care receives their allocated amount
- C3 funding cannot be used to pay franchise fees or royalty payments to the umbrella organization



Practices to support this requirement:

- Having a process that provides transparency as to how C3 funds are distributed from the umbrella organization to the intended location of care
- Maintaining supporting documentation demonstrating that the intended location of care received benefit from the funds

Fiscal Management for Programs Under Parent Organizations – Use Case



Scenario

- A provider operates under an umbrella organization with five separate locations of care
- Each location receives a different C3 award amount based on factors from the EEC C3 formula, including the youngest age group served and the percentage of children receiving CCFA at that specific location
- All five providers opt to have their grant funds sent directly to their umbrella location rather than to the individual locations of care



What happens with the C3 funding?

- Because the umbrella organization received the C3 funds, they are responsible for making sure each of the five locations receive the funding amount that they were allocated per EEC
- This may include sending the funds directly to the locations of care so they can spend it accordingly, or, purchasing items on behalf of each location that directly support each individual location of care

Fiscal Management for Programs Under Parent Organizations – Use Case (continued)



How they spent the funds:

- One of the locations of care was awarded \$8,000 in C3 funding
- Instead of transferring the funds directly to the location, the umbrella organization opts to spend the funds as follows:
 - \$3,500 toward rent for that location
 - \$1,000 toward utilities for that location
 - \$3,500 toward payroll expenses supporting that location
- In this example, the umbrella organization successfully allocated the full \$8,000 award to the intended location of care



What this means for monitoring:

- Retain proof of payment for each expense (rent, utilities, payroll) that clearly demonstrates the location of care's name or address
- Document the expenses in the Expenditure Tracker for the individual location of care
- Share the documentation with the staff anticipated to respond to the monitoring review, which may be staff from the umbrella organization or from the location of care

Avoiding Duplication of Benefits

Duplication of benefits occurs when the same expense is paid for or claimed under more than one funding source, or when a provider cannot document enough eligible expenses to support the total funding received.



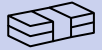
Providers receiving multiple funding streams should:

- Track funding sources separately and distinguish which expenses are supported by each funding source
- Maintain enough eligible expenses to support total funding received across programs
- Ensure each expenditure is allowable under the funding source it is allocated to

Example: Managing C3 and CCFA funding

- A provider receives \$15,000 in C3 funding and \$5,000 in CCFA funding in June 2026
- The provider has \$18,000 in payroll costs for the month they would like to allocate funding to, including all \$15,000 in C3 funds, and \$3,000 in CCFA funds
- In order to prevent a duplication of benefits, the provider should have budgeted for at least \$2,000 in other expenses that are allowable under the CCFA program, allowing the provider to document eligible, non-duplicative use of the full amount received from both sources

Cash vs. Accrual Basis Accounting



Cash basis accounting: Revenue and expenses are recorded at the time money is received or paid



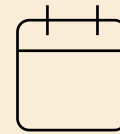
Accrual basis accounting: Revenue and expenses are recorded at the time it is earned or incurred, even if payment occurs later

Example: Rent was due on May 31st, but was actually paid on June 2nd

- **Cash basis accounting:** The expense would only be recorded on June 2nd
- **Accrual basis accounting:** The expense would be recorded as incurred on May 31st, then later recorded as paid on June 2nd

Example: A vendor invoice is dated September 28th, but the related check is issued on October 5th

- **Cash basis accounting:** The expense would be recorded in October when payment was issued
- **Accrual basis accounting:** The expense would be recorded in September when the obligation was incurred



Why this matters for C3:

- C3 expenditure reporting is generally tied to when payments are actually made
- Payment dates may differ from invoice or obligation dates
- Supporting documentation should clearly show when expenses were paid
- Accurate payment tracking supports monitoring and reconciliation activities



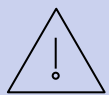
Allowable vs. Unallowable Costs

Understanding Allowable Costs



C3 funding may support:

- Workforce investments:
 - Personnel costs (salaries), benefits, stipends, and other supports for recruitment and retention;
 - Professional development and other investments to support staff in building educator qualifications;
- Other investments to improve program quality such as supplies, curriculum, screening tools, etc.
- Rent or mortgage payments, utilities, facilities maintenance and improvements, or insurance.



Important reminder: Allowable costs must be connected to program operations and supported with documentation.

Examples of Allowable Expenditures



Workforce & program quality

- Staff salaries and wages
- Bonuses and retention incentives
- Health insurance and workforce benefits
- Professional development and trainings
- Curriculum materials and screening tools



Program operations

- Rent or mortgage payments
- Utilities and internet
- Insurance costs
- Cleaning and facility maintenance
- Technology and software



Other

- Classroom furniture and equipment
- Licensing fees
- Mental health supports
- Minor facility improvements
- Administrative and operational supplies

Before Using C3 Funds, Providers Should Consider:



Whether expenses support

- Program operations
- Workforce stability or retention
- Delivery of care and educational quality
- Licensing, safety, or administrative needs



Cost reasonableness

- Amount is not excessive
- Quantity aligns with operational needs
- Similar providers would reasonably make the same purchase



Funding sources

- The funding source, including allocation of shared costs, should be budgeted for in advance and tracked when spent to prevent duplication of benefits
- Financial management systems can help with tracking and managing multiple funding sources

Workforce Benefits



Workforce investments may include

- Employee compensation and bonuses
- Employer contributions toward employee health coverage
- Professional development and trainings, such as CPR/First Aid certification or child development certifications and coursework
- Recruitment and retention supports, such as hiring incentives, onboarding supports, and increased paid time off for long-term employees



Unallowable Workforce Investments



- Staff meals, celebrations, or appreciation events not tied to an allowable business, training, or workforce-retention purpose
 - Staff meals provided during employee training must be accompanied by proof of the training itself (e.g., training materials, staff attendance logs, invoice from the organization providing the training, etc.)



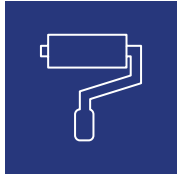
- Gift cards or informal incentives not tied to a formal retention or workforce initiative



- Expenses without a clear operational purpose, such as checks or Venmo transactions with a vague description related to staff benefits
- Personal or non-business expenses, such as streaming subscriptions or family-use technology purchases charged alongside program expenses

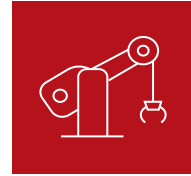
*While these expenses cannot be paid for with C3 or CCFA funding, providers may opt to provide these types of employee benefits out-of-pocket.

Minor Facility Improvements vs. Major Renovations



Minor facility improvements (allowable)

- Interior painting
- Flooring replacement
- Playground improvements
- Replacing classroom furniture or fixtures
- Health and safety improvements
- Accessibility improvements



Major renovations (generally unallowable)

- Structural building modifications
- Building additions or expansions
- Major roof replacement or foundation work
- Major plumbing or electrical reconstruction
- New construction projects

* Certain repairs or renovations may require case-by-case review and documentation.



Fund Use Requirement: 50% Workforce Spending for CBCs

Understanding the 50% Workforce Requirement



Requirement for CBC providers: Per C3 program requirements, at least 50% of C3 funds must be used for workforce-related expenses, including:

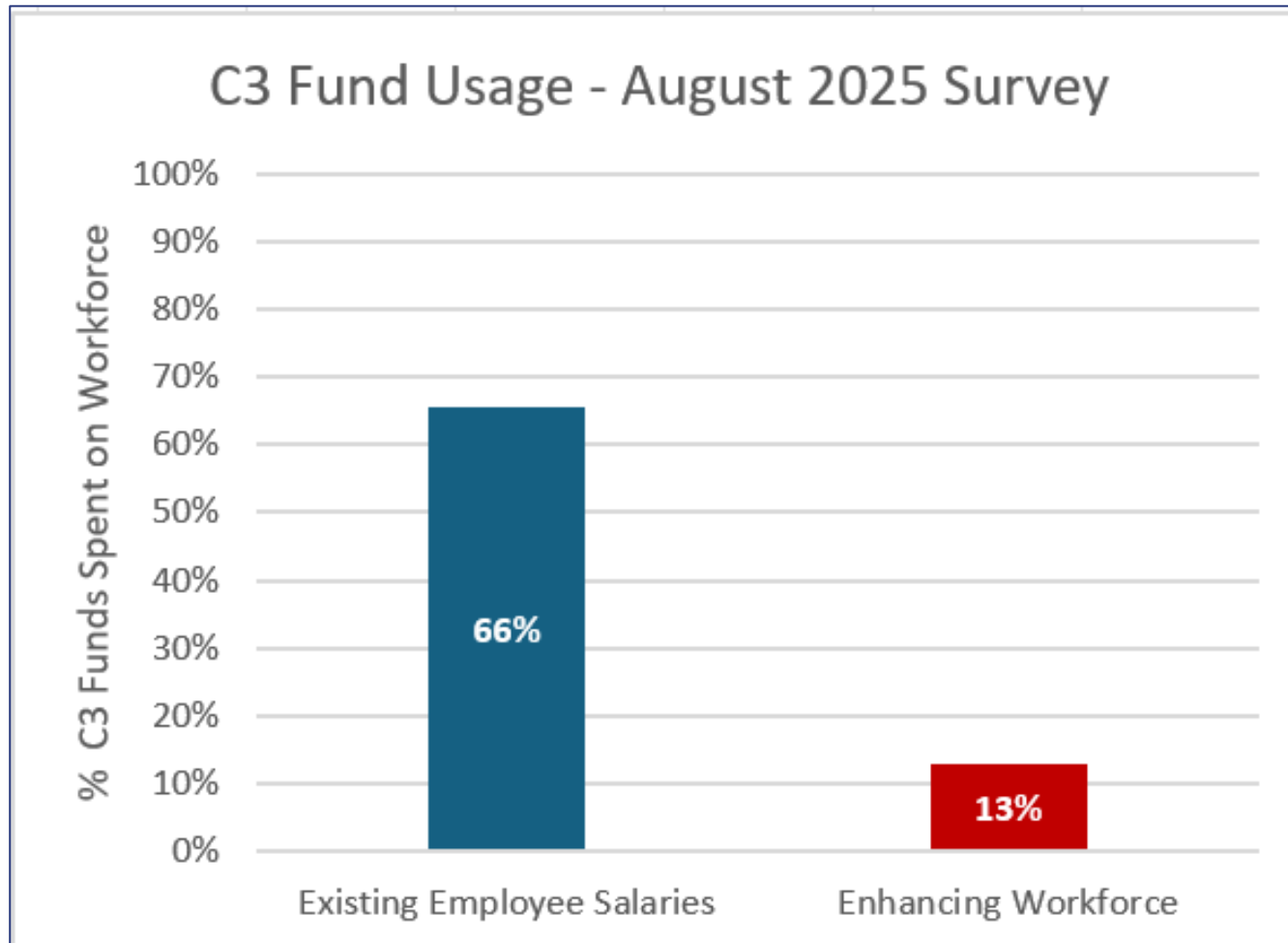
Personnel costs (salaries), benefits, stipends, and other supports for recruitment and retention

Professional development and other investments to support staff in building educator qualifications

Reminders and updates

- The 50% requirement is calculated cumulatively at your year-end, not month-to-month
- Providers should use the Expenditure Tracker or similar tracking mechanisms to document compliance
- EEC will begin formal enforcement of this requirement in FY27 (July 2026)

Findings from the August 2025 C3 Survey



Opportunity to Strengthen Workforce Investment



Examples:

- Expand employee benefits
- Support educator wellness initiatives
- Increase professional development opportunities
- Invest in retention and career advancement supports
- Track workforce-related spending consistently to support compliance and future planning

Key consideration: The goal is not only workforce maintenance, but also workforce stability, retention, and quality improvement.



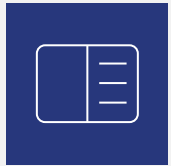
Demo – Expenditure Tracker Walkthrough



Section 2 – Licensing and Enrollment

EEC Licensing Requirements & Documentation Standards

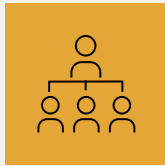
EEC Licensing establishes key operational expectations for providers, including those related to:



Enrollment
records



Attendance
documentation



Staffing and
supervision



Program
operations



Recordkeeping and
documentation



Health
and safety

Licensing documentation is essential to demonstrate operational compliance and may be reviewed during an **administrative monitoring review**.

Compliance with EEC Licensing Requirements: Enrollment

Enrollment documentation should include:

- Child name and birth date
- Enrollment date
- Parent or guardian contact information
- Emergency contact information
- Authorized pickup or release information
- Medical and emergency information
- Child Records Checklist Documentation as required by EEC
- Enrollment and schedule information
- Signed permissions/consents required by EEC



Providers may use:

- Standard EEC enrollment forms, or
- Equivalent forms containing all required information



Practical tip:

- The EEC Child's Enrollment Form is 8 pages long — generally, only page 1 is mandatory for the monitoring review; however, all pages contain important information and should be provided upon request, including the required parent signature on the final page.

Compliance with EEC Licensing Requirements: Attendance



Attendance records should:

- Be maintained daily
- Include actual time-in and time-out for each child
- Reflect actual attendance rather than estimated or scheduled attendance
- Align with enrollment records



Attendance documentation helps support:

- Child supervision, including staff-to-child ratios
- Staffing alignment and scheduling
- Administrative monitoring, licensing reviews, and onsite reviews

Compliance with EEC Licensing Requirements: Staffing



Staffing documentation should include:

- Required background record checks
- Educator qualifications and certifications required by EEC
- Staff schedule and assignments, time worked, and role documentation
- Payroll documentation



Staffing documentation helps support:

- Educator qualifications and role assignments
- Verification of hours worked
- Child supervision and staffing ratios
- Alignment between attendance and payroll records

Important Reminders

For the purpose of C3 reporting, the minimum full-time thresholds are:

- **Full-time operating employees:** 25+ hours per week
- **Full-time assistants:** 30+ hours per week

Minimum wage reminder:

- Massachusetts law requires a minimum wage of \$15/hour



Section 3 – Wrap-up and Resources

Resources and Other Modules

Reminder: This is Module 2 of the 3-part training series.

- Module 1 covered a C3 program overview and grant management practices
- Module 3 covers an overview and demo of the C3 monitoring review process.
- Links to the recordings and copies of the materials will be made available for reference.

Resources

- CBC Training Summary Reference Guide
- For LEAD technology questions:
 - Email: eecgrantsupport@mtxg.ai
 - Call: 1-833-600-2074
- For C3 monitoring questions, email: EECAuditIP@mass.gov



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Thank you for
participating!



Module 3: Fiscal and Administrative Monitoring Reviews



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**Department of
Early Education and Care**



Commonwealth Cares for Children (C3) FY26 Grant Management & Compliance Training

Center-Based Child Care Providers
Module 3: Fiscal and Administrative Monitoring
June 25, 2026



Introductions & Agenda

With You Today

- Alicia Wells, EEC Sr. Associate Commissioner, Program Integrity and Internal Controls
- Jose Mendez, EEC Director of Child Care Business Operations and Facilities
- Judi Kennedy, EEC Audit and Fiscal Compliance Manager
- Ellen Song, EEC Child Care Operations and Financing Strategy Specialist
- Anthony Trapasso, Managing Director, KPMG LLP
- Evan Lehman, Director, KPMG LLP
- Dominique Moran, Manager, KPMG LLP
- Ben Akers, Senior Associate, KPMG LLP

Module 3 - Agenda

1) Fiscal and Administrative Monitoring

Responding to Monitoring Reviews

Demo - Monitoring Walkthrough

Recordkeeping Requirements

2) Payment Modernization

3) Wrap-Up and Reminders



Section 1 – Fiscal and Administrative Monitoring



Responding to Monitoring Reviews: What to Expect and How to Prepare

Monitoring Reviews: Purpose & Overview

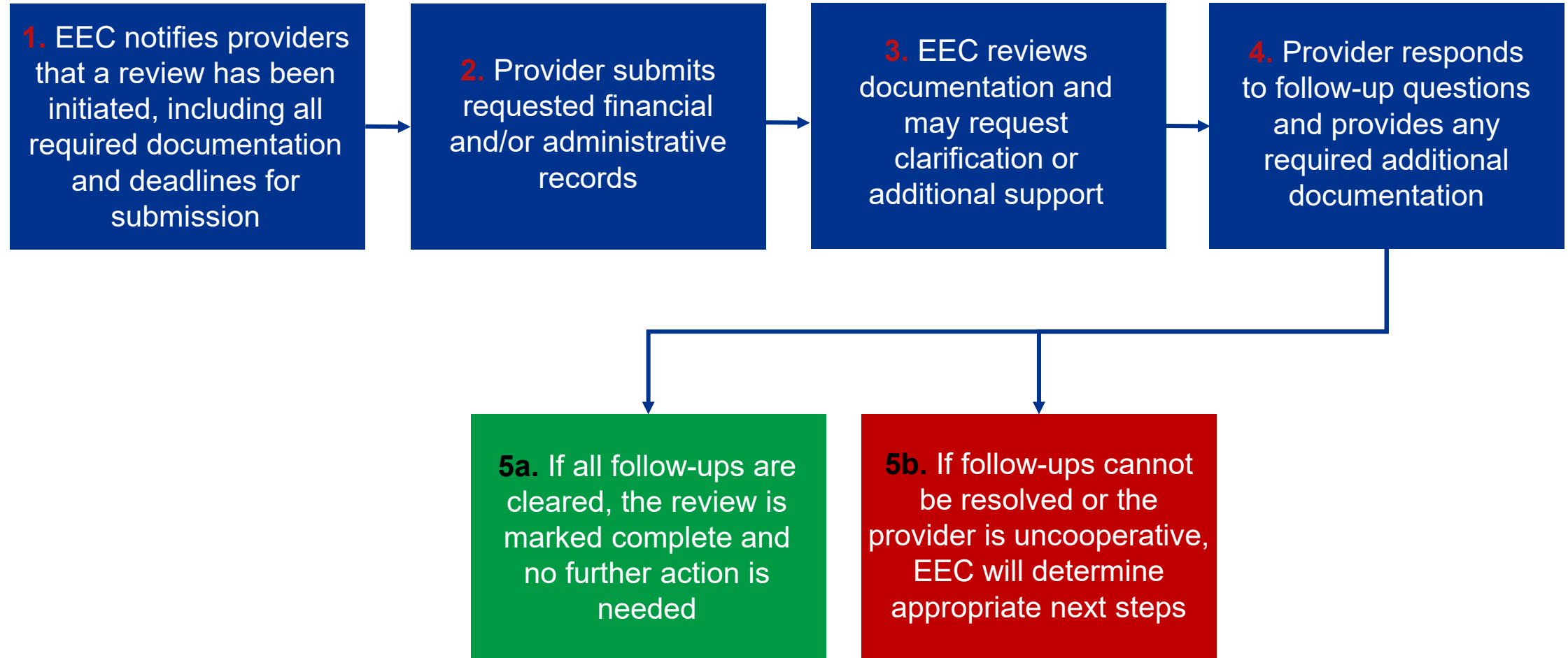
Overview

- **Fiscal monitoring** focuses on validating that C3 funds were used for allowable cost items and that each expense is adequately supported by documentation
- **Administrative monitoring** focuses on validating that enrollment and attendance records include the minimally required information, and identifying anomalies or inconsistencies in administrative records
- Reviews are mandatory. Failure to complete a required monitoring review may result in a hold on C3 fund distribution

Fiscal and administrative monitoring reviews help EEC

- Validate that reported financial and administrative data aligns with supporting documentation
- Support accountability and program integrity

Monitoring Reviews: Purpose & Overview



What Monitoring Reviews May Include



Fiscal documentation

- C3 expenditures and supporting documentation
- Payroll and workforce spending records
- Proof of payment and financial reconciliations
- Expenditure Tracker documentation



Administrative documentation

- Enrollment and attendance records
- Staffing records and schedules
- Verification of reported application data
- Documentation supporting licensing compliance



Important context

- Monitoring reviews are a normal part of grant oversight
- Monitoring reviews are mandatory. Failure to complete any monitoring reviews will result in a hold placed on C3 fund distribution
- Reviews may occur periodically or based on identified risk factors or documentation concerns
- C3 monitoring and CCFA monitoring are separate reviews

What “Good” Documentation Looks Like

Administrative documents

- Use standard EEC enrollment forms or equivalent forms containing all required information
- Align with reported application data
- Are complete, consistent, and legible

Fiscal documents

- Align with allowable cost use categories
- Tie directly to Expenditure Tracker entries
- Include dates, vendor (if applicable), dollar amounts, and proof of payment

Key takeaway: Documentation should clearly demonstrate what occurred, when it occurred, and how it supported program operations.

Common Documentation Issues

Each time you complete a C3 recertification, you sign an attestation. By signing it, you agree to follow the C3 grant rules. You also agree to keep records that show you used C3 grant money for allowed expenses.

Numbers do not match between records, such as the **EEC Expenditure Tracker** and your receipts or other records.

Shared costs are estimated or split without explaining how you figured them out.

It is not clear which funding source paid for an expense, such as **C3**, **CCFA**, or program income.

There is no proof that a payment was made. For example, you have an invoice but no canceled check, bank record, or credit card statement.

Handwritten notes are used without supporting documentation.

Personal bank accounts are used instead of business accounts, or the names on the business and bank accounts do not match.

Venmo or other payment app records have unclear descriptions and do not include the matching bank statement showing the payment.



Demo - Monitoring Walkthrough



Recordkeeping Requirements

Record Retention

EEC and Massachusetts guidance require providers to **maintain records for six years.**

C3 records to maintain include, but are not limited to:



Enrollment and
attendance
records



Payroll and
staffing
documentation



Financial and
expenditure
records



Invoices and
proof of payment
records

Records may be maintained electronically or in paper format if they remain accessible and are protected through access controls.

Audit-Ready Recordkeeping Practices



Strong recordkeeping practices may include:

- Standardizing file naming and numbering conventions
- Maintaining consistent file folder structures across staff and systems
- Organizing records by category and funding source
- Establishing clear document version control practices



Documentation should clearly show:

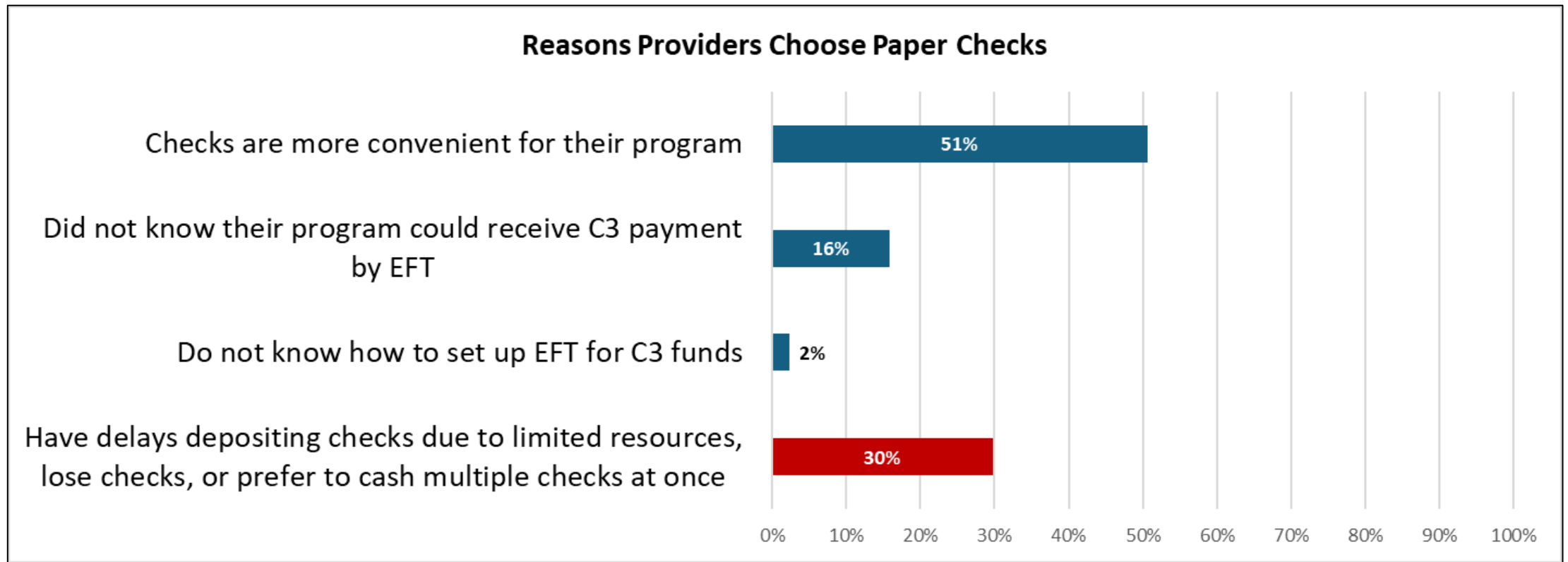
- What occurred
- When it occurred
- Who was responsible
- How the activity supported program operations



Section 2 – Payment Modernization and Electronic Funds Transfer (EFT) Adoption

Electronic Funds Transfer (EFT) vs. Paper Checks

C3 August 2025 survey findings for CBC providers showed:



Electronic Funds Transfer (EFT) vs. Paper Checks

Benefits of EFT

- Faster access to grant funds
- Reduced manual processing and bank visits
- Improved financial predictability
- Reduced risk of lost or delayed checks
- More consistent payment timing, leading to improved financial tracking

How to Transition to EFT

←

GRANTS
DASHBOARD

EEC Child Care Grants

Massachusetts Child Care Stabilization Grant Application Process

✓ Instructions

✓ Program Information

✓ Program Enrollment Information

✓ Attestation

✓ Banking Information

✓ W9 Details

7 Review and Summary

Banking Information

* indicates required field

Account Details

To provide payments, we need to gather some information from you about your payment preferences and banking information.

* How would you like to receive your payment?

☐ Check (by mail) ☒ EFT (electronic funds transfer)

Please be advised that electing paper checks instead of EFT may delay payments due to processing and mailing.

EFT & Payment Management Reminders



Grant funds should be deposited into a business account established in the provider's legal business name, which is operated separately from a personal or family account.



Payments to assistants and staff should be made directly from that account rather than in cash



Mailing and banking information should be reviewed regularly for accuracy



Providers using umbrella organizations should verify their preference for whether payments are routed to umbrella or program addresses



Section 3 – Wrap-up and Reminders

Recap and Next Steps

If you're selected for monitoring:

- Always respond by the deadline provided
- Reference this training and supporting materials
- Be ready to provide organized and supportable documentation
- Reach out to EEC with questions or clarification needs

Resources and Other Modules

Reminder: This is the final module of the 3-part training series.

- Module 1 covers a C3 program overview and grant management practices
- Module 2 covers fiscal management and licensing requirements
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Resources

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