



COLORADO

Office of Early Childhood

Department of Human Services

Expense Documentation and Financial Reporting

How to Use this Documentation and Reporting Guide

This guide has been developed to assist child care providers who have received Child Care Operations Stabilization Grants and Workforce Sustainability Grants (referred to together as “Stabilization Grants”). In this document you will find additional information and tips on the allowable uses and the necessary expense documentation you are required to maintain after receiving a Stabilization Grant. Allowable uses of this grant funding are limited to expenses required to operate a child care program. **Child care providers must retain all expense documentation for a minimum of three years after the grant period ends.**

Additional early childhood stimulus fund guidance and resources can be found on the website (coecstimulus.com) and through our [Provider Resources](#) folder.

For additional support, please submit a request through the help desk help.coecstimulus.com or schedule an [appointment](#).

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A Note About Monitoring

Why is this note being included in this guide?

This note is being included in this guide because this grant is funded with pandemic-related relief/stimulus funds. This note is included as a courtesy to notify users of increased auditing and monitoring of these funds by the CDHS Audit Division.

Why is there increased auditing/monitoring?

In general, CDHS and the State of Colorado are receiving significant amounts of funding from the US federal government, related to the ongoing COVID-19 global pandemic. These funds carry requirements for increased monitoring in order to address the additional risk that is created by these funds.

What does this mean for you, as a provider receiving grant funds?

As part of this monitoring, you may be contacted by the CDHS Audit Division with a request to provide supporting (back-up) documentation related to your use of your grant funds. Examples of supporting documentation include receipts, canceled checks, bank statements, etc.

Unlike traditional auditing, which typically reviews expenditures that were incurred months (if not years) prior to the audit, this pandemic monitoring will review more recent payments made by CDHS (typically within one to two months).

What do you, as a provider, need to do right now?

If you do **NOT** have an organized method for keeping track of supporting documents related to your use of these grant funds, you need to implement a process to ensure you are able to access and send requested documents within a reasonable timeframe (about one week). The remaining sections of this guide will help you understand what you need to maintain for expense documentation.

If you **DO** already have these processes in place, you don't need to do anything else!

Thank you, in advance, for your cooperation with this monitoring process!

Category 1: Personnel/Payroll Costs

What are they?

These are expenses you pay to cover staff payroll and benefits.

What documentation do I need to maintain?

Payroll

- For each employee (including yourself), maintain hiring documents, direct deposit forms (if applicable), hours worked, employee pay rate, and all payroll deductions.
- If you use a payroll company, tax accountant, or payroll software, you can usually get this information by generating a payroll report.

Benefits

- Payments made for health, dental, or vision insurance for yourself or employees.
- Payments made for employee retirement contributions.
- Any expenses related to paid leave for yourself or employees (paid family leave or paid sick leave).
- Payments for yourself or employees to attend professional development or trainings required by your state, tribe, or territory.
- If you use a payroll company, tax accountant, or payroll software, you can usually get this information by generating a payroll report.

Premium Pay/Staff Bonuses

- Premium pay: Some child care businesses made special, additional payments to employees for continuing to work throughout the COVID-19 pandemic shutdowns in their region. This could be payment for all staff members (including teaching staff, directors, cooks, janitors, and child care assistants) above their regular wages. This is sometimes called “hazard pay” or “hero pay.” If you made these payments to employees, you should have records available in payroll documents.
- Staff bonuses: If your child care business made additional, bonus payments to employees, you should have records available in payroll documents.

Unallowable Expenditures

- Examples of unallowable expenditures include but are not limited to:

- Premium and Bonus pay to individuals who are not current employees.
- Trainings that are not related to early childhood professional development.
- Bonus payments that are not distributed fairly and equitably among employees and/or are not reasonable in amount.

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Category 2: Mortgage, Rent, Utilities, Facility Maintenance, and Utility Expenses

What are they?

These are expenses you paid to ensure your business continues to operate.

What documentation do I need to maintain?

You will need to maintain receipts and/or show withdrawals related to any payments for:

- Mortgage payments or rent payments.
- Any fees related to late payments for rent or mortgage.
- Insurance: homeowner's insurance (if your business takes place in your home), general business liability insurance, etc.
- Utilities expenses: Payments to a gas company, energy company, internet provider, phone provider, water services provider and/or sewer services provider.
- Maintenance Expenses: Building repair, playground/outdoor space repair, air filtration systems, plexiglass dividers, etc.

Unallowable Expenditures

- Examples of unallowable expenditures include but are not limited to:
 - Additional principal payments to your mortgage (if your business takes place in your home).
 - Cell phone expenses for individuals not associated with your business.
 - Expenses for construction or major renovations.

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Category 3: Health and Sanitization Expenses

What are they?

These are expenses you paid to ensure you are maintaining the appropriate health and safety requirements. Examples include but are not limited to: Personal protective equipment (PPE) for staff, cleaning supplies, and training for staff related to health and safety requirements.

What documentation do I need to maintain?

You will need to maintain receipts and/or show withdrawals that can document expenses such as:

- PPE such as face shields, masks, disposable gloves, and hand sanitizer.
- Training for yourself or staff on proper cleaning and disinfecting processes.
- Hiring of cleaning companies, janitors, or other cleaning services.

Unallowable Expenditures

- Examples of unallowable expenditures include but are not limited to:
 - Hiring cleaning staff for non-related business work.
 - Purchasing personal protective equipment (PPE) for individuals not included in your business/payroll.

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Category 4: Equipment and Supplies

What are they?

These are expenses you paid for supplies, materials, or other expenses to respond to the COVID-19 pandemic.

What documentation do I need to maintain?

You will need to maintain receipts and/or show withdrawals that can documents expenses such as:

- Accounting software.
- Payroll software.
- Child Care Management Information Systems.
- Software or materials to track and report public health data.
- Health monitoring equipment such as thermometers.
- Updates to computers, smart phones, and/or tablets to be able to communicate with staff and families remotely.

Unallowable Expenditures

- Examples of unallowable expenditures include but are not limited to:
 - Purchase of equipment for families enrolled in your child care business (laptops, tablets, smart phones).
 - Purchase of tablets, kindles, laptops for personal use only.
 - Purchase of equipment and supplies that are not related to the operation of the child care.

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Category 5: Goods and Services

What are they?

These are expenses you paid to purchase supplies, materials, and/or any other expenses to operate your child care business during the COVID-19 crisis.

What documentation do I need to maintain?

You will need to maintain receipts and/or show withdrawals that can document expenses such as:

- Food, snacks, beverages, dishes, bottles, bibs, cups, and other supplies needed for mealtimes.
- Diapers, wipes, toilet paper, and toilet training diapers.
- Toys and games for children to play with both indoors and outdoors.
- Cribs, crib mattresses, sheets, cots, pillows, blankets, and other materials for safe sleeping or napping.
- Books, workbooks, craft materials, and any educational materials.
- Licensing fees and any expenses related to maintaining a license or improving Colorado Shines Quality Level

Unallowable Expenditures

- Examples of unallowable expenditures include but are not limited to:
 - Vehicle purchases solely for personal use, or for a child care provider that does not transport children.
 - Purchases for food and other grocery items for personal use or for staff use.

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Category 6: Mental Health and Counseling Services

What are they?

These are expenses you paid to support your mental health, the mental health of your staff, and the mental health of the children in your care.

What documentation do I need to maintain?

You will need to maintain receipts and/or show withdrawals that can document expenses such as:

- Mental health consultations or counseling services for you, your staff, or children and families in your care.
- Purchases of mental health training for you or your employees.
- Family health education and social-emotional and health screenings for children.
- Child care health consultations.

Unallowable Expenditures

- Examples of unallowable expenditures include but are not limited to:
 - Mental health consultations or counseling services for individuals not associated with the child care program.
 - Expenses for entertainment or social activities, such as taking staff members to dinner or to a movie.
 - Purchases of goods or services that are intended to improve staff morale, but are not actual mental health services. Examples include: purchase of an espresso machine, spa services for employees, etc.

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Category 7: Reimbursement for Previous Expenses Related to the Pandemic

What are they?

Grant funds can be used to reimburse expenses that occurred after the emergency declaration on January 31, 2020. These previous expenses can fall into any of the other allowable expense categories.

What documentation do I need to maintain?

You will need to maintain receipts and/or show withdrawals that can document **PAST** expenses such as:

- Personnel Costs
- Mortgage, Rent, Utilities, Facility Maintenance, and Utility Expenses
- Health and Sanitization Expenses
- Equipment and Supplies
- Goods and Services
- Mental Health and Counseling Services

Unallowable Expenditures

- Examples of unallowable expenditures include but are not limited to:
 - Expenses for goods or services that were purchased prior to January 31, 2020.
 - Any unallowable expenditure described within the categories above.

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