

PROGRAM 3 – STATE TRAINING AND EMPLOYMENT PROGRAM (STEP)

DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT

I. PROGRAM OBJECTIVES

The purpose of the program is to enhance the quality of in-state job training and employment assistance and to make in-state job training and employment assistance more easily available to employers, employees, and future employees.

II. PROGRAM PROCEDURES

Funds for the program are appropriated from amounts the state collects in unemployment insurance contributions, and provided to the Alaska Department of Labor and Workforce Development. The administrative agencies use State Training and Employment Program (STEP) funds to pay for goods and services provided by job training vendors.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

AS 23.15.620. State Training and Employment Program. A program is created in the department to provide grants to eligible persons who provide training and employment assistance services, finance and award grants to training entities. Training entities shall give the Department of Labor and Workforce Development, Division of Business Partnerships, full access to accounting records concerning grants received to assure compliance with program requirements.

A. TYPES OF SERVICES ALLOWED AND UNALLOWED -

- 1. Compliance Requirements:** An entity receiving a grant under the program shall provide at least one training element and may provide one or more additional program elements. Training elements include industry specific training; on the job training, including apprenticeship training in a registered apprenticeship program; institutional or job linked training. Other elements include support services, allowances, employment assistance, relocation assistance, provisions of necessary tools, work related clothing, safety gear, or other necessities to obtain or retain employment. Overhead costs may not exceed the amount designated in the grant agreement.

Suggested Audit Procedures:

- a) Test financial and related records and determine the purposes for which funds were expended.
- b) Verify that overhead expenses were within the amount budgeted in the grant agreement.

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B. ELIGIBILITY -

1. Compliance Requirements:

- a) Each participant must:
 - (i) Be a state resident, as defined in AS 23.15.643 and 8 AAC 87.040;
 - (ii) Have worked in a position covered by AS 23.20, or similar provisions in another state, at any time during the five years immediately preceding the application; and
 - (iii) Need training to improve the person's prospects for obtaining or retaining employment.
- b) The entity receiving a grant shall provide services to the following individuals:
 - (i) are unemployed and:
 1. Are receiving unemployment insurance benefits; or
 2. Have exhausted the right to unemployment within the past three years.

OR

- (i) are employed, but liable to be displaced because of:
 1. reductions in overall employment within a business;
 2. elimination of the worker's current job; or
 3. A change in conditions of employment requiring that, to remain employed, the employee must learn substantially different skills which the employee does not now possess.

The grant agreement specifies the type of documentation the grantee must maintain to verify participant eligibility.

Suggested Audit Procedures:

- a) Review and assess the grantee's procedures for verifying the eligibility of applicants.
- b) Review selected participant files and verify that eligibility determination was appropriate.
- c) Review selected participant files and verify appropriate eligibility documentation was maintained in accordance with the grant agreement requirements.

C. MATCHING, LEVEL OF EFFORT AND/OR EARMARKING REQUIREMENTS -

There are no matching or earmarking requirements.

D. REPORTING REQUIREMENTS -

1. **Compliance Requirement:** Periodic progress and financial reports are required of the grantee and will be specified in the grant agreements.

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Suggested Audit Procedures:

- a) Examine copies of reports and determine completeness and timeliness of submission.
- b) Trace data in selected reports to underlying documentation.

E. SPECIAL TESTS AND PROVISIONS -

1. **Compliance Requirement:** Grantees must establish a separate fund and accounting codes for receipt and disbursement of grant funds. The grant agreement may contain specific provisions to which the grantee must adhere.

Suggested Audit Procedures:

- a) Review financial and related records to verify the establishment and adequate use of a separate fund and accounting codes.
- b) Review the grant agreement, identify any special provisions or requirements, and verify that they were met.

2. **Compliance Requirement:** Grantees must maintain their previous level of effort such that STEP funds supplement rather than supplant. This can be achieved by providing services that would otherwise not be available or by training a greater number of participants than would otherwise be the case.

Suggested Audit Procedure: Verify that STEP funds were used for services or activities that would otherwise not be available or verify STEP funds allowed a greater number of individuals to receive assistance.