

DWLD PROGRAM 2 – STATE TRAINING AND EMPLOYMENT PROGRAM (STEP)

I. PROGRAM OBJECTIVES

The purpose of STEP is to enhance the quality and accessibility of in-state training and employment services for Alaska residents to help meet the workforce needs of employers in the state. In addition, the program seeks to increase resident employment in industries where a high number of nonresidents are working, reduce future unemployment claims, and foster economic growth in all regions by meeting employer demand for a skilled workforce.

II. PROGRAM PROCEDURES

Funds for the program are appropriated from a set-aside of one-tenth of one percent of employee contributions to the Unemployment Insurance Trust Fund 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 training and support services for participants.

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 funds to participants to attend training programs and to finance and award grants to training entities. Training entities shall give the Department of Labor and Workforce Development, Alaska Workforce Investment Board, full access to accounting records concerning grants received to assure compliance with program requirements.

A. TYPES OF SERVICES ALLOWED AND UNALLOWED -

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, apprenticeship training in a registered apprenticeship program, and institutional or job-linked training. Other elements include support services, 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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Eligibility -

Compliance Requirements:

- c) Each participant must:
 - (i) be an Alaska resident, defined as a person who has maintained a principal place of abode in the state for at least the previous 30 days, is physically present in the state, and plans to remain indefinitely;
 - (ii) Have worked in a position that has contributed to unemployment insurance as defined under AS 23.20.130, 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.
- d) 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 unemployment insurance within the past three years.
 - OR**
 - (ii) 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.

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

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There are no matching or earmarking requirements.

C. REPORTING REQUIREMENTS -

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

Suggested Audit Procedures:

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

D. 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:** Grant recipients 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.