



**USOPC  
NGB AUDIT**

# **USA NATIONAL KARATE-DO FEDERATION**

January 21, 2022



## EXECUTIVE SUMMARY

### Background, Scope, and Objectives

The United States Olympic & Paralympic Committee’s (USOPC) NGB Audit department (Audit) completed an audit of USA National Karate-Do Federation (USA Karate). The purpose of the audit was to determine if USA Karate complies with the requirements of the NGB Compliance Standards (Standards) and to conduct testing in areas that present an increased risk to athletes, other members, and/or USA Karate. The audit focused on the policies and procedures noted in the Standards in the following sections: Governance and Compliance, Financial Standards and Reporting Practices, Athlete Protections and Rights, Sport Performance, and Operational Performance. It should be noted that this is the first time the USOPC has performed an audit against all standards found in the NGB Compliance Standards which were effective January 1, 2021.

The Audit department used Demonstration Levels included in the version of the Implementation Guide that went into effect on January 1, 2021. To provide auditors with more discretion and flexibility in categorizing findings, the NGB Audit department concluded it was appropriate to modify the existing Demonstration Levels to include the following levels: Compliant, Needs Improvement, and Deficient. These new Demonstration Levels, along with the July 2021 version of the Implementation Guide, will take effect January 1, 2022. Existing Demonstration Levels will continue to be used throughout 2021, but to ensure NGBs audited in 2021 benefit from the new Demonstration Level the Audit department will note both the current and revised Demonstration Levels for each finding in audit reports.

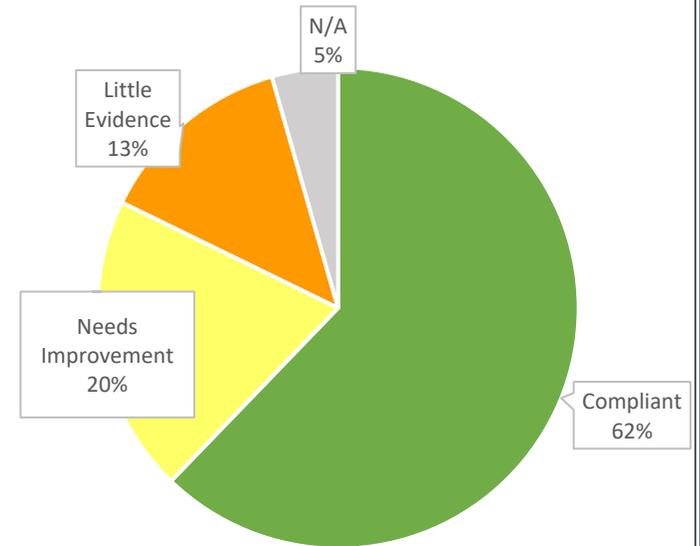
### Audit Summary

Based on the audit procedures performed, select policies and procedures were reviewed to determine compliance with the Standards. The conclusion within each standard was based on the criteria met for each standard, as well as the results of any testing conducted. Definitions of demonstration levels are detailed in the Implementation Guide for NGB Compliance Standards (Implementation Guide). Findings and demonstration levels are detailed on the subsequent pages.

**Demonstration Level Totals by Section**

NGB Audit Standards Section	Compliant	Needs Improvement	Little Evidence of Compliance	No Evidence of Compliance	Total Number of Standards
Governance and Compliance	6	3	4	0	<b>13</b>
Financial Standards and Reporting Practices	6	2	0	0	<b>8</b>
Athlete Protections and Rights	3	2	0	0	<b>5</b>
Sport Performance	4	0	0	0	<b>6<sup>1</sup></b>
Operational Performance	9	2	2	0	<b>13</b>

**Compliance Demonstration Levels**



<sup>1</sup>Two standards did not apply to USA Karate. Additional details can be found in Sport Performance.

We would like to thank all NGB staff who assisted us throughout this review.

## EXECUTIVE SUMMARY (CONT.)

Audit conducted a review of USA Karate’s policies and procedures in relation to the USOPC Bylaws and Ted Stevens Amateur Sports Act (the Act) as outlined in the Implementation Guide for NGB Compliance Standards. Audit evaluated 45 Standards in the areas of Governance and Compliance, Financial Standards and Reporting Practices, Athlete Protections and Rights, Sport Performance, and Operational Performance.

Overall, Audit concluded that USA Karate has met many of the requirements outlined in the Standards. There are no significant concerns; the majority of findings are related to minor updates needed to formal policies and procedures. Additional details are outlined below.

## PRIOR AUDIT FOLLOW-UP

As part of this review, Audit followed up on 10 open audit findings from the audit dated June 3, 2020. Seven findings have been remediated and validated by Audit. Audit was unable to validate that two findings related to grievances were remediated because there were no samples to test that appropriate corrective action has been implemented. One finding was partially remediated.

## NGB AUDIT FINDINGS

All Standards are evaluated against the 2020 Implementation Guide for Audit Standards. Bylaws references are based on the USOPC Bylaws approved in June 2020.

### GOVERNANCE AND COMPLIANCE

NGB Audit Standards Section A					
Title	Standard	Compliant	Needs Improvement	Little Evidence	No Evidence
Athlete Representation	A.1 a & b		X		
Board Composition	A.1 c		X		
International Federation Affiliation	A.1 d	X			
Membership Requirements	A.1 e	X			
Bylaws	A.3 a		X		
Board Development	A.3 b			X	
Board Meeting Minutes	A.3 c	X			
Board Roster	A.3 d	X			
IRS Status	A.4 a	X			
Code of Conduct	A.5 a			X	

Statement of Ethics	A.6 a	X			
Conflicts of Interest Policy	A.6 b			X	
Gifts and Entertainment Policy	A.6 c			X	
<b>Total</b>		<b>6</b>	<b>3</b>	<b>4</b>	<b>0</b>

Needs Improvement		
1	Athlete Representation	Management Action Plan
	<p><b>A.1 a &amp; b:</b></p> <p>a. NGBs must have at least 20% athlete representation on its board of directors as required by the Act §220522(a)(10) and further defined by the USOPC Bylaws, Section 8.8.</p> <p>b. NGBs must have at least 20% athlete representation on all committees as required and defined by the USOPC Bylaws, Section 8.8.</p> <p><b>FINDING:</b> While the most recent elections were conducted consistent with the requirements, USA Karate's Bylaws do not specify that athlete directors will be elected by a pool of eligible athletes.</p>	<p>USA Karate will update the bylaws so that all athlete directors are elected by eligible athletes.</p> <p><b>Due Date:</b> May 1, 2022</p>
<b>2022 Determination Level: Needs Improvement</b>		
2	Board Composition	Management Action Plan
	<p><b>A.1 c:</b> NGB must have a board structure that includes:</p> <p>i. A board position(s) as defined by the USOPC to provide an independent perspective, and</p> <p>ii. A board position for an affiliate member as required by the Act §220522 (a)(11).</p> <p><b>FINDING:</b> USA Karate's Bylaws meet most of the requirements for the definition of independent perspective, however, they do not state that independent board members must continue to meet the definition of independent perspective for their entire term and any successive term.</p>	<p>USA Karate will update the bylaws to state that independent directors must continue to meet the definition of independent perspective for their entire term and any successive term. An additional requirement of excluding individuals who are a parent or close family member or coach of an athlete who has competed in a protected competition will be added.</p> <p><b>Due Date:</b> May 1, 2022</p>
<b>2022 Determination Level: Needs Improvement</b>		
3	Bylaws	Management Action Plan
	<p><b>A.3 a:</b> NGB must have Bylaws or policies and procedures that at least meet the minimum standards for governance practices and comply with the Act §220522 (a)(9-12).</p>	<p>USA Karate will update the bylaws to include selection of board members in the non-discrimination policy and to specifically state athlete travel costs to board meetings will be covered.</p> <p><b>Due Date:</b> May 1, 2022</p>

	<b>FINDING:</b> USA Karate's Bylaws are missing details related to board election and selection procedures.	
<b>2022 Determination Level: Compliant</b>		
<b>Little Evidence of Compliance</b>		
4	Board Development	Management Action Plan
	<p><b>A.3 b:</b> The NGB board must conduct the following activities:</p> <ul style="list-style-type: none"> <li>i. Formal onboarding process for board members and committee members,</li> <li>ii. USOPC training to the board members and committee members,</li> <li>iii. At least once per quad, perform a self-evaluation of the board's performance using the USOPC provided resource, and</li> <li>iv. Annual performance evaluation of the CEO/Executive Director.</li> </ul> <p><b>FINDING:</b> While USA Karate provided training to current board and committee members, there is not a formal onboarding process in place for new board or committee members.</p>	<p>USA Karate will formalize and document an onboarding process for board and committee members.</p> <p><b>Due Date:</b> April 1, 2022</p>
<b>2022 Determination Level: Deficient</b>		
5	Code of Conduct	Management Action Plan
	<p><b>A.5 a:</b> NGB must have a comprehensive code of conduct that meets the minimum code standards set forth by the USOPC. The code of conduct must be made available on the NGB's website.</p> <p><b>FINDING:</b> There are elements missing from USA Karate's Code of Conduct in the following areas: applicability, organizational expectations, resolution, policy owner, and resources.</p>	<p>USA Karate will update the code of conduct to include all missing elements.</p> <p><b>Due Date:</b> April 1, 2022</p>
<b>2022 Determination Level: Deficient</b>		
6	Conflicts of Interest Policy	Management Action Plan
	<p><b>A.6 b:</b> NGB must enforce a conflicts of interest policy that meets the minimum policy standards set forth by the USOPC. The conflict of interest policy must be made available on the NGB's website.</p> <p><b>FINDING:</b> There are elements missing from USA Karate's Conflict of Interest Policy in the following areas: applicability, organizational expectations, disclosures, resolution, and policy owner.</p>	<p>USA Karate will update the conflict of interest policy to include all missing elements.</p> <p><b>Due Date:</b> April 1, 2022</p>
<b>2022 Determination Level: Needs Improvement</b>		
7	Gifts and Entertainment Policy	Management Action Plan

<p><b>A.6 c:</b> NGB must adopt a gift and entertainment policy that meets the minimum policy standards set forth by the USOPC.</p> <p><b>FINDING:</b> USA Karate's Gifts and Entertainment Policy is missing elements in the areas of applicability and policy owner.</p>	<p>USA Karate will update the gift and entertainment policy to include all missing elements.</p> <p><b>Due Date:</b> April 1, 2022</p>
<p><b>2022 Determination Level: Needs Improvement</b></p>	

## FINANCIAL STANDARDS AND REPORTING PRACTICES

NGB Audit Standards Section B					
Title	Standard	Compliant	Needs Improvement	Little Evidence	No Evidence
Financial Stability	B.1 a	X			
Financial Policies & Procedures	B.1 b		X		
USOPC Funding	B.1 c	X			
Financial Reporting to Board	B.1 d	X			
Board Approved Budget	B.2 a	X			
Accounting Practices	B.2 b	X			
NGB Provided Documents	B.3 a		X		
NGB Website Information	B.4 a, b & c	X			
<b>Total</b>		<b>6</b>	<b>2</b>	<b>0</b>	<b>0</b>

Needs Improvement		
8	Financial Policies & Procedures	Management Action Plan
	<p><b>B.1 b:</b> NGB must develop and implement financial policies and procedures.</p> <p><b>FINDING:</b> USA Karate's Financial Policies and Procedures are missing required elements, including financial reporting, cash management and banking, and contract requirements.</p>	<p>USA Karate will update the financial policy and procedures to include all missing elements.</p> <p><b>Due Date:</b> May 1, 2022</p>
<p><b>2022 Determination Level: Needs Improvement</b></p>		
9	NGB Provided Documents	Management Action Plan
	<p><b>B.3 a:</b> NGB must annually provide the USOPC's NGB Audit &amp; Organizational Advancement Department with the following:</p>	<p>USA Karate provided their audited financial statements to NGB Audit on November 16, 2021; no further action is needed.</p>

<p>i. Its completed IRS Form 990 by the IRS deadlines including extensions, if executed.</p> <p>ii. Its completed audited financial statements no later than the last day of the eighth month following the NGB's year-end.</p> <p>iii. If applicable, its external auditor's letter to management outlining the evaluation of any internal control deficiencies identified during the audit, within the same timeframe outlined in ii above.</p> <p>iv. Its Board-approved budget for the current year.</p> <p><b>FINDING:</b> USA Karate engaged their external auditor early in the year and performed continuous follow-up to complete their audited financials within the required timeline. However, due to delays by the external auditor, they were unable to provide them within the required timeline.</p>	
<p><b>2022 Determination Level: Needs Improvement</b></p>	

## ATHLETE PROTECTION AND RIGHTS

NGB Audit Standards Section C					
Title	Standard	Compliant	Needs Improvement	Little Evidence	No Evidence
Child Protection and US Center for SafeSport	C.1 a and C.2	X			
USOPC Athlete Safety Requirements	C.3 a		X		
Anti-Doping Policies	C.4 a	X			
Anti-Doping Policy Language	C.4 b		X		
Athlete Agreements	C.5 a	X			
<b>Total</b>		<b>3</b>	<b>2</b>	<b>0</b>	<b>0</b>

Needs Improvement		
10	USOPC Athlete Safety Requirements	Management Action Plan
	<p><b>C.3 a:</b> NGB must ensure compliance with policies and standards including but not limited to:</p> <ul style="list-style-type: none"> <li>i. USOPC's NGB and HPMO Athlete Safety Policy</li> <li>ii. Responsible Sport Organization Background Check Policy</li> </ul>	<p>USA Karate will update the background check policy to explicitly state local affiliated directors and administrators are required to comply with background check requirements.</p> <p><b>Due Date:</b> April 1, 2022</p>

	<b>FINDING:</b> USA Karate's Background Check Policy needs minor improvements to explicitly state local affiliated directors and administrators are required to comply with background check requirements.	
	<b>2022 Determination Level: Needs Improvement</b>	
11	Anti-Doping Language	Management Action Plan
	<p><b>C.4 b:</b> NGB must have USOPC approved anti-doping language in its Bylaws, membership agreements (if applicable), and license agreements (if applicable).</p> <p><b>FINDING:</b> USA Karate's Bylaws contain the required language for NGBs with individual members. However, USA Karate's athlete agreement, which notifies participants that they must comply with all applicable anti-doping rules and regulations, is missing the required language.</p>	<p>USA Karate will update the athlete agreement to include the required language for anti-doping.</p> <p><b>Due Date:</b> March 1, 2022</p>
	<b>2022 Determination Level: Needs Improvement</b>	

## SPORT PERFORMANCE

NGB Audit Standards Section D					
Title	Standard	Compliant	Needs Improvement	Little Evidence	No Evidence
Selection Procedures	D.1 a & D.5 b	X			
Delegation List Submission	D.3 a	X			
High-Performance Plan Submission	D.4 a	X			
Event Sanctioning <sup>2</sup>	D.4 b	N/A	N/A	N/A	N/A
Paralympic Classification	D.4 c	N/A	N/A	N/A	N/A
International Federation Standing	D.5 a	X			
<b>Total</b>		<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>

<sup>2</sup>USA Karate does not currently sanction events.

## OPERATIONAL PERFORMANCE

NGB Audit Standards Section E					
Title	Standard	Compliant	Needs Improvement	Little Evidence	No Evidence
Managerial Capability	E.1 a	X			
Insurance Coverage	E.2 a	X			
Revenue Diversification	E.3 a	X			
Grievance Procedure	E.4 a & b			X	
Whistleblower and Anti-Retaliation Policy	E.5 a		X		
USOPC Trademark Protection	E.6 a – d	X			
Diversity and Inclusion Reporting	E.7 a	X			
Gender Equity	E.7 b	X			
Equal Opportunity	E.7 c			X	
Para Inclusive Sport Programs	E.7 d	X			
Diversity – Public Disclosure	E.7 e	X			
Strategic Planning	E.8 a		X		
USOPC Policy Compliance	E.9 a	X			
<b>Total</b>		<b>9</b>	<b>2</b>	<b>2</b>	<b>0</b>

Needs Improvement		
12	Whistleblower and Anti-Retaliation Policy	Management Action Plan
	<p><b>E.5 a:</b> NGB must adopt and maintain an organizational whistleblower policy that encourages and provides a mechanism for affiliated individuals to report alleged violations of any applicable law, rule, regulation or adopted policy of the NGB, accounting or financial fraud, or other misfeasance and includes an anti-retaliation statement.</p> <p><b>FINDING:</b> There are elements missing from USA Karate's Whistleblower and Anti-Retaliation Policy related to applicability and enforcement.</p> <p><b>2022 Determination Level: Needs Improvement</b></p>	<p>USA Karate will update the whistleblower and anti-retaliation policy to include all missing elements.</p> <p><b>Due Date:</b> April 1, 2022</p>
13	Strategic Planning	Management Action Plan
	<p><b>E.8 a:</b> NGB must maintain and monitor the execution of an organizational strategic plan, in addition to a high-performance plan.</p>	<p>USA Karate will develop a strategic plan with measurable outcomes to be approved by the board and have progress reviewed by the board.</p>

	<p><b>FINDING:</b> USA Karate’s Strategic Plan does not include sufficient measurable outcomes for organization-wide initiatives. Additionally, USA Karate's progress against the plan is not consistently monitored and approval of the plan is not documented in the board minutes.</p>	<p><b>Due Date:</b> May 1, 2022</p>
<p><b>2022 Determination Level: Needs Improvement</b></p>		
<p><b>Little Evidence of Compliance</b></p>		
14	<p>Grievance Procedures</p>	<p>Management Action Plan</p>
	<p><b>E.4 a &amp; b:</b></p> <p>a. NGB must provide prompt and equitable resolution of grievances as outlined in the Act §220522(a)(13).</p> <p>b. NGB must provide fair notice and opportunity for a hearing to any amateur athlete, coach, trainer, manager, administrator, or official before declaring the individual ineligible to participate as outlined in the Act §220522(8).</p> <p>Specific requirements are outlined in the implementation guide.</p> <p><b>FINDING:</b> There are elements missing from USA Karate's grievance procedures, including types of grievances, manner of filing the complaint, hearing panel composition, and hearing process.</p> <p>There was a similar finding in the previous audit that was partially remediated. It noted inconsistencies between the bylaws and the complaint and hearing procedures, specifically, in regards to the manner of filing a complaint.</p>	<p>USA Karate will update the bylaws and complaint and hearing procedures for consistency related to the manner of filing the complaint. USA Karate will update the complaint and hearing procedures to include all missing elements.</p> <p><b>Due Date:</b> May 1, 2022</p>
<p><b>2022 Determination Level: Deficient</b></p>		
15	<p>Equal Opportunity</p>	<p>Management Action Plan</p>
	<p><b>E.7 c:</b> NGB must provide an equal opportunity to amateur athletes, coaches, trainers, managers, administrators, and officials to participate in amateur athletic competition, without discrimination on the basis of race, color, religion, sex, age, or national origin as required by the Act §220524(8).</p> <p><b>FINDING:</b> While USA Karate provides an equal opportunity to participate as required, they have not provided anti-discrimination training within the last three years.</p>	<p>USA Karate will include diversity equity and inclusion training for the board, committees, and staff as part of the required training sessions.</p> <p><b>Due Date:</b> April 1, 2022</p>
<p><b>2022 Determination Level: Needs Improvement</b></p>		

Findings in this report are currently in remediation. An addendum report will be issued at the end of the remediation period, up to 120 days post audit.

## APPENDIX A — COMPLIANCE DEMONSTRATION LEVEL DEFINITIONS

Compliance Demonstration Level Definitions	
Level	Definition
Compliant	NGB meets the requirements.
Needs Improvement	NGB meets the majority of the requirements but need to make minor improvements to meet all the requirements.
Little Evidence of Compliance	NGB meets some of the requirements but not all of the requirements.
No Evidence of Compliance	NGB does not meet the requirements.