



USOPC NGB AUDIT

USA RUGBY

April 19, 2022



EXECUTIVE SUMMARY

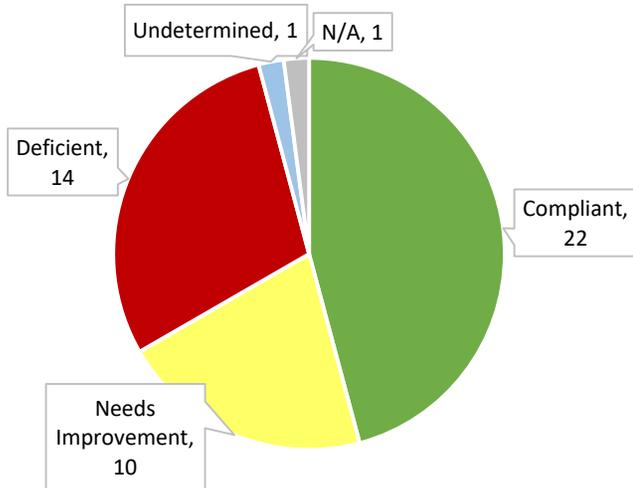
Background, Scope, and Objectives

The United States Olympic & Paralympic Committee’s (USOPC) NGB Audit department (Audit) completed an audit of USA Rugby. The purpose of the audit was to determine if USA Rugby 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 Rugby. 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, 2022.

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 below, with additional guidance for each standard detailed in the Implementation Guide for NGB Compliance Standards (Implementation Guide). Findings and demonstration levels are detailed on the subsequent pages.

Compliance Demonstration Levels



Demonstration Totals by Section



Compliance Demonstration Level Definitions

Compliant	The NGB, through its written policies and procedures, as well as its execution of those policies and procedures, mostly demonstrates that it is meeting the elements of the standard.
Needs Improvement	The NGB, through its written policies and procedures, as well as its execution of those policies and procedures, demonstrates that it meets many elements of the standard, but changes or improvements are necessary to fully meet the standard.
Deficient	The NGB, through inadequate written policies and procedures and/or poor execution of those policies and procedures, demonstrates that it is not meeting several elements of the standard.
Not applicable/undetermined	Not applicable indicates the standard does not apply to the NGB and will not be evaluated. Undetermined indicates a reason a determination cannot be made at this time; however, the standard will be evaluated at a later date. Additional details are provided as necessary.

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

EXECUTIVE SUMMARY (CONT.)

Audit conducted a review of USA Rugby’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 48 Standards in the areas of Governance and Compliance, Financial Standards and Reporting Practices, Athlete Protections and Rights, Sport Performance, and Operational Performance.

Overall, Audit has concluded that USA Rugby met 22 of the requirements outlined in the Standards. However, some areas are of increased concern. Specifically, testing of USA Rugby’s background check process revealed a substantial number of missing and expired background checks. Additionally, USA Rugby is not properly managing its conflicts of interest process. There are also concerns regarding financial stability and management of grant funding. Finally, USA Rugby’s athlete representation and election process do not meet the requirements set forth in the USOPC Bylaws. Additional details regarding each of these concerns are outlined in below.

PRIOR AUDIT FOLLOW-UP

As part of this review, the NGB Audit team followed up on 10 open findings from the audit dated August 21, 2019. As detailed in the findings in this report, there were five repeat findings identified in this review. Four were high-risk, including one related to USOPC funding, one related to background checks, and two relating to the conflicts of interest process; one was medium-risk and related to financial stability. Three additional medium-risk findings remain open relating to internal controls and the review and approval of board expenses, journal entries, and cash disbursements. Two findings were remediated. Open findings will be included in the remediation period of this audit.

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 March 2021.

GOVERNANCE AND COMPLIANCE

NGB Audit Standards Section A				
Title	Standard	Compliant	Needs Improvement	Deficient
Athlete Representation	A.1 a & b			X
Independent and Affiliate Representation	A.1 c			X
International Federation Affiliation	A.1 d	X		
Membership Requirements	A.1 e	X		
Athlete Advisory Council	A.2 a		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	
NGB Annual Reports	A.7 a - c	Undetermined		
Ombuds' Policy	A.8 a		X	
Total		6	3	6

Needs Improvement		
1	Athlete Advisory Council	Management Action Plan
	<p>A.2 a: NGB must have an Athletes Advisory Council (AAC) that meets the minimum standards set forth by the USOPC.</p> <p>FINDING: USA Rugby does not require all AAC representatives to complete a conflict of interest form or submit any other disclosures prior to their election.</p> <p>In addition, USA Rugby's USOPC AAC primary and alternate representatives are not automatic members of the NGB AAC and one seated member's term has expired.</p>	<p>USA Rugby council and committee members will be tracked in a comprehensive database, including member terms and required documentation (conflicts of interest and non-disclosure agreement). Documents requiring signature will be circulated electronically in order to increase compliance and aid with tracking.</p> <p>USA Rugby International Athlete Council (internal AAC) will review the Terms of Reference and revise them to come into compliance with USOPC standards. USA Rugby will review the terms of seated members to ensure that they are current and reseat as necessary.</p> <p>Due Date: July 15, 2022</p>
2	Gifts and Entertainment Policy	Management Action Plan
	<p>A.6 c: NGB must adopt a gift and entertainment policy that meets the minimum policy standards set forth by the USOPC.</p> <p>FINDING: There are two elements missing from USA Rugby's Gift and Entertainment Policy in the areas of organizational expectations and policy owner.</p>	<p>USA Rugby will incorporate required elements regarding organizational expectations and policy owner.</p> <p>Due Date: June 1, 2022</p>
3	Ombuds' Policy	Management Action Plan
	<p>A.8 a: NGB must publish the Ombuds' Policy on its website and communicate the availability of the policy to its athletes as set forth in the Act§220509(b).</p>	<p>USA Rugby will publish the USOPC Ombuds' policy on USA Rugby's website.</p>

	<p>a. The Ombuds' policy is published on the NGB's website in a logical and accessible location.</p> <p>FINDING: The Ombuds' Policy is not published on USA Rugby's website.</p>	<p>Due Date: June 1, 2022</p>
Deficient		
4	Athlete Representation	Management Action Plan
	<p>A.1 a & b:</p> <p>a. NGBs must have at least 33.3% athlete representation on its board of directors as required by the Act §220522(13) and further defined by the USOPC Bylaws, Section 8.5.3.</p> <p>b. NGBs must have at least 33.3% athlete representation on all committees as required and defined by the USOPC Bylaws, Section 8.5.</p> <p>FINDING: There are several findings related to athlete representation:</p> <p>First, USA Rugby did not provide evidence that two designated committees have appropriate athlete representation.</p> <p>Second, the two rugby 15s athlete representatives seated on the board are not directly elected by athletes as required and USA Rugby's Bylaws and supplemental policies do not state that athlete directors seated on the board are required to meet the 10-year and delegation composition requirements.</p> <p>Third, USA Rugby's Athlete Council Terms of Reference do not require that athlete representatives seated on committees are selected by the NGB AAC.</p> <p>Fourth, USA Rugby's Referee & Law and Medical Committees do not meet the minimum athlete representation requirements and one athlete on the medical committee does not meet the eligibility requirements.</p> <p>Fifth, testing identified one ineligible voter who received a ballot for the most recent board election. However, this did not impact the election outcome.</p> <p>Lastly, USA Rugby does not have the minimum required representation of 10-year athletes seated on the Audit and Risk Committee.</p>	<p>USA Rugby will work with the International Athlete Council (internal AAC) to review the bylaws, Terms of Reference, and election procedures and will revise them to come into compliance with USOPC standards.</p> <p>USA Rugby will work with the International Athlete Council to identify and place additional athletes on committees found to be lacking in representation and will document the eligibility of all current or potential members.</p> <p>USA Rugby will ensure appropriate tracking of athlete voting eligibility.</p> <p>Due Date: August 5, 2022</p>
5	Independent and Affiliate Representation	Management Action Plan

	<p>A.1 c: NGB must have a board structure that includes:</p> <ul style="list-style-type: none"> i. A board position(s) as defined by the USOPC to provide an independent perspective, and ii. A board position for an affiliate member as required by the Act §220522 (12). <p>FINDING: USA Rugby's Bylaws definition of independent perspective for board members does not meet the requirement or state that there is at least one board position available for affiliated member(s).</p>	<p>USA Rugby will revise the bylaws to bring them into compliance with the definition of independence for at least one, if not more, of the four Independent representatives on the USA Rugby Board of Directors.</p> <p>USA Rugby will revise the bylaws to include the provision of a position for an affiliate organization, when applicable.</p> <p>Due Date: August 5, 2022</p>
6	Bylaws	Management Action Plan
	<p>A.3 a: NGB must have Bylaws or board-approved policies and procedures that at least meet the minimum standards for governance practices and comply with the Act §220522 (9-12).</p> <p>FINDING: There are elements missing from USA Rugby's Bylaws in the following areas: conflict of interest requirements, board responsibilities, board election procedures, board member requirements, and designated committee requirements.</p>	<p>USA Rugby will incorporate the required language and additional components into the bylaws and relevant supplemental policies.</p> <p>Due Date: August 5, 2022</p>
7	Board Development	Management Action Plan
	<p>A.3 b: The NGB board must conduct the following activities:</p> <ul style="list-style-type: none"> i. Formal onboarding process for board members and committee members, ii. USOPC training to the board members and committee members, iii. At least once per quad, perform a self-evaluation of the board's performance using the USOPC provided resource, and iv. Annual performance evaluation of the CEO/Executive Director. <p>FINDING: While USA Rugby provided training to current board and committee members, there is not a formal onboarding process in place for new board or committee members. Additionally, USA Rugby does not adequately track terms to ensure onboarding is conducted within three months from the start of term.</p>	<p>USA Rugby will formalize and document the onboarding process for new board and committee members, and, as cited in management action plan number one above, will track their training and terms in a centralized manner.</p> <p>Due Date: August 5, 2022</p>
8	Code of Conduct	Management Action Plan
	<p>A.5 a: 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>USA Rugby will incorporate the required elements into the code of conduct.</p> <p>Due Date: August 5, 2022</p>

	FINDING: There are elements missing from USA Rugby’s Code of Conduct in the following areas: organizational expectations, reporting, resolution, policy owner, and resources.	
9	Conflicts of Interest Policy	Management Action Plan
	<p>A.6 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>FINDING: There are elements missing from USA Rugby’s Conflict of Interest Policy in the following areas: applicability, organizational expectations, disclosures, reporting, resolution, policy owner, and resources. The current version of the policy is not posted on the website.</p> <p>USA Rugby did not provide evidence that disclosure forms were completed annually and appropriately reviewed. In addition, there is no process documenting how disclosed conflicts should be managed.</p> <p>The previous audit identified two findings relating to conflict of interest forms not being obtained or reviewed and the policy not requiring annual disclosures. This is a repeat finding.</p>	<p>USA Rugby will incorporate the required elements into the conflict of interest policy. Additionally, as cited in management action plan number one above, conflict of interest forms will now be tracked in a centralized location. USA Rugby will ensure the conflict of interest policy and process are followed.</p> <p>Due Date: August 5, 2022</p>

FINANCIAL STANDARDS AND REPORTING PRACTICES

NGB Audit Standards Section B				
Title	Standard	Compliant	Needs Improvement	Deficient
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		
Total		4	2	2

Needs Improvement		
10	USOPC Funding	Management Action Plan
	<p>B.1 c: NGB must comply with all USOPC funding agreements, including but not limited to, ensuring adequate controls are in place to ensure USOPC funds are spent appropriately, USOPC funds are not spent on excessive or unnecessary expenses, and amounts that are reported on the final grant reports are accurate.</p> <p>FINDING: The funding reports provided to the USOPC were incorrect and did not match the general ledger detail.</p> <p>During testing, Audit identified three expenses that were not recorded in the correct grant year, and four expenses were not approved according to the process described in USA Rugby's Financial Policies and Procedures. In addition, one expense was not properly classified to the correct project. The errors did not result in funds owed back to the USOPC.</p> <p>The previous audit report identified expenses that were not recorded in the correct grant year. This is a repeat finding.</p>	<p>USA Rugby will work with our financial team and external auditors to implement procedures to meet compliance with the coding and reporting of expenses against the correct grant year and project, in addition to following correct approval processes.</p> <p>Due Date: June 22, 2022</p>
11	Board-Approved Budget	Management Action Plan
	<p>B.2 a: NGB must adopt a Board-approved budget before or at the start of its fiscal year.</p> <p>FINDING: While USA Rugby's Board annual budget was discussed in the board minutes, there was no formal board approval.</p>	<p>USA Rugby's 2022 budget was reviewed by the board of directors in December of 2021. Because of uncertainties regarding event schedules, the impact on projected revenues and expenses, and the need to account for these variabilities, approval was delayed until March 2022.</p>
Deficient		
12	Financial Stability	Management Action Plan
	<p>B.1 a: NGB must demonstrate financial stability based on its four most recent audited financial statements.</p> <p>FINDING: USA Rugby had a positive net asset balance for the most recent year. However, of the prior four years, three showed significant losses resulting in a negative cumulative change in net assets. The positive net change in assets for 2020 was primarily related to debt cancellation income, which is not sustainable. USA Rugby also had a going concern on the two most recent audited financial statements and does not have a detailed action plan to address the going concern.</p>	<p>Since the approval of USA Rugby's bankruptcy plan in September of 2020, USA Rugby has complied with all plan-related debt repayment schedules, and recorded net revenue in 2021, which exceeded plan expectations. USA Rugby will continue to monitor and improve financial performance.</p> <p>Due Date: Ongoing</p>

	The previous audit noted USA Rugby should increase its financial capabilities, manage its cash flow, and reduce debt to be sustainable and continue operating as an NGB. USA Rugby made progress on several aspects of the finding including significant improvements to financial management. However, this is a repeat finding.	
13	Financial Policies & Procedures	Management Action Plan
	<p>B.1 b: NGB must develop and implement financial policies and procedures.</p> <p>FINDING: USA Rugby's financial policies and procedures are missing several elements and many of the procedures documented do not reflect the current processes in place.</p>	<p>USA Rugby will add required elements to our financial policies and will update the manual to capture procedures currently in place.</p> <p>Due Date: June 22, 2022</p>

ATHLETE PROTECTION AND RIGHTS

NGB Audit Standards Section C				
Title	Standard	Compliant	Needs Improvement	Deficient
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
Total		1	1	3

Needs Improvement		
14	Anti-Doping Policies	Management Action Plan
	<p>C.4 a: NGB must ensure compliance with anti-doping policies and standards including, but not limited to, the USOPC's National Anti-Doping Policy and the USADA Protocol.</p> <p>FINDING: USA Rugby does not provide the Clean Athlete Program (CAP) listing through the Clearinghouse system as required by USADA.</p>	<p>While USA Rugby's CAP program listings have been consistently provided to the USOPC and USADA as required, and separately to World Rugby on a quarterly basis, they have been provided in a spreadsheet template rather than individually entered for expediency. Going forward, they will be entered through the Clearinghouse system.</p>

		Due Date: July 15, 2022
Deficient		
15	USOPC Athlete Safety Requirements	Management Action Plan
	<p>C.3 a: NGB must ensure compliance with policies and standards including but not limited to:</p> <ul style="list-style-type: none"> i. USOPC’s NGB and HPMO Athlete Safety Policy ii. Responsible Sport Organization Background Check Policy <p>FINDING: USA Rugby does not have a process to report potential allegations or temporary measures to the USOPC Office of Athlete Safety.</p> <p>USA Rugby's Background Check Policy document is missing elements related to applicability, timing, and type of offenses.</p> <p>Additionally, during a review of 75 individuals required to complete a background check, 11 individuals had not completed a background screening and 37 were expired.</p> <p>The previous audit identified missing background checks. This is a repeat finding.</p>	<p>USA Rugby will develop and implement a policy for reporting potential allegations or temporary measures to the USOPC.</p> <p>USA Rugby will update the background screening document to incorporate all required elements to bring the document into compliance.</p> <p>An automated process for compliance and accreditation tracking will be implemented. All staff or community members with missing or expired background screens will be brought into compliance or informed of their ineligibility to participate in their given role without an updated screening by May 15, 2022. Additionally, USA Rugby will verify eligibility status prior to approving or appointing individuals to work at an event.</p> <p>Due Date: July 15, 2022</p>
16	Anti-Doping Policy Language	Management Action Plan
	<p>C.4 b: NGB must have USOPC approved anti-doping language in its Bylaws, membership agreements (if applicable), and license agreements (if applicable).</p> <p>FINDING: USA Rugby's Bylaws do not contain the required anti-doping language for NGBs with individual members.</p> <p>Additionally, the waiver which puts participants on notice does not have updated references to World Rugby and USA Rugby.</p>	<p>USA Rugby will update membership waivers to include references to World Rugby and USA Rugby anti-doping policies and will update its bylaws to include required anti-doping language.</p> <p>Due Date: August 5, 2022</p>
17	Athlete Agreements	Management Action Plan
	<p>C.5 a: NGB must comply with the USOPC NGB Athlete Agreements Policy.</p> <p>FINDING: USA Rugby did not provide evidence that athlete agreements were completed for all samples selected.</p>	<p>USA Rugby is in the process of negotiating new athlete agreements with player representatives. Once completed, all agreements will be electronically circulated and tracked for compliance.</p> <p>Due Date: June 5, 2022</p>

SPORT PERFORMANCE

NGB Audit Standards Section D				
Title	Standard	Compliant	Needs Improvement	Deficient
Selection Procedures and Process	D.1 a - c	X		
Delegation List Submission	D.2 a	X		
High-Performance Plan Submission	D.3 a	X		
Event Sanctioning	D.3 b			X
Paralympic Classification	D.3 c	N/A		
International Federation Standing	D.4 a	X		
Total		4	0	1

Deficient		
18	Event Sanctioning	Management Action Plan
	<p>D.3 b: If an NGB or its affiliate(s) sanctions events, it must require specific sanctioning standards set forth by the USOPC of the organization or person requesting a sanction.</p> <p>FINDING: USA Rugby's sanctioning documents do not have three of the seven required elements.</p>	<p>USA Rugby will update its event sanctioning agreement language to incorporate required elements.</p> <p>Due Date: June 1, 2022.</p>

OPERATIONAL PERFORMANCE

NGB Audit Standards Section E				
Title	Standard	Compliant	Needs Improvement	Deficient
Managerial and Board 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		
Total		7	4	2

Needs Improvement		
19	Managerial and Board Capability	Management Action Plan
	<p>E.1 a: NGB must have managerial capability to successfully administer its operations and its sport. Managerial capability includes, but is not limited to, management’s authority and ability to operate day-to-day activities, prompt resolution of management or board concerns, and reasonable board, committee, and/or staff turnover.</p> <p>FINDING: USA Rugby filed for bankruptcy in 2019. There has not been enough time since its conclusion to assess the effects in its entirety. However, the bankruptcy has left USA Rugby severely understaffed which has contributed to their areas of non-compliance with the USOPC requirements.</p> <p>Additionally, several findings identified in the 2019 USOPC audit were not addressed and are repeat findings, demonstrating a lack of management action.</p>	<p>USA Rugby will continue to demonstrate financial and organizational stability following its exit from bankruptcy in September of 2020. Despite emerging from bankruptcy into the COVID environment which precluded normal operations, 2021 financials performed both above the budget approved as part of the bankruptcy exit plan and performed above prior-year results. To demonstrate improved managerial capability, USA Rugby will adhere to a budget, a board-approved operational strategic plan, the bankruptcy exit plan, will assess staffing to ensure operational and compliance needs are met, and will address all outstanding audit findings.</p> <p>Due Date: Ongoing</p>
20	Gender Equity	Management Action Plan
	<p>E.7 b: NGB must provide equitable support and encouragement for participation by women where separate programs for male and female athletes are conducted on a national basis as required by the Act §220524(6).</p> <p>FINDING: USA Rugby has established performance criteria that are the same for all national team athletes who are on the Delegation Event program. However, the criteria to qualify for USOPC funded stipends and Elite Athlete Health Insurance are not published online or in an athlete handbook.</p>	<p>Under USA Rugby’s policies, athletes become eligible for USOPC funded stipends and the EAHI program upon being contracted as resident 7s athletes. USA Rugby will either a) add this fact to materials published through its website, or b) add this to a presentation given to applicable athletes.</p> <p>Due Date: June 1, 2022</p>
21	Equal Opportunity	Management Action Plan
	<p>E.7 c: NGB must provide an equal opportunity to amateur athletes, coaches, trainers, managers, administrators, and officials to participate in amateur athletic</p>	<p>USA Rugby will implement anti-discrimination training on an annual basis for staff members, administrators, and contractors.</p>

	<p>competition, without discrimination on the basis of race, color, religion, sex, age, or national origin as required by the Act §220524(8).</p> <p>FINDING: USA Rugby does not currently provide periodic anti-discrimination training.</p>	<p>Due Date: June 1, 2022</p>
22	Strategic Planning	Management Action Plan
	<p>E.8 a: NGB must maintain and monitor the execution of an organizational strategic plan, in addition to a high-performance plan.</p> <p>FINDING: While USA Rugby’s Strategic Plan was discussed in the board minutes, there was no formal board approval.</p>	<p>USA Rugby’s Strategic Plan was approved at the March 2022 board meeting.</p>
Deficient		
23	Grievance Procedure	Management Action Plan
	<p>E.4 a & b:</p> <p>a. NGB must provide prompt and equitable resolution of grievances as outlined in the Act §220522(14).</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>FINDING: There are elements missing from USA Rugby’s Grievance Policy and Procedures in the following areas: manner of filing the complaint, administration of the grievance, hearing panel composition, hearing procedures, and other resources.</p>	<p>USA Rugby will bring grievance policies and procedures into compliance either through a) revisions to pertinent sections in the USA Rugby Bylaws, or b) establishment of a board-approved grievance policy.</p> <p>Due Date: August 5, 2022</p>
24	Whistleblower and Anti-Retaliation Policy	Management Action Plan
	<p>E.5 a: 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>FINDING: There are elements missing from USA Rugby's Whistleblower and Anti-Retaliation Policy in the following areas: applicability, content and expectations, reporting, and enforcement.</p>	<p>USA Rugby will add required elements to whistleblower and anti-retaliation policy.</p> <p>Due Date: July 15, 2022</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.