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# United States Olympic Committee

## Audit Division



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**Report on:**  
**USA Weightlifting**

**Grant Years:**  
**2016 and 2017**

**Dated:**  
**July 10, 2018**



July 10, 2018

Phil Andrews  
Chief Executive Officer  
USA Weightlifting

Dear Phil,

Enclosed is the United States Olympic Committee's (USOC) audit report of USA Weightlifting (USAW) covering the funds awarded for the 2016 and 2017 calendar years. We want to express our appreciation for being accommodating and the time you spent answering our questions and discussing procedures during the audit. It was a pleasure working with you and your staff.

The report will be presented to the USOC Audit Committee at its next quarterly meeting. There are four recommendations in the final report that, when implemented, will improve internal controls and due process procedures. Please let us know if we can assist you with implementing any of the recommendations or if you need further clarification.

We hope you found the audit process to be helpful. If you have any suggestions, please do not hesitate to share them with us.

Sincerely,

Bridget Toelle, CPA, CIA  
Senior Director, Audit

Ellen Senf  
Staff Auditor

cc:   Susanne Lyons           Morane Kerek           Ursula Papandrea  
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# AUDIT REPORT

## USA Weightlifting

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### EXECUTIVE SUMMARY

The United States Olympic Committee (USOC) Audit Division completed an audit of USA Weightlifting (USAW). The purpose of the audit was to determine if USAW is in compliance with select requirements of the Ted Stevens Olympic and Amateur Sports Act, 36 U.S.C. § 220522 et seq and USOC Bylaws.

The audit period was January 1, 2016 through December 31, 2017. The following funding was included in the audit scope:

<b>Funding</b>	<b>2016</b>	<b>2017</b>
Olympic Performance Funding	\$ 0	\$ 42,500
International Relations Funding	0	5,000
Total	\$ 0	\$ 47,500

USAW materially complied with the requirements of the funding agreements for the funding periods. USAW is in compliance with the USOC's NGB Athlete Safety Policy (ASP). This audit resulted in an audit rating of 10. During the audit, the entire USAW staff was quick to answer requests and very responsive to any inquiries.

This audit identified four opportunities for improvement. USAW should update its complaint procedures and ensure that grievances are resolved and closed promptly. USAW should enforce its Accounting Policies and Procedures as it relates to requiring receipts for expenses. USAW's Audit Committee should record its meetings and actions by taking official minutes.

### AUDIT OBJECTIVES

The objectives of the audit were to determine:

- Previous audit recommendations status,
- Compliance with select requirements in funding agreements,
- Compliance with select USOC documents which are applicable to NGBs,
- Internal control environment ensures protection of USOC funds, and
- Compliance with USAW's internal documents.

## **SAFE SPORT PROGRAM**

Based on the samples selected during this audit, it appears that USAW has an athlete safety program that is compliant with the ASP. The USOC recognizes that each NGB is different and has not mandated specific language or total uniformity in policies or practices. Instead, the USOC has provided the ASP as a baseline guide. All NGBs must implement and maintain compliance, including at least the following components: define prohibited conduct, conduct criminal background checks, require education and training, reporting processes and procedures, and enforcement. Compliance with the ASP does not ensure USAW's program is effective. Nothing in the ASP limits or replaces an NGB's responsibilities under applicable laws and regulations.

## **SUMMARY OF PRIOR AUDIT RECOMMENDATIONS**

USAW's previous audit report from the USOC, dated May 27, 2015, resulted in seven recommendations in the areas of fund reporting, internal controls, and compliance. All of the recommendations were implemented.

## **COMMENDABLE PRACTICES**

USAW has internal controls and processes in place. They have updated the USAW Financial Policies and Procedures to align with the internal controls and processes in place.

## **CURRENT OBSERVATIONS AND RECOMMENDATIONS**

This audit identified opportunities for improvement as detailed in the subsequent pages. The level of risk is identified for each recommendation. The level of risk was determined based on the potential impact it could have to USAW and USAW's athletes, the managerial and financial capabilities of USAW, and any mitigating controls noted during the audit.

## **AUDIT RATING**

Audit ratings are determined by the number of audit recommendations multiplied by the risk level. Using annual total revenue as an indicator, we compared USAW to NGBs with annual total revenue between \$3M and \$7M.

Previous Audit Rating (2015)	23
Average Audit Rating for NGBs with Revenue from \$3-7M	9
Current Audit Rating (2018)	10

# ISSUES AND RECOMMENDATIONS

#: 1

## Prompt Grievance Procedures

**Finding Risk:** High

**Issue:** Based on a sample of USAW grievances reviewed, USAW has one outstanding grievance that has been open since September 2017. The grievance was originally handled by USAW's Ethics Committee. In January 2018, a new Ethics Chair was appointed which contributed to the delayed resolution of the grievance. In June 2018, the grievance was passed to the Judicial Committee and a hearing panel is being formed. Audit has reviewed various emails regarding the outstanding grievance and determined communication has occurred throughout the process, but this grievance has yet to be resolved.

According to the Ted Stevens Act §220522 (a)(13), "An amateur sports organization is eligible to be recognized, or to continue to be recognized, as a national governing body only if it provides procedures for the prompt and equitable resolution of grievances of its members."

As this grievance has been open for over eleven months, USAW is not in compliance with the Act as it relates to prompt resolution of grievances.

**Recommendation:** USAW needs to improve complaint resolution time in order for USAW's procedures to be deemed prompt.

### **USAW Response:**

*USA Weightlifting is highly committed to having a leading grievance process that resolves complaints in the quickest and fairest possible manner, however, USA Weightlifting disagrees with this recommendation, and since this recommendation relates to only one particular ethics case are unable to offer a remedy solution.*

*USA Weightlifting would also like to note that it took significant steps to improve its' ethical process during the year 2017 and continue to do so in 2018.*

*Since 1 July 2017, the USA Weightlifting Ethics Committee and Judicial Committees have received a total of 22 cases, with the exception of the cases against or brought by Mr. Marty Schnorf, these cases have been closed within 90 days of the complaint being raised, with the quickest adjudication occurring in June 2018, at just 4 days.*

*Mr. Marty Schnorf has a total of four cases against or brought by Mr. Schnorf since 1 July 2017, one of which is closed (and was closed within 90 days), one of which is on hold at the request of the reporting party, one of which has not been with the USA Weightlifting Ethics Committee since it is the area of Emotional and Physical Abuse and is now at the hearing stage, and a final case against Mr. Schnorf cited by Audit also at the hearing stage.*

*The term prompt as cited is open to some interpretation, while USA Weightlifting has demonstrated in all cases, except the one in question that it is committed to prompt resolution of complaints of any nature where prompt might be considered as 90 days or later, there is precedent in law to suggest the timeline of the Schnorf cases can be considered prompt, especially when the facts of the case in question are considered.*

#: 2

## Grievance Procedures Improvements

**Finding Risk:** Medium

**Issue:** USAW's complaint procedures should be improved. It is unclear whether the judicial or ethics committee manages various types of complaints. While looking at current cases, some of the processes such as allowing for an investigation or mediation are not outlined in USAW's Bylaws but have been conducted in recent complaint procedures. The policy also does not allow for USAW to file a grievance as the NGB.

Policies and procedures are an effective management tool that can benefit the organization by promoting consistency and efficiency. It serves as a formal mechanism for the transfer of authority and responsibility to the correct party. If policies don't align with current processes, it could cause confusion and possibly more grievances.

**Recommendation:** USAW should make improvements to its complaint procedures. USAW has made some clarifications during the audit wrap-up period but changes still need to be made.

### **USAW Response:**

*USA Weightlifting accepts this recommendation.*

*USA Weightlifting adjusted its' Ethics, Grievance and Judicial Procedures in 2017 to what we view as a leading method, namely creating an independent committee at both the Ethical and Judicial level. USA Weightlifting also committed, uniquely, to publishing all findings of its' Ethics and Judicial processes to its' website. Aside from an Elite Athlete Representative, USA Weightlifting has populated these two Committees with individuals meeting Independent Director requirements generally from a legal background – inclusive of practicing Judges and Federal Prosecutors.*

*On June 21, 2018, USA Weightlifting published a guidance document to complaints to address timeliness expectations for responding parties, for reporting parties and to give*

*further clarity to the process.*

*Since May 2018 the Ethics Committee is now meeting on a monthly routine basis. Since May 2018, the Ethics Committee has closed 8 cases, and forwarded a further 6 to the Judicial Committee stage. As of the time of this response, there are currently 7 open cases, of which only one is over 90 days old. 3 complaints raised in June were also closed in June by the Committee (or alternatively, forwarded to the Judicial Committee stage).*

*Therefore, while USA Weightlifting disagree with the notion that our complaint procedures are not effective or consistent – we do agree that now approximately one year into our new bylaws dictating this process some operational clarifications are reasonably necessary.*

*The Ethics Committee already approved a revised process which has been published as of this response. Meanwhile, both the Ethics and Judicial Committee are beginning the process of reviewing our Code of Ethics, Code of Conduct, International Team Code of Conduct, Consolidated Statement of Member SafeSport Requirements and Membership agreement which will encompass many of the same issues. This process is expected to be complete approximately by the end of July 2018 and incorporated along with other lessons learned around our new bylaws by end of October 2018.*

*It is the goal of USA Weightlifting to have a leading complaint process.*

#: 3

## Credit Card Receipt Policy

**Finding Risk:** Low

**Issue:** A remote employee was not providing travel and expense receipts to the Finance Department in accordance with USAW's policies and procedures. The receipts were provided by the employee at the auditor's request. The USAW Accounting Policies and Procedures, Section VII. Credit Card Policy and Charges says that "The receipts for all credit card charges will be given to the Finance Department within one (1) week of the purchase along with proper documentation." Employees could be using company credit card for expenses other than business related, without seeing the detailed receipt it is difficult to determine if the expense was business related.

**Recommendation:** USAW should follow and enforce its Accounting Policies and Procedures.

### **USAW Response:**

*USA Weightlifting recognizes and accepts this recommendation. As the audit recognizes, we already have a policy that receipts must be turned in within 1 week of the purchase with the correct documentation. USA Weightlifting is currently exploring software solutions (for example, Expensify and Concur) regarding this in order to make our tracking of each receipt more efficient. We anticipate implementing a solution by the end of Q3 2018 – however of course we are already enforcing this policy following informal observations by the Audit Team.*

#: 4

## Audit Committee Meeting Minutes

**Finding Risk:** Low

**Issue:** USAW does not keep official Audit Committee minutes. The Committee meets to review budgets, financial reports, and audited financial statements. There is no formal documentation of the meetings. USAW Bylaws, Section 8.10 state "Each committee and task force shall take and maintain minutes of its meetings." USAW is in not in compliance with its Bylaws. Action taken by the Audit Committee is not documented, thus there is no record of meetings and actions taken within the meetings.

**Recommendation:** USAW Audit Committee meetings minutes should be taken to document actions the Committee has recommended, who attended the meetings, and what was discussed.

### **USAW Response:**

*USA Weightlifting agrees with the outcomes of the Audit and will ensure that Audit Committee notes are taken and published in accordance with USA Weightlifting's bylaws revised June 2017. Although the Board of Directors is superior to the Audit Committee and regular and robust minutes are taken of this group, USA Weightlifting recognizes this need and will ensure it is implemented going forward, with immediate effect.*

## **CONCLUSION**

USAW materially complied with the requirements of the performance and international relations funding awarded to USAW during the period January 1, 2016 – December 31, 2017. The audit resulted in four recommendations and an overall audit rating of ten.

We wish to thank USAW's staff for being cooperative and accommodating during the audit. It was a pleasure working with you and Sandra Bowen. We look forward to working with you and your staff again in the future.

### **USAW Response:**

*USA Weightlifting would like to thank the USOC Audit Team for taking the time to Audit USA Weightlifting. This difficult and often thankless task is essential to the good running of the US Olympic Movement. USA Weightlifting welcomes constructive feedback from all of its' stakeholders but especially from our certifying organization. In particular, USA Weightlifting would like to share the cooperative manner in which the USOC Audit team go about conducting their business.*