
United States Olympic Committee
NGB Compliance and Audit Department



Follow-Up Review on:
USA Badminton

Period:
Follow-Up on Audit Recommendations
from Report Dated October 19, 2018

Dated:
February 22, 2019



February 22, 2019

Jeff Dyrek
Chief Executive Officer
USA Badminton

Dear Jeff,

During the third quarter of 2018, the NGB Compliance and Audit Department (Audit Department) of the United States Olympic Committee (USOC) began an audit of USA Badminton (Badminton). Based on the results of that audit, additional follow-up procedures were performed by the Audit Department in January 2019. The purpose of the follow-up procedures is to evaluate and report on the status of the recommendations from the audit performed of Badminton dated October 19, 2018. Our methodology included a review of various documented policies, additional audit work (including testing), and dialog with Badminton staff and the Board of Directors.

The October 2018 audit report included 12 recommendations for improvement in the areas of athlete safety, financial management, control environment, and governance. The status of the 12 recommendations from the audit report is as follows:

Current Follow Up Status	Implemented	Partially Implemented	In Progress	Not Implemented	Total
High Risk	1	3	1	-	5
Medium Risk	6	-	-	1	7
Total	7	3	1	1	12

We thank you and your staff for providing various documents and answering questions during the follow-up procedures.

Sincerely,

NGB Compliance and Audit Department

cc: Chris McCleary
Rick Adams

USA Badminton Board of Directors



Follow-up Review

USA Badminton

BACKGROUND

The Audit Department conducted follow-up procedures given the seriousness of the audit recommendations. The scope was limited to Badminton's audit recommendations from the report issued on October 19, 2018 and discussions with Badminton's Board of Directors. The follow-up procedures conducted on-site began on January 29, 2019.

The status of each recommendation reviewed from the October 2018 audit report is categorized as one of the following:

- Implemented – sufficient and appropriate documentation was provided to establish the previous audit recommendation was fully satisfied;
- Partially Implemented – documentation was provided but the previous audit recommendation was not fully satisfied;
- In Progress – processes are currently in place and meaningful progress has been made toward implementation of the previous audit recommendation; or
- Not Implemented –documentation did not support meaningful movement toward implementation; no documentation was provided demonstrating implementation; or there is no intention to implement.

This 2019 follow-up report was developed through a combination of discussions with Badminton's personnel and Board of Directors, additional audit testing, and review of documented policies presented to the Audit Department for determination of implementation of the previous audit recommendations.

STATUS OF 2018 AUDIT FINDINGS AND RECOMMENDATIONS

Recommendation	Badminton's Response	2019 Follow-up Status
<p style="text-align: center;">High Risk</p> <p>#1 Required Individuals:</p> <p>Badminton must require contracted doctors, other medical staff, sanctioned club directors, and administrators to complete background checks and SafeSport training requirements.</p>	<p>Badminton has added an Operations Manager (started on Oct. 4, 2018) to our staff and one of their primary roles will be to track all background check requirements. Badminton will ensure that any USAB contracted doctors and/or medical staff complete the required background checks and Safe Sport Training. Badminton will also coordinate with sanctioned club directors, and administrators to complete background checks and SafeSport Training requirements. Any individual identified as missing any of the required items will be notified that they are temporarily suspended until the missing requirement(s) are completed. Once confirmation can be confirmed then the temporary suspension will be lifted.</p>	<p style="text-align: center;">***Partially Implemented***</p> <p>Badminton's website contains a list of individuals that are required to complete background checks and US Center for SafeSport (USCSS) education and training in accordance with the USOC NGB Athlete Safety Policy. Badminton updated its website and policies to include the recommended required individuals (contracted doctors, other medical staff, sanctioned club directors, and administrators) in the background check and SafeSport training pools.</p> <p>To evaluate the effectiveness of the policy update, the Audit Department tested twenty-six (26) clubs from an internal "active clubs" database to confirm the club administrators and directors had completed the required background checks and trainings. Five (5) of the clubs had directors and/or administrators who lacked a background check and SafeSport training. An additional three (3) clubs had directors and/or administrators who lacked SafeSport training only. One (1) of these clubs was listed on the internal database as active, but suspended in the membership system, while the others (non-screened and non-trained) were not suspended on the internal database or in the membership system.</p> <p>These findings are especially concerning because Badminton maintains a list of "sanctioned clubs" on its website, which could understandably be viewed as listing clubs that are in good standing with Badminton. However, this list does not accurately reflect clubs that are compliant with background checks and training requirements for club directors and administrators.</p> <p>For the above stated reasons, this recommendation is partially implemented.</p>

Recommendation	Badminton's Response	2019 Follow-up Status
<p style="text-align: center;">High Risk</p> <p>#2 Background Checks:</p> <p>Badminton must enforce its background check policy in accordance with its SafeSport Program Handbook.</p>	<p>Badminton has added an Operations Manager (started on Oct. 4, 2018) to our staff and one of their primary roles will be to track all background check requirements. Badminton will check on a monthly basis by downloading the list of individuals and manually checking for compliance. We will be looking for confirmation of completion and checking expiration dates to ensure everyone has met the requirement to date. Any individual identified as missing any of the required items will be notified that they are temporarily suspended until the missing requirement(s) are completed. Once confirmation can be confirmed then the temporary suspension will be lifted.</p>	<p style="text-align: center;">***Partially Implemented***</p> <p>This recommendation was based on Badminton's background check process as it related to staff, volunteers, coaches, technical officials, and other required individuals consistent with the USOC NGB Athlete Safety Policy. During the October 2018 audit, from a sample of twenty-five (25) individuals who should have all completed background checks, eleven (11) had not been background checked as required. As a result, 44% of the testing pool was deemed not compliant.</p> <p>Badminton has made significant improvement with enforcing and tracking background checks. During the follow-up audit, a sample of 100 randomly selected individuals were tested for background checks. From that sample, three (3) individuals that were required to undergo a background check did not have a current background check on file, resulting in 3% of the testing pool that was not compliant.</p> <p>Additionally, the Audit Department verified the inactive status of individuals in the membership system by testing the action plan referenced in Badminton's response. Of the forty-two (42) randomly selected individuals, eight (8) were found to have an incorrect status in the membership systems due to the lack of a background check and/or SafeSport education and training.</p> <p>For the above stated reasons, this recommendation is partially implemented.</p>

Recommendation	Badminton's Response	2019 Follow-up Status
<p style="text-align: center;">High Risk</p> <p>#3 SafeSport Training:</p> <p>Badminton must enforce its SafeSport training requirements in accordance with its SafeSport Program Handbook.</p>	<p>Badminton has added an Operations Manager (started on Oct. 4, 2018) to our staff and one of their primary roles will be to track all Safe Sport Training requirements. Badminton will check on a monthly basis by downloading the list of individuals and manually checking for compliance. We will be looking for confirmation of completion and checking expiration dates to ensure everyone has met the requirement to date. Any individual identified as missing any of the required items will be notified that they are temporarily suspended until the missing requirement(s) are completed. Once confirmation can be confirmed then the temporary suspension will be lifted.</p>	<p style="text-align: center;">***Partially Implemented***</p> <p>This recommendation was based on Badminton's SafeSport education and training process as it related to staff, volunteers, coaches, technical officials, and other required individuals, consistent with the USOC NGB Athlete Safety Policy. The October 2018 audit selected a sample of twenty-five (25) individuals. Fourteen (14) individuals that were required to complete SafeSport Training had not done so, resulting in 56% of the testing pool that was not compliant.</p> <p>Badminton has made significant improvement with enforcing and tracking SafeSport Training. During the follow-up audit, a sample of 100 randomly selected individuals were tested for SafeSport training. From that sample, eight (8) individuals did not complete SafeSport Training but were active in the membership database, resulting in 8% of the testing pool that was not compliant.</p> <p>Additionally, the Audit Department verified the inactive status of individuals in the membership system by testing the action plan referenced in Badminton's response. Of the forty-two (42) randomly selected individuals, eight (8) were found to have an incorrect status in the membership system process due to the lack of a background check and/or SafeSport education and training.</p> <p>For the above stated reasons, this recommendation is partially implemented.</p>

Recommendation	Badminton's Response	2019 Follow-up Status
<p style="text-align: center;">High Risk</p> <p>#4 Training Verification:</p> <p>Badminton must establish a more timely and effective process to monitor the completion of SafeSport training.</p>	<p>Badminton has communicated with the U.S. Center for SafeSport regarding establishing an "API" to establish a more immediate and effective process to monitor SafeSport training completion. We have been instructed that more information regarding renewal and platform upgrades will be available in November 2018. This includes the information regarding establishing the "API".</p> <p>Badminton has sent a letter to Simply Compete in October 2018 (database management system) to hopefully generate dialog to implement a more efficient system to ensure compliance among other system improvements.</p>	<p style="text-align: center;">***In Progress***</p> <p>During the follow-up audit, Badminton provided the Audit Department with a status update regarding the project to automate its SafeSport training verification system, which is ongoing.</p> <p>While on-site, the Audit Department reviewed the SafeSport training verification process Badminton is currently using. Under this process, once a month Badminton's Operations Manager verifies the new SafeSport training certifications that are self-reported in the membership database against the SafeSport database. This process has resulted in more timely verifications of SafeSport training completions. However, as detailed above (#3 SafeSport Training), errors can occur with this manual verification process, as demonstrated by the 8% misclassification rate in the sample testing.</p> <p>For the above stated reasons, this recommendation is in progress.</p>

Recommendation	Badminton's Response	2019 Follow-up Status
<p style="text-align: center;">High Risk</p> <p>#5 Final Grant Report and General Ledger Support:</p> <p>Badminton must keep a record of the Paralympic expenses to use when preparing the final grant report. This will help ensure the general ledger can be reconciled to the final grant report provided to the USOC.</p> <p>Badminton must repay \$17,123 in unsupported funds or identify which expenses in the general ledger supports the PPA funding.</p>	<p>Per the email communication on October 12, 2018, Badminton has submitted the supporting documentation.</p> <p>Badminton has implemented subaccounts under Parabadminton in the general ledger to improve the reconciliation to the final grant report provided to the USOC.</p>	<p style="text-align: center;">***Implemented***</p> <p>Badminton has provided information to identify expenses in the general ledger to fully support PPA funding. Badminton does not need to repay funds to the USOC.</p> <p>Badminton has fully addressed the issues that precipitated the recommendation. Thus, this recommendation has been implemented.</p>
<p style="text-align: center;">Medium Risk</p> <p>#6 Approvals:</p> <p>Badminton should ensure expenses have proper approvals on the supporting documentation before processing any payments.</p>	<p>Per the email communication on October 12, 2018, Badminton has submitted the supporting documentation.</p>	<p style="text-align: center;">***Implemented***</p> <p>Badminton provided approvals for all sample expenses tested from the 2018 general ledger.</p> <p>Badminton has fully addressed the issues that precipitated the recommendation. Thus, this recommendation has been implemented.</p>

Recommendation	Badminton's Response	2019 Follow-up Status
<p style="text-align: center;">Medium Risk</p> <p>#7 Board Term Limits and Positions:</p> <p>Badminton should update its Bylaws to explain the "Board International Federation Delegate" position, including but not limited to election/selection, removal, roles and responsibilities.</p>	<p>Per the recommendation, Badminton will amend its bylaws to address this issue and will clear the proposed verbiage with the USOC. Badminton has a board meeting in November 2018 in which we plan to discuss the changes.</p>	<p style="text-align: center;">***Not Implemented***</p> <p>Badminton amended its Bylaws to reflect a two (2) consecutive term limit for Board of Directors and eliminated the reference to the "Board International Federation Delegate" position. The Board did not vote on the proposal related to the Board International Federation Delegate (Section 7.6 (g)). Accordingly, the changes made to the Bylaws do not explain the position as required by the recommendation.</p> <p>For the above reason, this recommendation has not been implemented.</p>
<p style="text-align: center;">Medium Risk</p> <p>#8 Board Expense Approvals:</p> <p>Badminton should designate a Board member to review the other Board member's expenses on a regular basis and document when the process was done.</p>	<p>The USOC's recommendation will be referred to Badminton's Audit and Finance Committee for immediate action. Badminton's board of director's self-fund and in the case referenced above the reimbursement was related to a 2017 USOC IR Grant that Badminton received to support Badminton's effort to gain a leadership position within our IF.</p>	<p style="text-align: center;">***Implemented***</p> <p>Badminton has implemented a new process to approve Board of Director expense requests. Under this process, the expense reimbursement request is sent to the CEO and forwarded to the Chair of the Finance Committee for approval. The CEO saves all email requests and attachments with the expense reimbursement.</p> <p>Badminton has implemented a process that satisfies the recommendation. Thus, this recommendation has been implemented.</p>
<p style="text-align: center;">Medium Risk</p> <p>#9 Board Vacancies:</p> <p>Badminton's Board should fill the Board vacancies as soon as possible.</p>	<p>The Nominating Committee is expected to take action to fill the two current vacancies this month.</p>	<p style="text-align: center;">***Implemented***</p> <p>Badminton filled the two (2) vacant Board positions that were open at the time of audit. Also, at the time of the follow-up procedures, Badminton was in the process of filling the Coach Director position on its Board that became vacant after the original audit report was issued.</p> <p>For the above reason, this recommendation has been implemented.</p>

Recommendation	Badminton's Response	2019 Follow-up Status
<p style="text-align: center;">Medium Risk</p> <p>#10 IRS Form 1099:</p> <p>Badminton should work with their accounting firm to determine if Form 1099-MISCs should be issued for these individuals.</p>	<p>We are working with our accounting firm to determine whether Form 1099-MISC's are required to be issued for these three individuals. If so, the 1099's will be issued this month. Badminton will start using sub accounts for each parent account for contract labor that will be mapped as a 1099 account.</p>	<p style="text-align: center;">***Implemented***</p> <p>Badminton implemented a new tracking system to ensure 1099s are issued appropriately. Additionally, the Audit Department followed up with Badminton staff regarding the 2017 1099s. The 2018 general ledger was also reviewed for vendors that appeared to need a 1099 to verify that these were issued.</p> <p>Badminton has implemented a process that satisfies the recommendation. Thus, this recommendation has been implemented.</p>
<p style="text-align: center;">Medium Risk</p> <p>#11 Conflict of Interest Improvements:</p> <p>Badminton should require employees and Board of Directors to annually submit conflict of interest disclosure forms. Badminton should develop a process to ensure COI forms are completed and reviewed. The review should be documented on an annual basis.</p>	<p>Badminton does require Board of Directors and staff to submit a conflict of interest statements at the first board meeting of each year. Once received, Badminton will coordinate with the Judicial & Ethics Committee to review each COI to determine if a conflict may exist. Badminton will also amend Badminton's Code of Ethics accordingly to include language requiring staff and board of directors to complete COI form. Badminton has a board meeting in November 2018 in which we plan to discuss the changes.</p>	<p style="text-align: center;">***Implemented***</p> <p>On January 28, 2019 the Board of Directors voted unanimously to approve added language to the Code of Ethics regarding Conflict of Interest disclosures, requiring an annual disclosure of conflicts from the Board. The Bylaws reflecting the Code of Ethics language is currently in the process of being updated by the CEO and will be posted to the website upon completion.</p> <p>Upon review by the Audit Department, all the Board of Directors and staff completed Conflict of Interest Disclosure forms.</p> <p>The Conflict of Interest Disclosure form (Form) document review process is as follows:(1) Form is provided to the individual staff member or Board member; (2) individual signs and discloses potential or actual conflict; (3) CEO verifies the Form is signed and if there are potential or actual conflicts; and (4) CEO sends the Form to the Ethics Committee Chair for review.</p> <p>Badminton has implemented a process that satisfies the recommendation. Thus, this recommendation has been implemented.</p>

Recommendation	Badminton's Response	2019 Follow-up Status
<p style="text-align: center;">Medium Risk</p> <p>#12 Tracking Grievances:</p> <p>Badminton should track all complaints including date received and the status of the report.</p>	<p>Per the recommendation, Badminton has implemented a tracking mechanism that includes date received and status of the report per email dated 8/21/18. Badminton Operations Manager will track the grievance process.</p>	<p style="text-align: center;">***Implemented***</p> <p>Upon review of the grievance tracker provided by Badminton, the recommendation for a process of tracking grievances is currently implemented. Further, Badminton followed the required timeframes for the status of the grievance that is provided in Section 15 of its Bylaws.</p> <p>Badminton has implemented a process that satisfies the recommendation. Thus, this recommendation has been implemented.</p>

ADDITIONAL OBSERVATIONS NOTED:

Additional observations were noted while conducting the audit follow-up. The observations relate to the recommendations above but were not identified in the prior audit and therefore, do not impact the 2019 follow-up status of the recommendations. Badminton should promptly address the observations below. If the observations are not fully addressed by Badminton, they may become recommendations in upcoming audits.

- Badminton must ensure that individuals suspended by the USCSS are also suspended in Badminton's membership system and any other Badminton member database. Badminton does not have procedures outlining the steps that need to be taken when a member is suspended by the USCSS.
- Badminton should consider creating formal procedures, including timeframes, to elect Board of Directors. The current process to identify, review, and elect Board of Directors, including the timeframe to conduct the process has been informal. Also, based on interviews with Board of Directors open positions are not disclosed and updates are not provided to the Board of Directors.
- Badminton should consider creating a process to keep Board of Directors informed about grievances. Board of Directors are not currently provided with updates related to grievances, such as when grievances are filed, hearing dates, and final resolutions. This information would not impact the grievance process or the ability of the Ethics Committee to conduct its work. The process would be informational only to provide transparency to the Board of Directors.
- Badminton's conflict of interest disclosure form and processes can be improved. The Board of Directors are required to disclose conflicts that are potentially a "gray area," and are required to "disclose it to fellow directors or USAB staff or legal counsel for consultation and

review." Moreover, "[a]ll such individuals will make full disclosure of the nature and extent of any actual or **potential** conflict of interest . . . [and] . . . will avoid evaluating or in any other way influencing, directly or indirectly, on voting on the matter involved and will be physically absent during the evaluation and vote . . . includ[ing] the allocation of USAB resources." (emphasis added). From conversations with the Board of Directors and the CEO, there are potential conflicts that are common knowledge among members and staff alike, however, these conflicts have not been formally reviewed.

Some of the identified conflicts were never disclosed in writing by the Board of Directors on their respective conflict of interest statements. Furthermore, Board of Directors who have these undisclosed conflicts are present during the evaluations and the voting processes for topics that directly related to their undisclosed conflicts. It is undetermined if the Board of Directors who have the undisclosed conflicts actually vote on the conflicted matters. However, even if they abstain, their presence during the deliberation and voting stages may influence the outcome of those votes.

The Conflict of Interest Disclosure Statement that is provided to staff and Board of Directors to sign does not clearly identify what conflict matters are required to be disclosed and could be rewritten to encourage the individuals signing these statements to be more forthcoming. Badminton should consider revising the disclosure document to include an area for other conflict disclosures outside of economic and business interests, and ensure the conflicts are properly disclosed during Board meetings. Badminton should also determine if non-board committee members or advisory group members are required to disclose potential conflicts of interest and how that disclosure and review process would operate.

CONCLUSION

Badminton has made significant process improvements as it relates to athlete safety, financial management, control environment, and governance. Badminton must continue to focus on tracking and enforcing background checks and training for required individuals pursuant to the USOC requirements. Continuation of discussions and votes are strongly encouraged in relation to the proposed Bylaw changes to Section 7.6 (g) - Board International Federation Delegate, for resolution as soon as possible. The Board may consider consultation with legal counsel in regard to interpretation and application of changes that were made to the bylaws; specifically, as it relates to board term limits and the Board International Federation Delegate position.

Additionally, Badminton's Board would benefit from Board training, specifically, as it relates to conflicts of interests, disclosures, and confidentiality. Lastly, the Board must identify methods to rebuild relationships and trust with each other and implement them for the greater benefit of the badminton community.

Lastly, we wish to thank the staff at Badminton for being cooperative during the follow-up procedures.