



# Audit Report

## USA Rugby

August 21, 2019

Prepared by: United States Olympic & Paralympic Committee,  
Audit & Organizational Advancement Department



## EXECUTIVE SUMMARY

### Background and Audit Scope

The United States Olympic and Paralympic Committee (USOPC) Audit & Organizational Advancement Department completed an audit of USA Rugby. The purpose of the audit was to determine if USA Rugby complies with select requirements of the Ted Stevens Olympic and Amateur Sports Act, 36 U.S.C. § 220522 et seq (the Sports Act) and USOPC Bylaws. The audit period focused on activities conducted in 2017 and 2018 and USOPC funds received from January 1, 2017 through December 31, 2018.

### Audit Objectives

The objectives of the audit were to determine:

- Previous audit recommendations status,
- Compliance with select requirements in funding agreements,
- Compliance with select USOPC documents which are applicable to National Governing Bodies (NGBs),
- Internal control environment promotes managerial and financial capabilities, and
- Compliance with NGB internal documents.

### Audit Summary

Based on the audit procedures performed, the application of select policies and procedures were reviewed to determine alignment with USOPC requirements. The conclusion within each area was based on the risk level of each recommendation and number of recommendations. Appendix B includes explanation of each conclusion type. Appendix C includes detailed audit procedures.

### Audit Rating

Audit Rating			
NGB	Current Audit Rating	Prior Audit Rating	Current Average Rating
USA Rugby	35	13	17

The audit rating is an open-ended rating, with zero being the optimal rating. To calculate the current average rating, we compared USA Rugby to NGBs with comparable annual revenue. The audit rating is explained in more detail in Appendix A.

Audit Summary	
Audit Area	Conclusion
Governance/Managerial	Marginal
Financial Capabilities	Unsatisfactory
Due Process	Satisfactory
Athlete Representation	Satisfactory
Athlete Safety	Marginal

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

## EXECUTIVE SUMMARY (CONTINUED)

The following is a summary of the opportunities for improvement identified during the audit and are detailed on subsequent pages. The level of risk was determined based on the potential impact it could have to USA Rugby’s athletes and USA Rugby, the managerial and financial capabilities of USA Rugby, and any mitigating controls noted during the audit. Definitions of the risk levels are included in Appendix D.

Recommendation by Risk Level		
Recommendations	Audit Area	Risk Level
Ensure Compliance with IRS Regulations (Form 1042)	Financial	High
Continue Development of the Conflict of Interest Process	Governance	Medium
Review Conflict of Interest Forms Annually	Governance	Medium
Improvement of Financial Capabilities	Financial	Medium
Improvement of Controls over Cash Disbursements	Financial	Medium
Implement Process for Review of Outstanding Checks	Financial	Medium
Implement Process to Improve Cutoff Procedures	Financial	Medium
Review and Approval of Journal Entries	Financial	Medium
Execute Contracts with Independent Contractors	Financial	Medium
Ensure Athlete Safety Requirements Completion of Staff and Board Members	Athlete Safety	Medium
Review and Approval of Board Member and CEO Expenses	Financial	Low
Review and Approval for Cash Advances	Financial	Low
Increase Frequency of Audit and Risk Committee Meetings	Financial	Low

## PRIOR AUDIT

USA Rugby’s previous audit report from the USOPC, dated February 26, 2015, resulted in five recommendations in the areas of internal controls and compliance. One recommendation was fully implemented, and the remaining four recommendations are included as repeat recommendations.

## CURRENT RECOMMENDATIONS

Risk Level: High			
Audit Area: Financial Capability			
#1	Ensure Compliance with IRS Regulations (Form 1042)	Recommendation	Management’s Action Plan
	<p>USA Rugby has nonresident alien contractors that did not receive a Form 1042-S for services provided in the United States. USA Rugby has engaged several international coaches as contractors for the competition season which requires coaching and travel within the United States with the USA Rugby athletes. A portion of their income may qualify as taxable in the United States. USA Rugby could not provide documentation or explanations to explain why these individuals would be exempt from tax withholding and the filing of a Form 1042-S. USA Rugby and the contractors could potentially be penalized by the IRS for failure to withhold taxes and file the proper forms.</p> <p>The Internal Revenue Service (IRS) states that “a foreign person is subject to U.S. tax on its U.S. source income. The tax is generally withheld from the payment made to the foreign person. It's required to report payments subject to withholding on Form 1042-S and to file a tax return on Form 1042.”</p>	<p>USA Rugby must research the IRS Form 1042-S requirements and determine if they need to withhold tax for foreign contractors. USA Rugby must also discuss the matter with their tax accountants and possibly counsel to execute the necessary requirements to comply with IRS standards.</p>	<p>We will research the tax rules and consult external experts to ensure compliance with IRS reporting standards.</p> <p><b>Responsible Party:</b> CFO</p> <p><b>Target Date:</b> 10/1/2019</p>

Risk Level: Medium

Audit Area: Governance/Managerial

#2	Continue Development of the Conflict of Interest Process	Recommendation	Management's Action Plan
	<p>USA Rugby's Conflict of Interest Policy currently requires directors, officers, employees, or members of a committee with governing board delegated power to submit to a periodic review that at the minimum include disclosing compensations arrangements and other business arrangements which may impact USA Rugby. Out of all the individuals that are required to complete Conflict of Interest Policy forms, only two could be provided to the Auditor. Also, the submitted forms were only the signature pages. There is no method of verification that the policy was read and reviewed by the individuals signing. A recent change in Human Resources staff created awareness to the lack of application of this process. USA Rugby indicated that it will actively apply this process after minor revisions to the policy at the next Assembly meeting.</p> <p>The Conflict of Interest Policy provides that the form must be completed by directors, officers, employees, or members of a committee; these forms must be reviewed by the Audit Committee for conflicts; and all decisions made by a governing board or committee must maintain minutes identifying these conflicts and withholding from decision making. Also, it is a best practice to complete the conflict of interest form on an annual basis.</p> <p>Conflict of Interest Policy forms were not required to be completed by the previous Human Resources Director. This resulted in the possibility of individuals making decisions on behalf of USA Rugby by individuals that may be conflicted.</p>	<p>It is recommended that USA Rugby continue to develop the Conflict of Interest Policy process and have all individuals identified in the policy complete the conflict of interest form immediately.</p>	<p>We have already implemented, received and stored conflict of interest statements from all required individuals.</p> <p><b>Responsible Party:</b> HR Manager</p> <p><b>Target Date:</b> 09/1/2019</p>
#3	Review Conflict of Interest Forms Annually	Recommendation	Management's Action Plan
	<p>USA Rugby's Conflict of Interest Policy only provides for a periodic review that is not on an annual basis. The periodic review has a limited scope that does not include</p>	<p>For these reasons, it is recommended that USA Rugby require annual reviews of the</p>	<p>USA Rugby has implemented a renewal of the COI policy form on an annual basis.</p>

	<p>the types of conflicts listed in the form. USA Rugby is currently revising this form to require an annual disclosure and review process.</p> <p>It is a best practice to require completion of the form on an annual basis for various types of conflicts including non-financial and personal interests.</p> <p>The limited scope of conflict review creates a risk of decision making on behalf of USA Rugby by a conflicted individual.</p>	<p>conflict of interest policy form and extend the minimal scope of the review to the conflicts listed in the policy. This is a repeat recommendation from the prior USOPC audit.</p>	<p><b>Responsible Party:</b> HR Manager</p> <p><b>Target Date:</b> 09/1/2019</p>
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**Audit Area: Financial Capability**

#4	Improvement of Financial Capabilities	Recommendation	Management's Action Plan
	<p>The Sports Act requires that an NGB have the managerial and financial capability to plan and execute its obligations. Currently, USA Rugby's financial condition is declining. Analysis of the audited financial statements shows that over the past five years, USA Rugby's change in net assets has been negatively trending with net operating losses for three of the past five years.</p> <p>Program service revenue (revenue from events and USOPC funding) continues to make up a low percentage of total revenues and continues to decrease year over year. USA Rugby does not have enough program revenue to cover its expenses.</p> <p>Additionally, media expenses are approximately up by an average of 92% from 2013 while fundraising expenses are approximately up by an average of 16% from 2013. The increase in expenses, with revenues declining, has led to a low operating margin. USA Rugby's expenses are too high relative to the revenue it is generating.</p> <p>More importantly, USA Rugby has been spending more on costs year over year. Normally, this would be acceptable if revenues rose proportionately. It is expected that costs will rise over time as USA Rugby continues to grow towards its mission; this is certainly the case when revenues rise. However, since revenues declined from</p>	<p>USA Rugby must increase its financial capabilities, manage its cash flow, and reduce debt to be sustainable and continue operating as an NGB.</p>	<p>USA Rugby has already begun this process with a more robust budgeting, review and reporting process along with tight controls around staffing and spend, with the addition of philanthropic, commercial and membership growth initiatives.</p> <p><b>Responsible Party:</b> CEO / CFO</p> <p><b>Target Date:</b> 12/31/2020</p>

	<p>2016 and the operating margin is generally weak, USA Rugby should be careful about increasing expenses at this point. It is critical for USA Rugby to appropriately manage expenses if revenues continue to decline.</p> <p>Furthermore, as noted in the 2017 audited financial statements, there was substantial doubt that Rugby International Marketing, LLC ("RIM") would be able to continue as a going concern. RIM and its subsidiaries are included in USA Rugby's consolidated financial statement presentation. However, due to RIM's management and USA Rugby's Board response of restructuring, divesting interests in Rugby World Cup ("RWC") and The Rugby Chanel, LLC ("TRC"), reducing license payments to USA Rugby for 2018 and cost reductions in all departments, Management was able to alleviate the substantial doubt of continuing as a going concern. The ability of RIM to continue as a going concern is dependent upon the success of these actions. There can be no assurance that RIM will be successful in accomplishing its objectives.</p>		
#5	Improvement of Controls over Cash Disbursements	Recommendation	Management's Action Plan
	<p>Currently, USA Rugby's Director of Finance (DOF) has both recordkeeping and signing authorization responsibilities as it relates to bank and credit card accounts. The lack of controls over this process provides an opportunity for unidentified errors or misappropriation of funds and manipulation of the accounting system to conceal the missing funds. This finding is supported by the external audit's AU-C 265 Internal Control letter.</p> <p>There are four general categories of duties or responsibilities which are examined when segregation of duties are discussed: authorization, custody, record keeping, and reconciliation. No one person should have control of more than two of these responsibilities. The more negotiable the asset, the greater the need for proper segregation of duties, especially when dealing with cash, negotiable checks, and inventories. Currently, USA Rugby's DOF has three conflicting duties.</p> <p>In situations where duties cannot be fully segregated,</p>	<p>USA Rugby should review signing authority responsibilities and update current processes to ensure personnel with signing authority does not have conflicting duties. Additionally, USA Rugby should update their financial policies and procedures for the new process.</p>	<p>Finance will review current cash disbursement and approval practices and adjust as best as possible to ensure a reduced conflict of duties where possible, though the small staff size may limit to what extent this is possible.</p> <p><b>Responsible Party:</b> Controller</p> <p><b>Target Date:</b> 11/01/2019</p>

	mitigating or compensating controls must be established. Mitigating or compensating controls are additional procedures designed to reduce the risk of errors, fraud or irregularities. Compensating controls can include independent reconciliation of bank accounts. However, USA Rugby's DOF is also currently responsible for reviewing bank reconciliations.		
<b>#6</b>	<b>Implement Process for Review of Outstanding Checks</b>	<b>Recommendation</b>	<b>Management's Action Plan</b>
	<p>USA Rugby has 88 outstanding stale-dated checks with the oldest dated August 8, 2015. The total amount of stale-dated checks is \$58,578.</p> <p>A stale-dated check is one that was not negotiated within the life of the check, usually six months. Checks become void if they are not negotiated within the timeframe stated on the check. Outstanding checks should be investigated to determine why they are outstanding for extended periods of time.</p> <p>Most states, including Colorado, have laws that require companies to remit any unclaimed funds from stale-dated checks to the state's treasurer after a certain period of time. The state then assumes responsibility for locating and remitting funds to the appropriate party. USA Rugby is at risk of being penalized and fined by the State of Colorado. They are also providing inaccurate or misleading financial information and its cash balance is understated by the amount of the stale-dated outstanding checks</p> <p>This is a repeat recommendation from the prior USOPC audit. This was also a recommendation in the AU-C 265 Internal Control Letter from USA Rugby's external auditors.</p>	USA Rugby should review the State of Colorado's Great Payback website to ensure they are compliant with the requirements. Additionally, USA Rugby should update its financial policies and procedures to include a policy to review outstanding checks after a specified period of time to ensure they are following state requirements.	<p>Finance will review the state's stale-check process and internal policy to ensure compliance.</p> <p><b>Responsible Party:</b> Controller</p> <p><b>Target Date:</b> 11/01/2019</p>
<b>#7</b>	<b>Improve Final Funding Report Process</b>	<b>Recommendation</b>	<b>Management's Action Plan</b>
	Through testing, Audit identified disallowed expenses in the amount of \$23,051 for the Men's 7's National Team Training and Competition project and in the amount of \$1,237 for the Women's 7's National Team Training and	USA Rugby should update its financial policies and procedures to implement cutoff procedures to ensure that expenses are accounted	Finance will work with HP to ensure proper cutoffs for the funding report.



	<p>Competition project. These expenses were disallowed because USA Rugby recorded the expenses in 2018 when the expenses were incurred in 2017. All of the disallowed expenses were offset by the amount of funds USA Rugby contributed to the projects in the amount of \$643,903 and \$317,134, respectively.</p> <p>According to the Performance Partnership Agreement (PPA), funds awarded are to be spent during the PPA term. Funds spent outside of the PPA term should not be included in the corresponding final grant report.</p> <p>If the general ledger does not agree to the final grant reports, reports may not accurately reflect the amounts expended on the approved projects. The USOPC does not have a clear accounting of the grant funds. USA Rugby could owe money back to the USOPC or future funding could be reduced based on inaccurate information.</p>	for in the proper periods.	<p><b>Responsible Party:</b> Controller</p> <p><b>Target Date:</b> 10/1/2019</p>
<b>#8</b>	<b>Review and Approval of Journal Entries</b>	<b>Recommendation</b>	<b>Management's Action Plan</b>
	<p>The DOF prepares the journal entries and records them in the accounting system. There is currently no process in place for review or approval of journal entries. Without a review process of journal entries, errors could remain undetected for an extended period of time. The external auditors review journal entries on an annual basis which could result in possible misstatements not being detected and corrected timely.</p> <p>No one person should have the ability to prepare, approve, and enter an item in the accounting records. For adequate separation of duties, another person should be involved in the process and their involvement should be documented.</p> <p>This is a repeat recommendation from the prior USOPC audit.</p>	USA Rugby should implement a process to review journal entries and document proper approval of the journal entry support. USA Rugby should then update the financial policies and procedures in order to reflect the current processes.	<p>A more robust review/ approval process will be implemented and documented around our journal entry process.</p> <p><b>Responsible Party:</b> CFO / Controller</p> <p><b>Target Date:</b> 10/1/2019</p>
<b>#9</b>	<b>Execute Contracts with Independent Contractors</b>	<b>Recommendation</b>	<b>Management's Action Plan</b>
	Out of the 40 expenses tested, five expenditures were missing adequate approvals. Two of the five expenditures	USA Rugby should execute contracts with all independent contractors,	Finance will work with internal departments to ensure proper

	<p>related to lack of executed contracts for agreements between USA Rugby and coaches or athletes.</p> <p>Executed contracts protect USA Rugby and the independent contractors who perform services on their behalf. It is essential to have executed contracts that identify the rights and obligations of each party. Without executed contracts there could be disagreements over each party's responsibilities and obligations. This could result in disputes and lawsuits, which then distracts USA Rugby from its mission and objectives.</p>	<p>including coaches and athletes, who provide services for USA Rugby.</p>	<p>recording and execution of contracts where necessary.</p> <p><b>Responsible Party:</b> Finance Manager</p> <p><b>Target Date:</b> 11/1/2019</p>
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**Audit Area: Athlete Safety**

#10	Ensure Athlete Safety Requirements Completion of Staff and Board members	Recommendation	Management's Action Plan
	<p>USA Rugby uses a membership database to track completion of background checks and the US Center for SafeSport's ("the Center") education and training for coaches, referees, volunteers, staff, board members, and independent contractors. However, not all medical staff are tracked in the membership database but are tracked by the Medical Services Manager and verified by the Team Services Manager. At the time of audit, the Team Services Manager was in the process of working with membership services to verify completion of background checks and the Center's education and training. Also, a newly developed procedure for tracking staff and board members' completion of athlete safety criteria was tested after turnover of human resources management. Auditor tested 100 of the above listed individuals. Of the 100 individuals tested, ten did not complete or have a current background check or the Center's education and training. It is important to note, six of these individuals are staff and board members. Also, the expiration date of one individual was manually entered to exceed the prescribed two-year period permitted by the USOPC NGB Athlete Safety Policy.</p> <p>USOPC's NGB Athlete Safety Policy provides, "criminal background checks, at least every two years," and "education and training" for those individuals the NGB</p>	<p>USA Rugby should continue to work toward completing background checks and the Center's education and training of the staff and Board members as soon as possible. Also, it is further recommended that USA Rugby include the medical personnel in the membership database for accurate tracking of completion for the requisite athlete safety criteria.</p>	<p>USA Rugby will review current practices and ensure proper backgrounds checks are performed.</p> <p><b>Responsible Party:</b> HR Manager</p> <p><b>Target Date:</b> 11/1/2019</p>

formally "authorizes, approves or appoints (a) to a position of authority over, or (b) to have frequent contact with athletes."

Previous human resources staff created a deficiency in the process for tracking the Staff's and Board members completion of background checks and the Center's education and training. Before this changeover, membership services were directed to manually edit the expiration dates of background checks. This resulted in a risk of non-compliance with the staff and board members for the required athlete safety criteria. At the time of audit, this process was identified by the new Director of Human Resources and immediately addressed to become rectified in the near future.

**Risk Level: Low**

**Audit Area: Financial Capability**

#11	Review and Approval of Board member and CEO Expenses	Recommendation	Management's Action Plan
	<p>During the course of the audit, it was unclear as to whether the Chief Executive Officer's (CEO) expenses were being reviewed or approved by a Board member due to high turnover of the CEO and Board member positions. Additionally, the current process in place for the Board Chair's expenses includes review and approval of expenses by the Chief Financial Officer (CFO) or Staff Accountant. As the CFO and Staff Accountant currently report to the Board, it may be difficult for a direct report to question Board expenses or request additional documentation.</p> <p>The organization could be reimbursing for expenses that are not appropriate. Having a Board member review each other's and the CEO's expenses keeps spending transparent. The review could be done on a monthly or quarterly basis as a back-up procedure after the Board member or CEO has already been reimbursed. This way, payments are not delayed, but an appropriate review procedure is in place.</p>	<p>USA Rugby should designate a Board member to review the CEO's and other Board member's expenses on a regular basis and document when the process was done.</p>	<p>We will discuss with the Board and ensure both the CEO's and Board expenses are reviewed by the Audit &amp; Risk Committee.</p> <p><b>Responsible Party:</b> CFO</p> <p><b>Target Date:</b> 10/1/2019</p>

	This is a repeat recommendation from the prior USOPC audit.		
<b>#12</b>	<b>Review and Approval for Cash Advances</b>	<b>Recommendation</b>	<b>Management's Action Plan</b>
	<p>Out of the 40 expenses tested, five expenditures were missing adequate approvals. Two of the five expenditures related to the lack of documentation of approvals for cash advances. To have proper controls over the cash disbursements process, it is important to document proper authorization of cash advances to verify that the expenditure is appropriate prior to receipt of the cash.</p> <p>According to USA Rugby's financial policies and procedures, expenses processed outside the Chrome River system (i.e. check requests or rush items) require explicit signature authorization from impacted budget manager prior to posting.</p> <p>This is a repeat recommendation from the prior USOPC audit.</p>	USA Rugby should follow the financial policies and procedures in place regarding cash advances, including the requirement of necessary documentation of approval prior to processing for payment.	<p>Finance will review its current practices around cash advances to ensure proper approvals and documentation.</p> <p><b>Responsible Party:</b> Controller</p> <p><b>Target Date:</b> 11/1/2019</p>
<b>#13</b>	<b>Increase Frequency of Audit and Risk Committee Meetings</b>	<b>Recommendation</b>	<b>Management's Action Plan</b>
	<p>USA Rugby's Audit and Risk Committee met for a total of two times during 2018. USA Rugby's bylaws outline that the Audit and Risk Committee is expected to: develop annual budgeting guidelines and procedures; provide recommendations to the Board regarding appropriate financial reporting systems for the Corporation and its membership; provide recommendations to the Board on the appropriate allocation of resources to meet the Corporation's strategic objectives; oversee the integrity of the Corporation's financial statements and the Corporation's compliance with legal and regulatory requirements and ethical standards; and solicit, appoint, oversee, and determine the compensation of the Corporation's auditors.</p> <p>Without regular meetings, the Board and Audit and Risk Committee could be unaware of USA Rugby's financial condition.</p>	Although it is not outlined in USA Rugby's bylaws, due to the historical and present financial instability of USA Rugby, it is recommended that the Audit and Risk Committee meet on a regular basis to make the necessary financial decisions to strengthen the financial capability of USA Rugby.	<p>The USAR Audit &amp; Risk Committee now has a new Chair, and meetings have been scheduled quarterly at a minimal frequency.</p> <p><b>Responsible Party:</b> CFO / Audit &amp; Risk Chair</p> <p><b>Target Date:</b> 9/1/2019</p>

## CONCLUSION

USA Rugby was determined to be satisfactory in due process and athlete representation as there were no recommendations in those areas; marginal in governance/managerial and athlete safety with two medium-risk and one medium-risk finding, respectively; and unsatisfactory in financial capabilities with one high-risk, six medium-risk and three low-risk recommendations. The audit resulted in 13 recommendations and an overall audit rating of 35.

We wish to thank USA Rugby's staff for being cooperative during the audit. We look forward to working with you again in the future.

## APPENDIX A — AUDIT RATINGS

Audit ratings are determined by the number of audit recommendations multiplied by the risk level. The higher the number of recommendations and the higher the risk level of each recommendation, the higher the audit rating. See Appendix D for guiding principles of risk levels. For comparability purposes, audit work performed may vary annually.

## APPENDIX B — AUDIT SUMMARY SCALE

Audit Area Conclusions	
Conclusion	Explanation
Satisfactory	Recommendations in each audit area are limited to only low-risk recommendations identified or medium-risk recommendations that are not systemic in nature.
Marginal	Recommendations in each audit area include medium-risk recommendations or a combination of high-risk and medium-risk recommendations, which collectively may be systemic.
Unsatisfactory	Recommendations in each audit area include medium-risk recommendations or a combination of high-risk and medium-risk recommendations, which are collectively systemic, significant, and may impact NGB status.

## APPENDIX C — DETAILED AUDIT PROCEDURES

During the course of the audit, we performed the procedures described below to complete the objectives and scope of the engagement:

- Review of prior USOPC Audit recommendations to determine full implementation of processes and/or procedures which are still applicable to the NGB.
- Detailed review of a sample of up to 40 expenses charged to USOPC funded projects during the audit period, for compliance with the NGB's financial policies and USOPC's sport performance final funding reports.
- Ensured compliance with NGB Performance Partnership Agreements, USOPC Bylaws, and the Ted Stevens Amateur Sports Act.
- Examination of internal control environment utilizing walk-throughs, examination of policies and questionnaires.
- Detailed review of grievances and reports of misconduct submitted to the NGB by members or covered individuals, and the organization's ability to follow the stated grievance processes outlined in its bylaws or procedural documents.
- Review of the NGB's Athlete Safety Program utilizing walk-throughs, examination of policies and questionnaires.
- Detailed review of a sample of up to 100 individuals required to complete background checks and Athlete Safety Education & Training (Education & Training) to determine if the individuals have a current background check and current SafeSport education. Appendix E details the Athlete Safety requirements.

## APPENDIX D — RISK LEVEL DEFINITIONS

Risk Level Definitions	
Rating	Definition
Low	<p>Minor infractions include but are not limited to:</p> <ul style="list-style-type: none"> <li>• Minor future impact to the athletes, NGB or USOPC</li> <li>• Documentation clean-up</li> <li>• NGB’s Athlete Safety Policy and/or procedures have minor improvements needed</li> <li>• NGB’s Athlete Safety Policy is followed appropriately but does not have a process owner</li> <li>• Grievance policy and procedures have minor improvements</li> </ul>
Medium	<p>Ted Stevens Act, or USOPC Bylaws infractions which are more than minimal and less than significant and may impact 501(c)3 or NGB status. These infractions include but are not limited to:</p> <ul style="list-style-type: none"> <li>• Funding owed back to the USOPC or reallocated to a different project is less than 5% or \$50,000 of each year's total funding</li> <li>• General internal control breakdowns</li> <li>• NGB’s Athlete Safety Policy and/or procedures are partially out of compliance with USOPC NGB Athlete Safety Policy requirement</li> <li>• Execution of the NGB’s Athlete Safety Policy is partially out of compliance</li> <li>• NGB does not consistently provide for prompt and equitable resolution of grievances</li> <li>• NGB does not consistently provide fair notice and opportunity for a hearing</li> </ul>
High	<p>Ted Stevens Act, USOPC Bylaws, legal violations, or a combination thereof significant enough to impact 501(c)3 or NGB status. Violations that may constitute as significant include but are not limited to:</p> <ul style="list-style-type: none"> <li>• Funding owed back to the USOPC or reallocated to a different project is greater than or equal to 5% or \$50,000 of each year's total funding</li> <li>• Significant internal control breakdowns or multiple related control breakdowns</li> <li>• NGB’s Athlete Safety Policy and/or procedures are substantially out of compliance with the USOPC NGB Athlete Safety Policy requirements</li> <li>• Execution of the NGB’s Athlete Safety Policy is substantially out of compliance, such as non-current background checks or non-current education for required individuals</li> <li>• NGB does not provide for prompt and equitable resolution of grievances</li> <li>• NGB does not provide fair notice and opportunity for a hearing</li> <li>• Less than 20% athlete representation where required</li> </ul>

## APPENDIX E — ATHLETE SAFETY PROGRAM

The USOPC recognizes that each NGB is different and has not mandated specific language or total uniformity in policies or practices. Instead, USOPC has provided the USOPC's Athlete Safety Policy (ASP). 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 USOPC's ASP does not ensure an NGB's program is effective. Nothing in the USOPC's ASP limits or replaces an NGB's responsibilities under applicable laws and regulations. All NGBs should consult with legal counsel, not only to ensure compliance with the NGB ASP, but also to create a compliance strategy that best meets the organization's needs and is reasonable in terms of its size, structure, resources and athlete population.