

Audit Report

USA Softball

August 22, 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 and Organizational Advancement Department (Audit) completed an audit of USA Softball (USAS). The purpose of the audit was to determine if USAS 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, 2017.

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
USAS	34	N/A	13

The audit rating is an open-ended rating, with zero being the optimal rating. To calculate the current average rating, we compared USAS to NGBs with comparable annual revenue. Recommendations made during the audit conducted in 2009 were not risk weighted so an audit rating could not be assigned. The audit rating is explained in more detail in Appendix A.

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

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

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 USAS's athletes, USAS, the managerial and financial capabilities of USAS, 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
Improvements to Conflict of Interest Disclosure Form and Process	Governance/ Managerial	High
Opportunity for a Hearing Prior to Suspension	Due Process	High
Develop a Junior Olympic (JO) Program Registration Requirement and Verification Process	Athlete Safety	High
Controls Over Team Activations	Athlete Safety	High
Improvements to Per Diem Procedures	Financial Capability	Medium
Adherence to Expense Policies	Financial Capability	Medium
Improvements to the Background Check and Athlete Safety Education & Training Tracking Process	Athlete Safety	Medium
Approval of Independent Auditors and Audited Financial Statements	Governance/ Managerial	Low
Improvements to Bank Reconciliation and Journal Entries Reviews	Financial Capability	Low
Improvements to controls over Petty Cash	Financial Capability	Low
Review and Approval of CEO and Board Expenses	Financial Capability	Low
Athlete Representative Board of Director Not at Meetings	Athlete Representation	Low

PRIOR AUDIT

USAS's previous audit report from the USOPC, dated November 19, 2009, resulted in eight recommendations in the areas of Financial Capability and Governance. Five of the recommendations were either fully implemented or are no longer applicable, three of the recommendations are included as repeat recommendations.

CURRENT RECOMMENDATIONS

Risk Level: High			
Audit Area: Governance/ Managerial			
#1	Improvements to Conflict of Interest Disclosure Form and Process	Recommendations	Management's Action Plan
	<p>USAS requires its Board of Directors to annually complete a conflict of interest policy form. On this form, all Board Members sign the same sheet agreeing to disclose conflicts. There is no review process or a blank space for conflict disclosures. Also, employees are not completing conflict of interest disclosure forms, as required. Currently, there have been no conflict disclosures made by employees required to disclose actual or potential conflicts. During the audit, USAS started modifying this document for individual signatures. The current edit only requires disclosure of financial gain or loss conflicts. During the USOPC audit conducted in 2009 it was also noted that key employees had not signed a conflict of interest form.</p> <p>USAS's Conflict of Interest Policy requires Board, Staff, and Committees to disclose conflicts. USAS's Bylaws provide the conflict of interest policy will be completed on an annual basis and reviewed by the Ethics Committee.</p> <p>Board and staff conflicts were identified by auditor. Audit randomly tested a total of 20 individuals from USAS's Board of Directors and staff. Of the 20 individuals tested,</p>	<ol style="list-style-type: none"> 1. USAS must develop a more inclusive conflict of interest form that would allow for each Board member, Committee Member, and staff member to have their own individual form for completion. This form should include methods and spaces for conflict disclosure and every board member and staff member should be required to complete this form. 2. USAS should follow its policy and require conflict of interest forms be reviewed by the Ethics Committee. 3. USAS should update its policy to include disclosures of all potential conflicts, not just financial. 	<p>USAS has already undertaken and implemented the proposed recommendations. In May of 2019, USAS developed a more individualized conflict of interest form that permitted each person to provide conflict disclosures - both financial and non-financial. Every board member and staff member is required to read the Conflict of Interest Policy and sign the form. The forms are provided to the Ethics Committee for consideration and, if necessary, appropriate action. We will continue to review all areas for any type of conflicts.</p> <p>Responsible Party: USA Softball</p> <p>Target Date: Immediately</p>

audit identified 17 individuals had conflicts that were not disclosed or vetted through a conflict of interest process. Potential conflicts were identified based on an internet search conducted by the auditor. This allows for decisions to be made by individuals on behalf of USAS who may gain a benefit contrary to those of the NGB. The lack of application of this policy could result in other forms of conflicts such as showing preference for particular athletes during the Team USA competition selection process and impact decisions made by others on behalf of USAS.

Audit Area: Due Process

#2	Opportunity for a Hearing Prior to Suspension	Recommendation	Management's Action Plan
	<p>At the time of audit, USAS was not aware that a hearing was required prior to a suspension. Two of the three disciplinary actions reviewed during the audit resulted in suspensions which impacts the individuals' ability to participate, and these decisions were made without an opportunity for a hearing. USAS was also in the process of suspending an individual pending the Local Association's decision.</p> <p>The Sports Act requires NGBs to provide their members with an opportunity for a hearing before declaring them ineligible to participate. Also, USAS's Code, Article 305 (B) (2) directs that prior to suspension, "the accused must be given an opportunity for a hearing by the commissioner in whose jurisdiction the violation took place, or by the commissioner of the association that registered the player or team."</p> <p>USAS is not complying with the Sports Act and its own Code, which has resulted in individuals being suspended without hearings, and members remain at risk of losing their eligibility without this mandated right.</p>	<p>USAS must follow its Code and provide a hearing for individuals prior to any type of suspension.</p>	<p>Article 305 is no longer the primary eligibility or disciplinary authority in USAS' governing documents. In 2018, Bylaws were amended and restated, including amendments to USAS' disciplinary procedures were re-written and approved by the USOPC. Those revisions included Section 15.12, which specifically provided that "Each party shall have the right to appear personally or through a legal representative. All parties shall be given a reasonable opportunity to present and examine the evidence, cross-examine witnesses, and to present argument."</p> <p>USAS believes that the 2018 revisions to the Bylaws have addressed the issues raised in the Audit Report. To the extent the Auditor believes additional Bylaw revisions are necessary to ensure</p>

			<p>due process to USAS' members, such Bylaw revisions can be proposed, approved and implemented at the next regularly scheduled meeting of the Board of Directors in the next couple months.</p> <p>USA Softball will immediately begin using the Judicial Committee to review all cases where SafeSport is taking jurisdiction and providing an opportunity for each individual to have a hearing conducted by USA Softball. On other non-SafeSport issues, USA Softball will either provide an opportunity for a hearing or have the local association provide that opportunity by following Sections 15 and 16 of the USA Softball Bylaws.</p> <p>Responsible Party: USA Softball</p> <p>Target Date: Immediately</p>
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Audit Area: Athlete Safety

#3	Develop a Junior Olympic (JO) Program Registration Requirement and Verification Process	Recommendation	Management's Action Plan
	<p>USAS requires a team membership for teams that play in the state or metro local associations and are registered through the USAS National Office portal. The National Office may appoint state or metro local associations to authorize USAS sanctioned teams to a position of authority over the JO individuals. The JO athletes must be individual USAS members, however, adult personnel or coaches listed on the team roster are only required to</p>	<p>USAS must implement a new control procedure that removes the activation capability for teams with coaches that have not been background checked and received Education & Training.</p> <p>USAS must immediately restrict an</p>	<p>Both items 3 and 4 will be placed on the agenda of the September 20-21, 2019 Board of Directors meeting, this group will determine a course of action and USA Softball will work toward implementing resolutions and have a completion</p>

complete background checks for the purpose of participating in championship games. The state or metro local associations approve team registrations for championship and local non-championship play using a roster submitted by the team to the state or metro local association on the National Office website. The National Office has access to these rosters and has the ability to approve team rosters for championship and local non-championship play. There is currently no verification process with the USAS national office to verify that adult coach and team personnel members participating in JO programs are background checked or required to complete Athlete Safety Education & Training (Education & Training).

The USOPC Athlete Safety policy requires NGBs to perform criminal background checks on individuals that the NGB "formally authorizes, approves, or appoints" to a position of authority over athletes, or individuals that the NGB "formally authorizes, approves, or appoints" to have frequent contact with athletes. An authorization, approval, or appointment is considered in instances where the NGB or its delegates have control over the office or position. The USOPC NGB Athlete Safety policy applies the same standard to individuals required to complete Education & Training. The USAS Code requires that all JO team personnel assisting in the dugout must visually display proof of a USAS background check for the current year.

USAS has an extensive community outreach. As this sport continues to grow, more and more individuals want to be a part of the growing Olympic movement. USAS delegated its authority for oversight of the team membership registration verification process to the state or metro local associations. However, the state or metro local associations are not ensuring that individuals required to submit to background checks or complete Education & Training have done so, creating a risk for

individual's responsibilities when they are not in compliance and ensure that they don't have access to athletes. Access can resume when they have successfully completed the required background check and Education & Training.

USAS will be subject to a reverification within 90 days to ensure these recommendations have been implemented.

target date of December 31, 2019.

Responsible Party: USA Softball

Target Date: 12/31/2019

	individuals to engage with athletes without the requisite criteria.		
#4	Controls Over Team Activations	Recommendation	Management's Action Plan
	<p>USAS has a limited verification and authorization process for coaches enrolled with teams who engage with athletes. USAS only requires Commissioners, Staff, National Teams, and ACE Coaches to complete background checks and Education & Training. USAS's membership system houses all state and metro local association team membership registration. For the state and metro local association registrations that are not prompted through a website portal, a paper copy is sent into USAS for processing. These non-ACE coaches are then prompted with a note on their league membership platform to complete Education & Training and a background check. However, the coaches are not required by the policy, local association commissioners, or USAS to complete these items before team activation in the membership system. Even if these items are not completed, the coaches may still have authorization to coach the JO team because the Local Associations are provided administrative access and the ability to activate a team's membership without the coach's completion of a background check and Education & Training.</p> <p>The USOPC's NGB Athlete Safety Policy requires individuals that NGB formally authorizes, approves or appoints (a) to a position of authority over, or (b) to have frequent contact with athletes have completed a criminal background check and Education & Training.</p> <p>Because the Local Associations have administrative access and the ability to activate coaches without a background check and Education & Training, coaches are engaging with minor athletes without meeting the requisite criteria. The impact of this process creates a significant risk that athletes may be exposed to individuals that may have a</p>	<p>USAS must implement a new control procedure that removes the activation capability for teams with coaches that have not been background checked and received Education & Training.</p> <p>USAS must immediately restrict an individual's responsibilities when they are not in compliance and ensure that they don't have access to athletes. Access can resume when they have successfully completed the required background check and Education & Training.</p> <p>USAS will be subject to a reverification within 90 days to ensure these recommendations have been implemented.</p>	<p>Both items 3 and 4 will be placed on the agenda of the September 20-21, 2019 Board of Directors meeting, this group will determine a course of action and USA Softball will work toward implementing resolutions and have a completion target date of December 31, 2019.</p> <p>Responsible Party: USA Softball</p> <p>Target Date: 12/31/2019</p>

criminal history or lack the knowledge about what is considered an athlete safety violation.

Risk Level: Medium

Audit Area: Financial Capabilities

#5	Improvements to Per Diem Procedures	Recommendation	Management's Action Plan
	<p>USAS does not have well developed procedures regarding athlete and staff per diems. According to the USAS Fiscal Policies and Procedures: "Per diem is \$49.00 broken down as follows: a. \$9.00 Breakfast; b. \$13.00 Lunch; c. \$24.00 Dinner; d.\$3.00 incidentals". The following issues were noted:</p> <ol style="list-style-type: none"> 1. The current amount of per diems given to athletes and staff were more than the daily rate set forth. There were also several instances where trainers or other personnel appeared to be given a different per diem rate than the athletes with no explanation given as to why the amounts were different. USAS's procedures do not provide for different per diem rates between athletes and staff. According to USAS personnel the policy is out of date and a different per diem rate is being paid. 2. It appeared that at one event, an individual was given two per diem payments with no explanation. At another event, this same individual was provided with a per diem payment at the event, and an additional payout attributed to being a per diem, in the form of an expense reimbursement later in the year. 3. It was noted that USAS utilizes cash advances, including per diems, to facilitate staff and team travel and NGB sponsored events. However, there are no rules regarding cash advances, including documents that are to be maintained and record-keeping to ensure that the expenses were appropriate and unused cash is returned. In one instance noted \$100 in cash for per diems was not 	<p>USAS should update its fiscal policies to include the current per diem rate and clearly state per diem rates for athletes and staff. The policy should also set clear guidelines and responsibilities in regard to cash advances including record keeping requirements.</p>	<p>Implement new Cash Advance Procedures.</p> <p>NEW Cash Advance Policy:</p> <p>Cash advances are often necessary to conduct the business of USA Softball. Cash advances can be requested using the bank vault form. Only full boxes (coins) or 100 unit of a denomination should be requested. The form should have the purpose of the request along with signature authorization. When the funds arrive, the requestor will sign for the funds. An entry will be made in GP to the advance account of the requestor. Upon completion of the event requiring the funds, the requestor will supply any remaining funds along with original expense receipts, per diem signature sheet, etc. Any discrepancy noted will require written explanation along with CEO or COO signature.</p> <p>Responsible Party: CEO, COO, CFO, and Department Heads</p> <p>Target Date: Immediately</p>

	<p>paid out and was unaccounted for.</p> <p>When procedures are not clearly defined or are not being followed it can lead to confusion in proper protocols which could expose the organization to misappropriation or loss.</p>		
#6	Adherence to Expense Policies	Recommendation	Management's Action Plan
	<p>USAS is not following its Fiscal policies in regard to documenting approvals, receipt of good or services, and retaining original receipts.</p> <p>According to USAS's Fiscal Policies and Procedures: "The USAS Expense Report is the document used for reimbursement for out-of-pocket expenses. All reimbursement requests must be approved in advance by the National Office Department that is responsible for that budget line. This Department must also sign the expense report before payment will be authorized. Original receipts must accompany the expense report." Of the 15 expenses reviewed, four appeared to be for expense reimbursement and zero of these had documented approval on the reimbursement request. Two expenses did not have the support of original receipts.</p> <p>Regarding invoices the Fiscal Policy states: "Vendor invoices are received by the Accounting Department. The invoices are coded and initialed showing approval. Invoices that relate to specific department budgets will have the department head or supervisors [sic] signature verifying receipt of goods or services." Seven of the 15 expenses reviewed appeared to be for goods received or services provided. They did not have an approval documented nor did they have a supervisor's signature verifying receipt.</p> <p>Without proper approvals, USAS could be paying for expenses that are not appropriate which could lead to misappropriation or loss for the organization.</p>	<p>USAS should ensure that its policies and procedures for expense reimbursement and payment of invoices are being adhered to. Department managers and supervisors should ensure that invoices are properly approved, and original receipts should be reviewed prior to vendor payment or employee reimbursement.</p>	<p>Adhere to expense report requirements, obtain department approval signatures, and appropriate documentation.</p> <p>Responsible Party: Department Heads, CFO</p> <p>Target Date: Immediately</p>

Audit Area: Athlete Safety

#7	Improvements to the Background Check and Athlete Safety Education & Training Tracking Process	Recommendation	Management's Action Plan
	<p>USAS has multiple processes tracking background checks and Education & Training. Currently, the National Teams Director verifies the completion of background checks and Education & Training for persons affiliated with the National Teams. The registered members' background checks and Education & Training are verified by the in-house Information Technology department. Audit tested a total of 110 individuals that fall under the USOPC NGB Athlete Safety Policy as a required individual. Of the 110 individuals, five did not have background checks and six had not completed the required Education & Training. Two of the non-background checked personnel are affiliated with the National Team. All of these individuals were authorized to engage with athletes.</p> <p>The USOPC NGB Athlete Safety Policy requires that individuals the NGB formally authorizes, approves or appoints (a) to a position of authority over, or (b) to have frequent contact with athletes are required to have background checks and Education & Training.</p> <p>There are various persons involved with the activation of registered memberships in the system which creates the risk of individuals being activated without the proper completion of required background checks and Education & Training. USAS runs a significant risk of individuals engaging with athletes without a background check or Education & Training.</p>	<p>USAS's National Teams Staff should consider developing an updated process for tracking completion of background checks and Education & Training for the ease of verification to prevent oversight.</p> <p>USAS must immediately restrict an individual's responsibilities when they are not in compliance and ensure that they don't have access to athletes. Access can resume when they have successfully completed the required background check and Education & Training.</p> <p>USAS will be subject to a reverification within 90 days to ensure these recommendations have been implemented</p>	<p>USAS is in the process of formulating process for tracking the completion of the background check and educational requirements, USAS is looking at a 30-45 day timeframe to implement this process.</p> <p>Responsible Party: USA Softball</p> <p>Target Date: 30-45 days</p>

Risk Level: Low

Audit Area: Governance/Managerial

#8	Approval of Independent Auditors and Audited Financial Statements	Recommendation	Management's Action Plan
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	<p>The board minutes do not reflect that the audited financial statements and the appointment of independent auditors were approved by the Board of Directors. Minutes of the Audit Committee were not kept at the time the audit was conducted, so it could not be determined if the approval process was taking place during these meetings.</p> <p>Per USAS's Bylaws, the function of the board is, in part, to review and approve financial statements, annual reports, financial and control policies, and, with the recommendation of the Audit Committee, select independent auditors.</p> <p>If management is the only party selecting the external auditors there may be appearance of a conflict and the auditor may not be seen as independent. Meeting minutes are necessary to ensure there is documentation of individuals present in the meeting, actions taken in the meeting, and inclusion of a qualified athlete representative. Without meeting minutes, there is no record or accountability to the committee or the board for actions taken.</p>	<p>It is the responsibility of the Board of Directors of USAS, upon the recommendation of its Audit Committee, to select the firm that will be conducting an independent financial audit. The recommendation and selection should be documented within the meeting minutes of either the Board of Directors or Audit Committee. The review and approval of the audited financial statements should also be documented within the board and committee minutes.</p>	<p>Ensure the Board minutes reflect the approval of the audited financial statements and approval of independent auditors.</p> <p>Responsible Party: CEO, COO, CFO, Board of Directors</p> <p>Target Date: Immediately</p>
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Audit Area: Financial Capabilities

#9	Improvements to Bank Reconciliation and Journal Entries Reviews	Recommendation	Management's Action Plan
	<p>There is no independent review of financial transactions at USAS, including journal entries and bank reconciliations. The Chief Financial Officer (CFO) is responsible for both entering and reviewing journal entry transactions as well as preparing bank reconciliations.</p> <p>No one person should have the ability to prepare, enter, and review 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>USAS's CEO or another designated individual should regularly and formally review journal entries and bank reconciliations and provide documentation of these activities.</p>	<p>The bank reconciliations and journal entries will be review monthly by the CEO or COO.</p> <p>Responsible Party: CEO, COO, and CFO</p> <p>Target Date: Immediately</p>

	Without a review process, errors could remain undetected for an extended period of time leading to loss and potential misappropriation. This was noted in the USOPC Audit conducted in 2009.		
#10	Improvements to Controls Over Petty Cash	Recommendation	Management's Action Plan
	<p>The CFO of USAS has too much control over petty cash as he is the only individual who has access and there is no record review or reconciliation process taking place.</p> <p>Lack of controls over petty cash creates opportunities for misappropriation of cash and possible manipulation of the accounting system to conceal the missing funds. A regular review or reconciliation process could also lead to the timely identification of errors.</p>	USAS should consider implementing a review process or eliminate petty cash. Once a new process is identified, USAS's Financial Policies and Procedures should be updated to reflect these changes.	<p>Petty cash will be reconciled monthly Accounts Receivable personnel. A reconciliation sheet will be included with the monthly bank statements.</p> <p>Responsible Party: CFO, AR Personnel</p> <p>Target Date: Immediately</p>
#11	Review and Approval of CEO and Board Expenses	Recommendation	Management's Action Plan
	<p>The CEO and Board member expenses of USAS are being approved by the CFO, who reports directly to the CEO.</p> <p>It may be difficult for someone who reports to the CEO to question expenses or request additional documentation. Similar difficulty could arise regarding board member expenses. The organization could be reimbursing for expenses that are not appropriate; however, no such instances were noted during the audit. This issue was also noted during the audit conducted by the USOPC in 2009.</p>	USAS should designate a Board member to review the CEO and other Board member expenses. This process should be outlined within USAS's fiscal policy.	<p>CEO and Board expense reports will be reviewed by the Audit Committee appointed by the Board on a regular basis.</p> <p>Responsible Party: Audit Committee</p> <p>Target Date: Immediately</p>
Audit Area: Athlete Representation			
#12	Athlete Representative Board of Director Not at Meetings	Recommendation	Management's Action Plan
	The USAS website identifies four Athlete Representatives on the Board of Directors. Audit independently determined that the four Athlete Representatives are	USAS should discuss expectations with the athlete representatives serving on the Board of Directors	USAS will monitor these types of situations and work with the members to continue encouraging

USAS Board members and verified their presence at the Board Meetings. One of the Athlete Representatives attended only two of the seven Board Meetings held during the period reviewed. There were not any National Team Events identified that occurred during the Board meetings that would excuse the Athlete Representative from attendance and other National Team Athletes were present at the Board meetings.

USAS's Bylaws state, all directors of the board are expected to attend no less than half of all regularly scheduled Board meetings. If a member of the Board is not able to attend a meeting, they may send in a proxy to attend and vote on their behalf. The Sports Act provides for twenty percent voting power of the board of directors to be athlete representatives.

USAS properly has twenty percent of athlete representatives with voting power on the board of directors. However, in application of USAS's Bylaws, not all athlete representatives are present for the necessary number of meetings.

and assess the application of the USAS's Bylaws with the Board of Directors to uphold the spirit of the Sports Act. Further, it is in the best interest of USAS to encourage the Athlete Representative to communicate with the alternate Athlete Representatives to serve as proxies during a meeting of the Board of Directors to protect athletes' interest.

their attendance and address any absences. If necessary, will consult legal counsel if necessary to resolve any deficient areas.

Responsible Party: USA Softball

Target Date: Immediately

CONCLUSION

USAS was determined to be unsatisfactory in the area of Athlete Safety with two high and one medium risk finding. The area of Due Process was also found to be unsatisfactory with one high risk finding identified. There were two findings noted in governance and managerial, one high and one low risk resulting in the area being considered marginal. With regards to financial capability, USAS was found to be marginal with two medium and three low risk recommendations. Athlete representation was considered satisfactory with one recommendation that was low risk. The audit resulted in twelve recommendations and an overall audit rating of thirty-four.

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 Olympic and 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 (to determine if the individuals have a current background check and current Athlete Safety Education & Training. 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"> • Minor future impact to the athletes, NGB or USOPC • Documentation clean-up • NGB’s Athlete Safety Policy and/or procedures have minor improvements needed • NGB’s Athlete Safety Policy is followed appropriately but does not have a process owner • Grievance policy and procedures have minor improvements
Medium	<p>Ted Stevens Olympic and Amateur Sports 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"> • 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 • General internal control breakdowns • NGB’s Athlete Safety Policy and/or procedures are partially out of compliance with USOPC NGB Athlete Safety Policy requirement • Execution of the NGB’s Athlete Safety Policy is partially out of compliance • NGB does not consistently provide for prompt and equitable resolution of grievances • NGB does not consistently provide fair notice and opportunity for a hearing
High	<p>Ted Stevens Olympic and Amateur Sports 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"> • 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 • Significant internal control breakdowns or multiple related control breakdowns • NGB’s Athlete Safety Policy and/or procedures are substantially out of compliance with the USOPC NGB Athlete Safety Policy requirements • 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 • NGB does not provide for prompt and equitable resolution of grievances • NGB does not provide fair notice and opportunity for a hearing • Less than 20% athlete representation where required

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 & 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.