

Audit Report

USA Bobsled and Skeleton

March 19, 2020

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



EXECUTIVE SUMMARY

Background and Audit Scope

The United States Olympic & Paralympic Committee (USOPC) Audit & Organizational Advancement Department completed an audit of USA Bobsled and Skeleton (USABS). The purpose of the audit was to determine if USABS complies with select requirements of the Ted Stevens Olympic and Amateur Sports Act, 36 U.S.C. § 220522 et seq (the Act) and USOPC Bylaws. The audit period, July 1, 2016 through June 30, 2018, focused on activities conducted and USOPC funds received within that time.

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
USABS	22

The audit rating is an open-ended rating, with zero being the optimal rating. The audit rating is explained in more detail in Appendix A.

Audit Summary	
Audit Area	Conclusion
Governance/Managerial	Marginal
Financial Capabilities	Satisfactory
Due Process	Marginal
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 USABS’s athletes and USABS, the managerial and financial capabilities of the organization, 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 the Conflict of Interest Policy is Followed	Governance/Managerial	High
Follow the Complaint Procedures in the Bylaws	Due Process	High
Ensure USABS Staff is Knowledgeable About the Misconduct Reporting Process	Athlete Safety	High
Develop a Method to Track Completion of Athlete Safety Requirements	Athlete Safety	High
Understanding and Documenting Board Responsibilities	Governance/Managerial	Low
Improvements to Expense Approval Process	Financial Capability	Low

PRIOR AUDIT

USABS’s previous audit report from the USOPC, dated June 8, 2016, resulted in three recommendations in the areas of athlete safety and financial capability. One of the recommendations was fully implemented, one of the recommendations is included in this report as a repeat recommendation, and one recommendation is no longer in the scope of this audit.

CURRENT RECOMMENDATIONS

Risk Level: High			
Audit Area: Governance/Managerial			
#1	Ensure the Conflict of Interest Policy is Followed	Recommendation	Management’s Action Plan
	<p>USABS does not ensure that the Conflict of Interest Policy is followed. Auditor tested a total of 23 individuals required to complete a conflict of interest form. It was determined that forms are not reviewed, disclosures of potential conflicts are not made, and forms are not submitted as required by the policy. Additionally, a review of the Board minutes showed that the Board is not discussing potential conflicts.</p> <p>The USABS Conflict of Interest Policies require that on an annual basis, all Board members, employees, and coaches are required to disclose actual and potential conflicts of interest. It also requires that the Board make full disclosures of the actual or potential conflicts of interest with the interested Board member recusing themselves from participation in the vote.</p> <p>The lack of review by USABS and the lack of enforcement of the conflict of interest policy, as applied to the Board and employees, creates the risk of decisions being made that are not in the best interests of USABS.</p>	<p>USABS must ensure the conflict of interest policy is followed and that potential conflicts are properly disclosed on the conflict of interest forms and in Board meetings.</p>	<p>The Board Chairman will remind all board members of this ongoing (not just annual) mandatory compliance requirement at our upcoming board meeting on March 14, 2020, during which the board will also evaluate and resolve any existing and new COIs disclosed as a standing agenda item. The meeting minutes will also document those discussions at a greater level of detail. Going forward, the Board Chairman will also take ownership of the process for collecting signed COI forms from all board members, maintaining those files, and for assessing the completeness of COI disclosures.</p> <p>Responsible Party: BOD Chairman</p> <p>Target Date: Immediate</p>

Audit Area: Due Process

#2	Follow the Complaint Procedures in the Bylaws	Recommendations	Management’s Action Plan
	<p>USABS's Head Coach, Director of Sport, or CEO impose sanctions directly on athletes for alleged rule or regulation violations as allowed in the Athlete Handbook. However, once a sanction is imposed, USABS does not provide for an opportunity for a hearing to dispute the sanction to the alleged violation and does not ensure that the individuals making the decisions about the alleged violation are disinterested.</p> <p>The USABS bylaws allow for USABS to file a complaint for an alleged violation of any USABS rule or regulation. It is also required that once a complaint is filed, the individual that allegedly violated the rule must be provided with the requested remedy and an opportunity for a hearing before a disinterested and impartial body of fact finders. Particularly, if the violation would result in the individual's right to participate.</p> <p>It appears that USABS did not understand that a rule violation by an athlete (outside of the field of play) was in the scope of the USABS bylaws. This resulted in an athlete not having the opportunity for a hearing and the risk of the athlete being declared ineligible to participate.</p>	<p>For these reasons, USABS must:</p> <ol style="list-style-type: none"> 1. Provide fair notice of the sanction and the requested remedy; 2. Provide an opportunity for a hearing to dispute the sanction; and 3. Hold the hearing with a body of disinterested individuals. 	<p>USABS will ensure that individuals are provided fair notice of any sanctions, and provide a hearing, with a disinterested panel, to dispute the sanction prior to impacting an individual’s right to participate.</p> <p>Responsible Party: CEO, Director of High Performance, and Coaches</p> <p>Target Date: Immediate</p>

Audit Area: Athlete Safety

#3	Ensure USABS Staff is Knowledgeable About the Misconduct Reporting Process	Recommendation	Management’s Action Plan
	<p>USABS staff was not aware of the process to report athlete safety policy violations, misconduct, or suspicions thereof. At the time of audit, the staff’s knowledge is limited to pointing a member in the direction of the USABS website where the Athlete Safety Policy and reporting links are</p>	<p>For these reasons, USABS must educate and train all staff on the USABS athlete safety reporting policies and ensure that staff is</p>	<p>USABS will educate and train all staff on the USABS athlete safety reporting policies and ensure that staff is knowledgeable of the “USA Bobsled/Skeleton Athlete Safety</p>

	<p>located, but not easy to find.</p> <p>The USOPC NGB Athlete Safety policy provides, USABS is "required to abide by the policies and procedures of the USOPC and the US Center for SafeSport (USCSS). In addition, [USABS] must maintain an effective athlete safety program of its own."</p> <p>USABS indicated that because of the change in responsibilities with the staff, USABS was not aware of the responsibilities that would fall under the new roles. This creates the potential for members to have an athlete safety policy violation, misconduct, or suspicion, and the concerns to not be reported and managed accordingly.</p>	<p>knowledgeable so that proper action may be taken.</p> <p>USABS will be subject to verification within 90 days to ensure these recommendations have been implemented.</p>	<p>Policy" and will work closely with the USOPC on any updates on reporting.</p> <p>Responsible Party: CEO</p> <p>Target Date: 14 Days</p>
#4	Develop a Method to Track Completion of Background Check Requirements	Recommendation	Management's Action Plan
	<p>USABS does not efficiently track the completion of background checks for required individuals. The membership database does not indicate whether an individual is authorized or unauthorized by USABS to be in a position of authority over athletes or to have frequent contact with athletes. Of the 82 individuals tested, 38 did not complete a background check, yet appeared to be authorized by USABS to engage with athletes.</p> <p>The USABS Athlete Safety Policy requires background check screenings "prior to contact with athletes" for any individual that is in a position of authority over or in frequent contact with athletes.</p> <p>The tracking process that USABS uses does not effectively verify that the athlete safety requirements are met. This has the potential for required individuals identified in the athlete safety policy that do not have background checks</p>	<p>For these reasons, USABS must develop a method to accurately track the completion of athlete safety requirements. Also, it is strongly encouraged that USABS develop a process to identify if an individual is authorized or unauthorized to engage with athletes.</p> <p>USABS will be subject to verification within 90 days to ensure these recommendations have been implemented.</p>	<p>USABS has implemented a method to accurately track the completion of athlete safety requirements and track active and inactive status.</p> <p>Responsible Party: Director of High Performance</p> <p>Target Date: 14 Days</p>

to have contact with athletes. This is a repeat finding from the previous audit.

Risk Level: Low

Audit Area: Governance/Managerial

#5	Understanding and Documenting Board Responsibilities	Recommendations	Management's Action Plan
	<p>The Board of Directors Minutes kept for USABS do not adequately document the performance evaluation of the CEO or the approval of the independent auditors, upon the recommendation of the Audit Committee.</p> <p>The Bylaws of USABS outlines several specific functions of the Board including: "selects, compensates, and evaluates the CEO and plans for management succession" and "reviews and approves financial statements, annual reports, audit and control policies, and, upon the recommendation of the Audit Committee, selects independent auditors".</p> <p>Additionally, while the Audit Committee does hold meetings, meeting minutes are not kept. Section 8.10 of USABS's Bylaws state that each committee and task force shall take and maintain minutes of its meetings.</p> <p>Meeting minutes are important to prove a record of regular meetings and communication among the Board and to assure members, athletes, staff, and other interested parties that the Board is carrying out all duties in a transparent manner.</p> <p>To ensure that the appointment of external auditors remains independent and without conflict, meeting minutes should reflect the Board and Audit Committee's approval of both the selection of the auditors and the</p>	<p>The Board of Directors for USABS should ensure compliance with their bylaws by documenting their responsibilities regarding the CEO, as well as the selection of the independent auditors by the Board of directors. Minutes of meetings for all standing committees and taskforces should be kept as required.</p>	<p>USABS board minutes will include topics (with no accompanying detail) addressed during executive sessions in order to document when discussions on CEO performance are taking place. Standing board committees will keep minutes of all meetings and copies will be sent to the Corporate Secretary for record-keeping.</p> <p>Responsible Party: BOD Chairman and Corporate Secretary</p> <p>Target Date: 14 days</p>

	review of any reports, financial statements, or recommendations produced as a result of the audit.		
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Audit Area: Financial Capability

#6	Improvements to Expense Approval Process	Recommendation	Management's Action Plan
	<p>USABS is not consistently following its procedures related to documenting approvals on funds disbursements of \$10,000 or less. Of the 40 transactions tested, four transactions did not have the CEO or Chairman's initials on the invoice.</p> <p>The Financial Policies and Procedures state the following: "The Director of Finance or his/her designee will cut the necessary checks and will give, with supporting documentation attached, to the CEO for his/her signature. The supporting documentation must also be initialed by the CEO to confirm his/her review of the invoice and approval of the disbursement."</p> <p>When proper procedures aren't followed, including properly documenting approvals, it could lead to USABS paying for expenses that are not appropriate, which could result in a loss for the organization.</p>	<p>USABS should ensure that invoices are properly approved prior to being sent for payment and that its policies and procedures for funds disbursement align with current practice.</p>	<p>As of Sept 14, 2019, our policy changed. The new policy requires the Director of Finance to provide the CEO with a list of invoices to be paid, accompanied by the corresponding invoices and an authorization for payment form. Once reviewed and approved for payment, the CEO will return the signed authorization form to the Director of Finance, who will then print and sign the checks.</p> <p>Responsible Party: CEO and Director of Finance</p> <p>Target Date: Complete</p>

CONCLUSION

USABS was determined to be satisfactory in athlete representation where there were no recommendations made, they were also satisfactory in financial capability with one low risk recommendation. They were determined to be marginal in governance/managerial with one high and one low risk recommendation, and due process with one high risk recommendation. The area of athlete safety was considered unsatisfactory with two high risk recommendations. The audit resulted in six recommendations and an overall audit rating of 22.

We wish to thank USABS'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.

The previous audit from 2016 contained three recommendation which would have resulted in an audit rating of 11 if the current audit rating was applied. For comparability purposes, the prior audit of USABS did not include due process or athlete representation. The current average rating for equivalent NGBs is 16. To calculate the current average rating, we compare NGBs with similar annual revenue, which may not include all the elements included in the current audit scope.

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 to determine if the individuals have a current background check. 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 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 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 for required individuals

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- 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). Compliance with the USOPC's ASP does not ensure an NGB's program is effective. Important to note, as of September 13, 2019, the USOPC Board approved the revised NGB and HPMO Athlete Safety Policy. Auditing of the U.S. Center for SafeSport's (Center) athlete safety requirements now fall under the jurisdiction of the Center. However, the USOPC AOA will continue to audit compliance with the USOPC policies and procedures. 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.