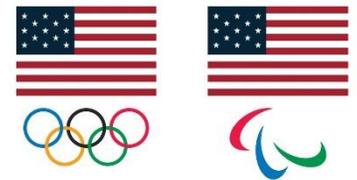


Audit Report

U.S. Paralympics Cycling

May 5, 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 (AOA) completed an audit of U.S. Paralympics Cycling. The purpose of the audit was to determine if U.S. Paralympics Cycling complies with select USOPC Policies and Procedures and other organic documents similarly to how AOA would conduct an audit of a National Governing Body (NGB) or High Performance Management Organization (HPMO). The audit period focused on activities conducted and department spending in 2018.

Audit Objectives

The objectives of the audit were to determine:

- Compliance with the conflict of interest process,
- Compliance with USOPC background check policies and procedures,
- Compliance with select requirements in the High-Performance Plan and other internal policies and procedures, and
- Internal control environment promotes managerial and financial capabilities.

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

Audit Rating

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 Rating	
Internally Managed Sport	Current Audit Rating
U.S. Paralympics Cycling	5

We would like to thank all U.S. Paralympics Cycling 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 U.S. Paralympics Cycling’s athletes and U.S. Paralympics Cycling, the managerial and financial capabilities of U.S. Paralympics Cycling, 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
Timely Submission of Invoices	Financial Capabilities	Medium
Timely Submission of Expenses	Financial Capabilities	Low
Perform Adequate Documentation Reviews	Financial Capabilities	Low

PRIOR AUDIT

This is the first audit of U.S. Paralympics Cycling conducted by the Audit & Organizational Advancement Department.

CURRENT RECOMMENDATIONS

Risk Level: Medium

Audit Area: Financial Capabilities

#1	Timely Submission of Invoices	Recommendation	Management's Action Plan
	<p>While reviewing expenses, it was found that an invoice from May 2017 was not paid until February of 2018. From the documentation provided there did not appear to be an issue of goods or services not delivered. Instead it appears as if the payment was overlooked and not submitted for payment to the accounts payable department. Not only can overdue payments affect relationships with vendors and incur late fees, it can also lead to improper cutoff procedures if the expense is not recorded in the proper year. Additionally, when expenses are delayed in posting, this can cause forecasting measures, such as budgeting and cash flow reports, to be inaccurate and unreliable.</p>	<p>U.S. Paralympics Cycling should ensure that invoices are submitted to accounts payable for payment in a timely manner.</p>	<ol style="list-style-type: none"> 1. U.S. Paralympics Cycling staff will submit invoices to accounts payable immediately upon receipt. 2. U.S. Paralympics Cycling staff will follow up monthly to ensure contractors submit timely invoices for services. 3. The USOPC Paralympic Division will implement a general tracking mechanism for all independent contractor invoices for services to ensure timely reminders and submission as per contractual obligations. <p>Responsible Party: U.S. Paralympics Cycling Staff</p> <p>Target Date: Immediately</p>

Audit Area: Governance

#2	Timely Submission of Expenses	Recommendation	Management's Action Plan
	<p>Of the 40 expenses tested, four were submitted to Concur for payment more than 30 days following the completion of travel. The USOPC Travel Policy 5-1-14 states the following: "At a minimum, expense reports must be submitted within 30 days of when the expenses are incurred. This is necessary to ensure reimbursements do not become taxable to the employee per IRS guidelines for accountable reimbursement plans. As a result, continued violations of this policy will be reported to an employee's supervisor and/or Chief and in extreme cases, the expenses may not be reimbursed." Expenses could be missing or mis-coded in the accounting records until the expense report is submitted and approved. Expense reimbursements may become taxable to employees.</p>	<p>Employees should ensure that expenses are submitted within the time frame allowed under the USOPC's travel policy. Managers should enforce the policy to ensure that repeated violations of this policy do not occur.</p>	<p>1. U.S. Paralympics Cycling staff will make every effort to submit all expenses in Concur within thirty days of completion of travel. Staff will preschedule time on the same day of each month to process expenses.</p> <p>Responsible Party: U.S. Paralympics Cycling Staff</p> <p>Target Date: Immediately</p>
#3	Perform Adequate Documentation Reviews	Recommendation	Management's Action Plan
	<p>Two expenses reviewed included receipts that were not reviewed by approvers. The USOPC Travel Policy 5-1-14 states: "Adequate documentation in the form of receipts must accompany each expense report in the Concur expense reporting system." Approvers should be responsible for reviewing expense reports to determine appropriateness and reasonableness of expenses. The approver is best suited to review the expense report, including receipts, since it impacts his/her budget and/or the employee is a direct report.</p> <p>Additionally, three of the 40 expenses reviewed were expense reports for contractors that were missing the receipts or other types of documents. These expenses</p>	<p>Approvers should ensure that all documents and receipts submitted are reviewed for accuracy and appropriateness.</p>	<p>1. U.S. Paralympics Cycling staff will execute more careful and thorough reviews of expenses in Concur to ensure each receipt is reviewed.</p> <p>2. U.S. Paralympics Cycling staff will thoroughly review all invoices and receipts submitted by contractors. Any expenses without an appropriate receipt will not be reimbursed. U.S. Paralympics Cycling staff will re-communicate the current policy to all contractors.</p>

were reimbursed for meals and travel associated with U.S. Paralympics Cycling events. Without proper review of these documents the organization could be paying expenses that are not accurate or appropriate.

Responsible Party: U.S. Paralympics Staff

Target Date: Immediately

CONCLUSION

U.S. Paralympics Cycling was determined to be satisfactory in financial capabilities with one medium risk and two low-risk recommendations they were also determined to be satisfactory in governance/managerial, due process, athlete representation and athlete safety as there were no recommendations in those areas. The audit resulted in three recommendations and an overall audit rating of five.

We wish to thank U.S. Paralympics Cycling'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 current average rating for equivalent National Governing Bodies (NGBs) is 13. To calculate the current average rating, we compare NGBs with similar annual revenue, which may not include all the elements contained 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 and significant.

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:

- Detailed review of a sample of up to 40 expenses charged to the U.S. Paralympics Cycling business unit during the audit period, for compliance with the USOPC's financial policies and the High-Performance Plan.
- Ensured compliance with the High-Performance Plan, and other internal policies and procedures.
- Examination of internal control environment utilizing walk-throughs, examination of policies and questionnaires.
- Detailed review of grievances and reports of misconduct submitted to the USOPC by athletes or other individuals, and the USOPC's ability to follow the stated grievance processes outlined in its bylaws or procedural documents.
- Review of compliance with the USOPC's background check requirements 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 Program 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 or USOPC • Documentation clean-up • USOPC’s Background Check Policy and/or procedures have minor improvements needed • USOPC’s Background Check 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. These infractions include but are not limited to:</p> <ul style="list-style-type: none"> • General internal control breakdowns • Execution of the USOPC’s Background Check Policy as applied to U.S. Paralympics Cycling is partially followed or is out of compliance • USOPC does not consistently provide for prompt and equitable resolution of grievances • USOPC 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. Violations that may constitute as significant include but are not limited to:</p> <ul style="list-style-type: none"> • Significant internal control breakdowns or multiple related control breakdowns • Execution of the USOPC’s Background Check Policy as applied to U.S. Paralympics Cycling is substantially not followed or is out of compliance, such as non-current background checks • USOPC does not provide for prompt and equitable resolution of grievances • USOPC does not provide fair notice and opportunity for a hearing • Less than 20% athlete representation where required

APPENDIX E — ATHLETE SAFETY PROGRAM

Auditing of the U.S. Center for SafeSport's (Center) athlete safety requirements fall under the jurisdiction of the Center. However, the USOPC AOA will continue to audit compliance with the USOPC background check policies and procedures.