



# Audit Report

## U.S. Speedskating

March 20, 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 U.S. Speedskating. The purpose of the audit was to determine if U.S. Speedskating 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, July 1, 2017 through June 30, 2019, 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

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	
NGB	Current Audit Rating
U.S. Speedskating	9

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

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 U.S. Speedskating’s athletes and U.S. Speedskating, the managerial and financial capabilities of U.S. Speedskating, 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
Document Approval on Credit Card Transactions	Financial Capability	Medium
Strengthen Supporting Documentation for Agreements	Financial Capability	Medium
Improve Conflict Disclosure Process	Governance/Managerial	Low
Update Financial Operations Manual	Financial Capability	Low
Ensure Background Checks are Completed	Athlete Safety	Low

## PRIOR AUDIT

U.S. Speedskating’s previous audit report from the USOPC, dated March 28, 2018, resulted in three recommendations in the areas of grant funding and Governance/Managerial. Two of the recommendations were fully implemented and one of the recommendations was partially implemented and included as a repeat recommendation.

## CURRENT RECOMMENDATIONS

Risk Level: Medium			
Audit Area: Financial Capability			
#1	Document Approval on Credit Card Transactions	Recommendation	Management’s Action Plan
	<p>Out of the 40 transactions tested, six expenses tested related to credit card charges on the Director of Finance’s (DOF) corporate card. Per review of the expense support provided, Audit notes that there was not documented approval by a reviewer other than the DOF for transactions made on the DOF’s corporate credit card.</p> <p>As noted in number 4 below, the Financial Operations Manual should include information on cash disbursement authorization for approval and reporting lines in order to ensure expenses are properly reviewed and approved prior to payment.</p> <p>Without an additional review, there is a risk for misappropriated funds and for errors not being caught in a timely manner as the DOF is responsible for reviewing and approving their own expenditures. To have proper controls over the cash disbursements process, it is important that there is documented approval for the DOF’s credit card transactions by someone other than the DOF to verify that the expenditure is appropriate.</p>	<p>U.S. Speedskating should have personnel other than the DOF review and document approval of transactions made on the DOF’s corporate credit card and update the Financial Operations Manual to reflect the updated process.</p>	<p>We understand this concern and took appropriate steps for the ED to review credit card charges on the DOF card. The DOF does not use his corporate card other than occasional servicing of the company cars. If the DOF uses the card for more substantial transactions, he submits an expense report to the ED. USS has enacted a review process with the ED of all DOF charges on the credit card.</p> <p><b>Action Plan: ED reviews and signs off on all DOF credit card charges.</b></p> <p><b>Responsible Party: DOF</b></p> <p><b>Target Date: Completed</b></p>

#2	Strengthen Supporting Documentation for Agreements	Recommendation	Management's Action Plan
	<p>Out of the 40 transactions tested, supporting documentation could be improved for expenses. Two of the four expenses were missing supporting documentation related to verbal agreements. These verbal agreements included coaching fees for a development camp, and prize money awarded to athletes. One expense was for medical services provided based on an agreement from 2014, which could be expanded and updated on a more frequent basis. The last expense was paid from an email, but supporting documentation was not provided to the auditors.</p> <p>By not having written documentation to support payments being made, issues such as legal and/or funding disagreements can arise between U.S. Speedskating and the third party. It is best practice to have written supporting documentation of all agreements/payments made between U.S. Speedskating and third parties. This could include documents such as signed agreements, invoices, event guidance (including prize money awards) or, at a minimum, correspondence with the third party demonstrating written acceptance of the terms of agreement.</p>	<p>U.S. Speedskating should retain supporting documentation for expenses such as signed agreements, invoices, event guidance (including prize money awards).</p>	<p>We will do our best to make sure that we retain supporting documentation for all expense.</p> <p><b>Responsible Party: DOF</b></p> <p>Target Date: Immediately</p>

**Risk Level: Low**

**Audit Area: Governance/Managerial**

#3	Improve Conflict Disclosure Process	Recommendations	Management's Action Plan
	<p>U.S. Speedskating needs to make minor improvements to its conflicts of interest process. The auditor tested 23 individuals, 7 of which did not complete the conflict of interest form in its entirety by indicating that no conflict existed. The auditor was also unable to verify that a staff</p>	<p>U.S. Speedskating should ensure that conflict disclosures forms are completed in its entirety.</p> <p>It is also recommended that U.S.</p>	<p>Leadership is confident that individuals on our staff, BOD or committees have disclosed all items that could conceivably influence someone to act or decide</p>

	<p>or board member reviewed the forms for conflict disclosures, completion, or verification that forms are signed.</p> <p>U.S. Speedskating's conflict of interest form requires that individuals fill out the form completely, disclose affiliations or interests that may affect an individual's position with U.S. Speedskating, and affirm the statements with a signature. Furthermore, the Code of Ethics requires that all individuals covered by the code of ethics policy "avoid conflicts of interest, both real and perceived." After the form is completed, it is a leading practice to document that the form has been reviewed to verify that it was completed and that disclosures of potential or actual conflicts are made.</p> <p>This was identified in the prior audit and is a repeat finding.</p>	<p>Speedskating document its review process so the review can be verified.</p>	<p>in a manner contrary to the best interests of USS. We reviewed and updated our COI disclosure forms and will ensure completeness of forms and documentation of review.</p> <p><b>Action Plan: Review and update USS COI disclosure forms</b></p> <p><b>Responsible Party: ED</b></p> <p><b>Target Date: Completed</b></p>
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**Audit Area: Financial Capability**

#4	Update Financial Operations Manual	Recommendation	Management's Action Plan
	<p>U.S. Speedskating's Financial Operations Manual does not currently include information on cash disbursement authorization for approval and reporting lines. Additionally, the Financial Operations Manual contained outdated information regarding payroll and value-in-kind payments from the USOPC's Performance Partnership Agreement.</p> <p>Without a complete and current Financial Policies and Procedures manual, policies may not be adequately communicated, and procedures might not be completed, resulting in difficulty in achieving goals and objectives.</p>	<p>U.S. Speedskating should update its Financial Operations Manual to reflect the current processes and updated information at U.S. Speedskating.</p>	<p>The Operations Manual has been updated.</p> <p><b>Action plan: Update Financial Operations Manual</b></p> <p><b>Responsible Party: DOF</b></p> <p><b>Target Date: Completed</b></p>

**Audit Area: Athlete Safety**

#5	Ensure Background Checks are Completed	Recommendation	Management’s Action Plan
	<p>At the time of audit, it was identified that U.S. Speedskating did not ensure completion of background checks for the Board of Directors. During fieldwork, U.S. Speedskating sent an email to Board members mandating that background checks were to be completed within 24 hours. Of the ten Board members tested, one board member did not complete the background check at that time. The U.S. Speedskating SafeSport Policy includes Board members as individuals required to submit background checks. However, the U.S. Speedskating Background Check Policy did not list Board members as falling subject to the policy. The inconsistency between the two policies created a gap in requirements for Board members to complete background checks. U.S. Speedskating amended the Background Check Policy during the audit to include Board members and both policies are now consistent with one another.</p> <p>The USOPC NGB Athlete Safety Policy requires that the U.S. Speedskating create a policy that requires criminal background checks for those individuals U.S. Speedskating formally authorizes, approves, or appoints to a position of authority over or to have frequent contact with athletes.</p>	<p>U.S. Speedskating must continue to background check Board members.</p>	<p>USS did ensure completion of background checks for the six membership Directors. USS’ four Independent Directors were not required to have background checks completed per USS policy and that these individuals have zero contact with USS athletes. USS did not interpret it’s SafeSport Policy to include independent Directors. During the audit, we agreed to change this interpretation and now are in full compliance.</p> <p><b>Responsible Party: Membership Coordinator</b></p> <p><b>Target Date: Completed</b></p>

**CONCLUSION**

U.S. Speedskating was determined to be marginal in financial capabilities with two medium-risk recommendations and one low-risk recommendation. U.S. Speedskating was determined to be satisfactory in governance/managerial with one low-risk recommendation; and due process and athlete representation as there were no recommendations in those areas; and athlete safety with one low-risk recommendation. The audit resulted in five recommendations and an overall audit rating of 9.

We wish to thank U.S. Speedskating’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 2018 contained three recommendations which would have resulted in an audit rating of 5 if the current audit rating was applied. For comparability purposes, the prior audit of U.S. Speedskating did not include due process, athlete representation or athlete safety. 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 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, 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 Background Check Policy 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"> <li>• Minor future impact to the athletes, NGB or USOPC</li> <li>• Documentation clean-up</li> <li>• NGB’s Background Check Policy and/or procedures have minor improvements needed</li> <li>• NGB’s Background Check 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 Background Check Policy and/or procedures are partially out of compliance with the USOPC NGB Athlete Safety Policy requirements</li> <li>• Execution of the NGB’s Background Check 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 Background Check Policy and/or procedures are substantially out of compliance with the USOPC NGB Athlete Safety Policy requirements</li> <li>• Execution of the NGB’s Background Check Policy is substantially out of compliance, such as non-current background checks</li> <li>• NGB does not provide for prompt and equitable resolution of grievances</li> </ul>

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- 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 NGB Athlete Safety Policy (USOPC's ASP). 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 USOPC's 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.