



USOPC NGB AUDIT

USA GYMNASTICS

November 10, 2021



EXECUTIVE SUMMARY

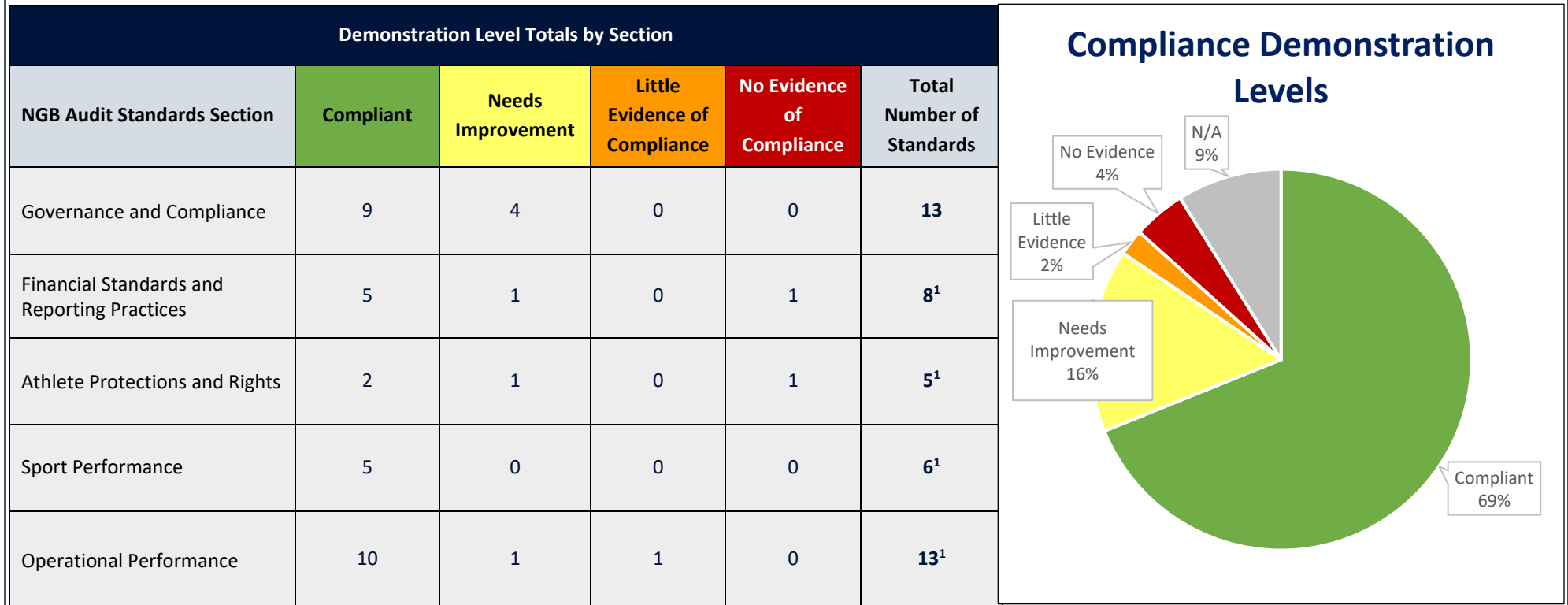
Background, Scope, and Objectives

The United States Olympic & Paralympic Committee’s (USOPC) NGB Audit department (Audit) completed an audit of USA Gymnastics. The purpose of the audit was to determine if USA Gymnastics complies with the requirements of the NGB Compliance Standards (Standards) and to conduct testing in areas that present an increased risk to athletes, other members, and/or USA Gymnastics. The audit focused on the policies and procedures noted in the Standards in the following sections: Governance and Compliance, Financial Standards and Reporting Practices, Athlete Protections and Rights, Sport Performance, and Operational Performance.

The Audit department used Demonstration Levels included in the version of the Implementation Guide that went into effect on January 1, 2021. To provide auditors with more discretion and flexibility in categorizing findings, the NGB Audit department concluded it was appropriate to modify the existing Demonstration Levels to include the following levels: Compliant, Needs Improvement, and Deficient. These new Demonstration Levels, along with the July 2021 version of the Implementation Guide, will take effect January 1, 2022. Existing Demonstration Levels will continue to be used throughout 2021, but to ensure NGBs audited in 2021 benefit from the new Demonstration Level the Audit department will note both the current and revised Demonstration Levels for each finding in audit reports.

Audit Summary

Based on the audit procedures performed, select policies and procedures were reviewed to determine compliance with the Standards. The conclusion within each standard was based on the criteria met for each standard, as well as the results of any testing conducted. Definitions of demonstration levels are detailed in the Implementation Guide for NGB Compliance Standards (Implementation Guide). Findings and demonstration levels are detailed on the subsequent pages.



¹Four standards did not apply to USA Gymnastics. See Financial Standards & Reporting Practices, Athlete Protections & Rights, Sport Performance, and Operational Performance for more details.

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

EXECUTIVE SUMMARY (CONT.)²

Audit conducted a review of USA Gymnastics’ policies and procedures in relation to the USOPC Bylaws and Ted Stevens Amateur Sports Act (the Act) as outlined in the Implementation Guide for NGB Compliance Standards. Audit evaluated 45 Standards in the areas of Governance and Compliance, Financial Standards and Reporting Practices, Athlete Protections and Rights, Sport Performance, and Operational Performance.

Overall, Audit concluded that USA Gymnastics has met most of the requirements outlined in the Standards. While many findings are related to minor policy and process updates, there are some areas that require additional attention. Specifically, USA Gymnastics was not aware of the requirements to notify the USOPC Office of Athlete Safety regarding any allegation of prohibited conduct that occurred at an OPTC or USOPC Delegation Event and there were several concerns regarding their grievance resolution process. However, there were no instances identified that should have been reported and the grievance process has improved significantly in 2021. Additional details regarding each of these concerns are outlined in the below findings.

PRIOR AUDIT FOLLOW-UP

A prior audit was conducted by the USPOC Audit team dated June 26, 2014. There were no open findings.

NGB AUDIT FINDINGS

All Standards are evaluated against the 2020 Implementation Guide for Audit Standards. Bylaws references are based on the USOPC Bylaws approved in June 2020.

GOVERNANCE AND COMPLIANCE

NGB Audit Standards Section A					
Title	Standard	Compliant	Needs Improvement	Little Evidence	No Evidence
Athlete Representation	A.1 a & b		X		
Board Composition	A.1 c	X			
International Federation Affiliation	A.1 d	X			
Membership Requirements	A.1 e	X			
Bylaws	A.3 a		X		
Board Development	A.3 b	X			
Board Meeting Minutes	A.3 c	X			

¹Four standards did not apply to USA Gymnastics. See Financial Standards & Reporting Practices, Athlete Protections & Rights, Sport Performance, and Operational Performance for more details.

Board Roster	A.3 d	X			
IRS Status	A.4 a	X			
Code of Conduct	A.5 a		X		
Statement of Ethics	A.6 a	X			
Conflicts of Interest Policy	A.6 b		X		
Gifts and Entertainment Policy	A.6 c	X			
Total		9	4	0	0

Needs Improvement		
1	Athlete Representation	Management Action Plan
	<p>A.1 a & b: a. NGBs must have at least 20% athlete representation on its Board of Directors as required by the Act §220522(a)(10) and further defined by the USOPC Bylaws, Section 8.8. b. NGBs must have at least 20% athlete representation on all committees as required and defined by the USOPC Bylaws, Section 8.8.</p> <p>FINDING: While USA Gymnastics is working on seating athletes to the Ethics and Grievance Committee, there are currently no athlete representatives on the committee.</p>	<p>On October 21, 2021, the USOPC Athlete Representation Review Working Group approved our January 2021 petition to expand the eligible competitions for a 10-year athlete representative. USA Gymnastics Athlete’s Council and Nominating and Governance Committee will jointly develop a process to identify and vet candidates to serve as the 10 year and 10 year + athlete representatives for designated committees. USA Gymnastics Athlete’s Council will select athlete representatives for the Ethics and Grievance Committee.</p> <p>Due Date: January 1, 2022</p>
2022 Determination Level: Needs Improvement		
2	Bylaws	Management Action Plan
	<p>A.3 a: NGB must have Bylaws or policies and procedures that at least meet the minimum standards for governance practices and comply with the Act §220522 (a)(9-12).</p> <p>FINDING: There is one of 17 committee charters that is missing election and selection procedures.</p>	<p>The Rhythmic Athlete Selection Committee Charter will be updated to include election and selection procedures for Committee members.</p> <p>Due Date: December 31, 2021</p>
2022 Determination Level: Compliant		
3	Code of Conduct	Management Action Plan

	<p>A.5 a: NGB must have a comprehensive code of conduct that meets the minimum code standards set forth by the USOPC. The code of conduct must be made available on the NGB's website.</p> <p>FINDING: There are elements missing from USA Gymnastics' Code of Conduct in the areas of resolution and policy owner.</p>	<p>USA Gymnastics updated its code of conduct to include a reference to the opportunity to participate grievance procedures and to list the policy owner. A copy of the updated policy has been provided to NGB Audit.</p>
<p>2022 Determination Level: Compliant</p>		
4	<p>Conflict of Interest</p>	<p>Management Action Plan</p>
	<p>A.6 b: NGB must enforce a conflicts of interest policy that meets the minimum policy standards set forth by the USOPC. The conflict of interest policy must be made available on the NGB's website.</p> <p>FINDING: There are elements missing from USA Gymnastics' Conflict of Interest Policy in the areas of disclosures and resolution.</p> <p>USA Gymnastics has a process for the review of disclosure forms, but it is not clearly documented. Additionally, the Board Chair's disclosure form was not reviewed at the board or committee level. Lastly, USA Gymnastics did not follow its policy to have the Ethics and Grievance Committee and Chief Legal Officer review all forms.</p>	<p>USA Gymnastics updated its conflict of interest policy to include the missing elements. A copy of the updated policy has been provided to NGB Audit.</p> <p>USA Gymnastics updated its conflict of interest forms to include a place for the reviewer's signature and date.</p>
<p>2022 Determination Level: Needs Improvement</p>		

FINANCIAL STANDARDS AND REPORTING PRACTICES

NGB Audit Standards Section B					
Title	Standard	Compliant	Needs Improvement	Little Evidence	No Evidence
Financial Stability ³	B.1 a	N/A	N/A	N/A	N/A
Financial Policies & Procedures	B.1 b		X		
USOPC Funding	B.1 c	X			
Financial Reporting to Board	B.1 d	X			
Board Approved Budget	B.2 a	X			
Accounting Practices	B.2 b				X
NGB Provided Documents	B.3 a	X			

NGB Website Information	B.4 a, b & c	X			
Total		5	1	0	1

³USA Gymnastics is currently engaged in bankruptcy litigation, the results of which could impact their financial status. Until the completion of the bankruptcy process, Audit will be unable to accurately assess financial stability (standard B.1 a). This will be evaluated at a later date and is considered “Not Applicable” for the purposes of this report.

Needs Improvement		
5	Financial Policies and Procedures	Management Action Plan
	<p>B.1 b: NGB must develop and implement financial policies and procedures.</p> <p>FINDING: USA Gymnastics' Financial Policies and Procedures does not outline the receivables process.</p> <p>Additionally, USA Gymnastics must update its financial policies and procedures to specifically outline thresholds for their accrual process.</p>	<p>USA Gymnastics has updated its financial policies and procedures to provide specific thresholds for the accrual process and an outline of the receivables process. A copy of the updated policy has been provided to NGB Audit.</p>
2022 Determination Level: Needs Improvement		
No Evidence of Compliance		
6	Accounting Practices	Management Action Plan
	<p>B.2 b: NGB must receive an unqualified opinion on its most recent audited financial statements to ensure accurate accounting records in accordance with generally accepted accounting principles (GAAP).</p> <p>FINDING: USA Gymnastics has not had audited financial statements since 2017 due to its ongoing bankruptcy case.</p>	<p>USA Gymnastics will provide more visibility into its exit from bankruptcy by year-end and will provide an expected date for completion of their audited financial statements at that time.</p> <p>Due Date: December 31, 2021</p>
2022 Determination Level: Deficient		

ATHLETE PROTECTION AND RIGHTS

NGB Audit Standards Section C					
Title	Standard	Compliant	Needs Improvement	Little Evidence	No Evidence

Child Protection and US Center for SafeSport ⁴	C.1 a and C.2	N/A	N/A	N/A	N/A
USOPC Athlete Safety Requirements	C.3 a				X
Anti-Doping Policies	C.4 a		X		
Anti-Doping Policy Language	C.4 b	X			
Athlete Agreements	C.5 a	X			
Total		2	1	0	1

⁴The U.S. Center for SafeSport (the Center) issued an audit report for USA Gymnastics on October 28, 2021, which contained findings. USA Gymnastics is currently in the agreed-upon remediation period with the Center. Until the completion of this period, Audit will be unable to accurately assess Child Protection and US Center for SafeSport (standards C.1 a and C.2). This will be evaluated at a later date and is considered “Not Applicable” for the purposes of this report.

Needs Improvement	
7	Anti-Doping Policies
	Management Action Plan
<p>C.4 a: NGB must ensure compliance with anti-doping policies and standards including, but not limited to, the USOPC’s National Anti-Doping Policy and the USADA Protocol.</p> <p>FINDING: While there are examples of USA Gymnastics enforcing anti-doping sanctions, they do not have formal policies and procedures.</p>	<p>USA Gymnastics has updated their bylaws to add the following: “USA Gymnastics will enforce any and all anti-doping sanctions imposed on any member of USA Gymnastics by the USADA or the WADA.”</p> <p>A copy of the updated bylaws has been provided to NGB Audit.</p>
2022 Determination Level: Needs Improvement	
No Evidence of Compliance	
8	USOPC Athlete Safety Requirements
	Management Action Plan
<p>C.3 a: NGB must ensure compliance with policies and standards including but not limited to:</p> <ul style="list-style-type: none"> i. USOPC’s NGB and HPMO Athlete Safety Policy ii. Responsible Sport Organization Background Check Policy <p>FINDING: USA Gymnastics was not aware of its obligations to comply with the USOPC’s NGB and HPMO Athlete Safety Policy, including reporting prohibited conduct to the USOPC Security & Athlete Safety Office when required. However, there were no instances identified which should have been reported.</p> <p>There were no concerns related to USA Gymnastics’ background check policies and processes.</p>	<p>USA Gymnastics is in the process of amending its policies and documents (National Team Handbook, USAG Safe Sport Policy and Safe Sport Investigations & Resolutions Procedures, Events Protocol) to incorporate the reporting requirement identified.</p> <p>Due Date: December 31, 2021</p>

SPORT PERFORMANCE

NGB Audit Standards Section D					
Title	Standard	Compliant	Needs Improvement	Little Evidence	No Evidence
Selection Procedures	D.1 a & D.5 b	X			
Delegation List Submission	D.3 a	X			
High-Performance Plan Submission	D.4 a	X			
Event Sanctioning	D.4 b	X			
Paralympic Classification	D.4 c	N/A	N/A	N/A	N/A
International Federation Standing	D.5 a	X			
Total		5	0	0	0

OPERATIONAL PERFORMANCE

NGB Audit Standards Section E					
Title	Standard	Compliant	Needs Improvement	Little Evidence	No Evidence
Managerial Capability	E.1 a	X			
Insurance Coverage	E.2 a	X			
Revenue Diversification	E.3 a	X			
Grievance Procedure	E.4 a & b			X	
Whistleblower and Anti-Retaliation Policy	E.5 a		X		
USOPC Trademark Protection	E.6 a – d	X			
Diversity and Inclusion Reporting	E.7 a	X			
Gender Equity	E.7 b	X			
Equal Opportunity	E.7 c	X			
Para Inclusive Sport Programs	E.7 d	N/A	N/A	N/A	N/A
Diversity – Public Disclosure	E.7 e	X			
Strategic Planning	E.8 a	X			

USOPC Policy Compliance	E.9 a	X			
Total		10	1	1	0

Needs Improvement		
9	Whistleblower and Anti-Retaliation Policy	Management Action Plan
	<p>E.5 a: NGB must adopt and maintain an organizational whistleblower policy that encourages and provides a mechanism for affiliated individuals to report alleged violations of any applicable law, rule, regulation or adopted policy of the NGB, accounting or financial fraud, or other misfeasance and includes an anti-retaliation statement.</p> <p>FINDING: There are elements missing from USA Gymnastics' Whistleblower and Anti-Retaliation Policy related to reporting and enforcement.</p>	<p>USA Gymnastics updated its Speak Up and Anti-Retaliation policies to reflect the process already set forth in its Grievance Procedures, which requires reports be provided to the Ethics & Grievance Committee and that the resolution be executed by disinterested parties. A copy of the updated policy has been provided to NGB Audit.</p>
2022 Determination Level: Compliant		
Little Evidence of Compliance		
10	Grievance Procedure	Management Action Plan
	<p>E.4 a & b:</p> <p>a. NGB must provide prompt and equitable resolution of grievances as outlined in the Act §220522(a)(13).</p> <p>b. NGB must provide fair notice and opportunity for a hearing to any amateur athlete, coach, trainer, manager, administrator, or official before declaring the individual ineligible to participate as outlined in the Act §220522(8).</p> <p>FINDING: Out of the 15 grievance complaints reviewed, there were seven complaints that were not resolved timely, five instances where the complainant was not provided notice of the resolution, and four instances where no closure date was documented. However, the issues were all from complaints filed in 2020. USA Gymnastics has made significant improvements to its grievance resolution process in 2021, as evidenced by the two grievances sampled in this period.</p>	<p>As USOPC Auditors note, USA Gymnastics made improvements to their grievance process as reflected in the 2021 cases and will continue to follow the updated procedures.</p>
2022 Determination Level: Needs Improvement		

Findings in this report are currently in remediation. An addendum report will be issued at the end of the remediation period, up to 120 days post audit.

APPENDIX A — COMPLIANCE DEMONSTRATION LEVEL DEFINITIONS

Compliance Demonstration Level Definitions	
Level	Definition
Compliant	NGB meets the requirements.
Needs Improvement	NGB meets the majority of the requirements but need to make minor improvements to meet all the requirements.
Little Evidence of Compliance	NGB meets some of the requirements but not all of the requirements.
No Evidence of Compliance	NGB does not meet the requirements.