



USOPC NGB AUDIT

USA RUGBY

ADDENDUM REPORT

May 19, 2023

EXECUTIVE SUMMARY

Background, Scope, and Objectives¹

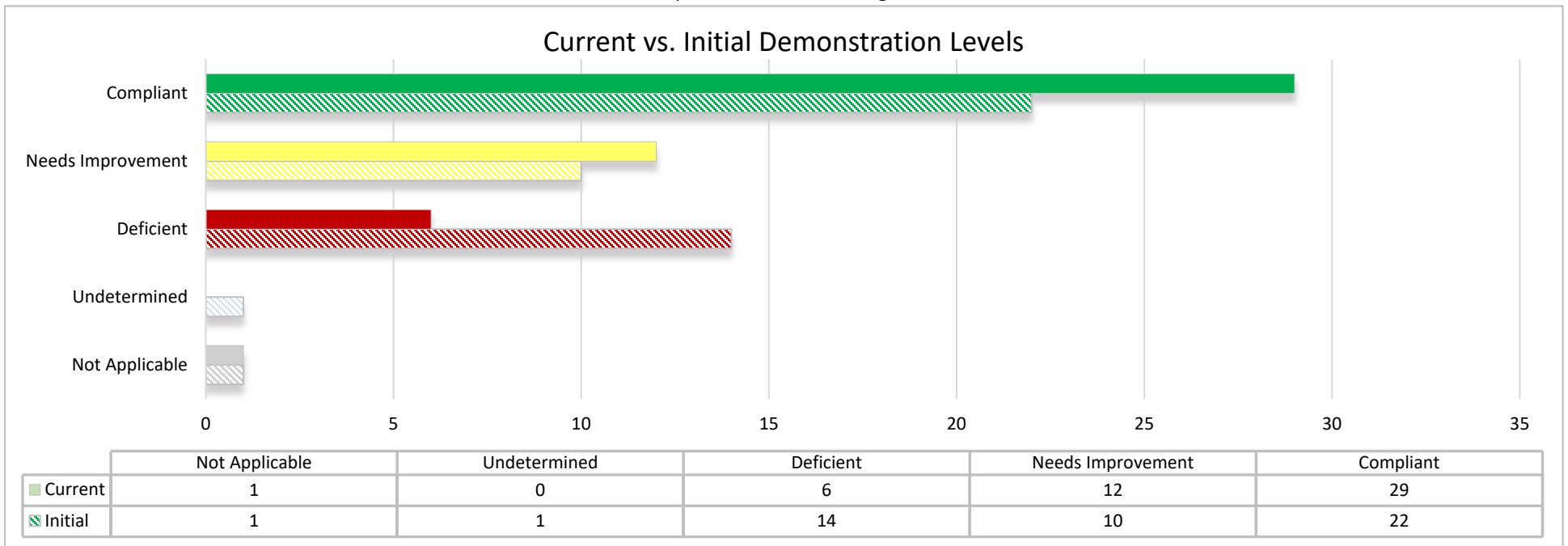
The United States Olympic & Paralympic Committee’s (USOPC) NGB Audit department (Audit) completed an audit of USA Rugby on April 19, 2022. Following the audit, NGBs have 120 days, unless otherwise specified, to provide evidence of remediation to Audit. Based on the evidence provided, Audit has assigned a Follow-up Demonstration Level² of Compliant, Needs Improvement, or Deficient. Details are provided in the findings below.

Follow-up Summary

Based on the evidence of remediation provided, USA Rugby has remediated six findings. While USA Rugby did make progress on policies, many of them are still missing required elements and have not been approved or posted on the website. In addition, USA Rugby did not respond to a significant number of requests for evidence of remediation. Lastly, the USOPC is increasingly concerned about several areas that are deficient including athlete safety, athlete representation, and conflicts of interest. As of May 3, 2023, USA Rugby is 62% compliant with applicable Standards. Additional details are outlined below.

DEMONSTRATION LEVEL COMPARISON

The below chart presents the updated distribution of compliance demonstration levels². For further detail not provided in this addendum report, please refer to the Audit report posted on TeamUSA.org.



¹For additional information on the background, scope, and objectives, please see the initial audit report.

²See Appendix A

NGB AUDIT FINDINGS - FOLLOW-UP STATUS

All Standards are evaluated against the 2022 Implementation Guide for Audit Standards. Bylaws references are based on the USOPC Bylaws approved in March 2021.

GOVERNANCE AND COMPLIANCE

Subsequent Update

In the report issued in April 2022, one Standard was pending a determination status, updates are as follows:

NGB Annual Reporting (Standard A.7 a – c)

This new 2022 requirement had a due date that occurred after the completion of the audit. USA Rugby submitted all required reports and is compliant with the Standard.

Needs Improvement		
1	Athlete Advisory Council – A.2 a	Management Action Plan
	<p>FINDING: USA Rugby does not require all AAC representatives to complete a conflict of interest form or submit any other disclosures prior to their election.</p> <p>In addition, USA Rugby's USOPC AAC primary and alternate representatives are not automatic members of the NGB AAC and one seated member's term has expired.</p>	<p>USA Rugby council and committee members will be tracked in a comprehensive database, including member terms and required documentation (conflicts of interest and non-disclosure agreement). Documents requiring signature will be circulated electronically in order to increase compliance and aid with tracking.</p> <p>USA Rugby International Athlete Council (internal AAC) will review the Terms of Reference and revise them to come into compliance with USOPC standards. USA Rugby will review the terms of seated members to ensure that they are current and reseal as necessary.</p> <p>Due Date: July 15, 2022</p>
Follow-up Level: Needs Improvement		
	<p>USA Rugby provided a draft of the bylaws that requires the USOPC AAC Representative and alternate to be members of USA Rugby's AAC. However, the AAC Terms of Reference have not been updated to reflect this change and USA Rugby did not provide any evidence that the AAC composition is consistent with the updated bylaws and members' terms are current. Additionally, no evidence was provided showing conflict of interest forms were completed or that any other disclosures are required prior to elections.</p>	
2	Gifts and Entertainment Policy – A.6 c	Management Action Plan

	<p>FINDING: There are two elements missing from USA Rugby's Gift and Entertainment Policy in the areas of organizational expectations and policy owner.</p>	<p>USA Rugby will incorporate required elements regarding organizational expectations and policy owner.</p> <p>Due Date: June 1, 2022</p>
<p>Follow-up Level: Needs Improvement</p>		
<p>USA Rugby made updates to the gifts and entertainment policy, however, additional updates are needed and the policy is not posted on USA Rugby's website.</p>		
3	<p>Ombuds' Policy</p>	<p>Management Action Plan</p>
	<p>FINDING: The Ombuds' Policy is not published on USA Rugby's website.</p>	<p>USA Rugby will publish the USOPC Ombuds' policy on USA Rugby's website.</p> <p>Due Date: June 1, 2022</p>
<p>Follow-up Level: Compliant</p>		
<p>USA Rugby posted the Ombuds' Policy on the website.</p>		
<p>Deficient</p>		
4	<p>Athlete Representation – A.1 a & b</p>	<p>Management Action Plan</p>
	<p>FINDING: There are several findings related to athlete representation:</p> <p>First, USA Rugby did not provide evidence that two designated committees have appropriate athlete representation.</p> <p>Second, the two rugby 15s athlete representatives seated on the board are not directly elected by athletes as required and USA Rugby's Bylaws and supplemental policies do not state that athlete directors seated on the board are required to meet the 10-year and delegation composition requirements.</p> <p>Third, USA Rugby's Athlete Council Terms of Reference do not require that athlete representatives seated on committees are selected by the NGB AAC.</p> <p>Fourth, USA Rugby's Referee & Law and Medical Committees do not meet the minimum athlete representation requirements and one athlete on the medical committee does not meet the eligibility requirements.</p>	<p>USA Rugby will work with the International Athlete Council (internal AAC) to review the bylaws, Terms of Reference, and election procedures and will revise them to come into compliance with USOPC standards.</p> <p>USA Rugby will work with the International Athlete Council to identify and place additional athletes on committees found to be lacking in representation and will document the eligibility of all current or potential members.</p> <p>USA Rugby will ensure appropriate tracking of athlete voting eligibility.</p> <p>Due Date: August 5, 2022</p>

	<p>Fifth, testing identified one ineligible voter who received a ballot for the most recent board election. However, this did not impact the election outcome.</p> <p>Lastly, USA Rugby does not have the minimum required representation of 10-year athletes seated on the Audit and Risk Committee.</p>	
Follow-up Level: Deficient		
	<p>The USA Rugby Bylaws and AAC Terms of Reference were updated to address some of the missing elements. Additionally, USA Rugby's Bylaws have not been finalized and no evidence was provided of any other actions taken to remediate actual composition and eligibility exceptions identified in the finding.</p>	
5	Independent and Affiliate Representation – A.1 c	Management Action Plan
	<p>FINDING: USA Rugby's Bylaws definition of independent perspective for board members does not meet the requirement or state that there is at least one board position available for affiliated member(s).</p>	<p>USA Rugby will revise the bylaws to bring them into compliance with the definition of independence for at least one, if not more, of the four Independent representatives on the USA Rugby Board of Directors.</p> <p>USA Rugby will revise the bylaws to include the provision of a position for an affiliate organization, when applicable.</p> <p>Due Date: August 5, 2022</p>
Follow-up Level: Needs improvement		
	<p>USA Rugby provided a draft of the bylaws that includes the required definition of independent perspective and a board position for an affiliate organization if identified, however, the definition for affiliate members does not meet the requirements.</p>	
6	Bylaws – A.3 a	Management Action Plan
	<p>FINDING: There are elements missing from USA Rugby's Bylaws in the following areas: conflict of interest requirements, board responsibilities, board election procedures, board member requirements, and designated committee requirements.</p>	<p>USA Rugby will incorporate the required language and additional components into the bylaws and relevant supplemental policies.</p> <p>Due Date: August 5, 2022</p>
Follow-up Level: Needs Improvement		
	<p>USA Rugby provided a draft of the bylaws that included most of the missing elements, however additional changes are needed.</p>	
7	Board Development – A.3 b	Management Action Plan
	<p>FINDING: While USA Rugby provided training to current board and committee members, there is not a formal onboarding process in place for new board or committee members. Additionally, USA Rugby does not adequately</p>	<p>USA Rugby will formalize and document the onboarding process for new board and committee members, and, as cited in management action</p>

	track terms to ensure onboarding is conducted within three months from the start of term.	plan number one above, will track their training and terms in a centralized manner. Due Date: August 5, 2022
Follow-up Level: Deficient		
	USA Rugby did not provide evidence of remediation.	
8	Code of Conduct – A.5 a	Management Action Plan
	FINDING: There are elements missing from USA Rugby’s Code of Conduct in the following areas: organizational expectations, reporting, resolution, policy owner, and resources.	USA Rugby will incorporate the required elements into the code of conduct. Due Date: August 5, 2022
Follow-up Level: Needs Improvement		
	USA Rugby made updates to the code of conduct, however, there are still elements missing.	
9	Conflicts of Interest Policy – A.6 b	Management Action Plan
	<p>FINDING: There are elements missing from USA Rugby’s Conflict of Interest Policy in the following areas: applicability, organizational expectations, disclosures, reporting, resolution, policy owner, and resources. The current version of the policy is not posted on the website.</p> <p>USA Rugby did not provide evidence that disclosure forms were completed annually and appropriately reviewed. In addition, there is no process documenting how disclosed conflicts should be managed.</p> <p>The previous audit identified two findings relating to conflict of interest forms not being obtained or reviewed and the policy not requiring annual disclosures. This is a repeat finding.</p>	<p>USA Rugby will incorporate the required elements into the conflict of interest policy. Additionally, as cited in management action plan number one above, conflict of interest forms will now be tracked in a centralized location. USA Rugby will ensure the conflict of interest policy and process are followed.</p> <p>Due Date: August 5, 2022</p>
Follow-up Level: Deficient		
	While USA Rugby made updates to the conflict of interest policy, minor changes are needed and the policy is not posted on the website. Additionally, USA Rugby developed systematic controls to centrally track conflict of interest disclosures, however, no evidence was provided that shows the system has been used or that the updated policy is being followed.	

FINANCIAL STANDARDS AND REPORTING PRACTICES

Needs Improvement		
10	USOPC Funding – B.1 c	Management Action Plan
	<p>FINDING: The funding reports provided to the USOPC were incorrect and did not match the general ledger detail.</p> <p>During testing, Audit identified three expenses that were not recorded in the correct grant year, and four expenses were not approved according to the process described in USA Rugby's Financial Policies and Procedures. In addition, one expense was not properly classified to the correct project. The errors did not result in funds owed back to the USOPC.</p> <p>The previous audit report identified expenses that were not recorded in the correct grant year. This is a repeat finding.</p>	<p>USA Rugby will work with our financial team and external auditors to implement procedures to meet compliance with the coding and reporting of expenses against the correct grant year and project, in addition to following correct approval processes.</p> <p>Due Date: June 22, 2022</p>
Follow-up Level: Needs Improvement		
While USA Rugby did make progress, a review of the funding reports and underlying expenses for the 2021 grant year identified similar issues as the initial audit.		
11	Board-Approved Budget – B.2 a	Management Action Plan
	<p>FINDING: While USA Rugby's Board annual budget was discussed in the board minutes, there was no formal board approval.</p>	<p>USA Rugby's 2022 budget was reviewed by the board of directors in December of 2021. Because of uncertainties regarding event schedules, the impact on projected revenues and expenses, and the need to account for these variabilities, approval was delayed until March 2022.</p>
Follow-up Level: Compliant		
USA Rugby approved the budget at the March 2022 board meeting.		
Deficient		
12	Financial Stability – B.1 a	Management Action Plan
	<p>FINDING: USA Rugby had a positive net asset balance for the most recent year. However, of the prior four years, three showed significant losses resulting in a negative cumulative change in net assets. The positive net change in assets for 2020 was primarily related to debt cancellation income, which is not sustainable. USA Rugby also had a going concern on the two most recent audited financial statements and does not have a detailed action plan to address the going concern.</p>	<p>Since the approval of USA Rugby's bankruptcy plan in September of 2020, USA Rugby has complied with all plan-related debt repayment schedules, and recorded net revenue in 2021, which exceeded plan expectations. USA Rugby will continue to monitor and improve financial performance.</p> <p>Due Date: Ongoing</p>

	The previous audit noted USA Rugby should increase its financial capabilities, manage its cash flow, and reduce debt to be sustainable and continue operating as an NGB. USA Rugby made progress on several aspects of the finding including significant improvements to financial management. However, this is a repeat finding.	
Follow-up Level: Needs Improvement		
	USA Rugby's 2021 audited financial statements no longer contain a going concern and showed improvement in net assets. However, additional time is needed to ensure their financial condition continues to improve and that the organization is appropriately supported.	
13	Financial Policies & Procedures – B.1 b	Management Action Plan
	FINDING: USA Rugby's financial policies and procedures are missing several elements and many of the procedures documented do not reflect the current processes in place.	USA Rugby will add required elements to our financial policies and will update the manual to capture procedures currently in place. Due Date: June 22, 2022
Follow-up Level: Needs Improvement		
	USA Rugby made updates to the financial policies and procedures, however, updates are needed to reflect current practices and to include missing elements and appropriate segregation of duties.	

ATHLETE PROTECTION AND RIGHTS

Needs Improvement		
14	Anti-Doping Policies – C.4 a	Management Action Plan
	FINDING: USA Rugby does not provide the Clean Athlete Program (CAP) listing through the Clearinghouse system as required by USADA.	While USA Rugby's CAP program listings have been consistently provided to the USOPC and USADA as required, and separately to World Rugby on a quarterly basis, they have been provided in a spreadsheet template rather than individually entered for expediency. Going forward, they will be entered through the Clearinghouse system. Due Date: July 15, 2022
Follow-up Level: Compliant		
	Audit verified with USADA that USA Rugby submitted their CAP list by through the Clearinghouse system.	
Deficient		
15	USOPC Athlete Safety Requirements – C.3 a	Management Action Plan

	<p>FINDING: USA Rugby does not have a process to report potential allegations or temporary measures to the USOPC Office of Athlete Safety.</p> <p>USA Rugby's Background Check Policy document is missing elements related to applicability, timing, and type of offenses.</p> <p>Additionally, during a review of 75 individuals required to complete a background check, 11 individuals had not completed a background screening and 37 were expired.</p> <p>The previous audit identified missing background checks. This is a repeat finding.</p>	<p>USA Rugby will develop and implement a policy for reporting potential allegations or temporary measures to the USOPC.</p> <p>USA Rugby will update the background screening document to incorporate all required elements to bring the document into compliance.</p> <p>An automated process for compliance and accreditation tracking will be implemented. All staff or community members with missing or expired background screens will be brought into compliance or informed of their ineligibility to participate in their given role without an updated screening by May 15, 2022. Additionally, USA Rugby will verify eligibility status prior to approving or appointing individuals to work at an event.</p> <p>Due Date: July 15, 2022</p>
Follow-up Level: Deficient		
USA Rugby did not provide evidence of remediation.		
16	Anti-Doping Policy Language – C.4 b	Management Action Plan
	<p>FINDING: USA Rugby's Bylaws do not contain the required anti-doping language for NGBs with individual members.</p> <p>Additionally, the waiver which puts participants on notice does not have updated references to World Rugby and USA Rugby.</p>	<p>USA Rugby will update membership waivers to include references to World Rugby and USA Rugby anti-doping policies and will update its bylaws to include required anti-doping language.</p> <p>Due Date: August 5, 2022</p>
Follow-up Level: Deficient		
USA Rugby has not made updates to the bylaws or waiver to include the required language.		
17	Athlete Agreements – C.5 a	Management Action Plan
	<p>FINDING: USA Rugby did not provide evidence that athlete agreements were completed for all samples selected.</p>	<p>USA Rugby is in the process of negotiating new athlete agreements with player representatives. Once completed, all agreements will be electronically circulated and tracked for compliance.</p> <p>Due Date: June 5, 2022</p>
Follow-up Level: Compliant		
USA Rugby provided sufficient evidence that men's and women's national team athletes signed the athlete agreements.		

SPORT PERFORMANCE

Deficient		
18	Event Sanctioning – D.3 b	Management Action Plan
	<p>FINDING: USA Rugby's sanctioning documents do not have three of the seven required elements.</p>	<p>USA Rugby will update its event sanctioning agreement language to incorporate required elements.</p> <p>Due Date: June 1, 2022</p>
Follow-up Level: Deficient		
USA Rugby did not provide updated sanctioning document(s) for review.		

OPERATIONAL PERFORMANCE

Needs Improvement		
19	Managerial and Board Capability – E.1 a	Management Action Plan
	<p>FINDING: USA Rugby filed for bankruptcy in 2019. There has not been enough time since its conclusion to assess the effects in its entirety. However, the bankruptcy has left USA Rugby severely understaffed which has contributed to their areas of non-compliance with the USOPC requirements.</p> <p>Additionally, several findings identified in the 2019 USOPC audit were not addressed and are repeat findings, demonstrating a lack of management action.</p>	<p>USA Rugby will continue to demonstrate financial and organizational stability following its exit from bankruptcy in September of 2020. Despite emerging from bankruptcy into the COVID environment which precluded normal operations, 2021 financials performed both above the budget approved as part of the bankruptcy exit plan and performed above prior-year results.</p> <p>To demonstrate improved managerial capability, USA Rugby will adhere to a budget, a board-approved operational strategic plan, the bankruptcy exit plan, will assess staffing to ensure operational and compliance needs are met, and will address all outstanding audit findings.</p> <p>Due Date: Ongoing</p>
Follow-up Level: Needs Improvement		
While the 2021 audited financial statements reflect improvement, additional time is needed to assess USA Rugby's financial and organizational stability. Additionally, as evidenced by the remaining number of audit findings and limited support showing progress on the proposed management actions above, concerns persist.		
20	Gender Equity – E.7 b	Management Action Plan

	<p>FINDING: USA Rugby has established performance criteria that are the same for all national team athletes who are on the Delegation Event program. However, the criteria to qualify for USOPC funded stipends and Elite Athlete Health Insurance are not published online or in an athlete handbook.</p>	<p>Under USA Rugby’s policies, athletes become eligible for USOPC funded stipends and the EAHI program upon being contracted as resident 7s athletes. USA Rugby will either a) add this fact to materials published through its website, or b) add this to a presentation given to applicable athletes.</p> <p>Due Date: June 1, 2022</p>
<p>Follow-up Level: Needs Improvement</p>		
<p>USA Rugby did not publish the required information on the website or provide it to applicable athletes.</p>		
21	<p>Equal Opportunity – E.7 c</p>	<p>Management Action Plan</p>
	<p>FINDING: USA Rugby does not currently provide periodic anti-discrimination training.</p>	<p>USA Rugby will implement anti-discrimination training on an annual basis for staff members, administrators, and contractors.</p> <p>Due Date: June 1, 2022</p>
<p>Follow-up Level: Needs Improvement</p>		
<p>USA Rugby did not provide evidence of remediation.</p>		
22	<p>Strategic Planning – E.8 a</p>	<p>Management Action Plan</p>
	<p>FINDING: While USA Rugby’s Strategic Plan was discussed in the board minutes, there was no formal board approval.</p>	<p>USA Rugby’s Strategic Plan was approved at the March 2022 board meeting.</p>
<p>Follow-up Level: Compliant</p>		
<p>USA Rugby approved the strategic plan at the March 2022 board meeting.</p>		
<p>Deficient</p>		
23	<p>Grievance Procedure – E.4 a & b</p>	<p>Management Action Plan</p>
	<p>FINDING: There are elements missing from USA Rugby’s Grievance Policy and Procedures in the following areas: manner of filing the complaint, administration of the grievance, hearing panel composition, hearing procedures, and other resources.</p>	<p>USA Rugby will bring grievance policies and procedures into compliance either through a) revisions to pertinent sections in the USA Rugby Bylaws, or b) establishment of a board-approved grievance policy.</p> <p>Due Date: August 5, 2022</p>
<p>Follow-up Level: Needs Improvement</p>		
<p>USA Rugby updated the grievance policy to include the missing requirements, however, the policy is not posted on the website.</p>		
24	<p>Whistleblower and Anti-Retaliation Policy – E.5 a</p>	<p>Management Action Plan</p>

<p>FINDING: There are elements missing from USA Rugby's Whistleblower and Anti-Retaliation Policy in the following areas: applicability, content and expectations, reporting, and enforcement.</p>	<p>USA Rugby will add the required elements to the whistleblower and anti-retaliation policy.</p> <p>Due Date: July 15, 2022</p>
<p>Follow-up Level: Compliant</p>	
<p>USA Rugby updated the whistleblower and anti-retaliation policy to include the missing requirements.</p>	

Additional updates on findings that have not been remediated will be provided in the NGB Certification Report.

We would like to thank the USA Rugby staff for their cooperation throughout the audit process.

APPENDIX A – DEMONSTRATION LEVEL DEFINITIONS

Compliant	The NGB, through its written policies and procedures, as well as its execution of those policies and procedures, mostly demonstrates that it is meeting the elements of the standard.
Needs Improvement	The NGB, through its written policies and procedures, as well as its execution of those policies and procedures, demonstrates that it meets many elements of the standard, but changes or improvements are necessary to fully meet the standard.
Deficient	The NGB, through inadequate written policies and procedures and/or poor execution of those policies and procedures, demonstrates that it is not meeting several elements of the standard.
Not applicable/ undetermined	Not applicable indicates the standard does not apply to the NGB and will not be evaluated. Undetermined indicates a reason a determination cannot be made at this time; however, the standard will be evaluated at a later date. Additional details are provided as necessary.