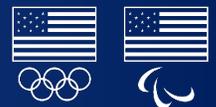




USOPC NGB AUDIT

USA DIVING

September 9, 2021



EXECUTIVE SUMMARY

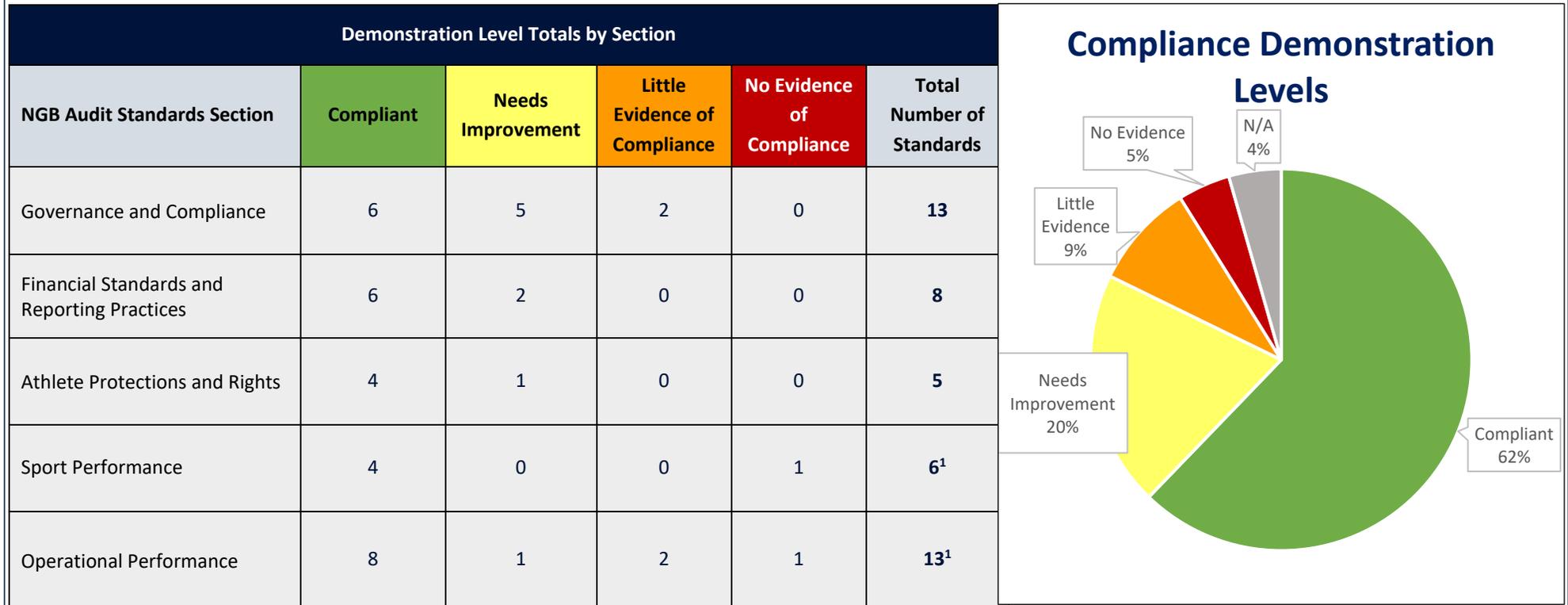
Background, Scope, and Objectives

The United States Olympic & Paralympic Committee’s (USOPC) NGB Audit department (Audit) completed an audit of USA Diving. The purpose of the audit was to determine if USA Diving 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 Diving. 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.



¹Two standards did not apply to USA Diving. See 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.)

Audit conducted a review of USA Diving’s 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 Diving has met many of the requirements outlined in the Standards. However, there are some areas of increased concern including the conflicts of interest process and the financial stability of the organization. There is not a process to ensure conflict of interest disclosure forms are obtained and reviewed annually. USA Diving also had minor net losses in the audited financial statements for three out of the four prior years reviewed. Concerns related to both conflicts of interest processes and financial capabilities were raised in the prior audit.

PRIOR AUDIT FOLLOW-UP²

As part of this review, the NGB Audit team followed up on 15 open audit findings from the audit dated July 30, 2019. As detailed in the findings section of this report, there were three repeat findings. Two high-risk findings related to conflicts of interest and one medium-risk finding related to financial stability were partially remediated. There is an additional high-risk finding related to grievances that remains open because there were no samples to test and validate that appropriate corrective action has been implemented. 11 findings have been remediated and validated by Audit.

NGB AUDIT FINDINGS

All Standards are evaluated against the 2020 Implementation Guide for Audit Standards that went into effect January 1, 2021. 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		

² Prior audit risk ratings are reflective of past risk assessments and may not align with current standards.

Board Development	A.3 b		X		
Board Meeting Minutes	A.3 c	X			
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		6	5	2	0

Needs Improvement		
1	Athlete Representation	Management Action Plan
	<p>A.1 a & b:</p> <p>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.</p> <p>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: USA Diving does not have at least 20% athlete representation on its Master Diving Committee.</p>	<p>The Masters Diving Committee has the appropriate number of seats on the committee reserved for athlete representatives, as demonstrated by that committee's charter. USA Diving is working with the committee to fill the open seat(s).</p> <p>Due Date: December 31, 2021</p>
2022 Determination Level: Needs Improvement		
2	Board Composition	Management Action Plan
	<p>A.1 c: NGB must have a board structure that includes:</p> <p>i. A board position(s) as defined by the USOPC to provide an independent perspective, and</p> <p>ii. A board position for an affiliate member as required by the Act §220522 (a)(11).</p> <p>FINDING: USA Diving's Bylaws meet most of the requirements for the definition of independent perspective, however, they do not state that independent board members must continue to meet the definition of independent perspective for their entire term and any successive term.</p>	<p>USA Diving will amend its bylaws to explicitly include this language.</p> <p>Due Date: December 31, 2021</p>
2022 Determination Level: Needs Improvement		
3	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: USA Diving’s Committee Charters are missing standing committee requirements.</p>	<p>Directors passed a motion to update the committee charters to address committee member attendance, committee member removal, and committee member compensation. A copy of the language adopted by the motion and the minutes of the meeting have been provided to NGB Audit.</p>
2022 Determination Level: Compliant		
4	Board Development	Management Action Plan
	<p>A.3 b: The NGB board must conduct the following activities:</p> <ul style="list-style-type: none"> i. Formal onboarding process for board members and committee members, ii. USOPC training to the board members and committee members, iii. At least once per quad, perform a self-evaluation of the board’s performance using the USOPC provided resource, and iv. Annual performance evaluation of the CEO/Executive Director. <p>FINDING: USA Diving has formal onboarding materials for new board and committee members. However, there was no evidence these materials were provided.</p>	<p>USA Diving has drafted a policy to distribute the onboarding materials and to retain evidence of that distribution. That policy has been provided to NGB Audit.</p>
2022 Determination Level: Needs Improvement		
5	Statement of Ethics	Management Action Plan
	<p>A.6 a: NGB must have a comprehensive written statement or policy of ethics that meets the minimum standards set forth by the USOPC.</p> <p>FINDING: USA Diving does have a statement of ethics, but it does not include general concepts, including common principles of ethics based on the NGB’s organizational values.</p>	<p>USA Diving has updated the statement of ethics to address this finding. A copy of the updated policy has been provided to NGB Audit.</p>
2022 Determination Level: Needs Improvement		
Little Evidence of Compliance		
6	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 Diving's Code of Conduct, including the resolution of code of conduct violations and policy owner.</p>	<p>USA Diving has added the appropriate email address for the policy owner. Additionally, USA Diving has updated Section 1.7 of the policy to state the resolution process more clearly. A copy of the updated policy has been provided to NGB Audit.</p>

2022 Determination Level: Needs Improvement	
7	Conflicts of Interest Policy
Management Action Plan	
<p>A.6 b: NGB must enforce a conflicts of interest policy that meets the minimum policy standards set forth by the USOPC.</p> <p>FINDING: There are elements missing from USA Diving's Conflict of Interest Policy in the following areas: applicability, organizational expectations, disclosures, and resolution.</p> <p>USA Diving is in the process of updating internal processes to ensure conflict of interest disclosures are received annually, as required. During testing, it was noted that one of the ten individuals tested did not have a current conflict of interest form and several were not submitted on time. In addition, there is no evidence of review on any of the conflict of interest disclosure forms tested.</p> <p>This is a repeat finding. There were two findings from the previous audit. One has been partially remediated as the conflict of interest disclosure form was updated. However, controls to ensure forms are completed annually have not been implemented. Additionally, the other finding required USA Diving to adopt a formal review process for completed disclosures.</p>	<p>USA Diving will update its conflict of interest (COI) policy to address the missing items including applicability, organizational expectations, disclosures, and resolution. Additionally, the COI Policy will be updated to outline internal processes to ensure disclosures are received and reviewed annually. Management will ensure adherence to the implemented internal processes for the 2022 reporting period.</p> <p>Due Date: December 31, 2021</p>
2022 Determination Level: Deficient	

FINANCIAL STANDARDS AND REPORTING PRACTICES

NGB Audit Standards Section B					
Title	Standard	Compliant	Needs Improvement	Little Evidence	No Evidence
Financial Stability	B.1 a		X		
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		6	2	0	0

Needs Improvement		
8	Financial Stability	Management Action Plan
	<p>B.1 a: NGB must demonstrate financial stability based on its four most recent audited financial statements.</p> <p>FINDING: USA Diving had minor net losses for three out of the four prior years reviewed.</p> <p>This is a repeat finding. The finding from the previous audit noted USA Diving should increase its financial capabilities, manage its cash flow, and reduce debt to be sustainable and continue operating as an NGB. This was partially remediated considering USA Diving made progress on several aspects of the finding including significant improvements to financial management. Additionally, they no longer have a going concern as of the 2019 financial statements.</p>	<p>USA Diving has already taken significant steps to ensure its financial viability. The organization has overhauled its financial practices and currently maintains a positive and healthy balance sheet. USA Diving will continue to closely manage expenses and seek opportunities to increase revenue. Audited financial statements will continue to reflect positive financial trends.</p> <p>Due Date: June 30, 2022</p>
2022 Determination Level: Needs Improvement		
9	USOPC Funding	Management Action Plan
	<p>B.1 c: NGB must comply with all USOPC funding agreements, including but not limited to, ensuring adequate controls are in place to ensure USOPC funds are spent appropriately, USOPC funds are not spent on excessive or unnecessary expenses, and amounts that are reported on the final grant reports are accurate.</p> <p>FINDING: USA Diving allocated one expense to two different projects which overstated the funded amount on the final grant report.</p>	<p>USA Diving will work with the USOPC to repay owed funds. Additionally, USA Diving's Treasurer will review the final grant report and supporting documentation before submission.</p> <p>Due Date: March 31, 2022</p>
2022 Determination Level: Needs Improvement		

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	C.1 a and C.2	X			
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		4	1	0	0

Needs Improvement		
10	Anti-Doping Policy Language	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: USA Diving does not have formal policies and procedures to enforce anti-doping sanctions.</p>	<p>USA Diving will update policies to include formal procedures to enforce anti-doping sanctions.</p> <p>Due Date: December 31, 2021</p>
2022 Determination Level: Needs Improvement		

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		4	0	0	1

No Evidence of Compliance		
11	Event Sanctioning	Management Action Plan
	<p>D.4 b: If an NGB or its affiliate(s) sanctions events, it must require specific sanctioning standards set forth by the USOPC of the organization or person requesting a sanction.</p>	<p>USA Diving updated its sanctioning document. A copy of that updated document was provided to NGB Audit.</p>

FINDING: USA Diving's sanctioning document(s) do not have the minimum required elements.	
2022 Determination Level: Deficient	

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		8	1	2	1

Needs Improvement		
12	Whistleblower and Anti-Retaliation	Management Action Plan
	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 policy.	USA Diving will update the whistleblower policy to specify disinterested individuals will investigate and resolve reports. Due Date: December 31, 2021

	FINDING: USA Diving's Whistleblower Policy is missing required language that the investigation is executed by disinterested parties.	
2022 Determination Level: Compliant		
Little Evidence of Compliance		
13	Gender Equity	Management Action Plan
	<p>E.7 b: NGB must provide equitable support and encouragement for participation by women where separate programs for male and female athletes are conducted on a national basis as required by the Act §220524(6).</p> <p>FINDING: USA Diving does have established performance criteria that are the same for both men and women. However, they do not have the criteria published online or in an athlete handbook.</p>	<p>The performance criteria will be published online.</p> <p>Due Date: December 31, 2021</p>
2022 Determination Level: Needs Improvement		
14	Equal Opportunity	Management Action Plan
	<p>E.7 c: NGB must provide an equal opportunity to amateur athletes, coaches, trainers, managers, administrators, and officials to participate in amateur athletic competition, without discrimination on the basis of race, color, religion, sex, age, or national origin as required by the Act §220524(8).</p> <p>FINDING: While USA Diving provides an equal opportunity to participate as required, they do not provide anti-discrimination training.</p>	<p>USA Diving will select and implement a resource to provide this training.</p> <p>Due Date: December 31, 2021</p>
2022 Determination Level: Needs Improvement		
No Evidence of Compliance		
15	Strategic Planning	Management Action Plan
	<p>E.8 a: NGB must maintain and monitor the execution of an organizational strategic plan, in addition to a high-performance plan.</p> <p>FINDING: USA Diving does have a strategic plan that includes athletic and organization-wide initiatives; however, the strategic plan is out of date. Additionally, management needs to ensure evidence of board approval is documented and there is a process to periodically monitor progress against the plan.</p>	<p>The USA Diving Board of Directors plans to meet in September or October for a strategic planning session. USA Diving will update its strategic plan based on that session, and the Board will review, and approve the updated plan.</p> <p>Due Date: December 31, 2021</p>
2022 Determination Level: Deficient		

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.