

25th October 2019

Dear Judo in Australia community members,

On behalf of the Board of Judo Australia, we would like to inform you in greater detail of an item reported in our 2018-19 Annual Report presented at our Annual General Meeting on Saturday 19th October 2019.

During Judo Australia's standard financial management and reporting processes undertaken in January 2019, an irregularity was identified. An internal investigation was immediately instigated which discovered that over a 13 month period an employee of our organisation had defrauded the organisation of \$79,360.

This individual did so by inflating legitimate organisation expenses incurred and pocketing the difference. It was a calculated and sophisticated scheme designed to minimise the chance of detection. The investigation established that the individual responsible had acted alone and there were no other people, either internally or externally, involved. However, the investigation also identified weaknesses in our financial processes and systems that were able to be exploited.

Following the internal investigation, the CEO provided the employee with a show cause letter. The individual immediately acknowledged their dishonest and fraudulent conduct, was apologetic and embarrassed and immediately resigned. We ensured support (EAP) services were available to the employee and our operational team from the commencement of this process.

In May, we advised our eight Member State Presidents that inconsistencies within our financial management systems and fraudulent conduct had been identified and funds misappropriated. We were not, at that time, able to fully outline the circumstances to the Member State Presidents due to ongoing processes being undertaken to seek recovery of the stolen funds. This involved a number of legal and insurance processes and required a level of confidentiality that restricted how broadly we could share information at that stage.

With those processes now complete, we are now able to provide more information about this matter and how it has been addressed.

The Board and CEO of Judo Australia take the responsibility for the management, administration and governance of our sport very seriously. We were shocked and dismayed when we first discovered this matter and particularly that a trusted person within the organisation had been stealing from Judo Australia. Since that time the CEO and the Board have been focussed on working methodically, swiftly and with due diligence in the best interests of our clubs, members, participants and our sport to ensure nothing like this could happen again and seek to recover the stolen monies.

The Judo Australia Finance Committee, led by its Chair, has worked with our CEO to review, update and implement changes to the financial systems. These changes have been introduced and provide a greater level of security and scrutiny around approvals and payments. This will ensure thefts like this cannot occur in the future and that any inconsistencies in payments are identified and flagged immediately.

Judo Australia has entered into a repayment agreement with the former employee to recover the stolen funds in full. At this stage, we have decided not to refer the matter to police for criminal investigation and possible prosecution. We have been advised that a criminal conviction and sentence would likely reduce repayment of the amount to Judo Australia to close to nil. Repayment of the outstanding monies will be monitored and should there be any breach of the repayment agreement, other steps to retrieve outstanding monies will be considered. The employee will not be permitted to have any further engagement with Judo Australia in any capacity, including not being permitted to register as a Member in the future.

As per normal process, the 2018-19 Financial Statements have been audited by an external independent auditor who was specifically advised of all details regarding this matter. The auditor has approved how the stolen funds were reported from the financial management perspective and endorsed the way Judo Australia managed the matter.

We have advised our key funding partners of this matter and all government grants have been fully and appropriately acquitted. These partners are supportive of how the issue has been managed by Judo Australia.

We can assure you we moved swiftly to systematically address the issue and believe that whilst there has been a depletion in our funds as a result it has not affected in any way our capacity to deliver our programs, events and activities as per our Strategic Plan in the 2018/19 year.

At all times, we have based our actions and decisions on what we believe is best for our community. Throughout this process, we have utilised the knowledge and experience of our Board members and Member State Presidents to minimise additional costs and ensure we remain focussed on a positive outcome to this unfortunate situation.

Like you, we are incredibly disappointed by the actions taken by an individual in a position of trust within our organisation and it is hoped nothing like this will ever happen again. All appropriate steps have been now taken to recover the missing monies and ensure something like this cannot occur again.

We understand that many of you will be rightly disappointed by what has occurred and may want to publicly express your feelings on the matter. We ask that in doing so you consider and remain committed to the Judo Moral Code and how any actions or words may impact the sport we all love.

We would encourage you not to be unduly distracted by this incident, but also to recognise the successes and celebrate the achievements of our Judo in Australia community that have been reported in the past year. It is time to look to the year ahead and focus on what we can achieve together to have more Australians positively engaging with Judo, in more places, more often, for life.



Judo Australia Chair and CEO, on behalf of the Board of Directors