



## Economic crime in the aerospace sector

The aerospace sector continues to face high exposure to economic crime risks. The prevalence of state owned customers and the use of agents and intermediaries continue to create significant corruption risks for the sector, with numerous high profile regulatory enforcement investigations in recent years.

The nature of many organisations operating in the aerospace sector is such that they are also exposed to other economic crime risks such as fraud, breaches of economic sanctions, export control violations and facilitation of tax evasion.

Furthermore, in light of Airbus's recent settlement with regulatory authorities in the UK, USA and France, many organisations are evaluating their own exposure to corruption risk.

### Why the sector is at particular risk of economic crime



Decentralised operations and storage of inventory



Complex supply chains



Distributors and agents



Licenses, permits and regulatory clearances



Legislative, regulatory and political exposure in multiple jurisdictions



Complex corporate structures

### Specific economic crime challenges



#### Bribery and Corruption

Corruption risk in overseas operations when selling to state-owned customers or when engaging with public officials to facilitate the movement of goods.



#### Trade Sanctions

Challenges in navigating the sanctions landscape due to global nature of supply and distribution chains.



#### Loss of Intellectual Property or Confidential Information

Data breaches and leaks of corporate IP such as trade secrets.

## Our available capabilities



- Electronic data capture and hosting of e-data for review
- Physical document collection and scanning
- Conducting interviews
- Business intelligence research



- Financial accounting analysis
- Expert use of data review tools
- Forensic data analytics
- Access to deep industry and subject matter expertise



- Reporting of investigation findings to internal and external stakeholders
- Root cause analysis and remediation
- Support with liaising with regulatory and law enforcement authorities

## Our available capabilities

### Anti-Bribery and Corruption Compliance Reviews

A blue chip global aerospace and defence group engaged Deloitte to perform ethical conduct forensic audits of its highest risk third party agents and representatives. This work provides our client with insights into its economic crime risk and regulatory exposure as a result of contracting with these third parties and enables the client to take decisions concerning the renewal or termination thereof.

### Financial Fraud Investigation

We were engaged by a large UK based aerospace engineering company following a significant and unexpected deterioration in the financial performance of an overseas subsidiary. Our work involved the capture and review of electronic evidence and conducting interviews at the overseas subsidiary. Our reports were used to implement changes to the overseas subsidiary's financial controls and bring disciplinary actions against employees found to be culpable of manipulating financial results.

### Procurement Investigation

Deloitte was engaged by a global aerospace company following whistle blower allegations that it had breached public procurement rules and overcharged government by £millions over a ten year period. The output from our work included reaching a commercial settlement with government, making any necessary adjustments to its financial reporting and liaising with regulatory authorities.

### Fraud Investigation

We were appointed by a UK based aerospace company to investigate allegations of bribes being paid by customers to members of its staff. Our work involved accounting analysis, unstructured data review and interviews with a number of employees and customers both in the UK and the US. We identified that certain employees had themselves been involved irregular activity with a number of customers and suppliers which included, inter alia, theft of company data and plans to set up a rival operation to the Company. Alongside legal advisers, we assisted the company in obtaining injunctive relief, freezing orders and asset recoveries.



**Jules Colborne-Baber**

**Partner**

**Head of Investigations**

+44 20 7303 2905

jcolbornebabber@deloitte.co.uk



**Peter Robinson**

**Partner**

**Forensic Technology**

+44 20 7303 2148

petrobinson@deloitte.co.uk



**Adam Smith**

**Partner**

**Investigations**

+44 20 700 79292

adsmith@deloitte.co.uk



**Matt Boddy**

**Director**

**Investigations**

+44 121 695 5514

mboddy@deloitte.co.uk

# Deloitte.

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