

Edited for publication

WITHOUT PREJUDICE

IN THE MATTER OF

THE EXECUTIVE COUNSEL TO THE FINANCIAL REPORTING COUNCIL

-and-

AMANDA NIGHTINGALE (NÉE CLEAVER)

PARTICULARS OF FACT AND ACTS OF MISCONDUCT

The Settlement Agreement (which includes the Particulars of Fact and Acts of Misconduct) is a document agreed between Amanda Cleaver and the Executive Counsel. It does not make findings against any persons other than Ms Cleaver and it would not be fair to treat any part of this document as constituting findings against any other persons.

I. INTRODUCTION

1. The Financial Reporting Council (“**the FRC**”) is the independent disciplinary body for the accountancy and actuarial professions in the United Kingdom.
2. The FRC’s rules and procedures relating to accountants are set out in the Accountancy Scheme of 1 January 2021 (as reissued on 30 March 2021) (“**the Scheme**”).
3. This document contains the Particulars of Fact and Acts of Misconduct admitted by Ms Nightingale (née Cleaver) (“**Ms Cleaver**”) in relation to her conduct between 2015 and 2019 when acting as the Senior Manager on audits for which BDO LLP (“**BDO**”) was the appointed statutory audit firm.
4. During this period, as further particularised below, Ms Cleaver:
 - 4.1 on numerous occasions, caused or permitted auditor’s reports to be issued to audited entities and/or financial statements containing auditor’s reports to be filed at Companies House, without the knowledge and/or approval from the senior

- statutory auditor who was responsible for signing such reports (the “**Responsible Individual**”), including by inserting electronic copies of the signature of the Responsible Individual on the auditor’s report for the relevant audit without their authorisation, contrary to the requirements of section 503 of the Companies Act 2006;
- 4.2 inserted electronic copies of the signatures of the Responsible Individuals on other documents, without their authorisation;
 - 4.3 created false documents, and falsified existing documents, including audit evidence; and
 - 4.4 deceived Responsible Individuals and audited entities.
5. In this document:
- 5.1 Sections II to III introduce the Respondent and the relevant standards of conduct;
 - 5.2 Section IV summarises the relevant background; and
 - 5.3 Section V sets out the admitted acts of Misconduct.
6. This document forms part of the Proposed Settlement Agreement, as defined in paragraph 2(1) of the Scheme.

II. THE RESPONDENT

7. Ms Cleaver was at all material times a member of the Institute of Chartered Accountants in England and Wales (“**ICAEW**”), having been admitted as a Member on 1 December 2001. Ms Cleaver ceased to be a member of the ICAEW on 30 September 2020. At all material times Ms Cleaver was employed by BDO as a Senior Manager in its Gatwick Office. Ms Cleaver was not eligible for appointment as a statutory auditor and was not the senior statutory auditor or the Responsible Individual for any of the audits on which she worked on behalf of BDO.
8. Accordingly, Ms Cleaver is a “Former Member” who, by virtue of paragraph 5(7) of the Scheme, is liable to investigation and disciplinary proceedings under the Scheme on the basis that she was a “Member” at the time of the Misconduct set out below. As Ms Cleaver’s employer, BDO is liable for the Misconduct of Ms Cleaver, as set out below in

this document, pursuant to paragraph 5(11)(i) of the Scheme and matters relating to BDO's liability are to be addressed in separate proceedings.

III. THE RELEVANT STANDARDS OF CONDUCT

9. "Misconduct" is defined by paragraph 2(1) of the Scheme as conduct:

"which falls significantly short of the standards reasonably to be expected of a Member or Member Firm or has brought, or is likely to bring, discredit to the Member or the Member Firm or to the accountancy profession."

10. The standards of conduct reasonably to be expected of Ms Cleaver include those set out in the Fundamental Principles contained in the Code of Ethics issued by the ICAEW and effective from 1 January 2011 to 31 December 2019 ("**the Code**").

11. The Fundamental Principles apply to all members and member firms of the ICAEW. They are framed in broad and general terms and are designed to maintain a high standard of professional conduct by all members and member firms of the ICAEW.

12. The relevant paragraphs of the Code are:

12.1 Paragraph 100.5, which provides that professional accountants:

"shall comply with the following fundamental principles:

(a) Integrity – to be straightforward and honest in all professional and business relationships.

...

(e) Professional Behaviour – to comply with relevant laws and regulations and avoid any action that discredits the profession."

12.2 Paragraph 110.1, which provides that:

"the principle of integrity imposes an obligation on all professional accountants to be straightforward and honest in all professional and business relationships. Integrity also implies fair dealing and truthfulness."; and

12.3 Paragraph 110.2, which provides that:

"a professional accountant shall not knowingly be associated with reports, returns, communications or other information where the professional accountant believes that the information:

(a) Contains a materially false or misleading statement;

(b) Contains statements or information furnished recklessly...”

12.4 Paragraph 150.1, which provides that:

“The principle of professional behaviour imposes an obligation on all professional accountants to comply with relevant laws and regulations and avoid any action that the professional accountant knows or should know may discredit the profession. This includes actions that a reasonable and informed third party, weighing all the specific facts and circumstances available to the professional accountant at that time, would be likely to conclude adversely affects the good reputation of the profession.”

13. In addition to the standards of conduct reasonably to be expected of Ms Cleaver, Chapter 3 of Part 16 of the Companies Act 2006 (“**Companies Act**”) sets out the functions of statutory auditors and the legal requirements of a statutory auditor’s report. In particular, section 503 of the Companies Act provides as follows:

(1) The auditor’s report must state the name of the auditor and be signed and dated.

...

(3) Where the auditor is a firm, the report must be signed by the senior statutory auditor in his own name, for and on behalf of the auditor.

14. Under the ICAEW Audit Regulations and Guidance (“**the ICAEW Regulations**”), the senior statutory auditor must be a Responsible Individual, i.e. a person responsible for the audit work and designated as such under regulation 4.01 of the ICAEW Regulations. Accordingly, in the United Kingdom, the statutory auditor’s report must be signed by a Responsible Individual who is identified as the senior statutory auditor for the audit.

15. The auditor’s report cannot be signed by anyone else, although where the senior statutory auditor is absent but is still able to, and does, take responsibility for the direction, supervision and performance of the audit, the senior statutory auditor may sign the auditor’s report using electronic means: see (prior to 17 June 2016) the Auditing Practice Board Bulletin 2008/6 at paragraphs 12 and 14 and (from 17 June 2016) ISA (UK) 700 at A64-11, A-64-13.

IV. BACKGROUND

16. Ms Cleaver joined BDO in September 2007 as an audit manager in BDO's Gatwick office. She was promoted to senior manager on 1 October 2008 and to a higher level of senior manager on 1 October 2010. From 2012 to 2018, BDO assessed Ms Cleaver's performance as consistently meeting or exceeding expectations. However, in July 2019, two partners of BDO, ("**Partner A**")¹ and another partner, ("**Partner X**"), who were Responsible Individuals for audits for which Ms Cleaver was the allocated Senior Manager, separately raised concerns with a senior Partner in the relevant Strategic Business Unit ("**Partner Y**") about aspects of Ms Cleaver's performance. As a result of the concerns raised regarding Ms Cleaver's performance, and after discussion with Ms Cleaver, she was placed on an informal Performance Improvement Plan ("**PIP**") until 28 November 2019.
17. On 29 November 2019, Partner A notified another senior partner in the relevant Strategic Business Unit ("**Partner Z**") of concerns Partner A had about Ms Cleaver having given commitments to an audit client regarding the timetable for completion of audit work that could not be met.
18. At a meeting between Partner Y and Partner Z on 2 December 2019, Partner Z relayed to Partner Y the ongoing concerns about Ms Cleaver's performance that had been raised with them by Partner A. Prompted by these concerns, Partner Y looked up information on the Companies House website concerning a different audit client for which they were the Responsible Individual and Ms Cleaver was the senior manager, **Company B**. Partner Y discovered that the 2017 and 2018 accounts for Company B had been signed in their name and filed at Companies House without their knowledge or authorisation.
19. As a result of this discovery, Partner Y and Partner Z called Ms Cleaver to a meeting at or around 14:00 on 2 December 2019. In the course of the meeting, Ms Cleaver admitted that she had copied an electronic version of Partner Y's signature from another document and pasted it onto a pdf version of the 2017 and 2018 Company B accounts. She also admitted to having done so in relation to the accounts of another company, **Company H**, for which Partner A was the Responsible Individual, but did not specify for

¹ Note where the same is letter used to cipher individuals and companies (e.g. 'Partner A' and 'Company A') no connection is intended to be made between them.

which year-end accounts she had done this. Partner Z instructed Ms Cleaver to leave work for the rest of the day and the meeting ended at or around 14:20.

20. As explained further below, Ms Cleaver did not immediately leave BDO's offices but instead returned to her desk and deleted a number of files from her computer. A short time later, at around 14:50, Partner Y and Partner Z called Ms Cleaver back to a further meeting which was also attended by an Employment Relations Adviser. At that meeting Ms Cleaver was formally suspended from her position at BDO pending investigation. She left BDO's premises shortly thereafter.
21. BDO arranged a disciplinary hearing for Ms Cleaver on 6 December 2019. However, Ms Cleaver formally resigned from her position at BDO with immediate effect on 5 December 2019 and the hearing did not proceed.
22. In light of the admissions made by Ms Cleaver regarding the unauthorised insertion of signatures on auditor's reports, BDO conducted an internal investigation to identify any further instances of Ms Cleaver having inserted signatures of Responsible Individuals on auditor's reports without authorisation.
23. This investigation included reviewing certain past audits, including their electronic audit files (known as "**APT files**"), for which Ms Cleaver was the allocated Senior Manager and consulting the relevant Responsible Individuals. As a result of this investigation BDO identified numerous additional audits where Ms Cleaver had inserted an electronic copy of the Responsible Individual's signature on auditor's reports without their authorisation, issued auditor's reports without authorisation, or fabricated or falsified other documents.
24. At interview with the FRC Ms Cleaver asserted that she could not recollect most of the facts giving rise to the Misconduct alleged below, but she did admit that on occasion she inserted Responsible Individuals' signatures into auditor's reports without having received their approval and that she may also have generated false audit evidence on occasion.

V. ADMITTED ACTS OF MISCONDUCT

V.1 Summary of Admitted Acts of Misconduct

25. As further particularised below, on numerous occasions between 2015 and 2019, the conduct of Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that, on audits for which she was the Senior Manager, she:

- 25.1 caused or permitted auditor's reports to be issued without approval from the Responsible Individuals, including by inserting electronic copies of the signature of the Responsible Individual for the relevant audit without their authorisation, contrary to the requirements of section 503 of the Companies Act 2006, and thus failed to act in accordance with the Fundamental Principles of 'Integrity' (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and 'Professional Behaviour' (paragraphs 100.5(e) and 150.1 of the Code);
- 25.2 inserted electronic copies of the signatures of the Responsible Individuals in other documents without their authorisation, and thus failed to act in accordance with the Fundamental Principles of 'Integrity' (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and 'Professional Behaviour' (paragraphs 100.5(e) and 150.1 of the Code);
- 25.3 created false documents, and falsified existing documents, including audit evidence, and thus failed to act in accordance with the Fundamental Principles of 'Integrity' (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and 'Professional Behaviour' (paragraphs 100.5(e) and 150.1 of the Code); and
- 25.4 deceived the Responsible Individuals and audited entities, and thus failed to act in accordance with the Fundamental Principles of 'Integrity' (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and 'Professional Behaviour' (paragraphs 100.5(e) and 150.1 of the Code).
26. In doing so, as further particularised below, Ms Cleaver acted dishonestly in respect of the conduct which is the subject of each of the allegations, by:
- 26.1 inserting the electronic signature of Responsible Individuals into auditor's reports and other documents in the knowledge that she was not authorised to do so or without having any honest belief that she had been authorised to do so;
- 26.2 creating false documents and in falsifying existing documents, which is consistent only with Ms Cleaver intending to deceive the users and/or recipients of those documents; and
- 26.3 making representations to Responsible Individuals and audited entities which she knew to be false or which she made recklessly, not caring whether they were true or false (i.e. without having any honest belief in the truth of those representations).

27. Ms Cleaver’s Misconduct seriously undermined the audit process for the affected audits and created a serious risk that auditor’s reports would be issued in breach of the applicable requirements, including being issued without sufficient audit evidence having been obtained. In particular, Ms Cleaver’s conduct resulted, and was designed to result, in the relevant Responsible Individuals not reviewing, or not properly reviewing, the audit work to ensure that sufficient audit procedures had been planned and performed. In some cases, Ms Cleaver issued auditor’s reports without the Responsible Individual knowing whether any audit work had been performed at all.
28. In what follows, the admitted particulars of facts are set out in relation to each relevant audit, followed by the admitted acts of Misconduct arising from those facts. The audits are grouped together by relevant company, or group of companies where applicable.
29. The admitted instances of Misconduct detailed below can be broken down by the calendar year in which the acts of Misconduct took place as follows:

Year	2015	2016	2017	2018	2019	Total
Instances of Misconduct	1	5	5	11	27	49

30. The nature of the acts of Misconduct in relation to each audited entity was in summary as follows:

30.1 **Company A – Allegations 1 to 3:** Ms Cleaver applied an electronic copy of the signature of the Responsible Individual for the audit to the auditor’s report for the financial statements for each of the 2016, 2017 and 2018 financial years without the knowledge or authorisation of the Responsible Individual.

30.2 **Company B – Allegations 4 to 9:**

- (a) In relation to the audit of the financial statements for the 2017 financial year, Ms Cleaver:
- (i) applied an electronic copy of the signature of the Responsible Individual for the audit to three group reporting documents and to the auditor’s report in the company’s financial statements without the knowledge or authorisation of the Responsible Individual;

(ii) applied an electronic copy of the signature of a director of the audited entity to the balance sheet in the financial statements without the director's knowledge or authorisation; and

(iii) deceived the Responsible Individual regarding the progress of the audit.

(b) In relation to the audit of the financial statements for the 2018 financial year, Ms Cleaver applied an electronic copy of the signature of the Responsible Individual for the audit to three group reporting documents and to the auditor's report in the financial statements without the knowledge or authorisation of the Responsible Individual.

30.3 Group C – Allegations 10 to 16: Ms Cleaver applied an electronic copy of the signature of the Responsible Individual for the audit to the auditor's report for the financial statements of seven companies for the 2018 financial year without the knowledge or authorisation of the Responsible Individual.

30.4 Company D – Allegation 17: Ms Cleaver applied an electronic copy of the signature of the Responsible Individual for the audit to the auditor's report for the financial statements for the 2019 financial year without the knowledge or authorisation of the Responsible Individual.

30.5 Company E group of companies – Allegations 18 to 22: Ms Cleaver applied an electronic copy of the signature of the Responsible Individual for the audit to the auditor's report for the financial statements of:

- (a) one company for the 2014 financial year;
- (b) two companies for the 2015 financial year; and
- (c) one company in each of the 2017 and 2018 financial years,

in each case without the knowledge or authorisation of the Responsible Individual.

30.6 Company F – Allegations 23 and 24: Ms Cleaver applied an electronic copy of the signature of the Responsible Individual for the audit to the auditor's report for the financial statements for the 2016 and 2017 financial years without the knowledge or authorisation of the Responsible Individual.

30.7 Company G – Allegations 25 and 26: In relation to the audit of the financial statements for the 2015 financial year:

- (a) Ms Cleaver applied an electronic copy of the signature of the Responsible Individual for the audit to the auditor's report without the knowledge or authorisation of the Responsible Individual; and
- (b) Ms Cleaver deceived the Responsible Individual regarding the progress of the audit.

30.8 Company H – Allegations 27 to 31: Ms Cleaver applied an electronic copy of the signature of the Responsible Individual for the audit to the auditor's report for the financial statements for the 2015, 2016, 2017 and 2018 financial years without the knowledge or authorisation of the Responsible Individual. In relation to the audit of the 2017 financial statements, Ms Cleaver also deceived the Responsible Individual regarding the progress of the audit.

30.9 Group J – Allegations 32 to 35: Ms Cleaver applied an electronic copy of the signature of the Responsible Individual for the audit to the auditor's report for the financial statements of four companies for the 2018 financial year without the knowledge or authorisation of the Responsible Individual.

30.10 Company K – Allegations 36 and 37: Ms Cleaver applied an electronic copy of the signature of the Responsible Individual for the audit to the auditor's report for the financial statements for the 2018 financial year without the knowledge or authorisation of the Responsible Individual. Ms Cleaver also deceived the Responsible Individual regarding the circumstances in which the signed auditor's report came to be filed at Companies House and falsified emails in order to support her deception of the Responsible Individual.

30.11 Companies L1 and L2 – Allegations 38 to 41: Ms Cleaver applied an electronic copy of the signature of the Responsible Individual for the audit to the auditor's report for the financial statements of two companies for the 2017 financial year and for one company for the 2018 financial year without the knowledge or authorisation of the Responsible Individual. In relation to the 2017 audit, Ms Cleaver also deceived the Responsible Individual regarding the progress of the audit.

30.12 Company M – Allegations 42 and 43: In relation to the audit of the financial statements for the 2019 financial year, Ms Cleaver: (i) applied an electronic copy of the signature of the Responsible Individual for the audit to the auditor's report

without their knowledge or authorisation; and (ii) deceived the Responsible Individual regarding the progress of the audit.

30.13 **Company N group of companies – Allegations 44 and 45:** In relation to the audit of the financial statements for each of the 2017 and 2018 financial years, Ms Cleaver fabricated an actuarial report relating to the valuation of pension scheme liabilities.

30.14 **Group O – Allegation 46:** In relation to the audit of the financial statements for the 2019 financial year, Ms Cleaver fabricated a bank confirmation.

30.15 **Parent of Companies P1 and P2, Company P1, Company P2 – Allegations 47 to 49:** In relation to the audit of the financial statements for the 2018 financial year, Ms Cleaver:

- (a) directed a junior employee to falsify a bank confirmation letter; and
- (b) applied an electronic copy of the signature of directors of the audited entities to two engagement letters without their knowledge or authorisation.

V.2 Company A

- 31. Company A is a UK company which was previously named **Old name of Company A**, in July 2015 was renamed Company A, and since January 2021 has been known as **New name of Company A**.
- 32. BDO have been the auditors for Company A since its 2015 year-end and were the auditors for its 2016, 2017 and 2018 financial statements.
- 33. Ms Cleaver was allocated as the Senior Manager and a partner (“**Partner B**”) was allocated as the Engagement Partner and Responsible Individual for each of these audits.
- 34. For each of the 2016, 2017 and 2018 financial year ends, the auditor’s report included in the financial statements filed at Companies House was purportedly signed by Partner B.
- 35. However, at interview with the FRC, Partner B stated that they did not sign the auditor’s reports for any of the Company A 2016, 2017 and 2018 audits.

36. In her FRC interview, Ms Cleaver did not deny she had inserted a copy of Partner B's signature without his authorisation, but stated that she did not recollect the events surrounding the Company A 2016, 2017 and 2018 audits.

Company A 2016 Audit

37. Company A's 2016 financial year-end was 31 March 2016. The financial statements were filed at Companies House on or before 20 March 2017 by Ms Cleaver, and included an auditor's report dated 31 January 2017 which was purportedly signed by Partner B on behalf of BDO.

38. However, Partner B did not sign the auditor's report. Instead, Ms Cleaver inserted an electronic copy of Partner B's signature into the auditor's report, provided it to the audited entity and filed the financial statements at Companies House without Partner B's knowledge or authorisation. In this regard:

38.1 As noted above at paragraph 35, Partner B denies that they signed the auditor's report.

38.2 The signature that has been inserted appears on visual inspection to be identical to Partner B's signature from the auditor's report for Company A's 2015 financial statements.

38.3 On 31 January 2017 Partner B accepted an invitation from Ms Cleaver to perform an execution and completion review on 3 February 2017, i.e. after the date the auditor's report was purportedly signed. This indicates that Partner B was unaware the auditor's report had already been signed as at 3 February 2017.

38.4 As at 31 January 2017, Partner B had only signed off six documents within section 1 of the audit file (which contained six sections in total). Partner B signed off two documents within the audit file on 2 February 2017 and on 3 February 2017 emailed Ms Cleaver requesting that Partner B be given access to the remainder of the audit file for review. Ms Cleaver replied the same day that "[Company A] *will be updated over the weekend.*" In those circumstances, it is to be inferred that Partner B had not signed the auditor's report on 31 January 2017.

38.5 On 15 February 2017 Ms Cleaver emailed the audited entity the financial statements with the signed auditor's report (dated 31 January 2017) and falsely

asserted that she had filed the statements at Companies House on 31 January 2017. Ms Cleaver did not copy Partner B into this correspondence.

- 38.6 Partner B subsequently reviewed additional audit papers, including the planning documents, on 27 February 2017, i.e. after the auditor's report had been purportedly signed and after it was sent to the audited entity.
- 38.7 However, without notifying Partner B, Ms Cleaver caused the 2016 financial statements, including the auditor's report purportedly signed by Partner B, to be filed at Companies House on or before 20 March 2017.
- 38.8 On or about 30 November 2017, Partner B annotated a schedule of unarchived audits and in relation to the Company A 2016 audit wrote "*still not signed off. [Company A abbreviation] company*", indicating that they believed the 2016 audit was ongoing.
- 38.9 It is to be inferred that Partner B was unaware the auditor's report had already been signed and that the 2016 financial statements had already been filed at Companies House.
39. Ms Cleaver acted dishonestly in inserting Partner B's electronic signature in the auditor's report in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.
40. **Allegation 1: In the circumstances detailed above Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that without the Responsible Individual's knowledge or authorisation Ms Cleaver inserted an electronic copy of their (the Responsible Individual's) signature in the Company A 2016 auditor's report which she provided to the audited entity and caused the 2016 financial statements – including the auditor's report – to be filed at Companies House, contrary to the requirements of section 503 of the Companies Act 2006 and in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 39 above.**

Company A 2017 Audit

41. Company A's 2017 year-end was 31 March 2017 and the statutory deadline for the filing of its financial statements at Companies House was 31 December 2017.
42. The financial statements were filed at Companies House on 22 January 2018 by Ms Cleaver and included an auditor's report dated 6 November 2017 which was purportedly signed by Partner B on behalf of BDO.
43. However, Partner B did not sign the auditor's report. Instead, Ms Cleaver inserted an electronic copy of Partner B's signature into the auditor's report, provided it to the audited entity and filed the financial statements at Companies House without Partner B's knowledge or authorisation. In this regard:
 - 43.1 As noted above at paragraph 35, Partner B has stated that they did not sign the auditor's report.
 - 43.2 No audit file exists for the Company A 2017 audit.
 - 43.3 There is no documentary, or other, evidence that Partner B was involved in the Company A 2017 audit, other than being allocated as the Responsible Individual.
 - 43.4 It is apparent from the metadata of the pdf version of the financial statements in BDO's records that the signature block in the auditor's report, which included a "BDO LLP" signature placed above Partner B's name, was inserted by the user "nighta", i.e. Ms Cleaver.
 - 43.5 Partner B stated at interview that they never used an electronic signature, or authorised Ms Cleaver or their personal assistant to use an electronic signature on their behalf, to sign the auditor's report included in an audited entity's financial statements.
 - 43.6 On 14 November 2017 Ms Cleaver emailed the audited entity the financial statements with the signed auditor's report (dated 6 November 2017), but Ms Cleaver did not copy Partner B into this correspondence.
 - 43.7 Without notifying Partner B, Ms Cleaver caused the 2017 financial statements, including the auditor's report, to be filed at Companies House on 22 January 2018.

44. Ms Cleaver acted dishonestly in inserting Partner B's electronic signature in the auditor's report in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.
45. **Allegation 2: In the circumstances detailed above Ms Cleaver fell significantly short of the standards reasonably expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that without the Responsible Individual's knowledge or authorisation Ms Cleaver inserted an electronic copy of their (the Responsible Individuals) ("BDO LLP") signature in the Company A 2017 auditor's report and caused the financial statements – including the auditor's report – to be filed at Companies House, contrary to the requirements of section 503 of the Companies Act 2006 and in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 44 above.**

Company A 2018 Audit

46. Company A's 2018 year-end was 31 March 2018. The financial statements were filed at Companies House on or before 29 January 2019 and included an auditor's report dated 13 December 2018 which was purportedly signed by Partner B on behalf of BDO.
47. However, Partner B did not sign the auditor's report. Instead, Ms Cleaver inserted an electronic copy of Partner B's signature into the auditor's report, provided it to the audited entity and filed the financial statements at Companies House without Partner B's knowledge or authorisation:
- 47.1 As noted above at paragraph 35, Partner B has stated that they did not sign the auditor's report.
- 47.2 No audit file exists for the Company A 2018 audit.
- 47.3 There is no documentary, or other, evidence that Partner B was involved in the Company A 2018 audit, other than being allocated as the Responsible Individual.
- 47.4 The signature that has been inserted above Partner B's name appears on visual inspection identical to the "BDO LLP" signature from the auditor's report for Company A's 2017 financial statements. As noted above at paragraph 43.5,

Partner B stated at interview that they never used an electronic signature, or authorised Ms Cleaver or their personal assistant to insert an electronic signature on their behalf, to sign the auditor's report included in an audited entity's financial statements.

47.5 On 21 December 2018, Ms Cleaver emailed the signed financial statements to the audited entity and confirmed "*that these have gone by courier today direct to Companies House*". However, Ms Cleaver did not copy Partner B into this correspondence.

47.6 After repeated queries from the audited entity in January 2019 noting that the financial statements were not showing as filed on the Companies House website, Ms Cleaver emailed the audited entity on 29 January 2019 stating as follows:

Apologies for the delayed reply, I have been out and about at meetings. The company's record is all showing as up to date. We had a letter back from Companies House early January (copy attached for records) with a query. An updated version of accounts was submitted and the company's record is showing as up to date (screen shot attached from Companies House).

The letter attached to Ms Cleaver's email was dated 5 January 2019 and stamped as received by BDO on 10 January 2019. Companies House records the statements as having been filed on 29 January 2019. The auditor's report in the filed statements differ from those sent to the audited entity on 21 December 2018 in that they refer to both the company and its group. However, the signature on the auditor's report appears on visual inspection to be identical to that in the statements sent to the audited entity and the date of the report remained 13 December 2018.

47.7 Partner B was not copied into any of the correspondence referred to above between the audited entity and Ms Cleaver. Thus, without notifying Partner B, Ms Cleaver caused the 2018 financial statements, including the auditor's report, to be provided to the audited entity on 21 December 2018 and filed at Companies House on or before 29 January 2019.

48. Ms Cleaver acted dishonestly in inserting Partner B's electronic signature in the auditor's report in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.

49. **Allegation 3:** In the circumstances detailed above Ms Cleaver fell significantly short of the standards reasonably expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that without the Responsible Individual's knowledge or authorisation Ms Cleaver inserted an electronic copy of their (the Responsible Individual's) ("BDO LLP") signature in the Company A 2018 auditor's report, provided it to the audited entity and caused the financial statements – including the auditor's report – to be filed at Companies House, contrary to the requirements of section 503 of the Companies Act 2006 and in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 48 above.

V.3 Company B

50. BDO was the auditor for the 2017 and 2018 accounts for Company B, having been initially appointed as auditor in 2013. Partner Y was the audit Engagement Partner in both years and Ms Cleaver was the Senior Manager.
51. As set out below, in relation to the Company B 2017 audit Ms Cleaver inserted an electronic copy of Partner Y's signature in three places on a group reporting document and in the final auditor's report itself, without Partner Y's authorisation.
52. In relation to the Company B 2018 audit, Ms Cleaver also inserted an electronic copy of Partner Y's signature without authorisation in three group reporting documents and the final auditor's report.
53. As noted above at paragraphs 18 and 19, at a meeting with Partner Y and Partner Z on 2 December 2019, Ms Cleaver admitted to inserting a copy of Partner Y's signature without their authorisation on both the Company B 2017 and 2018 auditor's reports.

Company B 2017 Audit

54. Company B's 2017 year end was 31 December 2017 and the deadline for filing its accounts at Companies House was 30 September 2018.
55. Partner Y stated at interview with the FRC

- 55.1 that work on the execution phase of the Company B 2017 audit was suspended in March or April 2018, when the audit was approximately 50% complete, while BDO waited for further information to be provided by the audited entity;
- 55.2 that Company B was expected to report its results to its parent company ("**Parent of Company B**") (for whom another firm acted as auditor), for the purposes of group reporting; and
- 55.3 Ms Cleaver represented to Partner Y that because of Company B's delay in providing information it would not be able to meet the group reporting deadline, but that because Company B was not a significant component of the wider group it had been agreed with the audited entity that Company B would not report to the group as had been initially planned.
56. However, on 12 April 2018 Ms Cleaver emailed the audit firm responsible for the audit of Parent of Company B with the message "*Please find attached updated documents as promised*" and attached:
- 56.1 A document prepared for the purposes of group reporting including (a) an Appendix E – a memorandum of work performed in relation to Company B in accordance with instructions received from the other audit firm on 3 November 2017, (b) an independent auditor's report on special purpose financial information prepared for consolidation purposes, and (c) an Appendix K – a subsequent events review (the "**2017 Company B Group Reporting Document**"); and
- 56.2 An equivalent document relating to another company in the same group which BDO audited, namely a **Sister Company of Company B**.
57. Partner Y was not copied in on this email. However, each of the three components of the 2017 Company B Group Reporting Document were purportedly signed by Partner Y (in the form "BDO LLP"): Appendix E and the independent auditor's report were dated 6 April 2018 and Appendix K was dated 12 April 2018. In fact, Ms Cleaver inserted electronic copies of Partner Y's signature on each occasion, without Partner Y's knowledge or authorisation. In this regard:
- 57.1 As part of the internal investigation conducted by BDO into Ms Cleaver's misconduct, Partner Y stated that they did not sign the 2017 Company B Group Reporting Document and confirmed this at interview with the FRC.

- 57.2 As noted above, Partner Y was unaware that the 2017 Company B Group Reporting Document would be, or was, sent to the other audit firm, as they had been told by Ms Cleaver that it was no longer required.
- 57.3 The three signatures in the document appear on visual inspection to be identical which indicates the same electronic copy of Partner Y 's signature has been inserted in each place.
- 57.4 At interview Partner Y stated that they had no recollection of ever giving Ms Cleaver authority to use their electronic signature.
58. Ms Cleaver acted dishonestly in inserting Partner Y 's electronic signature in the 2017 Company B Group Reporting Document in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.
59. In addition, Ms Cleaver inserted an electronic copy of Partner Y's signature on the final auditor's report included in Company B 2017 financial statements, which was provided to the audited entity and filed at Companies House. In this regard:
- 59.1 As noted above at paragraphs 18 to 19, Ms Cleaver admitted this misconduct at a meeting with Partner Y and Partner Z on 2 December 2019. The reason Partner Y called the meeting was that they had discovered that Company B's 2017 and 2018 accounts had been filed at Companies House and purportedly signed by them, but without their knowledge or authorisation.
- 59.2 At interview Partner Y confirmed that they did not sign the Company B 2017 auditor's report.
- 59.3 On 17 September 2018, with Partner Y's authorisation, Ms Cleaver provided the audited entity with a draft letter to be sent to Companies House by her on the audited entity's behalf explaining that the financial statements would be delayed but that the company's directors anticipated they would be filed at Companies House by the end of the year. Ms Cleaver sought the audited entity's review and comment and it is inferred the letter was ultimately sent to Companies House.
- 59.4 On 27 November 2018, the audited entity emailed Ms Cleaver (without copying in Partner Y) the Company B financial statements including an undated, signed Directors' Report and unsigned balance sheet, and a signed representation letter dated 27 November 2018.

- 59.5 On 4 December 2018, in response to an inquiry from the audited entity, Ms Cleaver sent an email to the audited entity confirming the financial statements had been filed at Companies House.
- 59.6 The audited entity requested that Ms Cleaver provide them with the accounts as filed at Companies House on 5 December 2018 and again on 7 December 2018. By reply email on 7 December 2018 Ms Cleaver emailed a pdf copy of the financial statements to the audited entity with the auditor's report which contained an undated auditor's report which was purportedly signed by Partner Y. Partner Y was not copied into these emails.
- 59.7 The metadata of that pdf shows that the electronic signature in the auditor's report had been inserted by the user "nighta", i.e. Ms Cleaver. As noted above, at interview Partner Y stated that they had no recollection of ever giving Ms Cleaver authority to use their electronic signature. Moreover, the signature does not appear on visual inspection to match the signature held by Partner Y's personal assistant at the time. It is to be inferred therefore that the electronic signature inserted by Ms Cleaver was a copy of Partner Y's signature taken from another document that Partner Y had signed.
- 59.8 On 18 December 2018 Partner Y emailed Ms Cleaver to ask for a catch up on the Company B financial statements. In a subsequent conversation on 19 December 2018 using BDO's Instant Messaging application, Partner Y and Ms Cleaver discussed the completion of the Company B 2017 audit, as follows:

[Partner Y]: *Are we still hoping to finish [Company B]?*

Ms Cleaver: That is the plan as Ive [sic] said if not done by end of this week then next week will be very difficult. I'll do stuff next week if really needed but ideally don't want to as not our making of the situation if that makes sense

[Partner Y]: *Thanks Amanda. If we're not done tomorrow on [Company B] then I think we have to say we're not done ... I think we have to hold firm and say it is not going to be possible....*

Ms Cleaver: That's fine by me if we cant [sic] get it done tomorrow to say no.

...

[Partner Y]: *See how you get on today and can you let me know later on?*

Ms Cleaver: *Sure that's fine – Im [sic] planning on doing a long day today so can clear stuff down and then have less to do tomorrow as aware that I dont [sic] find it easy to work on the in office days in the office if that makes sense.*

[Partner Y]: *Completely agree. I'm not meant to be working tomorrow morning but will check emails etc. I am conscious that there is alot [sic] to do in the CAW given we all downed tools so I'm not sure what is achievable [sic] at this stage.*

- 59.9 Ms Cleaver thereby either expressly or impliedly represented to Partner Y, knowing that the representations were false or not having any honest belief that the representations were true, that the audit had not been completed and that she had not already sent finalised financial statements, including an auditor's report purportedly signed by Partner Y, to the audited entity. Accordingly, as at 19 December 2018, Partner Y still believed the Company B 2017 audit had not been completed and likely would not be completed by the end of the year.
- 59.10 The audited entity emailed Ms Cleaver several times after 7 December 2018 asking Ms Cleaver to confirm that the statements had been filed at Companies House, as Companies House recorded the statements as overdue. Finally, on 21 January 2019 Ms Cleaver emailed the audited entity (without copying Partner Y) stating that the financial statements "*were originally submitted and a duplicate copy was sent off to them last week. So they should be showing as received asap.*"
- 59.11 Companies House records the statements as having been filed on 25 January 2019. The filed copy of the financial statements is also purportedly signed by Partner Y and it appears on visual inspection to be the same signature as in the statements Ms Cleaver provided to the audited entity on 7 December 2018 and thus does not appear on visual inspection to match the electronic signature held by Partner Y's personal assistant.
60. Further, the statements filed at Companies House differ from those Ms Cleaver sent to the audited entity on 7 December 2018:
- 60.1 First, in the filed statements the auditor's report is dated 30 November 2018, whereas in the earlier copy sent to the audited entity it was undated.

- 60.2 Second, in the statements sent to the audited entity, the director named on the balance sheet was Company B Director 1 and the balance sheet was unsigned, whereas in the filed version the director named is Company B Director 2 and Company B Director 2's signature has been included. The signature appears on visual inspection to be identical to Company B Director 2's signature in the Director's Report, which was signed by Company B Director 2 in the statements originally provided by the audited entity to Ms Cleaver. BDO has searched its records but has not located any record of additional copies of the financial statements that were sent by the audited entity to Ms Cleaver. It is therefore to be inferred that at some time after 7 December 2018 Ms Cleaver copied the Company B Director 2's signature block from the Director's Report and pasted it onto the balance sheet before she filed the statements at Companies House.
61. Ms Cleaver acted dishonestly in inserting Partner Y's electronic signature in the Company B 2017 auditor's report, and in inserting the Company B Director 2 signature onto the balance sheet, in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.
62. **In the circumstances above:**
- 62.1 **Allegation 4: Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that she inserted an electronic copy of Partner Y's signature (in the form "BDO LLP") without their authorisation in three places on the 2017 Company B Group Reporting Document and emailed the document to the auditors of Parent of Company B, in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 58 above.**
- 62.2 **Allegation 5: Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that without the Responsible Individual's knowledge or authorisation Ms Cleaver inserted an electronic copy of their (the Responsible Individual's) ("BDO LLP") signature to the Company B 2017 auditor's report, provided it to the audited entity and caused the financial statements – including the auditor's report –**

to be filed at Companies House, contrary to the requirements of section 503 of the Companies Act 2006 and in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 61 above.

62.3 **Allegation 6**: Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that she inserted an electronic copy of the Company B Director 2's signature into the balance sheet for Company B's 2017 accounts without their authorisation, in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 61 above.

62.4 **Allegation 7**: In the circumstances set out above Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that she deceived Partner Y on 19 December 2018 by falsely representing (a) that the audit had not been completed, and (b) that she had not already sent finalised financial statements, including an auditor's report purportedly signed by Partner Y, to the audited entity, when she knew those representations to be false and/or had no honest belief that the representations were true, in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest.

Company B 2018 Audit

63. Company B's 2018 year end was 31 December 2018 and the deadline for filing its accounts at Companies House was 30 September 2019.

64. Partner Y stated at interview that during 2019 they discussed the position in relation to Company B with Ms Cleaver and was told that there was no work to be done:

And then post that date [i.e. December 2018], we had a number of discussions about stage of progress, whether the client wanted us to -- it was

able to provide us with the information, wanted us to finish the audit, and how they were managing their own going concern position. And each time the answer was, "There is no update. The client understands the position, the client is focused on survival". And that takes us through to the 2 December of this same year, the 2019 year, when this [i.e. the forgeries] was identified.

65. However, on 17 April 2019 Ms Cleaver emailed the audit firm responsible for the audit of Parent of Company B with a number of documents relating to group reporting for Company B, seeking the group auditor's final comments. Among the attached documents was a pdf copy of an "Independent auditor's report on special purpose financial information prepared for consolidation purposes" relating to Company B which had purportedly been signed by Partner Y (in the form "BDO LLP") on 17 April 2019. Partner Y was not copied in on this email.
66. On 23 April 2019, Ms Cleaver emailed the audit firm for Parent of Company B again, this time attaching (a) an Appendix E – a memorandum of work performed in relation to Company B in accordance with instructions received from the other audit firm on 6 December 2018, and (b) an Appendix K – a subsequent events review for Company B. Both documents had purportedly been signed by Partner Y (in the form "BDO LLP") on 23 April 2019. Partner Y was not copied in on this email.
67. In fact, Ms Cleaver inserted an electronic copy of Partner Y's signature to all three documents referred to in paragraphs 65 and 66 above (the "**2018 Company B Group Reporting Documents**"), without Partner Y's knowledge or authorisation. In this regard:
 - 67.1 As part of the internal investigation conducted by BDO into Ms Cleaver's misconduct Partner Y stated that they (Partner Y) did not sign the 2018 Company B Group Reporting Documents and confirmed this at interview with the FRC.
 - 67.2 As noted above at paragraph 64, Partner Y was unaware that any work was being done in relation to Company B in 2019.
 - 67.3 The signatures in the documents appear on visual inspection to be identical to each other and to the signatures in the 2017 Company B Group Reporting Document, which indicates they are all the same electronic copy of Partner Y's signature.
 - 67.4 At interview, Partner Y stated that they had no recollection of ever giving Ms Cleaver authority to use their electronic signature.

68. Ms Cleaver acted dishonestly in inserting Partner Y's electronic signature in the 2018 Company B Group Reporting Documents in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.
69. On 3 June 2019 Ms Cleaver emailed the audited entity a pdf of Company B's 2018 financial statements with an auditor's report purportedly signed by Partner Y and dated 31 May 2019. Partner Y was not copied into the email.
70. In the covering email Ms Cleaver stated:

Please find attached the above for the purposes of drafting your SPA in respect of [Company B].

I will be in touch with [A director of Company B] later this month to discuss the filing of the 2018 financial statements at Companies House. These need to be filed by 30 September 2019, however I suggest that we look to get these filed over the summer, in advance of the statutory deadline. Once I have agreed a mutual date with [the same director of Company B] for these to be filed, we will get this actioned on the company's behalf accordingly.

71. Ms Cleaver inserted an electronic copy of Partner Y's signature onto the auditor's report without Partner Y's knowledge or authorisation. In this regard:
- 71.1 The metadata of that pdf records that the electronic signature in the auditor's report had been inserted by the user "NIGHTA", i.e. Ms Cleaver.
- 71.2 As noted above, at interview Partner Y stated that they had no recollection of ever giving Ms Cleaver authority to use their electronic signature. Moreover, on visual inspection the signature does not appear to match the signature held by Partner Y's personal assistant at the time.
- 71.3 On visual inspection, the signature appears to match the signature used on Company B's 2017 financial statements, which was inserted by Ms Cleaver without Partner Y's authorisation.
- 71.4 As noted above at paragraph 64, Partner Y was unaware that any work was being done in relation to Company B in 2019.
72. In addition, Ms Cleaver inserted an electronic copy of Partner Y's signature without Partner Y's authorisation on the final auditor's report included in Company B's 2018 accounts filed at Companies House on 30 September 2019. In this regard:

- 72.1 As noted above at paragraphs 18 to 19, Ms Cleaver admitted this misconduct at a meeting with Partner Y and Partner Z on 2 December 2019. The reason Partner Y called the meeting was that they had discovered that Company B 2017 and 2018 accounts had been filed at Companies House and purportedly signed by them, but without their knowledge or authorisation.
- 72.2 The signature on the report appears on visual inspection to be different to the signature on the statements sent to the audited entity on 3 June 2019. The signature also does not appear to match the electronic signature held by Partner Y's personal assistant at the time. In any event, as noted above, at interview (at page 178), Partner Y stated that they had no recollection of ever giving Ms Cleaver authority to use their electronic signature.
- 72.3 As noted above at paragraph 64, Partner Y was unaware that any work was being done in relation to Company B in 2019.
- 72.4 There was no electronic audit file created for the Company B 2018 audit, Partner Y recorded no time in relation to the audit and there is no evidence of any communications between Partner Y and Ms Cleaver concerning the audit.
73. Ms Cleaver acted dishonestly in inserting Partner Y's electronic signature in the Company B 2018 auditor's report in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.
74. **In the circumstances above:**
- 74.1 **Allegation 8: Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that she inserted a copy of Partner Y's signature (in the form "BDO LLP") without their authorisation three times in the 2018 Company B Group Reporting Documents and emailed the documents to the auditors of Parent of Company B, in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 68 above.**
- 74.2 **Allegation 9: Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit**

to herself, BDO and to the accountancy profession in that without the Responsible Individual's knowledge or authorisation Ms Cleaver inserted electronic copies of their (the Responsible Individual's) ("BDO LLP") signature in the two copies of the Company B 2018 auditor's report, provided one copy to the audited entity and caused the financial statements – including the other copy of the auditor's report – to be filed at Companies House, contrary to the requirements of section 503 of the Companies Act 2006 and in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 73 above.

V.4 Group C Companies

75. Since 2017 BDO has been the auditor for a number of companies within Group C, namely **Company 1 of Group C** which was the ultimate parent company, **Company 2 of Group C**, **Company 3 of Group C**, **Company 4 of Group C**, **Company 5 of Group C**, **Company 6 of Group C**, and **Company 7 of Group C**, collectively the **Group C Companies**.
76. In 2018, each of the Group C Companies had their year end on 31 October 2018 and a statutory deadline for filing accounts on 31 July 2019. BDO allocated Ms Cleaver as Senior Manager and Partner A as the audit Engagement Partner for each of the audits.
77. The financial statements for all the Group C Companies were filed at Companies House on 31 July 2019 and all included auditor's reports dated 27 March 2019 which were purportedly signed by Partner A on behalf of BDO.
78. However, Partner A did not sign the auditor's reports for any of the Group C Companies. Instead, Ms Cleaver inserted an electronic copy of Partner A's signature into the auditor's reports, provided them to the audited entity and filed the financial statements at Companies House without Partner A's knowledge or authorisation. In this regard:
- 78.1 Partner A stated at interview with the FRC that he did not sign the auditor's report.
- 78.2 On 25 February 2019 Ms Cleaver sent an email to Partner A at 11:56 with the subject line "[Group C] *financial statements for your review and board report for your review and comment*". The email attached a draft report to the audit

committee dated 25 February 2019 and draft financial statements for Companies 2, 3, 4, 6 and 7 of Group C. The statements were not signed by the audited entity and were labelled “*This draft produced on 25/2/2019*” or “*This draft produced on 20/2/2019*” or “*DRAFT 24/2/2019*”. Ms Cleaver’s email included the covering message:

If you can share comments on the board report, then can finalise and get this out. The accounts attached have all been reviewed and updated for my comments and the clients, so are good quality drafts. 2 more sets of accounts to follow – [Company 5 of Group C] and [Company 1 of Group C]

- 78.3 Partner A’s personal assistant emailed Ms Cleaver on 28 February 2019 attaching Partner A’s comments on the financial statements for Company 2 and Company 6 of Group C and it appears that the financial statements for the other companies in the Group were ultimately reviewed by Partner A.
- 78.4 Minutes of the Group Audit Committee meeting for Company 3 of Group C dated 27 February 2019 record that Partner A attended that meeting. An action point for the meeting was that “*Audit Committee members to provide additional feedback ASAP on accounts to enable us to sign this week*”.
- 78.5 However, Partner A did not charge any time to the audited entity for the 2018 audits of the Group C Companies after the week of this meeting and there is no evidence in the emails between Ms Cleaver and Partner A between this time and 27 March 2019 (the date of the auditor’s report) of Partner A having any further involvement in these audits or being aware that the financial statements were being finalised and signed in their name.
- 78.6 On 27 March 2019 Partner A’s personal assistant emailed Ms Cleaver attaching financial statements for each of the Group C Companies. However, these financial statements had not been signed by Partner A.
- 78.7 On 28 March 2019, Ms Cleaver saved pdf copies of the financial statements for each of the Group C Companies to her desktop. The auditor’s report in each of these documents was purportedly signed by Partner A, in the form “BDO LLP” and dated 27 March 2019.

- 78.8 The same day, Ms Cleaver emailed these signed copies of the financial statements to the audited entity. The metadata of these pdfs records that in each case the signature in the auditor's report had been inserted by the user "NIGHTA", i.e. Ms Cleaver. At interview, Partner A stated that they do not recall ever giving Ms Cleaver permission to insert an electronic signature on their behalf.
- 78.9 The signatures inserted on each of the auditor's reports appear on visual inspection to be identical. They also appear to be different from the electronic signature held by Partner A's personal assistant.
- 78.10 The financial statements that Ms Cleaver emailed to the audited entity on 28 March 2019 are identical to those subsequently filed at Companies House on 31 July 2019.
- 78.11 There is also no evidence in the emails between Ms Cleaver and Partner A between 27 March 2019 and 31 July 2019 (the date all the accounts were filed at Companies House) that Partner A was aware the accounts had been finalised and would be filed at Companies House.
79. Ms Cleaver acted dishonestly in inserting Partner A's electronic signature in each of the Group C Companies' 2018 auditor's reports in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.
80. **Allegations 10, 11, 12, 13, 14, 15, 16: In the circumstances set out above Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that without the Responsible Individual's knowledge or authorisation Ms Cleaver inserted an electronic copy of their (the Responsible Individual's) ("BDO LLP") signature in the 2018 auditor's reports for each of the Group C Companies, provided the report to the audited entity and caused the financial statements – including the auditor's report – to be filed at Companies House, contrary to the requirements of section 503 of the Companies Act 2006 and in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 79 above.**

V.5 Company D

81. BDO was the auditor for the financial statements of Company D for the year-ending 28 February 2019. The statutory deadline for filing the financial statements was 28 November 2019. Partner A was the audit Engagement Partner and Ms Cleaver was the allocated Senior Manager.
82. On 7 October 2019, Company D's Senior Finance Manager emailed Ms Cleaver and notified her that they would like the financial statements signed by BDO before 18 October 2019 as they would be on annual leave from that date to 4 November 2019.
83. On 10 October 2019, the Senior Finance Manager emailed again, stating that copies of the financial statements had been sent to BDO and inquiring "*How quickly can [Partner B's first name] sign it?*". By reply email the same day Ms Cleaver said that "*these will then be signed off early next week and can be then circulated*".
84. Ms Cleaver organised an appointment for Partner A to review the final accounts and sign off the audit file on 14 October 2019. By email on that day Partner A queried why they had been given a signed copy of the statements if the accounts were still to be reviewed. Ms Cleaver explained that the audited entity had signed the statements in the hope that not many changes would be required and that BDO could approve them and use the signed (but undated) pages provided.
85. By further email on 14 October 2019 Partner A provided several comments on the accounts, including noting several errors.
86. On 16 October 2019 the audited entity inquired by email to Ms Cleaver as to whether the statements had been signed by "[Partner A first name]" and instructing her to file them at Companies House once they had been.
87. On 17 October 2019, Ms Cleaver emailed the audited entity a pdf copy of the financial statements purportedly signed by Partner A on 16 October 2019. However, Partner A had not signed the auditor's report in these financial statements and their signature had in fact been inserted by Ms Cleaver without their knowledge or authorisation. In this regard:
 - 87.1 The signature in the auditor's report sent to the audited entity, in the form "BDO LLP" inserted above Partner A's name, appears on visual inspection to be identical to the signature in Company D's 2018 financial statements (for which BDO had also been the auditor). This indicates that an electronic copy of Partner A's

signature had been inserted into the 2019 financial statements but, at interview with the FRC Partner A stated that they do not recall ever giving Ms Cleaver permission to insert an electronic signature on their behalf. The signature also appears on visual inspection to be different from the electronic signature that was held by Partner A's personal assistant.

87.2 Communications between Partner A and Ms Cleaver after 17 October 2019 indicate that Partner A continued to review the audit work and financial statements and that they had not yet signed off the audit file or the auditor's report in the financial statements:

- (a) On 6 November 2019, Ms Cleaver sent Partner A a diary invitation for 8 November 2019 with the subject "[Company D] - *APT sign down and sign financial statements*". Partner A accepted the invitation on the same day.
- (b) On 13 November 2019, the audited entity emailed both Ms Cleaver and Partner A with the subject "*AFS filed with Companies House + Bound copies*" and said:

Can you expedite these to be sent to us as a matter of urgency please, I was expecting these to be with us by last week, I'm not sure what the hold-up is, you signed these on the 17th October? ... We are also fast approaching the deadline date of the 30th Nov to file the accounts so I really need these lodged with Companies House asap.

- (c) Ms Cleaver forwarded the email to Partner A on 13 November 2019 and asked:

"Please can we get these actioned when you are back in the office tomorrow, as had a slot for this last Friday, but appreciate you ran out of time. We had these in on 17 October but undated from their side, so we could finalise for final comments ... I've updated the accounts for all final comments from you and will update the apt file this afternoon for remaining items."

- (d) Subsequently, between 14 November 2019 and 21 November 2019, Ms Cleaver and Partner A communicated numerous times concerning the review of the audit file.

- (e) On 21 November 2019 Partner A emailed Ms Cleaver with the subject “[Company D]” and stated that “*I have no further comments from the file. Please sign off the ISA 260 step and I can then review. Happy for the accounts to be released*”.
- (f) On 25 November 2019 Partner A again emailed Ms Cleaver and asked “*I am out and about for the rest of the week, back in on Friday. When are you planning for me to sign... [Company D]?*”

87.3 When Company D’s Senior Finance Manager returned from annual leave they emailed Ms Cleaver on 4 November 2019 to express their concern that they had not received the financial statements by email or in hard copy. Ms Cleaver responded by emailing the copy of the statements purportedly signed by Partner A again and inquiring as to how many hard copies were required. Despite subsequently promising the audited entity the financial statements would be filed at Companies House in the week of 13 November 2019, this was not done until on or after 27 November 2019.

87.4 The auditor’s report in the financial statements eventually filed at Companies House on 29 November 2019 is dated 25 November 2019 and contains a different signature from the signature in the statements sent to the audited entity on 17 October 2019 and again on 4 November 2019. Partner A informed BDO during its internal investigation that they believe they signed off the statements filed at Companies House.

87.5 Moreover, in addition to the different signature and date on the auditor’s report, there are also other differences in the financial statements filed at Companies House. It is to be inferred that Ms Cleaver delayed filing the statements at Companies House until Partner A had finished their review, the statements had been revised and Partner A had signed a new auditor’s report.

87.6 On 2 December 2019 at 2:29pm Ms Cleaver deleted the copy of the signed financial statements she had sent to the audited entity from her laptop on both 17 October 2019 and 4 November 2019. The metadata of the deleted document records that it was last modified on 4 November 2019. She deleted the document immediately after the initial meeting between Partner Y, Partner Z, and Ms Cleaver (at which Ms Cleaver admitted to inserting Partner Y’s signature on the 2017 and 2018 accounts for Company B without their authorisation) and prior to the meeting

at which she was suspended from her position (see above at paragraphs 18 to 20).

88. Ms Cleaver acted dishonestly in inserting Partner A's electronic signature in the Company D 2019 auditor's report which she sent to the audited entity on 17 October 2019, and again on 4 November 2019, in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.
89. **Allegation 17: In the circumstances set out above Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that without the Responsible Individual's knowledge or authorisation Ms Cleaver inserted an electronic copy of their (the Responsible Individual's) ("BDO LLP") signature in the 2019 auditor's report in the Company D 2019 financial statements which she sent to the audited entity on 17 October 2019, and again on 4 November 2019, in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 88 above.**

V.6 Company E group of companies

90. For the financial years 2014 to 2018 BDO was the auditor for two related entities, namely **Subsidiary of Company E**, a UK company, and **Company E**, a company registered offshore which was the holding company of the group and 100% shareholder of Subsidiary of Company E. In those years, and for both companies, (except for Company E in 2018 when Partner A was the audit Engagement Partner) Partner B was the audit Engagement Partner and Ms Cleaver was the allocated Senior Manager.
91. As set out further below, Ms Cleaver applied Partner B's signature to a number of auditor's reports in the financial statements of these companies for 2014 to 2018 without their knowledge or authorisation.

Company E 2014 Audit

92. Company E's 2014 year-end was 31 December 2014. On 28 July 2015 Ms Cleaver sent the audited entity a copy of the financial statements with the auditor's report purportedly signed by Partner B on the same day. However, Ms Cleaver had in fact inserted Partner

B's signature, in the form "BDO LLP", without their knowledge or authorisation. In this regard:

92.1 No audit file exists for the Company E 2014 audit.

92.2 Ms Cleaver provided the signed statements, including the auditor's report, to the audited entity in response to an email from the audited entity in which they said "*Can you let me know what the hold up is as I do want these*". Ms Cleaver did not copy Partner B into her reply email attaching the statements.

92.3 Communications between Partner B and Ms Cleaver demonstrate that Partner B was not aware that the auditor's report had been signed and provided to the audited entity on 28 July 2015, but believed the audit work was continuing:

(a) On 31 July 2015 Partner B emailed Ms Cleaver with the subject "[Company E group of companies]" in the following terms:

"Just started looking at [Company E group of companies] accounts. Unless I am missing something don't seem to be invited into the APT [i.e. the electronic audit file]. Where are we on me reviewing the APT ? Cant [sic] remember doing planning !!"

(b) On 5 August 2015, Partner B emailed again with the subject line "[Company E group of companies]":

"Meant to mention this to you yesterday but can I please be invited to the APT? Also the control freak in me is wondering where we are on this! ☺"

(c) Ms Cleaver sent several calendar invitations to Partner B during August and September 2015 for reviewing the Company E group of companies statements.

(d) Partner B emailed Ms Cleaver on 29 September 2015 in terms which indicate the Company E audit was still in progress:

When we catch up can you remind me how [Company E group of companies] works. Looked at the [Subsidiary of Company E] file and as expected not a lot in it, but I expected the consolidation at the [offshore] company level to be there, what have I got wrong?"

Ms Cleaver responded the same day in terms that also suggested that the Company E consolidated results had not yet been completed:

The [Subsidiary of Company E] file covers the UK entity only which is the set looking to get filed this week. The group APT file is a copy of this one with the consolidation and group reporting in it. I've attached the [Company E] consolidation workings as currently stand for reference...

In fact, no APT file existed for the Company E group of companies, or Company E specifically, and none was ever created.

93. Ms Cleaver acted dishonestly in inserting Partner B's electronic signature in the Company E 2014 auditor's report and providing the report to the audited entity, in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.
94. **Allegation 18: In the circumstances set out above Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that without the Responsible Individual's knowledge or authorisation Ms Cleaver inserted an electronic copy of their (the Responsible Individual's) ("BDO LLP") signature in the Company E 2014 auditor's report and provided the report to the audited entity, in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 93 above.**

Company E 2015 Audit

95. Company E's 2015 year-end was 31 December 2015. On 26 September 2016 Ms Cleaver sent the audited entity a copy of the financial statements with the auditor's report purportedly signed by Partner B on the same day. However, Ms Cleaver had in fact inserted an electronic copy of Partner B's signature, in the form "BDO LLP", without their knowledge or authorisation. In this regard:

- 95.1 The signature that has been inserted is of poor resolution (indicating it is a copy of an electronic signature) and appears on visual inspection to be identical to Partner

B's signature from the auditor's report for the 2015 financial statements of another company for which Partner B was the audit Engagement Partner and Ms Cleaver was the Senior Manager, namely Company F.

- 95.2 As noted above at paragraph 43.5, Partner B stated at interview that they never used an electronic signature, or authorised Ms Cleaver or their personal assistant to insert one on their behalf, to sign the auditor's report included in an audited entity's financial statements.
- 95.3 No audit file exists for the Company E 2015 audit. At interview Partner B stated that he did not sign any Company E group of companies audits from 2015 onwards.
- 95.4 Ms Cleaver provided the signed statements to the audited entity in response to an email from the audited entity dated 25 September 2016. Partner B was not copied into this email or Ms Cleaver's reply email attaching the statements.
- 95.5 BDO has identified no evidence during its internal investigation that Partner B reviewed the financial statements.
96. Ms Cleaver acted dishonestly in inserting Partner B's electronic signature in the Company E 2015 auditor's report and providing the report to the audited entity, in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.
97. **Allegation 19: In the circumstances set out above Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that without the Responsible Individual's knowledge or authorisation Ms Cleaver inserted an electronic copy of their (the Responsible Individual's) ("BDO LLP") signature in the Company E 2015 auditor's report and provided the report to the audited entity, in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 96 above.**

Subsidiary of Company E 2015 Audit

98. Subsidiary of Company E's 2015 year-end was 31 December 2015 and the statutory deadline for filing its financial statements at Companies House was 30 September 2016. The financial statements were filed at Companies House on 30 September 2016, and included an auditor's report dated the same day which was purportedly signed by Partner B on behalf of BDO.

99. However, Partner B did not sign the auditor's report. Instead, Ms Cleaver inserted an electronic copy of Partner B's signature, in the form "BDO LLP" placed above Partner B's name, into the auditor's report and filed the financial statements at Companies House without Partner B's knowledge or authorisation. In this regard:

99.1 The signature that has been inserted is of poor resolution (indicating it is an electronic copy of a signature) and appears on visual inspection to be identical to Partner B's signature from the auditor's report for the 2014 Company E financial statements.

99.2 As noted above at paragraph 43.5, Partner B stated at interview that they never used an electronic signature, or authorised Ms Cleaver or their personal assistant to insert one on their behalf, to sign the auditor's report included in an audited entity's financial statements.

99.3 BDO has identified no evidence that Partner B reviewed the financial statements before the auditor's report was signed and the statements filed at Companies House:

(a) Only 0.8 hours were recorded by Partner B for the Subsidiary of Company E 2015 audit, and the 0.5 hours which were recorded with the narrative "review" were performed on 8 October 2016, i.e. after the date on which the financial statements were filed at Companies House.

(b) While Partner B accepted invitations from Ms Cleaver for "Subsidiary of Company E Review" on 29 and 30 September 2016, there is no evidence either review meeting took place.

(c) On the contrary, on 3 October 2016 Partner B sent Ms Cleaver an email with the subject line "[Company E group of Companies]" and the message "*Can*

I get an invite to the APT [i.e. the electronic audit file]?" This indicates Partner B did not yet have access to the APT file and had not begun their review by 3 October 2016.

- (d) In fact, no audit file existed for the Subsidiary of Company E 2015 audit and there is no evidence that Ms Cleaver ever responded to Partner B's request for access to the APT file.

99.4 As noted above at paragraph 95.3, Partner B stated at interview that they did not sign any Company E group of companies audits from 2015 onwards.

100. Ms Cleaver acted dishonestly in inserting Partner B's electronic signature in the Subsidiary of Company E 2015 auditor's report, in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.

101. **Allegation 20: In the circumstances set out above Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that without the Responsible Individual's knowledge or authorisation Ms Cleaver inserted an electronic copy of their (the Responsible Individual's) ("BDO LLP") signature in the Subsidiary of Company E 2015 auditor's report, contrary to the requirements of section 503 of the Companies Act 2006 and in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 100 above.**

Company E 2017 Audit

102. Company E's 2017 year-end was 31 December 2017.

103. On 17 January 2019 Ms Cleaver sent the audited entity a pdf of the entity-only financial statements with an auditor's report purportedly signed by Partner B on 10 January 2019. On 4 July 2019, Ms Cleaver sent the audited entity a pdf of the consolidated financial statements with an auditor's report purportedly signed by Partner B on 2 July 2019.

104. However, Ms Cleaver had in fact inserted an electronic copy of Partner B's signature, in the form "BDO LLP", on both the entity-only and consolidated financial statements, without Partner B's knowledge or authorisation. In this regard:

104.1 The signatures that have been inserted are of poor resolution (indicating that they are electronic copies of signatures). The signature in the entity-only statements appears on visual inspection to be identical to Partner B's signature from the auditor's report for the 2017 Company A financial statements (filed at Companies House on 22 January 2018). The signature in the consolidated statements appears on visual inspection to be identical to Partner B's signature from the auditor's report for the 2016 Subsidiary of Company E financial statements (filed at Companies House on 29 September 2017).

104.2 As noted above at paragraph 43.5, Partner B stated at interview that they never used an electronic signature, or authorised Ms Cleaver or their personal assistant to insert one on their behalf, to sign the auditor's report included in an audited entity's financial statements.

104.3 BDO has identified no evidence that Partner B reviewed the 2017 financial statements. In particular, there is no evidence of any communications between Ms Cleaver and Partner B concerning such a review or sign-off of the auditor's report and no time was charged by Partner B for this audit.

104.4 On 27 June 2019, 7 days before Ms Cleaver sent the consolidated statements to the audited entity, Partner B sent the following email to Ms Cleaver:

*I think I have asked you this so sorry,
But [Subsidiary of Company E], and [Company A], n/a [no longer acting]?
Also [Company L1], still acting?
I need to allocate ri's [Responsible Individuals] to them hence the question.*

This email indicates that as at 27 June 2019 Partner B was unsure as to whether BDO acted for Subsidiary of Company E. Given Company E was part of the same group as Subsidiary of Company E and no audit file was ever created for it separate to a Subsidiary of Company E audit file, it is to be inferred that Partner B was also unsure as to whether BDO acted for Company E. This is inconsistent with Partner B being involved in the Company E 2017 audit.

104.5 No audit file existed for the Company E 2017 audit (and there was no 2017 audit file for Subsidiary of Company E). As noted above at paragraph 95.3, Partner B stated at interview that they did not sign any Company E group of companies audits from 2015 onwards.

105. Ms Cleaver acted dishonestly in inserting Partner B's electronic signature in both the entity-only and consolidated auditor's reports and providing those reports to the audited entity, in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.
106. **Allegation 21: In the circumstances set out above Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that without the Responsible Individual's knowledge or authorisation Ms Cleaver inserted an electronic copy of their (the Responsible Individual's) ("BDO LLP") signature in both the entity-only and consolidated auditor's reports in relation to Company E's 2017 financial year-end statements and provided those reports to the audited entity, in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 105 above.**

Subsidiary of Company E 2018 Audit

107. Subsidiary of Company E did not prepare financial statements for 2017. It extended the period of its financial statements to 18 months, ending on 30 June 2018. The 2018 financial statements were filed at Companies House on 3 July 2019 and included an auditor's report dated 27 June 2019 which was purportedly signed by Partner B on behalf of BDO.
108. However, Partner B did not sign the auditor's report. Instead, Ms Cleaver inserted an electronic copy of Partner B's signature, in the form "BDO LLP" placed above their name, into the auditor's report and filed the financial statements without Partner B's knowledge or authorisation. In this regard:

108.1 On visual inspection, the signature that has been inserted appears identical to Partner B's signature from the auditor's report for the 2016 Subsidiary of Company

E statements, the 2017 Company E statements and the 2016 Company F statements. As noted above at paragraph 43.5, Partner B stated at interview that they never used an electronic signature, or authorised Ms Cleaver or their personal assistant to insert one on their behalf, to sign the auditor's report included in an audited entity's financial statements.

108.2 Ms Cleaver inserted other electronic signatures into the accounts. In particular, on 27 June 2019 Ms Cleaver emailed herself photos of a Subsidiary of Company E director's signature from her personal email account.

108.3 A short time later Ms Cleaver saved a copy of the statements signed by the audited entity and with a "BDO LLP" signature inserted in the auditor's report. She then emailed these statements to the audited entity 15 minutes later. Ms Cleaver did not copy Partner B into the email.

108.4 Ms Cleaver's email also included the comment that "[t]hese will go on a courier this afternoon, unless I hear otherwise from you." It is to be inferred from this that Ms Cleaver arranged for the statements to be couriered to Companies House for filing.

108.5 BDO has identified no evidence that Partner B reviewed the Subsidiary of Company E 2018 financial statements. In particular, there is no evidence of any communications between Ms Cleaver and Partner B concerning such a review or sign-off of the auditor's report and no evidence of any calendar invitations from Ms Cleaver inviting Partner B to review the audit file. No time was charged by Partner B for this audit.

108.6 No audit file existed for the Subsidiary of Company E 2018 audit.

108.7 As noted above at paragraph 104.4, the same day as the auditor's report was purportedly signed by them, Partner B inquired with Ms Cleaver if BDO was even still acting for Subsidiary of Company E.

108.8 In December 2019, Partner B reported to the internal investigation conducted by BDO that they believed BDO had ceased acting for the Company E group of companies at least one year previously.

109. Ms Cleaver acted dishonestly in inserting Partner B's electronic signature in the Subsidiary of Company E 2018 auditor's report, in the knowledge that she was not

authorised to do so, or without having any honest belief that she had been authorised to do so.

110. **Allegation 22**: In the circumstances set out above Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that without the Responsible Individual's knowledge or authorisation Ms Cleaver inserted an electronic copy of their (the Responsible Individual's) ("BDO LLP") signature in the Subsidiary of Company E 2018 auditor's report, contrary to the requirements of section 503 of the Companies Act 2006 and in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 109 above.

V.7 Company F

111. BDO was the auditor for the 2016 and 2017 year-end financial statements of Company F, a UK company (having been first appointed as auditor for the 2015 year-end statements). In both years Partner B was the audit Engagement Partner and Ms Cleaver was the allocated Senior Manager.
112. As set out further below, Ms Cleaver inserted an electronic copy of Partner B's signature in the auditor's reports in Company F's 2016 and 2017 financial statements without their knowledge or authorisation.

Company F 2016 Audit

113. Company F's 2016 year-end was 31 December 2016 and the statutory deadline for filing the statements at Companies House was 30 September 2017. The financial statements were filed at Companies House on 29 September 2017 and included an auditor's report dated 18 September 2017 which was purportedly signed by Partner B on behalf of BDO.
114. However, Partner B did not sign the auditor's report. Instead, Ms Cleaver inserted an electronic copy of Partner B's signature, in the form "BDO LLP" placed above their name, into the auditor's report and filed the financial statements at Companies House without Partner B's knowledge or authorisation. In this regard:

- 114.1 On visual inspection, the signature that has been inserted appears identical to Partner B's signature from the auditor's report for the 2016 Subsidiary of Company E statements. As noted above at paragraph 43.5, Partner B stated at interview that they never used an electronic signature, or authorised Ms Cleaver or their personal assistant to insert one on their behalf, to sign the auditor's report included in an audited entity's financial statements.
- 114.2 BDO has identified no evidence that Partner B reviewed the 2016 Company F financial statements. No time was charged by Partner B for this audit.
- 114.3 No audit file existed for the Company F 2016 audit.
- 114.4 Partner B confirmed at interview that they did not sign off the auditor's report in 2016.
115. Ms Cleaver acted dishonestly in inserting Partner B's electronic signature in the Company F 2016 auditor's report, in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.
116. **Allegation 23: In the circumstances set out above Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that without the Responsible Individual's knowledge or authorisation Ms Cleaver inserted an electronic copy of their (the Responsible Individual's) ("BDO LLP") in the Company F 2016 auditor's report, contrary to the requirements of section 503 of the Companies Act 2006 and in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 115 above.**

Company F 2017 Audit

117. Company F's 2017 year-end was 31 December 2017 and the statutory deadline for filing the statements at Companies House was 30 September 2018. The financial statements were filed at Companies House on 27 September 2018 and included an auditor's report dated 24 September 2018 which was purportedly signed by Partner B on behalf of BDO.
118. However, Partner B did not sign the auditor's report. Instead, Ms Cleaver inserted an electronic copy of Partner B's signature, in the form "BDO LLP" placed above their name,

into the auditor's report and filed the financial statements at Companies House without Partner B's knowledge or authorisation. In this regard:

118.1 On visual inspection, the signature that has been inserted appears identical to Partner B's signature from the auditor's report for the 2017 Company A statements. As noted above at paragraph 43.5, Partner B stated at interview that they never used an electronic signature, or authorised Ms Cleaver or their personal assistant to insert one on their behalf, to sign the auditor's report included in an audited entity's financial statements.

118.2 BDO has identified no evidence that Partner B reviewed the 2017 Company F financial statements. No time was charged by Partner B for this audit.

118.3 No audit file existed for the Company F 2017 audit.

118.4 Partner B confirmed at interview that they did not sign off the auditor's report in 2017.

118.5 On 13 September 2018, Ms Cleaver promised to revert to the audited entity "*early next week*" to ensure the statements would be ready for filing at Companies House on 24 September 2018. At 08:26 on 24 September 2018, the audited entity chased Ms Cleaver for an update, requesting a signed copy of the statements which the audited entity could "*mail TODAY*". At 09:49 Ms Cleaver sent a pdf of the Company F 2017 financial statements containing Partner B's signature to herself and then emailed those statements to the audited entity at 09:55 without copying Partner B into her email.

119. Ms Cleaver acted dishonestly in inserting Partner B's electronic signature in the Company F 2017 auditor's report, in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.

120. **Allegation 24: In the circumstances set out above Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that without the Responsible Individual's knowledge or authorisation Ms Cleaver inserted an electronic copy of their (the Responsible Individual's) ("BDO LLP") signature in the Company F 2017 auditor's report, contrary to the requirements of section 503 of the Companies Act 2006 and in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the**

Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 119 above.

V.8 Company G

121. BDO was the auditor for the 2015 year-end financial statements of Company G (having initially been appointed as auditor for the 2010 year-end statements). Partner A was the audit Engagement Partner and Ms Cleaver was the allocated Senior Manager.
122. As set out further below, Ms Cleaver inserted an electronic copy of Partner A's signature to the auditor's report in Company G's 2015 financial statements without Partner A's knowledge or authorisation.
123. Company G's 2015 year-end was 31 December 2015 and the statutory deadline for filing the statements at Companies House was 30 September 2016. The financial statements were filed at Companies House on 4 May 2016 and included an auditor's report dated 20 April 2016 which was purportedly signed by Partner A on behalf of BDO.
124. However, Partner A did not sign the auditor's report. Instead, Ms Cleaver inserted an electronic copy of Partner A's signature, in the form "BDO LLP" placed above their name, into the auditor's report and filed the financial statements at Companies House without Partner A's knowledge or authorisation. In this regard:
 - 124.1 On visual inspection, the signature that has been inserted appears identical to Partner A's signature from the auditor's report for the 2014 financial statements of Company Z, which was another audit for which Partner A was the audit Engagement Partner. Those financial statements were filed at Companies House on 11 December 2015.
 - 124.2 The date in the signature block appears on visual inspection to be in Ms Cleaver's handwriting.
 - 124.3 Partner A confirmed at interview that they did not sign the Company G 2015 auditor's report.
 - 124.4 The last time Partner A charged work to the audit before the date of the auditor's report was two hours in the week commencing 20 February 2016 (i.e. approximately two months earlier) for "*Clearance meeting*". No time was charged by Partner A subsequently.

124.5 On 18 April 2016 (i.e. two days before the date of the auditor's report) Ms Cleaver cancelled a calendar invitation she had previously sent to Partner A titled "[Company G]" review". The message included within the notification of the cancelled invitation was:

We should get the final items in for this today - so I will pick up and process when received and let you know when ready for you to look at this week, as looks like your diary is manic this week.

This indicates that as of 18 April 2016 Partner A had not reviewed the financial statements and that Ms Cleaver had represented to them that the audit was not complete. BDO has not identified any evidence that the meeting was re-scheduled.

124.6 However, previously, on 14 April 2016, Ms Cleaver had emailed the audited entity a set of unsigned, undated financial statements with the message:

As promised, please find attached the final items for approval and signing. In terms of the accounts, we will require 3 sets of signed accounts...If you can advise when signed, then I can arrange for a colleague to pick the documents from your office, if this assists.

124.7 On Friday 15 April 2016 Ms Cleaver arranged for the signed financial statements to be collected from the audited entity on Monday 18 April 2016 and on the same day confirmed to the audited entity that the statements had been received and would be filed at Companies House "asap early this week". No further information was outstanding from the audited entity nor was any further information obtained from the audited entity before the audited entity signed the financial statements.

124.8 Thus, contrary to her representation to Partner A on 18 April 2016, by 14 April 2016 Ms Cleaver had represented to the audited entity that the audit had been completed and by 15 April 2016 she had arranged for the audited entity to provide signed copies of the final accounts and no further information was outstanding.

125. Ms Cleaver acted dishonestly in inserting Partner A's electronic signature in the auditor's report in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so, and also by representing to the Responsible Individual (a) that the audited entity had not yet provided all the information needed to complete the audit and (b) that she had not already arranged for the audited entity to sign the final 2015 financial statements, knowing those statements to be false

or making the statements recklessly, not caring whether they were true or false (i.e. without having any honest belief in the truth of the representations).

126. In the circumstances set out above:

126.1 Allegation 25: Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that without the Responsible Individual's knowledge or authorisation Ms Cleaver inserted an electronic copy of their (the Responsible Individual's) ("BDO LLP") signature in the Company G 2015 auditor's report, contrary to the requirements of section 503 of the Companies Act 2006 and in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 125 above.

126.2 Allegation 26: Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that on 18 April 2016 she expressly or impliedly represented to the Responsible Individual, knowing that the representations were false and/or having no honest belief in the truth of the representations, (a) that the audited entity had not yet provided all the information needed to complete the audit and (b) that she had not already arranged for the audited entity to sign the final 2015 financial statements, in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 125 above.

V.9 Company H

127. BDO were the auditors for Company H for each of its 2013-2018 financial years. Ms Cleaver was allocated as the Senior Manager and Partner A was allocated as the audit Engagement Partner. For each of those audits an auditor's report included in the financial statements was purportedly signed by Partner A.

128. However, both at the meeting between Ms Cleaver, Partner Y and Partner Z on 2 December 2019 and at interview with the FRC, Ms Cleaver admitted that she had inserted a copy of Partner A's signature on at least one of the Company H auditor's reports without Partner A's authorisation.
129. After its internal investigation BDO concluded that Ms Cleaver had inserted a copy of Partner A's signature without Partner A's authorisation on each of the 2015 to 2018 Company H auditor's reports.

Company H 2015 Audit

130. Company H's 2015 year-end was 31 December 2015 and the statutory deadline for the filing of its financial statements at Companies House was 30 September 2016. The financial statements were filed at Companies House on 27 August 2016, and included an auditor's report dated 10 August 2016 which was purportedly signed by Partner A on behalf of BDO.
131. However, Partner A did not sign the auditor's report. Instead, Ms Cleaver inserted an electronic copy of Partner A's signature into the auditor's report and filed the financial statements at Companies House without Partner A's knowledge or authorisation. In this regard:
- 131.1 The signature, in the form "BDO LLP" placed above Partner A's name, appears on visual inspection to be an electronic copy of the signature on the auditor's report in the 2015 financial statements of Company Z, which were filed at Companies House on 18 August 2016.
- 131.2 As noted above at paragraph 78.8, Partner A does not recall ever giving Ms Cleaver permission to insert an electronic signature on their behalf and, in any event, Partner A's personal assistant could not identify a copy of Partner A's electronic BDO signature used before April 2018.
- 131.3 No audit file was created for the Company H 2015 audit, Partner A recorded no time on the audit and there is no other evidence of their involvement in the audit for this year (including no calendar invitations from Ms Cleaver, or anyone else).

132. Ms Cleaver acted dishonestly in inserting Partner A's electronic signature in the Company H 2015 auditor's report, in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.
133. **Allegation 27: In the circumstances set out above Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that without the Responsible Individual's knowledge or authorisation Ms Cleaver inserted an electronic copy of their(the Responsible Individual's) ("BDO LLP") signature in the Company H 2015 auditor's report, contrary to the requirements of section 503 of the Companies Act 2006 and in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 132 above.**

Company H 2016 Audit

134. Company H's 2016 year-end was 31 December 2016 and the statutory deadline for the filing of its financial statements at Companies House was 30 September 2017. The financial statements were filed at Companies House on 31 August 2017, and included an auditor's report dated 28 July 2017 which was purportedly signed by Partner A on behalf of BDO.
135. However, Partner A did not sign the auditor's report. Instead, Ms Cleaver inserted an electronic copy of Partner A's signature into the auditor's report and filed the financial statements at Companies House without Partner A's knowledge or authorisation. In this regard:
- 135.1 The signature, in the form "BDO LLP" placed above Partner A's name, appears on visual inspection to be an electronic copy of the signature on the auditor's report for the 2016 financial statements of Company Z, which were filed at Companies House on 4 July 2017.
- 135.2 The date in the signature block appears on visual inspection to be in Ms Cleaver's handwriting.
- 135.3 As noted above at paragraph 78.8, Partner A does not recall ever giving Ms Cleaver permission to insert an electronic signature on their behalf and, in any

event, Partner A's personal assistant did not hold an electronic signature for Partner A before April 2018.

135.4 No audit file was created for the Company H 2016 audit, Partner A recorded no time on the audit and there is no other evidence of their involvement in the audit for this year (including no calendar invitations from Ms Cleaver, or anyone else).

136. Ms Cleaver acted dishonestly in inserting Partner A's electronic signature in the Company H 2016 auditor's report, in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.

137. **Allegation 28**: In the circumstances set out above Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that without the Responsible Individual's knowledge or authorisation Ms Cleaver inserted an electronic copy of their (the Responsible Individual's) ("BDO LLP") signature in the Company H 2016 auditor's report, contrary to the requirements of section 503 of the Companies Act 2006 and in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 136 above.

Company H 2017 Audit

138. Company H's 2017 year-end was 31 December 2017 and the statutory deadline for the filing of its financial statements at Companies House was 30 September 2018.

139. On 28 June 2018 the audited entity uploaded to BDO's document portal, *inter alia*, signed copies of (a) a full set of accounts including an (unsigned) auditor's report, and (b) an abridged set of accounts which did not include an auditor's report. The signatures on both documents were dated 28 June 2018.

140. On 31 July 2018, Ms Cleaver emailed the audited entity with the subject line "*Sign off on the accounts*", with the following request:

"Please can you let me know when you have 10 mins for a final run through on subsequent events etc so we can sign off the above and also discuss when you want them filed at Companies House."

141. On 5 September 2018, Partner A emailed Ms Cleaver notifying her that they had received signed accounts for Company H, but that Partner A's personal assistant had noticed "a number of issues" including that the letters of representation were dated 28 June 2018, i.e. more than 2 months earlier. Partner A also said:

I have not seen anything on this audit so grateful if you would give me an update on status.

142. Ms Cleaver replied the same day, in the following terms:

[[Partner A's] personal assistant] let me know that these arrived yesterday, as I was at [Company N].

I need to call them tomorrow, as we don't have everything to complete the audit by a long way – hence why you have not been provided the file to review. So have no idea why they have sent signed accounts in, esp why they have signed them June. We have only seen one initial version for our first review, but no updated versions. I will follow up with them this week.

143. In sending this email Ms Cleaver falsely represented to Partner A that she was unaware of why the audited entity believed the accounts were finalised and ready for sign-off. Ms Cleaver had in fact received signed accounts on or about 28 June 2018 and notified the audited entity on 31 July 2018 that the accounts would be ready for sign-off after a final short run-through to deal with subsequent events (see above at paragraphs 139 to 140). As further explained below, it is to be inferred that Ms Cleaver made these misrepresentations to Partner A deliberately in the knowledge that they were false and/or without having any honest belief in their truth to conceal the fact that she had already signed an auditor's report in Partner A's name without Partner A's authorisation and provided it to the audited entity and/or notified the audited entity that Partner A had signed the auditor's report.
144. Partner A replied to Ms Cleaver's email by asking for an invitation to the audit file so that Partner A could "sign off planning." The electronic audit file for the Company H 2017 audit records that on 13 September 2018, Partner A signed-off some planning audit work papers. Partner A recorded 1 hour of time on the Company H code in 2017 for "Review of planning". However, the audit file for the Company H 2017 audit is incomplete and there is no record of Partner A performing any other work, or being otherwise involved, in relation to this audit.

145. An abridged small company set of financial statements was filed at Companies House on 28 September 2018. These accounts are the same abridged accounts provided by the audited entity to Ms Cleaver through BDO's document portal on or about 28 June 2018 and/or sent by the audited entity to BDO on or about 4 September 2018.
146. Although there is no auditor's report in the abridged statements filed at Companies House, note 9 states as follows:

***DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT
2006***

The Report of the Auditors was unqualified and was signed by [Partner A] (Senior Statutory Auditor) for and on behalf of BDO LLP, the Auditors of the Company. BDO LLP is a limited liability partnership registered in England and Wales (registered number OC305127).

Although there is no direct evidence, it is to be inferred from note 9 that before these statements were filed at Companies House Ms Cleaver either provided a signed auditor's report to the audited entity or represented to the audited entity that one had been signed. However, in the circumstances set out above and as further explained below, Partner A had not in fact signed an auditor's report.

147. Further and alternatively, Ms Cleaver produced an auditor's report bearing Partner A's signature, which she inserted without Partner A's authorisation, with the intention of deceiving the audited entity:

147.1 Ms Cleaver saved to her desktop a full set of accounts which was not signed by the audited entity's directors, but which did contain a signed auditor's report dated 4 July 2018. The metadata for this document indicate that the signature, which was in the form "BDO LLP" placed above Partner A's name, was inserted by "nighta", i.e. Ms Cleaver.

147.2 On visual inspection, the signature appears to be the same as that in Company H's 2016 accounts which, as noted above, was the same signature as in Company Z's 2016 accounts.

147.3 As noted above at paragraph 78.8, Partner A does not recall ever giving Ms Cleaver permission to insert an electronic signature on their behalf. In any event, the electronic signature that Partner A's personal assistant held for them from April

2018 does not appear (on visual inspection) to match the signature in the auditor's report dated 4 July 2018.

147.4 It is to be inferred that a version of the document saved to Ms Cleaver's desktop, or one like it, bearing Partner A's signature was produced by Ms Cleaver prior to 28 September 2018 with the intent of providing it to the audited entity and/or that it was so provided without the knowledge or authorisation of Partner A.

148. Ms Cleaver acted dishonestly in inserting Partner A's electronic signature in the Company H 2017 auditor's report, in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.
149. **Allegation 29: In the circumstances set out above Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that she deceived Partner A on 5 September 2018 by falsely representing that (a) she was unaware of why the audited entity believed the accounts were finalised and ready for sign-off at that time and (b) that the audited entity had not yet provided all the information needed to complete the audit, when she knew those representations to be false and/or had no honest belief that they were true, in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest.**
150. **Allegation 30: In the circumstances set out above Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that, without the Responsible Individual's knowledge or authorisation, Ms Cleaver inserted an electronic copy of their (the Responsible Individual's) ("BDO LLP") signature in the Company H 2017 auditor's report, in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 148 above.**

Company H 2018 Audit

151. Company H's 2018 year-end was 31 December 2018 and the statutory deadline for the filing of its financial statements at Companies House was 30 September 2019. An abridged set of financial statements was filed at Companies House on 30 September 2019. The abridged statements did not contain an auditor's report, but as in the 2017 financial statements note 9 states as follows:

***DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT
2006***

The Report of the Auditors was unqualified and was signed by [Partner A] (Senior Statutory Auditor) for and on behalf of BDO LLP, the Auditors of the Company. BDO LLP is a limited liability partnership registered in England and Wales (registered number OC305127).

152. A full set of accounts was also produced and Ms Cleaver emailed them to the audited entity on 7 October 2019. The full accounts included an auditor's report dated 23 August 2019 which was purportedly signed by Partner A on behalf of BDO.

153. However, Partner A did not sign the auditor's report. Instead, Ms Cleaver inserted an electronic copy of Partner A's signature into the auditor's report and filed the financial statements at Companies House without Partner A's knowledge or authorisation. In this regard:

153.1 Ms Cleaver admitted in December 2019 that she had inserted an electronic copy of Partner A's signature without Partner A's authorisation on at least one Company H auditor's report (see above at paragraph 128). At interview with the FRC, Ms Cleaver stated that in making that admission she meant to refer to the most recent Company H audit. The most recent audit was the 2018 audit.

153.2 The signature, in the form "BDO LLP", appears on visual inspection to be an electronic signature.

153.3 As noted above at paragraph 78.8, Partner A does not recall ever giving Ms Cleaver permission to insert an electronic signature on their behalf. Further, Partner A's personal assistant held two electronic signatures for Partner A: one from April 2018 and the other from September 2019. The signature in the auditor's

report for 2018 does not appear (on visual inspection) to match either of these signatures.

153.4 No audit file was created for the Company H 2018 audit, Partner A recorded no time on the audit and there is no other evidence of their involvement in the audit for this year (including no calendar invitations from Ms Cleaver, or anyone else).

154. Ms Cleaver acted dishonestly in inserting Partner A's electronic signature in the Company H 2018 auditor's report and providing it to the audited entity, in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.

155. **Allegation 31: In the circumstances set out above Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that, without the Responsible Individual's knowledge or authorisation, Ms Cleaver inserted an electronic copy of their (the Responsible Individual's) ("BDO LLP") signature in the Company H 2018 auditor's report and provided it to the audited entity, in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 154 above.**

V.10 Group J

156. In 2018 BDO was the auditor for several UK companies within the Group J Companies, namely **Company 2 of Group J, Company 3 of Group J, Company 1 of Group J** (the parent company of the group), and **Company 4 of Group J**, collectively the "**Group J Companies**".

157. Each of the Group J Companies had its year end on 31 December 2018 with a statutory deadline for filing accounts at Companies House of 30 September 2019 (although the accounts for Company 4 of Group J which are relevant for present purposes were for the five month period ending 31 December 2018 only). BDO allocated Ms Cleaver as Senior Manager and Partner A as the Engagement Partner for each of the audits.

158. The 2018 financial statements for all the Group J Companies were filed at Companies House on 30 September 2019 and all included auditor's reports dated 27 September 2019 which were purportedly signed by Partner A on behalf of BDO.

159. However, as set out below, none of the auditor's reports was in fact signed by Partner A. Instead, Ms Cleaver inserted an electronic copy of Partner A's signature into the auditor's report and filed the financial statements at Companies House without Partner A's knowledge or authorisation. In this regard:

159.1 At interview with the FRC, Partner A stated that they were not involved in the 2018 audits for any of the companies in the Group J.

159.2 There is no evidence in BDO's records of Partner A either (a) being involved in the 2018 audit of any of the Group J Companies, other than attending a planning meeting in November 2018 or (b) being aware of the 2018 accounts of any of the Group J Companies being finalised and signed. In particular, there is no record of Partner A having reviewed any documents in the APT file.

159.3 Ms Cleaver created a pdf version of the financial statements for each of the Group J Companies with signed and dated auditor's reports and saved them to her laptop. These documents were last modified between 09:45 and 09:48 on 30 September 2019. These pdf versions of the financial statements are the same as those filed at Companies House.

159.4 On 30 September 2019 at 10:20, Ms Cleaver emailed the audited entity the signed copy of the 2018 financial statements of all the Group J Companies. Ms Cleaver said:

Please find attached the above. In reviewing to ensure that all pages have been signed, we have noted that the company balance sheet for [Company 1 of Group J] has not been signed- so please can you also sign the company balance sheet on [Company 1 of Group J] (Pg 38) as well – this can be updated to be signed by just you if this helps with availability. If you can please share the signed page before lunchtime, then this one will then be added to the courier to depart at lunchtime. The rest have already been sent.

It is to be inferred that Ms Cleaver meant that all the financial statements attached to the email other than those for Company 1 of Group J had been sent to

Companies House for filing and that the courier to which Ms Cleaver referred was to be engaged to deliver the statements to Companies House the same day. Ms Cleaver did not copy Partner A on this email.

159.5 The signatures on the auditor's reports in all of the 2018 financial statements for the Group J Companies are electronic copies of signatures in the form "BDO LLP" placed above Partner A's name. The signatures appear, on visual inspection, to be identical across all the auditor's reports in the financial statements of each of the Group J Companies.

159.6 However, on visual inspection this signature does not appear to be the same as the electronic signature held by Partner A's personal assistant and which might be applied to a document on Partner A's behalf with Partner A's express authorisation. Moreover, as noted above at paragraph 78.8, Partner A does not recall ever giving Ms Cleaver permission to insert an electronic signature on their behalf.

159.7 On 2 December 2019 at 2:29pm Ms Cleaver deleted the copies of all the signed 2018 financial statements for the Group J Companies from her laptop. She also deleted copies of the Company 3 of Group J financial statements and the Company 4 of Group J financial statements, the auditor's reports for both of which were unsigned and undated, which she had last modified on 30 September 2019 at 09:29 and 09:31 respectively. Ms Cleaver deleted all these documents immediately after the initial meeting between Partner Y, Partner Z and Ms Cleaver (at which Ms Cleaver admitted to inserting a copy of Partner Y's signature without their authorisation) on the 2017 and 2018 accounts for Company B and prior to the meeting at which she was suspended from her position (see above at paragraphs 18 to 20).

160. Ms Cleaver acted dishonestly in inserting Partner A's electronic signature in each of the Group J Companies' 2018 auditor's reports in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.

161. **Allegations 32, 33, 34, 35: In the circumstances set out above Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that without the Responsible Individual's knowledge or authorisation Ms Cleaver inserted an electronic copy of their (the Responsible**

Individual's) ("BDO LLP") signature in the 2018 auditor's reports for each of the Group J Companies, contrary to the requirements of section 503 of the Companies Act 2006 and in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 160 above.

V.11 Company K

162. BDO were the auditors for Company K for its 2018 financial year. Ms Cleaver was allocated as the Senior Manager and Partner X was allocated as the audit Engagement Partner.
163. Company K's 2018 year-end was 30 June 2018 with a statutory deadline for filing at Companies House of 31 March 2019. The financial statements were filed at Companies House on 23 March 2019 and included an auditor's report purportedly signed by Partner X on 12 March 2019. However, as set out below, Partner X did not in fact sign the auditor's report and their signature was instead inserted without their authorisation or knowledge by Ms Cleaver.
164. The vast majority of the work for the Company K 2018 audit was completed by the end of January 2019. In particular, on 8 January 2019 Partner X reviewed the financial statements and sent their comments to Ms Cleaver, Ms Cleaver sent final comments on the statements to the audited entity on 21 January 2019 and the audited entity sent Ms Cleaver updated final financial statements on 25 January 2019 stating that they hoped to sign the week after next. The electronic audit file records that Partner X reviewed execution sections of the audit file on 8, 28 and 29 January 2019.
165. On 6 February 2019, Ms Cleaver emailed the audited entity "[i]n advance of our call" to set out the final items that required to be addressed. These were:
- *3 proof of deliveries remain outstanding as highlighted below – if there are no third party documents, do you have stock transaction reports that we could verify these to?*
 - ...
 - *Update on subsequent events*
 - *Post year end journals to date*

166. The audited entity provided further information on 11 February 2019 and Ms Cleaver acknowledged receipt on 12 February 2019. After a chasing email from the audited entity (in which it said that it hoped to sign the statements the following week), Ms Cleaver emailed the audited entity on 18 February 2019 in the following terms:

Thanks for your chase up email. I am waiting for a team member to process the journals side of things and then we should be ready to finalise - this will be done by the end of today in terms of the journals. So I will revert ... with any query ones so we can finalise this week.

167. Partner X was not copied into these emails, but on 18 February 2019 Partner X also emailed Ms Cleaver to inquire as to progress on the Company K 2018 audit. Ms Cleaver replied almost immediately as follows:

We had the final bits in on [Company K] last week, so these are being processed and then should be good to go on this one.

168. Subsequently the audited entity and Ms Cleaver exchanged several emails in relation to finalising a Management Letter and draft Board Report, culminating on 5 March 2019 with an email from Ms Cleaver which explained to the audited entity the sign-off process for the letter of representation and financial statements:

The letter of representation will need to be on [Company K] headed paper, with the unadjusted misstatements attached and can be signed by you on behalf of the board. This should be dated the same day, as the financial statements are signed.

The financial statements can then be updated with the date of signing and then signed. If a PDF can then be emailed to me, I can arrange for the audit report to be signed and dated. Our processes are that we need to get the audit report signed within 7 days of the client signing the accounts, so if you can share the signed accounts one [sic] executed, then I will arrange for the audit report to be duly signed.

169. Ms Cleaver represented to the audited entity by this email that, as at 5 March 2019, the 2018 Company K financial statements were ready for signing and that the auditor's report would be signed after the audited entity had sent BDO a signed version of the financial statements.

170. The financial statements were subsequently signed and filed at Companies House as follows (Partner X was not copied into any of the relevant emails):

170.1 On 6 March 2019 the audited entity emailed Ms Cleaver attaching a signed letter of representation and signed financial statements, with the subject “*Stat accounts*” and the following message:

Please find a pdf of the signed stat accounts and the signed letter of rep. Can you please arrange for the stat accounts to be signed at your end and pdf back to me. Separately I will send you 3 originals of the accounts and the letter or [sic] rep in the post. Please sign and keep one set and send the other 2 sets back to me at [Registered] office of Company K]. If you do not need originals then please send all 3 sets back to me.

170.2 The same day Ms Cleaver notified the audited entity that BDO did not require original copies of the statements and separately offered to send additional copies of the signed auditor’s reports for the audited entity to insert in the original sets of financial statements and file at Companies House (rather than sending originals to BDO). The audited entity confirmed that it would send originals and also asked for a pdf of the signed statements to be returned as soon as possible.

170.3 After several chaser emails from the audited entity over the following week, Ms Cleaver emailed the audited entity on 13 March 2019 with a copy of the financial statements including an auditor’s report purportedly signed by Partner X and dated 12 March 2019. Ms Cleaver’s email had the subject “*PDF of accounts*” and the following message:

As promised, please find attached the above, we will return the hard copies to you, so you can then file a set at Companies House before the month end.

170.4 On 19 March 2019, the audited entity chased Ms Cleaver for the hard copies of the financial statements (having already done so previously on 14 March) in an email with the subject “*Originals*” and the following message:

I have not received the originals at [Registered office of Company K]. Can you confirm they have been sent? We want to file the docs at Companies House.

[...] - Have they arrived at [Company K] in error?

170.5 Ms Cleaver replied the same day saying:

We have the signed versions safely here – we can get these couriered across to [Registered office of Company K] to arrive tomorrow. Hope that this helps and apologies for any confusion.

170.6 After further chasing emails from the audited entity, Ms Cleaver sent a further email to the audited entity on 20 March 2019 stating that the documents would “go out to you tonight guaranteed for tomorrow’s delivery and marked for your attention”.

170.7 As noted above, the statements were then filed by the audited entity at Companies House on 23 March 2019.

171. The auditor’s report in the financial statements was not in fact signed by Partner X. In this regard:

171.1 The signature in the pdf copy of the report sent to the audited entity by Ms Cleaver on 13 March 2019 was an electronic signature which had been inserted into the pdf.

171.2 In early May 2019 Partner X noticed that the financial statements had been filed at Companies House, although Partner X had not signed them. Partner X asked Ms Cleaver for an explanation and she stated (falsely) that she had supplied the audited entity only with financial statements containing a signed but undated auditor’s report which the audited entity had dated and filed at Companies House without final authorisation.

171.3 After consultation with a senior member of BDO’s Quality and Risk Management Team, on 10 May 2019 Partner X requested that Ms Cleaver draft a file note setting out the position and stating that Partner X had not signed the auditor’s report.

171.4 Ms Cleaver drafted the file note, which Partner X reviewed, and it was added to the audit file on 11 May 2019 (the “**File Note**”). However, as set out below, the File Note contained several representations which Ms Cleaver knew to be false or which she did not honestly believe to be true, and attached several emails which she had falsified in an attempt to conceal the truth.

171.5 The File Note stated that after BDO had provided comments to the audited entity on the financial statements and “*all items cleared accordingly into a final version circulated by the client*”, the audit evidence outstanding was “*3 remaining purchase orders.*” However, Ms Cleaver stated, “[i]n order to keep the audit process moving forward, the updated financial statements were circulated to local management for their approval with a BDO signature on the audit opinion page (with no date) as the director signing was due to travel for business and a clear email to advise that we needed receipt of the 3 remaining PO’s for the audit to be finalised.” In fact, as set out above, Ms Cleaver knew this account to be false and/or could not have honestly believed it was true, as she had obtained all outstanding audit evidence and emailed a signed and dated copy of the financial statements to the audited entity by 13 March 2019, with no indication that there was any audit evidence outstanding.

171.6 In order to conceal the truth and support the account she gave in the File Note Ms Cleaver edited two genuine emails (which had actually been sent or received from the audited entity) to create two falsified emails (which had not been) and attached them to the File Note:

- (a) Ms Cleaver edited the email sent to her by the audited entity on 6 March 2019 (see above at paragraph 170.1) to create a new document which appeared to be an email sent from the audited entity with the same attachments, but with a different subject, i.e. “*Financial statements*”, and a different message:

As I mentioned, [a director] is travelling a fair bit over the next month or so, so we have been through these with [the Director] and arranged for [the Director] to sign the pages. We have also held an undated set in case it is needed as appreciate your comments on timing for audit report depending on final items being provided.

Please find a pdf of the signed stat accounts and the signed letter of rep. We are keen to keep this moving, so if you can update the audit report for an electronic signature so we can hold until we are able to share the final audit items for your file to finalise.

The time stamps on this falsified email are precisely the same as those on the genuine email of 6 March 2019, but there is no record of this email ever having been received.

- (b) Ms Cleaver then also edited the email she sent to the audited entity on 13 March attaching the statements with the signed and dated auditor's report (see above at paragraph 170.3) to create a new document which appeared to be an email sent by her to the audited entity with a different subject, i.e. "*Finalisation of the audit*", and a different message:

Appreciate that you are keen to get these finished, as we are from our side. Thanks for sharing the signed pages and letter of representation. Ive [sic] double checked the version shared and can confirm all our comments have been processed that we had raised. In order to get us in good shape and keep things moving forward, we have added the electronic BDO signature on the draft audit report attached. Please see attached for reference. However as you are aware, we still require the proof of delivery for the remaining 3 items in our sample to finalise our audit. Once these items are received, we will be done and the audit will be finalised.

The time stamps on this falsified email are precisely the same as those on the genuine email of 13 March 2019, but there is no record of this email ever having been sent. The attachment to this email was also different from the attachment in the genuine email sent on 13 March 2019 in that the auditor's report was signed but undated. The metadata for the document show that the signature placed above Partner X's name was inserted by the user "*NIGHTA*" (i.e. Ms Cleaver) on 29 April 2019.

171.7 The File Note also stated that the "3 remaining PO's" were provided on 19 March 2019. Ms Cleaver knew that this was false and/or could not have honestly believed that it was true, as she had received those items on 11 February 2019 and did not obtain any audit evidence from the audited entity after she emailed the signed financial statements on 13 March 2019.

171.8 To conceal the truth and support the account she gave in the File Note, Ms Cleaver falsified a further email which she also attached to the File Note. Using the email the audited entity sent to her on 19 March 2019 chasing the hard copies of the

financial statements (see above at paragraph 170.4), Ms Cleaver created a document which appeared to be an email sent by the audited entity with a different subject, i.e. “*final items*”, and a different message:

Please find attached the final proof of delivery items to enable you to finalise your audit file. Thanks for your help on this.

The time stamps on this falsified email are precisely the same as those on the genuine email of 19 March 2019, but there is no record of this email ever having been received. The attachments to this email were the same attachments to the email the audited entity sent on 11 February 2019, i.e. the proofs of delivery for the three outstanding items.

171.9 The File Note also asserted that the auditor’s report had been dated by the audited entity, and the financial statements filed at Companies House, as the result of a misunderstanding:

The [falsified email dated 13 March 2019] states that ‘Once these items are received, we will be done and the audit will be finalised.’ The company took this to mean that they could add the date to the audit report and finalise once the final items had been provided, but dated the auditor’s report 12 March as they had been advised they would need to resign the accounts if the period of time that had been lapsed exceed 7 days.

In the circumstances set out above, Ms Cleaver was aware that she had dated the auditor’s report and that there had been no misunderstanding which led the audited entity to date the report and file the financial statements at Companies House. This statement in the File Note was therefore untrue and Ms Cleaver knew that it was untrue and/or had no honest belief that it was true.

172. At interview with the FRC, Ms Cleaver asserted that she did not recollect these events and was not aware of how to edit emails.

173. Ms Cleaver acted dishonestly in inserting Partner X’s electronic signature in the Company K 2018 auditor’s report in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.

174. **In the circumstances set out above:**

174.1 **Allegation 36**: Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that without the Responsible Individual's knowledge or authorisation Ms Cleaver inserted an electronic copy of their (the Responsible Individual's) ("BDO LLP") signature in the Company K 2018 auditor's report, contrary to the requirements of section 503 of the Companies Act 2006 and in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 173 above.

174.2 **Allegation 37**: Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that Ms Cleaver deceived the Responsible Individual and others at BDO by (a) making representations in the File Note she knew to be false and/or which she did not honestly believe to be true in relation to the circumstances in which the auditor's report came to be signed and dated and the financial statements filed at Companies House, and (b) falsifying emails to support her false account of events, in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest.

V.12 Company L1 and Company L2

175. BDO was the auditor for two related companies in 2017 and 2018, namely Company L1 and Company L2, the latter of which was known as **Old Name of Company L2** between 19 December 2001 and 17 April 2018.

176. Ms Cleaver and Partner B were the allocated Senior Manager and audit Engagement Partner, respectively, for the Company L1 and Company L2 2017 audits and the Company L1 2018 audit. However, Partner B retired before the Company L1 2018 audit was completed and another partner took over their role. Ms Cleaver left BDO before the Company L2 2018 audit opinion was issued and no allegations are made against her in relation to that audit.

177. As set out below, Ms Cleaver inserted an electronic copy of Partner B's signature without their authorisation on each of the auditor's reports for the Company L1 and Company L2 2017 Audits and the Company L1 2018 Audit.

Company L1 2017 Audit and Company L2 2017 Audit

178. Both Company L1's and Company L2's 2017 year-end were 31 December 2017 and the statutory deadline for filing their accounts at Companies House was 30 September 2018. The financial statements for both entities were filed by Ms Cleaver at Companies House on 28 September 2018 and included auditor's reports purportedly signed by Partner B and dated 12 April 2018.

179. However, Partner B did not sign the auditor's reports. Instead, Ms Cleaver inserted an electronic copy of Partner B's signature, in the form "BDO LLP" placed above Partner B's name, into the auditor's reports and filed the financial statements at Companies House without Partner B's knowledge or authorisation. In this regard:

179.1 The signature that has been inserted in both auditor's reports appears on visual inspection to be identical to Partner B's signature from the auditor's report for the 2017 Company A statements filed at Companies House on 18 January 2018. This indicates that an electronic copy of a signature was used in both cases.

179.2 As noted above at paragraph 43.5, Partner B stated at interview that they never used an electronic signature, or authorised Ms Cleaver or their personal assistant to insert one on their behalf, to sign the auditor's report included in an audited entity's financial statements.

179.3 BDO has identified no evidence that Partner B performed any work on the 2017 audit for either Company L1 or Company L2 after the week commencing 24 March 2018 other than that on 24 September 2018 (5 months after the date on the auditor's report) Partner B accepted an invitation from Ms Cleaver for 27 September 2018 entitled "*HOLD for [Company L1] updated review*". However, on 27 September 2018 Ms Cleaver cancelled the appointment with the message "*We don't have the letter of support so removing from diaries for now. Will update if make progress.*"

179.4 As noted above, the financial statements for both entities were filed at Companies House on 28 September 2018, the day after this cancelled meeting was due to

take place. On 1 October 2018, Ms Cleaver emailed the audited entity confirming that she had caused the statements for both entities to be filed at the Companies House the preceding week.

179.5 Subsequently, Partner B inquired with Ms Cleaver as to progress on Company L1 by an Instant Message on 17 January 2019 and she replied (falsely) “*we keep chasing [the Finance Director] and sure will get there eventually with it.*”

180. Ms Cleaver acted dishonestly in inserting Partner B’s electronic signature in both of the Company L1 and Company L2 2017 auditor’s reports in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so, and also by representing to the Responsible Individual that the Company L1 2017 audit and the Company L2 2017 audit had not been completed and that the auditor’s reports had not yet been signed and the financial statements had not yet been filed at Companies House knowing those statements to be false or making the statements recklessly, not caring whether they were true or false (i.e. without having any honest belief in the truth of the representations).

181. **In the circumstances set out above:**

181.1 **Allegations 38 and 39: Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that without the Responsible Individual’s knowledge or authorisation Ms Cleaver inserted an electronic copy of their (the Responsible Individual’s) (“BDO LLP”) signature in the Company L1 and Company L2 2017 auditor’s reports, contrary to the requirements of section 503 of the Companies Act 2006 and in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 180 above.**

181.2 **Allegation 40: Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that on 17 January 2019 she expressly or impliedly represented to the Responsible Individual, knowing that the representations were false and/or having no honest belief that they were true, that the Company L1 2017 audit and the Company L2 2017 audit had not been completed and that the auditor’s reports had not yet**

been signed and the financial statements had not yet been filed at Companies House, in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 180 above.

Company L1 2018 Audit

182. Company L1's 2018 year-end was 31 December 2018 and the statutory deadline for filing its accounts at Companies House was 30 September 2019. The financial statements were filed at Companies House on 30 September 2019 and included an auditor's report purportedly signed by Partner B and dated 5 July 2019.

183. However, Partner B did not sign the auditor's report. Instead, Ms Cleaver inserted an electronic copy of Partner B's signature, in the form "BDO LLP" placed above Partner B's name, into the auditor's report without Partner B's knowledge or authorisation. In this regard:

183.1 On visual inspection, the signature that has been inserted appears identical to Partner B's signature from the auditor's report for the 2016 Company N financial statements filed at Companies House on 29 June 2017. This indicates that an electronic signature was used.

183.2 As noted above at paragraph 43.5, Partner B stated at interview that they never used an electronic signature, or authorised Ms Cleaver or their personal assistant to insert one on their behalf, to sign the auditor's report included in an audited entity's financial statements.

183.3 On 12 July 2019, Ms Cleaver emailed the audited entity a pdf of the financial statements with the signed auditor's report. This document was a copy of the same set of statements subsequently filed at Companies House.

183.4 There is no audit file for the Company L1 2018 audit and BDO has identified no evidence that Partner B performed any work on the Company L1 2018 audit. In fact, shortly before their retirement, Partner B emailed Ms Cleaver on 27 June 2019 and inquired whether BDO was still acting for Company L1 at all (among other entities), stating "*I need to allocate [Responsible Individuals] to them hence the question.*"

183.5 The Responsible Individual to whom the file was passed (“**Partner W**”), informed an internal investigation conducted by BDO that Partner B had handed the Company L1 2018 audit over to them (Partner W) at the end of July with the understanding that the audit had not been started.

184. Ms Cleaver acted dishonestly in inserting Partner B’s electronic signature in the Company L1 2018 auditor’s report in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.

185. **Allegation 41: Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that without the Responsible Individual’s knowledge or authorisation Ms Cleaver inserted an electronic copy of their (the Responsible Individual’s) (“BDO LLP”) signature in the Company L1 2018 auditor’s report, contrary to the requirements of section 503 of the Companies Act 2006 and in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 184 above.**

V.13 Company M

186. BDO was the auditor for the 2019 financial statements of Company M, which was listed on the AQSE Growth Market. Ms Cleaver was allocated as Senior Manager and Partner A was allocated as the audit Engagement Partner.

187. Company M’s 2019 year end was 30 June 2019 and its financial statements were filed at Companies House on 29 November 2019 and contained an auditor’s report dated 11 October 2019 purportedly signed by Partner A.

188. However, Partner A did not sign Company M’s 2019 auditor’s report. Instead, Ms Cleaver inserted an electronic copy of Partner A’s signature, in the form “BDO LLP” placed above Partner A’s name, into the auditor’s report without Partner A’s knowledge or authorisation. In this regard:

188.1 Partner A confirmed at interview that they did not sign the Company M 2019 auditor’s report.

188.2 Between 8 October 2019 and 16 October 2019 numerous emails were sent between the audited entity and Ms Cleaver, without copying in Partner A, concerning the finalisation of Company M's 2019 financial statements, the letter of representation and the auditor's report, including:

- (a) On 8 October 2019, the audited entity emailed Ms Cleaver asking that BDO provide signed accounts and a final version of the letter of representation for signature the following day "*so that we can begin work on the published document*". By "published document" the audited entity was referring to the Annual Report and Accounts prepared by professional publishers and published on its website.
- (b) On 9 October 2019, Ms Cleaver promised to return BDO's final comments and a final letter of representation that day.
- (c) After further correspondence and revisions to the documents, including the auditor's report, on Friday 11 October 2019 the audited entity sent Ms Cleaver copies of the financial statements signed by the audited entity and a signed letter of representation. The statements included an unsigned auditor's report and the audited entity asked for Ms Cleaver to "*arrange for the audit report to be signed and provide a scanned copy of the audit report signature page via email today.*" The audited entity also attached a printing proof of the Annual Report and Accounts and asked for any comments by Monday 14 October 2019 so that the publishers could begin printing "*to meet the dispatch deadline*". Ms Cleaver replied confirming that she would provide the signed auditor's report that day and comments on the printers' proofs on 14 October 2019.
- (d) On 11 October 2019 Ms Cleaver produced a signed version of the final two pages of the auditor's report, dated 11 October 2019, and emailed it to herself. There is no evidence that she sent this version of the auditor's report to the audited entity.

188.3 After further correspondence concerning the Annual Report and Accounts, including the audited entity chasing Ms Cleaver for a pdf of the signed auditor's report, on 16 October 2019 the audited entity asked for the report that morning as "*I really want to get the signed audit report before the publishers send out the annual report!*". Ms Cleaver promised to provide it that day and the audited entity replied that "*It's the unsigned version of the accounts that are sent out, so don't*

need the signed ones for the published reports, I just need to know for certain that the audit report has been signed off and that no changes will be made, as I wouldn't want to send them out whilst the audit report is still unsigned'.

188.4 On 17 October 2019, Ms Cleaver emailed the audited entity, without copying Partner A, attaching the final two pages of a signed copy of the auditor's report. These two pages had been amended from the version Ms Cleaver created on 11 October 2019 (the amendments were consistent with revisions Ms Cleaver had previously requested the audited entity make on 14 October 2019).

188.5 The auditor's report Ms Cleaver provided to the audited entity on 17 October 2019 is nevertheless still dated 11 October 2019. The signature is pixelated, indicating an electronic signature had been inserted.

188.6 As noted above at paragraph 78.8, Partner A does not recall ever giving Ms Cleaver permission to insert an electronic signature on their behalf. Moreover, on visual inspection the signature does not appear to match the signature held by Partner A's personal assistant for this purpose. Thus, it is to be inferred that Ms Cleaver inserted Partner A's signature without Partner A's knowledge or authorisation.

189. After Ms Cleaver provided the audited entity with the signature page of the auditor's report, there was no further email correspondence between them.

190. However, Ms Cleaver subsequently did communicate with Partner A concerning the Company M 2019 audit. In particular:

190.1 On 18 October 2019 Ms Cleaver scanned and sent herself a version of the Annual Report and Accounts containing Partner A's review comments dated 17 October 2019, including marked-up changes to be made to the statements. Thus, Partner A reviewed the financial statements and provided their comments to Ms Cleaver on either 17 or 18 October 2019.

190.2 In relation to the marked-up document:

- (a) This document differs from the Annual Report and Accounts that Ms Cleaver previously approved in that the latter stated twice on page 9 that "10th October 2019" was "*the latest practicable date prior to publication of this document*", while in the version reviewed by Partner A the date was replaced

by “xxx October 2019”. Partner A queried the lack of date and Ms Cleaver noted on the statements “*they will update*”.

- (b) In fact, the financial statements in the Annual Report and Accounts and those filed at Companies House retain the date of 10 October 2019. It is to be inferred that Ms Cleaver removed this date from the statements provided to Partner A to conceal it from Partner A.
- (c) Changes marked-up by Partner A and apparently accepted by Ms Cleaver (including in the auditor’s report) are not reflected in the final Annual Report and Accounts or in the statements filed at Companies House.

190.3 On 18 October 2019 at 9:10, Ms Cleaver sent Partner A a message using BDO’s Instant Message application stating “[I] *have followed up on the [Company M] accounts points and they are updating, so can finalise today*”. Ms Cleaver thereby falsely represented to Partner A that (a) she had raised the comments Partner A had made on the financial statements with the audited entity and the statements were being updated, (b) the Company M financial statements were yet to be finalised, and (c) the auditor’s report remained to be signed. In the circumstances set out above, Ms Cleaver knew that each of those representations was false and/or had no honest belief that they were true.

190.4 On 20 November 2019, Partner A accepted a calendar invitation from Ms Cleaver to “*Sign down [Company M] 2019 (following AGM as then client be ready to sign fin stats)*”. The appointment was scheduled for 22 November 2019. On 21 November 2019 Ms Cleaver cancelled this appointment citing as the reason that “*I need to move these slots to next week to keep on top of current items*”. The appointment was never rescheduled.

191. Partner A stated at interview that, as Company M was a listed entity, the normal process that would occur before its financial statements were filed at Companies House would be that the statements would first be approved at the AGM and that Partner A would then sign the auditor’s report in the copies to be filed at Companies House.

192. However, as noted above at paragraph 188.1, Partner A confirmed that they did not sign an auditor’s report for Company M in 2019. Further, the signature in the 2019 Company M auditor’s report in the financial statements filed at Companies House on 29 November 2019 appears on visual inspection to be the same as that in the signature page provided by Ms Cleaver to the audited entity on 17 October 2019.

193. It is to be inferred that Partner A did not sign the 2019 Company M auditor's report, that Partner A did not authorise Ms Cleaver to apply an electronic signature to it on their behalf, and that Ms Cleaver inserted an electronic copy of Partner A's signature into the auditor's report without Partner A's knowledge or authorisation. In inserting Partner A's signature, Ms Cleaver acted dishonestly, in the knowledge that she was not authorised to do so, or without having any honest belief that she had been authorised to do so.

194. **In the circumstances set out above:**

194.1 **Allegation 42: Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that without the Responsible Individual's knowledge or authorisation Ms Cleaver inserted an electronic copy of their (the Responsible Individual's) ("BDO LLP") signature to the Company M 2019 auditor's report and provided it to the audited entity, contrary to the requirements of section 503 of the Companies Act 2006 and in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 193 above.**

194.2 **Allegation 43: Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that on 18 October 2019 she falsely represented to the Responsible Individual, knowing that the representations were false and/or having no honest belief that they were true, that (a) she had raised the comments the Responsible Individual made on the Company M 2019 financial statements on or about 17 October 2019 with the audited entity, (b) the Company M 2019 financial statements were not yet finalised, and (c) the Company M 2019 auditor's report remained to be signed, in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest.**

V.14 Company N

195. BDO was the auditor for the 2017 and 2018 year-end financial statements for several companies within the Company N group of companies including **Company N** and a **Subsidiary of Company N**. A single audit file was used for both companies (together “**Company N group of companies**”).
196. Ms Cleaver was the Senior Manager allocated to the Company N group of companies audits in 2017 and 2018. Partner B was allocated as the audit Engagement Partner for the Company N group of companies 2017 audits and Partner X was allocated as the audit Engagement Partner for the Company N group of companies 2018 audits.
197. As detailed below, Ms Cleaver fabricated audit evidence for the Company N group of companies audits in both 2017 and 2018.

Company N group of companies 2017 Audits

198. The 2017 year-end for Company N and Subsidiary of Company N was 30 June 2017. As at that date, the Company N group of companies operated a defined benefit pension scheme known as the Company N Retirement and Security Scheme.
199. For the Company N group of companies 2016 audits, the audit team had engaged an auditor’s expert, Actuary V of Actuarial Consultancy, a qualified actuary, to consider the reasonableness of assumptions used in determining the valuation of the defined benefit pension liability included in the Company N group of companies financial statements. Actuary V produced a report dated 10 August 2016 which was relied on in the 2016 audit and saved on the 2016 audit file (the “**2016 Pension Report**”).
200. On the Company N 2017 audit file a form was completed documenting the intention of the audit team to engage Actuary V to produce an equivalent report for the company N 2017 audit. The Company N 2017 audit file contains a report purportedly produced by Actuary V dated 10 August 2017 (the “**2017 Pension Report**”).
201. However, the report was not produced by Actuary V, or anyone else at Actuarial Consultancy, but was instead produced by Ms Cleaver using the 2016 Pension Report as a template. In this regard:

201.1 Although the 2017 Pension Report is dated 10 August 2017, BDO did not request Actuarial Consultancy to perform a review of Company N's IAS19 disclosures for audit purposes until 18 August 2017. Actuarial Consultancy confirmed it could assist with the review on 21 August 2017 and requested further information from BDO. Actuarial Consultancy chased BDO for further information on 30 August 2017 and 2 October 2017.

201.2 No further information was ever provided to Actuarial Consultancy and no report was received from Actuarial Consultancy in 2017.

201.3 An employee of Actuarial Consultancy confirmed in emails to BDO on 24 February 2020 that Actuarial Consultancy last carried out a review of the Company N pension scheme in 2016.

201.4 Actuarial Consultancy did not invoice BDO for any work in 2017.

201.5 There are a number of features of the 2017 Pension Report which are consistent with it having been produced by modifying the 2016 Pension Report, including that:

- (a) Various dates in the 2017 Pension Report are the same as the 2016 Pension Report (but for being in 2017), such as the date of the report itself (10 August) and the date on which Actuarial Consultancy is said to have provided an email and budget (2 August), on page 3 of both reports.
- (b) Various important diagrams and paragraphs of text which were in the 2016 Pension Report (but which it would have been time-consuming to update and/or recreate) are not updated for the 2017 Pension Report, but are instead omitted. These elements of the report have simply been deleted from the document. For example, in the 2016 Pension Report there is a paragraph of text describing a review of the restatement of the previous year's asset values at page 11. At the same place in the 2017 Pension Report there is a gap in the text.

201.6 Ms Cleaver uploaded the 2017 Pension Report to the electronic audit file at 5:03am on 6 November 2017. She signed off (as delegate) the report in the name of Associate U (as preparer) the same day.

201.7 At interview with the FRC, Ms Cleaver was asked whether she had fabricated the 2017 Pension Report and she accepted that, while she had no specific recollection of events, this may have been a document that she fabricated.

202. In fabricating the 2017 Pension Report and uploading it to the electronic audit file, Ms Cleaver acted dishonestly, knowing that the report was not genuine.
203. **Allegation 44: In the circumstances detailed above, Ms Cleaver fell significantly short of the standards reasonably expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that she fabricated the 2017 Company N Pension Report and added it to the Company N 2017 electronic audit file, in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 202 above.**

Company N group of companies 2018 Audits

204. The 2018 year-end for Company N and Subsidiary of Company N was 30 June 2018. As at that date, the Company N group of companies continued to operate the Company N Retirement and Security Scheme.
205. As in 2017, the Company N 2018 audit file contains a report purportedly produced by Actuary V considering the reasonableness of assumptions used in determining the valuation of the defined benefit pension liability included in the Company N financial statements (the “**2018 Pension Report**”).
206. However, the report was not produced by Actuary V, or anyone else at Actuarial Consultancy, but was instead produced by Ms Cleaver using the 2016 Pension Report and/or the 2017 Pension Report as a template. In this regard:

206.1 Although the 2018 Pension Report is dated 10 August 2018:

- (a) Ms Cleaver did not request a fee proposal for Actuarial Consultancy to provide the report until 25 September 2018 stating: “*We are looking to get this completed by the end of October 2018*”.
- (b) Actuarial Consultancy confirmed to BDO that it could provide a report on 27 September 2018. However, subsequently by email dated 1 October 2018,

Actuarial Consultancy notified Ms Cleaver that it faced a potential conflict of interest and asked if BDO wished for them to continue. Ms Cleaver did not reply to this email and no report was ever received by BDO from Actuarial Consultancy.

206.2 Actuarial Consultancy did not invoice BDO for any work in 2018.

206.3 There are a number of features of the 2018 Pension Report which are consistent with it having been produced by modifying the 2016 Pension Report and/or 2017 Pension Report, including that:

- (a) Various dates in the 2018 report are the same as the 2016 and 2017 reports (but for being in 2018), such as the date of the report itself (10 August) and the date on which Actuarial Consultancy is said to have provided an email and budget (2 August), on page 3 of all three reports.
- (b) Various diagrams and paragraphs of text in the 2016 report are not updated in the 2018 report, but, as in the 2017 report, have been entirely deleted, such as the paragraph of text in the 2016 report describing a review of the restatement of previous year's asset values at page 11.

206.4 After Ms Cleaver had left BDO, in February 2020 BDO contacted Actuary V to request that Actuary V produce a report for the Company N 2019 audit and [Actuary V notified BDO that they had not produced the 2018 Pension Report and that it appeared to have been "doctored" from a prior year report.

206.5 Ms Cleaver uploaded the 2018 Pension Report to the electronic audit file at 11:18am on 3 July 2019. She signed off (as delegate) the report in the name of Associate T (as preparer) the same day.

206.6 Ms Cleaver's computer contained a Microsoft Word version of the 2017 Pension Report. The metadata of the word document records that it was created at 10.55am on 3 July 2019, i.e. around the time the 2018 Pension Report was uploaded to the electronic audit file by Ms Cleaver. It is to be inferred that Ms Cleaver therefore created the 2018 Pension Report using the 2016 Pension Report and/or the 2017 Pension Report as a template.

206.7 At interview with the FRC, Ms Cleaver was asked whether she had fabricated the 2018 Pension Report and she accepted that, while she had no specific recollection of events, this may have been a document that she fabricated.

207. In fabricating the 2018 Pension Report and uploading it the electronic audit file, Ms Cleaver acted dishonestly, knowing that the report was not genuine.
208. **Allegation 45: In the circumstances detailed above, Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that she fabricated the 2018 Pension Report and added it to the Company N 2018 electronic audit file, in breach of Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 207 above.**

V.15 Group O

209. BDO audited the accounts for Group O, a UK company, for its year ending 31 January 2019.
210. Ms Cleaver was the Senior Manager allocated to the 2019 audit and Partner A was allocated as the audit Engagement Partner.
211. The auditor's report for the 2019 audit is dated 5 July 2019 and was included in the 2019 financial statements filed at Companies House on 13 July 2019.
212. BDO's electronic audit file for the 2019 audit contains an 18 page document purportedly requested through a website providing confirmation of the amounts in various bank accounts held by Group O ("**the Confirmation Website**") as at 31 January 2019 (the "**2019 Group O Bank Confirmation**"). A similar confirmation letter had been obtained for the audit of Group O's 2018 accounts (the "**2018 Group O Bank Confirmation**").
213. The 2019 Group O Bank Confirmation was not in fact produced and provided by the Confirmation Website or any other third party, but was instead produced by Ms Cleaver using the 2018 Group O Bank Confirmation as a template. In this regard:
- 213.1 The metadata for the 2018 Group O Bank Confirmation records that it was both created and last modified on 5 February 2018 at 16:54:17. This is consistent with it having been produced from an automated enquiry made through the automated system operated by the Confirmation Website in February 2018 and added to the electronic audit file for the Group O 2018 audit without modification.

213.2 The 2019 Group O Bank Confirmation metadata records that it was also created on 5 February 2018 at 16:54:17, but was subsequently modified on 5 July 2019 at 12:07:40. This is inconsistent with the document having been created in response to an automated request in 2019, but is consistent with it having been created by modifying the 2018 Group O Bank Confirmation.

213.3 The “Request ID” recorded on the 2019 Group O Bank Confirmation is the same Request ID as the 2018 Group O Bank Confirmation. This implies that BDO did not make a new request for a bank confirmation in 2019 and is again consistent with the 2019 Group O Bank Confirmation being a modified version of the 2018 Group O Bank Confirmation.

213.4 Likewise, in the “Questions/Comments” section of the 2019 Group O Bank Confirmation the comment reads “(02/02/2018 08:02 [Associate S] said – Audit Date 31/01/17, Authority Held”. This same comment appears on the 2018 Group O Bank Confirmation.

213.5 In fact, the only differences between the 2019 Group O Bank Confirmation and the 2018 Group O Bank Confirmation are the different account balances listed in the document. In many cases, the balances recorded in the 2019 Group O Bank Confirmation are formatted differently to the rest of the document, and to their formatting in the 2018 Group O Bank Confirmation. This is consistent with the balances shown on the 2019 Group O Bank Confirmation having been manually edited using the 2018 Group O Bank Confirmation as a template.

213.6 An employee of BDO named “Employee R” is recorded as the “requestor” for the 2019 Group O Bank Confirmation. If the document was requested by Employee R, then it is to be expected that it would have been provided to Employee R who would then have provided it to Ms Cleaver to upload to the electronic audit file. This is the chain of events that related to the 2018 Group O Bank Confirmation. However, BDO has performed a search and found no evidence that Employee R provided the 2019 Group O Bank Confirmation to Ms Cleaver by email or otherwise.

213.7 In February 2019 Ms Cleaver corresponded with a senior Group O Finance Manager/Accountant, in relation to obtaining a bank confirmation through the Confirmation Website. On 19 February 2019 the same senior Group O Finance Manager/Accountant confirmed that they should not be the person to authorise the report, but instead the authorisation should be provided by two other

employees who were authorised signatories for all the bank accounts. Yet on the 2019 Group O Bank Confirmation the same senior Group O Finance Manager/Accountant is listed as the authorised signatory, just as they had been on the 2018 Group O Bank Confirmation. Furthermore, BDO has searched Ms Cleaver's and Employee R's emails and found no further correspondence on this topic which indicates that they sought authorisation from the two other employees identified by the same senior Group O Finance Manager/Accountant (as would have been expected in light of the same senior Group O Finance Manager/Accountant's confirmation on 5 February 2019 that they were not an authorised signatory).

213.8 On 4 July 2019, Ms Cleaver and Partner A attended a client meeting. It had been planned that Partner A would sign off the auditor's report by that time, but Partner A was unable to do so because Ms Cleaver had not provided them with access to an audit file for their review. Ms Cleaver finally provided Partner A with an audit file to review at 14:30 on 5 July 2019.

213.9 Shortly before that time, Ms Cleaver saved a copy of the 2019 Group O Bank Confirmation to her desktop on 5 July 2019 at 12:07, i.e. the same time that the document's metadata records that it was last modified. If Ms Cleaver had received the document from a third party, there would be no reason for her to have modified it.

213.10 Ms Cleaver uploaded the document to the electronic audit file for the 2019 audit one minute later at 12:08 on 5 July 2019.

213.11 BDO has found no evidence that anyone emailed the document to Ms Cleaver, despite searching the emails she received between 1 January 2019 and 5 July 2019. In fact, the only version of the 2019 Group O Bank Confirmation that BDO has been able to locate, other than on the audit file, is the version saved on Ms Cleaver's desktop.

213.12 At interview with the FRC, Ms Cleaver stated that she had no specific recollection of the events surrounding the creation of the 2019 Group O Bank Confirmation, but (a) when asked expressly whether she fabricated the document she said "*I can't tell you categorically yes I did or no I didn't, because I don't - I get what you're showing me; you're saying I obviously did this, but I don't have any recollection of this*" (Day 2 page 79), and (b) she admitted that she may have fabricated audit evidence in this way on occasion (Day 2, pages 84 – 86).

214. In fabricating the 2019 Group O Bank Confirmation and uploading it the electronic audit file, Ms Cleaver acted dishonestly, knowing that the document was not genuine.
215. **Allegation 46**: In the circumstances detailed above, Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that she fabricated the 2019 Group O Bank Confirmation and added it to the electronic audit file for the Group O 2019 audit, in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 214 above.

V.16 Parent of Companies P1 and P2, Company 1, Company P2

216. BDO was the auditor for the 2018 year-end financial statements of three related UK companies, namely Parent of Companies P1 and P2, Company P1, and Company P2. Ms Cleaver was the allocated Senior Manager for all of these audits and Partner X was the allocated audit Engagement Partner.
217. As set out below, Ms Cleaver falsified, or caused to be falsified, three documents related to these audits, namely (a) a bank confirmation letter in relation to the Company P1 audit, (b) an engagement letter related to both Parent of Companies P1 and P2 and Company P1 audits and (c) an engagement letter for the Company P2 audit.

Company P1 Bank Confirmation Letter

218. The year-end for the Company P1 2018 financial statements was 31 December 2018 and the statutory deadline for filing the statements at Companies House was 30 September 2019.
219. Partner X stated at interview with the FRC that, on or about 30 September 2019, Ms Cleaver emailed Partner X to inform them the audit had been completed and the review points Partner X had identified had been cleared. However, when Partner X reviewed the electronic audit file there was no bank confirmation letter on the file.
220. Ms Cleaver and/or a junior team member working on the audit (the “**Junior Team Member**”) located a confirmation letter provided by a major UK bank (the “**Bank**”

Confirmation Letter") but this document did not list some of the company's bank accounts. As a result, the audit could not be completed by the statutory deadline for filing.

221. The Bank Confirmation Letter was dated 30 September 2019 and referred to BDO having requested the bank to provide the information on 21 May 2019.
222. At 09:26 on 1 October 2019, Ms Cleaver emailed the audited entity with the subject "*Follow up on our phone call*" notifying them of the need for further bank account information. The audited entity responded within minutes and asked to see the Bank Confirmation Letter.
223. On the same day, the Junior Team Member emailed a pdf copy of the Bank Confirmation Letter to the audited entity in response to their request. The version of the letter attached to this email had been altered so that: (a) the date (30 September 2019) had been removed and (b) the sentence "*We are pleased to provide the following information in response to your request dated 21 May 2019*" had also been removed.
224. Ms Cleaver and the Junior Team Member also had the following conversation on the morning of 1 October 2019, using BDO's Instant Messaging application:

[Junior Team Member] 09:26: *Hi Amanda, are you in [Gatwick] today?*

[Junior Team Member] 10:16: *[I'll] send over a screen shot of the bank accounts*

[Junior Team Member] 10:20: *Removed the dates from the bank letter with the trick [XXXX] showed us*

Amanda [Cleaver] 11:05: *Thanks was in another meeting.*

225. At interview with the FRC, Ms Cleaver asserted that she does not recall the circumstances surrounding the modification of the Bank Confirmation Letter or the "trick" to which the Junior Team Member referred in the Instant Message to Ms Cleaver at 10:20am on 1 October 2019.
226. However, the Junior Team Member admitted to BDO during its internal investigation that they modified the Bank Confirmation Letter and did so on Ms Cleaver's instructions. The Junior Team Member also stated that they did so in order not to alert the audited entity that the letter had been requested in May 2019, but had only been obtained at the end of the audit.

227. It is to be inferred that Ms Cleaver directed the Junior Team Member to alter the Bank Confirmation Letter with the intention of concealing from the audited entity that it had only been obtained and/or checked late in the audit, on or after the audited entity's accounts filing deadline.
228. **Allegation 47: In the circumstances set out above, Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that she directed a junior employee to falsify the Bank Confirmation Letter, in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest.**

Parent of Companies P1 and P2 and Company P1 Engagement Letter

229. The electronic audit file for the Parent of Companies P1 and P2 2018 audit records that a document entitled "1_09_04 –Engagement Letter [Parent of Companies P1 and P2] Feb 19 signed" (the "**P Companies Engagement Letter**") which covers the engagement for both Parent of Companies P1 and P2 and Company P1) was uploaded by Ms Cleaver at 10:25am on 25 October 2019. The document is labelled as having been prepared by Ms Cleaver as delegate for the Junior Team Member on 25 October 2019 and reviewed by her.
230. The P Companies Engagement Letter is an engagement letter for the 2018 audits of both Company P1 and Parent of Companies P1 and P2 dated 20 February 2019. It is purportedly signed by a director of both companies. However, the director did not sign the P Companies Engagement Letter. Instead, an electronic copy of the director's signature was inserted into the P Companies Engagement Letter by Ms Cleaver. In this regard:
- 230.1 On 25 October 2019 at 10:24, i.e. one minute before the P Companies Engagement Letter was uploaded to the electronic audit file, a document identical to it was saved to Ms Cleaver's desktop. The document had been created one minute earlier at 10:23.
- 230.2 The director's signature on the P Companies Engagement Letter is pixelated, indicating it had been electronically copied and pasted into the document.

230.3 The signature on the P Companies Engagement Letter appears on visual inspection to be a copy of the director's signature which the same director had placed on a letter of representation sent to Ms Cleaver on 5 September 2019 and which Ms Cleaver saved to her "H" drive on 30 September 2019.

230.4 The P Companies Engagement Letter was not signed by Partner X, whereas engagement letters would normally be signed by the Responsible Individual before being signed by the audited entity.

230.5 BDO's logo is not on the front page of the P Companies Engagement Letter. This indicates that the P Companies Engagement Letter was not sent to the audited entity.

230.6 On the signing page of the P Companies Engagement Letter the signatory name and date fields were left blank, whereas the audited entity would normally be expected to have completed these fields at the time of signing.

230.7 BDO performed a search of emails and documents for relevant Parent of Companies P1 and P2 and Company P1 search terms dated at any time in 2019 and then searched the resulting documents for the key words "engagement" or "engmt" or "LOE" and found no evidence that the P Companies Engagement Letter had been sent to or received from the audited entity.

230.8 While documents could be shared with BDO using its document portal, the P Companies Engagement Letter was not provided in this way. As to this:

- (a) Ms Cleaver requested that such a portal be created for the audited entity on 23 October 2019 and was notified by the relevant team at BDO on 25 October 2019 at 15:32 that two portals already existed. Thus until that time, Ms Cleaver did not know that a relevant portal existed.
- (b) In addition, on 6 November 2019 the audited entity emailed Ms Cleaver requesting the details for the portal, including a link and a password as, the audit entity said, "*I haven't used it for years*".
- (c) BDO checked the portals for the audited entity and found no evidence that the P Companies Engagement Letter had been sent to or received from the audited entity.

Accordingly, it is to be inferred that the document could not have been provided by the audited entity using the portal by the time it was saved to Ms Cleaver's desktop and uploaded to the electronic audit file on the morning of 25 October 2019.

231. It is to be inferred that Ms Cleaver did not obtain a signed engagement letter from the audited entity for the Company P1 and Parent of Companies P1 and P2 2018 audits but instead inserted an electronic copy of the audited entity's signature on the P Companies Engagement Letter. In doing so, Ms Cleaver acted dishonestly, knowing that she did not have the audited entity's authorisation to insert the signature, or without an honest belief that she had been authorised to do so, and in order to conceal the fact that no signed engagement letter had been obtained.
232. **Allegation 48: In the circumstances set out above, Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that she inserted an electronic copy of the audited entity's signature on the P Companies Engagement Letter to conceal the fact that no engagement letter had been obtained, in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 231 above.**

Company P2 Engagement Letter

233. The electronic audit file for the Company P2 2018 audit records that a document entitled "1.09.06 – Signed engagement letter" (the "**Company P2 Engagement Letter**") was uploaded by Ms Cleaver at 14:30 on 19 March 2019. The document is labelled as having been prepared by Ms Cleaver as delegate for the Junior Team Member on 21 October 2019 and reviewed by her.
234. The Company P2 Engagement Letter is an engagement letter for the 2018 audit of Company P2 dated 20 February 2019. It is purportedly signed by a director of the company. However, the director did not sign the Company P2 Engagement Letter. Instead, an electronic copy of the director's signature was inserted into the Company P2 Engagement Letter by Ms Cleaver. In this regard:

234.1 On 19 March 2019 at 14:05 a Microsoft Word version of the Company P2 Engagement Letter was saved to Ms Cleaver's H drive. The letter was not signed by the Responsible Individual (Partner X) but an electronic copy of the audited entity's signature has been inserted.

234.2 Three minutes later at 14:08, i.e. twenty two minutes before the Company P2 Engagement Letter was uploaded to the electronic audit file, a pdf document identical to the Company P2 Engagement Letter except for omitting the BDO logo on the first page, was saved to Ms Cleaver's H drive. The document had been created one minute earlier at 14:07. The audited entity's signature on this pdf document is pixelated, indicating it was electronically copied and pasted into the document, as in the Word version of the document created 2 minutes earlier. It is to be inferred that the pdf document was created by Ms Cleaver from the Word document.

234.3 On visual inspection, the director's signature on the Company P2 Engagement Letter appears to be an electronic copy the signature which the same director had placed on the 'Report of Directors' in Company P2's 2017 financial statements (dated 12 April 2018, but which were not audited by BDO).

234.4 The pdf document, in common with the Company P2 Engagement Letter itself, contains a "BDO LLP" signature placed above Partner X's name. The BDO signature is pixelated, which indicates that it too is an electronic signature. Given the short amount of time between the creation of the Word document and the pdf document, it is to be inferred that the BDO signature was inserted by Ms Cleaver.

234.5 As noted above, BDO's logo is not on the front page of the pdf document. However, at 14:13 on 19 March 2019, Ms Cleaver scanned and sent herself a copy of the Company P2 Engagement Letter (which did contain BDO's logo on the first page). This is consistent with Ms Cleaver having printed the pdf document (which process would insert the BDO letter head) and then sending it to herself before uploading it to the electronic audit file.

234.6 This entire process from creation of the Word version of the Company P2 Engagement Letter to uploading the signed pdf version of the Company P2 Engagement Letter with BDO's logo to the audit file took 25 minutes.

234.7 On the signing page of the Company P2 Engagement Letter the date field has been left blank, whereas the audited entity would normally be expected to have completed this field at the time of signing.

234.8 BDO performed a search of emails and documents for relevant Company P2 search terms between 1 January and 31 March 2019. In light of the results of that search it also searched the period 1 September 2018 to 31 December 2018, but limited this additional search to documents containing the search term "Letter*". From a review of those documents BDO has ascertained that:

- (a) Although on 14 January 2019 Ms Cleaver indicated to a junior team member on the audit that an engagement letter had been sent to the audited entity, in fact the audited entity repeatedly stated after that date that it had not received the letter and on 25 January 2019 Ms Cleaver requested a Team Secretary to produce a draft of the letter.
- (b) The Team Secretary emailed Ms Cleaver an unsigned version of the draft engagement letter on 20 February 2019.
- (c) On 26 February 2019 the audited entity emailed Ms Cleaver again stating that the letter of engagement did not appear to have been received.
- (d) There were no further communications between the audited entity and BDO concerning the engagement letter.

Thus, BDO discovered no evidence that the engagement letter had been sent to or received from the audited entity.

234.9 BDO also searched its document sharing portal and found no evidence that the Company P2 Engagement Letter was sent to, or received from, the audited entity.

235. It is to be inferred that Ms Cleaver did not obtain a signed engagement letter from the audited entity for the Company P2 2018 audit but instead inserted an electronic copy of the audited entity's signature on the Engagement Letter without the audited entity's authorisation. In doing so, Ms Cleaver acted dishonestly, knowing that she did not have the audited entity's authorisation to insert the signature, or without an honest belief that she had been authorised to do so, and in order to conceal the fact that no signed engagement letter had been obtained.

236. **Allegation 49:** In the circumstances set out above, Ms Cleaver fell significantly short of the standards reasonably to be expected of a Member and has brought, or is likely to bring, discredit to herself, BDO and to the accountancy profession in that she inserted an electronic copy of the audited entity's signature on the Company P2 Engagement Letter to conceal the fact that no engagement letter had been obtained, in breach of the Fundamental Principles of Integrity (paragraphs 100.5(a), 110.1 and 110.2 of the Code) and Professional Behaviour (paragraphs 100.5(e) and 150.1 of the Code). In so acting, Ms Cleaver was dishonest, on the basis set out at paragraph 235 above.

Appendix A

Extracts of the Standards relevant to the Allegations

ICAEW Code of Ethics

Paragraph 100.5

A professional accountant shall comply with the following fundamental principles:

- (a) Integrity – to be straightforward and honest in all professional and business relationships.
- ...
- (e) Professional Behaviour – to comply with relevant laws and regulations and avoid any action that discredits the profession.

Paragraph 110.1

The principle of integrity imposes an obligation on all professional accountants to be straightforward and honest in all professional and business relationships. Integrity also implies fair dealing and truthfulness.

It follows that a professional accountant's advice and work must be uncorrupted by self-interest and not be influenced by the interests of other parties.

Paragraph 110.2

A professional accountant shall not knowingly be associated with reports, returns, communications or other information where the professional accountant believes that the information:

- (a) Contains a materially false or misleading statement;
- (b) Contains statements or information furnished recklessly; or
- (c) Omits or obscures information required to be included where such omission or obscurity would be misleading.

When a professional accountant becomes aware that the accountant has been associated with such information, the accountant shall take steps to be disassociated from that information.

Paragraph 150.1

The principle of professional behaviour imposes an obligation on all professional accountants to comply with relevant laws and regulations and avoid any action that the professional accountant knows or should know may discredit the profession. This includes actions that a reasonable and informed third party, weighing all the specific facts and circumstances available to the professional accountant at that time, would be likely to conclude adversely affects the good reputation of the profession.

Professional accountants shall conduct themselves with courtesy and consideration towards all with whom they come into contact when performing their work.

Companies Act 2006

Section 503: Signature of auditor's report

- (1) The auditor's report must state the name of the auditor and be signed and dated.
- (2) Where the auditor is an individual, the report must be signed by him.
- (3) Where the auditor is a firm, the report must be signed by the senior statutory auditor in his own name, for and on behalf of the auditor.
- (4) Where more than one person is appointed as auditor, the report must be signed by all those appointed.