

The Board notes the Respondent has sought a stay and review of the Board's decision in the Administrative Review Tribunal

SCHEDULE A MEDIA RELEASE

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CADB CANCELS THE REGISTRATION OF NEW SOUTH WALES AUDITOR

The Companies Auditors Disciplinary Board (**CADB**) has ordered that the registration as an auditor of **Sam Danieli** be cancelled.

The orders were made following the hearing of an application to CADB made by ASIC.

A Panel of CADB, consisting of Howard Insall SC, Julie Williams, Brad Potter, Michael Flynn KC and Angela Pearsall found that it was satisfied that Mr Danieli had failed to carry out or perform adequately and properly the duties of an auditor and was otherwise not a fit and proper person to remain registered as an auditor.

The application related to Mr Danieli's performance as Engagement Partner on the audit of five ASX listed companies by A D Danieli Audit Pty Ltd, a registered audit company of which Mr Danieli was a director. Such audits required the appointment of an Engagement Quality Control Reviewer to conduct an Engagement Quality Control Review (**EQCR**) of each of the audits. Australian Auditing Standard ASA 220 required, amongst other things, that an Engagement Partner:

- Discuss significant matters arising during the audit engagement, including those identified during the engagement quality control review, with the Engagement Quality Control Reviewer; and
- Not date the auditor's report until the completion of the Engagement Quality Control Review.

Prior to the audits in question, Chartered Accountants Australia and New Zealand (**CA ANZ**) (Mr Danieli's professional accounting association) commenced a quality review of Mr Danieli's practice which included a review of a public listed company audit engagement. On 28 February 2023, the Reviewer notified Mr Danieli of significant issues on that engagement including non-compliance with ASA 220, by not documenting evidence of discussions of significant matters with the EQC Reviewer and by dating the auditor's report prior to the completion of the EQCR. The Reviewer foreshadowed disciplinary action if the issues were not addressed.

In August and September 2023, AD Danieli Audit PL performed audits of five listed companies. In breach of ASA 220, Mr Danieli, as Engagement Partner, had no discussions with the EQC Reviewer. He signed and dated each audit report prior to the completion of the EQCRs (which were never completed).

In February 2024, the EQC Reviewer notified Mr Danieli that he had become aware that the audits had been signed off, drew attention to the requirement of ASA 220 that the Engagement Partner shall not date the auditor's report until the completion of the Engagement Quality Control Review, and suggested that Mr Danieli seek guidance on the matter.

In August and September 2024, AD Danieli Audit PL performed audits of five list companies. Again, in breach of ASA 220, Mr Danieli, as Engagement Partner, had no discussions with the EQC Reviewer. He again signed and dated each audit report prior to the completion of the EQCRs (which were never completed).

At the Hearing before CADB, Mr Danieli accepted that he had failed to carry out or perform adequately and properly the duties of an auditor but denied that he was otherwise not a fit and proper person to remain registered as an auditor.

The Panel found, amongst other things, that Mr Danieli repeatedly and without justification breached his duties as an auditor. They found that he knew or ought to have known what was required of him, that he was reminded by third parties of what was required of him, that he had ample opportunities to show that he understood and respected the obligations imposed upon him, had ample opportunities to comply with them and yet persisted in breaching them.

The Panel found that Mr Danieli's conduct was serious and prolonged and showed an indifference to the requirements of the standards. They found that he is not a person of the character who can be relied upon to comply with mandatory auditing standards.

The CADB Panel found that Mr Danieli had both failed to carry out or perform adequately and properly the duties of an auditor and that he was otherwise not a fit and proper person to remain registered as an auditor. They ordered that Mr Danieli's registration as an auditor be cancelled.

A copy of the full Reasons for Decision will be posted on CADB's website (<https://www.cadb.gov.au>).

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The Companies Auditors Disciplinary Board (or "CADB") is a statutory body established under Pt 11 of the ASIC Act to act as an independent tribunal with powers under Pt 9.2 Division 3 of the Corporations Act including power to hear and determine professional disciplinary matters with respect to registered auditors under s1292 of the Corporations Act and to impose sanctions with respect to such auditors when appropriate.