



## FINAL AMENDMENTS TO THE IRBA CODE OF PROFESSIONAL CONDUCT (REVISED NOVEMBER 2018) IN RESPECT OF SECTION 321: SECOND OPINIONS

### CONTENTS

---

	Page
<b>Section 321</b> .....	<b>2</b>
<b>Effective Date</b> .....	<b>3</b>

---

Copyright © June 2019 by the Independent Regulatory Board for Auditors (IRBA). All rights reserved. Permission is granted to make copies of this work, provided that such copies, in whichever format, are for the purpose of registered auditors discharging their professional duties; for use in academic classrooms or for personal use; and provided such copies are not sold for income; and provided further that each copy bears the following credit line:

*“Copyright © June 2019 by the Independent Regulatory Board for Auditors. All rights reserved. Used with permission of the IRBA.”*

Otherwise, written permission from the IRBA is required to reproduce, store or transmit this document except as permitted by law.

## FINAL AMENDMENTS TO THE IRBA CODE (REVISED NOVEMBER 2018) IN RESPECT OF SECTION 321: SECOND OPINIONS

### DEFINITIONS

Predecessor accountant A registered auditor who most recently held an audit appointment or carried out accounting, tax, consulting or similar professional services for a client, where there is no existing accountant.

Might This term is used in the Code to denote the possibility of a matter arising, an event occurring or a course of action being taken. The term does not ascribe any particular level of possibility or likelihood when used in conjunction with a threat, as the evaluation of the level of a threat depends on the facts and circumstances of any particular matter, event or course of action.

### SECTION 321

#### SECOND OPINIONS

##### Introduction

321.1 Registered auditors are required to comply with the fundamental principles and apply the conceptual framework set out in Section 120 to identify, evaluate and address threats.

321.2 Providing a second opinion to an entity that is not an existing audit client might create a self-interest or other threat to compliance with one or more of the fundamental principles. This section sets out specific requirements and application material relevant to applying the conceptual framework in such circumstances.

##### Requirements and Application Material

###### General

321.3 A1 A registered auditor might be asked to provide a second opinion on the application of accounting, auditing, reporting or other standards or principles to (a) specific circumstances relating to an entity, or (b) transactions by or on behalf of ~~a company or~~ of an entity, that is not an existing audit client. The second opinion could relate to a matter that has been considered, or might be expected to have been, or might be expected to be considered by that client's existing or predecessor accountant. A threat, for example, a self-interest threat to compliance with the principle of professional competence and due care, might be created if the second opinion is not based on the same facts that the existing or predecessor accountant had, or is based on inadequate evidence.

321.3 A2 A factor that is relevant in evaluating the level of such a self-interest threat is the circumstances of the request and all the other available facts and assumptions relevant to the expression of a professional judgement.

321.3 A3 Examples of actions that might be safeguards to address such a self-interest threat include:

- With the client's permission, obtaining information from the existing or predecessor accountant and confirming that the facts relevant to the issue are complete.

- Describing the limitations surrounding any second opinion in communications with the client.
- Having an appropriate reviewer who has not taken part in the second opinion, review the draft second opinion.
- ~~Providing the existing or predecessor accountant with a copy of the opinion.~~

321.3 A4 SA With the client's permission, a registered auditor may through enquiries of the client and enquiries of the existing or predecessor accountant:

- Ascertain the circumstances surrounding the proposed engagement for a second opinion.
- Ascertain whether the client has sought a second opinion from other registered auditor(s).

**R321.3a SA** A registered auditor shall provide a second opinion in writing.

321.3a A1 SA Providing an oral and other forms of a second opinion can be misunderstood without the support of a written report.

**R321.3b SA** A registered auditor shall not provide a second opinion regarding an opinion expressed on financial statements performed in terms of the ISAs.

*When Permission to Communicate is Not Provided*

**R321.4** If an entity seeking a second opinion from a registered auditor will not permit the registered auditor to communicate with the existing or predecessor accountant, the registered auditor shall ~~determine whether the registered auditor may provide the second opinion sought~~ decline the appointment, unless there are exceptional circumstances of which the registered auditor has full knowledge, and the registered auditor is satisfied regarding all relevant facts, by some other means.

*Providing the Existing or Predecessor Accountant with a Copy of the Second Opinion*

**R321.5 SA** A registered auditor shall, in terms of the engagement with the client, provide the existing or predecessor accountant with a copy of the second opinion, at the same time as it is given to the client.

321.5 A1 SA The purpose of providing the existing or predecessor accountant with a copy of the second opinion is to ensure that the registered auditor and the existing or predecessor accountant have the same information.

#### **EFFECTIVE DATE**

The changes will be effective for engagements commencing on or after 15 January 2020.