Giving Second Opinions

(Revised with effect from 1 August 2001)

This Statement applies to all members in practice including affiliates, member firms and employees of member firms. Member firms are reminded that they are responsible for the professional conduct of non-members. The Statement should be read in conjunction with Statement 1.200 – Introduction and Fundamental Principles and the section of the Guide on Definitions.

The Fundamental Principles

Fundamental Principle 1 – ‘Integrity’
A member should behave with integrity in all professional and business relationships. Integrity implies not merely honesty but fair dealing and truthfulness. A member’s advice and work must be uncorrupted by self-interest and not be influenced by the interests of other parties.

Fundamental Principle 2 – ‘Objectivity’
A member should strive for objectivity in all professional and business judgements. Objectivity is the state of mind which has regard to all considerations relevant to the task in hand but no other.

Fundamental Principle 3 – ‘Competence’
A member should undertake professional work only where he has the necessary competence required to carry out that work, supplemented where necessary by appropriate assistance or consultation.

Fundamental Principle 4 – ‘Performance’
A member should carry out his professional work with due skill, care, diligence and expedition and with proper regard for the technical and professional standards expected of him as a member.

Fundamental Principle 5 – ‘Courtesy’
A member should conduct himself with courtesy and consideration towards all with whom he comes into contact during the course of performing his work.

1.0 An engagement to give a ‘second opinion’ arises when a member or member firm agrees to give professional advice to a third party in connection with any matter that has, or might be expected to have been, considered by that party’s auditors.
1.1 Opinions expressed informally, whether by members in practice or otherwise, or by a member firm may be acted on, and members should bear in mind the potential consequences of those opinions. Oral opinions should as a matter of good practice, because of legal implications, be confirmed in writing as soon as practicable after giving the opinion.

1.2 Any member or member firm asked for a second opinion in terms of either paragraph 1.0 or 1.1 above must make enquiries of the auditor and its client in order to:

- ascertain the circumstances in which he has been consulted; and
- apprise himself of all the facts relevant to the issue at the time the opinion is given.

The reason for taking these steps is that there is a danger the second opinion may be given when the opinion giver is ignorant of materially important information. There is a danger that second opinions given without regard to such information will place undue pressure on the auditors. The opinion-giver should, in terms of his engagement with the client, have the latter’s agreement to provide a copy of the resultant opinion to the auditor at the same time it is given to the client.

1.3 There is a clear self-interest threat in giving a second opinion: that the opinion-giver’s objectivity may be impaired by the prospect of securing another’s client. Even where self-interest is not a factor, there may still be a risk to objectivity: if the opinion-giver fails to make a proper assessment of the material facts before giving the opinion it may become unsustainable at a later date.

1.4 In the event that the client will not allow the opinion-giver to carry out any of the steps referred to at paragraph 1.2 above, the opinion-giver must decline to act.

**General Opinions**

2.0 If a member or member firm is asked for a ‘general opinion’ (one relative to a hypothetical situation not related to specific entities or circumstances), whether written or oral, he should ensure that the recipient of the opinion understands that it has been given in the context of that particular hypothetical situation only.

**Situations not covered by this Statement**

3.0 This Statement does not apply to expert evidence assignments, opinions pursuant to litigation and opinions provided to other firms and their clients jointly.
Sources of Advice

4.0 A member who is in doubt as to their ethical position or duty of confidentiality may seek advice from the Institute’s Ethics Advisory Services by e-mail ethics@icaew.co.uk or phone 01908 248258. The Ethics Advisory Services is available to all members and is a confidential service free from the duty to report misconduct. Further information on the Ethics Advisory Services can be found on http://www.icaew.co.uk/ethicsadvice.