

APPENDIX F

STATEMENT OF AUDITING PRACTICE AUP 32 - AUDIT INDEPENDENCE

Citation

1 This Statement may be cited as Statement of Auditing Practice AUP 32 "Audit Independence".

Application and Operative Date

2 This Statement applies to external audits of financial reports in relation to the first financial reporting period that ends on or after 1 January 1993 and later reporting periods. The Statement is reissued in February 1999 to incorporate changes in the Corporations Law.

Introduction

3 Statement of Auditing Standards AUS 1 requires auditors to be:

"... straightforward, honest and sincere in their approach to their professional work. They must be fair and must not allow prejudice or bias to override their objectivity. They shall maintain an impartial attitude and both be, and appear to be, free of any interest which might be regarded, whatever its actual effect, as being incompatible with integrity and objectivity."

4 The purpose of this Statement is to provide guidance to auditors when considering their independence, and to assist in the application of the auditing standard in AUS 1, the profession's ethical requirements and other relevant provisions affecting audit independence, for example requirements in the Corporations Law. This Statement, however, cannot cover all circumstances which might affect independence, and it will be for auditors to use judgment when applying the spirit of the Statement and other professional pronouncements to circumstances in which they find themselves at any given time. The use of the term auditor in this Statement refers to both individual auditors and audit firms.

5 While this Statement is directed towards external auditors in the private and public sectors undertaking an audit of a financial report, subject to statutory provisions that may affect audit engagements, it may also provide useful guidance for engagements involving non-financial information, and for internal auditors.

Audit Independence

6 The concept of independence is fundamental to auditing, since the auditor's objective is to enhance, through the expression of an independent opinion, the credibility of the reported financial information of an entity. The value of the independent audit lies both in the fact that the auditor is, and is seen to be, independent of the audited entity, and hence is able to carry out the audit free of any externally imposed constraints.

7 The professional ethical pronouncements of the Australian Society of Certified Practising Accountants (the Society) and The Institute of Chartered Accountants in Australia (the Institute) define independence as a freedom from any interest incompatible with integrity and objectivity.

8 Independence requires a freedom from bias, personal interest, prior commitment to an interest, or susceptibility to undue influence or pressure, any of which could lead to a belief that the audit opinion was determined other than by reference to the facts of the audit alone.

9 Statement of Auditing Standards AUS 1 requires an auditor not only to be independent, but also to appear to be independent. The perception of audit independence is fundamental to the credibility of the profession. For the purpose of this Statement:

- (a) *actual independence* is the achievement of actual freedom from bias, personal interest, prior commitment to an interest, or susceptibility to undue influence or pressure; and
- (b) *perceived independence* is the belief of financial report users that actual independence has been achieved.

References to independence throughout this Statement refer to both actual and perceived independence.

10 Whatever the cause of a lack of actual independence or a perceived lack of independence, it can be damaging to the role of the auditor and ultimately to the credibility of the financial report on which the auditor is expressing an opinion. Perceived independence may not be achieved, even though actual independence has been maintained, due to various factors, such as confusion over the facts of a particular situation or a lack of public appreciation of the role of auditing.

- 11 The auditor should be able to clearly demonstrate independence and should not act in a manner which may cast doubt on independence.
- 12 In order to achieve actual independence, professional ethics stress the importance of the auditor's attitude of mind. Furthermore, the auditor's belief in the importance of actual and perceived independence is integral to the successful application of the various forms of regulations, such as auditing standards, professional ethics, and legislative requirements concerned with audit independence.

Attitude of Mind

- 13 The independence of the auditor is heavily reliant upon the personal attributes of the individual. Without believing in and supporting the need to remain independent of any bias, personal interest, susceptibility to undue influence or pressure, the auditor is unlikely to achieve the appropriate attitude of mind. Personal attributes essential to the maintenance of an independent frame of mind include:
- (a) *integrity* — the staunch observance of accepted standards of honesty which must underlie all professional decisions and actions. An auditor who has integrity has a straightforward, honest and sincere approach to professional work;
 - (b) *objectivity* — an unwillingness to allow prejudice or bias to influence judgment and the maintenance of a fair and impartial attitude; and
 - (c) *strength of character* — the ability to maintain integrity and objectivity in the face of pressure from others. The opinion of the auditor is vital to the credibility of financial reports, and the governing body, recognising this, may seek to influence the auditor. Without the strength of character to withstand such pressure, the auditor will not be able to express an independent opinion.
- 14 The personal qualities of the auditor are integral to the maintenance of audit independence, but they cannot be maintained by rules or regulations and it is incumbent upon the auditor to ensure that integrity, objectivity and strength of character have been maintained. However, support for audit independence can be derived from external sources such as legislation and through the self-regulatory procedures of the Society and the Institute.

Regulation

Legislation

- 15 Legislation governs the audit of many entities and frequently incorporates protection of the auditor's independence. For example, the Westminster system establishes the independence of an Auditor-General and the various Audit Acts generally provide for unrestricted access to documents, information and entity personnel. Similar rights of access are provided for audits which are conducted under the Corporations Law. It is incumbent upon the auditor to become familiar with relevant legislation and to use judgment as to its application in particular circumstances. Before accepting any engagement the relevant legislation should be reviewed and its implications considered.

Professional Ethics and Auditing Standards

- 16 Statements on professional ethics, issued by the Society and the Institute, and Statements of Auditing Standards and Practice issued by the Australian Accounting Research Foundation on behalf of the Society and the Institute, identify the appropriate professional conduct expected of members. The concept of an auditor's independence and the importance of the perception of that independence form an integral part of the ethical rules and standards. These self-regulatory measures are important in increasing public awareness of auditors as being responsible for their own conduct.

General Considerations

- 17 It is an objective of this Statement to assist the auditor in the application of existing legislation and professional requirements. The guidance given below, whilst not exhaustive, aims to illustrate the application of such requirements at key stages both prior to and during the audit.

Scope

- 18 Fundamental to the independence of the auditor is freedom to plan and conduct the audit, report findings, and express an opinion free from external influence. Such influence can manifest itself in a number of ways and these are considered in turn.

Accepting Engagements

- 19 The auditor should consider any legislation which might be relevant to the acceptance of the audit engagement. For example, for engagements which are governed by the Corporations Law there are legal restrictions regarding those allowed to become the auditor of a company. These provisions are designed to help ensure the appointment of an independent and professionally competent auditor who has the freedom to plan, conduct and

report without undue influence or bias. Whilst reference should be made to the Corporations Law itself for full details and definitions, specific measures to ensure that independence is protected include:

- (a) no member of the firm shall be a partner or employee of an officer of the company to be audited*;
- (b) at least one member of the firm shall be a registered company auditor, ordinarily resident in Australia (and hence bound by the ethical requirements and standards of a professional accountancy body);
- (c) no member of the firm, or corporation in which any member is a substantial shareholder, shall owe an amount exceeding \$5,000 to the company to be audited;
- (d) no member of the firm shall be an officer of the company to be audited or a partner, employer or employee of an officer of the company to be audited*; and
- (e) no officer of the company to be audited shall receive any remuneration from the firm for acting in an advisory capacity to it on accounting or auditing matters.*

(*unless a proprietary company - however, refer to paragraph 20.)

20 The auditor must also consider the requirements of the Society and the Institute which may, notwithstanding the absence of any legal prohibition, preclude a person from accepting an engagement as auditor of an entity if that person or a near relative has been an officer (other than an auditor) or employee of the entity or had any financial or commercial relationship with the entity which might impair the auditor's professional independence.

21 Professional ethics also contain a number of factors which the auditor should consider before accepting an engagement, for example auditors should not accept engagements if they, or any other person in the practice:

- (a) hold the position of a trustee of a trust having a material interest in the client company;
- (b) are a director or employee of a company which acts as a trustee of a trust having a material interest in the client company;
- (c) hold a material interest in an audit client company as nominee;
- (d) hold a material beneficial interest in audit clients;
- (e) hold the office of director in audit clients (through such an involvement the auditor would be committed to the objectives of the entity, and hence could neither be objective, nor independent);
- (f) have been an officer of the entity during the period specified in the ethical requirements; and
- (g) hold close personal or professional relationships with clients which could result in a favourable bias.

22 When the auditor is involved in providing "other services" for the prospective client there are particular independence issues which must be resolved before the audit engagement is accepted. In such circumstances the guidance provided in paragraphs 36 to 45 should be followed.

23 The auditor should also be aware of the professional ethical requirement for communication with the preceding auditor prior to the acceptance of an audit engagement. Communication should occur in order to ascertain any reasons why the appointment should not be accepted, and may serve to protect both auditors from potential manipulation by the governing body.

Charging for Services

24 The auditor determines the scope of an audit of financial information in accordance with Statements of Auditing Standards and Practice, the requirements of relevant legislation and the terms of the engagement. If the freedom to determine the scope of the audit is denied, the auditor cannot be independent. When competing for an audit engagement through a tendering process, the auditor is under pressure to provide a competitive service, but this must not be done at the expense of conducting enough work to gain sufficient appropriate audit evidence on which to base the opinion to be given. The governing body may seek to influence the scope of the audit through restricting the amount of the auditor's remuneration. All such attempts to restrict scope must be rebuffed and it is incumbent upon the auditor to clearly demonstrate that independence has been maintained.

25 The auditor should not enter into fee arrangements where independence might be, or be seen to be, compromised. The auditor should ensure that the fee for an audit is commensurate with the service provided (except where an honorary audit is performed), and reflects the time needed and quality of staff necessary to complete the audit in accordance with Australian Auditing Standards. Recovery of the cost of an audit in any one period should not depend upon an expectation of recovery from the fees of future audits and/or other services to be provided to the client.

Fee Dependence

- 26 The auditor should ensure that professional independence is not put at risk by economic factors. The auditor should avoid undue economic dependence on the revenues derived from any one client so that the public perception of a member's objectivity is not likely to be in jeopardy, and to avoid the risk that such a dependence could result in the auditor being influenced by the entity's governing body to report favourably for fear of losing the appointment.
- 27 An auditor can demonstrate that undue economic dependence does not place independence at risk by ensuring that the fees from one audit client or group of audit clients do not exceed an appropriate limit. Because the risk of undue economic dependence will vary according to individual circumstances, it is not practicable to set a general limit at which the risk of undue economic dependence will be significant. An audit practice should establish an appropriate limit at which it is satisfied that it will not place independence at risk in respect of any audit engagement, and should periodically assess fees received from individual audit clients, or a group of connected audit clients, against this limit. The auditor should consider and document the effect on independence when the total fees in the financial reporting period paid by the audit client or group of connected audit clients exceed fifteen percent of the gross fees of the practice.
- 28 In circumstances where the remuneration of an auditor depends on the profits of any one office within a practice, and that office regularly depends on one audit client or a group of connected audit clients for a significant proportion of its total fees, or where one client may be significant to a partner's position within a firm, freedom from undue economic influence should be demonstrated by ensuring that adequate quality control procedures are in place, such as the involvement of a review partner, or equivalent, from another office of the practice or from another firm.
- 29 A small, newly-formed practice or a declining or down-sizing practice may have a tendency towards a client portfolio in which one or more clients are dominant in terms of the fee revenues generated from them. Such a situation could be viewed as unavoidable in the short term. However it is particularly important that in such circumstances the auditor is able to demonstrate independence despite the apparent reliance on fees from a dominant client or group of connected clients, for example through a commitment to procedures within the firm that serve to protect independence, such as those outlined in paragraphs 49 to 53.
- 30 Where significant fees remain unpaid for previous work undertaken by the auditor, outstanding fees may assume the characteristics of a loan after the expiration of the normal receivables period. In such circumstances the auditor should consider whether audit independence has been compromised and, if this is believed to be the case, should take all possible steps to resign from the audit engagement.

Operational Independence

- 31 Auditors should ensure that they are able to conduct the audit free from intervention or control by the governing body. Care should be taken to identify instances where the governing body seeks to restrict the nature, timing and extent of audit procedures, for example by claiming that tests are:
- (a) too expensive to be undertaken;
 - (b) too disruptive to the entity; and/or
 - (c) unnecessary, and will not meet the auditor's objectives;
- or by:
- (d) restricting the auditor's access to members of staff; and/or
 - (e) restricting the auditor's access to records.
- 32 The auditor must ensure that the right of access to all records and to all members of staff is accepted by the client entity, for example by specific mention of this right in the audit engagement letter. This serves to consolidate the auditor's independent position with free access to the means by which to make an independent assessment. In the case of an audit under the Corporations Law, the rights to such access are contained in section 310 and 312. Should the auditor be unable to obtain sufficient appropriate audit evidence on which to base the audit opinion, the audit report should be qualified.
- 33 It is important that the auditor is able to access and communicate effectively with levels of management having sufficient authority to take appropriate action. Access to audit committees, for example, enables the auditor to report to an influential and authoritative body which is independent of management. Therefore, if an audit committee has been formed, the auditor should ensure that free and unrestricted access to it exists. Where no audit committee exists, the auditor may indicate to the governing body the benefits to be derived therefrom, and may encourage the formation of an audit committee.

Financial Involvement

- 34 The auditor can protect independence by ensuring that there is no direct or indirect financial involvement in a client entity. The auditor should ensure that, for example, for all members of the practice:
- (a) no investments are held in a client entity except if required by the legislation under which the audit is mandated. The auditor should take immediate steps to dispose of any investments held in a client entity following the acceptance of an audit engagement;
 - (b) no loans are made to or borrowings accepted from a client entity except as allowed by the legislation under which the engagement is mandated;
 - (c) no gifts or hospitality are accepted from a client entity, other than that which might be perceived as commensurate with normal social and professional courtesies;
 - (d) no goods or services are accepted from a client entity, except in the normal course of business on terms and conditions applicable to members of the general public;
 - (e) no commissions are accepted in any form other than in accordance with the professional ethical pronouncements of the Society and the Institute; and
 - (f) no action is knowingly undertaken which would cause disqualification from acting as auditor during the course of an audit.
- 35 The auditor should also consider the effect on independence of a dispute with an audit client, for example, if the client has initiated significant litigation against the auditor or practice, or vice versa. Such a situation would not be conducive to a good auditor/client relationship, and could represent a breakdown in the relationship of trust that should exist. As the auditor and client may be placed in adversarial positions, the auditor's ability to remain objective could be seen to be impaired. If the auditor believes that independence has been compromised as a result of a significant dispute, the auditor should take all possible steps to resign from the audit engagement. If, taking into account the specific circumstances of the dispute, the auditor does not believe that actual independence has been impaired, but that there may be a perception that the auditor's objectivity is likely to be at risk, the auditor should consider resigning, and document the basis of the decision made.

Other Services

- 36 An auditor might be asked to conduct a range of "other" services for past, present, or potential audit clients. In principle there is no objection to providing a client with services additional to audit services. However, care should be taken to ensure that:
- (a) actual independence is not at risk by the auditor performing management functions or making management decisions; and
 - (b) perceived independence is not at risk because of a perception that the auditor is too closely aligned with the entity's management.
- 37 Fees obtained from "other" services suggest that an entity may be able to exert undue pressure on the auditor through the threat of removal from other engagements. While the earning of fees by an audit firm from "other" services provided to an audit client does not necessarily impair the auditor's independence, the auditor should consider the effect on independence of the level of fees derived from "other" services.
- 38 There are likely to be important differences between the auditor's responsibilities for conducting "other" service engagements and financial report audits. The auditor should ensure that management is aware of the different objectives and reporting requirements of each engagement. This may be achieved through the issue of separate engagement letters for each "other" service engagement accepted. The auditor should also be satisfied that the perception of financial report users of the auditor's independent status will not be impaired.
- 39 Professional ethics require that auditors should not:
- (a) undertake management consulting services if this would involve them in the executive function of a client (for example, auditors providing executive search and recruitment services should not make any final decisions regarding the appointment of candidates); or
 - (b) act as a liquidator, receiver, receiver and manager, scheme manager or official manager if the auditor has had involvement with the client during the period specified in the ethical requirements (professional ethics provide an exemption in the case of a member's voluntary winding-up).
- 40 Professional ethics also state that a business activity is inconsistent with the provision of audit services if it:

- (a) creates a conflict of interest with existing clients;
- (b) impairs independence, objectivity, and integrity;
- (c) impairs the ability to provide professional services to the general public; and
- (d) impairs the professional reputation of auditors.

41 These provisions, and those which follow, do not preclude the auditor from informing management of findings arising during the course of an audit, and from discussing them with management in accordance with the requirements of Statement of Auditing Practice AUP 12 "Study and Evaluation of the Accounting System and Related Internal Controls in Connection with an Audit".

42 Owing to the range of circumstances under which "other" service engagements might be undertaken, each potential engagement should be viewed individually. Before undertaking any "other" service, the auditor should specifically consider factors which may affect independence or the perception of independence. These include:

(a) Decision Making

The auditor responsible for the audit of the financial report should not make decisions which should be made by management, and must not be perceived to be acting for or closely aligned with management. Such involvement is incompatible with an independent audit.

(b) Objectivity

The auditor should not be in the position of both performing and auditing the same work, or be perceived to be doing so. Where "other" services have been provided which affect the information subject to audit, for example the auditor or the auditor's firm has provided a valuation service for an item appearing in the financial report, or estimates are provided for inclusion in the financial report, the auditor should ensure that the information has been adopted by the entity, and that no undue reliance is placed upon work undertaken by colleagues. Appropriate audit procedures should be applied to that information when gathering sufficient appropriate audit evidence on which to form the audit opinion. Where the partner responsible for forming an opinion on the financial report has any direct responsibility for the provision of "other" services, a second partner or other independent and authoritative individual should review the audit to ensure that independence has been maintained.

(c) Fee Dependence

The auditor should consider whether the fees derived from "other" services might compromise independence through an actual or perceived undue economic dependence on the receipt of those fees.

43 Each potential engagement should be considered individually when assessing its potential effect on audit independence. However, certain types of "other" service engagement can carry particularly high risks of a perceived loss of independence. In order to assist the auditor when considering the application of the guidance given in paragraph 42, specific examples of accounting services and internal audit services are considered below.

Accounting Services

44 Auditors are frequently requested by their audit clients to undertake work of an accounting nature, particularly in emergency situations such as the unforeseen loss of key personnel. Professional ethics state that such services may only be provided for public company clients in exceptional circumstances, although a more extensive service may be provided to a proprietary company. In either case, in order to protect independence, the auditor should ensure that:

(a) Decision Making

- (i) the client accepts responsibility for the records produced and for directing personnel undertaking the service; and
- (ii) the role of management is not assumed when providing the service; and

(b) Objectivity

- (i) sufficient appropriate audit evidence is gathered through the conduct of appropriate audit procedures when forming an opinion on the financial report and undue reliance is not placed on work undertaken by colleagues.

Internal Audit Services

45 Internal audit is an integral part of an entity's organisation and functions under the policies established by the governing body with the objective of assisting that body in the effective discharge of its responsibilities. The

provision of internal audit services by the external auditor of the same entity may, therefore, place at risk the perception of the independence of the external auditor from the perspective of financial report users and other interested parties. The scope and nature of the role of an internal audit function varies between organisations and may entail aspects of systems evaluation and review, examination of financial and operating information and examination of the economy, efficiency and effectiveness of operations, including non-financial controls. In order for the external auditor to demonstrate independence, the principles outlined in paragraphs 36 and 42 should be applied to each engagement as follows:

- (a) Decision Making
 - (i) the external auditor should not assume the role of management when undertaking internal audit services; and
 - (ii) any recommendations made by auditors are for implementation by management rather than the auditor; and
- (b) Objectivity
 - (i) the external auditor should not accept any internal audit engagement which involves the auditor becoming part of the entity's internal control structure relating to the preparation of financial report information; and
 - (ii) the external auditor should gather sufficient appropriate audit evidence through the conduct of appropriate audit procedures when forming an opinion on the financial report and should not place any more reliance on work undertaken by colleagues than that undertaken by any other internal auditor.

Independence of Reporting

- 46 Auditors must be able to report audit findings free from pressure or influence from others, but they can be vulnerable to the threat of removal from office if the governing body wishes to coerce favourable responses. If the audit engagement is conducted under the Corporations Law there are specific provisions regarding the auditor's resignation or removal from office. These provisions are designed to protect the shareholder from the auditor who wishes to resign rather than undertake an audit which might prove difficult or controversial and to protect the auditor from manipulation by the governing body threatening removal from office to coerce a favourable audit opinion.
- 47 In the case of an audit of a company (other than a proprietary company) or registered scheme under the Corporations Law, the auditor is required to apply to the Australian Securities & Investments Commission (ASIC) and obtain its consent in order to resign. Details of reasons for the resignation and of any disagreements with the governing body must be furnished before permission is granted. Furthermore, the auditor has the right to make verbal representations at any general meeting, and to make written representations to all members should the governing body of an entity, or others, wish to remove the auditor from office. Thus, fear of removal from office should never cause an auditor to revise or withdraw the audit opinion in the face of pressure from the governing body. ASIC Policy Statement 26 sets out the Australian Securities & Investments Commission's policy on applications for its consent to the resignation of an auditor. The legislation is designed to protect the auditor's independence, and hence the interests of members.
- 48 The auditor may be required by the terms of the audit engagement, or the legislation by which it is regulated, to report to external bodies, for example the Australian Securities & Investments Commission in respect of corporate audits, or a professional regulatory body. Should the auditor consider that the ability to report independently is being hampered or denied by the client, this fact should be communicated to the regulatory or governing body. In such circumstances the auditor should have due regard both to the confidentiality of information obtained during the conduct of the audit and to any protection afforded the auditor by legislation pertinent to the engagement.

Quality Control Procedures

Quality Control

- 49 Rigorous and effective quality control procedures will assist in the maintenance of audit independence. Miscellaneous Professional Statements APS 4 "Statement of Quality Control Standard" and APS 5 "Quality Control Policies and Procedures _ General Guidelines" state that members have a mandatory professional obligation to implement and monitor a system of quality control.
- 50 The auditor should be able to demonstrate that internal procedures have been designed, implemented and monitored in such a way as to promote and protect independence through the control of the quality of audit work. Statement of Auditing Practice AUP 13 "Control of the Quality of Audit Work" sets out certain minimum requirements concerning how this might be achieved.

- 51 There are many ways in which quality control procedures might be developed to protect independence, and auditors should assess those areas in which the risk of loss of independence is significant. Procedures should be designed to ensure that the risk of loss of independence is minimised. Procedures could, for example, include:
- (a) the periodic review of audit working papers to identify instances where the independence of the auditor's judgment might be questioned;
 - (b) appropriate consultation processes within the audit firm, including, in appropriate circumstances, the independent review of audit decisions;
 - (c) the periodic positive declaration of personal interests in clients by all staff and their close relatives;
 - (d) policies for the immediate disposal of staff members' interests in new (and existing) audit clients;
 - (e) the periodic rotation of audit staff between audit engagements;
 - (f) policies to review the relationship of the auditor and the entity to monitor any potential impact on objectivity and to ensure that excessive familiarity does not exist with long-standing clients, such as the periodic rotation of audit partners after a suitable period of time; ensuring that the fees received from an audit client or group of connected clients do not exceed an appropriate level; and the review of all significant decisions of the engagement partner by a review partner; and
 - (g) adequate training of all members of staff in the professional, business and legal requirements relative to their clients.

Quality Control Review

- 52 The auditor should ensure that all quality control procedures are regularly reviewed. Small practices and sole practitioners should also consider reciprocal external consultation arrangements with other firms when designing, implementing and reviewing quality control procedures.
- 53 The auditor's review process should include an annual review to be satisfied that each engagement should continue having regard to the guidance in this Statement, and to identify situations where independence may be at risk. Where the review process indicates that an audit engagement should be continued only with additional safeguards against loss of independence, the range of safeguards should be subject to independent review by a partner unconnected with the engagement or as part of any reciprocal external arrangements.

Opinion Shopping

- 54 "Opinion shopping" is the term commonly given to the practice of searching for an auditor willing to support a proposed accounting policy. This policy may have been designed to help an entity achieve its reporting objectives even though that treatment might frustrate reliable reporting. Opinion shopping may also occur where conflicting opinions are obtained in situations requiring judgment with regard to the accounting policy. Such practices have clear implications for the independence of the auditor as the governing body could use any response to seek to influence existing auditors, or even to remove them from office and appoint an auditor with an opinion more "favourable" to itself. Such practices would leave both auditors open to a lack of perceived independence.
- 55 When applying the profession's ethical requirements in relation to professional appointments and opinion requests, an auditor, faced with a request from an entity for an opinion on an actual or hypothetical accounting issue, should consider the potential effect on independence of the circumstances under which the request is being made, the purpose of the request and the requester's intended use of any response. In addition the following procedures should be adopted:
- (a) the auditor whose opinion is requested should communicate with the incumbent auditor as to the facts surrounding the request and provide a copy of the opinion to the incumbent auditor, who should have the right to comment to the governing body and/or audit committee;
 - (b) opinions should be limited by a statement to the effect that the opinion is solely for use by the client and cannot be issued to third parties without written approval; and
 - (c) opinions should be issued under the name of a partner to permit ready identification of the author.