Proposed Code of Ethics for Professional Valuers

Dear Sirs

Thank you for the opportunity to comment on the above exposure draft of a Proposed Code of Ethics for Professional Valuers (the “Code”) issued by the International Valuation Professional Board (the “IVPB”). This response is on behalf of the global Ernst & Young organisation which as well as providing accounting, audit and tax services, includes professionals who provide valuations of businesses, property, plant & equipment, financial instruments and intangible assets.

Ernst & Young is supportive of the IVS aim to develop and maintain standards for the reporting and disclosure of valuations. We set out below our response to the specific questions and then provide additional comments in the attached appendix.

Is the structure of the Code clear?

We believe that the structure of the Code is clear but that it could be improved by separating out matters with respect to independence from Integrity (3.1.1) and Objectivity (3.2.5 and 3.2.6) into a separate section. This change would accommodate those engagements which are not being prepared on an independent basis. Where engagements are not being conducted on an independent basis there should be clear disclosure in the terms of engagement and the report.

Are there any topics that need to be included or deleted from the code?

No.

Should the Code be more or less expansive to professional needs?

The Code should be more expansive with respect to Conflicts of Interest and Independence.

Are there any parts of the Code that conflict with your market, local regulations or valuation disciplines?

No.

Should you have any questions please contact me on +61 2 9248 4616.

Yours faithfully

John E Gibson
Partner - Valuation and Business Modelling
Additional comments

Is the code a standard or guidance?
The cover letter and note for respondents state that the IVPB is “...responsible for the development of benchmark educational standards and guidance, and for the development of technical guidance to support the application of the International Valuation Standards”. This is at odds with the preface to the Code (which we believe correctly) states that member bodies may not adopt less stringent standards than those in the Code. We believe that the responsibility of the IVPB should be clarified to include responsibility for Professional Standards and that the Code should be clearly identified as a professional standard.

Integrity
As noted in the cover letter we believe that 3.1.1 should be dealt with in a separate section on independence. We recommend that consideration be given to expanding the section by inclusion of wording similar to that set out in Section 110 of the Code of Ethics for Professional Accountants.

Objectivity
This section would be better titled “Objectivity and Conflicts of Interest”.

3.2.3 This item would seem to fit better in the Integrity section.

We recommend that the IVPB consider additional wording with respect to conflicts of interest as set out in the CICBV Code of Ethics in section 402.

Some wording in this section and the Professional Behaviour section presumes a full scope valuation (3.2.8, 3.2.9, 3.5.7, 3.5.8). A separate professional standard on scope of work should be prepared with respect to the different types of engagements (AICPA valuation engagement and calculation engagement, CICBV comprehensive, estimate and calculation). The wording in this section should not preclude the preparation of limited scope engagements provided they are properly documented.

Professional Competence and Due Card
This section should also include a requirement that staff and subordinates are properly supervised and have appropriate training.

3.3.4 should include the assessment of the appropriateness and reasonableness of the work performed.

Professional Behaviour
3.5.2 should require the engagement to be in writing or documented in a memorandum or note to be included in the working papers.