Comments on Second Exposure Draft—Proposed Code of Ethics for Professional Valuers

Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (there in after “CNDCEC”) is pleased to answer to your Second Draft regarding “Proposed Code of Ethical Principles for Professional Valuers” (there in after “Code”).

CNDCEC represent around 112,000 practitioners, who are frequently involved in valuation issues as corporate or court advisors or auditors.

In this context, dottori commercialisti have to follow their own Code of Ethics recently updated in 2010. It is worth underlying that the Code of Ethics of CNDCEC has been enacted taking in consideration the IFAC Code of Ethics.

CNDCEC is analyzing additional changes to the mentioned local Code, further converging with IFAC rules.

Due to this, CNDCEC provide you with our comments, based on our our experience from the recent debate we have had locally.
General comments

In general terms, CNDCEC appreciate the approach proposed in this Second Draft, which is based on generally accepted professional practices.

It might be desirable to strongly highlight the concept of “Public interest”, which is now absent from the Code. Specifically, IVSPB could adapt the definition included in the IFAC Code of Ethics, which affirms that “A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest. Therefore, a professional accountant’s responsibility is not exclusively to satisfy the needs of an individual client or employer. In acting in the public interest, a professional accountant [valuer] shall observe and comply with this Code. If a professional accountant is prohibited from complying with certain parts of this Code by law or regulation, the professional accountant shall comply with all other parts of this Code” (IFAC, handbook of the code of ethics for professional accountants, § 100.1). Doing so, the Code would emphasize the fact that the principles illustrated in the Code (eg, objectivity) are finalized to safeguard the public interest.

The Code could present a glossary section dedicated to explain the meaning of main expressions used in the Code, such as “professional valuer”, “valuation professional organisation” (now illustrated in the footnote 1), etc.

Further specific comments

The Code could be integrated with some additional paragraphs implementing the exposed general principles, as exposed hereunder.

Even if the IVSC Code is dedicated to general principles, it may be necessary to provide users with some application material contextualizing the conceptual framework.

Objectivity

A2.6. This point could include the indication that a evaluation report of a professional valuer should highlight, whereas necessary, any uncertainty regarding assumptions and the final evaluation.

A2.7. IVSC could take in consideration the inclusion of the independence principle, which is strictly related to the objectivity principle and to conflicts of interest mentioned at point A2.5.
Considering that the concept of independence can change jurisdiction by jurisdiction, IVSC could simply refer to the compliance with applicable rules.

*Professional Competence and Due Care*

A2.18. This paragraph should clarify that the term “those working under the professional valuer’s authority” includes all the subjects collaborating with the professional valuer himself, in order to specify that also any external professionals that might be involved are required to have an adequate capacity and competence.

A2.20. In accordance with A2.13, the professional valuer should decline the assignment when he does not have the required competence.

*Professional Behaviour*

A2.29. The definition of “professional behavior” is focused upon: (i) complying with relevant laws and regulations; and, (ii) avoiding any action that discredits the profession. As far as the above point (ii) is concerned, the following point A2.29 seems to deal with the issue of “marketing” only.

In our view, the general behavior which should be maintained to avoid discrediting the profession should be related to being honest and truthful, in a wider, more general meaning. The marketing activity is a more specific example; in this context, IVSC might consider adding to the Code a few additional paragraphs concerning, for instance, the need to maintain adequate relations with stakeholders and clients, and to charge appropriate and justified fees.