



**INTERNATIONAL VALUATION STANDARDS COUNCIL**

# A Competency Framework for Professional Valuers

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International Valuation Standards Council  
41 Moorgate  
LONDON EC2R 6PP  
United Kingdom  
Email: [ivsc@ivsc.org](mailto:ivsc@ivsc.org)  
[www.ivsc.org](http://www.ivsc.org)

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# A Competency Framework for Professional Valuers

## Introduction

The International Valuation Standards Council (IVSC) is an independent, not-for-profit, private sector organisation that has a remit to serve the public interest. The IVSC's objective is to build confidence and public trust in the valuation process by creating a framework for the delivery of credible valuation opinions by suitably trained valuation professionals acting in an ethical manner.

The IVSC achieves this objective by:

- creating and maintaining the International Valuation Standards (IVSs);
- issuing technical guidance for professional valuers; and
- promoting the development of the valuation profession and ethical practices globally.

The IVSs describe the procedures to be adopted and the criteria to be followed in developing valuation opinions that are suitable for different purposes. The *IVS Framework* sets forth the need for independence, objectivity and competence by those providing valuations under the IVSs. Those relying on a valuation as the basis for a decision need to be confident that the opinion is free from bias caused by conscious or unconscious influences on the valuer. Professionalism in valuation is therefore an essential contributor to the integrity and credibility of the valuation process.

As part of its remit to promote the development of the valuation profession globally, the IVSC Professional Board has produced this paper to facilitate the development of consistent professional standards and their recognition.

The valuation profession is not currently uniformly defined or developed across different countries and sectors. In particular it is recognised that many highly experienced and professional valuers may not currently be a member of a Valuation Professional Organisation in membership of IVSC. The purpose of this Framework is to set aspirational benchmarks for the development of the profession. It does not preclude any individual (or firm) currently practising from referring to themselves as a professional valuer(s) and neither does it endorse any individual or firm that chooses to do so.

This Framework is intended to both enhance the understanding of the attributes of professional valuers generally and to assist organisations in the development of appropriate education and training curricula. It should be of interest to a wide range of stakeholders including:

- those who commission or rely on valuations,
- universities, employers, and any others who design, deliver, or assess education programmes for professional valuers,
- Valuation Professional Organisations,
- professional valuers and prospective valuers who undertake their own learning and development and
- regulators with responsibility for the oversight of the work of professional valuers.

This Framework sets out only high level principles. It is intended to be the first step in defining more detailed sets of required competencies for professional valuers operating in different sectors and specialisms as part of the IVSC's objective of developing the status and recognition of the valuation profession globally.

## Valuation Professional Organisations

These are organisations that have either direct or indirect responsibility for the training and development of their members and those aspiring to membership and providing them with an accreditation as a professional valuer. These organisations are also responsible for ensuring that their members maintain competence and comply with rules of ethical conduct.

Valuation Professional Organisations in membership of the IVSC are required to meet the following criteria:

- a) they must be established as a not for profit organisation,
- b) they must set minimum education, competency and ethical standards for their members,
- c) they must uphold the public interest over the interests of their members,
- d) they must have a system for disciplining members who breach their ethical and other conduct rules and
- e) they must have governance and operating structures suitable to their role and responsibilities and be able to demonstrate integrity in the conduct of their activities.

A professional organisation that meets the above criteria and that also accredits and admits members engaged in professional activity other than valuation may be classed as a Valuation Professional Organisation if it provides a pathway for membership and accreditation that includes the competencies in this Framework and a structure that provides continuing professional development for its members that work as professional valuers.

This Framework may also serve to assist those seeking to establish a Valuation Professional Organisation in a new sector or market in developing programmes of education and professional development that are based on similar core principles while providing the flexibility to reflect the specific requirements of the sector or jurisdiction in which their members operate.

## Professional Valuers

A professional valuer for the purpose of this Framework is a member of a Valuation Professional Organisation in membership of IVSC. In some countries or markets Valuation Professional Organisations have yet to develop. Where there is no relevant organisation that an individual may apply to join, individuals or firms are encouraged to adopt and comply with the requirements of this Framework

## Professional Competence

To demonstrate competence in a role, a professional valuer must be able to demonstrate:

- a) professional knowledge,
- b) professional skills, and
- c) professional values, ethics, and behaviour.

Competencies are gained by Initial Professional Development (IPD) and by Continuing Professional Development (CPD). A professional valuer will have undertaken IPD and will be undertaking CPD on a regular basis.

The competencies identified in this paper are presented as a framework designed to identify broad principles. The detailed knowledge and skills required by the professional valuer will change over time due to the evolution of the markets and disciplines in which they operate.

Most competencies apply to all professional valuers, although some may be dependent upon the role or seniority of the individual. The degree of competency of a professional valuer will vary according to their career progression.

The framework requirements for professional knowledge, professional skills and professional values, ethics and behaviour are on the following pages.

## Competency Framework

### Professional Knowledge and Professional Skills

**Initial Professional Development:** Before being recognised as such a professional valuer shall have received:

1. Formal education and successful examination to the level of a university degree, or the equivalent. An equivalent may include an extended period of practical experience accompanied by formal or informal study at the end of which an individual can demonstrate that they understand and can apply concepts at the level that would be required to obtain a degree.
  
2. Education on valuation that includes at least the following subjects:
  - a) an understanding of economic theory and principles,
  - b) an understanding of financial markets,
  - c) an understanding of recognised valuation concepts and principles,
  - d) the theory and application of valuation methods used in the market in which they intend to operate,
  - e) the legal framework that is relevant to the market in which they intend to operate,
  - f) knowledge of the technical standards and guidance relevant to the market in which they intend to operate.

This valuation specific education should be at a level required for a university degree and may be attained by a cognate first degree, a post graduate or Master's degree, or by a formal or informal course of study while the candidate is attaining practical experience.

3. Training in the Fundamental Principles of ethical conduct as identified in the IVSC *Code of Ethical Principles for Professional Valuers*.
  
4. Experience in applying the matters in 2 and 3 in a supervised work environment; a minimum period of 1,500 hours over a minimum period of two years is suggested.

**Continuing Professional Development:** A professional valuer will be able to demonstrate a commitment to a programme of CPD throughout their period of practice as a valuer which is relevant to their chosen area of practice. It may be accomplished by a combination of attendance at recognised or approved training events and self-study. A minimum of 50 hours of structured professional development is recommended in any three year period.

## **Professional Values, Ethics, and Behaviour**

**Character:** Before being recognised as a professional valuer through admission to membership of a Valuation Professional Organisation or otherwise, an individual shall be able to demonstrate that they are of good character and reputation.

**Conduct:** A professional valuer will conduct themselves in accordance with ethical principles as identified in the IVSC *Code of Ethical Principles for Professional Valuers* or any equivalent rules or code issued by a Valuation Professional Organisation.

**Accountability:** A professional valuer will be accountable for any failure to comply with the ethical principles of conduct or the competent application of professional knowledge and skills. Such accountability may be to a self-regulatory body such as a Valuation Professional Organisation or to a government sanctioned licensing body. In the absence of such bodies, accountability may be achieved through an employer's internal disciplinary procedures or by the professional valuer subjecting themselves to a system of peer review. To achieve the objective of accountability any system for reviewing the conduct of professional valuers should be easily accessible by any interested party wishing to make a complaint about a professional valuer's conduct. .

**Legal Compliance:** A professional valuer will comply with the conditions of any statutory system of licensing or other regulatory requirements relating to the market or sector in which they operate.