



INTERNATIONAL VALUATION STANDARDS COUNCIL

IPS 102: Initial Professional Development – Professional Skills and Ethics

EXPOSURE DRAFT

Publication date: 31 March 2016

Comments on this Exposure Draft are invited before 30 June 2016. All replies may be put on public record unless confidentiality is requested by the respondent. Comments may be sent as email attachments to:

commentletters@ivsc.org

Or by post to: IVSC, 1 King Street, LONDON EC2V 8AU, UK

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Notes for Respondents

The intent of this Exposure Draft is to seek views from interested parties. The IVSC Professional Board seeks comment on the proposed *IPS 102: Initial Professional Development – Professional Skills and Ethics* and would like respondents to express a clear overall opinion of the Exposure Draft. Responses to the specific questions are also invited.

Questions for Respondents

In addition to any specific comments, responses are invited to the following questions. Not all questions need be answered. Please indicate the question to which any answer relates.

IPS 102: Initial Professional Development – Professional Skills & Ethics

1. Do you agree that IPS 102 captures the professional skills to be acquired by the end of Initial Professional Development (IPD) (para 9 of IPS 102)?
2. Do you agree with the explanation of the term ethics (para 10 of IPS 102)?
3. Do you agree with the capability areas noted in IPS 102 (para 15 of IPS 102)?
4. Do the learning outcomes described in IPS 102 capture the behavioural characteristics expected of a professional valuer at the end of IPD (para 15 of IPS 102)?
5. For VPOs and others contributing to the education of professional valuers, do you consider that all elements of your education programme are designed to achieve the learning outcomes noted in IPS 102?

Notes for respondents:

In order for us to analyse and give due weight to your comments, please observe the following:

6. Responses should be made in letter format, where appropriate on the organisation's letter heading.
7. Comments should not be submitted on an edited version of the Exposure Draft.
8. Unless anonymity is requested, all comments received may be displayed on the IVSC website.
9. Comment letters should be sent as an email attachment in either MS Word or an unlocked PDF format and no larger than 1mb. All documents will be converted to secured PDF files before being placed on the website.
10. The email should be sent to commentletters@ivsc.org.

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Standard

Scope of this Standard

- 1 1. The International Professional Standards (IPSs) are professional standards for Valuation
2 Professional Organisations (VPOs) to incorporate into the education and development of their
3 members. This IPS prescribes the capabilities and the learning outcomes for professional skills
4 and ethics that professional valuer candidates (Candidates) are required to demonstrate by the
5 end of Initial Professional Development (IPD).
- 6 2. This IPS is addressed to International Valuation Standards Council (IVSC) member bodies that
7 provide professional valuer accreditation for the education and development of their members
8 (VPOs that are members of the IVSC). In addition, this IPS may be helpful to those who
9 commission or rely on valuations, educational organisations, those who design, deliver, assess or
10 support education programmes for professional valuers, employers of professional valuers,
11 government authorities, regulators with responsibility for the oversight of the work of professional
12 valuers, and prospective valuers who undertake their own learning and development.
- 13 3. Definitions and explanations of key terms are set out in paragraph 19.
- 14 4. The commentary, as set out in paragraphs A1 to 25, provides additional explanation relevant to
15 the requirements of this IPS. The commentary is intended to explain more fully what a
16 requirement means and may include examples of how to meet the requirements. The
17 commentary does not in and of itself impose any additional requirements; its purpose is to assist
18 in their application.
- 19 5. Being a professional valuer carries the highest level of responsibility for maintaining and
20 enhancing the regard in which VPOs and professional valuers are held by fellow professional
21 valuers, other professionals and the public.
- 22 6. This IPS integrates professional skills and ethics into professional valuation education.
- 23 7. The capabilities described in this IPS reflect the personal attributes of being a professional valuer.
24 These capabilities are pervasive to a professional valuer's work, values, attitudes, manner and
25 ethical behaviour and can be transferred across different environments, different issues, different
26 roles and the various disciplines in which professional valuers operate.
- 27 8. Learning and development continue throughout the career of a professional valuer. Professional
28 skills and ethics acquired during IPD are also relevant to continuing professional development
29 (CPD). Acquisition of these capabilities in IPD contribute to competence and form the foundation
30 for life-long learning.
- 31 9. Professional skills are the qualities that characterise a professional valuer. Within this IPS, the
32 professional skills to be acquired by the end of IPD are categorized into four capability areas:
33 intellectual, interpersonal and communication, personal, and organisation and diligence.
- 34 10. Ethics are rules of conduct that govern the behavioural characteristics of the professional valuer.
35 In this IPS, the term ethics also includes the professional values and attitudes that guide
36 professional behaviour. The ethical principles contained in the IVSC's Code of Ethical Principles
37 for Professional Valuers, combined with the commitment to the public interest, professional
38 judgement, professional skepticism and professional manner, form the foundation of the required
39 behavioural characteristics established by the end of IPD.

40 11. Together, professional skills and ethics integrate with the appropriate level of technical
 41 knowledge in IPS 103: Initial Professional Development - Technical Knowledge to demonstrate
 42 professional competence of Candidates by the end of IPD.

43 **Effective Date**

44 12. This IPS is effective from Date tbd, 2016, although earlier adoption is encouraged.

45 **Objective**

46 13. The objective of this IPS is to establish the professional skills and ethics that Candidates need to
 47 develop and demonstrate by the end of IPD in order to perform a role as a professional valuer.

48 **Requirements**

49 14. VPOs that are members of the IVSC shall provide through professional valuation accreditation
 50 programmes, either administered by the VPO or outsourced to an educational institution, a
 51 framework of professional skills and ethics to be acquired by Candidates by the end of IPD in
 52 order to perform a role as a professional valuer.

53 15. The framework shall include the following threshold level of capabilities and learning outcomes:

Professional Skills	
Capability Area	Learning Outcomes
Intellectual	Evaluates information from a variety of sources and perspective through analysis, integration and research.
	Applies strong analytical skills and integrative thinking to reach well-reasoned conclusions.
	Demonstrates knowledge and understanding of setting the proper scope for a valuation assignment.
	Identifies when it is appropriate to consult with/rely upon third party specialists to augment the knowledge and expertise required to reach a valuation conclusion.
	Applies judgement based on all relevant facts and circumstances.

Professional Skills	
Capability Area	Learning Outcomes
Interpersonal and communication	Applies consultative skills to minimise or resolve conflicts, solves problems and maximises collaboration.
	Maintains communications and coordinates emerging issues.
	Demonstrates awareness of cultural and language differences in all communication.
	Demonstrates knowledge and understanding of effective oral, written, graphic and presentation skills that are appropriate to specific situations.
	Communicates clearly, concisely and effectively through listening, understanding, speaking and writing with clarity, in formal and informal situations.
	Displays cooperation and teamwork when working on valuation assignments.
Personal	Sets high personal standards of delivery, monitors personal performance, solicits feedback from others, responds to feedback and reflects and acts upon it to improve behavior.
	Recognises limits of capability and seeks advice when needed.
	Manages time and resources to achieve professional commitments.
	Reviews own work and demonstrates pride in ensuring that tasks are completed with a focus on accuracy and quality.
Organisation and diligence	Undertakes assignments in accordance with established requirements to meet prescribed deadlines.
	Reviews work to determine whether it complies with established requirements.
	Applies appropriate tools and technology to increase efficiency and effectiveness in the conduct of the valuation assignment.
	Demonstrates knowledge of planning, project organisation and project management.

Ethics	
Capability Area	Learning Outcomes
Ethical principles	Explains the role of ethics within the valuation profession.
	Demonstrates an understanding of the ethical principles of integrity, objectivity, competence, confidentiality and professional behaviour to ethical dilemmas.
	Explains the threats to comply with the ethical principles and the safeguards that may eliminate or mitigate those threats.
	Identifies situations involving existing or potential ethical issues and determines when ethical principles apply.
	Analyses alternative courses of action, determines the ethical consequences of each course of action and chooses or recommends an ethical course of action.
	Applies the ethical principles to professional behaviour in compliance with established requirements.
Commitment to the public interest	Explains the concept of social responsibility in the context of the valuation profession.
	Demonstrates knowledge and understanding of the principles and responsibilities imposed by law, regulations, policies and established requirements.
	Adheres to laws, regulations, policies and established requirements.
	Maintains and enhances the reputation of the valuation profession.
	Adopts an attitude of life-long learning and stays abreast of current trends and emerging issues.
Professional judgement	Evaluates reasonable alternatives to reach well-reasoned and informed conclusions based on all relevant facts and circumstances.
	Demonstrates a cohesive process for using professional judgement to solve problems and make decisions.
Professional scepticism	Applies a questioning mindset to critically assess financial information and other relevant data.
	Evaluates information provided by third party specialists to ensure a reliable valuation.
Professional manner	Demonstrates a commitment to diligence, due care, timeliness, courteousness, respect, responsibility and reliability.

Review of Professional Skills and Ethics Requirements

- 54 16. VPOs that are members of the IVSC shall review and update their professional valuation
55 accreditation programmes that are designed to achieve the learning outcomes in this IPS as
56 considered necessary.

Reflective Activity

- 57
58 17. VPOs that are members of the IVSC shall design learning and development activities on
59 professional skills and ethics for Candidates to include reflective activity.

Assessment of Professional Skills and Ethics

- 60
61 18. VPOs that are members of the IVSC shall establish appropriate activities to assess the
62 professional skills and ethics of Candidates at the end of IPD.

Definitions and Explanations of Key Terms

- 63
64 19. This IPS uses the following definitions and explanations of key terms:
- 65 • A professional valuer is a person who has expertise in the field of valuation, achieved
66 through formal education and practical experience and maintained through continuous
67 learning and development, is held to high professional standards equivalent to the IVSC's
68 IPSs and *Code of Ethical Principles* and whose compliance with such standards is subject to
69 enforcement by a VPO that is a member of the IVSC.
 - 70 • A professional valuer candidate is an individual who has commenced a professional valuer
71 accreditation programme as part of IPD.
 - 72 • A practical experience supervisor is a professional valuer who is responsible for directing,
73 advising and assisting Candidates in acquiring sufficient practical experience.
 - 74 • Reflective activity is an action, eg, documenting, discussing and analysing, that reflects on
75 the experience of the Candidate to identify areas for improvement and growth in both
76 personal and professional contexts.
 - 77 • Intellectual skill is the ability of a professional valuer to solve problems, make decisions and
78 exercise professional judgement.
 - 79 • Interpersonal and communication skills are the ability of a professional valuer to work and
80 interact effectively with others.
 - 81 • Personal skills relate to the personal attitudes and behaviour of a professional valuer.
 - 82 • Organisation and diligence skills relate to the ability of a professional valuer to work
83 efficiently and effectively with or within an organisation to obtain the optimal results or
84 outcomes from the people and resources available and to apply the attention and care
85 expected of a professional valuer.
 - 86 • Ethical principles are the principles of integrity, objectivity, competence, confidentiality and
87 professional behaviour described in the IVSC's *Code of Ethical Principles for Professional*
88 *Valuers*, together with any established requirements that are more restrictive.
 - 89 • Professional judgement is the application of relevant training, knowledge and experience,
90 within the context provided by ethical principles and established requirements, in making
91 informed decisions about the courses of action that are appropriate in the circumstances of
92 the valuation engagement.

- 93
- 94
- 95
- 96
- Professional scepticism is an attitude that includes a questioning mind and a critical assessment of evidence.
 - Professional manner is the conduct displaying the degree of care and skill consistent with the standards of the valuation profession and established requirements.

Commentary

Scope of this Standard (paras 1-11)

- 97 A1. Capability is the ability to perform certain actions. The capabilities described in this IPS are the
98 attributes that enable the professional valuer to perform his or her role. Capabilities consist of
99 professional skills and ethics, including professional values and attitudes. The acquisition of
100 capabilities contributes to competence. The learning outcomes for professional skills and ethics
101 do not vary in terms of the ability to perform certain actions.
- 102 A2. Competence is the capacity to do something well measured against a defined standard with
103 reference to working environments. It requires the capabilities of professional skills and ethics,
104 and the appropriate level of technical knowledge. Professional competence goes beyond
105 knowledge of valuation theory, principles, concepts, standards and process. Professional
106 competence is the integration of professional skills and ethics with technical knowledge.
- 107 A3. The application of professional skills and ethics is not limited to the context of a valuation
108 engagement. Professional skills and ethics apply to the broader context of a role as a
109 professional valuer.
- 110 A4. Professional skills and ethics encompass the professional behaviour and characteristics that
111 identify professional valuers as members of a profession.
- 112 A5. It is fundamental to the valuation process that those who rely on valuations have confidence that
113 those valuations are provided by valuers who have appropriate experience, skill and judgement,
114 and who act in a professional manner.
- 115 A6. A professional valuer needs to recognise limits to professional competence. A competent
116 professional valuer will only provide advice in areas of qualification and capability. A professional
117 valuer will seek assistance from other professionals, eg, subject matter experts, when required
118 information extends beyond their area of competence.
- 119 A7. There may be times when a professional valuer will be required to rely on information provided
120 by third parties, such as specialist consultants. Unquestioning acceptance of such third party
121 information can produce an unreliable valuation. A competent professional valuer will also
122 question the information provided by the third party, to ensure a credible valuation.

Objective (para 13)

- 123
- 124 A8. Establishing the professional skills and ethics that Candidates need to develop and
125 demonstrate serves several purposes. It protects the public interest, enhances the quality of
126 the work of professional valuers and promotes the credibility of the valuation profession.

Requirements

Learning Outcomes for Professional Skills and Ethics (paras 14-15)

- 127
- 128
- 129 A9. The capability framework lists the learning outcomes for professional skills and ethics to be
130 acquired by Candidates by the end of IPD, regardless of their intended future valuation

131 specialisation or role and regardless of type of asset or liability class subject to valuation, the
132 purpose of the valuation and the sector in which the asset or liability is classified. These
133 learning outcomes reflect the common body of capabilities that have application to all
134 professional valuers.

135 A10. By establishing a framework for learning and development activities that cover professional
136 skills and ethics, VPOs that are members of the IVSC promote a commitment for Candidates
137 to act in the public interest. Acting in the public interest includes:

- 138 • an awareness and concern for impact on the public,
- 139 • a sensitivity to social responsibilities,
- 140 • lifelong learning,
- 141 • a predisposition to quality, reliability, responsibility, timeliness and courtesy, and
- 142 • a respect for laws and regulations.

143 A11. Professional valuers accept a responsibility to act in the public interest. Consequently, the
144 actions of a professional valuer are not intended exclusively to satisfy the needs of an
145 individual client or employer.

146 A12. Within a professional valuation accreditation programme, ethics may initially be treated as a
147 separate subject. However, as Candidates progress, the integration of ethics with other
148 subjects encourages the recognition and consideration of wider ethical implications.

149 A13. In the design of professional valuation accreditation programmes, the capability areas may
150 not be identical to the names of prescribed courses or subjects. The learning outcomes
151 associated with one capability area may be achieved across more than one course or
152 subject and may extend across several different courses or subjects, none of which may be
153 devoted solely to that particular capability area.

154 A14. In professional valuation accreditation programmes, VPOs that are members of the IVSC
155 may include additional capability areas or develop additional learning outcomes that are not
156 specified in this IPS.

157 A15. VPOs that are members of the IVSC are encouraged to identify the most appropriate
158 approach to learning and development taking into consideration the national and cultural
159 environment. An appropriate approach is likely to include a mixture of learning and
160 development activities which combine structured learning programmes and practical
161 experience.

162 ***Review of Professional Skills and Ethics Requirements (para 16)***

163 A16. Professional valuation accreditation programmes are designed to support Candidates to
164 develop the appropriate professional competence by the end of IPD. Such programmes may
165 include formal education delivered through qualifications and courses offered by educational
166 institutions, VPOs that are members of the IVSC and employers, as well as workplace
167 training.

168 A17. The requirement to review and update professional valuation accreditation programmes
169 reflects the rapidly-changing and complex environment within which professional valuers
170 operate. The review cycle will depend upon the frequency of changes in legislation,
171 regulations and established requirements relevant to professional valuers.

172 ***Reflective Activity (para 17)***

173 A18. A reflective activity is an action, eg, documenting, discussing and analysing, that reflects on the
174 experience of the Candidate to identify areas for improvement and growth in both personal and
175 professional contexts. Reflective learning is the iterative process by which professional
176 valuers, at all stages of their career, continue to develop their professional competence by
177 reviewing their experiences, real or simulated, with a view to improving their future actions.

178 A19. Candidates would normally be expected to reflect on their experiences. The most realistic
179 experiences on which to reflect may occur in the workplace. Where this is not possible or
180 appropriate, simulations of “real life” experiences, or consideration of relevant cases that are
181 in the public domain may also offer suitable alternatives.

182 A20. VPOs that are members of the IVSC may prescribe different criteria to support reflective
183 activity. For example, some may adopt a requirement to formally document the reflective
184 activity in records of learning or personal development portfolio, whereas others may
185 encourage the expectation of reflective activity through communication to its Candidates.

186 A21. Where guidance is provided to Candidates on the nature, format and content of
187 documentation to be maintained for reflective activity and the types of situations to be
188 documented, consideration should be given to confidentiality, legal and regulatory
189 requirements. For example, certain ethical situations could be sensitive and subject to legal
190 or disciplinary actions and would therefore not be suitable to document and discuss.

191 ***Assessment of Professional Skills and Ethics (para 18)***

192 A22. *IPS 105: Initial Professional Development – Assessment of Professional Competence*
193 provides the principles that apply to the design of activities used to assess the acquisition of
194 professional skills and ethics, and other elements of professional competence.

195 A23. Various activities can be used to assess the acquisition of professional skills and ethics of
196 Candidates. Appropriate assessment activities may include written examinations, case
197 studies, written essays, work-based simulations, workplace assessments, being monitored
198 by a practical experience supervisor and compiling portfolios of evidence of demonstrating
199 the learning outcomes.

200 A24. In addition to written examinations, there are a number of other means by which assessment
201 within a formal education environment may be carried out, including:

- 202 • creating databanks of case studies and requiring Candidates to complete tests based on
203 these case studies,

- 204 • using a case analysis system that requires Candidates to maintain journals and notes on
205 particular public domain cases, and
- 206 • using case study group assignments and workshops to assess ethical analysis and
207 decision-making.
- 208 A25. Workplace assessment differs from, and in many respects is more difficult than, assessment
209 within a formal education environment. The means for assessing the development of
210 professional skills and ethics in the workplace may include:
- 211 • creation of work-based simulations in order to provide sufficient, equitable and reliable
212 assessments of professional skills,
- 213 • discussion and facilitated resolution of ethical dilemmas as they arise in the workplace, and
- 214 • performance reviews and appraisals.