INTERNATIONAL VALUATION STANDARDS COUNCIL

IPS 104: Initial Professional Development – Practical Experience

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

Copyright © 2016 International Valuation Standards Council. All rights reserved. Copies of this Exposure Draft may be made for the purpose of preparing comments to be submitted to the IVSC, provided such copies are for personal or intra-organisational use only and are not sold or disseminated and provided each copy acknowledges IVSC’s copyright and sets out the IVSC’s address in full. Otherwise, no part of this Exposure Draft may be translated, reprinted or reproduced or utilised in any form either in whole or in part or by any electronic, mechanical or other means, now known or hereafter invented, including photocopying or recording, or in any information storage and retrieval system, without permission in writing from the International Valuation Standards Council. Please address publication and copyright matters to:

International Valuation Standards Council 1 King Street

LONDON EC2V 8AU

United Kingdom

email: contact@ivsc.org [www.ivsc.org](http://www.ivsc.org/)

“This Exposure Draft draws upon, and includes extracts from, the Handbook of International Educational Pronouncements, 2014 Edition of the International Accounting Education Standards Board (IAESB), published by the International Federation of Accountants (IFAC) in June 2014 and is used with permission of IFAC.

Handbook of International Education Pronouncements, 2014 Edition **©** June 2014 by the International Federation of Accountants. All rights reserved. “

## 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 104: Initial Professional Development – Practical Experience* 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.

#### Specific questions

**IPS 104: Initial Professional Development – Practical Experience**

1. Do you agree with the concept and the role of the practical experience supervisor? Please explain.
2. Do you agree the threshold period of 1,500 hours in a supervised work environment should normally be a prerequisite for accreditation as a professional valuer?

#### Notes for respondents:

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

1. Responses should be made in letter format, where appropriate on the organisation’s letter heading.
2. Comments should not be submitted on an edited version of the Exposure Draft.
3. Unless anonymity is requested, all comments received may be displayed on the IVSC website.
4. 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.
5. The email should be sent to commentletters@ivsc.org.

## Contents

Paragraphs Page

**Standard** 1-20 7-9

Scope of this Standard 1-9 7-8

Objective 11 8

Requirements 12-19 8

Definitions and Explanations of Key Terms 20 9

**Commentary** A1-A23 10-14

Scope of this Standard A1-A4 10

Objective A5-A6 10-11

Requirements A7-A23 11-14

## Standard

|  |  |  |
| --- | --- | --- |
| 1 | 1. | **Scope of this Standard**The International Professional Standards (IPSs) are professional standards for Valuation |
| 2 |  | Professional Organisations (VPOs) to incorporate into the education and development of |
| 3 |  | their members. This IPS prescribes that sufficient practical experience is required as part |
| 4 |  | of the Initial Professional Development (IPD) of professional valuer candidates (Candidates). |
| 5 | 2. | This IPS is addressed to International Valuation Standards Council (IVSC) member |
| 6 |  | bodies that provide professional valuer accreditation for the education and development |
| 7 |  | of their members (VPOs that are members of the IVSC). In addition, this IPS may be |
| 8 |  | helpful to those who commission or rely on valuations, educational organisations, those |
| 9 |  | who design, deliver, assess or support education programmes for professional valuers, |
| 10 |  | employers of professional valuers, government authorities, regulators with responsibility for |
| 11 |  | the oversight of the work of professional valuers, and prospective valuers who undertake their |
| 12 |  | own learning and development. |
| 13 | 3. | Definitions and explanations of key terms are set out in paragraph 20. |
| 14 | 4. | The commentary, as set out in paragraphs A1 to A22, provides additional explanation relevant |
| 15 |  | to 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 |
| 18 |  | assist in their application. |
| 19 | 5. | Practical experience refers to workplace and other activities that are relevant to developing |
| 20 |  | professional competence. Practical experience is a component of IPD. IPD is learning and |
| 21 |  | development through which individuals first develop competence to perform the role of a |
| 22 |  | professional valuer. |
| 23 | 6. | Practical experience during IPD builds on general education and programmes of |
| 24 |  | professional valuer accreditation. The public expects professional valuers to apply their |
| 25 |  | experience and knowledge in carrying out their roles. However, the variety of roles that |
| 26 |  | professional valuers perform means that the required practical experience may vary from one |
| 27 |  | VPO to another, and even within an individual VPO that offers different types of membership. |
| 28 |  | VPOs that are members of the IVSC are able to adapt their practical experience |
| 29 |  | requirements to meet their own needs, the requirements of the relevant regulatory |
| 30 |  | authorities and public expectations that professional valuers are competent. |
| 31 | 7. | Every Candidate is expected to be allocated a supervisor to oversee their practical |
| 32 |  | experience. This practical experience supervisor may be nominated by the VPOs that are |
| 33 |  | members of the IVSC or the employer. |
| 34 | 8. | Practical experience supervisors have important roles in planning and monitoring the |
| 35 |  | practical experience gained by Candidates. |
| 36 | 9. | After the completion of IPD, practical experience may be required to bring professional |
| 37 |  | valuers to a level of competence needed for other roles or forms of specialisation. |

1. Throughout their careers, the competence gained during IPD is continually renewed,
2. modified and/or expanded through Continuing Professional Development.

##### Effective Date

1. 10. This IPS is effective from Date tbd, 2016, although earlier adoption is encouraged.
2. **Objective**
3. 11. The objective of this IPS is to establish the practical experience that Candidates need to
4. complete by the end of IPD.

#### Requirements

##### Practical Experience

1. 12. VPOs that are members of the IVSC shall require that Candidates complete practical
2. experience by the end of IPD.
3. 13. VPOs that are members of the IVSC shall require sufficient practical experience to
4. enable Candidates to demonstrate that they have acquired the professional skills and
5. ethics, and the appropriate level of technical knowledge necessary for performing a role
6. of a professional valuer. A threshold period of 1,500 hours in a supervised work
7. environment over 2 years is normally a prerequisite for accreditation as a professional
8. valuer, but may differ based on the VPO’s assessment of educational experience and
9. other qualifications.
10. 14. VPOs that are members of the IVSC shall define their practical experience requirements
11. and establish their preferred approach to assess that sufficient practical experience has
12. been completed by Candidates.

##### Practical Experience Supervision and Monitoring

1. 15. VPOs that are members of the IVSC shall require that practical experience of Candidates
2. be conducted under the direction of a practical experience supervisor.
3. 16. VPOs that are members of the IVSC shall require that practical experience of Candidates
4. is recorded in a consistent form prescribed by that VPO or, where applicable, a regulatory
5. body.
6. 17. VPOs that are members of the IVSC shall require that the practical experience supervisor
7. undertake a periodic review of the records of the practical experience of Candidates.

##### Review of Practical Experience Requirements

1. 18. VPOs that are members of the IVSC shall review and update their practical experience
2. requirements as considered necessary.

##### Assessment of Practical Experience

1. **19.** VPOs that are members of the IVSC shall establish appropriate activities to assess that
2. sufficient practical experience has been completed by Candidates at the end of IPD.

#### Definitions and Explanations of Key Terms

1. 20. This IPS uses the following definitions and explanations of key terms:
2.  A professional valuer is a person who has expertise in the field of valuation, achieved
3. through formal education and practical experience and maintained through continuous
4. learning and development, is held to high professional standards equivalent to the
5. IVSC’s IPSs and *Code of Ethical Principles for Professional Valuers* and whose
6. compliance with such standards is subject to enforcement by a VPO that is a member of
7. the IVSC.
8.  A professional valuer Candidate is an individual who has commenced a professional
9. valuer accreditation programme as part of IPD.
10.  A practical experience supervisor is a professional valuer who is responsible for
11. directing, advising and assisting Candidates in acquiring sufficient practical
12. experience.

## Commentary

|  |  |  |
| --- | --- | --- |
| 86 | A1. | **Scope of this Standard (paras 1-9)**The inclusion of practical experience in IPD lays the base for the ongoing development of |
| 87 |  | professional competence throughout the professional valuer’s career. |
| 88 | A2. | Professional valuation accreditation programmes are designed to support Candidates to |
| 89 |  | develop the appropriate professional competence by the end of IPD. Such programmes may |
| 90 |  | include formal education delivered through qualifications and courses offered by educational |
| 91 |  | institutions, VPOs that are members of the IVSC and employers, as well as workplace training. |
| 92 |  | The design of professional valuer accreditation programmes during IPD may therefore involve |
| 93 |  | substantive input from stakeholders other than VPOs that are members of the IVSC. |
| 94 | A3. | Professional competence can be described and categorized in many different ways. Within the |
| 95 |  | IPSs, professional competence is the capacity to do something well measured against a defined |
| 96 |  | standard with reference to working environments. Professional competence requires the |
| 97 |  | capabilities of professional skills and ethics, and the appropriate level of technical knowledge. |
| 98 | A4. | Practical experience provides a professional environment in which Candidates develop |
| 99 |  | competence by: |
| 100 |  | * becoming aware of the environment in which services are provided,
 |
| 101 |  | * enhancing their understanding of organisations, how business works and professional
 |
| 102 |  | work relationships, |
| 103 |  | * being able to relate valuation work to other business functions and activities,
 |
| 104 |  | * developing the appropriate professional skills and ethics in practical, real-life situations,
 |
| 105 |  | and |
| 106 |  | * having an opportunity to develop at progressive levels of responsibility while under
 |
| 107 |  | appropriate levels of supervision. |
| 108 |  | **Objective (para 11)** |
| 109 | A5. | Sufficient practical experience has a blend of breadth and depth of knowledge and application |
| 110 |  | and, where appropriate, integration of material from different areas applied to a range of |
| 111 |  | situations and contexts. The breadth of practical experience is affected by many factors |
| 112 |  | including the nature of the role, established requirements in the relevant jurisdiction and the |
| 113 |  | public’s expectation for professional competence. The depth of practical experience is |
| 114 |  | affected by factors such as the variety and complexity of tasks as well as the level of |
| 115 |  | supervisory and monitoring support. |
| 116 | A6. | Having Candidates complete sufficient practical experience to perform a role as a |
| 117 |  | professional valuer serves the following purposes: |
| 118 |  | * The public interest is protected and the credibility of the profession is enhanced when
 |
| 119 |  | only those who meet the profession’s competence requirements are permitted to be |
| 120 |  | professional valuers. |

### 121

122

123

124

125

126

* VPOs that are members of the IVSC and regulatory authorities have a responsibility to ensure that professional valuers have the competence expected of them by the public, employers and clients.
* Professional valuers have a continuing duty to develop and maintain professional competence to ensure that clients, employers and relevant stakeholders receive competent professional service.

### 127

128

129

130

131

132

133

134

135

#### Requirements

##### Practical Experience (paras 12-14)

A7. IPD builds on general education and includes professional valuer education, practical experience and assessment. The exact combination of these components may vary depending on a range of factors, eg, the complexity and variety of tasks, special knowledge required, level of autonomy and the level of judgement required by the role the Candidate is expected to undertake at the end of IPD. The combination of practical experience and education might also vary according to rules established by VPOs that are members of the IVSC, national and local laws, requirements of regulatory authorities, and public expectations.

### 136

137

A8. In determining what constitutes an appropriate balance between professional valuer education and practical experience, VPOs that are members of the IVSC may consider the following:

### 138

139

140

141

142

143

144

145

146

147

* Some professional valuer accreditation programmes that place a strong emphasis on practical application, such as traineeships, internships, cooperative education work periods and secondments, may contribute to the practical experience requirement.
* Study for academic or professional qualifications is useful for acquiring and demonstrating professional valuer technical knowledge. However, by itself, study does not necessarily demonstrate achievement of the professional competence to perform a role as a professional valuer. Experience gained at work equips Candidates with many of the skills needed to become competent professional valuers.
* Practical experience may be obtained after completion of a professional valuer accreditation programme or concurrently with such a programme.

### 148

149

A9. In setting the approach and requirements for practical experience, VPOs that are members of the IVSC may consider a number of factors, including:

### 150

151

152

153

154

155

156

157

* the public interest, including knowledge of the local environment, public expectations and any relevant regulatory requirements,
* the needs of the Candidates, including an understanding of the roles that they may undertake upon completion of IPD,
* the needs of the employer, including efficiency and cost-effectiveness, and whether that employer is in industry, government or public practice, and
* the needs of the VPOs that are members of the IVSC, including regulatory requirements, efficiency and cost-effectiveness.

### 158

159

A10. The measurement of practical experience can be established using one of the following three approaches:

### 160

161

162

* output-based,
* input-based, or
* a combination of output-based and input-based approaches.

### 163

164

165

166

##### Output-based Approach

A11. An output-based approach requires Candidates to demonstrate, using output-based measures, that they have obtained practical experience. The evidence that could be used for assessment purposes in an output-based approach could include:

### 167

168

169

170

171

* a measurement of learning outcomes achieved in accordance with a competency map,
* reviews of a research project or reflective essay, and
* work logs compared against an appropriate competency map (a work log is a record maintained by an individual of the nature of the assignments and tasks completed, and of the time incurred in completing those assignments and tasks).

### 172

173

174

175

176

177

178

##### Input-based Approach

A12. An input-based approach requires Candidates to demonstrate, using input-based measures, that they have obtained practical experience. Input-based approaches are traditionally based on time, eg, hours spent on relevant activities or total duration, eg, days, months or years, of practical experience. Input-based approaches are often used as a proxy for measuring development of competence due to ease of measurement and verification. Input-based approaches have limitations, eg, they do not always directly measure learning outcomes or competence developed.

### 179

180

181

182

183

184

185

186

187

A13. Evidence that could be used for measurement in an input-based approach includes attendance records, time sheets, workplace diaries and work logs or journals. In setting a requirement using an input-based approach, consideration may be given to the structure and relevance of education programmes completed by Candidates. Professional valuer education programmes that deliver outcomes similar to the outcomes derived from measured work-based experience such as internships may contribute to the total requirement for practical experience. Similarly, where a substantial education programme has been completed in a relevant subject, such as a Master’s degree in finance, a VPO that is a member of the IVSC may elect to reduce the practical experience component.

### 188

189

190

A14. Regardless of the balance of the component parts, there is typically an expectation by the public that a professional valuer has completed a professional valuation education programme and has obtained sufficient practical experience.

### 191

192

193

194

##### Combination Approach

A15. Approaches that combine elements of both output-based and input-based approaches might be constructed by the VPO that is a member of the IVSC. Input units might be considered as contributing to the professional competencies being measured. Achievement of particular

### 195

196

A16. competencies might either be used to verify input, or in some cases replace a portion of the input requirement.

### 197

198

199

200

201

202

203

##### Practical Experience Supervision and Monitoring (paras 15-17)

A17. Practical experience supervisors can represent an important link between Candidates and VPOs that are members of the IVSC. They may be responsible for planning the practical experience period and providing guidance to Candidates. In some environments, practical experience supervisors may also provide mentoring support to Candidates. VPOs that are members of the IVSC may provide training for practical experience supervisors, and put in place assistance and quality control programs.

### 204

205

A18. Practical experience supervisors may be assisted in performing the monitoring function by others, some of whom may not be professional valuers.

### 206

207

208

209

210

211

212

213

A19. The purpose of the periodic review by the practical experience supervisor of the record of practical experience is to check that requirements set by the VPO that is a member of the IVSC or regulatory authority are being met. In addition, this periodic review can also be used to monitor an individual’s progress. If the Candidate’s progress does not match expectations, the practical experience supervisor has an opportunity to review the situation to discover the reasons why and what can be done to improve progress. This periodic monitoring will provide an opportunity for the practical experience supervisor and the Candidate to review the practical experience obtained to date and contribute to the future development of the Candidate.

### 214

215

A20. In assessing the sufficiency of the practical experience acquired by Candidates, VPOs that are members of the IVSC may consider the following activities:

### 216

217

218

219

220

221

222

223

224

225

226

227

228

229

230

231

232

233

* establishing a system to monitor and report the practical experience obtained,
* providing detailed written guidance for practical experience supervisors and Candidates regarding the programme of practical experience and their respective roles and responsibilities,
* establishing a mechanism for approving the suitability of practical experience supervisors work log to provide the appropriate practical experience for Candidates,
* assessing and approving the practical experience environment before commencement of experience, eg, the nature and scope of practical experience and the training arrangements of employers can be reviewed to ensure that Candidates would receive appropriate direction, supervision, mentoring, counseling and evaluation,
* establishing a system of periodic reporting by practical experience supervisors to cover changes, if any, in the planned nature, scope and content of practical experience undertaken by Candidates,
* assessing, prior to completion of IPD, the practical experience gained, based on written submissions, possibly supported by oral submissions, made by Candidates and practical experience supervisors,
* encouraging employers to provide feedback to Candidates and to practical experience supervisors and to communicate when competencies have been achieved,

### 234

235

236

237

238

239

* monitoring previously approved practical experience supervisors, eg, VPOs that are members of the IVSC may advise on areas for improvement or might recommend withdrawal of approval if conditions have so changed that relevant experience criteria are not being met, and
* undertaking a periodic and timely study of the competencies required by professional valuers to help to ensure that sufficient practical experience is acquired and supported.

### 240

241

242

243

244

245

##### Review of Practical Experience Requirements (para 18)

A21. Practical experience requirements support Candidates to develop the appropriate professional competence by the end of IPD. The requirement to review and update the practical experience requirements reflects the rapidly-changing and complex environment within which professional valuers operate. The review cycle will depend upon the frequency of changes in legislation, regulations and established requirements relevant to professional valuers.

### 246

247

248

249

##### Assessment of Practical Experience Requirements (para 19)

A22. *IPS 105: Initial Professional Development – Assessment of Professional Competence* provides the principles that apply to the design of activities used to assess the sufficiency of practical experience.

### 250

251

252

253

A23. Various activities can be used to assess the sufficiency of practical experience of Candidates.

Appropriate assessment activities may include workplace assessment as presented in *IPS 102: Initial Professional Development – Professional Skills and Ethic*s and *IPS 103: Initial Professional Development – Technical Knowledge.*