



INTERNATIONAL VALUATION STANDARDS COUNCIL

IVSC Review Group Report

Engagement Paper

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CommentLetters@ivsc.org

or by post to IVSC, 1 King Street, London EC2V 8AU, United Kingdom.

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IVSC Review Group Report Engagement Paper

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Letter from Sir David Tweedie
Chairman, IVSC Board of Trustees



SIR DAVID TWEEDIE
CHAIRMAN, IVSC BOARD OF TRUSTEES

Dear All

In November last year, as a part of a good governance process, the International Valuation Standards Council (“IVSC”) Trustees commissioned an independent assessment - six years on from its restructure in 2008 - to ensure the organisation is equipped for the next phase of its development.

To conduct that examination, the Trustees created a Review Group to assess the governance, financial stability, processes and output of the IVSC, in order to provide recommendations for improvements which would better support future standards development and adoption.

The Review Group’s analysis confirmed the need for international standards and, importantly, that the IVSC is the most appropriate organisation to develop them. The Review group concluded, however, that reform of the IVSC is needed if it is to fulfil its potential, improve the technical quality of the standards it produces and become the recognised body for the development of globally accepted valuation standards.

The Review Group Report (“Report”) called for the IVSC to improve communication with stakeholders and increase confidence in its future strategy, mission and objectives. The Review Group believed that enhanced confidence in the IVSC strategy will help ensure that the organisation is financially stable and properly resourced to conduct its current and future activities.

The Report made a number of recommendations. Key immediate priorities were to improve the IVSC’s financial long-term viability together with its profile among key stakeholders and to enhance the quality of its standards. In order to achieve these, the Report recommended that the IVSC review its staffing model and resources, establish a clearer definition of its purpose and vision, particularly around the definition of the public interest that it serves and strengthen its processes and execution. The IVSC was encouraged to develop and adopt robust and transparent methods in its determination of projects and the standard development process, looking at other standard setters to adopt best practices.

The Report also suggested significant changes to the structure of IVSC's main bodies (the Board of Trustees, the Standards Board, the Professional Board, and the Advisory Forum) with a view of increasing their effectiveness and expertise.

The IVSC Trustees have carefully reviewed the Report and, in principle, believe that these recommendations form a sound basis to guide IVSC's future development.

In order to benefit from the collective expertise of interested parties and ensure that broad stakeholder support necessary for a revised long-term structure and a two-to-three year plan for the organisation, the Trustees are seeking the views of IVSC members regarding:

1. The adoption of the recommendations in the Report.
2. A mandate enabling them to action all or some of the Report's recommendations.

The details underpinning the creation of a new structure and operational plan need further discussion and careful deliberation by the Trustees. This Engagement Paper invites comments and suggestions on the range of issues raised in the Report.

In the interim, the IVSC Trustees have already begun to take action to respond to the following Report recommendations:

- Identifying secondees for temporary staffing support
- Starting to look at long term staffing issues
- Beginning an assessment of Trustees
- Improving the Boards' due process by engaging more through meetings and working groups
- Seeking greater stakeholder engagement

The successful implementation and delivery of the recommendations in the Report together with any additional proposals, is conditional on sufficient funding of the IVSC. Therefore suggestions and ideas as to how IVSC might improve and sustain its finances in the future would also be appreciated as part of your engagement response.

Currently, a temporary team of secondees is being assembled to provide staffing support and secure the ongoing operations of the IVSC. This team will also administer the engagement exercise.

The feedback received will be considered when the Trustees prepare their proposals for the future structure and strategy for the IVSC, which will be presented to the AGM for approval in October. Further details in respect of the secondments will be provided in due course and we would very much appreciate more offers of secondment support during this time of change.

The Trustees are committed to reviewing the structure, processes and composition of IVSC Boards, as recommended in the Report, and would appreciate your insight and thoughts on these as well as the other matters raised in the Engagement Paper.

I know all of us engaged on this process, appreciate the importance of an effective and sustainable body responsible for International Valuation Standards across all asset classes. This is a very important moment for the IVSC and, on behalf of the Trustees, I would really encourage and welcome your early feedback.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. Tweedie', with a horizontal line underneath.

Sir David Tweedie

Questions for Stakeholders to Consider

The IVSC Trustees invite views on matters contained within this Engagement Paper and on any other aspect of the way in which the IVSC and IVSs are structured or presented that respondents believe could be improved to provide greater clarity and efficiency for members and users.

Not all questions need to be answered but to assist the analysis of responses received please use the question numbers in this paper to indicate to which question your comments relate. The following questions are not intended to limit your responses in any way. Therefore, please provide any additional comments and recommendations that you consider necessary.

Question 1:

Recommendation 3 states that; *“The IVSC should refocus on its core stakeholders and re-examine the current level and purpose of the standards around Business Valuation and Real Property to ensure that the standards put forth by the IVSC are high quality and converged with existing standards from around the world.”*

The IVSC Trustees broadly agree with this Recommendation to focus on Business Valuation and Real Property, and with the convergence and adoption strategy recommended within the Report.

- a) To what extent has the adoption of IVSs changed your national or local practice? Are IVSs incorporated into your national standards?

Do you consider that:

- b) In your jurisdiction are IVSs of sufficient quality and relevance to be used by relevant stakeholders for a range of purposes (eg Business Valuation and Real Property)?
- c) IVSC needs to clearly define the purpose of its standards and, specifically, should the standards emphasise a public interest mission?
- d) IVSC needs to re-examine the current level and purpose of the standards around Real Estate? If so what changes would you recommend?
- e) IVSC needs to re-examine the current level and purpose of the standards around Business Valuation? If so what changes would you recommend?

Question 2:

Recommendation 4 states that; *“The IVSC should withdraw current proposals and exposure drafts related to Financial Instruments and work to first bring key stakeholders together to agree on solutions that serve the public interest and fulfil a market need.”*

The IVSC Trustees are proposing to set up a series of round tables of key stakeholders to review the existing Financial Instruments papers and ensure that they serve the public interest and fulfil a market need.

Do you consider that:

- a) IVSC should discontinue work on its current Financial Instruments projects and withdraw any existing proposals or exposure drafts? If not, what would you suggest?
- b) IVSC should seek to bring the various Financial Instruments stakeholders together in a series of roundtables to seek broad support on a direction to address issues regarding the development of Financial Instruments standards and potential solutions?
- c) IVSC should develop a conceptual framework for Financial Instruments valuation standards along with a detailed work plan to implement this initiative that reflect the input of the proposed stakeholder roundtable meetings?

Question 3:

Recommendation 5 states that; *“The IVSC should clearly designate in its revised standards what IVSC documents should be deemed as a standard (mandatory) and what output should serve solely as guidance (non-mandatory).”*

The IVSC Trustees and Standards Board support the idea of an improvements project in this area and have begun to have initial consultations with stakeholders to further understand market needs.

Do you consider that:

- a) The structure of the standards and supporting documents should be changed to clearly differentiate "standards" (mandatory) from "guidance" (explanatory to be applied based on the circumstances)? If so, what changes would you recommend? If not, what would you suggest?
- b) It would be useful to have a bi-annual meeting between the Standards Board, Working Groups and standard setters to discuss issues facing the various disciplines, the technical content of standards and proposed agenda items for the forthcoming year?

Question4:

Recommendation 6 states that; *“The IVSC should develop and adopt a robust process in its determination of projects and the standard development process. The IVSC should consider looking to other standard setters, such as the IASB or FASB, to adopt best practices in relation to the due process associated with standard setting.”*

The IVSC Trustees broadly agree with this recommendation and accept that its processes could be improved.

- a) What are your observations of the current due process in its ability to gather broad input and thus strengthen the quality of the ultimate product? What suggestions/ key aspects would you hope to see in any improved due process?

- b) The Report makes a number of suggestions including improving key stakeholder communication; project cost/benefit analysis; standard setting process improvement and post standard implementation review? Would you add or delete any of the suggestions made in this section of the Report?
- c) Are there any examples of best practices in relation to the due process associated with standard setting employed by other standard setters that you would recommend? What are their due processes? What are the key principles that should guide the IVSC's due process?

Question 5:

Recommendation 7 states that; *“The IVSC should further develop a plan that ensures the number of projects undertaken reflects an appropriate level of available resources and that adequate time is given to each project.”*

The Standards Board consulted in 2014 on future agenda topics and the Professional Board consulted on professional standards through a discussion paper.

Do you consider that:

- a) The initial consultations undertaken by the Standards Board and Professional Board were sufficient to develop a firm understanding of the relative priorities of key users of IVSs? If not, what should the boards do differently to ensure greater input from stakeholders?
- b) A roundtable discussion with stakeholders on these matters would be useful?
- c) IVSC could provide more information on the pipeline of future projects? If so what information would you expect to be provided?
- d) You have sufficient time to fully consult with your relevant Boards and members on IVSC projects. If not, please provide examples and/or suggested timings?

Question 6:

Recommendation 8 states that; *“The IVSC should conduct a review of the qualifications and make up of its Board of Trustees to ensure that the board has the necessary skill set and the right individuals to ensure that it meets its purpose, primarily around sustaining the financial viability of the IVSC.”*

The IVSC Trustees are looking to conduct a review over the coming months. The current bylaws state under clause 18 that; *“The Board of Trustees shall seek to populate the Board of Trustees with individuals who are committed to achieving the Objectives of the IVSC as described herein; have a global perspective and understanding of how the IVSC can best operate in the world economy, business and financial reporting environments; have a demonstrated ability to analyse issues and formulate strategic initiatives to be undertaken by the IVSC; possess integrity and objectivity in order to render impartial,*

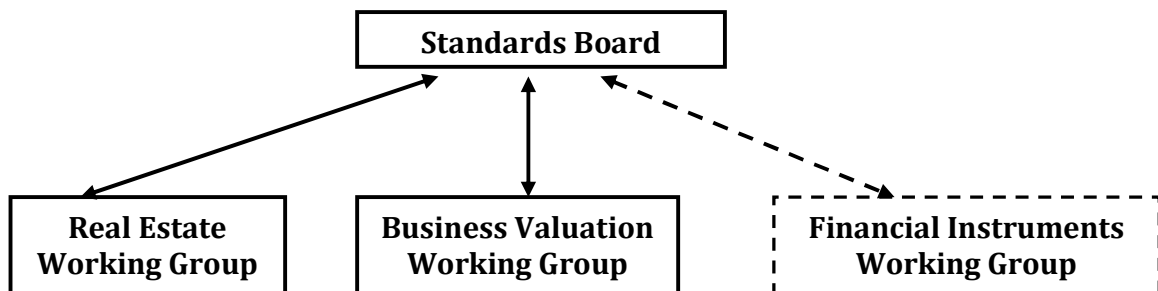
reasoned decisions and policy; have effective communication skills in dealing with the public and IVSC Members; are drawn from geographically diverse areas.”

Do you consider that:

- a) There are skills or attributes that should be added or removed from this list. If so, what are they?
- b) How representative of the public interest or specific stakeholder interests should the Trustees be? Please be specific on a proposed composition of the Trustees, including the relative distribution of skill sets and demographic backgrounds.
- c) The current processes comprising asking for member nominations and seeking suitable candidates is sufficient? If not, can you suggest improvements to this process for identifying individuals with the necessary attributes for the key role of Trustees?

Question 7:

Proposed Standards Board Structure



Recommendation 9 states that; *“The IVSC should reconstitute the Standards Board by reducing its size and creating permanent working groups with asset specific technical expertise for business valuation and real estate working groups.”*

Do you consider that:

- a) The approach suggested would be an improvement to the existing model? Please comment on the ability of the existing structure to develop standards for the three disciplines described above and its ability to engage stakeholders.
- b) There are other alternatives to improve the effectiveness of the Board and aid greater stakeholder engagement?

Question 8:

Recommendation 10 states that; *“The IVSC should review the current membership of the Standards Board and establish clear bylaws that speak to the qualifications of the individuals required. The Review Group particularly recommends ensuring that all individuals understand the valuation theory underlying all asset classes covered by the IVSC, primarily real property, business valuations, and financial instruments.”*

Currently the bylaws state under “qualifications” that; *“the Board of Trustees shall appoint members of the IVSB who: are committed to achieving the Objectives of the IVSC as described herein, demonstrate a high level of professional knowledge and technical competency in the principles of valuation, valuation standards and valuation reporting, concurrent with valuation acumen, offer professional and geographical diversity, have effective communication skills in dealing with the public and IVSB members, will liaise with national standard-setters and other official bodies responsible for domestic standard setting, commit to act in the public interest..”*

Do you consider that:

- a) The qualification section in the bylaws are fit for purpose or too generic and non-specific? If the latter, what would you add to the bylaws?
- b) IVSC Standards Board should comprise entirely of cross asset class valuation specialists? If not, what would you recommend?
- c) Is the answer to 8b dependent on the creation of working groups as per 7b? Is this dependent on any other factors?

Question 9:

Recommendation 11 states that; *“The IVSC should wind down the Professional Board once it completes its current agenda, and look to foster an environment where stakeholders can come together to focus on Professional Standards over the longer term. ”*

Do you consider that:

- a) The current agenda focussing on establishing the core criteria for a national professional infrastructure is appropriate? If not, what agenda would you suggest or which items would you remove from the current agenda?
- b) IVSC Professional Board has sufficient stakeholder engagement? If not, why not? Please provide examples, if possible?
- c) IVSC Professional Board should be wound down, once it completes its current agenda?

Question 10:

Recommendation 12 states that; *“The IVSC should consider revising the purpose of the Advisory Forum to be more focused on the ultimate users of the standards rather than the VPOs.”*

Do you consider that:

- a) The current composition and purpose of the Advisory Forum should be retained?
- b) IVSC should revise the purpose of the Advisory Forum and be more user focussed. If so, how would you revise the purpose?

IVS Review Group

Conclusions and Recommendations

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1.1 Background

The International Valuation Standards Council (“IVSC”) Trustees have commissioned an assessment initiated as a matter of good governance to ensure the IVSC is equipped for the next phase of its development. As part of the review, the IVS Review Group (“Review Group”) reviewed the governance, processes and output of the IVSC in order to provide suggestions for improvements or other structural changes to better equip the IVSC for the challenges and opportunities ahead. The review would also include analysis of existing technical guidance, as well as documents regarding governance and process and interviews with current and former Trustees, board members and staff.

1.2 Review Process

The Trustees appointed the Review Group in November 2014. The Review Group is submitting this report to the IVSC Board of Trustees for consideration. The Review Group is comprised of the following individuals (full biographies are provided in Appendix 1):

Patrick Gounelle, Former IVSC Trustee (chair of Review Group)
Anton Colella, CEO, Institute of Chartered Accountants of Scotland;
John Glynn, Global Valuation Services Leader, PricewaterhouseCoopers, LLP (PwC);
Jim Hirt, CEO, American Society of Appraisers (ASA);
Keith Lancaster, CEO, Appraisal Institute of Canada (AIC);
Tom Seidenstein, former Chief Operating Officer, IFRS Foundation; and
Sean Tompkins, CEO, Royal Institution of Chartered Surveyors (RICS).

The Review Group would also like to acknowledge Alexander Aronsohn (RICS) and Carlos Holguin (PwC), who provided invaluable assistance in the drafting of this report.

The Group undertook a four-part approach for its review of the IVSC:

1. Interviews with the Chairman, CEO, members of the Board of Trustees, Professional Board, Standards Board, Advisory Forum Working Group and Forestry Working Group.
2. Review of prior years’ agendas, meeting notes, addendum and attendance records for the Board of Trustees, Professional Board, Standards Board and Advisory Forum.
3. Review of financial documents including income statements, statements of financial position, forecasts, and budgets.
4. Review of further ancillary information including the previous restructure documents, IVSC bylaws, and member lists, MOUs with other organisations, and a draft action plan from the CEO.

A complete listing of the documents reviewed is provided in Appendix 2.

The Group also had informal discussions with colleagues and professional contacts, whose work involves International Valuation Standards in order to better understand the daily practicalities and usage of the standards. A further detailed narrative of the review process can be located in Appendix 3.

A list of the interview questions for the reviews is at Appendix 4. The interviews were conducted on an individual basis, either in person or by telephone or email communication. In the case of interviews by email, the listed email questions were used.

1.3 Significant Comments and Recommendations

1.3.1 Overall Evaluation

The Review Group believes there is a strong case for International Technical Valuation Standards. The interviews held throughout the review process, including with several key stakeholders, reveal broad consensus on the need for international standards. Importantly, stakeholders and the Review Group point to the IVSC as the most appropriate organisation to develop these standards.

For reasons set out in this report, the Review Group has concluded that reforms of the IVSC are needed if it is to fulfil its potential and to be the recognized body for the development of high quality and globally accepted valuation standards.

The conclusions and recommendations in this report represent the Review Group's view on the current operations of the organisation and steps that the IVSC can undertake to allow it to build credibility in the marketplace and achieve near-term financial stability. The report also provides suggestions for longer-term improvements to the organisation's structure and processes once the near-term stability and change in focus is achieved. The recommendations represent the Review Group's collective thinking, based on all the input received to date.

The findings from the work performed have indicated the following:

- **Clarification of definition of purpose and vision:** The organisation needs a clear purpose and mission, particularly around the definition of the public interest that it serves and the Review Group believes that this review will provide the opportunity to refocus and consolidate the IVSC's purpose and vision.
- **Process and execution:** The Review Group noted that both the consultative processes in place and their execution by the organisation have impeded it from effectively and successfully fulfilling its potential.
- **Improvements in the quality of the standards:** Members of the Review Group with technical knowledge and stakeholders stated the need for ongoing improvement in the quality of the Technical Standards.
- **Funding vulnerability and lack of staff resources:** The organisation currently faces future financial hurdles and needs to convince stakeholders and funders of its long term value. In addition to setting a clear vision and direction, overhauling current operations is a necessary step for increasing stakeholder confidence.
- **Need for more technical resources:** The Review Group believes that the IVSC will require more qualified technical staff resources, whilst recognising that this will rely on generating sufficient funding support to do so.

In summary, the Review Group calls on the Trustees to take rapid action to enhance the organisational structure and capabilities and to define its strategic direction. Key immediate priorities should be to improve the organisation's credibility among key stakeholders and improve the quality of its standards.

The Review Group believes the first area of focus for the organisation is to develop and put forward a clear short-term and medium-term plan that illustrates the focus of the organisation and the public interest it will serve. This should be produced for the Annual General Meeting to be held in Paris, October 2015 and should include a realistic forecasted budget, and transition plan.

The short-term portion of the plan should address the following items:

- Review current staff capacity/capabilities and repurpose the organisation, if necessary, to achieve the organisation's vision;
- Explore alternative staffing models that will serve to be more economical for the organisation in the near-term, including the possibility of secondments by a number of key stakeholders;
- Refocus the purpose and mission of the organisation by evaluating its core stakeholders and the public interest need of the core stakeholders, once identified;
- Reconstitute the various boards of the organisation as recommended in the following pages;
- Revisit and revise the standards as recommended in the following pages;
- Put forward a sustainable fiscal budget consistent with the organisation's strategy; and
- Provide a clear and concise medium-term plan.

It is important that the Trustees be actively engaged in any reform programme and provide unequivocal support. The Trustees must serve as the ambassadors of the organisation and are fundamental to ensuring its future. The IVSC must emphasize stakeholder engagement, as a top priority and needs to build confidence and engagement to create a supportive environment, which should involve a "partnership" with the VPOs and audit firms. At the same time, the organization needs to better understand who its stakeholders are and attempt to engage with that broader group. Directly connecting with large firms, regulators, and other standard setters will enable the IVSC to be more effective and credible in the market in the medium to longer term.

As part of the plan, the Review Group feels that it is important for the current chairman to remain in his role for the next 2-3 years to oversee this extremely important transition phase. Further, the Review Group sees this as an opportunity for the IVSC to rebrand the organisation and build the VPO involvement and stakeholder engagement that the organisation seeks and needs.

The medium-term portion of the plan should address the following items:

- A clear statement on the mission and purpose of the organisation that is viewed by all stakeholders as achievable;
- Sustainable long-term fiscal budget and financing plan that provides an equitable and broad basis of funding;
- Detailed and robust standard setting process;
- A clear programme for improving the existing standards in a process of convergence and improvement;
- Focus on engagement of stakeholders in the standard setting process (aimed at convergence and improvement) and expansion of stakeholder base;
- Engagement of regulators; and

- Succession plans for the chair of the Board of Trustees.

Recommendation 1: The IVSC should develop an immediate nine-month to one-year detailed plan to address staff capacity/capability issues and to restructure, refocus and consolidate its position.

Recommendation 2: The IVSC should develop a two to three-year detailed plan that illustrates to its stakeholders how the organisation will transition from its current standing to a more effective organisation that serves the public interest needs of its stakeholders.

1.3.2 Purpose and Quality of Standards

The Review Group sees the overall purpose of the IVSC - the development of international valuation standards - as an ambitious, but worthwhile undertaking. That task is complicated by the varying purposes for which valuations are conducted. The Review Group noted that the standards developed to date have been designed to serve valuations for any purpose, with the result that the standards are broad in definition and are not widely accepted in the marketplace, particularly in the area of standards for Business Valuation and Financial Instruments.

The Review Group recommends that in partnership with the stakeholder community, the IVSC carry out an assessment of existing International Valuation Standards to improve existing standards significantly. The goal will be to ensure that the standards – and appropriately tailored versions - are of sufficient quality and relevance to be used by the key stakeholders for a range of purposes.

In connection with this effort, the standards of the major VPOs should be considered, with a goal of developing a single set of converged, high quality technical standards for the profession. The Core Standards project of the International Accounting Standards Committee in the 1990s and the Improvements project launched by the International Accounting Standards Board with national standard setters may serve as instructive models.

The structure of the standards and supporting documents should also be changed to clearly differentiate “standards” (mandatory) from “guidance” (explanatory to be applied based on the circumstances). Finally, it is crucial that the purpose of the standards be clearly defined. The Review Group suggests that the Board evaluate whether standards for public interest purposes (typically compliance-based valuations) can also serve the needs of those performing valuations for advisory or advocacy purposes. To the extent it is concluded that different standards would apply, the Review Group suggests that the development of standards designed to be used for so-called public interest valuations should be the first priority. The development of the revised standards suggested by the Review Group should incorporate all of these changes.

The assessment also should consider the different stages of development of the three areas currently being addressed by the standards, consisting of Real Property, Business Valuation, and Financial Instruments, and the varying public interest needs of the three areas.

The Review Group believes the existing work on Real Property is a core area of strength of the organisation and offers a platform on which the IVSC could make rapid progress. Real Property represents the area in which the IVSC has progressed the furthest and has gained the most traction and stakeholder buy-in. In the near term the IVSC should make it a priority to continue to review and improve these standards and work towards convergence of existing national and international standards. The IVSC should engage the VPOs,

audit firms, and other relevant stakeholders to determine any deficiencies or differences with the existing standards, agree a process to resolve these matters and encourage international VPO adoption and adoption by the firms in practice. Some of the VPOs have stated that they were content with the current standards. That said, there are areas within the valuation arena where the standards are not yet widely used, such as financial reporting, especially in geographical locations which currently have a high level of authoritative guidance in place by various governing bodies.

The Business Valuation standards are still considered to be in the developing stages. There is significant expertise in certain VPOs and in the auditing firms to support standards development. The IVSC needs to improve its suite of standards to incorporate the best of international practice and should look to VPOs, the audit firms and regulators for support in defining the most crucial areas. The Review Group noted that the acceptance and use of the current standards varied significantly by geographical location. For example, countries such as Saudi Arabia have mandated the use of IVS, while in many other geographical locations, such as the United States and EU member states, their adoption and use are not widespread.

Many stakeholders and regulators have expressed the need for caution in entering the area of valuation of financial instruments. These concerns do not negate the need for such standards, but clearly emphasise the need for a well thought out approach. The Review Group notes that the IVSC has spent an increasing amount of effort in this area, but observes that its efforts to date have not gained traction.

The Review Group recommends a two-step process for the IVSC in this area. First, the IVSC should discontinue work on its current projects and withdraw any existing proposals or exposure drafts. Second, the IVSC should seek to bring the various stakeholders together in a series of roundtables to obtain consensus as to the issues and potential solutions. The Review Group understands there are differing views among various stakeholders as to the nature of the issues, and whether solutions involve valuation standards, accounting and disclosure standards, systems and process issues, regulatory action or some combination thereof. The Review Group also observes that the IVSC is unlikely to be successful in its efforts to develop standards for Financial Instruments without the support of those stakeholders. Once that effort is complete, the IVSC then can develop a conceptual framework for Financial Instruments valuation standards along with a detailed work plan.

Recommendation 3: The IVSC should refocus on its core stakeholders and re-examine the current level and purpose of the standards around Business Valuation and Real Property to ensure that the standards put forth by the IVSC are high quality and converged with existing standards from around the world.

Recommendation 4: The IVSC should withdraw current proposals and exposure drafts related to Financial Instruments and work to first bring key stakeholders together to agree on solutions that serve the public interest and fulfil a market need.

Recommendation 5: The IVSC should clearly designate in its revised standards what IVSC documents should be deemed as a standard (mandatory) and what output should serve solely as guidance (non-mandatory).

1.3.3 Standard and Guidance Setting Processes

The Review Group believes that the current bylaws and procedures do not enable an effective standard-setting process. The result has been the issuance of standards that do not fully respond to the needs of the profession and other stakeholders. As a result of interviews held, it was noted that the VPOs and others expressed concerns around feeling marginalized by the organisation, ranging from lack of transparency to their input as well as feedback/questions not being addressed in a timely fashion.

Further, the Review Group noted a lack of formalized processes in place in determining how the IVSC selects the agenda for projects it undertakes and the manner in which it conducts the work of standard setting. The Review Group believes that the IVSC should review its internal procedures and put in place a more robust policy to formally address the manner in which the IVSC conducts its business. As part of its agenda setting process, the IVSC should keep in mind the organisational culture it is trying to put in place, ensuring its policy development addresses the issues in the market and profession and recognizing the value of its stakeholders. The Review Group believes that the IVSC should include the following items in seeking to improve the standards and their acceptance:

- Ensuring that communication is established with key stakeholders, including VPOs, regulators, users, etc., to determine the public need for any proposed project and to gain a clear understanding as to the purpose and scope of the project.
- Performing a cost/benefit analysis prior to commencement of projects.
- Constant and transparent communication during drafting to ensure that all concerns and issues around how the standards will impact the various stakeholders are surfaced.
- Provide a “basis for conclusions” for each standard that describes the Board’s deliberative process for each key issue and explains how its conclusions were reached.
- Allow sufficient time for stakeholders to provide input on proposed standards and guidance.
- Operate under “Sunshine Rules” in which the organisation operates in an open and transparent environment.
- Perform post implementation reviews of new standards, including an assessment of how the standards are performing and a plan for future revisions and updates to the standards. The post implementation review should also include key performance metrics for the Boards and the staff to measure the success of stakeholder engagement.
- Creating permanent Working Groups that work at the Board’s direction and populated with experts from the relevant specialty to support the drafting of standards and provide technical input.

In developing a standard setting process, the IVSC should examine the processes of other standard setters, such as the IASB and FASB, as a means to determine best practices that the organisation can leverage to its benefit.

The IVSC should ensure that the measures put in place demonstrate the IVSC’s focus and commitment to quality and broad adoption of the standards. This requires significant engagement of its stakeholders as a leading priority.

Further, the Review Group noted that, given the limited number and duration of board meetings held and a review of prior agendas of the Standards Board, the large number of projects that are being worked upon at any one time appear to be impeding the Standards Board from going through a diligent process of being able to have lively discourse and discussion on the projects. The Review Group believes that the IVSC should significantly limit the number of projects undertaken at any one time in order to better align its agenda with its current resources.

Recommendation 6: The IVSC should develop and adopt a robust process in its determination of projects and the standard development process. The IVSC should consider looking to other standard setters, such as the IASB or FASB, to adopt best practices in relation to the due process associated with standard setting.

Recommendation 7: The IVSC should further develop a plan that ensures the number of projects undertaken reflects an appropriate level of available resources and that adequate time is given to each project.

1.3.4 Board of Trustees

The Review Group believes the purpose and goals of the Board of Trustees require that board members serve as ambassadors for the IVSC and need to be able to ensure adequate funding and the long-term economic health of the IVSC. While certain trustees should be drawn from the valuation profession, the Review Group does not believe that is a pre-condition for membership. Indeed, the Trustees should reflect the public interest in the development of international valuation standards.

Therefore, other attributes and capabilities such as networks with regulators, other standard setters and corporates are important to the Trustees carrying out their duties, which include governance, strategy setting, and ensuring the organisation has adequate resources to fulfil its mission. The Review Group believes that the Board of Trustees should perform a self-review on the current qualifications and skill set of the existing members and identify any gaps relating to the Board of Trustees' mission and purpose. Based on a number of interviews, one concern with the Board of Trustees is whether its current fundraising activities have been effective and can ensure the long-term financial stability of the organisation. The Review Group also believes that the Board of Trustees should implement a plan as discussed in Recommendation 1 above.

As the Trustees begin to develop the restructuring plan and the action steps needed, it is critical that throughout the process the Board of Trustees are constantly self-reflecting to determine whether the board comprises the appropriate personnel that is fully supportive of the agreed strategy and its execution. This requires individuals on the board to ensure that they have a clear understanding of the future of the organisation, are willing to commit the level of resources, and have the appropriate skill set to successfully restructure the organisation.

Recommendation 8: The IVSC should conduct a review of the qualifications and make up of its Board of Trustees to ensure that the board has the necessary skill set and the right individuals to ensure that it meets its purpose, primarily around sustaining the financial viability of the IVSC.

1.3.5 Standards Board

The Review Group believes the Standards Board should be restructured in a manner that allows the board and other support bodies to function more effectively, develop high quality standards, and increase the involvement of stakeholders in the standard setting process. The following are some recommendations that the Trustees may consider in restructuring the Standards Board:

- Revise the structure of the Standards Board to reduce its size, and focus its membership on those who understand and synthesize fair value issues across all asset classes. Increase the breadth of the Board to potentially include academics, members from corporates and others with standard setting experience.

- Supplement the Standards Board with two (and ultimately three) permanent working groups, one for real estate and tangible assets, one for business valuation and, depending on the outcome of the roundtables, one for financial instruments. Focus membership in the working groups on those with deep valuation expertise in that particular asset class.
- In addition to the first bullet point above, the Trustees may consider amending the bylaws to further refine the qualification criteria for members of the Standards Board in consideration of the following:
 - Prior experience with standard setting;
 - Strong standing in the valuation community and within a world region, including working as decision maker for an organisation with strong global brand recognition.
 - Demonstrated understanding of valuation and corporate finance concepts, including prior publications and experience;
 - Level of experience within the valuation field; and
 - Strong understanding of the underlying fundamental valuation theories of each core valuation area (Real Property, Business Valuation, and Financial Instruments) and able to actively participate in the standard setting process for each area.

As noted above, the Trustees may consider amending the bylaws to place a more formal structure around the qualifications required for an individual to serve on the board. In addition to technical and experience criteria, the Trustees also should consider other factors designed to uphold an appropriate level of independence for board members. For example, the Trustees should avoid adding members at the behest of a specific sponsor or other organisation. Further, candidates generally should not also simultaneously be serving on other standard setting organisations or functioning in a regulatory capacity.

As it relates to the qualifications for the working groups of each core area, the Review Group recommends that the Trustees develop a diligence process to vet potential members, performed in conjunction with the Standards Board. Attributes of working group members may include:

- Prior experience with standard setting; potentially consisting of someone who has done a “tour of duty” with a standard setting organisation;
- At least 10 years of global or world regional experience and expertise within the valuation core area; and
- A commitment of a certain minimum number of predetermined hours per annum that can be devoted to the standard setting process. The number of hours and time period to be determined by the Trustees.

Recommendation 9: The IVSC should reconstitute the Standards Board by reducing its size and creating permanent working groups with asset specific technical expertise for business valuation and real estate working groups.

Recommendation 10: The IVSC should review the current membership of the Standards Board and establish clear bylaws that speak to the qualifications of the individuals required. The Review Group particularly recommends ensuring that all individuals understand the valuation theory underlying all asset classes covered by the IVSC, primarily real property, business valuations, and financial instruments.

1.3.6 Professional Board and Advisory Forum

The Review Group received a significant level of feedback that the Professional Board has not consistently maintained an appropriate balance between its independence and ensuring that the VPOs and other

stakeholders are invested in its process and believe the legitimacy of the board's output. The Review Group believes that it is in the IVSC's interest to utilize the VPOs as an asset and supportive community to spread the adoption of the standards in their respective geographical marketplaces. The ultimate achievement in the mission of the organisation can only be achieved with collaboration between the VPOs and IVSC.

While the Review Group acknowledges that the Professional Board was created to serve as a forum for stakeholder involvement, the actual manner in which the Professional Board functions has been ineffective in voicing stakeholder comments and being able to address stakeholder's concerns and questions. In light of the current situation, the Review Group believes that the Professional Board should clarify the scope and objective of its current program, and solicit input from its stakeholders to ensure broad support for that program. The Review Group understands that the current agenda is focused on establishing the core criteria for a national professional infrastructure. It is the Review Group's understanding that substantial progress has been made and the Professional Board is in process of issuing Exposure Drafts as it relates to their current program. The Professional Board should work to complete the Exposure Draft review process and issue final publications as a basis for future development within a reasonable time frame. At the conclusion of those activities, the Review Group suggests that the Professional Board then be wound down.

In its place, the Review Group believes that with the IVSC as a facilitator, the VPOs should be challenged to create a forum to drive consistent implementation of the Professional Board's recommendations and lead the creation of robust professional activities and infrastructure in each territory it serves. There is a vital need for consistent approaches to these issues, and that can best be accomplished through the active engagement of the VPOs, with appropriate support from other stakeholders including the accounting firms and regulators. The IVSC should continue to collaborate with the stakeholders during the process so that communication is maintained as to the workings of each organisation.

Recommendation 11: The IVSC should wind down the Professional Board once it completes its current agenda, and look to foster an environment where stakeholders can come together to focus on Professional Standards over the longer term.

Recommendation 12: The IVSC should consider revising the purpose of the Advisory Forum to be more focused on the ultimate users of the standards rather than the VPOs.

1.3.7 Staffing

The Review Group recommends that the organisation ensures that it has strong leadership, primarily a highly effective CEO that will be able to drive and shape the organisation. The CEO and team should consist of individuals that can instil credibility, respect of the organisation, organisational discipline and community involvement. Further, the CEO needs to serve as a steward for the organisation and have the ability and authority to run the organisation without the impediment of the Board of Trustees.

It is important to note that the responsibility of the Trustees is to determine whether the CEO is effectively serving the duties of the CEO and moving the organisation forward to fulfilling its mission. It is not the responsibility of the Trustees to be involved in the day-to-day operations of the organisation. The Review Group feels development of strong leadership is key to the overall success of the organisation. Further, the Review Group believes that one of the key responsibilities of the CEO should consist of developing a credible fundraising plan and assisting the Board of Trustees with fundraising.

In order to address the issue of financial stability:

- The Review Group additionally recommends that a more formal plan be enacted that would clearly delineate the roles and responsibilities of the key staff members and provide a clearer understanding for the organisation.
- Furthermore, the Review Group recommends the IVSC would benefit, economically and strategically, by collaborating with VPOs and other stakeholders, including the audit community, for secondments to serve as staff for the organisation.

It is important to note that the possibility exists that some of the resources offered for secondment may reside in locations outside the UK, as such, the Trustees while contemplating the use of secondees, should also consider the infrastructure needs (i.e. IT, HR, etc.) as well as putting a structure in place that will ensure those individuals located remotely can work efficiently with the other members of the organisation.

In the medium-term the Review Group felt that it was imperative for the IVSC to identify a long-term outward facing CEO with the energy, diplomatic skills and appropriate contacts to drive IVS recognition by users, preparers, auditors and regulators. The primary objective of the new CEO would be to seek recognition for, and instil confidence in, IVSC both from the proposed users of the standards and from regulators.

Recommendation 13: The Board of Trustees should re-examine the staffing requirements and determine the organisation's need going forward. The Trustees should further work with stakeholders on obtaining secondments for various roles of the organisation.

Recommendation 14: The IVSC should develop a formal written plan that serves to clarify the roles, job descriptions and organisational hierarchy.

1.3.8 Membership

The IVSC currently has six main categories of voting and non-voting membership comprising valuation professional organisations, provisional valuation professional organisations, corporate members, client members, institutional members and academic members. Subscriptions from these memberships currently account for approximately 17% of IVSC revenues and the Review Group have been advised that there has been no increase to membership subscriptions since the IVSC was restructured in 2008. The Review Group advises the IVSC to carry out a feasibility review of the existing fee structure.

Recommendation 15: The IVSC should carry out a review of the existing membership categories and fee structure in the short to medium term.

1.3.9 Transition Council

To assist with the transition period, the Review Group recommends the establishment of a Transition Council consisting of selected Trustees and selected members of the Review Group. The Transition Council would serve to provide real-time feedback and assistance to the Trustees on the reformation and restructuring of the IVSC and IVS to ensure the efficiency of the implementation of the short-term and medium-term plan as noted above. Further, this would provide key stakeholders with additional visibility as to the processes being undertaken by the Trustees during this process. The Review Group believes it is extremely important for the Transition Council to be established and begin convening as quickly as possible.

Recommendation 16: Selected Trustees should form a Transition Council with the IVS Review Group to oversee this transitional phase and ensure successful progress.

1.4 Summary of Recommendations

Further to the Review Group investigations over the past three months comprising a four part approach outline in section 1.2 the Review Group would summarise their recommendations as follows:

Recommendation 1: The IVSC should develop an immediate nine-month to one-year detailed plan to address staff capacity/capability issues and to restructure, refocus and consolidate its position.

Recommendation 2: The IVSC should develop a two to three-year detailed plan that illustrates to its stakeholders how the organisation will transition from its current standing to a more effective organisation that serves the public interest needs of its stakeholders.

Recommendation 3: The IVSC should refocus on its core stakeholders and re-examine the current level and purpose of the standards around Business Valuation and Real Property to ensure that the standards put forth by the IVSC are high quality and converged with existing standards from around the world.

Recommendation 4: The IVSC should withdraw current proposals and exposure drafts related to Financial Instruments and work to first bring key stakeholders together to agree on solutions that serve the public interest and fulfil a market need.

Recommendation 5: The IVSC should clearly designate in its revised standards what IVSC documents should be deemed as a standard (mandatory) and what output should serve solely as guidance (non-mandatory).

Recommendation 6: The IVSC should develop and adopt a robust process in its determination of projects and the standard development process. The IVSC should consider looking to other standard setters, such as the IASB or FASB, to adopt best practices in relation to the due process associated with standard setting.

Recommendation 7: The IVSC should further develop a plan that ensures the number of projects undertaken reflects an appropriate level of available resources and that adequate time is given to each project.

Recommendation 8: The IVSC should conduct a review of the qualifications and make up of its Board of Trustees to ensure that the board has the necessary skill set and the right individuals to ensure that it meets its purpose, primarily around sustaining the financial viability of the IVSC.

Recommendation 9: The IVSC should reconstitute the Standards Board by reducing its size and creating permanent working groups with asset specific technical expertise for business valuation and real estate working groups.

Recommendation 10: The IVSC should review the current membership of the Standards Board and establish clear bylaws that speak to the qualifications of the individuals required. The Review Group particularly recommends ensuring that all individuals understand the valuation theory underlying all asset classes covered by the IVSC, primarily real property, business valuations, and financial instruments.

Recommendation 11: The IVSC should wind down the Professional Board once it completes its current agenda, and look to foster an environment where stakeholders can come together to focus on Professional Standards over the longer term.

Recommendation 12: The IVSC should consider revising the purpose of the Advisory Forum to be more focused on the ultimate users of the standards rather than the VPOs.

Recommendation 13: The Board of Trustees should re-examine the staffing requirements and determine the organisation's need going forward. The Trustees should further work with stakeholders on obtaining secondments for various roles of the organisation.

Recommendation 14: The IVSC should develop a formal written plan that serves to clarify the roles, job descriptions and organisational hierarchy.

Recommendation 15: The IVSC should carry out a review of the existing membership categories and fee structure in the short to medium term.

Recommendation 16: Selected trustees should form a Transition Council with the IVS Review Group to oversee this transitional phase and ensure successful progress.

Appendices

Appendix 1 - IVSC Strategy Review Group Biographies

Patrick Gounelle, Former IVSC Trustee (chair of Review Group); Patrick Gounelle graduated from ESCP Europe in 1972. He also has a Bachelor degree in Law, and has been a chartered accountant and statutory auditor in France. In 1973, he joined Arthur Young French Office, working one year in Algeria and one year in New York. He became successively Director of Audit, General Director and, in 1998, President for France, Southern Europe and Africa, in charge of 13,000 staff members in 26 countries. He was also member of the Global Executive Committee of Ernst & Young from 1998 to 2009. In 2008, he was appointed Global Managing Partner, responsible for the integration of the new structure EMEIA (Europe, Middle-East, India, and Africa) and retired from Ernst & Young in early 2010. Patrick Gounelle also takes part in several economic, social, and cultural projects. He is a member of Île-de-France Chamber of Commerce and Industry. Co-founder of "Europe+ Foundation", which promotes European attractiveness, he is also Executive Vice President of "Planet Finance" France (Planet Finance - an N.G.O. which aims at reducing worldwide poverty by developing microfinance and entrepreneurship) and President of the ESCP Europe Foundation. Patrick Gounelle is also a member of several associations, foundations and corporations boards. Patrick Gounelle has been promoted Knight of the Legion of Honour and awarded the National Order of Merit for Agriculture.

Anton Colella, CEO, Institute of Chartered Accountants of Scotland (ICAS); Anton Colella became Chief Executive of ICAS in October 2006. Previously he was the Chief Executive of the Scottish Qualifications Authority (SQA), from December 2003 to October 2006, following a period as Director of Qualifications. He was elected Chair of the Global Accounting Alliance (GAA) in November 2011. The GAA has around one million members in 165 countries, and represents a collection of leading institutes from around the world. Anton received an honorary Doctorate from BPP University in 2014, became an Honorary Professor of Education at the University of Glasgow in 2012 and joined the University of Glasgow's Strategic Advisory Board in 2011. He is a Council member of the Confederation of British Industry Scotland (CBI) and a Trustee of Columba 1400, an award winning social enterprise and charity to help young people realise their potential. Anton is also Chairman of the Scottish Council of Independent Schools (SCIS). SCIS is an independent educational charity representing over 70 member schools in Scotland which educate more than 32,000 children. A graduate of the University of Stirling, Anton's career began as a teacher of Religious Education. Before joining the SQA he was Deputy Head Teacher at St Margaret Mary's Secondary School in Glasgow.

John Glynn, PwC, Global Valuation Services Leader; John Glynn is the Global leader of PwC's Valuation practice as well as the partner in charge of the PwC's US Transaction Services Valuation Advisory practice. Those teams provide valuation services for a variety of purposes, including transaction advisory, financial reporting and tax, as well as valuation analysis to support a wide variety of business decisions. John is based in the Firm's New York office, and leads a global team of approximately 1500 professionals and a US team of 300. John also advises many clients on valuation matters as well as a variety of other transaction and financial reporting matters, including accounting advice (US GAAP and IFRS), capital markets advice, and M&A services. John has been delivering those services for over 15 years. From 1997 until 2003, John lived and worked in the European marketplace, serving as the European leader of PwC's Global Capital Markets Group. That group's primary role is to assist both US and non-US companies that raise capital in the US capital

markets with the going public process, including SEC matters, US GAAP and IFRS accounting, and other issues connected to the capital raising process. Prior to joining the Global Capital Markets Group, John spent two years as an accounting consulting partner in PwC's US Risk & Quality group. Prior to that, John served for two years at the US Securities & Exchange Commission (SEC) as a Professional Accounting Fellow in the Office of the Chief Accountant. During that time, he worked in a variety of areas, including assisting with the formulation of SEC rules and policies, working with SEC registrants to resolve complex accounting and reporting matters, and liaising with the US standard setting bodies such as the FASB.

Jim Hirt, CEO, American Society of Appraisers (ASA); Jim Hirt is a non-profit executive with 19 years managing and inspiring staff and volunteer leaders representing organisations from around the world. A record of success in leading and managing people, change and fostering creativity and building successful relationships. Specific experience in developing and training volunteer leaders, developing and growing certification programs, successfully advocating on matters related to federal regulations of industry practices, development of strategic plans, international market development, fundraising, conference and event management, education programming, marketing and communications, and financial administration.

Keith Lancaster, CEO, Appraisal Institute of Canada (AIC); Keith Lancaster commenced as the Chief Executive Officer of the Appraisal Institute of Canada in September 2011. In that capacity he is responsible for developing the Institute's strategic direction, and managing its day-to-day business. Keith was born in Edmonton, Alberta and has over 25 years' experience in the not for profit sector working in, and on behalf of, a variety of professions and industries. Keith began his career with the Automotive Service and Repair Association (Alberta) in 1982 and served there for over 10 years. In 1992, he joined the Canadian Automotive Repair and Service (CARS) Council and served as the Executive Director of the CARS Institute. Mr. Lancaster left CARS in the fall of 1996 and established a consulting practice working with a number of national non-profit organisations, including national sector councils. In 2000, he was appointed as the first Executive Director of the Canadian Apprenticeship Forum – Forum canadien sur l'apprentissage (CAF-FCA) and served in that role until 2006. He represented the Canadian Agri-Food Trade Alliance – a federation of agricultural exporters – in Geneva and in Canada during the final stages of the Doha Round of World Trade Organisation negotiations. In June of 2008, he was appointed as the first Executive Director of the Forest Products Sector Council – Conseil sectoriel des produits forestiers (FPSC-CPSF) and served there until September 2011. Keith holds an MBA (1998) from Athabasca University and a CAE designation from the Canadian Society of Association Executives.

Tom Seidenstein, former Chief Operating Officer, IFRS Foundation; Tom Seidenstein is the Vice President for Financial Markets and Policy Research in the Economic and Strategic Research Group at Fannie Mae. In that role, Mr. Seidenstein is responsible for overseeing the strategy behind the Economic and Strategic Research group's analysis of market trends and its synchronization with Fannie Mae's corporate and business objectives. He is responsible for leading, coordinating cross-functionally, and managing the work of the team responsible for policy and regulatory analysis for the company and the impact of proposed policy and regulation on housing finance. Prior to joining Fannie Mae in January 2012, he served as the Chief Operating Officer at the IFRS Foundation. During his time at the IFRS Foundation (September 2000-December 2011), Mr. Seidenstein was responsible for the IFRS Foundation's public policy activities, corporate strategy functions, relationships with public bodies and other regulatory authorities, general governance activities, operations, finance, and administration. Before joining the IFRS Foundation, Mr. Seidenstein was an Executive Director at CCS Fundraising (1999-2000) and worked as the Special Assistant to the Managing Director of the Center for Strategic and International Studies (1995-1997). Mr. Seidenstein is a Vice President and a member of the Executive Committee of the Board of Governors of the Hotchkiss School Alumni Association, a member of the Audit, Finance and Investment Committee of Make-A-Wish Foundation International, and a member of the Princeton Class of 1995 Summer Service Fund selection committee. Mr. Seidenstein received a Master's degree in public policy from the Kennedy School of Government at Harvard

University and an undergraduate degree (cum laude) from the Woodrow Wilson School of Public and International Affairs at Princeton University.

Sean Tompkins, CEO, Royal Institution of Chartered Surveyors; Sean has been Chief Executive of RICS since 1 September 2010 and with the organisation for ten years. In this role, Sean is primarily accountable for achieving RICS' vision to be the leading worldwide professional body that sets and enforces professional standards across land, property and construction. He also leads an executive team of eight people. Prior to becoming CEO, Sean was chief operating officer of RICS, accountable for leading a sustained programme of change across the organisation's operations which resulted in it becoming financially stable and capable of future investment, as well as global in its operational reach and brand positioning. Sean has placed great focus on developing RICS' brand from a traditional, trusted UK mark of property professionalism built on high standards and ethics to one of international significance. He has achieved this through a combination of his strong strategic marketing acumen and a systematic, market-driven approach to business planning. He started his career in financial services and made his name initially in marketing and business development. With experience of building a brand and of markets around the world, he was head hunted to RICS. Immediately prior to joining RICS, Sean was a director at Prudential Group, where he headed up the company's retail and corporate marketing strategy, including its digital propositions. He was also a leading media spokesman as well as having responsibility for shareholder briefings. Sean was also part of Prudential's team which led a number of mergers and acquisitions. Sean holds independent non-executive appointments within the charitable and social enterprise sectors. He is a Fellow of the Institute of Direct Marketing, a business leader of the Marketing Society, a chartered insurer and a diploma holder of the Institute of Directors.

Appendix 2 – Listing of Documents Reviewed

IVSC Annual General Meeting

- [AGM Minutes 2012](#)
- [AGM Minutes 2013](#)
- [AGM Minutes 2014](#)

IVSC Financial Documents

- IVSC Profit and Loss Account for the period ending 31st December 2014
- IVSC Statement of Financial Position for the period ending 31st December 2014
- IVSC Income Statement for the period ending 30th June 2014
- IVSC Income Statement for the period ending 30th September 2014
- IVSC Financial Forecasting for Year Ending March 2015

IVSC Professional Board

- Professional Board Meeting November 2013 – *Agenda and Minutes*
- Professional Board Meeting March 2014 – *Agenda and Minutes*
- Professional Board Meeting June 2014 – *Agenda, Agenda Items and Minutes*
- Professional Board Meeting October 2014 – *Agenda, Agenda Items and Minutes*

IVSC Standards Board

- Standards Board Meeting October 2012 – *Agenda, Agenda Items and Minutes*
- Standards Board Meeting March 2013 – *Agenda, Agenda Items and Minutes*
- Standards Board Meeting June 2013 – *Agenda, Agenda Items and Minutes*
- Standards Board Meeting November 2013 – *Agenda, Agenda Items and Minutes*
- Standards Board Meeting March 2014 – *Agenda, Agenda Items and Minutes*
- Standards Board Meeting June 2014 – *Agenda, Agenda Items and Minutes*
- Standards Board Meeting October 2014 – *Agenda, Agenda Items and Minutes*

Additional Documents

- Draft IVSC Action Plan
- IVSC Board of Trustees Attendance Record
- IVSC MoU's Summary
- IVSC Regulator Meetings
- IVSC Restructure Document 2007
- IVSC Sponsorship 2015 -2016 IVSC Review
- IVSC The Way Forward in the Near Term
- List of Standards Board Published Drafts for last 2 years
- Member and Sponsor Benefits
- Member List IVSC Review

Appendix 3 – Review Process

The IVS Review Group has completed the following schedule of conference calls, meetings and interviews, shown below, as part of the report preparation process.

Conference Calls;

Wednesday 3rd December 2014

Wednesday 14th January 2015

Thursday 29th January 2015

Monday 16th February 2015

Thursday 26th February 2015

Monday 2nd March 2015

Friday 6th March 2015

Meetings;

Wednesday 10th December 2014 (65 Gresham Street, UK)

Thursday 11th December 2014 (RICS)

Monday 9th February 2015 (RICS)

Tuesday 10th February 2015 (PWC)

Interviews

April Mackenzie, (Chief Executive Officer of IVSC) – Interviewed by PG, AC, JH, KL, TS, ST.

Ben Elder (Member of IVSC Advisory Forum Working Group) – Interviewed by email questionnaire

Chris Thorne (IVSC Technical Director) – Interviewed by ST

David Faulkner (Member of Forestry Working Group) – Interviewed by email questionnaire

Gregory Forsythe (Chairman of IVSC Professional Board) – Interviewed by JG

Jens Roder (Member of IVSC Board of Trustees) – Interviewed by TS

John Martin (Chairman of IVSC Advisory Forum Working Group) – Interviewed by KL

Kumar Dasgupta (IASB) – Interviewed by TS

Marianne Tissier (IVSC Executive Director) – Interviewed by ST

Nicholas Brooke (Vice chairman of IVSC Board of Trustees) – Interviewed by ST

Paul Olscamp (Member of IVSC Advisory Forum Working Group) – Interviewed by KL

Roel Campos (Vice chairman of IVSC Board of Trustees) – Interviewed by TS

Sir David Tweedie (Chairman of the IVSC Board of Trustees) – Interviewed by PG, AC, JH, KL, TS.

Steven J Sherman (Chairman of IVSC Standards Board) – Interviewed by JG

Tony Aaron (Member of IVSC Advisory Forum Working Group) - Interviewed by JH

Interviewer Key

PG = Patrick Gounelle

AC = Anton Colella

JG = John Glynn

JH = Jim Hirt

KL = Keith Lancaster

TS = Tom Seidenstein

ST = Sean Tompkins

Appendix 4 – Interview Questions

Chief Executive Officer Questions

1. Please provide a description of your role at the organisation
2. Does this description fit your job description? If not, what are the differences?
3. What, if any, do you feel are any obstacles at the organisation that impede you from properly performing your role?
4. Please discuss your interactions with the various boards, including transparency of the boards, level of trust between the organisation and its boards, the frequency of meetings, etc.
5. In your opinion, are the boards sufficiently engaged and are the board members of sufficient stature to assist the organisation to complete its mission? If not, please discuss what items you feel should be enacted (i.e. increase number of board members, frequency of meetings, more open dialogue, etc.).
6. Please discuss the roles of the other five staff members.
7. Please discuss your interactions with the other five staff members; please include strengths and weaknesses not only in the other four staff members themselves but also in ways that the group collective interacts.
8. What are your opinions as to mission of the organisation? Do you feel given the past and current situation of the organisation, the mission should be redefined? If so, in what ways?
9. Given the current deficits incurred by the organisation, please discuss what action items are currently being taken to ensure that the organisation remains solvent?
10. Please discuss what your perspective is on the reason(s) for lack of sponsorships and subscriptions by Valuation Practitioner Organisations?
11. Please discuss what you perceive should be the short-term (within 1 year) and medium (1-4 years) and long-term goals for the organisation?

Board of Trustees

1. What is your understanding of the mission, scope, and purpose of the organisation?
2. Please discuss who you consider to be the main stakeholders of the standards.
3. What is the criteria and process for Board Membership?
4. Please discuss your understanding of the mission, scope, purpose of the Standards Board, Professional Board, and Advisory Board?
5. What is the criteria and process for membership of the Standards Board, Professional Board, and Advisory Board?
6. Given the restructuring of the organisation in 2008, please advise how the organisation was changed and what, if any, items resulting from the reorganisation, have not yet been effectively implemented.
7. Please discuss your viewpoint on the reception and reliance by outside organisations of the standards that have been published by the organisation. Do you feel there are any items that could have improved this? (i.e. quality of the work product, marketing of its release, collaboration with outside organisations throughout the drafting process, etc.).
8. How many governments/national organisations have officially adopted IVS? Please advise on your process for government/national adoption of IVS?

9. Please describe your viewpoint as to the overall effectiveness of the Board of Trustees. Are there items that can be enacted upon that would aid the organisation in completing its mission? (i.e. more frequent meetings, more transparent dialogue with staff members, better working relationships with other board members, etc.)
10. Please discuss your interactions with the Standards Board, Professional Board, and Advisory Board. What do you see as strengths and weaknesses in the interactions with each of these groups?
11. In your viewpoint, what do you feel are any weaknesses within each of the other boards that impede it from effectively working to complete its mission?
12. Similarly, what do you feel are any weaknesses with the staff members that impede it from effectively working to complete its mission?
13. Do you feel that the CEO is sufficiently empowered to run an international standards organisation based on relationships and collaboration? If not, what steps would you recommend to improve this situation?
14. Do you feel that the roles, job descriptions and organisational hierarchy are sufficiently clear? If not, what steps would you recommend to improve this situation?
15. The organisation is currently looking to add 20 new staff members. Given the current financial situation of the organisation, please discuss your perspective on the need for the staff. If additional staff is expected to be needed to aide the organisation in achieving its goals, please provide your perspective on the type of staff needed, the number, and thoughts on how quickly the staff should be grown.
16. Please discuss what you perceive should be the short-term (within 1 year) and medium (1-4 years) and long-term goals for the organisation.
17. Please discuss the participation by board members in meetings. Please discuss what steps are taken to encourage participation or replace board members who are not actively participating.
18. Please discuss how the board sets agendas as to the topics that need to be addressed by the IVSC.
19. What cost/benefit analysis is performed when determining topics to formally address?

Professional Board Questions

1. What is your understanding of the mission, scope, and purpose of the organisation?
2. What is your understanding of the mission, scope, and purpose of the Professional Board?
3. What is the criteria and process for membership of the Professional Board?
4. Please discuss the current working process of the board. (*i.e. How are topics and agendas determined? How are these agenda items prioritized? What roles are played by different members of the board and what are their specialisms? How are working groups determined? How do you ensure working groups are sufficiently representative of market opinions and practices across world regions? How are tasks assigned to the staff members of the organisation? etc.*)
5. Please discuss the consultation process (*ie length of consultation, consultation participation, targeted consultation etc.*)
6. What is the average number of consultation responses? Is it the same respondees or varied?
7. What steps would you take to improve the consultation process?
8. Please discuss the participation by board members in meetings. Please discuss what steps are taken to encourage participation or replace board members who are not actively participating.

9. What in your viewpoint are any items that should be enacted by the Professional Board that would allow it to more effectively work towards the mission of the Professional Board as well as of the organisation as a whole?
10. Please discuss your interactions with the Board of Trustees. What do you see as strengths and weaknesses in the interactions with the Board of Trustees?
11. Please discuss your interactions with the Standards Board and Advisory Forum. What do you see as strengths and weaknesses in the interactions with the groups?
12. What is your perspective of the individuals currently on the Standards Board (i.e. qualifications, etc.)? Do you believe that the Professional Board should be comprised of different individuals? If so, please discuss.
13. Please discuss your viewpoint on the reception and reliance by outside organisations of the standards that have been published by the organisation. Do you feel there are any items that could have improved this? (i.e. quality of the work product, marketing of its release, collaboration with outside organisations throughout the drafting process, etc.)
14. When there are disagreements within the Professional Board (i.e. disagreement as to interpretation or market need, etc.), how are these disagreements typically handled. In your viewpoint are these effectively handled?
15. Please discuss what you perceive should be the short-term (within 1 year) and medium (1-4 years) and long-term goals for the organisation.
16. Please discuss your perspective on how the standards have been adopted by Valuation Practitioner Organisations, especially the larger VPOs. If your belief is that the standards have not been widely adopted, please discuss your perspective on the reasons why this is and what steps should be taken to improve their adoption.

Standards Board Questions

1. What is your understanding of the mission, scope, and purpose of the organisation?
2. What is your understanding of the mission, scope, and purpose of the Standards Board?
3. Please discuss who you consider to be the main stakeholders of the standards.
4. What is the criteria and process for membership of the Standards Board?
5. Please discuss the current working process of the board. *(i.e. How are topics and agendas determined? How are these agenda items prioritized? What roles are played by different members of the board and what are their specialisms? How are working groups determined? How do you ensure working groups are sufficiently representative of market opinions and practices across world regions? How are tasks assigned to the staff members of the organisation? Etc.)*
6. Please discuss the consultation process *(ie length of consultation, consultation participation, targeted consultation etc.)*
7. What is the average number of consultation responses? Is it the same respondees or varied?
8. What steps would you take to improve the consultation process?
9. Please discuss the participation by board members in meetings. Please discuss what steps are taken to encourage participation or replace board members who are not actively participating.
10. What in your viewpoint are any items that should be enacted by the Standards Board that would allow it to more effectively work towards the mission of the Standards Board as well as of the organisation as a whole?

11. Please discuss your interactions with the Board of Trustees. What do you see as strengths and weaknesses in the interactions with the Board of Trustees?
12. Please discuss your interactions with the Professional Board and Advisory Forum. What do you see as strengths and weaknesses in the interactions with the groups?
13. What is your perspective of the individuals currently on the Professional Board (i.e. qualifications, etc.)? Do you believe that the Professional Board should be comprised of different individuals? If so, please discuss.
14. Please discuss your viewpoint on the reception and reliance by outside organisations of the standards that have been published by the organisation. Do you feel there are any items that could have improved this? (i.e. quality of the work product, marketing of its release, collaboration with outside organisations throughout the drafting process, etc.)
15. Please discuss what processes are in place to solicit feedback from stakeholders throughout the standard drafting process as well as once a standard has been issued.
16. Please discuss what processes are in place to determine the impact and use of the standards by VPOs once they have been issued.
17. When there are disagreements within the Standard Board (i.e. disagreement as to the interpretation of a standard, etc.), how are these disagreements typically handled. In your viewpoint are these effectively handled?
18. Please discuss what you perceive should be the short-term (within 1 year) and medium (1-4 years) and long-term goals for the organisation.
19. Please discuss your perspective on how the standards have been adopted by Valuation Practitioner Organisations, especially the larger VPOs. If your belief is that the standards have not been widely adopted, please discuss your perspective on the reasons why this is and what steps should be taken to improve their adoption.

Advisory Forum Questions

1. What is your understanding of the mission, scope, and purpose of the organisation?
2. What is your understanding of the mission, scope, and purpose of the Professional Board?
3. What is your understanding of the mission, scope, and purpose of the Standards Board?
4. What is your understanding of the mission, scope, and purpose of the Advisory Forum?
5. What is the criteria and process for membership of the Advisory?
6. Please discuss the current working process of the Advisory Forum. (*i.e. How are topics and agendas determined? How are these agenda items prioritized? What roles are played by different members of the Advisory Forum and what are their specialisms? How are working groups determined? How do you ensure working groups are sufficiently representative of market opinions and practices across world regions? How are tasks assigned to the staff members of the organisation? Etc.*)
7. Please discuss the participation by Advisory Forum members in meetings. Please discuss what steps are taken to encourage participation or replace Advisory Forum members who are not actively participating.
8. What in your viewpoint are any items that should be enacted by the Advisory Forum that would allow it to more effectively work towards the mission of the Advisory Forum as well as of the organisation as a whole?

9. Please discuss your interactions with the Board of Trustees. What do you see as strengths and weaknesses in the interactions with the Board of Trustees?
10. Please discuss your interactions with the Professional Board and Standards Board. What do you see as strengths and weaknesses in the interactions with the groups?
11. What is your perspective of the individuals currently on the Professional Board (i.e. qualifications, etc.)? Do you believe that the Professional Board should be comprised of different individuals? If so, please discuss.
12. What is your perspective of the individuals currently on the Standards Board (i.e. qualifications, etc.)? Do you believe that the Standards Board should be comprised of different individuals? If so, please discuss.
13. When there are disagreements within the Advisory Forum (i.e. disagreement as to the interpretation, etc.), how are these disagreements typically handled. In your viewpoint are these effectively handled?
14. Please discuss what you perceive should be the short-term (within 1 year) and medium (1-4 years) and long-term goals for the organisation.
15. Please discuss your perspective on how the standards have been adopted by Valuation Practitioner Organisations, especially the larger VPOs. If your belief is that the standards have not been widely adopted, please discuss your perspective on the reasons why this is and what steps should be taken to improve their adoption.

Forestry Working Group Questions

1. Please discuss the process of how you were selected on the group.
2. Discuss your initial interactions on the board, including determine of scope of work, determination of roles, timelines, etc. Were these items clearly articulated at the commencement of the project?
3. During the process, please discuss how often you met with Standards Board to discuss matters and give feedback on the group's progress.
4. Please describe your group's interactions with the Standards Board. Did you feel that the process was transparent and the Board open to discuss matters? Did you feel that the meetings had with the Board were sufficient in frequency and timing to appropriately address the project?
5. Please discuss some of the major strengths and weaknesses about the process as well as your interaction with the Board.
6. Based on completion of your project, were you overall satisfied with the resulting work product and its effectiveness in the marketplace