

ASSOCIATION OF CERTIFIED VALUATORS AND ANALYSTS RVO

PEER REVIEW POLICY

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PEER REVIEW POLICY

Peer review is basically an evaluation of work by one or more people with similar competencies as the producers of the work. It functions as a form of self-regulation by qualifies members of a profession within the relevant field. In other words, it is examination of a professional's performance or practices in a particular area by other professional in the same area. The objective of the exercise is to help the professional under review to improve its performance, decision making, adopt best ethical practices and standards, comply with relevant laws, established standards and principles. The system that relies heavily on mutual trust among the professional involved, as well as their shared confidence in the process.

The peer review is a discussion among equals, not a hearing by a superior body that will hand down a judgment or punishment. This makes it a more flexible tool, a professional may be more willing to accept criticism, if both sides know it does not commit them to a rigid position or obligatory course of action.

Valuers Peer review is the evaluation of work by one or more Registered Valuer (RV) Member with similar competences as of the Valuer under review (**peers**). A Valuer's peer review focuses on the performance of Valuers, with a view to improving quality, upholding ethical standards, adherence with valuation standards, relevant laws, regulations, rules, guidelines and amendments made there under from time to time, methodologies and approaches adopted for conducting valuation and preparation of valuation report. Moreover, a peer review process is often used to assist a client in building reliability and credibility of the work done by the respective Valuer appointed by the client.

The following are the structural elements for the Mechanism of the Peer Review

1. Purpose:

Four Types of Peer Reviews:

A. Base Review

Base reviews are a mandatory condition for continuity of membership of ACVA RVO, such base review is to be carried out half yearly and every year as a part of monitoring activity and for continuity of their membership with ACVA RVO and renewal of Certificate of Practice (COP). Accordingly, online disclosure Form M-3 (to be submitted every year by 15th April) and M-4 (to be submitted half yearly by 15th April for half year ended on 31st March and by 15th October for the half year ended on 30th September) are made available to the RV members of ACVA RVO. Base Reviews are conducted as a desk top review to monitor and check the basic eligibility requirements for continuing as a registered valuer. Following parameters are considered for such review:

Whether the RV member:

1. has been declared to be of unsound mind?
2. is an undischarged bankrupt, or has applied to be adjudicated as a bankrupt.
3. Has been convicted by any competent court for an offence?
4. has been levied a penalty under section 271J of Income Tax Act, 1961?
5. is a fit and proper person?
6. has temporarily surrendered his membership of ACVA RVO at least thirty days before he
 - a. becomes a person not resident in India.
 - b. takes up employment.
 - c. starts any business, except as specifically permitted under the code of conduct.
7. has joined the Registered Valuer Entity (registered with Authority, IBBI) as a director/Partner and has surrendered the certificate of Practice (COP) in individual name?

And on the basis of data submitted on valuation assignments through the disclosure Form M-4, by obtaining Valuation reports on random basis on the direction of Monitoring Committee and providing those valuation Reports to the Expert Panel for their review.

B. Periodic Review:

1. As one of the best policies ACVA RVO considers to conduct peer review on a regular periodic basis for the Registered Valuer Members. Periodic Review are the mandated Reviews for the RV Members which shall be implemented on the directions of ACVA RVO and/or the Authority as part of the RV Member's activities:
 - a. to monitor and promote the full implementation of the relevant laws, regulations, rules and guidelines made there under.
 - b. to assess and encourage trends toward compliance amongst relatively inadequately performing RV Members.
 - c. to serve as a stimulus for improvement.
 - d. to maintain quality, to build reliability and credibility.
 - e. enforce to follow the valuation standards adopted by ACVA RVO and provide reliability and credibility.

C. Requested Review:

1. To carry out a one-time peer review at the request of the RV Member himself. Such requested reviews are proposed by the members themselves outside the framework of mandated reviews to improve and increase their proficiency and on the basis of their understanding that it is a mutual learning process in which best practices can be exchanged.
2. It functions as a form of self-regulation by qualified RV Members in the field of Valuation profession.

D. A Review commissioned by the ACVA RVO, the Authority or any other government organization in special circumstances

The instances of Special circumstances shall be:

1. Considering that the peer reviews can act as a catalyst for improved performance of the valuation profession.
2. As the basis for further amendments by adoption of new regulations, rules, guidelines, recommendations etc.
3. To serve as an important capacity-building instrument.
4. On receiving complaints from the stakeholders or other related parties on the quality of the work and the reports submitted by the RV Members.
5. Other circumstances which the Authority or ACVA RVO may consider desirable.

2. An agreed set of principles:

Set of Principles have been listed and which shall be agreed by the Reviewer Valuer (is the Valuer conducting the Peer review) and the Reviewed Valuer (is the valuer whose Review is to be/being conducted) for the purposes of conducting Peer Review. The list of such principles is:

1. The Reviewed Valuer shall: -

- i. have the duty to co-operate with the Reviewer Valuer.
- ii. make documents, information and the data available to the Reviewer Valuer by themselves or through their staff members.
- iii. respond to all the questions and other relevant requests for self- assessment.
- iv. willingly shall take part in discussions with the Reviewing Valuer.
- v. host on-site visits of the Reviewing Valuers or their authorized representatives.

2. Reviewer Valuers shall: -

- i. be objective and fair
- ii. be free from any influence of any interest that would undermine the credibility of the peer review mechanism.
- iii. meet certain conditions that of value sharing, mutual trust and credibility.
- iv. have systematic exchange of information, attitudes and views on the whole process of valuation not only by the Reviewed Valuers, but also by Reviewer Valuers.
- v. make use of "soft law" nature of Peer Review which shall prove better suited to encourage and enhance compliance than a traditional enforcement mechanism.
- vi. maintain confidentiality of the all the data of the Reviewed Valuer and their clients especially any adverse observations, which can only be shared with ACVA RVO.

3. ACVA RVO shall:

- i. support the process of Peer Review
- ii. assist in producing documentation and their analysis
- iii. assist in organizing meetings and interactions,

- iv. stimulating discussions between the Reviewed Reviewing Valuer and the Reviewing Valuer.
- v. maintaining continuity of the peer review process.

3. Standards and criteria against which the Valuer's performance shall be reviewed:

Valuer's performances shall be reviewed upon the following parameters:

1. Quality of valuation reports prepared.
2. Adherence to relevant laws, rules, regulations and guidelines and amendments made there under from time to time.
3. Valuation standards followed and to what extent.
4. Methods and approaches applied.
5. Examination of documentation, working papers.
6. Procedure for maintaining confidentiality of the information/documents of the clients.
7. Procedure for storage of the documents/information of the clients.
8. Independence, impartiality of the Valuer in conducting valuation assignments.
9. Complaints Handling Procedure.
10. Conflict of Interest checks.

4. Designated Valuers to carry out the review:

The peer review shall be conducted by:

1. The Registered Valuer Members of ACVA RVO designated by ACVA RVO specifically for the purpose.
2. Jointly by involving the Registered Valuer members and the expert Valuers having expertise in the specific field/discipline/industry.
3. The Peer Reviewers Expert Panel constituted by ACVA RVO.
 - a. The Peer Reviewers Panel shall constitute:
 - i. the Registered Valuer Members of ACVA RVO.
 - ii. possess at least ten years of experience as a Valuer.
 - iii. Expert in the specified field/discipline/industry.
 - iv. preferably engaged in Valuation Profession.
 - v. do not have any identified conflict of interest in the valuation assignments carried by the Valuers under review.
 - vi. have undergone an extensive training conducted by ACVA RVO for the purpose of Peer review.
 - b. The panel shall be constituted by following a proper selection procedure by floating Expression of Interest on the Website of ACVA RVO. The selection of the Valuers shall be made by the monitoring committee in consultation with the MD/Chairman of the Governing Board of ACVA RVO.

4. Joint Peer review Panel constituted by the Authority and ACVA RVO consisting of Registered Valuer Members of ACVA RVO and other expert valuers from diverse fields suggested by the Authority for specific Peer review commissioned by the Authority.

5. A set of procedures leading to the final result:

Approved set of procedures by ACVA RVO shall be followed which shall be prepared considering the following:

1. The independence, transparency, accuracy and analytic quality of the Reviewer Valuers is essential to the effectiveness of the process.
2. Involvement of ACVA RVO for specific purposes in the evaluation process.
3. **Mutual trust:** since peer review, by its nature is a co-operative, non-adversarial process, mutual trust is important for its success. While the peer review process itself can contribute to confidence building, a large degree of trust and value sharing among the participating Valuers should be present from the beginning to facilitate the disclosure of data, information and documentation which are essential to the process.
4. **Credibility** of the peer review process is essential for its effectiveness, and the added value in comparison with the relevant laws, Rules, Regulations, guidelines and the amendments made there under from time to time. There is a strong link between the credibility of the process and its capacity of influence.

Reviewer Valuer shall help ensuring this credibility. The involvement of the Reviewed Valuer in the process and its ownership of the outcome is the best guarantee that it will ultimately endorse the final report and implement its recommendations. However, this involvement should not go so far as to endanger the fairness and the objectivity of the review.

Peer reviews should not be intended to resolve differences among Valuers.

5. **Value sharing-** It is important that the Reviewer Valuers and the Reviewed Valuers shall share the same views on the standards or criteria against which to evaluate the performance. A strong common understanding on these elements will prevent uncertainty or backtracking during the process.
6. **Commitment-** At the same time, a peer review can function properly only if there is an adequate level of commitment by the Reviewer Valuers and the Reviewed Valuers and that means not only supplying enough resources to carry it out, but also being fully engaged in the process, whether reviewing or being reviewed.

The Stages of a Peer Review:

The Peer Review process entails several stages, which can be summarized in three major steps.

1. Purpose of the Review:

The most important stage is to understand and identify the purpose of the Peer review.

2. Appointment of the Reviewer Valuer/Panel by ACVA RVO.

3. Discussion/Consultation/Interaction with Reviewed Valuer and their staff/teammembers:

To prepare Self-Assessment Questionnaire and provide the same to the Reviewed Valuers who shall answer such questionnaire diligently and with full honesty.

4. Assessment:

The Reviewer Valuer and the Reviewed Valuer shall work together to shed light on the issues being pointed. The Reviewer Valuer shall have advisory role and assist the Reviewed Valuer to address the issues emerged during the conduct of the Peer Review.

5. Post assessment:

This is the phase during which areas and issues for possible improvement shall be analyzed.

The following matters shall be taken care:

- whether the valuation has been conducted well and there are no flaws in the approach/methodology adopted?
- Whether the valuation Report is prepared correctly and unambiguously.
- Whether the value has been ascertained and has been interpreted correctly based on the assumptions and justifications.
- to check the validity and to evaluate the suitability of the valuation reports.

6. Preparation of the draft Report of the Peer Review.

Team drafts a report.

7. The Peer Review

The Reviewer Valuer to report on the team's findings and on their assessment.

8. Final Report

The key to the effectiveness of peer reviews is possible to provide both

1. qualitative assessments of performance
2. quantitative measures of progress.

The quantitative assessment might take the form of a ranking of Valuers according to their performance and the drawing of real scoreboards reflecting such rankings and their performance.

The members shall be categorized into following:

- i. satisfactory
- ii. unsatisfactory
