

## Sample Valuation Letters

The following are two sample letters to independent valuers (or other relevant professionals) in respect of obtaining fair values for non-current assets. The first letter is a sample letter of instruction. The second letter is a sample request for a fee proposal.

These sample letters should be read in conjunction with the information provided in Chapter 3 of the Non-Current Asset Policies for the Queensland Public Sector (including Appendix 3.3 Content Required from Valuers (or Other Relevant Professionals) and Better Practice Guidelines for Valuation Instructions located within NCAP Tools. Agencies should also note that the NCAP Tools include a template regarding the information that should be provided to valuers (or other relevant professionals) for land and building valuations.

© The State of Queensland (Queensland Treasury) 2018

**Licence:** This document is licensed under a Creative Commons Attribution (CC BY 4.0) International licence.



Except where otherwise noted you are free to copy, communicate and adapt this work, as long as you attribute the authors. To view a copy of this licence, visit <http://creativecommons.org/licenses/by/4.0/>

For permissions beyond the scope of this licence, contact [fbregistrations@treasury.qld.gov.au](mailto:fbregistrations@treasury.qld.gov.au)

**Attribution:** To attribute this work, cite the *Non-Current Asset Policies for Queensland Government Agencies, The State of Queensland (Queensland Treasury) May 2018*.

References to Australian Accounting Standards have been reproduced with permission from the Australian Accounting Standards Board (AASB) and are not covered by the CC BY licence. Contact the copyright owner AASB directly to request or inquire about reproduction and rights of this material.



**Translating and interpreting assistance:** The Queensland Government supports and encourages the dissemination and exchange of information. However, copyright protects this publication. The State of Queensland has no objection to this material being reproduced, made available online or electronically but only if it is recognised as the owner of the copyright and this material remains unaltered.

### Sample Letter 1

## Letter of Instruction to Appointed Valuer (or other relevant professional)

Dear **[insert contact]**

#### INSTRUCTION - VALUATION OF NON-CURRENT ASSETS

**[Insert agency name]** refers to our previous correspondence requesting a fee proposal for the valuation of assets for financial reporting purposes for the period ending **[insert date]**.

Your proposal has been accepted and you are now formally instructed to carry out the valuations on behalf of this agency in accordance with your standing offer under the Standing Offer Arrangement for the Provision of Valuation Services (DNRM 1304) **[amend as appropriate]**.

#### SCOPE OF SERVICES

Attached are details of the assets to be valued for your information; however you should confirm these details with **[insert contact]** prior to commencement of the valuation **[amend as appropriate]**.

#### THE APPOINTMENT

You should immediately advise if you have any conflict of interest in undertaking the above valuations, or if you cannot meet the proposed timeframes.

Your appointment for this valuation project is on the following basis:

- that you agreed to complete the project to the format, timeframe and conditions as detailed in the request for quote;
- the valuations will comply with Queensland Treasury (QT)'s *Non-Current Asset Policies for the Queensland Public Sector* and Australian Accounting Standard AASB 13 *Fair Value Measurement*;
- failure to include all required information, data and calculations in the valuation reports will result in the schedules/valuations being returned for upgrading to required standards; and
- a full inspection of each asset or group of assets is to be undertaken.

Your fee to complete the valuation is \$ **[insert fee charged]** (including GST).

## Sample Valuation Letters

---

### REQUIREMENTS

The valuations must be prepared by a member of your firm who is experienced with valuation approaches for financial reporting, QT's Non-Current Asset Policies and AASB 13. This work must:

***This letter must address the requirements in Appendix 3.5 Content Required from Valuers (or other Relevant Professionals) in Chapter 3 of the Non-Current Asset Policies.***

If your firm is involved with this agency in a capacity other than as a valuer e.g. as an independent or impartial agent, consultant/advisor or as a mediator, your firm's report should disclose the specific role taken in each such assignment.

### REPORTING AND COMMUNICATION

It is requested that you contact ***[insert contact]*** in the near future to arrange a meeting to collect further information in respect to the valuation exercise and as an opportunity to explain the valuation process and answer any questions you may have.

All valuations are to be returned progressively on a ***[monthly basis]***, in accordance with the agreed timeframe. You must submit a proposed work schedule with proposed completion dates by the ***[insert date]*** for approval by this agency.

Should you not maintain regular delivery of reports in accordance with the agreed work schedule, this agency retains the right to withdraw this engagement.

All reports are to be completed by ***[insert date]***.

You are reminded that the files (including computer files) associated with valuations must be retained by your firm for a period of seven years.

Should you have any queries in regard to this matter, please contact ***[insert contact details]***.

Yours sincerely

(Accountable Officer/Chief Executive Officer or Delegate)

***[Insert contact details]***

### Sample Letter 2

## Letter Requesting Fee Proposal

Dear **[insert contact]**

#### REQUEST FOR A FEE PROPOSAL – VALUATION OF NON-CURRENT ASSETS

As a member of the Standing Offer Arrangement for the Provision of Valuation Services (DNRM 1304) **[amend as appropriate]** you are invited to provide a fee proposal including GST for valuation of **[insert agency name]** assets for financial reporting purposes for the period ending **[insert date]**.

Your quote should be addressed to **[insert contact details]** and be received by **[insert date]**. Your quote provided must take into consideration all matters outlined in this letter. Quotes received after **[insert date]** may not be considered.

#### SCOPE OF WORKS

The attached document outlines the broad types, locations and volume of assets for which valuations are required. This agency requires the services of a suitably qualified person to undertake this valuation work. Please note that the information provided is high level and further details on the assets would be provided if you are successful from this tender process.

The valuations are to be carried out on the fair value basis in accordance with the requirements of Australian Accounting Standard AASB 13 *Fair Value Measurement* and Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*. All valuations must comply with the AASB 13 "fair value" definition ("*the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date*") and associated valuation principles in AASB 13. The valuations must also take into account the relevant asset characteristics (including but not limited to the asset(s)' physical attributes, legal restriction and commercial value (if any)).

The valuations must be undertaken by member(s) of your firm who are experienced in valuation approaches for financial reporting in accordance with AASB 13. In the case of land valuations, the valuer must be registered under the Queensland *Valuers Registration Act 1992*.

To extent that is practical and applicable, onsite inspections will be required for all of the assets valued. In the event that no onsite inspection is to be undertaken for the relevant asset, this agency is to be provided with reasons thereon and confirm what other adequate evidence is available to support the valuation.

With the submission of your quote for this work, please provide the qualifications and charge-out rates of your personnel who are likely to be assigned to this engagement.

## Sample Valuation Letters

---

### DELIVERABLES

When providing the valuation of each asset, a **full valuation report [amend as appropriate]** will be required, including supporting valuation calculations by line item in Microsoft Excel format.

For the purposes of AASB 13, your report must, at a minimum, include any significant assumptions about the principal or most advantageous market, market participant assumptions, highest and best use (taking into account what is physically possible, legally permissible and financially feasible) and prescribed disclosure requirements as outlined in AASB 13.

The final reports are to be provided as follows:

- one (1) endorsed electronic copy of the valuation report including digital photos of each listed asset.
- one (1) electronic copy of data in the preferred file format **[specify as appropriate]** for direct uploading to the agency's relevant asset management/accounting system.
- one (1) signed hardcopy of the valuation reports including digital photos of each listed asset.

The report and all data provided by your firm will become the property of the Queensland Government. The agency should have full access to any supporting documentation for verification of valuations, if required.

### IMPORTANT DATES

The effective date of the valuation is to be **[insert date]**.

When providing a quotation you should be aware that the valuation engagement will not commence until **[insert date]** and is subject to acceptance by this agency.

The completed valuation reports are to be returned progressively with the final reports due by **[insert date]**. A draft report is to be provided to this agency at least **[insert number of weeks]** week prior to the due date to confirm the report meets a satisfactory standard and is in an appropriate format.

Any matters which arise that may be deemed to materially affect the delivery of the project should be communicated to **[insert agency contact details]** within 24 hours of the matter being known to the valuer.

### ADDITIONAL INFORMATION

Quotations are to be provided on the following basis:

- work may commence any time between **[insert dates]** depending on final approval;
- **this agency** reserves the right to re-tender if we are of the opinion that the quotes received are not competitive;

## Sample Valuation Letters

---

- in consultation with **[insert contact details]** a work plan will need to be submitted detailing a progressive delivery of valuations;
- **if successful, you** will be provided with a report template (a Microsoft Word document and Excel spreadsheet) for the return of the valuations; and
- contact details for all site inspections will be supplied prior to the commencement of the project.

### PRICING

The prices offered for this engagement are to be in the form of Appendix A. All quoted prices are to include GST. As part of the quotation, a breakdown of the proposed resource allocation should be included indicating what resources are to be provided as well as total project cost.

Proposals should clearly show the fixed price for the works outlined in this letter including all meetings, site inspections and reports.

Disbursements such as travel, additional copies of reports, accommodation etc should be identified.

In addition, the proposal should provide a schedule of fees for any variations or works outside the scope of this project.

### SUBMISSION

You are invited to make an offer using the Request for Quote form.

The quote should briefly include:

- company details including legal name, trading name, address, ABN and contact details
- the names of any personnel (including sub-contractors) who would be assigned to the project, and (briefly) their roles and responsibilities, qualifications, and other professional experience relevant to the conduct of these valuations. Where sub-contractors are used, your proposal should clearly identify that part of the work to be undertaken by the sub-contractor.
- your experience relative to the project demands.
- declaration of any conflict of interest and how any conflict of interest may be managed.
- any other relevant information e.g. expected involvement by this agency's management.

Please note that your proposal should not be considered as being accepted unless and until you receive written notice of acceptance from this agency.

## Sample Valuation Letters

---

### SELECTION CRITERIA

The selection criteria for this engagement are:

- proposed approach and understanding of the valuation task and the timelines specified
- experience in valuations for financial reporting, and an understanding of AASB13
- specified personnel and the assignment of tasks to an appropriate level of personnel
- the quoted price

When formulating your quote, please be aware that you may be required to explain your valuation methodology to the agency, State Valuation Service and/or the Queensland Audit Office.

Thank you for your co-operation in providing a quotation by **[insert date]**.

If you have any queries in regard to this matter, please contact **[insert agency contact]**.

Yours sincerely

(Accountable Officer/Chief Executive Officer or Delegate)

Encl. Appendix A – Quotation Form

### APPENDIX A QUOTATION FORM

<b>Name of Panel Member and Contact details</b>	
<b>ABN</b>	
<b>Project:</b>	- <i>[Insert agency name]</i> Region

<b>1. Proposed approach and understanding of the task</b>
<b>2. Specified personnel and the assignment of tasks to an appropriate level of personnel</b>
<b>3. The quoted price</b>
<b>4. Proposed service delivery timeframe</b>
<b>5. Acceptance of the basis of quotation</b>
<b>6. Conflict of interest</b>