

Guideline

Professional fees and costs

Clause 6 of the Victorian Architects Code of Professional Conduct

This guideline has been prepared by the ARBV pursuant to regulation 7 of the Architects Regulations 2015. Guidelines provide architects guidance on professional conduct and practice. If the ARBV reasonably believes an architect has not complied with the guidelines, it may give written advice to an architect about compliance, pursuant to regulation 8 of the Regulations. Guidelines also help consumers understand what the ARBV expects of architects. Guidelines are reviewed regularly.

Regular statements of account (commonly called 'invoices') must be provided by architects to clients unless the client expressly agrees otherwise, and fees and costs must not exceed the structure defined in the client-architect agreement (CAA).

Regular and structured invoicing enables clients to keep track of costs and their budget, while also enabling architects to manage their cashflow in a predictable manner.

Framework

Clause 6 of the Victorian Architects Code of Professional Conduct (contained within Schedule 1 of the Architects Regulations 2015) provides:

An architect who has entered into an agreement under clause 4 must—

- a. provide the client with regular statements of account for the services provided under the agreement unless otherwise expressly agreed with the client; and
- b. ensure that the fees and costs charged do not exceed the fee structure of the agreement.

The Australian Consumer Law requires that, unless quoting to a business, prices must be presented as a singular figure that includes all additional charges and taxes (such as the Goods and Services Tax, or GST).

ARBV guidance

The ARBV considers:

- If a client agrees to a change to the scheduling of statements of account provided for under the CAA, express agreement should be made in writing in order to provide both the architect and the client a written record of the agreement.
- Statements of account are documents and cannot be provided verbally. If verbal advice regarding fees and costs is given, it should be followed with written advice.
- Statements of account, receipts, and express agreement to changes to the scheduling of statements of account are records that are covered by the record keeping requirements of clause 9 of the Code. As such, they must be kept for a period of 10 years after the completion of the architectural services or the limitation period under section 134 of the Building Act 1993 (Vic).
- Unless the client specified otherwise, their stated budget amount is the maximum amount of money they intend to spend or are willing to spend. This means that the budget is an amount inclusive of GST and any other applicable taxes or fees.

The ARBV considers that:

- It is important to specify the precise way fees are calculated, such as whether fees are calculated as a proportion of the cost of works including GST or the cost of works excluding GST.

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- It is best practice to ensure statements of account are sufficiently detailed to enable the client to easily identify what services are being charged.
 - It is best practice to provide written and cross-referenced receipts for all payments promptly.
 - When providing prices to a client that is not a business, providing a price exclusive of GST or only providing a price presented as components (e.g. \$X plus \$Y GST) may constitute a failure to comply with:
 - the clause 1(b) obligation to comply with all applicable laws, and/or
 - the clause 7(d) obligation to take reasonable steps to ensure that all information and material provided to a client is accurate and unambiguous.
 - When providing prices to a client that is a business, providing a price that is either inclusive of GST or identifies the GST component is best practice.
2. An architect informs a client during a phone call that the cost of a particular element of the architectural services will differ from what was initially indicated. The client acknowledges this and agrees.

Although the client has agreed, the discussion should be followed with written confirmation. This may be achieved by an email recapping the agreement and a reply confirming the agreement. It does not matter whether the change is an increase or decrease. Additionally, the CAA should be considered a 'living' document and should be updated.
 3. An architect and a client enter a CAA that specifies a fixed fee for defined services and specifies that there is no hourly or proportional rate for other defined or undefined services. After working on the project for a period of time, the architect feels that the time and resources they are spending on the defined services are not adequately compensated by the fixed amount. The architect issues an invoice for additional fees.

Examples

1. A CAA specifies that statements of account will be provided to the client at the end of defined project milestones. After a period of time, the client asks the architect during a meeting whether it would be possible to change to monthly statements in order to assist their tracking of project costs. The architect agrees verbally.

Although the client and the architect have agreed, a written agreement of the variation to the provision of monthly statements should be recorded. This may be achieved by an email recapping the agreement and a reply confirming the agreement. Additionally, the CAA should be considered a 'living' document and should be updated.

If the CAA provides that defined services will be provided for a particular or proportion, an architect must not charge fees for those services that exceed the fee structure. An architect may approach the client to renegotiate the fee structure, however fees can only be charged based on an agreement.

Additionally, the architect is obliged to comply with their professional conduct obligations regardless of the fees being charged. Even if no fees are being charged (such as pro bono work) or if payment is in a non-monetary form (such as by contra good/services), the architect's professional conduct obligations remain extant.

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Conclusion

Management and control of budgets by architects are among the most common complaints received by the ARBV. By providing regular and suitably detailed invoices to clients, architects assist the client to maintain their awareness of the project's costs and their budget. It also assists architects to manage their own business' finances.

Ensuring sufficient detail is included in invoices enables the client to maintain an easy link between the services and fees/costs specified in the CAA, the services being provided, and the fees/costs being charged for those services.



Architects
Registration Board
of Victoria



This guideline is issued by ARBV under regulation 7 of the Architects Regulations 2015 for the purpose of providing general guidance as to the operation of the Architects Act 1991 and the Regulations. The guideline should be considered in the context of the reader's individual circumstances. It is the reader's responsibility to obtain independent advice where necessary in respect of their individual circumstances and the application of legislation, guidelines and other instruments. To the extent permitted by applicable laws, the ARBV, its employees, agents and consultants exclude any and all liability for any direct, indirect, incidental, special or consequential loss or damage a person may suffer arising out of or in connection with the access and use of the ARBV's resources (including any third-party material included in these resources).