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# Protect Your Practice

## 8 Ways to Protect Your Practice from Fee Disputes

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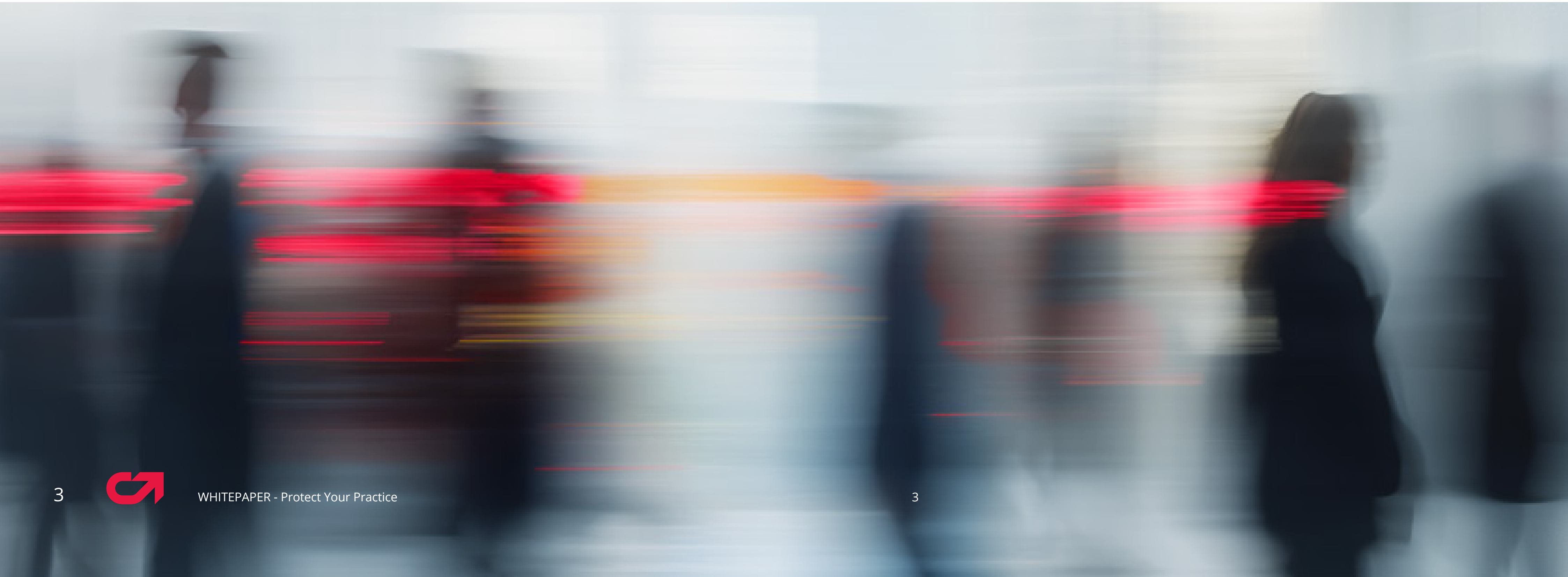
# Protecting Your Practice from Fee Disputes

Recent events and industry changes are shining a spotlight on the behaviour of Accountants, the fees charged and fee disputes. Sadly, it's no longer uncommon to hear of Accounting Practices becoming insolvent.

However, making some key changes to your process can help defend your business.

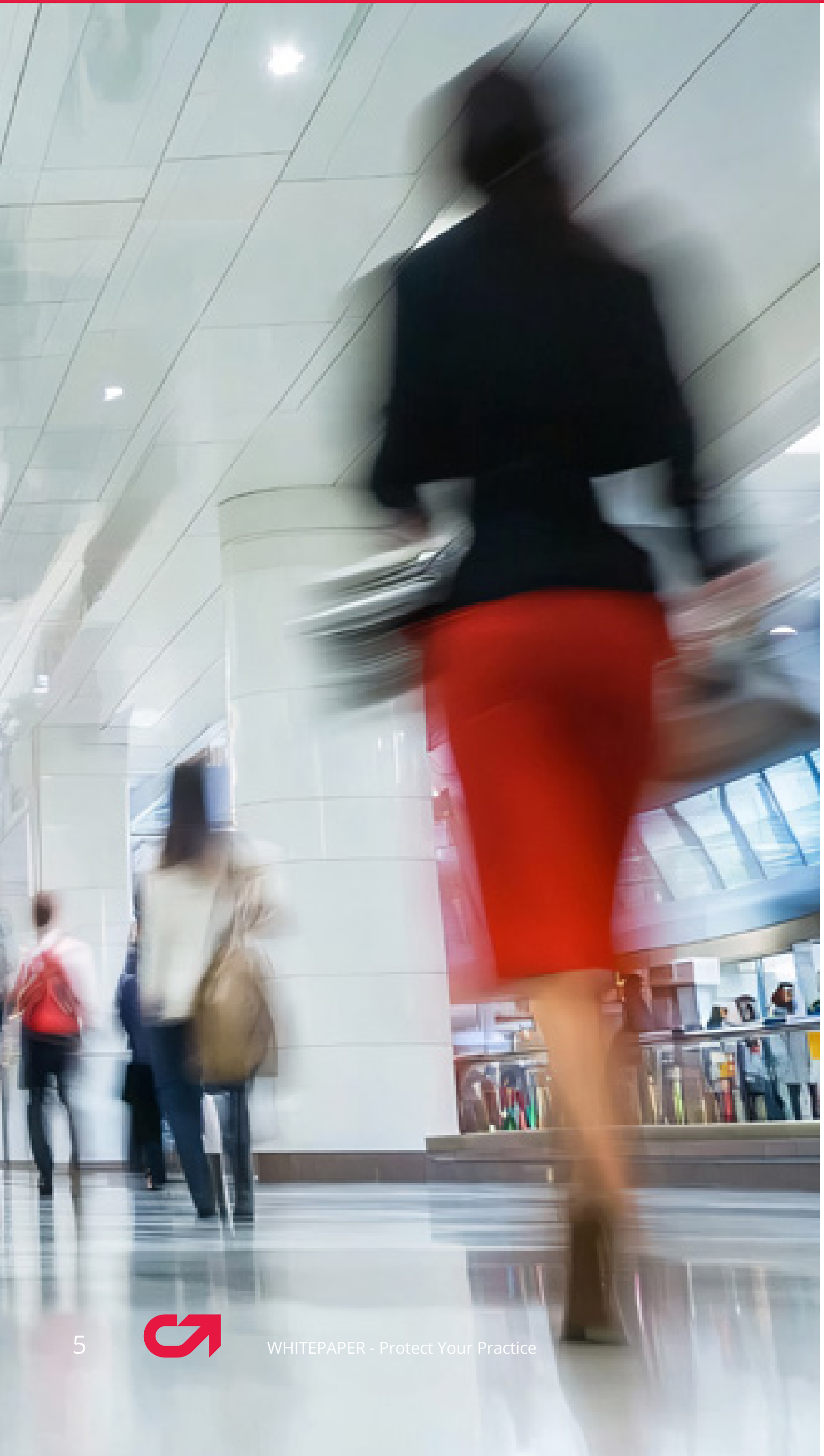


# Why is Protecting Your Practice Important Now?

Information from the Chartered Accountants Annual Report indicates that client complaints increased in FY23.

It's not unreasonable to expect that this rise will continue as we are operating in a much more challenging compliance environment and a much harder business operating environment.

- The regulatory environment is more complex.
- The same thing you did last year may not apply this year.
- Communicating changes to clients is getting harder.
- Social media gives clients a public forum to complain if they think they are not being treated fairly.



# 5 Most Common Fee Disputes

Let’s look at the most common disputes to identify the areas we can improve.

1. You did work that was not scoped.
2. The engagement letter is too general.
3. The client’s circumstances changed, and they didn’t tell you.
4. The client didn’t get a big enough tax refund.
5. The client prepaid for a service that wasn’t delivered.

To protect your practice, you need to tighten up procedures around your engagements to limit the chances of a client getting put offside.

# How to Protect Your Business

Engagement software alone won't protect your firm against potential claims.

**It's about**

- Building a basis of solid communications with your clients.
- Reaching out quickly when circumstances change to explain it to your clients, and
- Making sure you have records to protect yourself.

# 1. Prevent Confusion Around What Work will be Done

Be aware of changing requirements that will result in more work, and make sure that your team are trained to identify it too, because if you don't detect it early, it will spread.

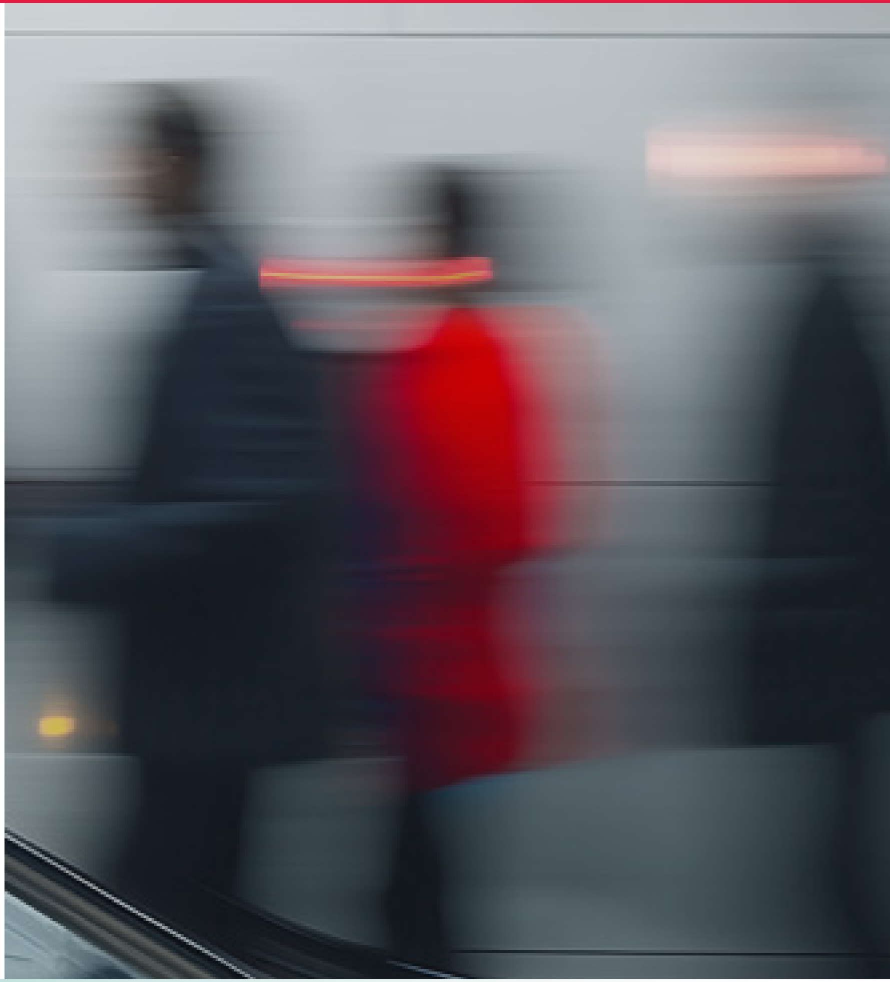
Begin with strong communication by issuing a clear engagement letter detailing everything, including all entities and actions with the fees. Be sure to include a clause in your engagement letter advising that if additional work is required, an additional work order will be sent.

Formal documentation and keeping this on file will provide you with proof of the discussions if it is ever needed in the future.

### How ChangeGPS Helps

The Fee Proposal with Terms includes a range of services and the tasks that are included. This document is an easy way to communicate to clients the work that will be done and for which entities. It also includes rock-solid engagement terms.

## 2. Be Specific in the Engagement Letter



The engagement letter is your chance to explain everything that you will be doing for your client.

For example, when you do your year-end job, it's important to not just say, "Preparation and lodgment for year-end tax returns." That creates the expectation of the client that everything will be included in it.

### How ChangeGPS Helps

An **engagement letter template** that allows you to explain what you're doing and the value it brings to them because when you have laid out what's included with your services, you reduce the potential for scope creep.

The **Fee Proposal with Terms** provides a list of tasks that will be included in the job that allows you to be very specific about what is offered for the fee.

## 3. Separate Your Work and Invoice it Separately

Ensure you quote and invoice FBT, BAS Amendments, Trust Distribution Resolutions, and/or Dividend Statements separately from your year-end work invoice. This reinforces to the client that they are separate tasks that require additional work and fees.

### How ChangeGPS Helps

The **Fee Quote Calculator** helps you be transparent about the pricing upfront and very specific about what is offered in the services.

## 4. Engage Your Clients Every Year

It's good practice to engage your clients every single year because clients' circumstances change every year, and communication with clients and managing their expectations is a strong way to minimise the chances of clients getting upset and lodging a complaint.

If a dispute should occur between you and a client, a signed engagement letter can offer legal protection for both sides.

### How ChangeGPS Helps

A number of annual meeting agendas and email templates to help you broach the topic of an annual meeting and to keep you on track during the meeting.

Repricing Template for Annual work provides you with a template to outline last year's price and this year's price, all the services you will provide and why the price has changed so you can be transparent with the pricing.

Repricing Existing Clients email templates that allow you to transparently communicate the revised pricing when you can't meet face-to-face.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# 5. Managing Changes in Client Circumstances

Clients won't always let you know when their circumstances change – sometimes, you might be the last person to come to mind. However, a strong relationship with your client will go some way towards resolving that.

Meeting agenda templates can help you cover all areas to prompt the client to inform you of any changes.

When you become aware of changes, discuss them immediately with your client and submit an updated engagement letter for signing.

### How ChangeGPS Helps

A number of annual meeting agendas to prompt any necessary discussions.

The Fee Quote Calculator gives you a tool to work through with clients to make sure you're covering everything.

Email templates to reduce the awkwardness about quoting for out-of-scope work.

## 6. Set Expectations for the Tax Refund

### If ATO changes arise during the year, make sure you let the client know about them as soon as possible.

Don’t leave tax planning until the last minute – make sure you’re doing it early in the year to give clients time to understand their circumstances and make any necessary adjustments.

### How ChangeGPS Helps

Email templates that are added or updated as needed to help you explain the ATO changes and how your client is impacted.

ChangeGPS has a dedicated module for tax planning. TaxPlan contains everything you need to strengthen your planning and communication with your clients around their tax refunds to set their expectations.

# 7. Prepare for Practice Audits

Put solid practices in place to protect you from audits.

Make sure you have records of a client's rejection of your advice and that all staff are working to the same process.

### How ChangeGPS Helps

A robust tool like ChangeGPS can get you a quick tick on your standard process.

Email templates specifically to document and make clients aware of the consequences of rejecting your advice.

Our recommended Service Systems help define standard procedures and workflows for your team to ensure consistent service delivery.


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## 8. Clearly Show When the Job is Finished

Once you've done the job, clearly show the client that the work has been done.

This reduces any confusion that there is more work to be done.

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**ChangeGPS has the resources to quickly and easily strengthen your processes and help de-risk your practice.**

**Book a demo to learn how Core Pro can help your firm avoid fee disputes.**

info@changegps.com.au

1300 268 684

changegps.com.au

Level 10, 40 Creek Street, Brisbane, QLD 4000