



# AIA Best Practices: Every step you take: A risk management checklist

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## Summary

Risk management is much more than just an insurance coverage issue. It consists of all those actions taken (or avoided) during the normal day-to-day conduct of the design professional, starting with the decision to pursue any new project opportunity. Here, presented in the sequence of a typical project, is a risk management checklist. Remember, every step you make is also a risk you take.

### Check out the client

- Do you know who your client will be?
- Have you worked for that client before?
- If not, do you know someone who has?
- What do you know about the client's financial stability?
- Does the client pay bills in a timely manner?
- Is there a history of claims against design professionals?
- Does the client have experience in the building type?

### Where is the project located?

- Is the project in a state where you maintain a current license to practice architecture?
- If not, can you meet the licensing requirements without making substantial changes in the way your practice is organized?
- What if anything do the state statutes require about the marketing of services before you are licensed to practice?
- In addition to holding an architecture license, are you registered to conduct business in the state and do you have a tax identification number?
- Have you consulted an attorney about any other legal requirements that might be involved?

### Does the project make sense?

- Do you have the experience and expertise to provide the required services?
- Do you have the resources?
- Does the project program match the proposed budget?

- What are the deliverables? Is the delivery schedule realistic?
- What is the overall project delivery schedule? Is it realistic?
- Will the project support and meet your projected fee requirements?
- Have you selected appropriate consultants with demonstrated project experience in the building type?

## The negotiation

- Is the fee reasonable for both the value of your services and your exposure to risk?
- Are your fee expectations realistic?
- Can you accept a negotiated fee reduction? To what level?
- Can you accept all the terms and conditions outlined in the request for proposals?
- Are you prepared to walk away?

## The contract

- What does your contract for services require regarding such items as: ownership of documents, indemnification, electronic transfer of documents, insurance requirements, lien waivers, subordination, reuse of documents, liquidated damages?
- Do you fully understand the risk each requirement represents, and can you accept or afford to assume the risk?
- Are the financial rewards greater than the business risks?
- Have you had an attorney review the contract and advise you?
- Are you prepared to walk away?

## The codes

- Have you identified and documented all codes applicable to the project?
- Do you understand all required approval procedures and processes?
- Will variances be needed?
- Have you identified other special criteria, such as restrictive covenants, the Americans with Disabilities Act, environmental and other regulations?
- Have you facilitated an introduction of your project to the authority having jurisdiction (e.g., the local code official)?

## The documents

- Do you have a clear understanding of the project's delivery method (e.g., fast track-negotiated, hard/traditional/low bid, design-build, or construction management)?
- Has it changed since you signed your agreement?
- Have you developed a delivery plan, with elements such as these?
  - near- and long-term schedules
  - milestones
  - checkpoints
  - phase approvals by owner
  - cost estimates
  - organization of internal team/external consultants
  - deliverables
  - early release packages
  - consultant coordination
- What are the general conditions for your project? Who will write them? How will they be formally incorporated?
- Do you have project quality-control procedures in place to review the documents before they are released?

## Construction contract administration

- Have you developed an overall logistics plan (flow of information) for each type of submittal you will receive during contract administration (e.g., requests for information, shop drawing submittal, change requests)?
  - Who receives?
  - Who reviews?
  - Who signs off?
  - Who returns?
  - Who files?
  - Who gets copied?
- What are the requirements for field observation and field reports?
- Should you make spot decisions in the field?
- Do you have a system to manage the agreed-upon turnaround time for shop drawing and submittal reviews?
- Do you have procedures in place to respond to requests for information from the contractor?
- Do you have procedures and processes in place to handle applications for payment?
- Do you have procedures and processes in place to handle change order requests?
- Do you have procedures to limit and control substitution requests?
- Do you understand, and is it clearly written in the documents, that the contractor is solely responsible for means, methods, shoring, safety, sequencing, and so forth?
- Does your team understand the risks and benefits of written documentation, especially during the contract administration phase?

- Do you have a file system for written documentation and archival purposes?
- Have you emphasized that electronic correspondence (e-mail) is serious and should not be casual in either tone or content?

## The project closeout

- Do you understand your project's definition of substantial completion?
- Have you reviewed the requirements of substantial completion and final completion as set forth in the general conditions of the construction contract?
- Has the owner received a certificate of occupancy from the authority having jurisdiction over the project?
- Are any life, safety or other nonconforming items noted in your punch list that have not been addressed or closed out?

## Claims of errors and omissions

- Do you have your project records organized, documented, and stored in a safe place?
- Do you know what steps to take when a claim is made against you?
- Do you know what your insurance carrier requires you to do in the event of a claim to keep your coverage in place?

## Every step you make, every risk you take

This is only a partial list of questions to consider and answer carefully at each step in the project life cycle. To ignore such questions is to invite exposure to risk, some of which is not covered by professional liability insurance. Every step you make carries a corresponding risk. Don't let the temptation of anticipated project rewards impair your risk-management judgment.

## About the contributor

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AIA Best Practices is a collection of relevant, experience-based knowledge and expert advice on firm management, project delivery, contracts and more, aligned with the *Architect's Handbook of Professional Practice, 15th edition*. See the full AIA Best Practices collection at [aia.org/aia-best-practices](http://aia.org/aia-best-practices).

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