

Law  Mutual (WA)®

# Guidelines for Practice Management



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Prepared for

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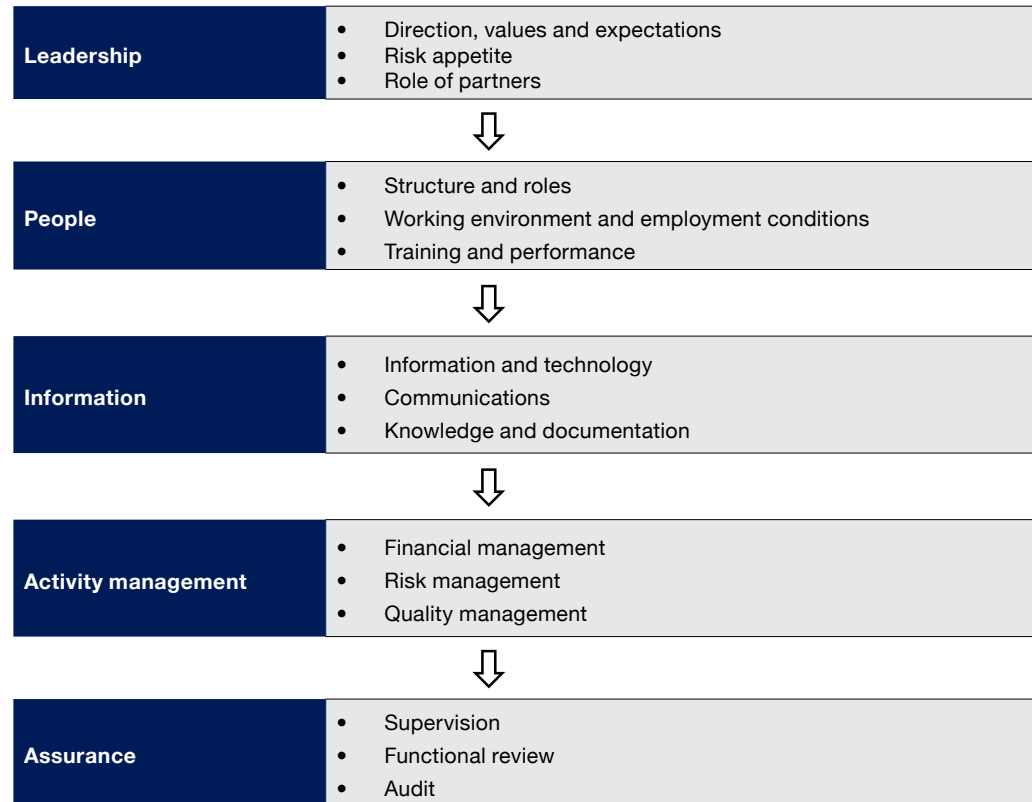
# This Guideline

This Guideline contains knowledge about widely accepted good management practices within a law practice. It describes the general characteristics and requirements for structuring and managing the affairs of any Practice.

Principals should be comfortable that there is an effective control environment that is:

- reflective of the needs of the Practice
- fit for purpose for practitioners and clients
- consistently applied in the day to day management of the Practice and in the conduct of matters.

As for any management system, a Practice Management System comprises the following five core elements:



**Mandatory** – Law Mutual (WA) considers this is a requirement that must be met for the purposes of good risk management practice.

**Recommended** – Law Mutual (WA) recommends this requirement for the purposes of good risk management practice.

**Sole Practitioner\*** – Law Mutual (WA) considers this is a requirement that must be met for the purposes of good risk management practice, for a practitioner who practices on his or her own account alone without legally trained staff requiring supervision.

\*\* **(in bold)** indicates a critical control. Law Mutual (WA) considers a Practice must demonstrate evidence of the critical control for the purposes of good risk management practice.

# The Practice

There are five core elements to practice management and each has a purpose. Various key areas sit under each element.

Element	Leadership	People	Information	Activity Management	Assurance
<b>Purpose</b>	Clear direction and expectations set	Organised team capable of performing to requirements	Capture and control of information and knowledge	Clear and effective ways of working to achieve outcomes	Oversight and review to ensure effective activity
<b>Key Areas</b>	Business planning	Organisational structure	Document management	Financial Management capability	Supervision
	Risk appetite	Accountabilities and responsibilities	IT applications	Financial records	Review on limits
	Partnership authority	Capability linked to roles	IT integrity and security	Dishonest dealings	Assurance program
	Decision making authority	Limits to authority in matter conduct	Use of IT	Debtor management	Independent review of matters
	Supervision and Delegation	Safety	Communication tracking	Risk register	Corrective action
	Adequate resourcing	Wellbeing	Communication integrity	Risk and lessons management	Independent review of finances
	Internal control requirements	Recruitment	Communication recording	Professional liability caps	
	Ethical business practices	Screening	Precedent management	Professional liability insurance	
	Values and conduct	Induction	Legal references	Business continuity management	
	Anti-discrimination	Training	Legal research	Client relationship management	
	Client service	Supervision control	Marketing communication	Communication management	
	Sustainability	Supervision forum	Documentation retention	Client satisfaction management	
		Supervisor capability	Document storage	Time recording	
		Performance requirements			
	Performance monitoring				
	Performance feedback				

# Leadership

The Practice should establish the purpose, goals, commitments, values, behaviours and expectations for principals and employees. Principals should demonstrate their commitment, set an example and hold themselves and employees to account. The Practice should demonstrate it has established:

Key Area	Requirement	Potential Control	Mandatory	Recommended	Sole Practitioner*
Business planning	A clear long term direction and a plan to achieve this	3 year business plan		✓	
Risk appetite	Its risk appetite addressing: <ul style="list-style-type: none"> <li>the services it will and will not provide</li> <li>the type and complexity of matters it will accept</li> <li>the jurisdictions it will practice in</li> <li>the clients it will and will not work for</li> <li>its tolerance for different conflicts of interest</li> <li>expectations for the limits to the workload of practitioners</li> <li>the third party experts and barristers it will use</li> <li>the fee and credit arrangements it will make</li> </ul>	Risk appetite policy	✓		✓
Principals' authority	The decisions reserved for the managing principal and/or the partners or directors	Delegations policy	✓		
Decision making authority	The respective roles of the principals and authority of practitioners	Delegations policy		✓	
Supervision and delegation	The role, importance and approach to supervision and delegation	Delegations policy	✓		
Adequate resourcing	Its approach to resourcing the Practice to meet current and future needs of the Practice and its clients including human, knowledge, financial and technological resources	3 year business plan		✓	
Internal control requirements	The requirements for and the extent of formal documented controls for Practice Management and Matter Management	Control procedure	✓		
Values	Its values, commitment to and expectations of employees and consequences of failing to meet these expectations	Values statement Code of conduct	✓		✓
Ethical business practices	The Practice's commitment to acting ethically and approach to responding to unethical or dishonest conduct	Code of conduct Whistle blower procedure	✓		
Anti-discrimination	Its commitment to treating people on merit without discrimination and ensuring equality and diversity of the people the Practice employs and outsources work to	HR/Diversity policy		✓	
Client service	Its commitment to client care and expectations management	Quality policy	✓		
Sustainability	Its commitment to social responsibility	Sustainability policy		✓	

# People

The Practice should have a clear and consistent approach to hiring, empowering and managing the performance, wellbeing and development of its people. It should have a clear organisational structure to support clear accountabilities and responsibilities of all personnel. The Practice should demonstrate it has established:

Activity	Requirement	Potential Control	Mandatory	Recommended	Sole Practitioner*
Organisational structure	A defined organisational structure reflecting the nature of the Practice and the services it provides	Organisational chart		✓	
Accountabilities and responsibilities	Clear accountabilities and responsibilities between leaders, supervisors and employees	Job descriptions	✓		✓
Capability linked to roles	Skills and experience linked to personal accountabilities and responsibilities	Job hierarchy		✓	
Limits to authority in matter conduct	Defined limits of authority for the conduct of a Matter that relates to the nature of a matter and the experience and position of employees	Delegations policy	✓		
Safety	A safe and healthy place to work for its people and visitors	Safety policy		✓	
Wellbeing	A clear approach to support and monitor the mental and physical wellbeing of its employees	HR policy		✓	
Recruitment	Capability and methods to recruit people to fit the culture of the Practice, its needs and those of its clients	Recruitment procedure		✓	
Screening	Appropriate knowledge of the background, qualifications and experience of all potential and current employees	Screening checklist	✓		✓
Induction	Appropriate induction for new employees into the Practice so they understand the way of working in the Practice and controls they must apply	Induction procedure	✓		✓
Training	An approach to ensuring principals, practitioners and staff are continuously trained based on need, on technical subjects relating to the practice of law, Practice values and controls, and requirements for delivery of legal services	Training program	✓		
Supervision control	Activities requiring periodic and regular supervision and direction of employees	Supervision policy	✓		
Supervision method	Methods for providing supervision throughout the delivery of legal services	Supervision guidelines	✓		
Supervisor capability	Supervisors are appropriately skilled and trained on effective supervision	Training program	✓		
Performance requirements	Performance requirements for all people are aligned to the key financial and service quality requirements of the Practice and individual roles	Performance measures		✓	
Performance monitoring	The performance of all personnel is constantly monitored against appropriate and understood measures	Performance monitoring procedure		✓	
Performance feedback	Principals and employees are aware of their performance requirements, how they are performing against these and expectations for improvement	Performance feedback form		✓	

# Information

The Practice should value knowledge management as fundamental to the delivery of legal services. It should emphasise the importance of maintaining the integrity of information it disseminates or receives. The channels it establishes for communication should consider the needs of the Practice, its employees, clients and other important third parties. The Practice should demonstrate it has established the following:

Activity	Requirement	Potential Control	Mandatory	Recommended	Sole Practitioner*
Document management	Requirements for development and maintenance of Practice control documentation for good practice	Documentation management procedure		✓	
IT applications	The use and importance of information technology in supporting management of the Practice, control of risk and consistent standards in the delivery of legal services	IT procedure		✓	
IT integrity and security	Fit for purpose, integrated, reliable and secure information technology having regard to the needs of the Practice	IT standard Cyber security checklist IT recovery plan	✓		✓
Use of IT	That principals, practitioners and support staff understand how to efficiently and effectively use information technology for the intended purposes	IT standard	✓		✓
Communication tracking	Tracking of incoming and outgoing communications to the relevant matter and for appropriate management	Communication procedure	✓		✓
Communication integrity	Appropriate and secure control over email communications and internet access	IT Standard	✓		✓
Communication recording	Accurately and completely recording advice and information given and received in a manner that supports the Practice and/or its clients in later recollecting and evidencing facts	Communication procedure	✓		✓
Precedent management	Methods for maintaining precedent documents to current good practice that are appropriate for the areas of law practiced	Precedent management procedure	✓		✓
Legal references	Access to legal references relevant to the areas of law practiced, including case law, legislation and textbooks	Legal reference procedure	✓		✓
Legal research	Methods for accurate and complete legal research having regard to the nature of the legal matter	Legal reference procedure	✓		✓
Marketing communication	Published and electronic information and communication accurately reflects current capability and expertise, services, experience and personnel (including website material and social media)	Marketing procedure	✓		✓
Documentation retention	The Practice understands the documentation it is required to retain in hard and electronic form and the period for documentation retention	Document management procedure	✓		✓
Document storage	Documentation management enables secure storage and ease of access and retrieval of all required documents, in electronic and/or hard copy	Document management procedure		✓	

# Activity Management

The Practice should maintain a central repository of clearly set out documentation comprising the critical formal controls for managing the Practice and for the conduct of matters on behalf of its Clients. These controls should be fit for purpose having regard to the nature and size of the Practice, its Client base and the services it provides. The Practice should demonstrate the following:

Areas	Requirement	Potential Control	Mandatory	Recommended	Sole Practitioner*
Financial Management capability	Responsibility for financial management with personnel who have adequate financial knowledge and experience having regard to the needs of the Practice and its Clients	Screening Job descriptions		✓	
Financial records	Adequate and up to date records of income, expenses, funds and forecasts, trust monies and transactions	Financial records		✓	
Dishonest dealings	An understanding of the nature of, and an ability to prevent, detect and/or minimise the impacts of dishonest dealings	Fraud and corruption control procedure	✓		✓
Debtor management	Controls for effectively and efficiently billing and recovering fees from its Clients in accordance with agreed terms	Debt control procedure	✓		✓
Risk register	An appropriate and current understanding of the key professional indemnity risks it faces and how these are specifically managed	Risk management plan	✓		✓
Risk and lessons management	An approach for constantly reviewing risks and lessons learned following complaints and claims against the Practice	Risk management plan	✓		✓
Professional liability	Appropriate limits on the Practice's professional liability risk exposures	Risk management plan		✓	
Practice insurance	Adequate insurance arrangements for risks relating to people, property and liability	Risk management plan		✓	
Business continuity management	Capability and planning to manage a serious disruption to its normal operations	Business continuity plan		✓	
Client relationship management	Agreed communications with its Clients that meet their expectations and is appropriate to ensure each Client's understanding of the matter, status, issues, next steps, potential outcomes and implications for the Client	Client relationship procedure	✓		✓
Communication management	Regular updates for Clients on matter status, costs incurred and realistic future costs against initial estimate	Client relationship procedure	✓		✓
Client satisfaction management	How the Practice ensures a good level of understanding of Client satisfaction with its service and an effective approach to managing complaints	Client relationship procedure Customer feedback survey <b>Complaints management procedure**</b>	✓		✓
Time recording	Time recording to enable efficient and effective capture, monitoring, accounting and communication of all time spent by practitioners in conducting matters and undertaking non-chargeable work	Time recording procedure	✓		✓



# Assurance

The Practice should be confident that its employees are consistently following the Practice’s key Controls to the level expected. An approach should be in place for reviewing the delivery of legal services through supervisory, management and audit review. This should be fit for purpose for the Practice.

The Practice should demonstrate the following:

Activity	Requirement	Potential Control	Mandatory	Recommended	Sole Practitioner*
Supervision	Constant and consistent supervision by Principals and senior employees of employees who report to them on the matters they are responsible for	Supervision procedure	✓		
Review on limits	Checks to ensure employees act within limits of authority	<b>Assurance plan **</b>	✓		
Assurance program	Criteria for determining the focus, frequency and extent of assurance reviews	<b>Assurance plan**</b>		✓	
Independent review of matters	Assurance independent of the primary practitioner that matters are being adequately managed (Matter Management and substantive legal issues)	<b>Assurance plan**</b> Matter management audit checklist	✓		
Corrective action	Requirements for corrective action following the outcomes of assurance reviews and consequences of a failure to do so	Assurance actions register			✓
Independent review of finances	Independent assurance that financial records are accurate and funds are appropriately accounted for	Financial audit plan		✓	

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