

**Policy**

**Management Systems for Law Practices**

<b>Introduction</b>	1.1	The Legal Profession Uniform Law (Uniform Law) requires each principal of a law practice to ensure that reasonable steps are taken to ensure that: <ul style="list-style-type: none"> <li>all legal practitioner associates of the practice comply with their obligations under the Uniform Law, the Legal Profession Uniform Rules (Uniform Rules) and their other professional obligations; and</li> <li>the legal services provided by the practice are provided in accordance with the Uniform Law, Uniform Rules and other professional obligations.</li> </ul>
	1.2	The Victorian Legal Services Board (Board) may give a management system direction to a law practice if the Board considers it reasonable to do so after an examination, investigation or audit conducted under the Uniform Law.
	1.2	This policy will be published on the Board and Commissioner’s website.
<b>Background</b>	2.1	A principal of a law practice should ensure that appropriate management systems are implemented and maintained by the practice.
	2.2	The Board has agreed to follow the approach of the Commissioners in New South Wales and Queensland, where a set of ten objectives, covering the areas that should be addressed to demonstrate that a law practice has appropriate management systems in place, may be used by practices to self-assess their management systems.
<b>Legislative Framework</b>	3.1	Section 105 provides that each incorporated and unincorporated legal practice must have at least one authorised principal.
	3.2	Section 34 provides that each principal of a law practice must ensure that reasonable steps are taken to ensure that: <ul style="list-style-type: none"> <li>a) all legal practitioner associates comply with their obligations imposed by or under the Uniform Law, the Uniform Rules and their other professional obligations; and</li> <li>b) the legal services provided by the practice are provided in accordance with the Uniform Law, the Uniform Rules and other professional obligations.</li> </ul>
	3.3	Section 256 provides the Board with the power to audit law practices. It provides that the Board may conduct an audit of the compliance of a law practice with the requirements of the Uniform Law, the Uniform Rules and other applicable professional obligations if the Board considers there are reasonable grounds to do so, based on: <ul style="list-style-type: none"> <li>a) the conduct of the practice or one or more of its associates; or</li> <li>b) a complaint against the practice or one or more of its associates.</li> </ul>
	3.4	Section 257 provides that if the Board considers it reasonable to do so, after an examination, investigation or audit conducted under the Uniform Law, the Board may give a management system direction to a law practice to: <ul style="list-style-type: none"> <li>a) ensure that appropriate management systems are implemented and maintained to enable the provision of legal services by the practice in accordance with the Uniform Law, the Uniform Rules and other professional obligations; and</li> <li>b) provide periodic reports to the Board on the systems and compliance with the systems.</li> </ul>

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Guidelines	4.1	This policy clarifies and specifies the Board's approach to appropriate management systems.
	4.2	<p>The Board considers that the following ten objectives should be addressed to ensure that a law practice has implemented and maintained appropriate management systems:</p> <ul style="list-style-type: none"> <li>i) <b>Negligence</b> (competent work practices to avoid negligence);</li> <li>ii) <b>Communication</b> (effective, timely and courteous communication);</li> <li>iii) <b>Delay</b> (timely delivery, review and follow up of legal services to avoid instances of delay);</li> <li>iv) <b>Liens and file transfers</b> (acceptable processes for liens and file transfers);</li> <li>v) <b>Cost disclosure/billing practices/termination of engagement</b> (providing for a shared understanding and appropriate documentation from commencement through to termination of engagement covering costs disclosure, billing practices and termination of engagement);</li> <li>vi) <b>Conflict of interest</b> (timely identification and resolution of conflict of interests);</li> <li>vii) <b>Records management</b> (minimising the likelihood of loss or destruction of correspondence and documents through appropriate document retention, filing, archiving and providing for compliance with requirements as regards registers of files, safe custody, and financial interests);</li> <li>viii) <b>Undertakings</b> (providing for undertakings to be given, monitoring of compliance and timely compliance with notices, orders, rulings, directions or other requirements of courts and regulatory authorities such as the Victorian Legal Services Board and Commissioner);</li> <li>ix) <b>Supervision of practice and staff</b> (providing for compliance with statutory obligations covering licence and practising certificate conditions, employment of persons and ensuring proper quality assurance of work outputs and performance of legal, paralegal and non-legal staff involved in the delivery of legal services);</li> <li>x) <b>Trust money and trust accounts</b> (avoiding failure to account and breach of the Uniform Law and Uniform Rules).</li> </ul>