

RPA News

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News update for all practitioners from the Victorian Legal Services Board + Commissioner

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Auditing of law firms under the Uniform Law

At present the Legal Services Board has the power under the *Legal Profession Act 2004* to audit incorporated legal practices (ILPs) for their compliance with the Act, the legal profession regulations and rules, and to identify problematic issues within their management processes. A detailed explanation of the management systems that are audited is available on the Board + Commissioner's website in the [Appropriate Management Systems for ILPs policy](#). The auditing task is currently delegated to the Law Institute of Victoria who work extremely closely with the Board on any education, support or other responses arising from the audits.

Expanding audit powers

With the shift to the [Legal Profession Uniform Law](#) expected to take place in mid-2015, the new Victorian Legal Services Board will be given the power to conduct audits of *any law practice*, not just ILPs.

The basis for this new auditing power is to maintain the high standards of practice which the profession itself expects. The Board is likely to approach auditing of law firms in a similar way to the way it has conducted ILP audits; that is, following information about a practice or a practitioner justifying an audit, it will apply the 10 objectives for appropriate management systems as identified in the above policy.

Threshold for conducting audits

The Uniform Law will require the Board to have *reasonable grounds* for auditing a law practice. This may be based on the conduct of the practice (or an associate of the practice), or a complaint against the practice (or an associate). The Board's existing rationale for auditing ILPs is consistent with the requirements under the Uniform Law (see the Board + Commissioner's [ILP website page](#)).

Benefits beyond compliance

The Board uses its existing audit powers not only to identify problems which require rectification, but also to enable the Board to offer educative and management assistance to the firm. This provides a significant benefit which extends beyond the simplistic policing effect of an audit. The new Board will be likely to follow the same principles under the Uniform Law.

The lessons gathered from previous audits can also be of value to all law firms. Many issues common among audited firms are often factors which contribute to complaints made to me as the Legal Services Commissioner. Understanding these issues and comparing them to your firm may help you benchmark and improve your own practices.

To that end the Board + Commissioner have released a [new fact sheet on audit outcomes](#), which analyses the important findings taken from audits carried out to date. I encourage all law firms to note these lessons and consider how they may be applicable to their own practices.

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