

# FAQs

*The Prairie Law Societies are piloting the Law Firm Practice Management Assessment Tool (Assessment Tool) with private law firms in our jurisdictions. We want to equip law firms with an effective tool to support practice and client management and to mitigate risk. The management principles and objectives included within the Assessment Tool are fundamental building blocks of well-run and successful practices.*

## PILOT

### 1. Why is the Law Society piloting the Law Firm Practice Management Assessment Tool?

Regulatory gaps prevent us from regulating conduct that cannot or should not be attributed to individual members of law firms. Law societies from around the world are recognizing that the environment in which a lawyer practises can play a major role in influencing individual conduct.

Changes are needed in our regulatory framework to move beyond the regulation of individual lawyers and enable the regulation of the entities through which lawyers deliver legal services. Law firms have a unique ability to influence behaviours and create firm cultures that align with ethical standards articulated by law societies, for example, the management of articling students, conflict of interest protocols and file management systems.

While the Assessment Tool may be used as a compliance measure in entity regulation systems, we consider it a valuable resource regardless of when entity regulation is formally implemented here in Alberta. Similar tools are being piloted by law societies across the country to support national mobility.

The law societies of Alberta, Manitoba and Saskatchewan (the Prairie Law Societies) continue to partner in developing tools that work for lawyers in our jurisdictions. We are committed to working alongside the legal profession as we explore these important issues.

The Assessment Tool is intended to make practices more efficient by outlining attainable objectives and providing practical resources. It is not our intention to add time-consuming and ambiguous requirements to the already busy lives of lawyers. That is why it we are rolling out a pilot – to allow us to learn what works and what doesn't.

We aim to be more modern, proactive, flexible, and effective regulators attuned to the changing needs of the public and the profession. It is our goal to:

- Help firms identify gaps in policies and procedures to improve practice and client management and manage risk;
- Promote ethical, accountable, well-organized and diverse law firm culture and management;
- Add flexibility in the tools we use to respond to regulatory issues and discipline; and
- Develop a more collaborative relationship between lawyers, law firms and law societies.

## 2. What does participation in the pilot involve?

Your participation is twofold:

1. Complete and submit the Assessment Tool Comments Form, to reflect your firm's performance with respect to the management principles.
2. Provide us with feedback about your experience using the Tool.

The tool is divided into seven management principles:

- Competence and Capacity
- Client Management
- File Management and Record Keeping
- Financial Management and Operational Sustainability
- Relationships with Third Parties and the Administration of Justice
- Equity, Diversity and Inclusion
- Access to Legal Services

Within each management principle are objectives for you to assess your firm's performance. The objectives are broadly drafted to be applicable to a variety of firm sizes, settings and practice areas.

The tool includes:

- **A fillable Assessment Tool Comments Form** allows you to identify some things that your law firm already does well with regard to each management principle and potential areas for improvement.
- **Things to Consider** as **guidance** to assist law firms in assessing performance.
- **Best Practices (Examples)** are suggestions as to how your law firm might meet each objective. Your law firm is not required to put all of the suggestions into practice, but is encouraged to have some of the measures in place.
- **Resources** can help your firm establish practices to meet the objectives.

### 3. What might compliance look like?

Since we do not have the legislative ability to regulate firms in Alberta, we have not made any decisions on compliance. We may collect general feedback on compliance strategies during the pilot tool evaluation.

### 4. What is considered as a law firm for the purposes of this pilot? Does this include sole practitioners?

At this point, only private law firms (including sole practitioners) are involved in the pilot. We may expand to in-house and government legal departments at a later stage.

The Prairie Law Societies recognize that sole practitioners and small firms have fewer resources at their disposal.

There is a balance to be struck as sole practitioners and small firms will likely not require the policies, manuals and forms required by larger firms to satisfy the management principles. The number of staff working with a firm is an important factor to consider when determining what measures to put in place.

We have heard from sole practitioners that they often do not have the time or money to seek out resources to enhance their practices. The Assessment Tool is intended as a go-to resource comprised of helpful tips and practical materials.

While the realities of practice vary by setting and area(s) of practice, the underlying challenges remain largely the same. The resources included within the Assessment Tool include model policies, sample letters, forms and other materials that set minimum standards, with room for adaptability and flexibility.

## BACKGROUND

### 1. What does entity regulation mean?

Entity regulation means regulating the business unit through which legal services are delivered in addition to regulating the individual lawyers operating within the entity. This can mean regulating traditional law firms or, possibly, other organizations that provide legal services, such as corporate legal departments.

The Law Society believes that modern legal regulation must recognize that the entity is often more connected to how lawyers serve their clients rather than the actions of the individual lawyer. To properly regulate in the public interest, we want to proactively foster management principles common to effective and ethical law firms.

### 2. When might entity regulation be implemented in Alberta?

At the February 2017 Benchers meeting, the Benchers approved the following resolution to explore changes in the way the legal profession is regulated in Alberta:

Changes are needed in our regulatory framework in order to move beyond the regulation of individual lawyers and, after appropriate consultation with the profession, enable the regulation of entities through which lawyers deliver legal services, and

The Law Society of Alberta is committed to proactive consultation with the legal profession as these innovative changes in regulation are considered.

The resolution was intended to identify the work ahead and highlight our ongoing commitment to working with the profession as we explore these important issues.

This resolution is not a decision to apply entity regulation across the board. Nor does it represent a decision to invite non-lawyer investment in legal service providers. It is a decision that acknowledges our responsibility as the regulator to facilitate innovation as opposed to hindering progress.

To implement any regulatory changes, the *Legal Profession Act* requires amendments to facilitate change.

### 3. Why are the Prairie Law Societies not talking about Alternative Business Structures at this time?

We recognize that Alternative Business Structures (ABS) are a possible outcome of regulatory change. We want to hear your perspectives on that topic. We will have more fulsome discussions about ABS, only if and when the proposition is brought to the table in the future.

#### 4. Where can I find more information about entity regulation?

Visit [www.lawsocietylistens.ca](http://www.lawsocietylistens.ca) for background information on entity regulation and related topics.