



Law Office Management 101

Desk Reference Manual

Section A Professionalism, Procedures & Practice

Introduction

It is all about maintaining the public's trust in the legal profession and your clients' trust in your firm. The onus lies not only with the lawyers and the support staff; it extends to you as the office manager. In fact, you are the vital cog who makes sure the firm is running smoothly, that the firm meets its obligation to its clients, regulators and to society as a whole.

Knowing what the expectations are and establishing the processes to make sure that these are met are two of your key responsibilities.

As you know, law offices are governed by rules and regulations of the Law Society of British Columbia (LSBC). The primary responsibility of LSBC under the provincial *Legal Profession Act* is to protect the public interest in the administration of justice. LSBC sets and enforces standards of professional conduct for lawyers which are designed for the protection of the lawyers to help them run their practice with credibility and integrity. These standards extend to you as well.

Additionally, law firms like all businesses have to comply with the laws and other requirements set out by the appropriate Canadian, provincial and municipal bylaws.

You must become familiar with these standards and incorporate them into their everyday performance. You should also study and comply with all ethical guidelines of bar associations and law societies which apply in their own jurisdictions. Furthermore, you must take the lead in communicating these policies and procedures to everyone in your firm.

Finally, it is up to you to make sure that you have a systematic way of ensuring the compliance, measurement and review of these standards.

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Section B Trust Accounts and General Financial Matters

Section B1 Trust Accounts

General Information

Division 7 of the Law Society of British Columbia (LSBC) rules and regulations set out the manner of how lawyers should manage, maintain and report their clients' trust funds. It is with the consent and direction from the client to your lawyer that determines the disposition of these trust funds. After all, trust funds belong to the clients, not the firm. There must be a separate client file account for each trust account. When funds are received into the pooled trust account as a retainer for services, work must be performed for the client. An interim account or final account at the end of the project must be rendered and mailed, faxed or emailed to the client before any funds are moved from the pooled trust account to the general account. Funds may come to the firm for other reasons than as a retainer for services to be performed. It may be that the lawyer has agreed to an undertaking to pay another company or law firm a sum of money. The sum is paid by the client to the law firm and placed in the pooled trust account, and then paid out.

Thus, trust funds are placed in a trust account which belong in part or whole to the client. Clients give these funds to the lawyer to hold in trust pending work not yet performed.

An example of this is a retainer, which is money

- advanced by the client for the lawyer to do a specific job; or
- to pay disbursements that will be incurred when performing the specific task requested of him; or
- received in trust by a lawyer acting as an executor, administrator or committee.

Unlike trust funds, general funds are deposited to a general account set up with your financial institution as an operating account to receive funds used to pay the day to day operating expenses to run your law firm.

LSBC's Rule 3-63(1) requires all transactions to be recorded promptly, no more than seven days after a trust account transaction and no more than 30 days after a general account transaction.

You will require at least two bank accounts:

- a general account for money belonging to the law firm's practice; and
- a trust account for money belonging to the clients. ¹

There are a number of accounting procedures that must be followed but for our purposes, we will cover the three fundamental steps relating to trust accounts. These include:

1. record transactions,
2. proving the accuracy of the records, and
3. producing financial information which relate to trust accounting.

There are also the four essential records that are of importance and they are:

1. Books of Original Entry
2. Accounts Receivable/Disbursement Ledger (subsidiary ledger)
3. Trust Ledger (subsidiary ledger)
4. General Ledger

Books of Original Entry are books where general cash and trust monies are first recorded. The information comes from all source documents your firm handles such as bank deposit receipts, cancelled cheques, credit card slips, invoices, and lawyers' bills. The purpose is to summarize information so that it can be posted to the subsidiary ledgers.

Accounts Receivable/Disbursement Ledger (as a subsidiary ledger) is a separate record/ledger for each client where you would record bills delivered to a client, disbursements made on behalf of a client; transfers from trust and any other receipts from or for a client.

Trust Ledger (subsidiary ledger) is a separate record/ledger for each client where receipts and withdrawals of trust funds made on behalf of that client are recorded.

General Ledger contains all the information recorded in the Books of Original Entry as well as the two subsidiary ledgers which information is posted to the General Ledger. It is then used to create a trial balance which lists all debit² and credit balances in each account in the general ledger. In order for the books to be "in balance," the grand total of debits must match the grand total of credits.³

¹ Client includes any beneficial owner of funds or valuables received by you in connection with your practice (Rule 3-47).

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Section C Human Resource Management

Introduction

A law firm's greatest assets happens to be its people, from the partners to the staff. It is your responsibility to make sure that they get the support they need to allow them to serve the clients of the firm.

To assist you in managing the human resources, Sections C1 to C3, contains an anthology of monographs for your reading. In section C5, there are some regulatory matters worth noting. Finally, section C6 is a collection of checklists that you may find useful.

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Section D Departure, Disability, Death and Disbarment

Introduction

No one ever thinks that something can happen in a person's life leaving them incapable of continuing on with their profession, especially a lawyer. But the fact of the matter is, unexpected mishaps do sometimes happen, either through an accident, illness or even death. Having said that, lawyers have an ethical responsibility to protect the interests of their clients and should have a plan in place should the unexpected happen. This is especially imperative if you are a sole practitioner.

Section 50 of the *Legal Profession Act* authorizes the Law Society to make application to the BC Supreme Court to appoint a custodian of a lawyer's practice should he/she become unable to continue practicing, if no prior arrangements have been made.

Section 50 of the Legal Profession Act has been reproduced and can be found at Appendix "A" of this chapter

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Section E Emergency Planning

Introduction

Regardless of what area of practice your firm is, the prudent precautions need to be laid out in anticipation of emergencies. The nature of emergencies has evolved over the years.

Hard drives crashing and water pipes bursting used to be the most common events. But after September 11, 2001, the possibilities now include acts of terror and the effects of global warming.

Set out in this section are ideas and checklists to help you get started.

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Law Courts Center Desk Reference Manual Price List.xls

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Current to: 7/15/14

Title	Code	Last Updated	Price
BC Civil Litigation Guide v9.0	BCCLG	140625	750
Bills of Costs 101	BOC 101	130701	225
Business Corporations Act 101	BCA 101	130808	225
Case Planning Procedures	CAP 102	120108	225
Chambers Application Procedures	CHA 101	140801	225
Civil Litigation 102	CIV 102	131122	225
Clinical Records 101	CRS 101	131203	225
Conveyancing 101	CON 101	130701	225
Discovery Procedures 101	DIS 101	130601	225
Document Disclosure 101	DOD 101	130531	225
Drafting Applications Workbook	DAW 101	140801	225
Family Chambers Applications Procedures 101	FCAP 102	140331	225
Family Law 102	FAM 102		225
Fast Track Litigation	FTL 101	110421	225
Heads of Damages 101	HOD 101	130415	225
Law Office Management 101	LOM 101	111201	225
List of Documents 201	LOD 201	120500	225
Litigation Practice Basics 101	LPB 101	140901	
Litigation Project Management 301	LPM 301	140624	100
Managing MVA Files 103	MVA 103	140125	225
Part 7 Benefits 101	P7B 101	140501	225
Personal Injury Book of Letters	PIBL	120500	225
Personal Injury Studies 201	PIS 201	130601	225
Pleadings 101	PLE 101	120430	225
PST & GST FAQs for BC Law Firms		140901	150
Return to GST for BC Law Firms Recorded	GST 102v	130228	125
Trial Preparation for Defence Firms	TPD 101	120500	225
Trial Preparation for Family Law 101	TPF 101	130601	225
Trial Preparation for Plaintiff Firms	TPP 101	101115	225
Trust Accounting 101	TRA 101	101028	225
Trust Assurance Management Recorded Lec	TAM 10v	120329	125
Trust Assurance Management Recorded Lec	Tam 102v	130712	125
Trust Assurance Seminar Recording	TAS 102v	130328	300