This month

- **The risk of compliance failure**
- **The right approach and potential solutions**
- **Remote working essentials and challenges**

More than commercial challenges

Law firms as always are facing major commercial challenges – profitability, cash flow, resourcing, client expectations but unlike many commercial businesses in the market place – professional services firms also carry the very heavy burden of regulation and compliance that whether we like it or not has to be achieved.

It is not just law firms but also other businesses such as Finance and Accountancy and Property are under massive pressures to avoid getting fined, closed down, credibility destroyed, losing or paying a fortune for Professional Indemnity Insurance. So much of it geared to AML and economic crime nationally and globally.

We also have to remember that is not just residential conveyancing within the law firms but also corporate and commercial, banking, private wealth, renewable energy, oil, gas and mining – plus much more

At the Manchester Law Society Management Conference April2023.pdf (professionalchoiceconsultancy.com) Michelle Garlick of Legal compliance and risk management consultants Legal compliance and risk management consultants | Compli (weightmans.com) who provide outsourced consultancy and advice for many law firms summarised those challenges that a facing law firms from a compliance and regulation perspective where often they are not understood or being addressed effectively again and added value solution to be reviewed. They included amongst many more….

- Many COLPs, COFAs, IT Head and Finance Heads are not fully up to speed and the cost of failure can destroy the firm.
- Many SRA challenges have been updated quite recently and cannot be ignored. Firms can face closure, heavy fines (not assisting profitability and cashflow – let alone credibility) and no Pii insurance.
- AML and Economic Crime – all very high profile at the moment with some checks on source of funds and identity of individual being done but not as thoroughly as could be
- Sanctions – checks needed on beneficial owners and business parties plus the need for documented policy and procedure within the firm

Brian Rogers – Regulatory Director of www.theaccessgroup.com when asked

"Managers of law firms remain very busy dealing with their clients' matters, but they mustn't allow compliance to take a back seat, especially with the Solicitors Regulation Authority (SRA) continuing with its thematic reviews of AML compliance, competency, sanctions and ethical conduct; the latter being under particular focus due to the potential misconduct of both in-house and external lawyers involved in the Post Office scandal, where more recently, there have been issues around the non-disclosure of evidence that has now led to significant delays in the public inquiry and the hearing from key witnesses".

In June I also wrote about the availability of the right resources for many essential activities within law firms June2023.pdf (professionalchoiceconsultancy.com) which unsurprisingly included

"Compliance and Regulation achievement. A major challenge for firms despite the COLP/COFA roles – things like AML is such a hot topic at the moment and it amongst other SRA breaches are costing some firms thousands of pounds, impacting the Pii renewals and damaging market credibility. Again, third party advice/consultancy by industry experts is available"

Compliance Management within firms

Michelle and Brian have warned us and we are becoming increasingly aware of the risks lack of attention brings to the firm.

From a management perspective within firms, we all need to be considering this check list and make sure we are on top of it. It is not just down to compliance officers but as usual with everyone in the firm clearly aware of their roles and accountabilities

- Client creation and an assessment of them in terms of risk or opportunity
- Getting and verifying the identity of the client and sorting shortage of key information
- Making sure the information is available for review and audit purposes
- Ensuring a workflow to gather and prove the client data, conducting risk assessments, being open with those accountable and/or contributory for the firm's compliance
- Supervision to be able to access and review the process stages and the data
- We need access to the process from multiple but secure places, have efficient workflows, make sure compliance reviews are consistent, ensure good customer experience and avoid data privacy and security risks

Related Added Value from MLS

There are a number of very effective suppliers to the sector of AML research but recently the Manchester Law Society Advantage group MLS Advantage | Manchester Law Society has added to its added value team UK's leading AML software solution | First AML as part of the due diligence so much of relevance was uncovered.

There is a two-tiered solution – first effectively a solution with experts to support the firms and more recently a new workflow SAAS solution that can be installed on the firms IT - integrated as appropriate with case management systems. Designed to reduce time spent by partners, fee earners and compliance specialists on the manual aspects of the AML process – overseen by line management and/or the compliance team.

Already firms like Leading UK law firm • Award-winning solicitors | Weightmans are utilising and referencing it as is fast growing medium sized firm Poole Alcock Solicitors | Expert Law Firm | Committed to Excellence – the solution effective across all work types

Getting to the core of remote and flexible working

This is the new world and all firms need to consider the operation in full or in part and it being a very serious strategy consideration and the appropriate management put in place.

I have been lucky and over the last forty years have operated within flexible working environments full and part time globally – working with teams in the USA, Australia, Japan, Singapore, Hong Kong, the Middle East and Europe – plus of course the UK with branches and individuals.

Getting it right cannot be ignored and some survey results show that more than 70% of businesses are considering this.

In recruitment and positioning we have to consider personalities of individuals and bosses not just looking at performance but their personalities too – communication skills, intellectual skills, management capability of self, projects and others along with motivational factors and living environment.

Another MLS Advantage business Employee Engagement and Performance Management Software (weekly10.com) has just produced a posting https://www.linkedin.com/pulse/5-resources-make-flexible-working-better-you-your-people-weekly10/ which is well worth studying looking at why it maybe wont work, maintaining regular communication and engagement, data sharing and communication and the potential impact on well being working remotely

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