

## **Best Practice Clinic: Internal audits, corrective action**

By Greg Dwyer

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ONE OF THE MAIN CHANGES FOR LEGAL practices moving from QL to LAW 9000 certification is the requirement to have formal processes for reviewing and maintaining their management system. In LAW 9000 terminology these procedures are called internal audit (some practices prefer the term ‘process review’) and corrective action.

Although in practice probably with some overlap, they are separate requirements. In any event the principles should apply to any management system and are about keeping it up to date, relevant and effective, and making sure people are implementing it.

### **Internal audit**

LAW 9000 requires the practice to conduct internal audits at planned intervals to ensure that the management system:

- complies with LAW 9000 and the practice’s own procedures; and
- is being effectively implemented and maintained.

The external audit by SAI Global checks that there are internal audit procedures, and that the audits have taken place.

Internal audit is used to gather information about how the management system is working and whether there are any problems or opportunities for improvement. The auditor assesses what a procedure requires and looks for evidence it is being followed.

Other issues to consider are when audits should happen, who should carry them out and training for the auditors.

### **When to audit**

To comply with LAW 9000 internal audits have to take place “at planned intervals” which in practice means at least annually, but ideally should be more often than that – perhaps every six months.

Some organisations have a ‘harbour bridge’ approach – that is, there is a rolling cycle with some elements of the management system always subject to review. Obviously, this may be impracticable or unrealistic for smaller practices. It can be resource-hungry, but it can have the benefit of making the audit system part of day-to-day management procedures rather than a special event.

Leaving it until shortly before an external audit can mean the system gets a last-minute checkover, but runs the risk of not leaving time to fix any problems which are

uncovered, and of staff seeing the process as externally rather than internally driven – that is, it’s just done for certification purposes rather than for continual improvement.

## Who should audit

Again, this will depend on the size and resources of the practice. On one view, the more staff involved the better. This spreads the workload and helps with internal crossfertilisation and awareness. More people know what their colleagues do and how the practice operates. And having more people to do internal audits should make it possible to do them more often.

Leaving the audits in the hands of one or two people means that the practice is dependent on them. On the other hand, a smaller team can assist in making audits reliable and consistent. A larger team means that auditors must be trained and managed. Of course, auditors should not audit their own procedures, so it is inevitable that no matter how small the practice there should be at least two auditors, even if one is principally responsible.

## Corrective action

LAW 9000 also requires practices to have a procedure to find the causes of problems and then do something to try and avoid them happening again. Corrective action is part of the continual improvement approach of LAW 9000.

Faults, failures, problems – ‘non-conformities’ as LAW 9000 calls them – can come to notice in different ways. They may arise through internal or external audits. They can also come to light as the result of client complaints, external agencies (for example, finding that an out-of-date form has been used and rejected by a government agency), file reviews or simply by a staff member identifying that a process is not working or suggesting a better way of doing it.

To implement corrective action effectively there needs to be a procedure for recording the problem or issue, taking follow-up action to fix it, and reviewing the outcome. Keeping data on corrective actions should help identify weak spots in the system and assist risk management procedures.

## Outcomes

Both internal audit and corrective action are formal LAW 9000 requirements, and help meet the requirement for management to review the practice’s system. But the principles behind them are good commonsense for any business. Underlying both is the philosophy that they are about system, not individual, performance.

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*Note: this article is based in part on course materials prepared for the Centre for Best Practice by the management consultancy Realisation.*

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