

PRACTICE MANAGEMENT COURSE GUIDELINES FOR NEW SOUTH WALES

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THE LAW SOCIETY
OF NEW SOUTH WALES

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All terms in this document have the same meaning as in the *legal profession legislation* (as defined in the *Legal Profession Uniform Law Application Act (2014)*)

Introduction

In New South Wales (NSW), an Australian legal practitioner must successfully complete an approved and accredited Practice Management Course (PMC) before being eligible to apply for the grant of, or variation to, a principal of a law practice practising certificate (PC), authorising the holder to engage in legal practice as a principal of a law practice in NSW.

A PMC is approved and accredited by the Council of the Law Society of New South Wales (**Law Society Council**).

The requirement to attend a PMC was first introduced in NSW on 1 July 1992.

Condition 3 is a discretionary condition imposed on all PCs pursuant to section 53 of the *Legal Profession Uniform Law (NSW)* and Rule 16(b)(ii) of the *Legal Profession Uniform General Rules 2015*. If a PC is subject to Condition 3, the holder must complete a PMC before being eligible to apply for the grant of, or variation to, a principal of a law practice PC, authorising the holder to engage in legal practice as a principal of a law practice in NSW.

These updated PMC Guidelines were approved by the Law Society Council on 18 March 2021.

These guidelines detail the minimum requirements that all PMC providers must address to ensure that legal practitioners who undertake the course are equipped with the necessary skills to enable them to effectively, competently and ethically manage a law practice.

Practice Management Course objectives

The purpose of a PMC is to:

1. Equip principals of a law practice with the management skills and information necessary to conduct a law practice;
2. Protect consumers by ensuring that principals have the capacity to meet their needs in an efficient and competent manner; and
3. Enable principals with the necessary skills to maintain high ethical and professional standards.

Core Subjects

In order for a principal to effectively and competently deliver legal services by a law practice, a principal must be proficient in practice management.

The following core subjects are mandatory subjects that must be offered by PMC providers in order to ensure such proficiency:

1. General Principles of Management;
2. Financial Management;
3. Trust Money and Trust Accounts;
4. Practice Management Systems;
5. Technology and Innovation;
6. Professional Standards and Ethics; and,
7. Business Development and Marketing.

1. General Principles of Management

This subject enables a principal to understand the general principles of management, so as to ensure the sustainability and success of their law practice.

This subject should address the following issues concerning general principles of management:

- *Leadership qualities* – developing the goals and strategies to guide the law practice to achieve a stated purpose;
- *Staff supervision* – building relationships of trust to empower staff to achieve objectives and ensuring that staff act professionally and ethically at all times;
- *Delegation* – ensuring that appropriate tasks are performed by suitable staff;
- *Interpersonal/communication skills* – maintaining effective written and verbal communication skills to ensure operational clarity and good client relations;
- *Stress management* – identifying and reducing causes of stress; and
- *Positive office culture* – promoting a supportive and ethical culture to achieve a positive environment.

Core Subjects (continued)

2. Financial Management

This core subject enables a principal to plan, organise, direct and control the financial activities of their law practice to meet objectives and operate profitably.

This subject should address the following issues concerning financial management:

- *Basic accounting principles* – understanding budgeting, cash flow, profitability and how to interpret financial statements;
- *Billing* – awareness of the availability of different billing methods and ethical billing practices;
- *Taxation strategies* – understanding taxation requirements and how to meet them;
- *Debtor control* – developing processes to ensure the prompt payment of bills;
- *Practice valuation* – understanding how to determine the value of practice(s);
- *Borrowing ratios* – determining appropriate borrowings;
- *Budgeting* – effectively budget for the law practice; and
- *Cost regulation and estimating* – effectively scope and plan a matter to accurately estimate the likely costs and to understand regulatory requirements around costs, including costs agreements and disclosure requirements.

3. Trust Money and Trust Accounts

This core subject enables a principal to understand the obligations and regulatory framework governing Trust Money and Trust Accounts.

This subject should address the following issues concerning Trust Money and Trust Accounts:

- Knowledge and understanding of the obligations and regulatory framework governing Trust Money and Trust Records;
- Understanding general trust obligations and principles; and
- Understanding appropriate and compliant billing methods for practices with and without trust authorisation.

4. Practice Management Systems

This core subject enables a principal to develop and implement a comprehensive framework to manage policies, procedures and processes and promote continual improvement for a successful practice.

This subject should address the following issues concerning practice management systems:

- *Time management* – developing systems to ensure effective time management;
- *Quality control* – ensuring that all work produced is of the highest quality;
- *File/Case management* – implementing a robust file management and review system;
- *Industrial relations and WH&S* – understanding the requirements of employment legislation, workplace entitlements and best practice;
- *Staff selection and training* – attracting, securing and maintaining ethical and competent staff; and
- *Partnership agreements and partner relations* – attracting, securing and maintaining positive partner relationships.

5. Technology and Innovation

This core subject enables a principal to consider and understand the adoption of technology and innovative approaches to ensure the effective delivery of legal services.

This subject should address the following issues concerning managing technology and innovation:

- *New technologies* – understanding new and innovative technology that is available and determining what is most appropriate and cost-effective for the law practice;
- *Risk management* – developing a risk management framework to manage technology effectively, including consideration of cyber-security and privacy; and
- *Education and training* – ensuring that staff are trained to use technology competently and ethically, adhering to law practice policies and guidelines.

Core Subjects (continued)

6. Professional Standards and Ethics

This core subject enables a principal to understand the professional, legal and ethical obligations of the law practice.

This subject should address the following issues concerning professional standards:

- *Regulatory requirements* – understanding the regulatory requirements set out in legislation, regulations and rules for establishing and operating a law practice;
- *Professional conduct* – understanding the conduct rules and common areas of complaint and how to avoid them;
- *Ethics* – developing systems and programs that promote ethical behaviour;
- *Professional negligence* – understanding negligence and the role of the professional indemnity insurer;
- *Risk management* – developing systems and practices to reduce risk exposure; and
- *Fidelity fund* – understanding the role of the Fidelity Fund and its implications for a law practice.

7. Business Development and Marketing

This core subject enables a principal to develop and implement an effective marketing plan and develop the business of the law practice.

This subject should address the following issues concerning marketing:

- *Practice development* – growing the law practice by using appropriate marketing strategies;
- *Client relations* – ensuring positive client relations to maintain existing clients and attract new clients; and
- *Regulatory compliance* – understanding and complying with advertising rules.

Enrolment

It is a requirement that all Australian legal practitioners successfully complete an approved and accredited PMC before being eligible to apply for the grant of, or variation to, a principal of a law practice PC, authorising the holder to engage in legal practice as a principal of a law practice in NSW.

Mode of delivery

The PMC must be 25 hours in duration at a minimum. The PMC may be delivered in person face-to-face and/or by suitable digital learning technology, including live video conferences.

The mode(s) of delivery must be determined by the PMC provider prior to seeking accreditation with the Law Society Council. Any significant amendment to the mode(s) of delivery once approved must be submitted for re-accreditation.

Presenters

A PMC provider must engage appropriately qualified people to design and teach a PMC. To ensure continuity, a PMC provider must ensure that presenters of a PMC are appointed for no less than 12 months.

The presenters of the Trust Money and Trust Records, Professional Negligence, Professional Conduct, Ethics and Fidelity Fund core subjects must be approved by the Law Society Council.

Course materials

Each participant in a PMC must be provided with appropriate and relevant course materials by the PMC provider. Course materials must reflect current law and current practice.

The course objectives, content and assessment must be developed and presented for accreditation. Any significant amendment to the course materials once approved must be submitted for re-accreditation.

Course structure application to principals

Every principal of a law practice, including a supervising legal practitioner of a community legal service, must complete a course in relation to trust money and if applicable, trust records, when undertaking a PMC, as follows:

- An Australian legal practitioner who intends to become a principal of a small law practice must complete no less than four (4) hours in tuition of trust money and trust records during the PMC;
- An Australian legal practitioner who intends to become a principal of a large law practice must complete no less than one and a quarter hours (1 ¼) in tuition of trust money during the PMC; and
- An Australian legal practitioner entering a corporate or government organisation or a community legal service as a supervising legal practitioner must complete no less than one and a quarter hours (1 ¼) in tuition of trust money during the PMC.

Assessment

A course must have formal means of determining whether, and certifying that, a participant has acquired and demonstrated an appropriate understanding of, and competence in, each of the core subjects. The course materials for each core subject must clearly state the level of understanding and competence required to satisfactorily complete that subject.

The mode of assessment for the core subjects within the PMC must be determined by the PMC provider prior to seeking accreditation. Any significant amendment to the assessment framework once approved must be submitted for re-accreditation.

Course completion and attendance

In order to successfully complete the PMC, participants must complete all modules/sessions and must pass all associated assessments.

Reporting and PMC condition on a practising certificate

Condition 3 (PMC) is expressed on a PC as follows: *“The holder must complete a Practice Management Course before being authorised to engage in legal practice as a principal of a law practice.”*

In order to remove a condition, the Law Society Council must be satisfied that the condition has been met and does so by requiring independent, and satisfactory evidence that the condition has been met.

Prior to removing a PMC condition from a PC, the following standard procedure is adopted:

1. Each of the approved PMC providers provide the Law Society Council with written notification by way of email to the Law Society Registry of the names of those participants who have successfully completed the most recent PMC it has provided; and
2. Upon receipt of notification from the relevant PMC provider that an individual practitioner has successfully completed a PMC, the application to remove condition 3 from the legal practitioner’s PC is processed; and
3. Once the PC is varied to show the removal of condition 3, it is then issued to the legal practitioner, effective from the date of completion as notified by the PMC provider.

Accreditation and Monitoring

PMC’s can only be offered by accredited providers. The Law Society Council will accredit a provider if the PMC complies with these Guidelines.

Providers of the PMC will be subject to periodic monitoring as stipulated by the Law Society Council.

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