

## ABS COMPLIANCE AUDIT

As of: \_\_\_\_\_

Every Arizona ABS law firm is required to perform a semi-annual "compliance audit" to assure compliance with the ABS Code of Conduct, set forth in **ACJA § 7-209(K)**, and prepare a report, summarizing the audit results. Such an audit should be performed by the Compliance Lawyer, with the assistance of firm personnel.

*Retain a copy of this Audit in the Firm's files.*

The following are the categories of compliance information that have been reviewed in this semi-annual compliance audit:

### Current Firm Status:

Total number of attorneys	
Total number of non-lawyer employees (including 1099 staff) supporting the law practice	
Total number of Authorized Persons	
Total active clients	
Practice areas	

#### 1. Conflict Checking Policies/Procedures.

Are appropriate procedures in place and being followed? For example, identify who does the initial check, what database is used, when/whether an attorney reviews it, when are conflict checks re-run, and who authorizes conflict waivers. Describe changes, if any.

#### 2. Client Intake with Signed Fee Agreements.

Are appropriate procedures in place and being followed? Compliance Lawyer should consider reviewing a random sampling of existing engagement letters and intake procedures to confirm. In addition, it is recommended to review the following:

- Who is sending fee agreements to clients?
- Are billing numbers being assigned only after receipt of a signed engagement letter?
- Who is sending declination and disengagement letters?

#### 3. Data and Document Security Procedures.

Identify existing software and systems utilized for:

- Document Management:
- Client Information:
- Accounting:
- Billing:
- Attorney Time Entry (if applicable):
- Other Software Relevant to ABS Operations:

#### 4. Trust Accounting.

- Names/Titles of Personnel Involved In Trust Accounting Process:
- Software and Systems Used for Trust Accounting:

- Are 3-way Audits Being Timely Performed?
- Identity of Trust Account Trustee:
- Name of Financial Institution Where IOLTA is Held:

**5. Business Stability and Finances.**

- Identify and describe any issues or concerns that affect the financial stability of the ABS.
- Is the ABS in default on any debt obligations? If yes, explain.
- Are attorneys reviewing all client invoices before submitting?
- Is the firm utilizing third-party litigation funding? If so, identify the funder and the intended use of the proceeds.

**6. Ancillary Businesses/Access to Client Data.**

- If applicable, list all ancillary services provided by firm
- Confirm that agreements for ancillary services contain appropriate disclosures (i.e. ancillary services do not create an attorney/client relationship)
- Confirm employees of ancillary service divisions cannot access client data without client consent
- Confirm marketing of ancillary services to clients comports with ER 1.8(a) procedures

**7. Ongoing Lawyer and Staff Substantive Training.**

- Identify any CLEs hosted by the ABS.
- Confirm that State Bar dues are current and all lawyers are in good standing.
- Confirm that lawyers are in compliance with annual CLE requirements.
- Identify any ABS-specific CLEs attended.
- Identify any non-lawyer trainings.
- Identify ABS compliance trainings, if different from above.

**8. Client Complaints.**

Identify any State Bar complaints that allege a violation of ethical duties and/or that require placing the ABS law firm's professional liability insurance carrier on notice.

**9. Inquiries From Professional Regulatory Bodies.**

Identify inquiries involving allegations of adversarial actions, where a response was required, including:

- Date, Office inquiring, attorney involved, nature of issue
- Date reported to management
- Status of each inquiry
- Confirm procedures are in place to ensure Compliance Lawyer is notified of inquiries requiring a response.

**10. Pro Bono Activities.**

Describe any pro bono activities.

**11. Awards & Recognitions.**

Identify any awards or recognitions received by the ABS or its lawyer and non-lawyer staff.

**12. Other Information Relevant to the ABS.**

**13. Action Items before Next Audit.**

Date of Audit: \_\_\_\_\_

Individuals Assisting with Audit Data: \_\_\_\_\_

Compliance Lawyer signature: \_\_\_\_\_

SAMPLE