

Employment

Risk and exposure audit

2025

Introduction

Law firms operate in a uniquely complex employment landscape. With the heightened scrutiny applied to regulated professionals and the additional nuances presented by partnership structures, it is vital that employment and HR frameworks are robust, compliant and strategically aligned to the needs of the business.

Our team advises law firms across the full spectrum of employment and partnership issues. We understand the risks specific to professional services firms, from managing contentious exits and safeguarding against post-termination breaches, to navigating whistleblowing disclosures, discrimination claims and the employment status of partners.

This audit checklist has been designed to help you assess and strengthen your employment and HR practices across key risk areas, ensuring alignment with legal obligations, SRA expectations, and best market practice. Whether reviewing contracts, updating internal policies or auditing governance arrangements, this resource will support your firm in identifying exposure and implementing proportionate, practical solutions.

Employment contracts

- Review to check compliance with Section 1 of the Employment Rights Act 1996.
- Review to ensure that contracts are reflective of best market practice in respect of employer protections, e.g., payment in lieu of notice clause, adequate confidentiality, and duties clauses.
- Review to ensure regulatory compliance.
- Review and analysis of post-termination restrictions and likely enforceability.

Training contracts and qualifying work experience

- Review to check compliance with Section 1 of the Employment Rights Act 1996.
- Review to ensure that contracts are reflective of best market practice in respect of employer protections, e.g., payment in lieu of notice clause, adequate confidentiality, and duties clauses.
- Ensure training contracts are aligned with 2019 SRA Training Regulations and have adequate provision for early termination if necessary.
- Ensure SQE route contracts are aligned with SRA Authorisation of Individuals Regulations.
- Ensure support staff contracts are clear that the employee's duties do not constitute qualifying work experience and that the firm has no obligation to provide such experience.

Staff handbook

- Template employment policies required by law (disciplinary and grievance procedure (if details are not contained in section 1 statement), health and safety and whistleblowing (in some cases).
- Template drugs and alcohol policy or review of the same.
- Review of policies required by law and those that are strongly recommended and necessary from a regulatory perspective (bribery, equal opportunities, data protection and whistleblowing).
- Review of remote working and work from home abroad policies and arrangements to ensure fit for purpose.
- Review of existing staff handbook for red flag amendments and gap analysis, including appropriate tailoring to SRA requirements and any other regulatory requirements the business is subject to.

Review of partnership structure

- Review of individual registrations, Companies House (including overseas entities register if applicable), internal registers and/or anti-money laundering registrations to ensure all are accurate and up to date.

- Review of inter-LLP documentation to ensure fit for purpose, including internal engagement letter, services agreement and data transfer agreement.
- Review of confidentiality and data sharing arrangements to ensure compliance with SRA Codes of Conduct and UK GDPR and Data Protection Act.
- Review of partnership or members' agreement to ensure it reflects current legislation and best practice and includes key protections for the firm.
- Review of partners' handbook to ensure it reflects current legislation and best practice and aligns with the partnership or members' agreement and standard internal practices.
- Consider whether management and governance arrangements are compliant with SRA rules and expectations as to independence and control.

Staff training for managers and/or HR team

- Equal Opportunities
- Whistleblowing
- Harassment
- Performance Management

Risk Assessment

- Prevention of Sexual Harassment
- Failure to prevent fraud

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