

Equal Opportunities Report 2002

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All the views expressed are those of the authors and do not necessarily represent those of the Legal Services Commission.

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Executive Summary

1. Arising from the *Report on the Findings of the LSRC Equal Opportunities Survey, 2000* was a recommendation that a review of the Legal Services Commission (LSC) contracting process be undertaken, to investigate whether minority ethnic owned and controlled firms have a different experience of the contracting process than others. The second Equal Opportunities Report details this research.
2. The research consisted of three main strands;
 - A survey of firms originally invited to apply for LSC contracts, asking for feedback on the auditing process
 - A quantitative analysis of LSC contracting data
 - A qualitative study of the auditing process

Solicitors Survey Results

1. A survey was sent to 518 firms that responded to the LSRC's first survey on equal opportunities. All 259 firms that were minority ethnic owned and controlled were selected, along with a control sample of 259 non-minority firms.
2. The firms were sent a questionnaire asking for feedback on the contracting process and whether or not it was felt that minority ethnic firms experienced specific problems not relevant to non-minority firms.
3. 103 questionnaires were returned to the LSRC. Most firms that replied did not experience any difficulties with the contracting process. Only 30 firms said they had difficulties with contracting. Because of the low numbers involved, only tentative conclusions could be drawn from the returned responses.
4. Most of these firms complained about additional bureaucracy involved with applying for and maintaining LSC contracts. However, 5 firms related their problems with contracting to a lack of guidance from the LSC or to difficulties for new and recently established firms in meeting supervisor standards. The firms that cited the latter problem were minority ethnic firms.
5. This ties in with recent Law Society funded research that has found that minority ethnic solicitors have limited success at gaining entry to the profession. The difficulties experienced by some minority ethnic firms when applying for LSC contracts, as outlined in the 2000 Equal Opportunities Report, may therefore be in part a consequence of problems experienced earlier within the legal profession.

Quantitative Research Findings

6. For the quantitative analysis, LSC contracting data was merged with LSRC data detailing the ethnic make-up of firms. The aggregate dataset was then analysed for links between audit results and types of firms.
7. It was found that minority ethnic firms that underwent audits in the year April 2000 – March 2001 were no more likely to receive an operational non-

compliance (ONC) than non-minority firms. It was also found that size of firm had no bearing on audit result.

8. While no differences were found between the proportions of minority ethnic firms and non-minority firms awarded ONCs, non-minority firms received on average a third less ONCs than minority ethnic firms. If a minority ethnic firm were to fail an audit, it appeared that they would fail it by a greater margin than a non-minority firm.
9. The dataset was then divided according to category of law practised by firms. Two categories of law were selected – Immigration and Family. The audit results of firms practising these categories of law were then compared to those of all other firms. Again, there was no evidence showing that either Immigration or Family firms obtained different audit results than firms practising other categories of law.
10. It was found that regional offices yielded varying patterns of audit result. Of the 13 different offices, all but 3 were no more likely to award an AFN than to do so. The three offices which did not fit with this pattern were Birmingham, Liverpool and Nottingham.
11. It was also found that firms that achieved good audit results (i.e. that were not issued with AFNs) were more likely to have joined the LSC Franchise process earlier than firms that were issued with AFNs. In a separate analysis, minority ethnic firms were found on average to have joined the franchise process later than non-minority firms.

Qualitative Research Findings

12. The qualitative research into the auditing process involved LSRC researchers accompanying LSC representatives on audit visits in a variety of regions.
13. Most auditors stressed that auditing was not a precise process. It was felt that a necessary degree of latitude existed that allowed auditors to use their own judgement when visiting firms.
14. Indications of some regional variation in practice emerged. Auditors were aware of the differences that existed, and it was mentioned that firms that fail audits by some regional offices might pass when audited by others. Some inconsistencies in the auditing of Equal Opportunities policies were evident.
15. It did not seem unusual for equal opportunities policies not to be audited, and in some areas the auditing of such policies seemed to have been regarded as constituting a low priority. Also, deficiencies in equal opportunities policies or practice were not always treated as pressing. The introduction of the Specialist Quality Mark (SQM) will make equal opportunities requirements more far-reaching than in LAFQAS.
16. No systematic difference of treatment for any type of firm was evident in the audits attended by LSRC researchers.

17. The survey of solicitors' firms' experiences of the contracting process, detailed in chapter 2, indicated that there is concern amongst some within the profession relating to the bureaucratic burden the contracting process places on firms. This is something felt by minority ethnic and non-minority ethnic firms; although it may be more acutely felt by smaller firms, and a greater proportion of minority ethnic firms fall into this category.
18. Part of the explanation for this disparity in the size of firms is perhaps the fewer opportunities for general advancement within the legal profession seemingly offered to minority ethnic lawyers. This finding of recent Law Society funded research is consistent with suggestions by survey respondents that minority ethnic firms are more likely to be composed of solicitors who have been unable to advance their careers elsewhere, and are therefore more likely to be both relatively newly established and small.
19. Both our survey findings and our analysis of quantitative data indicated that newly established firms face greater difficulties in the LSC contracting process. On the practical side, for example, newly established firms can face difficulties meeting supervisor standards. More generally, though, our findings from the quantitative analysis detailed in chapter 3 indicated that late entry into the franchise process may be detrimental to firms' audit results, and that the median date of entry for minority ethnic firms was 2.3 years later than for other firms.
20. The first LSRC equal opportunities report established that smaller firms were less likely to have initially obtained LSC contracts. This will have had some impact on the number of minority ethnic firms obtaining contracts, as a greater proportion of minority ethnic firms were small. However, this does not provide a satisfactory explanation of the lesser likelihood of minority ethnic firms obtaining contracts, as minority ethnic firms were less likely to do so independently of their size.
21. The finding that small firms fared worse in the contracting process than others has not carried forward. Our findings for this second report suggest that smaller firms *with a contract* are no more or less likely to receive an ONC (operational non-compliance) than larger ones. Nor are they more or less likely to receive a different number of ONCs when they do receive one.
22. Minority ethnic firms are also no more or less likely to receive an ONC than other firms. However, minority ethnic firms are more likely to receive a greater number of ONCs when they do receive one, which may in some cases be due to a lack of experience.
23. Auditors observed by LSRC researchers demonstrated high levels of understanding about the audit process and the subject matter of their audits. They also exhibited a non-rigid attitude to their work. They emphasised that their objective was to audit positively, rather than aim at finding fault. However, the non-rigid attitude of auditors, coupled with the general discretion afforded by the management audit process seemed to have fostered inconsistencies of approach. This is currently being addressed by the establishment of a consistency forum within SDG to foster links between the regions.

24. Our analysis of quantitative data indicated clear regional variations in audit results. For example, firms in the Liverpool area were around twice as likely to receive ONCs as those in other parts of the country. Auditors confirmed that this finding was not entirely attributable to differences in the quality of firms. For example, one legal consultant who had worked in different LSC regions maintained that some firms failing audits in one region would most likely pass in the others. This was also reflected in conversations with auditors. These findings relate to research conducted earlier this year by SDG, examining inconsistencies in audit patterns among regions.
25. Whilst we uncovered no evidence that inconsistencies of audit practice acted to the detriment of any particular type of firm (e.g. minority ethnic firms), the inconsistencies did appear to have an equal opportunities dimension. This follows from the obvious difficulties there are in auditing firms against their equal opportunities policies. A firm may have an excellent formal policy, but not always observe it. As observance of such policies is rarely evidenced within case or firm management systems, such failures cannot readily be identified.
26. Perhaps as a consequence of this difficulty, it appeared from a number of observations that auditing firms against equal opportunities was relatively low priority within the audit scheme. This manifested itself in two ways. First, it did not seem unusual for equal opportunities policies not to be audited. Second, deficiencies in this area of audit were not always treated as pressing. Having said that, SDG has suggested that the current approach is more stringent, and enhanced requirements will come into place from April 2002.

Recommendations and Future Work

27. To date the LSRC has focused on the LSC's civil contracting scheme. It has also focused on the solicitors' profession. In future years it is intended that Equal Opportunities reports should be expanded to cover a wider range of LSC services, specifically the monitoring of not-for-profit (NFP) suppliers and suppliers in the Criminal Defence System (CDS). They will also expand to cover clients. A monitoring scheme should also be established for Quality Mark applications and awards.
28. In relation to our findings concerning the audit of solicitors firms' equal opportunities policies, we recommend that the LSC ensure that the enhanced quality requirements coming into effect in April 2002 will ensure solicitors firms' have effective equal opportunities policies in place. It should also be ensured that auditing of these policies become an important part of the audit process. The extent to which the enhanced requirements coming into place in April 2002 meet these objectives should be monitored.
29. It has been noted in this report that, of necessity, a high level of discretion is allowed to auditors when conducting management audits. While no evidence of systematic abuse of this discretion was available, the LSC should nevertheless work to ensure that all staff receive training in issues concerning equal opportunities and diversity (a pilot training programme is currently in place).
30. It is also recommended that the LSC continue to monitor and promote consistency within the auditing process.

31. Turning to data systems, given the fact that the LSRC equal opportunities data was collected in 1999, we recommend that procedures be put in place for updating it. The Law Society Strategic Research Unit has offered to allow the LSRC limited access to Law Society monitoring data. However, we recommend that the most effective and flexible arrangement would be for the LSC to commence routine collection of supplier level equal opportunities data through the audit and contracting processes.
32. Finally, as future reports will be generally far more wide-ranging in their subject matter, it is intended that the next LSRC equal opportunities report will include separate sections relating to gender and disability.

1. Introduction

1.1 Background

- 1.1.1 In April 2000, the Legal Aid Board (LAB) became the Legal Services Commission (LSC). Along with other changes to the operations of legal services provision that came into being at that time, was the beginning of the civil law contracting scheme¹.
- 1.1.2 Whereas previously all law firms could provide legal aid to any person that was eligible under the guidelines of the then Legal Aid Board, the new system would ensure that only those law firms approved by the Legal Services Commission could now offer LSC funded legal services to the public.
- 1.1.3 A system of 'contracting' was introduced. Firms wishing to conduct LSC funded work now apply to the LSC for a contract which enables them to carry out such work. In order to be granted a contract, a firm must first hold a Legal Services Commission franchise, or quality mark. In order to acquire this endorsement, the firm must undergo an audit of its files and management structures. These are tested against the Legal Aid Franchise Quality Assessment Standard (LAFQAS)². Different LAFQAS requirements exist for each category of law in which LSC funded work can be conducted. A firm is audited against those requirements that relate to the categories of work in which it is seeking a franchise or contract.
- 1.1.4 In the first LSRC Equal Opportunities Survey, published in early 2001³, it was found that the newly introduced contracting process had a disproportionate impact on minority ethnic firms. All firms invited to apply for the new LSC contracts were asked to complete a form detailing the number of fee-earners working in that firm, the gender and ethnic origins of those fee-earners, and the categories of law in which that firm was applying for a contract. The response rate for the survey was 60%.
- 1.1.5 Of those firms that participated in the survey, 9.9% were 'minority ethnic firms'⁴. However, after the initial contracting process the percentage of such firms among those awarded contracts dropped to 8.8%⁵. While some of the fall can be imparted to the fact that a disproportionate number of unusable responses to the initial LSRC survey came from minority ethnic firms, it was also noted that a disproportionate number of forms returned by firms not awarded contracts indicated minority ethnic ownership and control.

¹ The Criminal Defence Service introduced the Crime contract for solicitors in April 2001. The terms of the contract differ from those of the civil contract, but the process of applying for contracts, auditing etc. is essentially the same.

² LAFQAS is to be replaced In April 2002 by the new LSC Quality Mark as the standard for franchised firms.

³ A copy of this report can be downloaded from the LSRC website at www.lsrc.org.uk by clicking on the 'publications' link.

⁴ For the purposes of this report, this phrase means a firm that is owned or controlled by minority ethnic partners.

⁵ As of October 2001, this percentage had not changed, indicating that once a contract is awarded, it is likely to be retained by the firm.

1.1.6 The first Equal Opportunities report recommended that a review of the contracting process, in light of the discoveries made regarding minority ethnic firms, should be undertaken. This second phase of the LSRC Equal Opportunities Project is that review. It includes three different strands of research:

- A survey⁶ sent to a mixture of minority ethnic and non-minority-ethnic owned and controlled firms, asking for details of where firms have experienced difficulties with the contracting process.
- A quantitative analysis of LSC contracting data (obtained from CIS, the LSC database) merged with the LSRC database on the ethnic make-up of firms, obtained from individual solicitors' firms in 2000.
- A qualitative study of the auditing process, with LSRC researchers accompanying LSC auditors to observe management audits in seven regional areas.

1.1.7 Section two of this report examines the responses to the questionnaire survey on the contracting process. Section three deals with the analysis of LSC contracting data and the composite dataset comprising of this data and LSRC data on firms' ethnic make-up. Section four discusses the qualitative research conducted into the audit process.

1.1.8 We would like to express our thanks to Maria Fernandes, Law Society Council member with responsibility for minority ethnic members of the profession, and Jerry Garvey of the Law Society for their comments and suggestions relating to the findings detailed in this report.

⁶ A copy of this questionnaire is in Appendix A.

2. The Survey Findings

In this chapter we discuss the methods and findings of a survey of solicitors' firms experiences of the LSC contracting process.

2.1 Methodology

- 2.1.1 To investigate any potential difficulties faced by minority ethnic solicitors' firms in the LSC contracting process, the LSRC undertook a survey of firms' experiences of that process. It was hoped that such a survey could provide researchers with an efficient method of identifying potentially problematic areas of the process.
- 2.1.2 Thus, a questionnaire was drafted (see Appendix A), asking if firms had experienced any difficulty with the contracting process, what these difficulties (if any) were, if it was felt that these difficulties were a consequence of the firm's ethnic make-up, and if so, how and why.
- 2.1.3 For the survey, two groups of firms were selected for contact. The first being the total population of those firms that were minority ethnic owned and controlled, as identified from survey data collected prior to the LSRC's first report on equal opportunities. There were 259 firms of this category on the LSRC database.
- 2.1.4 A control random sample of the same number of firms owned and controlled by non-minority ethnic partners was then selected, in order to ensure that any points raised by the responses from minority ethnic firms were particular to minority ethnic firms, and not contracted firms as a group. As the survey allowed for the anonymous return of questionnaires (see 2.1.5 below), the forms were printed on differently coloured paper for both groups of firms. Thus, in the case of an anonymous reply, it would still be possible to ascertain whether the experiences described were those of a minority ethnic firm.
- 2.1.5 The LSRC conducted the survey in conjunction with Ms Maria Fernandes, the Law Society Council member with special responsibility for the minority ethnic members of the profession. A letter from Ms. Fernandes, introducing and endorsing the Equal Opportunities project was included with the questionnaire and a letter from the LSRC. A pre-printed freepost envelope was also included, to ensure easy and quick return. Two weeks after the questionnaires were distributed, reminder letters with another copy of the questionnaire were sent out.
- 2.1.6 The LSRC realised that firms may have felt uncomfortable revealing problems with the LSC contracting process to the research division of the Legal Services Commission, so the questionnaires were returned to the Law Society. The section of the questionnaires including contact details was then removed by the Law Society in respect of any firm that did not agree to their details being passed on to the LSRC. The LSRC also gave a categorical assurance that any details made available to it would be strictly confidential and could not be passed on to any other part of the Legal Services Commission.

2.2 Findings

- 2.2.1 Of 518 questionnaires distributed, 103 were returned. In a small number of cases (5), the original survey letter was returned to the LSRC unopened, with a note from Royal Mail indicating that the address was no longer valid. Disregarding these questionnaires, the response rate for the survey was 16.9%⁷.
- 2.2.2 Non-minority ethnic owned and controlled firms had a higher response rate than minority ethnic owned and controlled firms; over 62% (64) of responses were from non-minority firms. 73 firms, the vast majority of those replying (70.9%), reported experiencing no problems with the contracting process.
- 2.2.3 30 of the returned questionnaires indicated that the firm had experienced problems. Of these, only 13 (43.3%) were returned by non-minority ethnic firms, 17 by minority ethnic firms. However, the low number of responses ruled out any meaningful statistical analysis on the details in the returned questionnaires. Consequently, for the remainder of this chapter, we will concentrate on a descriptive discussion of the survey findings.
- 2.2.4 7 of the 30 firms who indicated difficulty with contracting did not specify what the difficulties were. As such, only 23 firms gave details to the LSRC of where difficulties were found in the contracting process. Firms did not specify any particular areas of the LAFQAS standard that impinged on minority ethnic firms to a greater extent. The only area that was mentioned more than once was supervisor standards, and this was cited by both a minority ethnic and a non-minority firm.
- 2.2.5 Mostly, firms detailed more general problems about the extra bureaucracy involved with applying for and maintaining LSC contracts. 12 of the 23 mentioned at least one problem with such requirements, such as implementing new computer systems. These firms were a mixture of both minority ethnic and other firms. 7 of the 12 (again a mixture of firms) mentioned financial consequences of implementing new bureaucratic measures; concerns were raised about the cost of establishing new procedures, of taking time away from fee-earning work, and 3 specifically mentioned the impact of such financial costs on small firms. Interestingly, all of these 3 responses came from minority ethnic firms, and all stated that as minority ethnic firms were often sole practitioners, it would affect such firms more seriously than others⁸.

⁷ The low response rate may be attributable in part to the subject matter of the questionnaires. Asking only about problems that had been experienced in the contracting process increased the likelihood that firms not experiencing problems would not complete the questionnaire.

⁸ This assumption is incorrect: based on a frequency analysis of the LSRC first equal opportunities survey, minority ethnic firms are less likely than other firms to be sole-practitioners. They are, though, more likely than other firms to have 5 or fewer fee-earners. Fig. 2.1 (over) demonstrates the percentages of different owned and controlled firms of different sizes conducting publicly-funded work. It is worth noting that when minority ownership/control is broken down into specific minority ethnic groups, patterns vary greatly as to the proportion of small firms.

The statistics for firms conducting LSC-funded work differs from Law Society statistics for the profession as a whole, which found that in 2000, 9.6% of all minority ethnic firms were sole practitioners, as compared to 6.3% for all white European firms. The corresponding proportions for sole practitioner firms conducting publicly-funded work are not only lower

2.2.6 5 firms related their problems with LSC contracting to a lack of guidance from the LSC as to the requirements for obtaining a contract, or to a lack of experience within the firm, and the difficulties for new or recently established firms in meeting supervisor standards⁹. With regard to the latter, two minority ethnic firms linked this difficulty specifically to their ethnic make-up. One stated that;

Ethnic firms [are] usually composed of solicitors that did not get a fair chance of promotion in employment, usually sole practitioners. [The] amount of work and the management standards are targeting sole practitioners eventually out of business and into employment that discriminated in the first place.¹⁰

2.2.7 The other firm that referred to this matter wrote, “minority ethnic firms [sic] who often do not obtain training contracts have less opportunity to attain required supervisor standards and training”¹¹. Both of these comments refer to discrimination experienced by minority ethnic solicitors within the legal profession as a whole, and not specifically to any discrimination within the LSC funded sector. Indeed, another minority ethnic firm, who did not detail their problems with the contracting process, wrote specifically “we would say that we did not experience any overt prejudice from any LSC staff as a result of our ethnicity”¹².

2.2.8 This information, indicating that minority ethnic firms suffer from a lack of experience/guidance in the contracting process resonates with previous research undertaken by the Law Society that has investigated problems of entry into the solicitors’ profession. Michael Shiner, funded by the Research

(4.18% for white firms (not including Irish firms, which would have been included in Law Society White European firms) and 3.89 % for all minority ethnic firms), but the difference in proportion between both groups is also much smaller. Pre-contracting, the overall figure was 4.92%.

Fig 2.1 *Size of Firm by Minority Ethnic Ownership/Control*

	<i>Sole Practitioners</i>	<i>2-5 Fee-earners</i>	<i>6-10 fee-earners</i>	<i>11+ Fee-earners</i>
<i>White</i>	4.18%	44.34%	22.01%	29.39%
<i>All Min. Ethnic</i>	3.89%	50.19%	13.18%	32.55%
<i>Irish</i>	11.11%	66.67%	22.22%	0.00%
<i>B/African</i>	4.35%	43.78%	21.73%	30.43%
<i>B/Caribbean</i>	0.00%	64.29%	0.00%	35.71%
<i>B/Other</i>	0.00%	0.00%	0.00%	0.00%
<i>Indian</i>	3.33%	58.33%	8.33%	30.0%
<i>Pakistani</i>	0.00%	45.45%	18.18%	36.36%
<i>Bangladeshi</i>	0.00%	50.0%	50.0%	0.00%
<i>Chinese</i>	0.00%	25.0%	25.0%	50.0%
<i>Other</i>	4.88%	46.34%	12.9%	35.48%

⁹ See section 2.2.12 above, for data analysis relating to this topic.

¹⁰ Quote from Firm 27

¹¹ Quote from Firm 26

¹² Quote from Firm 6

and Policy Planning Unit at the Law Society¹³, found that with regard to the allocation of training contracts in particular;

Applicants enjoyed particularly high levels of success if they were young, white, male, from privileged social class backgrounds and were not disabled. Ethnic differences were particularly striking: a little less than a quarter of African Caribbean applicants secured a position as a trainee and this compared with almost three-quarters of white candidates.¹⁴

Lower success rates (58% and 61% respectively) than those for white candidates were also apparent for Indian and Pakistani & Bangladeshi candidates.

- 2.2.9 Shiner concluded that “ethnic minority candidates ... gained entry into the profession at a very low rate and this could not simply be explained by the standard of their qualifications”¹⁵. The consequences of these difficulties experienced by minority ethnic solicitors in obtaining firstly a training contract and later, employment, could impact later in the LSC contracting process, as solicitors with a lack of experience may well have difficulty in meeting the LAFQAS standards for supervisors¹⁶. If minority ethnic solicitors have to establish new firms to practise, this may well result in a ‘knock-on’ indirect disadvantage in applying for LSC contracts. The difficulties experienced by some minority ethnic firms in the contracting process may therefore be a consequence of more general problems of advancement within the legal profession.

¹³ Now the Strategic Research Unit

¹⁴ Shiner, M. (2000) “Young, Gifted and Blocked! Entry to the Solicitors’ Profession”, in Thomas, P. (ed.) *Discriminating Lawyers*, London: Cavendish Publishing, p.99

¹⁵ *Ibid.*, p.118

¹⁶ Quantitative analysis was conducted to investigate this hypothesis – see paragraph 3.2.11 – 3.2.15 below.

3. Analysis of Quantitative Data

In the first section of this chapter we describe the datasets available for the analysis of contracting results. We then discuss the findings that emerged from our analysis and conclusions that can be drawn.

3.1 Methodology

- 3.1.1 Two datasets were available to the LSRC for analysis for this study. One comprised data extracted from the LSC's CIS database, which contains information on all audits conducted by the LSC. The other was the LSRC dataset collected for the first equal opportunities study. These two datasets were merged and analysed for links between type of firm (e.g. minority ethnic firms, firms holding contracts in certain categories of law, firms with small numbers of fee-earners) and audit results.
- 3.1.2 After a management audit two documents, known as Fran 3 and Fran 4, are produced by LSC auditors. The Fran 3 lists the numbers of different types of non-compliance issued by the auditors. The Fran 4 contains a detailed account of each one of these non-compliances, describing the problem itself, the paragraph in LAFQAS the non-compliance is issued against, and the category of non-compliance issued. All this data is uploaded onto the central CIS computer system.
- 3.1.3 The LSRC obtained MS Access databases for all audits conducted in the year April 2000 to March 2001. The database contained information on the region, category of audit, firm's LSC account number, category of law, numbers of non-compliances issued, categories of non-compliance and LAFQAS audit outcome.
- 3.1.4 The LSRC database on the ethnic make-up of firms contains information on 2975 firms, who responded to the first equal opportunities survey. This database contains information on the number of fee-earners per firm; the number of these fee-earners that belong to specific minority ethnic groups¹⁷; the ethnic group(s) of the owners/controllers of the firm; the categories of work in which the firm is applying for an LSC contract; the size of the firm, and the firm's LSC account number.
- 3.1.5 Both datasets contained one data field in common – the LSC account number of specific firms. They could therefore be merged into a composite SPSS dataset. Further analysis of the relationships between different characteristics of firms and the relative success/failure of those firms in the contracting process could then commence.

¹⁷ The ethnic groups used in the 2000 survey were those recommended by the Commission for Racial Equality (CRE), and constitute those used in best practice. They are: 'White', 'Irish', 'Black African', 'Black Caribbean', 'Black Other', 'Indian', 'Pakistani', 'Bangladeshi', 'Chinese' and 'Other'. These ethnic categories have since been updated by the CRE, and the new categories were used in the Equal Opportunities survey conducted in 2001. The new categories are:

White; British, Irish, Other:

Black; Black African, Black Caribbean Other

Mixed; White/Black Caribbean, White/Black African, White/Asian, Other:

Asian; Indian, Pakistani, Bangladeshi, Other:

Other; Chinese, Other.

- 3.1.6 The dataset from CIS (Dataset 1) contained information on 4282 firms – all those that had been audited between April 2000 and April 2001. Of those 4282 firms, 1599 (37.34%) had received one or more operational non-compliance (ONC)¹⁸.
- 3.1.7 The LSRC Equal Opportunities Dataset (Dataset 2) contained information on 2975 firms, 258 of which were owned and controlled by minority ethnic partners.
- 3.1.8 On the merging of both datasets, a number of problems arose. Firstly, because the 2000 equal opportunities dataset was compiled of information relating to all firms *originally invited to apply* for LSC contracts, it contained the account numbers of firms that had not been awarded a contract, and had therefore not undergone an audit in the time period in question. Therefore, Dataset 1 did not have data relating to audit details for all firms whose details were on Dataset 2.
- 3.1.9 Second, because the first equal opportunities survey had a 60% response rate, Dataset 1 contained audit data on firms of whose ethnic make-up the LSRC had no details, as forms had not been returned.
- 3.1.10 When all the firms for whom incomplete data existed were deleted, a final aggregate dataset was constructed, consisting of 1987 firms, 713 (35.88%) of which had received operational non-compliances. This dataset contained details on;
- a) Firm account number
 - b) LSC region of the firm
 - c) Categories of law in which the firm had LSC contracts
 - d) Size of the firm (no. of fee-earners)
 - e) Whether or not the firm was 'minority ethnic'
 - f) Whether or not the firm had been awarded any ONCs on its 2000/01 audit

We will refer to this dataset as Dataset A.

- 3.1.11 A smaller subset of Dataset A was also constructed. It contained details of all 713 firms in the aggregate dataset that had received any ONCs. This dataset held the same information as Dataset A with regard to firm details; it also had data as to the *number* of operational non-compliances the firms were awarded in the 2000/01 audits. We will refer to this dataset as Dataset B.

3.2 Findings

- 3.2.2 An initial analysis of Dataset A was conducted. We first examined the likelihood of a firm being awarded an ONC with regard to the ethnicity of that firm. The data were tabulated for frequencies of observations for variables (e) and (f) above. This created a 2x2 table, Fig. 3.1 below, where all observations (firms) fell into one of four categories.

¹⁸ An operational non-compliance (ONC) is the most serious type of non-compliance that can be issued to a firm at an audit. If an ONC is awarded, an Audit Failure Notice (AFN) is then issued. An ONC is the only type of non-compliance that can lead to this audit result, which is why only the awarding of ONCs was relevant for the quantitative analysis. See chapter 3 for further details on the audit process.

Fig. 3.1 Operational Non-Compliances Awarded by Ownership of Firm

	<i>Awarded ONC(s)</i>	<i>Not Awarded ONC(s)</i>
<i>Non-Minority Ethnic Firms</i>	35.62% (659)	64.38% (1191)
<i>Minority Ethnic Firms</i>	39.42% (54)	60.58% (83)
<i>All Firms</i>	35.88% (713)	64.12% (1274)

- 3.2.3 As we can see from Fig 3.1, in 2000/1, 39.42% of minority ethnic firms received at least one ONC, a slightly higher proportion than that for non-minority firms (35.62%). A chi-square test¹⁹ indicated that there was no significant difference between the allocation of ONCs to minority ethnic firms and other firms. That is, in audits conducted between April 2000 and April 2001, a minority ethnic firm was no more likely to be awarded an operational non-compliance (and thereby receive an AFN) than another firm.
- 3.2.4 In another finding, it emerged that although minority ethnic firms were no more likely to be awarded ONCs than other firms, if any ONCs were awarded minority firms were more likely to receive multiple ONCs than others. Fig. 3.2 shows the mean number of ONCs awarded to non-minority firms and minority ethnic firms. This data is extracted from Dataset B.

Fig 3.2 **Operational Non-Compliances Awarded**

	<i>Mean</i>	<i>Std. Error</i>
<i>Non-Minority Ethnic Firms</i>	2.39	.0131
<i>Minority Ethnic Firms</i>	3.61	0.48

The data refers to the firms that were awarded an operational non-compliance in the 2000/1 audits. What the above table demonstrates is that if any operational non-compliances were awarded, non-minority ethnic firms will, on average, have been awarded only two-thirds the number of non-compliances awarded to minority ethnic firms.

- 3.2.5 This did not increase the numbers of AFNs awarded to minority ethnic firms, but it indicates that such firms were more likely to fail an audit badly than non-minority firms, who may just have been awarded a couple of ONCs. Minority firms that failed audits were more likely than others to have to introduce more alterations to the working of the firm. This implies that failing minority firms could have had to undertake greater financial costs than other failing firms to become compliant with LAFQAS. This may have served as a deterrent to minority firms considering applying for an LSC contract, thereby decreasing the numbers of those eventually awarded contracts.

¹⁹ A chi-square test tests that the frequencies of observations found in the rows of a table are independent of the frequencies found in the columns. It yields a p-value, a measure of the independence, which if less than 0.05, indicates a significant departure from the expected frequency if rows and columns are independent. The p-value for Fig 3.1 was 0.42.

3.2.6 Figs. 3.3 and 3.4 below demonstrate the similarity of rates between minority ethnic firms and other firms in being issued with ONCs.

Fig 3.3 ONCs Received by Non-Minority Ethnic Firms

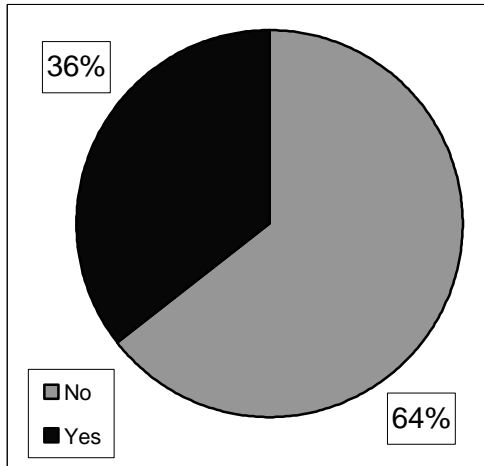
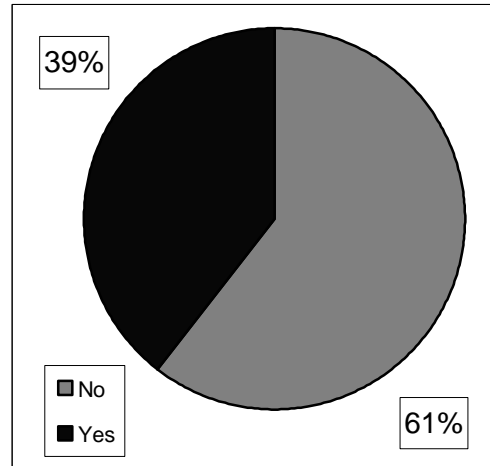


Fig 3.4 ONCs Received by Minority Ethnic Firms



3.2.7 Similar analysis was conducted to ascertain whether the awarding of ONCs was dependent on the size of a firm.

Fig 3.5 Operational Non-Compliances Awarded by Size of Firm

	Awarded ONC(s)	Not Awarded ONC(s)
1-5 Fee-Earners	36.26% (334)	63.74% (587)
6-10 Fee-Earners	35.13% (215)	64.87% (397)
11+ Fee-Earners	36.36% (164)	63.64% (287)
All Firms	35.94% (713)	64.06% (1274)

As can be seen in the above table, there was little difference between the percentages of firms awarded ONCs in the three different categories of firm size. The chi-square test indicated that the variables were independent of each other²⁰. Small firms were no more likely to receive an operational non-compliance than medium or larger firms.

3.2.8 Analysis was also conducted to investigate the link, if any, between category of law practised and the allocation of ONCs. There are 15 categories of law in which it is possible to conduct LSC-funded work. It was decided that to simplify the analysis, rather than examining the dependency between all categories and non-compliance allocation, only categories such as Family, which is widely practised, and Immigration, which is practised mainly by minority ethnic firms, would be selected for analysis. This analysis, which did not need details as regards ownership or size of firm, was run on all 4282 firms in Dataset A, which contained details as to category of law in which an audit was conducted.

²⁰ P-value = 0.25

- 3.2.9 A new variable was created, distinguishing between those firms that practised Immigration & Nationality Law and those firms that did not, regardless of any other types of law practised. Again, a chi-square test indicated that the variables were independent of each other²¹.

Fig 3.6 Operational Non-Compliances Awarded by Category of Law

	<i>Awarded ONC(s)</i>	<i>Not Awarded ONC(s)</i>
<i>Non-Immigration Firms</i>	37.42% (2590)	62.58% (1549)
<i>Immigration Firms</i>	34.96% (50)	65.03% (93)
<i>All Firms</i>	37.43% (1599)	62.66% (2683)

- 3.2.10 The same analysis was conducted for firms being audited for a contract in Family Law. Again this analysis was conducted solely on Dataset A, giving a greater sample of firms.

Fig. 3.7 Operational Non-Compliances Awarded by Category of Law

	<i>Awarded ONC(s)</i>	<i>Not Awarded ONC(s)</i>
<i>Non-Family Firms</i>	36.64% (661)	63.36% (1143)
<i>Family Firms</i>	37.85% (938)	62.15% (1540)
<i>All Firms</i>	37.34% (1599)	62.66% (2683)

Again, the chi-square test indicated that the variables were independent of each other²². There is no evidence to show that operational non-compliances have a greater level of occurrence for firms practising either Immigration or Family law.

- 3.2.11 A dependency was found between the allocation of operational non-compliances and the LSC region of the firm. The majority of the 12 regions were far less likely to award firms operational non-compliances than not. However, three regions bucked the trend – 6, 10 and 15 (Birmingham, Nottingham and Liverpool). Out of the 251 firms from the Birmingham region that were included in Dataset A, 165 (65.73%) were awarded ONCs. The Nottingham Office audited 318 of the Dataset A firms – 173 (54.4%) were awarded an ONC. 147 Liverpool firms were in Dataset A, 117 (79.59%) of which were awarded ONCs. All other regional offices awarded ONCs to, at most, 43% of firms.
- 3.2.12 In another exercise, linked to comments made by solicitors' firms in response to the survey detailed in chapter 2 above, Datasets 1 and 2 were analysed in conjunction with another LSC dataset containing information pertaining to the date contracted LSC firms first entered the franchising process (the predecessor to contracting).

²¹ P value = 0.26

²² P value = 0.6

- 3.2.13 The aim of this analysis was to investigate whether firms more newly arrived to the LSC franchising process were more likely to fare badly in the audit process (i.e. receive an operational non-compliance).
- 3.2.14 Two categories of firms were selected from Dataset 1 – those that had been awarded ONCs in the 2000/1 audits, and those that had not. Median²³ dates for entering the franchise process were calculated for both groups. The median date of entry for those firms that did not receive ONCs was 1.2 months earlier than that for firms that were awarded ONCs, and this was found to be statistically significant²⁴. Earlier entry into the franchise process would therefore seem to be beneficial to firms' audit results.
- 3.2.15 Another date analysis was conducted on Dataset 2. Again, two categories of firms were constructed – firms that were minority ethnic owned and controlled and all other firms. There was a far stronger discrepancy between the two median values in this case. It was found that the median date of entry for minority ethnic firms was 2.3 years *later* than that for other firms. Again, this was found to be statistically significant²⁵.
- 3.2.16 This may provide some explanation for the proportional drop of minority ethnic firms granted contracts in the initial contracting round in 2000 (as reported in our first equal opportunities report). If minority ethnic firms came later to the franchise process than other firms, it would seem that they may have been more likely to receive ONCs and therefore, not to be awarded LSC contracts. This would not have emerged from the analysis of Dataset A, which contained information mainly on firms that underwent audits in 2000/1, and had therefore already been awarded contracts.

²³ The median date refers to the date that is equidistant between the earliest and latest date contained in the data.

²⁴ A Mann-Whitney test was conducted on the data and yielded a p-value of 0.031, which is <0.05, indicating that the result is statistically significant.

²⁵ P-value < 0.001

4. Audit Observation Process

In this chapter we discuss the findings of observations of LSRC audits conducted between June and September 2001, as well as discussions with LSC auditors.

4.1 Introduction

- 4.1.1 The audit process has a number of stages. A firm first applies for a franchise. A desktop audit of the initial paperwork etc is conducted. The firm then goes through a preliminary audit. If a firm successfully passes this audit, a contract is then provisionally awarded. The pre-franchise audit follows, which examines work done on a number of publicly funded files. If the franchise is awarded, all subsequent audits (subject to the firms' success rate) will be post-franchise audits. The pre-franchise audit confirms that the firm holds a contract for publicly funded work.
- 4.1.2 All audits after the preliminary audit phase are composed of Transaction Criteria (TC) audits and Management audits. Audits at the post-franchise stage also have a Contract Compliance audit (CCA).
- 4.1.3 The CCA examines a selection of closed files. This audit is not connected with a quality assessment; rather the files are examined to ensure that the firm's financial claims to the LSC are justified, and that the correct amount of work is being claimed. The CC audit is always conducted within the LSC regional office: a large sample of the firm's closed files is sent there for this purpose.
- 4.1.4 The TC audit is also carried out on a selection (a minimum of four, a maximum of seven²⁶) of the firm's closed files. These files are audited against a list of requirements (all contained in the LSC Transaction Criteria booklets). The files are given a percentage score; the percentage of requirements successfully met by the files examined. These percentages are then combined and statistical analysis is used to produce a 'range' – two percentage scores, between which it can be surmised that 95% of the firm's files will fall.
- 4.1.5 In order to achieve a clear pass on the TC audit, a firm must achieve a range where the lowest mark is 65% or higher for its files in Housing, Employment, Debt, Consumer/General Contract, Mental Health and Welfare Benefits Law, and 70% for its files in Family, Personal Injury, Crime, Immigration & Nationality and Clinical Negligence Law. A bridging or 'straddle' pass will be awarded where the lower range mark is below 70%, but the higher mark exceeds this score. The firm will have failed the TC audit if the highest range mark is below the levels detailed above. TC audits are often carried out 'in-house', i.e. in the offices of the Regional LSCs. Sometimes however, a Quality Auditor (person responsible for the TC audits) will accompany a Lead Assessor or Account Manager on the management audit, and examine the closed files on-site.
- 4.1.6 The TC audit is of greatest importance in audits preceding the awarding of a franchise. If a firm's files then fail the TC audit a franchise will not be

²⁶ Where a firm has insufficient closed files, TC audits can be done on less than four, but then a single figure average rather than a range would be taken as the result.

awarded. However, if the firm passes the initial pre-franchise TC audit, all subsequent TC audits carry a lesser significance

- 4.1.7 Management audits are conducted by LSC Lead Assessors or Account Managers. They always take place in the firm's offices. Management audits consist of a thorough examination of a firm's organisational structures. Unlike the TC audit, precise scores are never awarded. This is because of the near-impossibility of assessing a firm's organisational structures against a set scale.
- 4.1.8 Management audits consist of a variety of methods. Documentary evidence (e.g. the firm's business plans, office manuals, open files) is looked at. Interviews are conducted with fee-earners doing LSC funded legal work. The interviews do not follow a set schedule as such. Fee-earners are often asked day-to-day questions regarding their workload and how they fit into the firm's structures. However, if an auditor comes across a possible non-compliance or an unusual matter during the audit process, s/he will often question the fee-earner concerned about that issue.
- 4.1.9 A management audit is, of necessity, more subjective than a TC audit; an assessor can get a *feel* for the firm being audited. There are more grey areas than in the more objective TC audit.
- 4.1.10 The management audit is also of far more consequence than the TC audit: if a firm consistently fares badly in management audits, a notice to terminate the contract may be issued. After the management audit, the auditor gives an audit recommendation (usually to continue, often subject to corrective action) to the Regional Director, who takes the final decision on the audit result.
- 4.1.11 The firm's operations are assessed according to LAFQAS criteria. There are three ways by which a failure to comply with these criteria are noted.
- 4.1.12 A *minor* non-compliance is an isolated incidence of a failure to comply – e.g. on one of the open files examined, the firm did not outline to the client its complaints procedure, but on all other files the information was present. A *documentary* non-compliance occurs when a LAFQAS procedure (which is in operation in the firm) should be included in the firm's literature but is absent. Both of these non-compliance types are less important than operational non-compliances (see paragraph 4.1.13 below), and are unlikely to impact on the auditor's recommendation to the Regional Director²⁷.
- 4.1.13** In *operational* non-compliance is the most serious form of non-compliance and indicates a systematic failure to comply with LAFQAS, e.g. a plan/procedure that is simply not in place. If an operational non-compliance is awarded, the firm is issued with an Audit Failure Notice (AFN). In an audit opening meeting, one auditor described an AFN as, "not as scary as it sounds, and [it] is really there to focus minds"²⁸. If an AFN is issued, the firm must specify to the auditor what corrective action it will take to remedy the non-compliance, and must set a date by which this corrective action will be

²⁷ However, the firm must propose corrective action to remedy the non-compliance. If this corrective action is not satisfactorily completed, an operational non-compliance can be awarded. This can lead to a subsequent recommendation to terminate.

²⁸ Quote from Auditor 9.

implemented. Failure to implement corrective action can lead to a recommendation to terminate.

4.2 Methodology

- 4.2.1 For the purposes of this research project, the LSRC was chiefly concerned with management audits, as these are the most subjective of the three audit types. Researchers attended 15 audits on a variety of firms in 8 different Legal Services Commission regions.
- 4.2.2 LSRC researchers visited firms working in a variety of categories of law: family, welfare, housing, immigration, crime, mental health, and personal injury. It was ensured that audits attended were to firms based in areas with different geographic and demographic characteristics. The firms visited also varied in the amount of LSC funded work they carried out – some firms derived the vast majority of their income from Legal Services Commission contracts; others worked on a large number of private cases and had small legal-aid departments.
- 4.2.3 The audits were conducted by both Account Managers and Lead Assessors. Perhaps unsurprisingly, given their greater experience and seniority, Account Managers were usually more comfortable with the researchers attending their audits. Lead Assessors tended to be a little more nervous, and sometimes seemed wary of the researchers' presence. They were, on the whole, less likely than the Account Managers to disclose information which indicated that contracting was not always a 'by-the-book'²⁹ process.
- 4.2.4 Before attending any audits, the researchers first talked to the regional Contracts Managers to discuss the project with them and gain their support for attending audits. Audit schedules were requested for the period over which the research would take place. All Contracts Managers contacted by the LSRC were fully supportive of the work taking place.
- 4.2.5 When the audit schedules were obtained by the LSRC, they were run against the LSRC's Equal Opportunities database, which contains details of the ethnic make-up of approximately 60% of the firms that first applied for contracts in 2000. Where possible, a firm with at least one minority ethnic fee-earner was chosen for the audit attendance. Obviously, in regional offices such as Liverpool, Wales, Brighton and Cambridge, which are areas with low proportional minority ethnic populations, this was not necessarily an achievable aim. However, the audit schedules for the Leeds, Birmingham and London offices all provided the possibility for attending audits on firms with minority ethnic staff.
- 4.2.6 Once an audit was selected for observation, the LSRC researchers then contacted the relevant Account Manager or Lead Assessor and discussed the project with them. On a minority of occasions, it was not possible to attend the audit initially selected – once because it was postponed due to illness, and another occasion when a 'hot review' of a Lead Assessor was due to be conducted. It was agreed that the presence of researchers would be likely to add more pressure to the reviewee, and so another audit in the same region was chosen.

²⁹ Quote from Auditor 7.

4.3 Findings

- 4.3.1 Although the work done by LSC auditors demands a certain level of exactitude and 'pickiness', the people we came into contact with showed high levels of understanding and a non-rigid attitude to their work. Not all the firms we visited had positive attitudes to the Legal Services Commission; while some were very positive and supportive of LSC funded work, others were decidedly lacklustre in their enthusiasm towards the contracting process.
- 4.3.2 In view of this, and the hostility shown towards the contracting process at its inception, we considered that the majority of auditors met with had established surprisingly positive relations with the firms they worked with. The Account Managers in particular, who have in some cases been auditing the same firms for a number of years, often have a relaxed and chatty relationship with firms' representatives.
- 4.3.3 A management audit always begins with an opening meeting, between the LSC representative and the firm's Franchise Representative, and any other members of the firm who wish to be present. If the TC audit has been done in-house, the results of this audit are often presented to the firm at the opening meeting, along with the results of the CC audit. This gives the firm's representatives the opportunity to refute any of these findings, and also gives them a chance to discuss the outcome of these findings with a LSC representative.
- 4.3.4 In the opening meeting, it was found that the LSC representative would state the objectives of the audit, outlining to the Franchise Representative any details about which s/he may not be certain and inviting any questions about the day's procedures. We found that the auditors were keen to emphasise that their objective of the day was to audit positively, i.e. to search for evidence of compliance, rather than to try and find faults with the firm's procedures.
- 4.3.5 All auditors welcomed queries from the firm's representatives and tended to operate an 'open door' policy. All said that any operational non-compliances found would be raised immediately with the firm, rather than being revealed at the end of the audit. Indeed, one auditor stated that this policy was rather beneficial to auditors, as it ensured that any contentious issues were discussed well before the closing meeting, leaving little room for argument when the audit recommendation was disclosed. It also presents the firm with an opportunity to immediately provide proof of compliance, and therefore remove the operational non-compliance³⁰.
- 4.3.6 During the opening meeting of an audit, the LSC representative asks for all documentation that s/he will need to examine during the course of the day, and often arranges times that will be suitable for him/her to interview the firm's staff.
- 4.3.7 In the management audit, the auditor examines a selection of the firm's literature, including;
- List of current open files
 - Current business plan

³⁰ Auditor 1.

- Evidence of a review of the business plan
- Job descriptions for staff
- Training and appraisal records for anybody involved in LSC-funded work
- Induction records
- Training plan
- Most recent finalised accounts
- Budget and projections
- Average cost per case
- Current work in progress valuation
- Register of file reviews
- Register of experts and counsel
- Key dates diary
- Complaints file
- Cost information and updates

4.3.8 As well as assessing the above documents against LAFQAS, the auditor also examines a selection of open file matters against a checklist for compliance with LAFQAS. S/he will look for details of the client's instructions, advice given to the client, evidence that these have been confirmed in writing to the client, that there is no delay in informing clients of changes/developments to the case, etc..

4.3.9 The auditor also talks to members of the firm's staff involved in publicly funded work. This usually includes all fee-earners and supervisors, and occasionally, accounts staff, secretaries, etc.. The benefits of such a thorough approach were made evident in one audit in particular. Through chatting to secretaries, who were perhaps less guarded than fee-earners in the information they gave auditors, it was discovered that an unqualified supervisor (i.e. one not a member of a Law Society panel) was running one of the law departments.

4.3.10 The structure of the opening meeting seemed to be designed to quell the fears of firm's representatives, reassuring them that any information disclosed to auditors was strictly confidential, and reaffirming that the auditor's job is not to try to terminate LSC contracts, but to work with the firms to help achieve compliance. This latter view was expressed by many of the auditors we accompanied.

4.3.11 The management audit, as mentioned above, is a complex procedure. Auditors exercise a great deal of discretion, of necessity. Some auditors appeared to make tactical use of ONCs; applying a light touch in instances where firms were clearly providing a good quality of service, but being firm where there was concern that firms might develop unacceptable practices.

4.3.12 Variations in the exercise of discretion were seemingly manifested in variation in audit practice as between regional offices. In one firm visited, a consultant was hired to review practices prior to the audit, and to be present on the day of the audit. He works for a number of firms in the same geographical region, which is divided between three different LSC regions, and maintained that some of his firms, which fail in a certain region, would easily pass in others. From talking to auditors, it did become apparent that practices vary regionally,

and the auditors themselves were aware that some LSC regions were less stringent in their auditing than others³¹.

- 4.3.13 Inconsistency of practice also related to different aspects of audits. While we encountered no evidence that inconsistencies of audit practice acted to the detriment of any particular type of firm (e.g. minority ethnic firms), the inconsistencies did appear to have an equal opportunities dimension. The equal opportunities section of the audit was subject to varying procedural approaches and practices.
- 4.3.14 One of the problems of auditing equal opportunities has been that while a firm can have a written policy, it is extremely difficult to ascertain whether that policy is actually followed in practice. A firm with a perfect documented equal opportunities policy may in fact be far more in breach of that policy than a firm with no stated policy as such. Perhaps it is a consequence of this that the equal opportunities sections of LAFQAS appeared on occasion to be regarded as being of relatively low priority.
- 4.3.15 Whilst some of the auditors we accompanied issued non-compliances against equal opportunities policies, in some regions the auditing of equal opportunities policies was often given a low priority. It did not seem uncommon for auditors to have been encouraged to leave equal opportunities as a 'sleeping' part of the audit, and even occasionally to ignore non-compliant equal opportunities policies.
- 4.3.16 However, the introduction of the Specialist Quality Mark (SQM) in April 2002 should enhance current LAFQAS requirements. The SQM also goes further than the Law Society's model for best practice, e.g. the SQM scope includes planning of services not just accepting instructions and covers all experts, not just barristers. Guidance for auditors has also been included as to how to audit these requirements.
- 4.3.17 The LSRC found no evidence of a disadvantage towards certain types of solicitors' firms existing in the audit process. Auditors tended to deal with firms on a case by case basis, and acted in a conscientious and responsible manner, often mindful of the 'bigger picture' to which their jobs contributed.

³¹ The SDG group at the LSC has established a consistency forum to address these matters.

Appendix A

Contracting Review Questionnaire

Name _____
Firm Address _____

Please tick here if you are willing for these details to be passed on to the Legal Services Research Centre (LSRC), who may then contact you for the purposes of research on the topic of Community Legal Service contracting. If you do not tick the box, then your name and address details will be removed from the form before it is sent on to the LSRC.

ALL YOUR ANSWERS WILL BE TREATED AS CONFIDENTIAL AND WILL BE USED FOR RESEARCH PURPOSES ONLY.

Q1: Do you feel that in applying for or maintaining a Community Legal Service Quality Mark or contract, your firm experienced any particular difficulties?

Yes Go to Q2 No Go to Q14

Q2: Were these a consequence of your firm's ethnic make-up?

Yes Go to Q3 No Go to Q9

Q3: Were the difficulties related to: *(Please tick all that apply)*

Transaction Criteria Management Standards Contract Provisions

Q4: If any of the difficulties related to Transaction Criteria, which law categories did these relate to? *(If more than 2, please list the most problematic)*

(i) _____ (ii) _____

Q5: What were the particular difficulties found within each category?

(i) _____

(ii) _____

Q6: If any of the difficulties related to Management Standards, which aspects were problematic?

Q7: How were these aspects problematic?

Q8: Why did the difficulties above affect Minority Ethnic firms more than others?

Q9: Were the difficulties related to: *(Please tick all that apply)*

Transaction Criteria Management Standards Contract Provisions

Q10: If any of the difficulties related to Transaction Criteria, which law categories did these relate to? *(If more than 2, please list the most problematic)*

(i) _____ (ii) _____

Q11: What were the particular difficulties found within each category?

(i) _____

(ii) _____

Q12: If any of the difficulties related to Management Standards, which aspects were problematic?

Q13: How were these aspects problematic?

Q14: What number of fee-earners (those whose time is chargeable direct to clients) in your office are:

White: British Irish Other

Mixed: White/Black Caribbean White/Black African White/Asian

Other

Asian: Indian Pakistani Bangladeshi

Other

Black: Black Caribbean Black African Other

Other: Chinese Other

Thank you for your assistance. All your answers will be treated confidentially.
To return the form, please insert in the envelope supplied. No stamp is required.