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Legal Risk Audit *by Michael A. Kale*

A “Legal Risk Audit” is the process of reviewing an organization’s structure, business and assets in order to identify, assess and develop strategies to manage legal risk within the framework of the organization’s Business Risk Management Strategy. In today’s rapidly changing world, successful businesses need to develop and implement sound risk management practices to enable them to optimize future opportunity, minimize risk and drive performance.

A Legal Risk Audit is an essential component of any organization’s Business Risk Management Strategy in assessing its exposure to business risk. The scope of the Legal Risk Audit will be dependent on the objectives and the priorities of the organization.

Richards Buell Sutton LLP assists business clients to design a Legal Risk Audit that fits their particular business, objectives and priorities. While the key is to identify areas of legal risk, the scope may range from product liability issues and exposure to lawsuits to asset protection and business succession issues.

Firstly, we need to identify those risks that stand to affect your organization the most. This is accomplished by meeting with you, usually through an on-site visit to determine the scope of the audit. A risk evaluation is then conducted and upon completion, we will provide you with written strategies for your consideration. These strategies will allow you to reduce, manage or avoid identifiable risks. After identifying the legal risks, we can assist clients in implementing the steps recommended to reduce their exposure, manage risks that cannot be eliminated and enhance the value of their organization.

Richards Buell Sutton LLP has the lawyers with the experience, knowledge and training to identify legal risk. When retained, a typical Legal Risk Audit will entail:

- Examining your organizational structure
- Examining methods of reducing or eliminating these risks
- Reviewing your claims history
- Developing risk management strategies, solutions and approaches for the retention or transfer of risk
- Surveying the physical operations and front-line staff to identify exposure to loss
- Identifying key legal risks and exposure to lawsuits

Upon completion of a Legal Risk Audit, you will be in a position to:

- Make informed decisions with respect to your business and industry to reduce liability and exposure to lawsuits
- Evaluate current circumstances and obtain up-to-date advice from leading lawyers
- Adopt strategies and practical tips on reducing risk of liability
- Gain valuable insight into best practices for managing risk
- Stay current with emerging legal trends and risks associated with your industry
- Receive assistance in designing procedures to uncover sources of risk before they become lawsuits



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Legal Risk Audit

Some risks are inevitable and can never be completely avoided. A Legal Risk Audit can help you identify how to minimize or retain those risks in a way that avoids their full impact. We can assist you in the implementation of risk avoidance strategies.

With respect to liability issues, we can review and evaluate the impact of a number of areas of exposure including:

- Insurance claims history and needs
- Director and officer liability
- Corporate governance
- Fiduciary liability
- Environmental issues, risks & regulatory compliance
- Intellectual property
- Employment practices liability
- Catastrophic losses and business continuity
- Internet & e-mail liability
- Workplace health, safety and disability claims
- Transaction liability (warranties, indemnities and tax liability)
- Privacy policies
- Critical incidents that affect community goodwill
- Litigation readiness and lawsuit management

With our long-standing experience, our lawyers are able to provide service which is efficient, cost effective and timely. Our lawyers have the background to quickly understand our clients' concerns in order to provide them with solutions which best meet their needs. We help our clients understand the legal environment around them and recommend strategies that will help protect clients against lawsuits, help prevent future exposure to liability and add value to their organization. We have the knowledge and expertise necessary to identify risks faced by Canadian businesses.

We will work with an organization's in house legal counsel, risk managers and executives in a complementary manner to meet our clients' needs. Where your organization is already engaged in litigation, we can help you manage it in a variety of creative ways.

In addition to identifying liability risks, a Legal Risk Audit is also a tool that may be used:

- As part of an ongoing asset management program
- As part of a contract review process
- As part of an organization's corporate governance and its governance, risk and compliance policies
- When the business is being bought or sold or prepared for succession
- To identify and manage fraud risk
- To identify and manage creditor risk
- When the business is being threatened

We also provide the following additional services:

- Education and training through a variety of formats including seminars and in-house lunch and learns
- Information through newsletters or communiqués on recent developments in the law
- Real time developments in the law via e-mail

Our presentations and educational seminars follow a variety of formats designed to cater to any size audience. We also offer specialized services for senior executives, in house legal counsel and those involved in management.

If you would like more information, please contact Michael A. Kale at 604.661.9249 or at mkale@rbs.ca.