CHAPTER 6: LEGAL TIMEKEEPING AND BILLING SOFTWARE

CHAPTER OUTLINE

I. Introduction to Timekeeping and Billing
   A. Tracking time for the purpose of billing clients is called timekeeping
   B. Timekeeping and billing are important issues in any firm

II. Why Legal Assistants Should Know Timekeeping and Billing
   A. 50% of legal organizations require legal assistants to bill for their time
   B. In some small firms, a legal assistant may run the firm’s timekeeping and billing system

III. Manual vs. Computerized Billing Systems
   A. Billings that are produced manually are error prone
   B. A timeslip is a paper slip on which legal professionals record information about the legal services they provide to each client
   C. A timekeeper is anyone who bills out his or her time for money, including attorneys, law clerks, and legal assistants
   D. Using a computerized timekeeping and billing system, a firm can produce accurate billings on a timely basis

IV. The Computerized Timekeeping and Billing Process
   A. Client and attorney reach agreement on legal fees
   B. Legal staff perform legal services and prepare timeslips
   C. Timeslips and expense slips entered into the billing system
   D. Prebilling report
   E. Client billings are generated and mailed or emailed
   F. Management reports
   G. Client payments are entered into the billing system

V. Kinds of Legal Fee Agreements
   A. Hourly rate fees
      1. Attorney or legal assistant hourly charge
      2. Client hourly rates charge
      3. Blended hourly rate
      4. Activity hourly rate
   B. Contingency fee
   C. Flat fee
   D. Retainer fees
      1. Earned retainer
2. Unearned retainer
3. Trust or escrow account
4. Cash advance retainer
5. Retainer for general representation
6. Case retainer
7. Pure retainer

VI. Value Billing. A fee agreement based on the perceived value of the services to the client.

VII. Legal Expenses
   A. Most ethical rules for attorneys require them to charge the client for the expenses they incur
   B. Legal expenses include the cost of photocopying, postage, long-distance phone calls, expert witnesses, computer-assisted legal research, and so forth

VIII. Timekeeping and Billing for Legal Assistants
   A. Legal assistant billable hours on average range from 1,400 to 1,800 a year.
   B. Recording time. Some offices bill in 6 minute increments, others bill using a quarter of an hour as the basis.
   C. Good Timekeeping Practices for Legal Assistants
      1. Find out how many hours must be billed
      2. Find out when timesheets are due
      3. Keep copies or records of timesheets
      4. Record time contemporaneously on a daily basis
      5. Record actual time spent and do not discount time (an attorney can do this if needed)
      6. Be aware if billable hours are tied to merit increases/bonuses
      7. Be ethical (always)
      8. Be aware of things that may keep you from billing time
   D. Because many law offices bill for legal assistant time, legal assistants actually bring additional profitability to many law offices.

IX. Functions of a Successful Billing System. To be successful, a billing system must do the following.
   A. Accurately track how much a client has paid
   B. Produce regular billings
   C. Produce billings that are fair and respectful
   D. Produce billings that identify services performed
   E. Produce billings that are clear

X. Computerized Timekeeping and Billing
   A. Main menu/fundamental tasks
   B. Entering client-related information
   C. Time records data entry
   D. Expense/cost record data entry
E. Pre-billing and final bills
F. Management reports
   1. Case or client list
   2. Aged accounts receivable report
   3. Timekeeper productivity report
   4. Case type productivity report

XI. Electronic Billing. Some law firms bill clients by using electronic means such as the Internet. They do this because clients can access the information when they want it, and the format is standardized.
   A. Uniform Task-Based Management System (UTBMS) is a standard way of referring to timekeeper tasks
   B. Legal Electronic Data Exchange Standard (LEDES) is a uniform format for law firm time and billing systems

XII. Integrating Timekeeping and Billing, Accounting, and Case Management. Some legal software combines all of these functions.
   A. Cuts down on data entry
   B. Standardizes functions and procedures

XIII. What to Look for in Timekeeping and Billing Software
   A. When shopping for timekeeping and billing software, look for it to do the following:
      1. Be flexible
      2. Provide a wide variety of billing formats
      3. Be easy to use
      4. Provide billing flexibility
      5. Enable the user to define a list of timekeepers and activities
      6. Include plenty of room to describe legal services
      7. Offer plenty of management reports
      8. Have a robust security system
      9. Integrate with accounting and case management software
     10. Comply with the Uniform Task-Based Management System and Legal Electronic Data Exchange Standard

XIV. Billing from the Corporate and Government Perspective

XV. The Ethics of Timekeeping and Billing
   A. It is highly recommended that all fee agreements be in writing
   B. Contingency fee agreement must be in writing
   C. In some jurisdictions, contingency fees are not allowed in criminal or domestic relation cases
   D. Ethical cannons forbid an attorney from charging or accepting an "unreasonable" or "excessive" fee from a client. Factors used to determine if a fee is reasonable include the following:
      1. The time and labor required
2. The likelihood that the acceptance of the legal matter will preclude the lawyer from accepting other cases
3. The local customary fee for such legal services
4. The outcome of the matter, including the amount involved
5. Any time limitations imposed by the client or by the circumstances
6. The type, nature, and length of the professional relationship with the client
7. The ability of the lawyer involved, including experience, reputation, and ability
8. Whether the type of fee was fixed or contingent

WEB LINKS

Timekeeping and Billing Programs

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<tbody>
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<td>Abacus Data Sytems, Inc.</td>
<td>Abacus Silver, timekeeping, billing, accounting, and case management</td>
<td><a href="http://www.abacuslaw.com">http://www.abacuslaw.com</a></td>
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<tr>
<td>Aderamt</td>
<td>CMS Open Billing (for large law firms)</td>
<td><a href="http://www.cmsopen.com">http://www.cmsopen.com</a></td>
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<tr>
<td>DDI, Inc.</td>
<td>DDI Time &amp; Billing</td>
<td><a href="http://www.ddisoft.com">http://www.ddisoft.com</a></td>
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<td>Juris</td>
<td>Juris legal timekeeping and billing software</td>
<td><a href="http://www.juris.com">http://www.juris.com</a></td>
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<tr>
<td>LexisNexis</td>
<td>PC LAW legal timekeeping and billing software</td>
<td><a href="http://www.pclaw.com">http://www.pclaw.com</a></td>
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<td>Omega Legal System</td>
<td>Omega Billing &amp; Accounting</td>
<td><a href="http://www.omegalegal.com">http://www.omegalegal.com</a></td>
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<td>OpenAir, Inc.</td>
<td>OpenAir: E-billing</td>
<td><a href="http://www.openair.com">http://www.openair.com</a></td>
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<td>Orion Law Management Systems</td>
<td>Timekeeping and billing software</td>
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<tr>
<td>Perfect Law Software</td>
<td>Timekeeping and billing software, and comprehensive back office systems</td>
<td><a href="http://www.perfectlaw.com">http://www.perfectlaw.com</a></td>
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<tr>
<td>ProVantage Software, Inc.</td>
<td>Timekeeping and billing software, and</td>
<td><a href="http://www.provantagesoftware.com">http://www.provantagesoftware.com</a></td>
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<td>Alabama State Bar: Law Office Management Assistance Program</td>
<td>Articles on a variety of law office management topics including billing-related articles and information</td>
<td><a href="http://www.alabar.org/lomap/articles.cfm">http://www.alabar.org/lomap/articles.cfm</a></td>
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<tr>
<td>ABA (American Bar Association)</td>
<td>Association for attorneys; has a lot of information and publications relevant to individuals working in the legal profession</td>
<td><a href="http://www.abanet.org">http://www.abanet.org</a></td>
</tr>
<tr>
<td>ABA Law Practice Today</td>
<td>ABA site devoted to law practice management issues, including timekeeping and billing issues</td>
<td><a href="http://www.abanet.org/lpm">www.abanet.org/lpm</a></td>
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<tr>
<td>ABA Legal Technology Resource Center</td>
<td>ABA site devoted to technology; includes resources and articles</td>
<td><a href="http://www.abanet.org/tech/ltrc/home.html">http://www.abanet.org/tech/ltrc/home.html</a></td>
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<tr>
<td>Association of Legal Administrators</td>
<td>National association for legal administrators; contains resources and information related to law office management and legal administration</td>
<td><a href="http://www.alanet.org">www.alanet.org</a></td>
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<tr>
<th>Georgia State Bar Association</th>
<th>Articles on a variety of law office management topics, including billing-related articles and information</th>
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<td>Law Technology News</td>
<td>Excellent periodical for legal technology issues; good white papers on technology issues</td>
<td><a href="http://www.lawtechnews.com">www.lawtechnews.com</a> and <a href="http://www.law.com/jsp/ltn/whitepapers.jsp">http://www.law.com/jsp/ltn/whitepapers.jsp</a></td>
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<td>Maryland State Bar Association: Law Practice Management Assistance</td>
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<td>Mississippi State Bar Association</td>
<td>Articles on a variety of law office management topics, including billing-related articles and information</td>
<td><a href="http://www.msbar.org/2_client_relations_handbook.php">http://www.msbar.org/2_client_relations_handbook.php</a></td>
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<td>National Association of Legal Assistants</td>
<td>National association for legal assistants; contains many resources for legal assistants</td>
<td><a href="http://www.nala.org">www.nala.org</a></td>
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<tr>
<td>National Federation of Paralegal Associations</td>
<td>National association for legal assistants; contains many resources for legal assistants</td>
<td><a href="http://www.paralegals.org">www.paralegals.org</a></td>
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<td>New Jersey State Bar Association: Law Office Management Articles</td>
<td>Articles on a variety of law office management topics, including billing-related articles and information</td>
<td><a href="http://www.njsba.com/law_office_manage/index.cfm?fuseaction=articles">http://www.njsba.com/law_office_manage/index.cfm?fuseaction=articles</a></td>
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<td>New York State Bar Association</td>
<td>Articles on a variety of law office management topics, including billing-related articles and information</td>
<td><a href="http://www.nysba.org/Content/NavigationMenu/Attorney_Resources/Practice_Management/Practice_Management.htm">http://www.nysba.org/Content/NavigationMenu/Attorney_Resources/Practice_Management/Practice_Management.htm</a></td>
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<tr>
<td>South Carolina Bar: Practice Management Section</td>
<td>Articles on a variety of law office management topics, including billing-related articles and information</td>
<td><a href="http://www.scbar.org/pmap/resources.asp">http://www.scbar.org/pmap/resources.asp</a></td>
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