PROMPT WORKS STUDIO

Chaos to calm, built to be yours.

Merritt Lawyers

AI use policy

Prepared for the Principal

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> **A made-up example.** Merritt Lawyers and its people aren't real. The software, its terms and the rules in it are real, as read on the dates shown.

PROMPT WORKS STUDIO

Part 1: How this policy was built

This is your final policy, after our call on Friday 6 November. Part 1 records what I found, what you decided and why, so the Principal has the reasons at next November's review. It draws on your Workflow Audit too. Part 2 is the policy your team signs.

It was written with AI (Claude) and checked by me. It isn't legal advice. Your own adviser has the last word.

What went into it

Step	When	What it gave the policy
Workflow Audit, a full day in your office	Tuesday 20 October	The five jobs that take the most time, the AI already in use, and the fix-now list
Staff survey, anonymous, five working days, all six staff answered	Tuesday 27 October to Monday 2 November	Which tools your team uses, what goes into them, and what they'd like help with
Interview with the Principal and the Law Clerk, about an hour	Tuesday 3 November	How each job runs, who checks what, and your choices on the hard questions
Each tool's terms read on the maker's own pages	Before the call, and again on Sunday 8 November for this copy	Which tools can take client details (the appendix)
The policy written up, then our 30-minute call	Wednesday 4 November, Friday 6 November	Your decisions below, and one round of changes

What I found, and what the policy does about it

What I found	What the policy does	Section
Client names and matter details were going into the free ChatGPT on a personal phone	Personal accounts are out. Plain-English rewording moves to Claude on the firm's Team plan	4, 6
Copilot Chat was summing up emails from the other side, and nobody had assessed it	A written privacy impact assessment for every tool. Copilot Chat is for your own wording only	4, 7
No approval, no conditions, nobody named, no list of tools	The Principal owns the policy, the Law Clerk is the AI lead and keeps the register	3, 4
The engagement letter doesn't mention AI, and clients aren't warned about their own use of it. Twice this year a client ran your advice through a chatbot	A clause in every engagement letter from Monday 9 November, a notice on the enquiry form, the Law Society's client warning and a spoken warning	11
You believed the firm is outside the AML/CTF rules, but nothing was written down and intake didn't ask	Ten screening questions, a dated written position reviewed each year, and a person making the call	5, 8, 17
References in court papers are checked by hand, and family law runs in a court with its own AI direction	No AI for finding cases or for court documents	8, 17
Nobody knew if the Privacy Act covers you	Your accountant confirmed on Friday 30 October that turnover has never been over $3 million, so it doesn't	15

What I found	What the policy does	Section
Time entries are rebuilt from memory at the end of the day, about 6 hours a week across four people	Drafted in Claude by each fee earner from their own diary, checked line by line, never rounded up	5
Smokeball's own AI (Archie and AutoTime) was on offer	Neither is approved	4

What your team said

All six staff answered, so you saw their answers as written. They add up like this. Four of the six use AI at work now, through the free ChatGPT on a phone or Copilot Chat. Everyone who records time asked for help with the end-of-day entries, and five want letters put into plainer words. Five asked what they're allowed to put in, and two asked whether they'd be in trouble for what they'd already done. That's why section 7 lists what can and can't go in, and section 16 says owning up won't get anyone in trouble.

Your decisions

You made these on our call. Where you went a different way from my recommendation, the reason's recorded.

Question	My recommendation, and why	What you decided
What never goes into AI	ID documents, bank and card numbers, logins, records about children or a person's safety, suppressed material and anything a client asks to keep out.	As recommended, with documents sent by the other side by mistake added
What AI is never used for	Advice, finding cases, court documents, deciding if work is AML-covered and deciding to act after a conflict check.	As recommended
Client details in Claude	Yes, on the Team plan, for clients who've agreed in the engagement letter. Anthropic says it doesn't train on commercial products by default	As recommended
AI at enquiry, before the engagement letter	Nothing goes in until the letter's back	**Changed:** a new client's own details go in for the file-opening note and AML flag only, because intake is where the 5 hours a week go. The enquiry form's notice tells them. Everything else waits for the letter
Names for the conflict check	Let Claude list them, as the Audit's map suggests	**Changed:** the Receptionist lists them by hand and runs every one through Smokeball. The other side's names are other people's details and never go into AI
Smokeball's AutoTime	Approve it. The Audit put it first for time entries	**Changed:** not approved. It records what's open in Word and Outlook across every matter, and no page we read says how Smokeball itself uses those records. Fee earners time as they go and use Claude on their own diary lines
Copilot Chat on emails from the other side	Stop it. Those emails carry the other side's details, and Rule 9 keeps client information inside the practice	As recommended

Question	My recommendation, and why	What you decided
Claude seats	Five: the Principal, both Solicitors, the Law Clerk and the Receptionist	As recommended. Legal Secretaries use Copilot Chat only
Who's the AI lead	The Law Clerk, who knows the estates work and Smokeball	As recommended
Where AI work is recorded	A file note on the matter in Smokeball, where everything else is recorded	As recommended
Breaking the policy, and owning up	Handled like any other breach of your rules, and owning up isn't punished, so people tell you early	As recommended

Rules for your field

- **Queensland Law Society**, Guidance Statement No. 37 (31 May 2024, listed as updated 24 October 2024). AI only with approval, each piece of work checked by someone who knows the area of law, clients told where feasible (the retainer may be enough), per-user or yearly licence fees not billed, and time entries never adjusted upwards. Sections 3, 5, 9, 11 and 17.
- **Australian Solicitors' Conduct Rules 2023**, version 2 (amended 25 September 2026), Rule 9. A client's confidential information stays with the practice and the people it engages for the client's work, unless the client authorises it going out or the law allows it. Sections 7 and 17.
- **The seven law societies' AI checklist** (February 2026) asks for a privacy impact assessment before a tool is used (section 4). The **QLS client warning template** (April 2026) is in section 11.
- **The courts.** Supreme Court of Queensland Practice Direction 5 of 2025, with matching directions in the District, Land and Planning and Environment Courts and QCAT, and the Federal Circuit and Family Court's Practice Direction on the Use of Artificial Intelligence (29 May 2026). Sections 8 and 17.
- **AUSTRAC and the Law Society** on the AML/CTF rules for lawyers from 1 July 2026. Section 17.
- **The Privacy Act** doesn't cover you today (section 15). From 10 December 2026, a business under it that uses a program to make, or substantially and directly help make, a decision that could reasonably be expected to significantly affect someone's rights or interests must say so in its privacy policy. A person checking the output doesn't on its own take it outside the rule, so if you became covered, the AML flag would need a look.
- **The Fair Work Commission** has a rule on AI in case documents, in force since 20 October 2026 (section 14).
- **The Legal Services Commission.** I found nothing on AI from it. The Law Society says following its guidance may make your actions easier to account for if a complaint is made.

What's not in it, and why

- **AI agents** that send, book or pay on their own. You don't use any.
- **AI note-takers** on client meetings and calls. Nobody records or transcribes them, and the privilege and consent questions are too big for what they'd save.
- **AI legal research tools.** No job needs one.
- **Copyright** in AI-made work. You don't use AI for marketing or creative work.

If any of that changes, my emails at 3, 6 and 12 months cover it. I can also make changes at a yearly review for $350 inc GST.

Part 2: The policy

AI use policy, Merritt Lawyers

Policy owner	Principal
AI lead	Law Clerk
Version	1.0
Adopted	Friday 6 November 2026
Next review	November 2027
Current copy	The firm's shared Policies folder in Microsoft 365. A printed copy may be out of date, so check the version first
Goes with	Our engagement letter, our privacy policy and our written AML position

This policy was drafted with AI (Claude) by Prompt Works Studio, then checked and approved by Chad Maxwell. Merritt Lawyers has read it, changed it to fit and adopted it as its own. It isn't legal advice.

1. Why we have this policy

We open about 10 new matters a week for private clients from Toowoomba and the Darling Downs: wills, estates, family law, traffic and minor criminal matters, and employment advice. People tell us things they haven't told anyone else. We use AI to take some admin off our plate, like time entries and plainer-English letters, so the solicitors have more time for advice. This policy sets out how, so we keep our clients' confidence and meet what the Law Society and the courts ask.

2. Who it covers, and what counts as AI

It covers everyone who works for us or with us, including locums and clerks on placement, on any device used for our work, including your own phone.

It also covers anyone we bring in to help, like our IT support or an agent firm. They don't use AI on our clients' information unless it's a tool on our register, used the way the register allows, and the Principal has said yes in writing.

AI means any tool that writes, sums up, suggests or decides things for us. That includes chatbots like Claude and ChatGPT, and the AI inside software we already use: Copilot in Microsoft 365 and Outlook, and Archie and AutoTime in Smokeball. It doesn't include Smokeball's conflict check, its automatic precedent fill, spell check, or a spreadsheet formula.

3. Who's in charge

- **The Law Clerk is our AI lead.** They keep the AI register in section 4, show new staff how to use our tools, answer questions, and are who you tell when something goes wrong.
- **The Principal is responsible** for all work that leaves the firm, however it was made, and signs off this policy.
- **Each month the Principal looks at three matters in Smokeball** to check AI work was recorded and checked as this policy says.
- **No new tool or new use goes on the register in January, or in the fortnight after school holidays.** Family law is at its busiest then, so a request waits.

4. Our AI register

We only use the tools on this list, on the firm's own accounts, for the jobs listed. A tool goes on the list only after the AI lead has read its terms and they say our data won't be used to train it, the AI lead has done a one-page privacy impact assessment of it, and the Principal has agreed. Want a new tool, or a new use? Ask the AI lead.

Register changes between reviews go on the review record, and the AI lead tells the team before anyone uses them.

Tool	Account	Approved for	Client details?	Approved
Claude	The firm's Team plan, five seats: the Principal, both Solicitors, the Law Clerk and the Receptionist	Plain-English rewording of our own letters, first drafts from our precedents (costs disclosure, welcome letter, client warning versions), time entries from a fee earner's own diary, the yearly AML record, and at enquiry the file-opening note and AML flag	Yes, for clients who've agreed in the engagement letter, and only what the job needs. At enquiry, the new client's own details for the note and flag only (section 11). Never the other side's details, or what section 7 rules out	6 November 2026, by the Principal
Microsoft 365 Copilot Chat	Our business Microsoft 365 accounts, signed in at work	Tidying our own wording, and summing up our own templates and internal notes	No. No client or other-side names, and nothing that says what a matter is about	6 November 2026, by the Principal

Not approved:

- Smokeball's AutoTime. It records activity in Word, Outlook and Smokeball across every matter, and no page we read says how Smokeball itself uses those records (appendix). We time as we go.
- Archie, Smokeball's AI assistant. It isn't on our plan, Smokeball doesn't publish a price, and no job needs it. Its page says our data isn't shared with third parties for training (appendix).
- Any personal or free AI account, including the free ChatGPT. Its terms let it train on what goes in (appendix).
- AI note-takers, or anything that records or transcribes client meetings, calls or conferences.
- AI agents that send, book, pay or change things without a person each time.
- Any AI tool for finding or checking cases, legislation or other authorities.
- Any tool that would make, or help make, a decision that could significantly affect a person's rights or interests. That needs a line in our privacy policy first (section 15).

5. How AI is used in our work

Every job has a person who checks the AI's work before it's used. Some steps stay with people for good (section 8).

Job	Where AI helps	Who checks, and against what
New matters	At enquiry, the file-opening note, drafted in Claude by the Receptionist from the new client's own details. No other side details	A Solicitor reads it against the enquiry before it goes on the file
New matters	At enquiry, flagging words that might point to a designated service under table 6 of the AML/CTF Act, and which item. A person asks the ten screening questions	A Solicitor reads every flag. The Principal decides whether it's covered work
New matters	A first draft of the costs disclosure from our precedent, after the engagement letter's back	The Solicitor sets the estimate and checks every line against what the Legal Profession Act asks for
Conflict check	None. The Receptionist lists every name by hand and runs it through Smokeball	A Solicitor decides whether to act
Time entries	Each fee earner pastes in their own diary lines and sent-mail subjects for matters marked "AI OK" and has Claude draft entries in six-minute units	Each fee earner checks every entry against what they did, fixes it, and enters it in Smokeball. Nothing's rounded up
Yearly AML check	The dated record and the staff note, drafted in Claude from the Principal's answers	The Principal checks every line against the Law Society's list and signs
Telling clients about AI	Versions of the Law Society's client warning for each practice area, and a list of matters with no file note of the spoken warning	The Principal approves each version once. The Solicitor gives the spoken warning and makes the file note
Letters to clients	Putting our own letter into plainer English	The Solicitor who wrote it reads the result against the original

Right and wrong, in our work

Right. At the end of a long family law day, a Solicitor pastes the day's diary lines for four "AI OK" matters into Claude, with only the matter number and the task, and asks for time entries in six-minute units. They read each one against what they did, fix a vague description the client will see on the bill, and enter them. They add a file note to each matter: "Time entries drafted in Claude, checked by the Solicitor."

Wrong. A Legal Secretary receives a long email from the other side's solicitor and pastes it into the free ChatGPT on their phone to see the gist. That's two things the policy rules out: a personal account, and the other side's details in a tool that trains on them. What to do instead: read the email, or hand it to the Solicitor, who reads it themselves. No tool on the register takes it. If it's already happened, tell the AI lead today (section 16).

Wrong. Short of time before written submissions go to the Supreme Court, a Solicitor asks Claude for cases that support a point, and one of them doesn't exist. The Solicitor named at the end of the submissions has to verify every reference. What to do instead: find authorities in a legal database or the legislation itself, and read each one at the source.

6. Personal accounts

Don't use a personal AI account for our work, on your phone or anywhere else, including the free version of a tool we pay for. If you've got client details in one now, tell the AI lead. You won't be in trouble (section 16).

7. What goes in, and what never does

- Our own templates, public information and general questions can go into any tool on the register.
- Client details go in only where the register allows it, for clients who've agreed in the engagement letter, and only what the job needs.
- **The one exception is enquiry.** Before the letter's back, the new client's own details go into Claude for the file-opening note and the AML flag, and nothing else. The other side's names and details never go in.
- **Never put in:** ID documents or the ID checklist, bank or card numbers, tax file numbers, passwords, records about a child's whereabouts, school, medical or counselling records, anything that could show where a person at risk of family violence is living, material under a court non-publication or suppression order, documents sent to us by the other side by mistake, another client's details, or anything a client has asked us to keep out.
- **Don't send feedback or bug reports from inside Claude on a client matter.** Anthropic says feedback it receives can be used (appendix).
- **Existing matters:** matters opened before Monday 9 November 2026 have no AI until the client has our new letter and has agreed. No "AI OK" note, no AI, Claude included.
- If something goes in by mistake, tell the AI lead the same day.

8. What we never use AI for

- **Legal advice.** A solicitor gives it and stands behind it.
- **Finding or checking cases, legislation and rulings.** AI can produce authorities that look real and aren't. A person reads each one at the source.
- **Court documents.** That's submissions, affidavits, statements, costs notices and anything else filed. A witness's affidavit is in the witness's own words.
- **The figures in a costs estimate or a costs notice.** The Solicitor sets them.
- **Deciding whether a matter is AML-covered work, or the firm's position that it's outside.** That's the Principal's call, with our adviser where it's close.
- **The conflict check.** The Receptionist lists every name by hand and runs it through Smokeball. Deciding to act after the check is a Solicitor's.
- **The spoken warning to a client** about their own use of AI.
- **Anything meant to mislead anyone.**

9. Checking AI work

- The person who checks must know the area of law well enough to spot a mistake. Section 5 says who. The Law Society asks for very close supervision at first and regular auditing of output, which is what the Principal's monthly look is for.
- Check names, figures, dates and references against the file, Smokeball or the client's document. AI can make things up that look right.
- Don't use AI to answer a question you couldn't check yourself. If you're not sure an answer's right, don't use it. Ask.

10. Training

- Before anyone uses a tool on the register, the AI lead shows them how, what it's approved for, and this policy, and they sign the sign-off page. That includes new staff and locums, before their first day.
- Every November, before January's family law rush, the whole team goes over this policy and any register change.
- The AI lead keeps a list of who's been shown what, and when.

11. Telling our clients

- Our engagement letter tells clients which AI tools we use and asks for their OK before their details go into one. The Principal settled the clause's wording, as a law firm words its own letters. It's in every new letter from Monday 9 November 2026, and existing clients get it with their next letter.
- Our enquiry form carries a privacy notice, read out on the phone, that says the new client's own details go into an approved AI tool for the file-opening note and the AML flag, that the other side's details don't, and that a person checks the result. The Principal settled that wording too.
- Every client gets the Law Society's client warning on AI with the welcome letter, and the Solicitor says it to them at the first meeting and makes a file note. It asks them not to use free AI tools for anything to do with their matter, and points them to the Queensland courts' guidelines for non-lawyers.
- When a client's letter comes back agreeing, the Receptionist adds an "AI OK" note to the matter in Smokeball. If they say no, or the letter isn't back, there's no note, and their details stay out of AI apart from the enquiry exception (section 7).
- Our privacy policy says we use AI tools and which kinds of information go into them. If a client asks how AI was used on their matter, we tell them.

12. Keeping a record

When AI helps with a client's matter, add a file note in Smokeball: the tool, what it did, and who checked it. It takes a line, and it's how the Principal's monthly look works.

13. Fake voices and messages

AI can copy a voice or a face. Before we pay anything out of trust, change where settlement money goes, change bank details for us or a client, or give anyone access to our systems, we call back on a number we already have on file. That goes even when the request seems to come from the Principal, a client we know well, or another law firm.

14. Fair Work Commission documents

We don't use AI to write documents for a Fair Work Commission case, apart from spelling, grammar or layout, which the Commission says doesn't count. If that changes, the document must say AI was used and how, and a person must check it and say they have. For a document prepared using AI, legal practitioners must also include hyperlinks to any case law. A witness statement is in the witness's own words. The Commission counts paid Claude and Copilot as public AI, so other people's personal details and confidential case information don't go into either of ours for a Commission case. If a client tells us they're using AI on their own case documents, we tell them the Commission's rule.

15. Privacy and data breaches

- The Privacy Act doesn't cover us today. A business is exempt if its annual turnover is $3 million or less, and our accountant confirmed on Friday 30 October 2026 that ours has never been over it. The OAIC says the Act covers a business whatever its turnover if, for example, it's an AML/CTF reporting entity (which taking on conveyancing or company and trust set-ups could make us), has opted in, or trades in personal information. If that happens, this section changes.
- We don't ask clients for tax file numbers, but a tax return or payslip they send for a property settlement or an estate can carry one. The OAIC says the Privacy (Tax File Number) Rule regulates how tax file number information is handled. We follow it: those numbers stay in the document, out of AI, and aren't used for anything beyond the matter.
- We follow the Act's data breach steps anyway. If personal information goes somewhere it shouldn't, tell the AI lead the same day. The AI lead and the Principal act to contain it, and the Principal works out within 30 days whether it's likely to cause serious harm. If it is, we tell the people affected and take advice on telling the OAIC and the Law Society.
- From 10 December 2026, a business covered by the Act that uses a program to make, or substantially and directly help make, a decision that could reasonably be expected to significantly affect someone's rights or interests must say so in its privacy policy. We aren't covered, so it doesn't apply to us today. If we became covered, the Principal would look at the AML flag and our privacy policy first, since a person checking the output doesn't on its own take it outside the rule.

16. When something goes wrong

- Tell the AI lead the same day if client information went somewhere it shouldn't, AI work went out with a mistake in it, or a tool did something unexpected.
- If a tool is down, we carry on by hand as we did before.
- Breaking this policy is handled like any other breach of our rules. Owning up to a mistake, or to AI you've already been using, won't get you in trouble. We'd rather know.

17. Our work as solicitors

- **Approval and checking.** This policy and the register are the approval Guidance Statement 37 asks for. Each piece of AI work is checked by a solicitor, the Law Clerk or the Principal, who know that area (section 5).
- **Confidentiality.** Under Rule 9, a client's confidential information stays with the practice and the people it engages for the client's work, unless the client authorises it going out or the law allows it. The tools on the register say they don't train on our data by default, and Claude data may be stored or processed outside Australia, including in the United States (appendix). Whether a tool is safe for privileged material is the Principal's call, matter by matter, and this policy doesn't say it is. If you're not sure, leave the document out.
- **Billing.** What we pay for Claude and Copilot is a practice overhead, and we don't bill it to clients. Time entries stay accurate and are never adjusted upwards.
- **Courts.** The solicitor named at the end of written submissions verifies every reference, as Supreme Court Practice Direction 5 of 2025 and the matching directions ask, and the same goes for whoever makes oral submissions. Our family law matters run in the Federal Circuit and Family Court, whose AI practice direction applies to all proceedings: anyone using AI must verify what it produces and check every reference exists and says what it's cited for.
- **AML/CTF.** Our written AML position says why we believe we provide no designated service, and the Principal reviews it every year and writes down each review. Every staff member knows it, not just the solicitors. Litigation generally won't fall under table 6, and drafting a will isn't

designated. Selling a property other than under a court order, setting up a company or trust, or holding money for a deal can be, so the screening questions ask. If we ever take on one of them, the Principal reviews the position first, and section 15 changes.

18. Reviewing this policy

The Principal reviews this policy each November, and sooner if we take on a new tool, something goes wrong, or the Law Society, a court or the law changes its guidance. Every review goes on the review record, even when nothing changes, and everyone signs again when the policy changes.

Review record

Fill in a row at every review, and whenever the policy or the AI register changes. The AI lead keeps this page with the policy.

Date	What was reviewed or changed	Why	Reviewed by	Team signed again?
6 November 2026	First adopted	Written after the Workflow Audit and the policy interview	Principal	Yes, all seven

Sign-off

Everyone who works for us signs this page: the team on the day the policy's adopted, and anyone who joins later, before they use any AI tool for our work (section 10). When the policy changes, everyone signs again on a fresh page. The AI lead keeps the signed pages.

Version signed: 1.0, adopted 6 November 2026.

By signing, I confirm I've read this policy, I've been shown the tools I'm approved to use, and I'll follow it.

Role	Name	Signature	Date
Principal			
Solicitor			
Solicitor			
Law Clerk			
Legal Secretary			
Legal Secretary			
Receptionist			

Appendix: what each tool's terms say about training

Read on each maker's own pages before the register was approved, and again on Sunday 8 November 2026 for this copy. Where a page was read before that as well, both dates are shown. Before approving Claude and Copilot Chat, the AI lead also read each one's contract terms.

Tool	What the maker says	Where, and when read
Claude, Team plan	"By default, we will not use your inputs or outputs from our commercial products" to train its models. Feedback or bug reports sent to Anthropic can be used. Its pricing page lists Team as "No model training on your content by default". Anthropic's data location page says data is stored in the US. That page names Enterprise and the API, not Team, so we treat Claude data as possibly outside Australia	privacy.claude.com, "Is my data used for model training?", 29 September and 8 November 2026. claude.com/pricing, 8 November 2026. Data location, privacy.claude.com article 7996890, 31 October 2026
Microsoft 365 Copilot Chat	"We won't use your data except as you instruct." Prompts and responses "aren't used to train foundation models". Web searches it makes from a prompt have their own handling under the Microsoft Services Agreement	learn.microsoft.com, enterprise data protection page, 2 and 8 November 2026
Smokeball AutoTime (not approved)	Its page says nothing about AI training or data use. Smokeball's security page says it "does not provide customer data to third parties for AI model training", which is about third parties and doesn't say how Smokeball uses AutoTime's records. Not approved because of that, and because we time as we go	smokeball.com.au/features/autotime, 8 November 2026. smokeball.com.au/security, 31 October and 8 November 2026
Archie, Smokeball's AI (not approved)	"your data is never shared with third parties for viewing, training, or AI modeling." That's about third parties. Not approved because it isn't on our plan	smokeball.com.au/archie, 31 October and 8 November 2026
ChatGPT, free version (not approved)	"we may use your content to train our models." Individual plans can opt out, but each person has to	help.openai.com, article 5722486, 10 October 2026. The page returned 403 on 8 November 2026 and wasn't read. A search result that day described the same opt-out default