CLIENT MONEY HANDLING PROCEDURE

1. Introduction

This procedure outlines the practices and controls in place to ensure that client money is handled in accordance with the Royal Institution of Chartered Surveyors (RICS) guidelines. It applies to all employees, directors, and agents handling client funds.

2. Definition of Client Money

Client money refers to any money held or received by the firm on behalf of a client in the course of its professional work. This may include fees, deposits, rents, or any other funds held in trust for clients.

3. Compliance with RICS Rules

Our firm will comply with RICS regulations and requirements for the handling of client money, including:

- RICS Rules of Conduct for Firms (2019)
- RICS Client Money Protection (CMP) Scheme
- Anti-money laundering (AML) regulations
- Data protection laws

4. Segregation of Client Money

- Separate Bank Account: Client money will be held in a separate client account, distinct from the firm's operating account. This ensures that client funds are protected and cannot be used for business expenses.
- Account Details: The client account shall be clearly identifiable, and no interest from the account will be retained by the firm unless agreed upon with the client.

5. Authorisation and Access

- Only Principals or Senior Employees will have access to the client account.
- Any movement of client money (deposits, withdrawals, transfers) will require dual authorization to ensure checks and balances.
- All access and transactions will be logged with date, amount, purpose, and the responsible person.

6. Handling Client Money

- Receipts of Client Money: All client money received, whether in cash, cheque, or electronic transfer, will be promptly deposited into the client account. A receipt will be issued to the client upon receipt of their funds.

- Payment of Client Money: Payments made from client accounts, including but not limited to refunds, disbursements, or payments of fees, must be properly documented and authorized as per the firm's internal policies.
- Transfer of Funds: Client money can only be transferred to the firm's operating account when the money is earned, and proper documentation is in place to confirm that the fee has been incurred.

7. Record Keeping

- All client money transactions will be recorded in a secure, accurate, and easily accessible manner. The following records must be kept:
    - Client money receipts and payments
    - Client account balances
    - Details of each transaction, including the date, amount, and parties involved.
- The firm will maintain a clear audit trail of all client funds, ensuring transparency and accountability.
- Regular reconciliation of the client account will be performed to ensure that the balances align with the recorded transactions.

8. Reconciliation of Client Accounts

- Frequency: Client accounts will be reconciled at least monthly.
- Procedure: The reconciliation process will involve matching the bank statements with internal records to ensure all amounts are accurate. Any discrepancies will be promptly investigated and resolved.
- External Audit: An external audit of client money handling will be conducted annually to ensure compliance with RICS regulations and best practices.

9. Client Money Protection Scheme (CMP)

- The firm is enrolled in the RICS Client Money Protection (CMP) Scheme, which ensures protection for clients if the firm fails to account for client money.
- The firm will adhere to all relevant CMP guidelines and ensure clients are informed of their rights under the scheme.

10. Client Communication and Transparency

- Clients will be fully informed about how their money will be handled, including the use of a segregated client account and the firm's fee structure.
- A copy of this Client Money Handling Procedure will be made available to clients upon request.
- Clear, written receipts for all transactions will be provided to clients, outlining the details of the money received or paid on their behalf.

11. Training and Oversight

- All employees involved in the handling of client money will undergo regular training on RICS guidelines and the firm's internal procedures.
- Ongoing monitoring will be conducted to ensure compliance with the procedure, and any staff breaches will be addressed promptly through disciplinary action.

12. Breach of Procedure

- Any breach of the client money handling procedures will be treated seriously and investigated thoroughly.
- The firm will report significant breaches to RICS and take corrective action to resolve any issues.

13. Review and Updates

- This Client Money Handling Procedure will be reviewed regularly, at least annually, to ensure ongoing compliance with RICS guidelines and any changes in regulations or legislation.
- Any updates or changes will be communicated to all relevant parties within the firm.

14. Interest on Client Money

- Discrete Client Accounts (Single Client Accounts)
    - Where client money is held in a discrete client account established for an individual client (or specific client matter), any interest earned on the funds held in that account will accrue to the benefit of that client.
    - The firm will:
        - Ensure that interest earned is credited to the relevant client account;
        - Account to the client for all interest received, less any bank charges properly attributable to that account where agreed in writing; and
        - Maintain clear accounting records demonstrating the calculation and allocation of interest.
    - Interest will be treated as client money and will be recorded within the relevant client ledger. Payment of accrued interest will be made to the client at appropriate intervals or upon closure of the account, unless otherwise agreed in writing.

- General Client Accounts (Pooled Client Accounts)
    - Where client money is held in a general client account containing funds relating to more than one client:
        - Interest earned on the account will be retained by the firm as office money; and

        - The bank will be instructed, where practicable, to credit such interest directly to the firm's office account.
    - This arrangement applies unless otherwise agreed in writing with an individual client.
    - Clients will be informed in writing that:
        - Their funds may be held in a general client account; and
        - Interest earned on such pooled accounts will not accrue to them unless expressly agreed in writing.
    - The firm considers that, due to the administrative costs and practical difficulties of calculating and apportioning interest on pooled accounts, retention of such interest by the firm represents a fair and transparent arrangement, subject always to prior written disclosure.
- Compliance and Transparency
    - In accordance with the RICS Professional Standard Client money handling (UK) and the RICS Client Money Protection Scheme Rules:
        - All interest arrangements will be clearly disclosed to clients in writing;
        - Any alternative arrangement must be expressly agreed in writing;
        - Interest earned on client money will be treated in accordance with RICS requirements and properly recorded within the firm's accounting systems; and
        - The firm will ensure that no client money is used for any purpose other than that for which it is held.

This procedure provides a framework for handling client funds responsibly and transparently, ensuring that all stakeholders can have confidence in how money is managed within the firm.

If you have any further specific requirements, please do not hesitate to contact us.