

WARD SURVEYORS LTD CLIENT MONEY HANDLING POLICY



Purpose

This policy sets out the procedures and controls adopted by the firm for receiving, holding, safeguarding, accounting for and paying client money. It is intended to ensure that client money is kept secure, is clearly separated from the firm's own funds, and is handled in accordance with the RICS Client Money Handling professional standard, the Rules of the RICS Client Money Protection Scheme and the RICS Rules of Conduct.

Scope

This policy applies to all directors and employees who receive, hold, record, authorise, reconcile or otherwise deal with client money on behalf of the firm. It applies to money held for or received from clients in connection with property management services, including money held as stakeholder, unless specifically excluded by the applicable RICS scheme rules or other legal requirements.

Key Definitions

- **Client:** any person, firm, trust, body corporate or other organisation for whom the firm holds or receives money in the course of its professional practice.
- **Client money:** Money of any currency (whether in the form of cash, cheque, draft or electronic transfer) that:
 - an RICS-regulated firm holds for or receives on behalf of another person, including money held by a regulated firm as stakeholder and
 - is not immediately due and payable on demand to the RICS-regulated firm for its own account;but excluding fees paid in advance for professional work agreed to be performed, and clearly identifiable as such, unless the fees are for work undertaken as a property agent as defined by the *Rules of the RICS Client Money Protection Scheme for Property Agents*.
- **Client money account:** a bank or building society account that contains client money only, is clearly identified as a client account and is separate from the firm's office account. This may be for one of the following:
 - a single client of the firm (discrete client money account) OR
 - more than one client of the firm (general client money account)

Responsibilities

The Directors of the firm have overall responsibility for compliance with this policy and RICS requirements. Only Directors and authorised members of staff of the firm have access to Client money records and be able to initiate payments. In respect of payments, limits are applied to staff members in respect of electronic payments from client accounts. Additionally, all Directors and members of staff are required to report suspected errors, breaches, fraud, cyber incidents or misuse of client money immediately, in accordance with our Whistleblowing policy.

Client Bank Accounts

We currently hold both general and discrete client money accounts in the form of Business Current Accounts and Client Deposit Manager Accounts with NatWest Bank. We do not operate any client accounts that hold both Ward Surveyors Ltd and client monies, nor accounts that are controlled by clients as well.

If we are operating a discrete client account, the account is opened in the name of the relevant client / property. The name of the account will include the client name / property and reference to it being a client account administered by Ward Surveyors. Where we operate a general client money account then the name of the account will include client account and reference to Ward Surveyors Ltd.

Within our banking agreements the terms and operating conditions of each client account that is opened is documented, however the NatWest Bank have confirmed that any monies in client money accounts that Ward Surveyors Ltd operate will not be combined with or transferred to any other account maintained by Ward Surveyors Ltd, and that the bank is not entitled to exercise any set-off or counterclaim against money in that client money account for any sum owed to it for any other account of Ward Surveyors Ltd.

Our general client money accounts are non-interest-bearing accounts. Where a discrete client money account is operated then this may attract interest depending on the type of account operated. Any interest earned on discrete client accounts will be credited to the client account. Similarly, any bank charges on discrete client accounts are chargeable to the client in accordance with our management agreement with them. Charges on general client bank accounts are charged to, and payable by, Ward Surveyors Ltd.

Client Accounting Systems and Controls

Ward Surveyors Ltd carries out commercial property management, residential property management and block & estate management activities. Within each management sector different systems are used to hold accounting and property management data. Each system has the relevant accounting structure to ensure adherence to RICS regulations where client monies are being processed. The current systems that are in place can be identified as Resident and Rent.

For each of the clients that are linked to a general client money account the account is checked on a daily basis to see if any funds are to be allocated to clients.

Each client has their own accounting ledger; these can be found on each property management accounting database. If there are any unidentified client monies received by the firm, these are recorded appropriately. Every effort will be made in order to identify the payee of the funds, including by letter, post or any other means, and the allocation of the same to the appropriate property / client. After all avenues have been exhausted, and after 3 years since receiving the payment, the monies can be paid to a registered charity. Where client monies are paid to a registered charity then a receipt will be obtained for the same and an indemnity that if a beneficiary is subsequently identified the charity will reimburse the firm.

When monies are processed against a client account the transaction, once identified, is attributed to the relevant ledger. Any monies that are received and remain unidentified for a period of time, when allocated they can be processed on the system at the date that they were originally received. Through checking the general client money account regularly, we ensure that all monies are processed promptly and in accordance with client management agreements.

Client balances can be reviewed at any point in time with immediate effect. All monies that are processed against a discrete client money accounts are available on the system the day after the transaction. When cheques are received, they are subject to a clearance cycle on some of our property management databases.

When a new instruction is received then all the relevant client data is captured on the relevant property management accounting database to ensure all details are clearly identifiable.

Within the property management accounting systems, adherence to RICS rules in respect of preventing client balances being able to go overdrawn is compulsory. Should expenditure be incurred by / on behalf of the client that overdraws the clients ledger then this will be communicated accordingly, and relevant action is taken to correct the overdrawn client balance, which may include funds being paid to us by the client direct. There are adequate banking controls in place that prevent any physical client bank accounts going overdrawn as there are no overdraft facilities agreed on our general or discrete client money accounts.

All client bank accounts that are opened and closed are listed on each of the property management accounting systems and are easily identified.

For each month end a three way reconciliation is completed for all the general client money accounts. These reconciliations comprise of the bank balance, the cashbook balance and the balances held for each property / client within the appropriate management accounting system.

Any issues that are highlighted during this process are documented, reviewed and communicated accordingly to ensure effective resolution.

As part of agreeing our responsibilities with our clients at the outset of an instruction, we set out the details of the financial information and frequency with which it is to be provided to our clients, and this is documented through an engagement letter / fee letter or property management agreement. It is our normal practice to provide client money information to a client at a monthly, quarterly or annual frequency.

Bank Reconciliations

All general client money accounts are reconciled monthly, and within 6 weeks of the last reconciliation. The reconciliation process followed agrees the current client money account balance to the cashbook balance, and also the individual client ledger balances. Each reconciliation documents any monies that have been transacted at the bank and all transactions that are on the general client money account cashbook not yet processed by the bank. The reconciliation is supported by the relevant banking statements and reference to individual client ledgers.

All discrete client money accounts are reconciled monthly, and within 6 weeks of the last reconciliation. The reconciliation process followed agrees the current discrete client money accounts client account balance to the cashbook balance. Each reconciliation documents any monies that have been transacted at the bank and all transactions that are on the discrete client money account cashbook not yet processed by the bank. The reconciliation is supported by the relevant banking statements and reference to ledgers.

All reconciliations that are completed are reviewed and authorised by the appropriate Director or senior member of staff. Should any unreconciled items be identified during any of the above reconciliation processes then they are recorded and reviewed in accordance with RICS requirements. During the reconciliation process all historic items are reviewed to ensure that any un-presented cheques are stopped at the bank and cancelled on the property management

accounting system within 6 months. All bank reconciliations are saved electronically and are held for a minimum of 6 years.

Controls over the Receipt of Client Money

All post received within the office is opened by either a Director or senior member of staff, who will distribute any cheques received to the appropriate person to carry out identification checks against the same. Additionally, where cash or cheques are brought into the office, a receipt is given to the payee from a pre-numbered duplicate receipt book.

All client money cheques or cash received are logged on a central electronic file. All funds that are received are identified in reference to property management system records. Any cheques that are received are banked as soon as possible, and within 7 days of receipt of the same, and are held in a secure location within our office until this is done. Once banked, an entry will be made on the appropriate property management system in accordance with their operating parameters.

Should monies be received into any general client money accounts that represents firm monies then these are transferred into Ward Surveyors Ltd office account within 7 days of discovery.

Should monies be received into Ward Surveyors Ltd's office account that is clients money, then these are transferred into the appropriate client account within 7 days of discovery.

Controls over the Payment of Client Money

Prior to any payments being made against a client ledger, our property management systems and internal checks prevent any payments being made where there are not sufficient funds to cover the transaction. For each of our client money bank accounts we hold an appropriate mandate that lists all the authorised signatories that can sign cheques. Additionally internet banking payments via the Natwest bank can only be made by Directors of the company, or authorised members of staff and only then to strict limits. Every payment that is made through our client money accounts is subject to the relevant checks and supported by appropriate paperwork.

All unused cheques for client money accounts are kept in a secure location within our office, and a record is maintained of what cheques are used each time a payment is created.

Any new suppliers or changes to suppliers that are set up on the property management accounting system require authorised documentation with additional verification checks to be completed before the supplier can be set up. This process is completed manually and is only authorized by Directors or senior members of staff of the company.

General Accounting Procedures

For all our accounting processes we adhere to specific procedures that ensure compliance with RICS regulations. These procedures continually evolve depending on client requirements and property management accounting systems used.