

CLIENT MONEY HANDLING PROCEDURE



Overview

The purpose of this document is to explain the Rendall & Rittner Limited Client Money Handling procedures. The internal controls and procedures have been designed and implemented to follow best practices and RICS regulations.

Definition of client money

Money of any currency (whether in the form of cash, cheque, draft or electronic transfer):

- Which a firm holds or receives for or from a client, including money held by a firm as a stakeholder, and
- Which is not immediately due and payable on demand to the firm for its own account, but
- Excluding fees paid in advance for professional work agreed to be performed and clearly identifiable as such.

Our target is to ensure that client money can be clearly linked to the clients to whom it belongs and is protected on their behalf at all times.

Should clients' money be misappropriated, the company will reimburse any loss in the short term whilst the matter is resolved. We will also inform our governing body, RICS, and where appropriate, the police and our insurers.

How and where client money is held

- All client money is held in designated named client bank accounts or a **common account** to distinguish the accounts from an office or other account.
- **Common accounts** are bank accounts that hold monies belonging to one or more client and are used to facilitate receipts and payments.
- The bank accounts are held with a UK banking institution which is regulated by the Prudential Regulation Authority and the Financial Conduct Authority.
- Client money is held in instant access accounts in most cases.
 - There are limited times when, at the client's request, a proportion of available client funds are placed into a long term deposit account.
- We advise clients in writing of the bank account details and agree the terms of the account handling, including arrangements for interest and charges.

- We obtain written confirmation from the bank of the operating conditions for all client money accounts.

Access to funds

- Access to client bank accounts is restricted to specific individuals within the business.
- We use a suitable software package to manage client monies effectively.
- Access to our systems is restricted and only appropriate rights are given depending on the individual's role and responsibilities.
- Processes are in place to prevent overdrawn balances on the client ledgers.
- All payments from client accounts must undergo a two-stage approval process, involving at least one named individual listed on the bank mandate **who is either a principal or a senior employee.**
- Access to the e-banking software is restricted to our treasury team and named individuals on the bank mandate.

Timescales for payment into client accounts

- Receipts are generally received electronically into a designated common receipts account. Receipts are reviewed daily and, using software that identifies the customer, funds will be allocated to the relevant tenant account. The system then produces a daily bank transfer report that moves funds from the common receipts account to the relevant client account. Therefore, all identified payments are allocated within 24 hours of payment being made.
- Any cheques received are logged and recorded within 3 working days of being received by our accounts receivable team and banked within another 3 working days.
- Unidentified receipts are reviewed as soon as possible and returned to the sender if identification is not possible.
- All unidentified receipts are recorded on a shared spreadsheet and visible to everyone in the company to assist identification. This is circulated on a weekly basis to the business.
- Receipts which have not been identified after 1 month will be transferred to a separate tab to be returned to sender. If after a further week, funds have not been identified these will be returned by the treasury team.

Payment authorisation

- Access to client bank accounts is restricted to specific individuals within the business.
- All payments made from the client bank accounts are made to or on behalf of the relevant client, in line with the terms agreed to as part of the management agreement.

- Payments are made via electronic transfer (Faster Payment or CHAPS), but in all instances supported by appropriate documentation e.g. an invoice and approved by relevant individuals.
- Invoices, contracts or works orders are approved by at least two individuals within the business, relevant approval levels are in place depending on the job role and experience.
- Controls are in place to restrict access to create new or amend supplier accounts within the system.
- Payments are not able to be made unless there are sufficient funds available within the individual client bank account.
- There is a segregation of duties between the relevant teams involved within the client accounting, accounts payable, treasury and payment approval teams.

Interest and bank Charges

- Our client bank accounts are instant access trust bank accounts.
- All client accounts receive interest that is automatically credited by the bank to the individual client bank account monthly.
- Any interest received in the common bank accounts may be retained by Rendall & Rittner.
- Transaction bank charges are paid for by Rendall & Rittner.

Bank account reconciliations

- Bank accounts are reconciled daily for all client bank accounts including the common receipts and payments accounts.
- Any shortfalls/overdrawn balances are funded immediately from the office account.
- Reconciling items identified are investigated and resolved by the relevant teams where required. The bank reconciliations are formally reviewed and signed off monthly by the Head of Client Accounting.

Information provided to clients about client money

- We advise clients in writing of the bank account details and agree the terms of the account handling, including arrangements for interest and charges.
- Reporting is provided regularly to our clients as stipulated in the individual management agreements.
- If we receive funds which we are unable to identify the owner, investigations are made to identify the owner. A record is kept of the unallocated funds and the investigations made to identify the owner; this is regularly reviewed. In the event the initial investigations do not identify the owner, attempts are made to return the funds back to the account in which the funds were originally sent via the banking systems. If all investigations and

attempts to return the funds fail then the funds are transferred to a registered charity in line with the RICS guidance after 3 years