

Client Money Handling Procedure

Definitions

The following relevant defined terms have been extracted and where appropriate amended from the RICS Client Money Protection (with effect from 1 April 2019).

Client:	a member of the public which is a client of an RICS Registered Firm A member of the public includes any person, firm, trust, body corporate or other organisation
Client Money:	money of any currency (whether in the form of cash, cheque, draft or electronic transfer) <ul style="list-style-type: none"> a) which a Registered Firm holds or receives for or from a Client, including money held by a Registered Firm as stakeholder; and b) which is not immediately due and payable on demand to the Registered Firm for its own Account <p>but excluding for the purposes of this Scheme</p> <ul style="list-style-type: none"> a) money of any currency (whether in the form of cash, cheque, draft or electronic transfer) held by an RICS Registered Firm as TDS Deposits; b) fees paid in advance for professional work agreed to be performed, and clearly identifiable as such. However, commissions or other pecuniary reward or other advantage received from anyone other than the Client which are not permitted by any relevant regulator to be received or retained by the Registered Firm, and for which the Registered Firm has to account to such Client, will be regarded as client money for the purposes of this Scheme and so will not be excluded by reason of this sub-paragraph.
Client Money Account:	in respect of the Scheme, an account which: <ul style="list-style-type: none"> a) does not contain any sums other than the whole or any part of client money paid into it, or such sums of money as may be necessary to replace any sum which by error has been withdrawn from the account, together with accrued interest on such amounts; and b) includes in its title the word “client” or an appropriate abbreviation of that word, and whether such account is held in the name of the Registered Firm or a wholly owned subsidiary company of the Registered Firm that holds money in respect of the Registered Firm
The Firm or We:	GMH Surveyors Limited t/a Hammond Chartered Surveyors as a “Scheme Member” and an “RICS Registered Firm”
Member or Scheme Member:	a member of the Scheme
RICS Rules of Conduct:	the RICS rules of conduct as determined by the RICS from time to time and any other applicable mandatory requirements set out by RICS, and any other specific and individual requirements notified to any particular RICS Registered Firm as appropriate
RICS:	The Royal Institution of Chartered Surveyors
RICS Registered Firm:	a firm which is registered with RICS for regulation and which is therefore subject to the RICS Rules of Conduct
Scheme:	the “RICS Client Money Protection Scheme for Surveying Services”

Compliance

The whole of this document is to be taken as the Firm's written procedures for Handling Client Money in accordance with the RICS Rules of Conduct. These written procedures are set forth to ensure compliance with:

- The RICS Rules of Conduct for Firms
- The RICS Client Money Protection Scheme
- The Client Money Protection Schemes for Property Agents (Approval and Designation of Schemes) Regulations 2018
- Any other regulations and statutory requirements as necessary, and to maintain best practice.
- A copy of the above RICS documents is available on request.

Aims

A key aim of these written procedures is to ensure that client money is held in accordance with Rule 8 of the RICS Rules of Conduct, as follows:

Clients' money

8. A Firm shall preserve the security of clients' money entrusted to its care in the course of its practice or business. Another central aim is to comply with the RICS Client Money Protection Scheme.

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Handling of Client money – written procedures

As a Member of the RICS Client Money Protection Scheme for Surveying Services, we adhere to the RICS Rules of Conduct for Firms, The RICS Client Money Protection Scheme, and any other regulations as necessary as follows by using the following procedures:

- 1.1 All Client Money is held in a Client Money Account with a bank or building society authorised by the Prudential Regulatory Authority (PRA), the Bank of England and the Financial Conduct Authority (the FCA) in England, Scotland, Wales and Northern Ireland.
- 1.2 As a Scheme Member, we:
 - a) Maintain one or more Client Money Accounts into which all Client Money is paid;
 - b) Ensure that Client Money Account(s) are designated as such and easily distinguished from other accounts;
 - c) With effect from 1 April 2019, advise clients of Client Money to be held in a Client Money Account and notify Clients of details of that account;
 - d) Confirm in writing with the bank with which it holds a Client Money Account that the bank acknowledges that monies in the Client Money Account must not be combined with, or transferred to, any other account maintained by the Member, and the bank shall not be entitled to exercise any right of set up or counterclaim against money in that Client Money Account in respect of any sum owed to it in respect of any other account of the Member firm;
 - e) Keep records and accounts which show all dealings with Client Money, and demonstrate that all Client Money held by the Firm is held in a Client Money Account.
- 1.3 As regards handling Client Money, we:
 - a) Have and comply with written procedures for handling Client Money, which comply with any RICS requirement to which Rule 7.4 refers;

- b) Publish our procedures for handling Client Money on our website;
- c) Provide a copy of our procedures for handling Client Money to any person who may reasonably require a copy, free of charge;
- d) Keep records and accounts that show all dealings with Client Money;
- e) Repay any Client Money, including where feasible any interest earned, without delay if there is no longer any requirement to retain that money or the relevant client requests it; and
- f) Hold and maintain professional indemnity insurance cover that is appropriate for the Member's size, income, type of work and the amount of Client Money held.

Donations to charity

In the event that Hammond Chartered Surveyors receive surplus client money in a client account, we follow best practice and enact the following procedures:

1. Ensure that all efforts are made to trace the clients or owners of the money;
2. Hold the surplus money in a client suspense account;
3. Hold surplus money for at least three years.
4. If, after three years, the client or owner of the money has not been found and no true claimants to the money have come forward, in accordance with RICS guidance, it may be donated to a registered charity. A receipt will be obtained for this transaction so should a true claimant come forward to collect the money it can be made available to them. We will request that the receiving charity should offer an indemnity to enable the Firm to recover a donation in the event of a claim.

If all efforts to trace the clients or owners of the money fails, and after following the above procedures, Hammond Chartered Surveyors will donate the amount to the RICS' registered charity, LionHeart.

General controls

Hammond Chartered Surveyors ensure that:

- Employees have clear segregation of duties and responsibilities and that a Principal or appropriately qualified individual oversees the client accounting function;
- It employs competent and knowledgeable staff who are responsible for processing clients' money and who are familiar with RICS Rules;
- Accounting systems and client data are securely controlled and protected;
- Computer systems are adequately protected for access, firewalls, back-ups and disaster recovery;
- There is adequate cover for holiday and long-term absence;
- Principals cannot and do not override controls surrounding the accounting system;
- All areas of the business apply the same level of controls in relation to the client accounting function.

Client bank accounts

Hammond Chartered Surveyors ensure that:

- We hold clients' money in one or more client bank accounts separate from all other monies. Client money is available on demand;
- The bank account is correctly titled to include the name of the Firm and the word "client" to distinguish the account from an office or any other account. If it is a discrete account, the name of the client is included in the account title;
- We advise clients in writing of the bank account details (account name and name and address of the bank) and agree the terms of the account handling, including arrangements for interest and charges;
- We have obtained written consent if the Firm is to retain interest.

Client Accounting Systems and Controls

Hammond Chartered Surveyors ensure that:

- Accounting records and systems are appropriate to the nature and volumes of client account transactions;
- Systems provide details of all money received into and paid from all client accounts and show a running balance of all client money held in that account;
- Systems identify all receipts and payments to the client to which they relate; for example by means of client ledgers showing cash balances held on behalf of clients at all times;
- Accounting records are completed chronologically and promptly;
- The current balances at the total and client levels are always available;
- All ledgers have the client name and an appropriate description, e.g. the property address;
- Overdrawn balances on client ledgers are prevented by the systems or controls in place and where they do occur are investigated and rectified immediately;
- Adequate controls are in place over unidentified client money to ensure that such funds are kept securely. The client should be located and reimbursed as soon as possible. Such funds held for more than three years may be donated to a registered charity;
- A central list of client bank accounts is maintained including dates of opening and closing of accounts;
- A “three-way” reconciliation is completed at least once every month where clients’ money is held in a general client account. This is produced as a formal statement, and any unresolved differences or adjustments are fully investigated and explained. Any errors identified in the reconciliation process are promptly rectified.

General client account reconciliations should include a full list of:

- Client ledger balances and the total of the balances;
- Dated unrepresented cheques;
- Dated outstanding deposits;
- Details of any other reconciling items;
- System reports supporting reconciliation figures as appropriate.

For discrete accounts the monthly reconciliations should agree the cash book or system balances to bank statement balances and include a full list of:

- Dated unrepresented cheques;
- Dated outstanding deposits;
- Details of any other reconciling items;
- System reports supporting reconciliation figures as appropriate.

Reconciliations should not include regularly occurring adjustments or reconciling items more than three months old, except for unrepresented cheques which should be no more than six months old.

- Reconciliations are reviewed and signed off by a Principal or an appropriate independent senior member of staff;
- Client accounting records, including copies of reconciliations, are securely kept for at least six years plus the current year.
- Controls over the receipt of client money

The Firm ensures that:

- Only a Principal or appropriate staff independent of accounting staff open incoming post;
- Procedures exist to ensure all clients’ money is banked within three working days;
- All cash and cheques received by post or by hand are promptly recorded;
- A reconciliation is performed between money received by post and that day’s banking;
- Procedures exist to identify and distinguish between clients’ and office money;

- Mixed monies are initially paid into a client account and the office element paid to the office account when the receipt has cleared the bank;
- Fees received in advance for professional work not yet billed are paid into a client account pending completion of the work;
- Duplicate receipts are issued for cash received and controls over the physical security of cash are effective;
- Unbanked client money receipts are kept secure.

Controls over the payment of client money

The Firm ensures that:

- Checks are made to ensure that sufficient funds are held on behalf of the relevant client before payments are made;
- A copy of the bank mandate is held and is up to date;
- Adequate authorisation and supervision procedures are in place for payments made by cheque, bank transfer and electronic methods;
- Insurance and adequate Principal supervision is in place where payments are made by non-principals;
- All payment requests have supporting evidence and that documentation has been authorised in advance by a Principal or other appropriate person;
- Blank cheques are not signed, and unused cheques are kept securely;
- Effective controls are in place over the setting up of new supplier accounts on the system;
- Cash payments are avoided.