

## Handling Client Money Policy

Trust and integrity are at the heart of our ethos at Cheffins and accordingly we are committed to handling our clients' money in a lawful, responsible and transparent manner. As a RICS-regulated firm it is mandatory that we comply with Rule 8 of the RICS Rules of Conduct, which sets out that a registered firm 'shall preserve the security of clients' money entrusted to its care in the course of its practice or business'.

This policy sets out our approach to dealing with client money so that we can uphold our firm's values and comply with our obligations as a member of the RICS Client Money Protection Scheme.

### What is Client Money

We adhere to the definitions of 'Client' and 'Client Money' provided in *RICS professional standards and guidance, UK, Client money handling 1st edition, October 2019*:

**Client:** "Any person, firm, trust, body corporate or other organisation that is a client of an RICS-regulated firm".

**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,

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."

### Our Approach

We recognise the responsibilities with which we are entrusted when we look after our clients' money and we acknowledge the inherent risks. To mitigate the risk of funds being misused or misappropriated, we have implemented a range of control measures, including this full written procedure for handling Client Money, appropriate partnership-level and supervisory controls and a range of training to ensure the competence of accounts staff.

### Our Controls

#### General Controls

- Access to client accounts and information relating to client accounts is restricted to a limited number of competent staff who are familiar with RICS requirements.
- Our firm's Managing Partners and Directors of Finance and Accounts closely supervise activity on all client accounts and have implemented a range of procedures (e.g. monthly compliance review and control reports) to ensure that client money is dealt with in accordance with RICS rules.

- IT and software systems are encrypted and password protected in accordance with our firm's Information Security Policy.
- Adequate firewalls, back-ups and disaster recovery protections are in place.
- Training on applicable RICS professional statements is provided to any member of staff with access to client money.
- All staff adhere to the firm's Card Payment Procedures.

### **Client Account Controls**

All Client Money is held

- in accounts over which Cheffins have exclusive control.
- at banks and building societies authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
- in client accounts relating solely to the individual client with assigned account names which include the word 'client' to distinguish them from our own bank accounts.
- in accounts which only hold money received from the client, or the sums remaining from client receipts after payments have been made. The only exception to this is where monies are paid in to replace erroneous withdrawals plus any accrued interest on the erroneous withdrawal.
- in a designated client account distinct from our office accounts unless it was received as 'mixed money' and a transfer to a client account is in progress.
- in an account where the balance can be accessed by the client on request.

The details of client bank accounts, including interest arrangements, are confirmed to the client in writing. Cheffins always confirm in writing with the bank that money in client accounts should not be transferred to or combined with any other account that we hold with the bank. We also confirm in writing that the bank is not entitled to off-set or counterclaim money in any client account against any other sum owed.

### **Accounting Records and Controls**

Cheffins always ensure that

- records are kept showing how client money is handled and that these records clearly demonstrate that money is held in appropriate client accounts.
- we keep client authorisation details in relation to transfers and withdrawals to evidence that these have been carried out at the client's instruction.
- regular bank reconciliations are carried out for client accounts and that these are reviewed by a Partner or Director of the firm.
- our written procedures for handling client money are published on the firm's website and a copy provided to RICS or to any person who may reasonably require a copy free of charge.
- all transfers and withdrawals are authorised by a Partner or Director in advance of payment and records are maintained of the authorisation.

- account records appropriate to the nature and volume of the client's transactions are maintained.
- accounting records are recorded chronologically and promptly.
- systems are in place to record all payments and receipts for each client account and to keep a running balance of monies held.
- all payments and receipts are recorded against the client account with an appropriate and clear description to identify the transaction.

### Banking Controls

At Cheffins we have a number of banking-related controls in place:

- We hold clients' money in one or more client bank accounts and all of the clients' money is paid into these accounts.
- We keep current bank mandates available for all client accounts to demonstrate that we exercise full control over the account and that we can authorise transactions on request.
- Bank mandates are updated each time that a signatory changes or, if no intermittent changes have taken place, every three years.
- A full list of all client accounts is maintained centrally. This list is revised on an ongoing basis to ensure that it is an accurate reflection of client accounts at any given time.
- Withdrawals from client accounts can only be made following authorisation from a signatory of the account. Only a Partner of the firm who is already authorised as a signatory of the account may authorise new signatories to client accounts.
- Sole authorisations of withdrawals from client accounts are only possible where authorised by a partner who is signatory to the account. In any other instance a second level of authorisation is required.

### Controls on the Receipt of Client Money

We have controls in place to ensure that

- when client money is received it is promptly paid into the respective client account.
- cheques are opened by closely supervised members of the accounts team and are banked within three-working days of receipt.
- any mixed monies are received into the relevant client account in the first instance and any monies owing to the office account are promptly transferred thereafter.
- if clients instruct that only part of a payment should be held on account, we place the whole payment on account before promptly transferring the relevant portion of the payment.
- benefits, such as interest accruing from client money, are accounted for to the client, unless otherwise agreed with the client in writing.
- in the event that any unidentified client money is received, we will take action promptly to identify the owner. If we cannot find the owner after a seven-year period and all avenues of investigation have been exhausted, the money will be paid to a registered charity. When such payments are made, a receipt and indemnity will be obtained so that the client can be reimbursed if the rightful owner is identified.

## Controls on Payments from Client Accounts

Cheffins ensure that

- client money is only used for that client's matters.
- client money is returned immediately as soon as the reason for holding the money ceases to apply and any subsequent payments received are promptly paid to the client.
- payments from client accounts are only made according to the terms of the management agreement or where the client has provided written agreement.
- monies to pay fees or other charges to Cheffins are only withdrawn from the client account in accordance with the management agreement or once an invoice has been approved.
- the balance of any client account is always checked before payments are made on their behalf to ensure that sufficient funds are held in the account.
- standing orders and direct debits are not set up on client accounts.

## Compliance

In addition to complying with RICS rules, as a firm we take our responsibilities relating to money laundering and financial crime extremely seriously. We have therefore conducted a firm-wide risk assessment to comply with the following legislation:

- *The Money Laundering Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017*
- *The Money Laundering Terrorist Financing (Amendment) Regulations 2019*
- *The Financial Crime Act 2017*
- *The Bribery Act 2010*

Our risk assessment forms the basis of our risk-based policies and procedures in relation to combating money laundering and associated financial crime. A key component of our procedures is the application of scrutiny to reasons underlying any given transaction. We extend this scrutiny to payments made from client accounts to ensure that monies are only used for the purposes of property management and/or surveying. Our firm has a zero tolerance to client accounts being used as a third-party banking facility

As a firm we take our responsibility to record and to report compliance breaches extremely seriously. Accordingly, we have a reporting procedure in place to ensure that breaches are reported to the Partnership, RICS and, where necessary, law enforcement.