

Edwin Thompson LLP & Edwin Thompson Property Services LTD - Client Money Handling Procedure

1. Overview

1.1. The whole of this document is to be taken as the Edwin Thompson LLP & Edwin Thompson Property Services LTD ["Edwin Thompson" or "we"] written procedures for Handling Client Money in accordance with the RICS Professional Standards and Guidance UK, Client Money Handling, 1st Edition 2019.

1.2. As a Scheme 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 by using the following procedures:

As a Scheme Member, we:

- 1.2.1. Maintain one or more Client Money Accounts into which all Client Money is paid.
- 1.2.2. Ensure that Client Money Accounts are designated as such and easily distinguished from other accounts.
- 1.2.3. Advise clients that Client Money is held in a Client Money Account and provide them with details of that account.

2. Definition of Client Money

- 2.1. Any currency (whether cash, cheque, draft or electronic transfer) that we hold or receive on behalf of our clients as part of the delivery of our services.
- 2.2. Excluding amounts which are immediately due and payable on demand.
- 2.3. Excluding fees paid in advance for professional work agreed to be performed, and clearly identifiable as such, unless fees are for work undertaken as a property agent as defined in the Rules of the RICS Client Money Protection Scheme for Property Agents.

3. Holding Client Money

All client money held or received by Edwin Thompson is banked into either:

- 3.1. a general client bank account
- 3.2. a designated discrete account or
- 3.3. a client controlled bank account

In respect of the above the following applies:

3.4. A **general client** bank account is a client bank account which holds pooled client money for multiple clients.

3.5. A **designated discrete** bank account is a bank account set up to hold client money for a single client. The name of the client will be incorporated into the account name.

3.6. A client may request that tenants pay monies directly to a bank account controlled by themselves and Edwin Thompson will have no control over these accounts. **These accounts are not covered by the RICS client money protection scheme.**

3.7. In respect of points 3.4 and 3.5 above, all Client Money is held in a client money account with a banking institution authorised by the Prudential Regulatory Authority (PRA) and the Financial Conduct Authority (FCA).

3.8. All bank accounts utilised by Edwin Thompson for client money are exclusively controlled by Edwin Thompson.

3.9. All discrete bank accounts are correctly titled to include the name of the Scheme Member and the word "client" to distinguish the account from an office or any other account.

3.10. Edwin Thompson confirm the bank operating conditions in writing with the bank with which we hold client money accounts, including acknowledgement that monies in the client money account must not be combined with, or transferred to, any other account maintained by Edwin Thompson, and the bank shall not be entitled to exercise any right of set off or counterclaim against money in that client money account in respect of any sum owed to it in respect of any of Edwin Thompson's other accounts.

3.11. Client money is available on demand.

4. Information to Clients

4.1. We advise clients in writing of the bank account details (account name and name and address of the bank).

4.2. Provide clients with a copy of Edwin Thompson's written procedures for handling client money, which includes arrangements for interest, and any retention of interest, and charges.

4.3. Provide a copy of our procedures for handling client money to any person who may reasonably require a copy, free of charge.

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5. Receipt of Client Money

Edwin Thompson ensures that:

- 5.1. All client money is received and paid into a client money account promptly.
- 5.2. When mixed monies are received, the receipt is paid into a client money account and Edwin Thompson's money is transferred into its office account promptly.
- 5.3. Procedures exist to identify and distinguish between client's and Edwin Thompson's money.
- 5.4. Only appropriate staff, independent of accounting staff, open incoming post.
- 5.5. Cash and cheques are kept safe until they are banked.

6. Interest and Bank Charges

- 6.1. The bank accounts used to hold client money are interest bearing accounts, for which Edwin Thompson cover all bank charges (including transaction fees and account maintenance charges).
- 6.2. Edwin Thompson is entitled to retain the interest earned on general clients' accounts which is used to offset the account maintenance and transactional banking costs, in line with specific client agreements, such as the Property Management Agreement (PMA). Discrete accounts are credited with interest at the agreed rate and interval as per point 6.3.
- 6.3. Interest due to clients is based on the published Natwest business reserve instant access account rate and will be credited on a monthly basis, unless a property management agreement stipulates otherwise.
- 6.4. We will account for interest or other benefits accruing from client money to the client, unless otherwise agreed with the client in writing.

7. Payments From a Client Account

Edwin Thompson ensures that:

- 7.1. Client money is only used for that client's matters.
- 7.2. Client money is returned to the client immediately, as soon as there is no longer any reason to retain those funds, and any further payments received (e.g. by refund) are paid to the client immediately.

- 7.3. All payments from client money accounts are made to or on behalf of a client and on that client's written instructions, or as agreed in the PMA.
- 7.4. When fees are due and payable, unless the client has given written authorisation for deduction of agreed fees without prior notification, send an invoice or other written notification of the costs incurred to the client before withdrawing money from a client money account for payment of Edwin Thompson's fees, and then transfer those monies out of the client account promptly.
- 7.5. Check that sufficient funds are held on behalf of the relevant client before payments are made.
- 7.6. Adequate authorisation and supervision procedures are in place for payments made by cheque, bank transfer and electronic methods.
- 7.7. All payment requests have supporting evidence and documentation has been authorised in advance by an appropriate person.

8. Reconciliations

- 8.1. All general client and designated discrete bank accounts are reconciled on at least a monthly basis between the cash book, bank statements and general ledger by a member of the Cashiers team, with an independent review undertaken by a senior staff member for each reconciliation.
- 8.2. Reconciling items identified are investigated with the relevant teams (e.g. Client Accounting) to identify actions required to resolve them, where necessary.

9. Accounting Records and Controls

Edwin Thompson ensure that:

- 9.1. Records and accounts are kept that show all dealings with client money and demonstrates that all client money is held in a client money account.
- 9.2. Have appropriate systems, procedures and controls to ensure payments into, and transfers or withdrawals from, a client account are in accordance with instructions agreed with the client.
- 9.3. Complete regular client bank account reconciliations and demonstrate that these are reviewed by a principal, or other senior staff member of Edwin Thompson.
- 9.4. Publish written procedures for handling client money on Edwin Thompson's website.

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- 9.5. Ensure that overdrawn balances are prevented by the systems or controls in place and where they do occur are investigated and rectified immediately.
- 9.6. Control and protect accounting systems and client data and adequately protect computer systems for access, firewalls, back-ups and disaster recovery.
- 9.7. 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.
- 9.8. Accounting records and systems are appropriate to the nature and volume of client account transactions.
- 9.9. Accounting records are completed chronologically and promptly.
- 9.10. A central list of client bank accounts is maintained, including dates of opening and closing of accounts.
- 9.11. Client accounting records, including copies of reconciliations, are securely kept for at least six years plus the current year.

10. Compliance

Edwin Thompson will ensure:

- 10.1. Compliance with anti-money laundering legislation, rules and regulations for all receipts of client money.
- 10.2. As part of the requirement to comply with anti-money laundering standards, Edwin Thompson will take all reasonable steps to ensure that all client money held is linked to a surveying activity being undertaken by it and that the client money account is therefore not being used as a banking facility for third parties, whether they are clients or not.
- 10.3. Compliance with the mandatory requirements of the latest edition of the RICS professional statement *Countering bribery and corruption, money laundering and terrorist financing*.
- 10.4. Employees follow all procedures for handling client money in place at the time.
- 10.5. It does not override any controls in place to protect client money.

- 10.6. Appropriate disclosures are made to a senior member of Edwin Thompson or a regulator immediately if they become aware of any risk of or actual misappropriation of client money and to keep a written record of that disclosure.

11. Unidentified Client Money and Donations to Charity

In the event that Edwin Thompson receive unidentified client money, we follow best practice and enact the following procedures:

- 11.1. Ensure that all efforts are made to trace the clients or owners of the money.
- 11.2. Hold the unidentified client money within a designated unclaimed client funds account (distinct from other client money accounts).
- 11.3. Hold unidentified client money for at least three years from date of receipt.
- 11.4. If, after three years from date of receipt, 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 will 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 Edwin Thompson to recover the donation in the event of a claim.

12. General Controls

Edwin Thompson ensure that:

- 12.1. Employees have clear segregation of duties and responsibilities and that an appropriately competent individual oversees the client accounting function.
- 12.2. It employs competent and knowledgeable staff who are responsible for processing client's money and who are familiar with the RICS Rules.
- 12.3. Accounting systems and client data are securely controlled and protected.
- 12.4. There is adequate cover for holiday and long-term absence.
- 12.5. Principals cannot and do not override controls surrounding the accounting system.

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Document Review

This procedure will be reviewed, based on the criteria below, as part of our overall risk management process:

- Major changes in the law or practice.
- We identify or are alerted to a weakness in the procedure.
- Changes in the nature of our business, our clients or other changes which impact on this procedure.
- At least annually.