

# Sibley Pares Client Money Handling Procedures

(Updated May 2022)

This document summarises Sibley Pares' Client Money Handling procedures and internal controls designed to follow best practice and RICS regulations. It covers both Sibley Pares LLP and Sibley Pres MKH Clokes Ltd, hereinafter referred to as SP. It should be read in conjunction with the RICS Professional Standard, Client Money Handling, 1<sup>st</sup> Edition October 2019. As this document is designated a Professional Standard (PS) it must be followed.

There are two categories of money – Client Money and Office Money.

What is Client Money?

RICS Definition –

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

- A RICS-regulated firm holds for or receives on behalf of another person, including money held by a regulated firm as stakeholders; 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 works undertaken as a property agent as defined by the rules of the RICS Client Money Protection Scheme for Property Agents.

What is Office Money?

RICS Definition –

Money of any currency belonging wholly to the RICS-regulated firm or its principals.

(Examples of office and client money can be found in Appendix A of the PS. Staff in any doubt are to ask a Partner or property manager).

## **1. Receipting Client Money**

All client money held or received by SP must be banked in either: (A) the correct general client bank account for that client; (B) the designated discrete account for that client. (Client accounts are under the exclusive control of SP and are covered by the RICS Client

Money Protection Scheme).

- a) a general client bank account is a client bank account which holds pooled client money for multiple clients and is then allocated into “sub accounts” within Released software.
- b) 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. Only one client falls into this category. Any request by a client to establish a discrete bank account must be referred to a Partner prior to agreement.

Money received is to be promptly and carefully allocated by the Accounts Dept to the correct client within the client account on the business day of receipt. (“Promptly” is defined in the PS as seven days from receipt). Care shall be taken where names are similar (eg. Brown/Browne etc) and reliance is not placed on the Released allocation traffic light system.

Post is opened in the presence of two members of staff. Cheques received are to be logged on the “Cheques in Post” sheet before being given to the Accounts Dept and banked on the day of receipt unless there are extenuating circumstances in which case the cheques are to be locked away securely by the Head of Client Accounting (or in their absence a Partner) until being banked.

If an unknown sum is received that cannot be allocated due to insufficient information, it must be allocated to the Client Account until it can be identified. Amounts that cannot be identified are to be returned to the sender within one month.

Cash receipts are not accepted.

## **2. Payment of Client Money**

Accounts Dept staff are responsible for administering payments to clients and where appropriate their contractors.

Prior to adding payments to the online banking system, checks must be made to determine that sufficient funds are held by the relevant client (although the Released software has a function preventing negative balances).

All payment requests from contractors, service providers etc must be supported by an invoice and authorised in writing on the documentation by a Property Manager.

Payments loaded onto the banking platform by Account Dept staff are to be authorised by a Partner before payment. Supporting documentation is provided to the Partner in the form of scanned copies of authorised invoices, client statements etc, together with the corresponding bank payment schedule to enable comparison.

Client Account cheque books and bank line log-in devices must be kept in a locked drawer with a key held only by the Head of Client Accounting or a Partner.

Fraud avoidance – there are increasing email fraud attempts to impersonate clients to divert monies. If a client requests changes to their bank accounting details by email or by letter, this must be verified independently with them by phone call with a subsequent confirmation back to them by letter or email –check the email address against those held for them. If an employee of the client is requesting the change, for example by phone, ensure that the verification is with a known Principal.

### **3. Bank Reconciliation**

Bank reconciliations are performed on a monthly basis on all accounts. Per RICS regulations a three-way reconciliation must be performed between the bank statement, general ledger and individual client ledger cashbooks.

All bank reconciliations are reviewed and signed off by a Partner.

### **4. Providing Information to Clients about Monies Held on Their Accounts**

Client monies are the property of the client and are payable to them at their request. Each client will receive client money information at a monthly or quarterly frequency by arrangement.