

Clients' Money Handling Procedures

At Bruton Knowles (BK) our internal controls and procedures have been implemented in accordance the guidance provided by RICS Standards of Conduct. This document has been prepared to evidence how we conform to these Standards and best practice in line with the general advice for firms provided by RICS.

1. Client Bank Accounts

- 1.1. We hold both discrete and general client bank accounts with several major banks. No bank accounts are maintained that hold both BK and client monies.
- 1.2. Discrete client accounts are opened in the name of the Firm plus the relevant client, together with the word "Clients", such as "Bruton Knowles Clients re J Smith". Where we operate a general client account the name of the account will include both the Firm's name and the word "Clients".
- 1.3. The terms and operating conditions of each client account is documented and advised to the client, together with the details of the bank account in which their money is held.
- 1.4. Our general client accounts are non-interest bearing accounts but monies are immediately available. Discrete client accounts are normally non-interest bearing unless the client instructs otherwise, and withdrawals are also immediately available.

2. Client Accounting Systems and Controls

- 2.1. Multiple systems are used to hold accounting and property management data, specifically Tramps for property management activity and Unit 4 Financials for other activity. Each system incorporates the relevant accounting structure to ensure adherence to RICS regulations where client monies are being processed.
- 2.2. For each of the clients whose monies are held in a general client bank account the account is reconciled on a daily or monthly basis to ensure that all funds are processed correctly and the correct running balance for each client is held in the client ledger within the relevant clients' money database.
- 2.3. When monies are processed against a client account the transaction is identified and attributed to the relevant ledger/client statement. The accounting systems operate appropriate accounting periods, and receipt and payment transactions are allocated to the relevant period. Unallocated monies are investigated promptly and appropriately allocated when resolved.
- 2.4. Regular general client bank account reconciliations ensure that all monies are processed promptly and chronologically, and any discrepancies are swiftly resolved.
- 2.5. Client balances can be reviewed at any point in time. Cheques received are banked promptly and recorded in the appropriate client ledger.

- 2.6. When new instructions are received, all relevant client data is captured on the relevant client database to ensure all details are accurately recorded.
- 2.7. Within the client accounting systems, the RICS requirement to prevent overdrawn client balances is strictly enforced. There are suitable banking controls in place to prevent any discrete client bank accounts going overdrawn as there are no overdraft facilities arranged on our discrete client bank accounts.
- 2.8. The client accounting systems maintain a balance for each individual client, and these balances are strictly monitored to ensure none go overdrawn within the client ledger.
- 2.9. If we receive funds that are not easily identifiable then we contact all the relevant parties involved to ascertain the purpose of the funds and where these should be recorded. We do not operate suspense accounts within general client accounts therefore all unidentified monies are swiftly resolved.
- 2.10. A list is maintained of all accounts currently in operation and of accounts opened and closed.
- 2.11. At each month end a three-way reconciliation is performed for all general client accounts. This reconciliation compares the cash held in the general client account to the cashbook balance for that account to the total client balances held on the relevant client accounting system for all clients linked to that general client bank account. Any issues highlighted during this process are documented, reviewed and resolved.

3. Bank Reconciliations

- 3.1. All general client accounts are reconciled at least monthly. The reconciliation process agrees the current general client account balance to the cashbook balance on the relevant client accounting system. Each reconciliation documents any monies transacted at the bank that are not yet recorded on the client accounting system and all transactions that are on the general client account cashbook, therefore processed on the client accounting system, but not yet processed by the bank. The reconciliation is supported by the relevant bank statements and by system reports that detail the cash book balance.
- 3.2. All discrete client accounts are reconciled monthly on the client accounting system. The reconciliation process followed agrees the current discrete client account balance to the cashbook balance. Each reconciliation documents the timing differences between the bank and the accounting system, being any transactions at the bank not yet recorded and any recorded transactions yet not processed by the bank. The reconciliation is supported by bank statements and client accounting system reports.
- 3.3. All completed reconciliations are reviewed and authorised by a senior member of staff. Reconciling items identified are investigated and recorded promptly. An audit trail is retained demonstrating the resolution of these items as required. As a part of the reconciliation process all historic items are reviewed to ensure that any unrepresented cheques are stopped at the bank and reissued once over 6 months old, with corresponding transactions on the client accounting system. All bank reconciliations are saved electronically and held for a minimum of 6 years.

4. Controls over the Receipt of Client Money

- 4.1. All post received is opened by an administrator. Cheques received are logged by the client accountants. These and electronic receipts are recorded in the relevant client accounting system.
- 4.2. If office monies are received into any general or discrete client account these are transferred without delay into the BK office account.

5. Client Money Withdrawal Instructions

- 5.1. Written client instructions, either pre-agreed or obtained before a specific transaction, are required for every withdrawal of client money to settle a client liability or to pay over to the client.