

Client Money Handling Procedure

Ashdown Phillips & Partners Ltd is committed to upholding RICS requirements in respect of Client money handling. We are dedicated to keeping client money safe by ensuring appropriate accounting controls are in place and are continuously monitored. This procedure should be read in conjunction with the RICS Client Money Handling Professional Statement and the RICS Client Money Protection Scheme rules.

RICS definition of client money

Client money refers to 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.

How and where client money is held

Client monies held or received by Ashdown Phillips is either banked into a:

- general clients' bank account, or
- a designated discrete bank account.

Ashdown Phillips only holds two general client accounts; the detail and functions of which can be seen in the section below on banking interest. All other current accounts are designated discrete bank accounts set up to hold money belonging to a single client entity.

Ashdown Phillips' company monies are held separately in a different bank from client monies, ensuring that client monies are clearly identifiable and accessible. Each monthly reconciliation for our company accounts is monitored for client monies received in error; this enables any receipts mistakenly received to be rectified immediately.

All client money is held in an appropriate banking institution, regulated by the Financial Conduct Authority with a minimum rating of BBB+.

In the small number of instances where payments are received by cheque, they are logged and are normally banked on the day of receipt. If this is not possible, the cheques are locked in the safe until the next banking day.

We do not operate suspense accounts.

Access to funds

Ashdown Phillips employees with access to client bank accounts have defined user profile roles on the banking system. The control and access they have within the system is proportionate to their job role. In general:

- Credit Controllers, Treasury Team Members, Client Accountants, Service Charge Team Members, Accounts Payable Team Members and the Utility Team Lead have access to bank statements. All except Credit Controllers and Service Charge Team Members can upload payments for authorisation.
- Senior Client Accountants, Associate Directors and the Credit Control Manager have access to first level authorisations on payments.
- Directors are responsible for second level authorisations on payments.

- The Chief Operating Officer, Chief Executive Officer and the Chairman have administrative access at all levels, monitoring employee's access across the banking system, and are also responsible for second level authorisations on payments.
- The Head of Client Accounts holds all authorisation levels in line with the Chief Operating Officer but does not undertake level 2 authorisations.

Only Board Directors are included on the Client Bank mandate. Any changes to the bank mandate requires two signatories, with the primary signatory being the Company Secretary as a standard process.

Banking interest

All designated discrete client accounts are interest bearing; Ashdown Phillips' standard practice is for the interest on the Rent Account to be transferred to the Client each quarter. In respect of the Service Charge Accounts, the interest is credited to each of the relevant discrete client accounts and is included in the service charge year end reconciliations for each property.

Where we hold rent deposit monies, these are held in interest bearing discrete rent deposit accounts. The interest accrued on these accounts is dealt with in accordance with the relevant rent deposit Deed.

Ashdown Phillips & Partners Ltd holds two general accounts where client funds do not enter their designated client accounts directly. Both accounts have a distinct function; one account operates to collect and pay BACS transactions, and the second is a clearing account for Direct Debit collections, card payments and card terminal fees. These two accounts hold monies on a short-term basis pending transfer to designated client accounts for monies being received or payments being made to suppliers. Ashdown Phillips retains interest from these accounts to offset banking administration costs and charges.

Client payments and authorisation controls

All requests for payments and transfers from a client account must be accompanied by supporting documentation that has been checked and authorised.

All bank withdrawals are subject to a three-stage authorisation process. Transactions are loaded in accordance with the access levels outlined above, followed by two levels of authorisation. Level 1 authorisation must be a Senior Client Accountant or above; the Level 2 authorisation must be a Board Director (this excludes our Head of Client Accounts to segregate duties and avoid any potential conflicts of interest).

All unidentified funds are investigated promptly across the client management team and are allocated or returned within one month of receipt.

Supplier payments

Invoices must be approved by both the Facilities Manager and the Surveyor allocated to the property. Once purchase invoices are fully approved, they are available to be included in a BACS run.

We run a BACS payment for our supply chain twice a week, to ensure that invoices for services provided to our clients' properties are paid as quickly as possible. We closely monitor the balances of service charge funds for each property, reporting internally weekly on our portfolio to identify the potential for low funds so that action can be taken when needed.

Reconciliations

All current accounts, both discrete and general, are reconciled daily by our Treasury Team. The discrete client accounts afford us close control of all funds and the ability to allocate receipts quickly and accurately. Each reconciliation matches the individual client ledger cashbooks with the bank statement. Full current account reconciliations are then performed on a monthly basis; each monthly reconciliation is reviewed by two authorisers, with the first authoriser being a Senior Client Accountant or above and the second authoriser being a Director.

All rent deposit accounts are reconciled on a quarterly basis due to the low number of transactions. These quarterly reconciliations are signed off by a Director allocated to a portfolio of accounts.

To ensure all designated client bank accounts are reconciled, a centralised list of all bank accounts is maintained and internally audited every quarter.

Reporting to clients

Our reporting is bespoke to client requirements, as no one size fits all, and we appreciate each client has preferred formats.

As standard, our Client Accountants issue collection reports on a daily basis for the 7 days after the Quarter Day, to reflect the extent to which contracted rent and service charge funds have been received. We also update on progress being made with anything that remains outstanding.

Approved by:

Kate Phillips
Chief Operating Officer

Scott Drew
Senior Executive Director – Head of Client Accounts

If you have any queries about this procedure, please contact info@ashdownphillips.com.

This document will be reviewed annually as part of our ISAE 3402 control processes.