

CHAPMAN PETRIE LLP – CLIENT MONEY HANDLING PROCEDURES

The purpose of this document is to set out Chapman Petrie LLP's ("Chapman Petrie") Client Money Handling procedures.

Chapman Petrie's internal controls and procedures, set out below, have been designed and implemented to follow best practise and RICS regulations.

This document should be read in conjunction with the RICS Professional Standards and Guidance UK, Client Money Handling, 1st Edition.

Definition of client money: money of any currency (in the form of cash, cheque, draft or electronic transfer) that:

- 1) An RICS-regulated firm holds for or receives on behalf of another person, including money held by a regulated firm as stakeholder; and
- 2) 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 works 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.

[RICS Client Money Handling 1st Edition, October 2019]

1. How and where client money is held

All client money, held or received by Chapman Petrie LLP is banked into either : (A) a general client account; or (B) a designated discrete account or (C) a client controlled bank account.

- a) A general client bank account is a client bank account which holds pooled client money for multiple clients.
- 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.
- c) A client may request that tenants pay money direct to a bank account controlled by themselves and Chapman Petrie will have no control over these accounts. These accounts are not covered by the RICS client money protection scheme.

In the case of both A & B the money is under the exclusive control of Chapman Petrie and the bank accounts are held by a UK banking institution, with a minimum rating of BBB + which is regulated by the Prudential Regulation Authority, the Bank of England and the Financial Conduct Authority.

2. Access to funds

Chapman Petrie staff have defined access to the funds based on their individual roles which are set out in the banking mandates and systems access and approval controls. These are defined as below:

- a) The client accountant has the ability to view bank statements and interrogate online banking platforms to identify payments and receipts.
- b) The client accountant has the ability to upload payments for approval on the online banking platform.
- c) Partners and Head of Client Accounting are responsible for the performing the sign off of payments on the online system.
- d) Partners and Head of Client Accounting are responsible for authorising bank mandate changes.
- e) For internal transfers within Chapman Petrie, a single signatory can approve payments if they are either a Partner or Head of Client Accounting.
- f) For bank transfer and BACS payments from Chapman Petrie to external parties, Chapman Petrie operates a one level authorisation process. All transfers and payments are however subject to review by the Partners.
- g) Changes to the bank mandate require two signatories in line with the bank mandate of which one will be a Partner. The other signatory can be a Partner or the party named on the banking mandate.

3. Timescales for receipting cash and cheques into a client account

The client accountant at Chapman Petrie will log all monies received by post or transfer on the day of receipt, where possible, allocate to the appropriate client ledger.

All cheques are banked promptly, usually within 1 week of receipt, or subject to investigation of the funds received. Cheques are logged in the Cheque Log Book and dated when banked. Cheques are stored securely in the office and kept locked until they are banked.

Any unidentified funds are investigated as soon as possible. If it is not possible to identify what the money relates to, it will be returned to the sending within 1 month of receipt.

4. Authorisation of payments from a client account

All payments from a client account require approval prior to payment in line with our Property Management Agreement or Terms of Business, or via specific permission obtained from the client.

Cash transfers to clients are first approved outside of the banking platform by the Head of Asset Management. A payment request is then uploaded to the banking platform, where it requires subsequent approval according to the roles identified in Section 2.

For the payment of purchase invoices, invoices are first approved in line with our internal approval process. Once approved, the invoices are posted onto the property management system. They will be then available for payment on the payment run, subject to available funds.

5. How interest and bank charges are handled

Chapman Petrie's general client accounts are interest bearing, instant access accounts. The account maintenance and transactional banking costs are paid for by Chapman Petrie and hence are not charged to the general account.

On discrete bank accounts opened to hold deposit or reserve funds, the interest will be accrued and added to the balance. Any transactional or administrative charges will be paid for by Chapman Petrie.

6. Bank reconciliation procedures

Bank reconciliations are performed on a monthly basis for general accounts or quarterly on discrete accounts. As per the RICS regulations, we perform a three-way reconciliation between the bank statement, general ledger and individual client ledger cashbooks.

All bank reconciliations are reviewed by the Head of Asset Management.

7. Providing information to clients about monies held on their accounts

As part of agreeing our responsibilities with our client at the outset of an instruction, we set out the details of the financial information and frequency with which it is provided to our clients, and this is documented through an engagement letter or property management agreement. It is our normal practice to provide client money information to a client at a monthly or quarterly frequency, or as agreed with the client.

Related Documents:

- Chapman Petrie LLP Whistleblowing Policy

Chapman Petrie LLP 2022

Approved on behalf of

Head of Asset Management – Freddie Rothwell