**Naylors Gavin Black - Client Money Handling Procedures**

The purpose of this document is to set out Naylors Gavin Black “NGB” Client Money Handling procedures. NGBs internal controls and procedures, set out below, have been designed and implemented to follow best practice 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

The RICS Client Money Handling – 1st Edition October 2019, defines Client Money as money of any currency (whether in the form of Cash, Cheque 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 stakeholder; 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.

How and where client money is held

All client money held or received by NGB is banked into either: (a) a general client bank account; (b) a designated discrete account or (c) a client controlled bank account.

1. A general client bank account is a client bank account which holds pooled client money for multiple clients;
2. 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. A client may request that tenants pay monies directly to a bank account controlled by themselves and NGB will have no control over these accounts. These accounts are not covered by the RICS client money protection scheme.

In the cases of both A & B the client money is under the exclusive control of NGB and the bank accounts are held by a UK banking institution, with a minimum rating of A-/A3/A- which is regulated by the Prudential Regulation Authority, the Bank of England and the Financial Conduct Authority.

Access to funds

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

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* Treasury Staff have the ability to view bank statements and interrogate online platforms to identify payments and receipts. They also have the ability to upload payments for authorisation;
* Client Accountants have the ability to upload payments for approval to various online banking platforms;
* Associates and Partners are responsible for performing the first sign off of payments on the online systems;
* Partners who have not performed a first sign off on the online system are responsible for performing a level two (Second) sign off of payments on the online systems;
* Proprietary Partners plus a select group of Partners are responsible for authorising bank mandate changes;
* For internal bank transfers within NGB a single signatory can approve payments. They need to be an Associate or Partner;
* For bank transfers and BACS payments from NGB to external parties a dual signatory is required. NGB operate a two-level authorisation process, with Associates and Partners being responsible for performing the Confidential | Commercial Property Asset Management – Client Money Handling Procedures Page 1 level 1 authorisation, and Partners who have not performed the level one sign-off being responsible for completing the second/level 2 authorisation.

Changes to bank mandates require two signatures in line with the bank mandate, of which one will be a Proprietary Partner. The other signatory can be any Partner who is on the bank mandate.

Timescales for receipting of cash and cheques into a client account

The Treasury team at NGB log all monies received by post or electronic transfer on the day of receipt, where possible, and allocate to the appropriate client ledgers.

All cheques are banked promptly, usually within 1 week of receipt. Cheques are stored securely in the relevant office where they are received in a fireproof safe or lock box 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, despite all avenues of investigation having been exhausted (emails, letters, calls, etc.), it will be returned to the sender. If it is not possible to return the payment, we will hold on to it for 3 years at which point we will donate it to a registered charity of our choice.

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 Partner responsible for the specific client. A payment request is then uploaded to the banking platform, where it requires subsequent approval in accordance with the roles identified in Section 2. The responsible Partner’s approval is available either physically or online for the bank platform approvers to review. Responsible Partners are not allowed to approve payments on the banking platform relating to their own clients to ensure a segregation of duties.

For the payment of purchase Invoices, Purchase Orders and Purchase Invoices are first approved in line with our internal approval matrix on our purchase to pay system. Once a purchase invoice has been fully approved and the service /goods have been receipted, it will then be available for payment. The Purchase Ledger team prepare a draft payment run and upload it to the BACs online platform for approval in line with the cash transfers above.

As described above, all external bank transfers are subject to a two-stage authorisation process.

How interest and bank charges are handled

NGB’s general client accounts are interest bearing, instant access accounts. The account maintenance and transactional banking costs are paid for by NGB and hence are not charged to the general account. As per our standard terms of business NGB is entitled to retain the interest earned on general clients’ accounts which is used to offset the account maintenance and transactional banking costs.

On discrete bank accounts opened to hold deposit or reserve funds the interest will be accrued and added to the balance but any transactional or administrative charges will be paid for by NGB.

Bank reconciliation procedures

Bank reconciliations are performed on a monthly or quarterly basis. 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 two authorisers one of which will be a Partner the other an Associate or above.

Providing information to clients about monies held on their accounts

As part of agreeing our responsibilities with our clients at the outset of an instruction, we set out the details of the financial information and frequency with which it is to be 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.