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## FINANCIAL PROCEDURES

*Updated November 22*

### **Background**

- Fraser Real Estate “FRE” hold money on behalf of clients and is an RICS regulated firm.
- FRE operates under the RICS guidelines and standards, as contained in the professional statement “Client Money Handling”, issued in October 2019
- An annual return is completed to the RICS, and FRE is a member of the RICS “Money protection scheme”. Monies held in client accounts are protected by the scheme.
- Details of how the firm holds funds, manages payments, and keeps records is set out in this procedure.

### **Bank accounts**

- Monies are held with HSBC, contained in one or more discrete account, per client.
- The name of the account includes the firm’s name “Fraser Real Estate”, the client name, and words “client account”.
- The bank have a standing instruction not to permit an account to be overdrawn, and the money is ring fenced from the firm’s office account.
- Authorisation for payments from the account are directed by the mandate, together with the firm’s signing protocol for HSBCnet (being the electronic payment system). This ensures payments must be authorised by one or more authorised personnel.

### **Authorised Personnel**

- No payments may be made without dual authorisation.
- Payments by cheque, or at branch/letter instruction are undertaken according to the bank mandate, with 2 signatories. In practice, we hold no cheque books.
- Electronic payments on HSBCnet are authorised according to the agreed signing protocol. This requires a first signature by at least one director, and a second signature by another director, or (where unavailable) a finance or admin manager (but cannot be the admin creator of the batch).

### **Cash and cheques**

- The firm will not handle cash for payments in or out.
- Payments out are not made by cheque. Payment of invoices are not accepted by cheque.
- Refund payments are occasionally made by cheque, and these are paid into the bank within 7 days of receipt.

### **Control of payment from client accounts**

- There is an agreed process from receipt of invoices to payment, covered by our Purchase Ledger procedure, summarised below-
  - Invoices are received and filed electronically on a central secure cloud drive. Key data is checked, and each invoice marked up with property reference, cost code, and recharge status, before electronic authorisation by the portfolio surveyor and a director.
  - Upon approval, it is entered on the purchase ledger, checking it is not a duplicate.
  - Periodically (typically weekly), invoices are batched by client, and the payment run is created by finance admin. The documentation supporting the payment run includes the authorised invoices, bank and ledger cash balance.
  - The payment run is checked, signed, and authorised by 2 signatories, including at least one senior director; the first person checking will verify bank details against the invoice. The finance admin creator cannot authorise.
  - Checks include a telephone or email verification of bank details for new suppliers, or where a change to the supplier bank account is notified.
  - Once the payment run is checked and authorised, it is authorised electronically via HSBCnet by 2 signatories.
  - There is no facility for cheque payment. A payment may be made by letter instruction to the bank, signed by 2 signatories as mandate.
  - No payments are made by direct debit or standing order

- Where payments of rents are due without invoice, a schedule of payments is created, supported by documents where available (may include a current or historic rent demand). The schedule of payment instructions is processed with dual authorisation as invoices above.
- VAT invoices are required where vat is due on the rent.

#### **Interest and bank charges**

- Where the client account bears interest, it is credited to the account.
- All bank charges relating to client accounts are billed to the Fraser CRE Ltd office account, and charges borne as a business expense.

#### **Bank reconciliations**

- A reconciliation of each bank account is undertaken monthly, recording the bank balance and ledger balance.
- Where there is a discrepancy, an explanation is annotated. If the same difference extends into another month, the matter is escalated to a director.
- The reconciliations, with supporting paperwork are prepared by finance manager and checked before authorisation by a director and filed centrally.

#### **Unidentified funds**

- Where unidentified monies are received into a client account, the following checks will be made:
  - Check sales ledger or credit balance on purchase ledger, to check any matching sums due into the account.
  - Attempt to identify the party paying from the bank record, and try to re-pay money via the banking system, where possible.
  - Any other reasonable investigation to ascertain the source.
- A record of the investigation will be kept, together with a log.
- The log will show the date monies were received, method of payment, and entry on bank statement.
- The record of investigation will confirm the actions undertaken, outcome, and date of resolution.
- If the owner or payee of the money cannot be identified within 3 years, it will be paid to charity, but an indemnity obtained, in the event the payee is found, and the charity are asked to return it.

#### **Other**

- There are sufficient number of signatories, whereby holiday or other absence can be covered. Most directors will authorise remotely at any time.
- The firm's employee handbook contains a procedure for "whistleblowing", in the event that anyone in the process sees something that causes them to believe any practices are inappropriate or detrimental to the client interest, the individual should follow the procedures set out in the policy.