



RICS
REGULATION

HELP SHEET

CLIENTS' MONEY: GENERAL ADVICE FOR FIRMS

HELP SHEET



This help sheet is designed to assist firms on key aspects of handling clients' money.

Rule 8

A Firm shall preserve the security of clients' money entrusted to its care in the course of its practice or business.

Aim

To ensure that clients' money can be clearly linked to the clients to whom it belongs and is protected on their behalf in the following circumstances:

- Insolvency
- Misappropriation by any party
- Death of a sole practitioner

Managing clients' money effectively should deliver an appropriate level of confidence to RICS, firms' clients, potential clients and stakeholders.

What is clients' money?

Clients' money is any money received and held by a firm that does not solely belong to it.

Examples may include:

- Tenants' deposits
- Rents
- Service charges
- Interest (if in an interest bearing client account)
- Arbitration fees
- Fee money taken in advance
- Clients' money held but due to be paid to contractors
- Money held by members appointed as a Receiver
- Sale proceeds

Key elements of best practice:

Client accounts

- Keep clients' money in a designated account(s)
- Include the name of the firm and the word "client" – to distinguish the account from your office account
- Obtain bank confirmation of account conditions, including making sure the bank doesn't combine or offset funds in your client account with any other account your firm holds
- Advise client and agree terms of account handling in writing
- Ensure there are sufficient funds in the account to pay amounts owing to clients as they fall due under the firm's terms and conditions of engagement
- Obtain clients' written approval to make payments from their accounts.

Controls in the firm

- Bank at the earliest reasonable opportunity
- Nominate authorised staff to handle money
- If you make use of cash receipts to settle transactions by cash make sure your records show all cash transactions.

Systems

- Manage transactions using an accounting system appropriate to the business
- Your system should enable you to keep adequate records of your clients' money holdings. A suitable software package will enable the firm to manage money effectively
- We recommend client accounts together with bank and cash balances are reconciled at regular intervals in order to demonstrate control over the accuracy and completeness of accounting records. We have found that, for most firms, monthly reconciliation is an appropriate frequency to ensure suitable control.