

Faraday Property Management Limited Client Money Handling Procedure

Governance/Version Control	
Version	0125
Approved by	Faraday Board
Policy Owner	Alex Seziner
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Objective

The objective of this Client Money Policy is to ensure the proper handling, protection, and accounting of Client Money in accordance with the RICS Code of Conduct and the rules of TPI.

Scope

This policy applies to all Client Money held by Faraday Property Management Limited (“the Firm”).

Definition of Client Money

“Client Money” refers to any funds received by a Firm over which it has control, but which does not belong to it. Such funds may be received from leaseholders, clients or tenants. Client Money may include service charge funds, ground rent, deposits, and rental income, and any other monies entrusted to the Firm during its business.

Protection of Client Money

As set out in this Policy, the Firm shall maintain adequate safeguards to protect Client Money from loss, theft, or misuse. This includes implementing robust financial controls, secure systems, and appropriate insurance coverage.

Designated Client Account

All Client Money shall be held in specifically designated client accounts, separate from the Firm's own funds. These accounts are held at Barclays, with each client account being identified as such.

Appointment of a Client Money Handler

Each Firm shall appoint a designated individual as its Client Money Handler, responsible for the day-to-day management and control of its Client Money. This individual shall generally be the manager of the Client Finance team. The Client Money Handler shall put processes in place to ensure that no individual client account shall ever be overdrawn.

Client Money Receipts and Payments

All Client Money received by the Firm shall be promptly recorded and deposited into the appropriate, designated client account. Electronic receipts are to be posted by the end of the business day following their receipt. Cheques received are to be banked within two business days. Should any deposits be made after

these deadlines, the Client Money Handler shall investigate the causes of the delays and consider adjusting working practices or resourcing accordingly.

All payments will be subject to an independent authorisation according to the “four eyes principle”, whereby those approving an invoice cannot authorise its payment. All payments made from the client account shall be properly authorised by a principal or a senior employee. Larger payments shall require dual authorisation as set out in the delegated authority matrix. A payee’s bank details will be independently checked by the Contractor Accreditation Team before payments are released to that recipient. Any surplus funds will be promptly returned in accordance with industry best practice.

Generally, client funds that cannot be allocated to a specific Client Account will be returned. However, a Client Suspense account may be maintained to hold certain old or unidentified client funds. Records of investigations to trace the beneficiary of these funds are retained. If all avenues to locate the beneficiary have been exhausted, then the funds must be donated to a registered charity. In this case, the Firm must obtain a receipt and an indemnity from the charity.

Record Keeping and Reconciliation

The Client Money Handler shall ensure that comprehensive records of all Client Money transactions are maintained in the accounting system, with supporting documentation being retained. This includes all receipts, payments, and interest earned.

All client accounts (including suspense accounts) shall be reconciled at least monthly, to ensure the accuracy of records and identify any discrepancies. **These three way reconciliations shall reconcile the system balance to the bank statement, as well as to the total of the client ledger balances.**

A Principal (or a senior independent member of staff) shall independently review these reconciliations, with this review being evidenced in writing. These reviews shall ensure that all reconciliations are accurate and that any historic items are resolved on a timely basis. Records of these reconciliations evidencing their review shall be retained for six years.

Interest on Client Money

Where applicable, any interest earned on Client Money held in the designated client account shall be dealt with in accordance with the RICS guidelines and the management agreement with the client. Should these be inconsistent, the rule most beneficial to the client will prevail.

Reporting and Compliance

The Firm shall prepare regular reports on the handling of Client Money, which shall be made available to clients upon request. Additionally, the Firm shall ensure compliance with all relevant legal and regulatory requirements related to Client Money handling.

Training and Awareness

All employees handling Client Money shall receive appropriate training on this Client Money Policy, ensuring they understand the obligations, responsibilities, and procedures outlined within it.

Review and Monitoring

The Client Money Policy shall be periodically reviewed, including to ensure its compliance the RICS Code of Conduct, the regulations of TPI and any applicable regulations. Regular monitoring and internal audits shall be conducted to identify and rectify any shortcomings.