



This is to certify that

Lambert Smith Hampton

RICS Firm Reference: 004099

**Is a member of the RICS Client Money
Protection Scheme**

For valid claims, the customers of scheme members will have access to Client Money Protection with the following claims limitations:

- an annual aggregate limit of up to £10,300,000 million, in addition to;
- an annual aggregate limit of £20,000,000 specifically ringfenced for the activities of a "letting agent" or a "property manager" as defined in the Housing and Planning Act, 2016; and,
- a claims limit of £50,000 per valid claim.

Exclusions and limitations to the scheme can be found on www.rics.org/clientmoneyprotectionscheme.

A handwritten signature in black ink that reads "Richard Collins". The signature is written in a cursive, flowing style.

Executive Director for the
Profession

CURRENT PROCESS IN ACCORDANCE WITH
RICS REGULATIONS ON
CLIENT MONIES WITHIN LAMBERT SMITH HAMPTON

Within Property Management Accounts at Lambert Smith Hampton our internal controls and procedures have been implemented using the guidance provided by RICS Regulations. This document has been written to evidence what we do as a firm to conform to best practice in-line with the general advice for firms provided by RICS.

Client Bank Accounts

We currently hold discrete client bank accounts and general client bank accounts with varying national banks across the division. These accounts are all deemed as client bank accounts (designated or un-designated). We do not operate any client accounts that hold both LSH and client monies.

If we are operating a discrete client account the account is opened in the name of the relevant client. The name of the account will include the client name and reference to it being a client account managed by LSH. Where we operate a general account then the name of the account will include client account and reference to LSH.

Within our banking agreements the terms and operating conditions of each client account that is opened is documented. Clarification of the main operating conditions is communicated to the relevant party each time an account is opened.

In the main our general client accounts are non-interest bearing accounts. Where appropriate written confirmation is obtained for all clients that do not operate a discrete client account and all monies are held in a general client account that accrues interest.

Client Accounting Systems and Controls

Within each of the accounting centres across the division multiple systems are used to hold accounting and property management data. Each system has the relevant accounting structure to ensure that adherence to RICS regulations where client monies are being processed. The current systems that are in place can be identified as Tramps, Yardi, Qube, MUS and MRI. Our current MRI database is owned and hosted by one of our key clients; therefore we have no control over administration and access rights as this is determined by the client.

For each of the clients that are linked to a general client bank account the account is reconciled on a daily basis to ensure that all funds are processed correctly and the correct running balance for each client is held and reported on to the relevant senior member of the accounting team.

Each client account manages differing accounting ledgers, these can be found on each property management accounting database. When monies are processed against a client account the transaction can be easily identified and attributed to the relevant ledger / client statement. Each accounting system operates accounting periods and these are used when processing income or processing payments. Any monies that are received and remain unallocated for a period of time, when allocated they can be processed on the system at the date that they were originally

received. Through completing the general client bank reconciliation daily we ensure that all monies are processed promptly and chronologically.

Client balances can be reviewed at any point in time with immediate effect. All monies that are processed against a client discrete account are available on the system immediately. When cheques are received they are subject to a clearance cycle on some of our property management databases.

When a new instruction is received then all the relevant client data is captured on the relevant property management accounting database to ensure all details are clearly identifiable.

Within the property management accounting systems adherence to RICS preventing client balances to go overdrawn is an available option. On a daily basis a report is generated that lists any clients that have gone overdrawn on the property management accounting system. This is communicated accordingly and the relevant corrective action taken to address the overdrawn client balance. There are adequate banking controls in place that prevent any physical client bank accounts going overdrawn as there are no overdraft facilities agreed on our discrete client bank accounts (should we be operating an LPA Receiver account then the bank account terms and conditions could be different to that of our normal discrete client bank account)

Should we receive funds that are not easily identified then we follow a communication process that ensures we contact all the relevant parties involved with client monies. We do not operate suspense accounts for the general client accounts therefore all unidentified monies are captured on the daily bank reconciliation and reviewed daily by the appropriate senior member of the account centre.

All accounts that are opened and closed are listed on each of the property management accounting systems and are easily identified. A daily report is created from each accounting office that lists all current bank accounts and total balances.

At each month end a three way reconciliation is completed for all the general client accounts. This reconciliation compares the cash held in the general client account, to the cashbook balance for the relevant general client account to the total client balances held on the property management accounting system for all clients linked to that general client bank account. Any issues that are highlighted during this process are documented, reviewed and communicated accordingly to ensure effective resolution.

Bank Reconciliations

All general accounts are reconciled daily. The reconciliation process followed agrees the current general client account balance to the cashbook balance on the relevant property management accounting system. Each reconciliation documents any monies that have been transacted at the bank that are not yet recorded on the property management accounting system, all transactions that are on the general client account cashbook (processed on the property management accounting system) yet not processed by the bank. The reconciliation is supported by the relevant banking statements and system reports that detail the balance.

All discrete client accounts are reconciled monthly on each property management accounting system. The reconciliation process followed agrees the current discrete client account balance to the cashbook balance on the relevant property management accounting system. Each reconciliation documents any monies that have been transacted at the bank that are not yet recorded on the property management accounting system, all transactions that are on the discrete client account cashbook (processed on the property management accounting system) yet not processed by the bank. The reconciliation is supported by the relevant banking statements and system reports that detail the balance.

All reconciliations that are completed are reviewed and authorised by the appropriate senior member of the accounting centre. Should any reconciling items be identified during any of the above reconciliation processes then they are recorded and reviewed promptly. Full records are held via email containing all requests for further information or additional information regarding any of these transactions. During the reconciliation process all historic items are reviewed to ensure that any un-presented cheques are stopped at the bank and cancelled on the property management accounting system within 6 months. All bank reconciliations are saved electronically with all paper copies being archived and held for a minimum of 6 years.

Controls over the Receipt of Client Money

All post received within the property management accounting centres is opened by either an administrator or a member of the accounting team.

All cheques received are logged within each accounting centre and daily statements are printed to identify all monies that have been received that day. This process is repeated throughout the day as and when more monies are received electronically by the bank. All cash that is received is recorded on the property management accounting system or on the daily bank reconciliation, therefore all cash received is reconciled daily. Should monies be received into any general client account that represents firm monies then these are transferred immediately into an LSH firm account.

Any cheques that are received and not banked on the appropriate day are held in a secure location within each of the accounting centres.

Controls over the Payment of Client Money

Prior to any payments being made against a client ledger our internal controls and system controls prevent any payments being made where there are not sufficient funds to cover the transaction. For each of our bank accounts we hold an appropriate mandate that lists all the authorised signatories that can either sign cheques or approve payments electronically through our internet banking providers. Every payment that is made through our client accounts is subject to the relevant approval and supported by authorised paperwork.

All unused cheques are kept in secure location within each of the accounting centres and a record is maintained of what cheques are used each time a payment is created.

Any new suppliers that are set up on the property management accounting system require authorised documentation to be completed before the supplier can be set up. Any new suppliers or any changes to supplier payment information must be authorised by the appropriate senior member of the accounting team. This process is completed at system level for our Tramps database and manually for our other databases.

General Accounting Procedures

For all our accounting processes we adhere to specific procedures that ensure compliance with RICS regulations. These procedures continually evolve depending on client requirements and property management accounting systems used.