



## **ACCOUNTS TEAM**

### **Procedures**

**V2- 17/08/19**

This manual details the procedures to be adopted in the management of client money accounting and controls to promote best practice and also to comply with the requirements of the Royal Institution of Chartered Surveyors (RICS) – and will be subject to review to take account of improvements considered necessary by both this practice and also recommendations and requirements of the RICS.

In addition to the above this manual should be adopted to our client satisfaction and meet their requirements.

This manual will be made available to our insurance provider to confirm the procedures in place to protect client monies.

## 1.0 Processing Contractors' Invoices

### 1.1. Existing contactors

- 1.1.1. All invoices received by email at invoices@alphaproperty.co.uk are to be printed out on a daily basis and date stamped. To avoid duplication printed emails will be flagged in Green. (By accounts payable Clerk)
- 1.1.2. All invoices received by post are to be date stamped (By accounts payable Clerk)
- 1.1.3. All invoices are to be stamped with the coding stamps (see sample below) (By accounts payable Clerk)
- 1.1.4. Invoices are then to be manually coded with the correct property and supplier references (By accounts payable Clerk)
- 1.1.5. Invoices are then to be logged onto Tramps (accounting system) by going to - Process => Documents Logging (By accounts payable Clerk)
- 1.1.6. Once the unique reference number (URN) has been obtained it is to be manually entered into the URN coding stamp box (By accounts payable Clerk)
- 1.1.7. All logged invoices are then passed to the property manager/surveyor for approval and coding the correct expenditures and schedules. The property manager will also need to check he/she has ordered the job/service. He/she will also have a second chance to check there is a budget for the expenditure.
- 1.1.8. Following approval invoices will be returned to the accounts payable clerk to post them to the correct expense and schedules reference on Tramps. The batch ref will be updated manually on the invoices in the coding stamps boxes. Note: - Tramps will flag duplicate invoices with the same invoice date and invoice reference so extra care needs to be taken to ensure the invoice date and reference are correct.
- 1.1.9. The second page of the batch (document level), has to be updated as coded by the property manager and carefully posted to the correct recoverable transaction type code and expense codes (see example below). In most cases invoices are paid from the service charge collected from the tenants according to service charge budgets.
- 1.1.10. In just a few instances, ABT pay invoices from the service charge money held on behalf of a tenant and the money is then directly recovered. In such instances the invoices should be coded as due direct from that tenant and then a demand should be produced at the same time when the invoice is loaded on Tramps and sent to the tenant concerned. Those invoices will not form part of the service charge element and therefore the non-affected tenants will not be charged for this item of expenditure.

1.1.11. Occasionally invoices have to be paid on behalf of clients from the rent money held. In this instance, approval must be sought from the client in writing via e mail, before payment is made by ABT. Once client approval has been obtained, the process will be the same as above except that the transaction type will be coded as non-recoverable rent (NOR). As above, those invoices will not form part of the service charge element and therefore the tenants will not be charged for this item of expenditure.

## 1.2. New suppliers/contractors

1.2.1. New contractors/suppliers will be requested to fill new suppliers/contractors' forms

1.2.2. Contractor/supplier public liability insurance certificates are to be requested

1.2.3. Contractor/supplier health and safety certificates are to be requested

1.2.4. Once all the above information has been obtained, the ABT property manager to check all the documents and pass to the Directors for approval.

1.2.5. Once approved by the directors, only Head of Accounts is to have access to set up new contractors/ suppliers on Tramps

1.2.6. Once new contractors/ suppliers are set up on Tramps, processing their invoices will be the same as for existing suppliers above

## 2.0 **Payment Run**

2.1. Batched invoices are to be passed to the accounts assistant for inputting on Barclays.net

2.2. Once the accounts assistant has input the invoices on Barclays.net, all the invoices will be passed to the Head of Accounts for checking and authorising as first signatory. Any invoices that have been incorrectly processed will be identified at this stage and returned to the accounts assistant for correction before being re-processed

2.3. Invoices authorised by the Head of Accounts will be passed to the Director for a second signature. The Director will have the opportunity to check the invoices again and any that have been incorrectly processed will be identified and returned to the accounts assistant for correction before being re-processed

2.4. Paid invoices are to be passed to the accounts payable clerk. They will be posted on Tramps as paid invoices and all invoices will be scanned and linked to the batch credited on Tramps.

2.5. Finally, all invoices will be filed in URN order to the individual properties folder.

## 3.0 **Receipt of Payments**

3.1. Payments cannot be received in cash and at present ABT does not have the facility to receive payment by credit card or debit card.

3.2. All payments have to be made either by BACS or by cheque to ABT's office.

- 3.3. All cheques received at the office must be logged and scanned and must be banked the same day. Cheques not banked the same day for any reason, must be locked away securely and must be banked by COB the next day at the latest.
- 3.4. ABT undertakes a daily download of receipts made by BACS from its bank. This download report will be printed and passed to accounts admin staff to process them on Tramps. The accounts admin staff will check the narratives of the payments in order to establish which tenant has paid. If any of the receipts are unidentified, they will be transferred to the suspense account for further investigation.
- 3.5. Occasionally payments are made to the wrong bank account. When this happens an internal bank transfer form will be prepared and will be included in the payment run process above.

#### **4.0 Reconciliation of Client Bank Accounts**

- 4.1. A monthly reconciliation of all client accounts is undertaken comprising a three-way reconciliation
- 4.2. Deposit accounts are subject to a six-monthly audit unless there is actual movement upon the deposit account in which case the reconciliation must be undertaken on a quarterly basis.
- 4.3. ABT does not make any payments by cheque and therefore the rules for cancelling cheques that are more than six months old do not apply. However, if BACS payment items are unreconciled, these must be rectified as soon as identified. Examples would include payment from the wrong bank, duplicate payments etc.
- 4.4. If an item that is more than two months old has not been reconciled, this is deemed to be unacceptable and in such a case, a reconciliation of the amount concerned must be undertaken. Every client bank account reconciliation must be signed-off by the Client Accountant/Head of Accounts together with the approval and signature of the Director. It is unacceptable for only one party to approve any such reconciliation and two signatories are mandatory, one of which must be of the Director.

#### **5.0 Quarterly Charge Raising**

- 5.1. Quarterly charge raising must be raised at least four weeks in advance of the due dates.
- 5.2. Draft rent raising reports must be run for approval by the surveyors at least eight weeks in advance.
- 5.3. If a Service charge year end falls in the current charge raising period, the budget must be received by the accounts team at least six weeks in advance of the quarter date and sent to the tenants concerned at least four weeks prior to the quarter date.
- 5.4. Once the draft charge raising has been approved and service charge budgets are received, it is best practice to action the actual charge raising on a client by client basis.

#### **6.0 Arrears – Rent and service charge collections**

- 6.1. Once the demands are sent to each of the tenants, contact each tenant seven days before the due date to check whether they have received the demands, if not send them copies.

- 6.2. Ensure arrears report are run seven days from the due date, again on a client by client basis to the surveying team.
- 6.3. Following instructions from the surveying team (which must be received from them within 7 days of receipt by them of the arrears report) send an e mail or letter to tenants concerned requesting payment of overdue sums within seven days.
- 6.4. If payments have not been received within 21 days from the due date, send a final reminder
- 6.5. If payments are not received within 28 days from the due date, instructions must then be sought from the Client concerned with a view to instructing solicitors.

7.0 **Actions Which Are Not Permitted**

- 7.1. No contractors or suppliers are to be paid in cash and no cash is to be received from any tenant, i.e. all payments must be made electronically via BACS.
- 7.2. No client records are to be maintained outside of the Property Management Accounting System presently in use (**currently Tramps**).

## 8.0 **Client Monies – Checklist**

### 8.1. Receipt

- 8.1.1. Where possible post should be opened in turn by all members of staff.
- 8.1.2. Any receipts should be recorded on TRAMPS asap – ideally on a “same day” basis as the date of receipt
- 8.1.3. Cheques are to be banked as soon as possible and certainly within 2 working days of receipt (see 3.03 above)
- 8.1.4. Unbanked Cheques are to be kept securely (see 3.03 above)

## 9.0 **General Administration**

The following documents are to be held within one loose leaf folder within the general office, readily accessible and identifiable by all employees/Principals:

- 9.1. letter from the practice bankers confirming the client account operating conditions;
- 9.2. copies of letters to individual clients detailing: the name of the bank account within which their funds are held; the address of the bank concerned and whether the account is interest bearing. In addition, a draft of the standard form of letter to clients is to be held within the file;
- 9.3. a copy of the current bank mandate confirming details of signatories;
- 9.4. a copy of the practice Complaints Handling Procedure together with details of any complaints received;
- 9.5. a copy of all Management Agreements with clients, including waiver of any interest in the General Client Accounts (or a Management Agreement incorporating provision for such waiver);
- 9.6. a copy of the existing agreement with Tenant Deposit Solutions (or such other body responsible for being notified of deposits held on behalf of residential tenants to which the practice may subscribe from time-to-time);
- 9.7. a copy of this process manual;
- 9.8. a copy of the RICS Regulations;
- 9.9. a current list of all client account bank account reconciliations;
- 9.10. copies of all client bank account and reconciliations for the preceding 12-month period.