

Recording conflicts of interest

- 1 These supporting materials are intended to be helpful to RICS-regulated firms and RICS members but do not constitute formal RICS guidance. These materials are not intended to, nor should be construed as, providing a comprehensive guide to all required and/or appropriate actions.
- 2 These supporting materials are relied upon at your own risk.
- 3 The appropriate course of action will largely depend on the type and size of the relevant firm and, to this end, these supporting materials should be used flexibly in the context of the scenario in question.
- 4 Some aspects of the supporting materials may not apply or be relevant to a particular firm.
- 5 It is for the RICS-regulated firm or RICS member to determine whether further detail and checks beyond those laid out in these materials are appropriate.

1.1 Why is record keeping important?

All RICS-regulated firms and members are required to maintain records showing their compliance with the professional statement. The records must show:

1. consideration and implementation of systems and controls; and
2. the observance of those systems and controls within the context of individual professional assignments.

The professional statement must be considered and applied with appropriate records made for each professional assignment.

Records should be made at the outset and throughout the lifetime of a professional assignment.

1.2 What systems and controls should be used?

The factors that influence what systems and controls are appropriate for each regulated firm to enable them to identify and record conflicts in compliance with the professional statement, and the level of resource that each firm should commit to these functions, include:

- the size of the firm
- the complexity of the firm's structure
- the number of areas of practice in which the firm provides services
- the nature of the engagement (i.e. what is the client asking the RICS member or regulated firm to do?).

As firms, markets and the nature of the engagement changes:

- the systems and controls employed must be monitored and updated; and
- records should be maintained to show the process of monitoring and updating.

1.3 What records should be kept?

RICS-regulated firms and members must keep records of the decisions made in relation to whether to accept (and whether to continue) individual professional assignments, the obtaining of informed consent, and any measures taken to avoid conflicts of interest arising. Regulated firms and individual RICS members may be required by RICS to make the records available for inspection as required by the professional statement.

Records should show how a firm has considered and implemented the appropriate systems and controls, and how these are observed for each individual assignment. In respect of the latter, best practice record keeping would ensure that as a minimum the following records are kept:

- date
- client details
- property or assignment details
- the nature of the instruction
- details of the potential conflict (if any)
- correspondence and discussions
- informed consent (if necessary/appropriate)
- results and persons responsible.

Examples of record keeping in practice	
✗ Bad practice record keeping	✓ Good practice record keeping
<ul style="list-style-type: none"> • No auditable records are kept • Details of conflicts are updated on an ad hoc basis or when it is convenient • Records are partial, or the recording is done inconsistently, e.g. details only cover the name of those involved 	<ul style="list-style-type: none"> • Centralised electronic databases are used for records management • Records are fully auditable and changes/updates can be tracked • Records are kept up to date when conflicts are identified and reviewed on a regular basis • Systems allow for the effective identification of any conflicts of interest in individual assignments • Records cover all the necessary areas of an assignment • There are clear processes in place for identifying conflicts and record keeping and all staff are aware of the requirements