

Troubleshooting Reconciliation Issues: Position Is Over by Fractional Shares and Cash Does Not Balance

The quantity in PortfolioCenter is higher than what the custodian has on file. Also, the cash does not balance. Usually, the cash is over.

Schwab Reconciliation Report					
Reconciliation File: 03/31/2006					
<u>Symbol</u>	<u>Description</u>	<u>Type</u>	<u>Quantity</u>	<u>Portfolio Center Quantity</u>	<u>Quantity Difference</u>
Alen, Sally		19U-JU1U			
CASH	CASH	Cash	3,085.20000	3,064.12000	(21.08000)
CC	Circuit City	Equity	1,053.80000	1,053.96000	0.16000

What Causes this Condition?

Usually, this condition is caused by a missing or duplicated transaction that affects both securities and cash. Transactions affecting both securities and cash are:

- ◆ Buys
- ◆ Cash income when you are supposed to have a reinvested income
- ◆ Sells

Most likely, you have a reinvested income, such as a dividend or gain, posted to the account instead of a required cash dividend. However, you could also be missing a sell or duplicated buys. Another possibility is that you have the correct number of transactions, but one or more of the transactions have the incorrect share value. In either case, the number shares in the position is out of balance, but the cash is in balance because the transaction that is missing or duplicated does not affect cash.



Important

It is possible that the cash variance is not totally resolved with these steps, as you can have other, unrelated transactions contributing to the cash variance. If you have resolved all the issues in this section and the cash is still not balanced, see *Troubleshooting Reconciliation Issues: Cash Balance is Over* at <https://schwabpt.com/pdflibrary/open.asp?id=010066> and *Troubleshooting Reconciliation Issues: Cash is Short or Under Balance* at <https://schwabpt.com/pdflibrary/open.asp?id=010067> for information on correcting those variances.

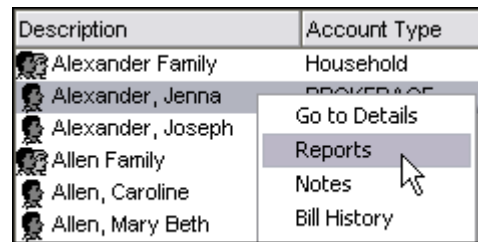
Tools to use to determine reason for variance:

Before you can start to fix the issue, you must determine (1) what caused the variance (missing transaction or duplicated transaction) and (2) when the error took place. Therefore, you must do a little background work. To do this background work, you'll need to:

- ◆ Know what date, roughly, the account last balanced. You'll need this date for reports and statements later.
- ◆ Obtain a copy of Custodian or Broker/Dealer statements or transaction lists. Some custodians give you access to the transactions on a website – if your custodian gives you this flexibility, it is much easier to gather the custodian transactions that way. However, if you don't have access to the transactions electronically, you'll have to use paper statements. Depending on the date of the last reconciliation, you might need multiple statements. You'll need statements that have transactions from the last reconciliation date through the current reconciliation date.
- ◆ Print a copy of the PortfolioCenter Security Reconciliation Report for the same date range as the statements. The Security Reconciliation Report shows all transactions affecting the quantity of that security.
- ◆ Compare the Custodian transactions and the PortfolioCenter transactions on the Security Reconciliation Report to look for missing, duplicated or incorrectly entered transactions.

Steps for running the Security Reconciliation Report:

- 1 Click the Portfolios tab.
- 2 Right-click the portfolio that is out of balance and select **Reports** from the menu.



- 3 In the reports view, click the transaction detail reports button.
- 4 Select the Security Reconciliation report, and then click the **Settings** button.
- 5 Enter the date range, depending on your last date reconciled:

If this account reconciled the day before and you reconcile daily, enter a date in the **From Date** field that is two days earlier than the reconciled date, and then leave the **To Date** field blank.

For example, let us say the date on the reconciliation report is 3/31/10. Enter 3/30/10 in the **From Date** field and leave the **To Date** field blank, as shown on the right.

Setting	Value
Report Settings	
Page Orientation	Portrait
Left Margin	0.50
Right Margin	0.50
Top Margin	0.50
Bottom Margin	0.60
Display advisor logo	<input checked="" type="checkbox"/>
Report title	Security Reconciliation Report
From Date	03/30/2010
To Date	
Use Selected Security Type instead of ALL	<input type="checkbox"/>

If this account reconciled the week before and you reconcile weekly, enter a date in the **From Date** field that is two days earlier than the last reconciled date, and then leave the **To Date** field blank.

For example, let us say the date on the reconciliation report is 3/31/10 and the last date this account reconciled was 3/17/10. Enter 3/15/10 in the **From Date** field and leave the **To Date** field blank.

If this account reconciled the previous month and you reconcile once a month, enter the first day of the last month in the **From Date** field that is one two days earlier than the last reconciled date, and then leave the **To Date** field blank.

For example, let us say the date on the reconciliation report is 3/31/10 and the last date this account reconciled was 3/5/10. Enter 3/1/10 in the **From Date** field and leave the **To Date** field blank.

If this was last reconciled more than a month ago or you are not sure of the last time it reconciled, start with a **From Date** that is the first day of two quarters prior to the reconciliation date, and then leave the **To Date** field blank.

For example, let us say the date on the reconciliation report is 3/31/10 and we do not know the last time this account reconciled. Enter 09/30/09 in the **From Date** field and leave the **To Date** field blank.

If you cannot find the transactions with this information, you can always adjust the **From Date** back in time. If the account has never been reconciled, you might need to run the report since the inception of the account. To see all the transactions since the beginning of the account, leave both the **From Date** and the **To Date** fields blank.

- 6 Check the box **Use Selected Security Type Instead of All**.
- 7 Select the **security type**.
- 8 Select the **security symbol**.
- 9 Click **OK** to save the settings.



- 10 Click the **Run Report** button.
- 11 Print the report by clicking the **Print** button in the top of the preview.
- 12 Close the report and close the portfolio details, returning to the portfolios list.
- 13 Compare the transactions on the Security Reconciliation Report with the transactions from your custodian.

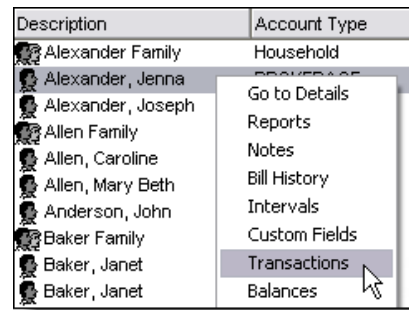
How do I correct the condition?

Once you've determined the condition that led to the cash discrepancy, you must correct it in PortfolioCenter before it will disappear from the reconciliation report. The sections below describe correcting some of the most common issues:

How to add a missing transaction

Let us say, for example, that the account is missing a cash income with reinvested shares for DIS on 12/31/10.

- 1 From the Portfolios list, right-click on the account that is out of balance and select **Transactions** from the menu.




- 2 In the transactions list, click the New button () to add a new transaction.

- 3 When the line for the new transaction appears, enter the following information:

- ◆ Select Equities in the Security Type field.
- ◆ Select the appropriate activity. In this case, income.
- ◆ Select the security for which the income is paid. In this example, we select DIS.
- ◆ Enter the Pay-date of the transaction. In this example, we entered 12/31/10.
- ◆ Enter the Ex-date of the transaction, if you report accrued income to your clients. If you do not report accrued income, enter the same date as your pay date.
- ◆ Enter the amount of the income.
- ◆ Select the type of income (dividend, long gain, short gain, or interest).
- ◆ Enter the amount of reinvested shares.

Security Type	Equities	▼
Activity	Income	▼
Account Number	999-3003	
Portfolio	Alexander, Jenna	
Symbol	DIS	...
Security Description	Walt Disney Company	
Pay Date	12/31/2010	▼
Ex Date	12/31/2010	▼
Income Amount	21.00	
Distribution Type	Dividend	▼
Reinvested Shares	0.16	
Account ID	CASH	...
Normal Income Payme	Yes	▼
Taxable Prev. Year	No	▼
Pay on Positions	Long	▼

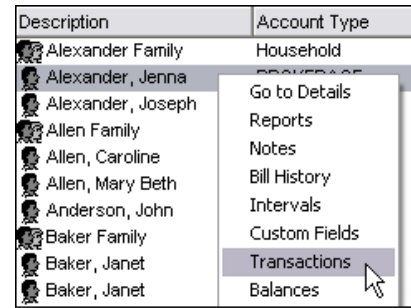
- 4 Click the **Save** button to save the changes to the transaction. The transaction now appears in the list as Posted transaction.

Status	Security Type	Activity	Trade Date	Symbol	Description	Quantity	Amount	Account ID	Report As
 Posted	Equities	Income	12/31/2010	DIS	Walt Disney Company	0.16	21.00	CASH	Dividend

How to remove a duplicated or incorrectly posted transaction

Let us say, for example, that the account has a reinvested dividend on 12/31/10 for DIS for .16 of a share that we need to remove from the account. Instead of deleting the transaction, we will cancel it so that it stays in the transaction list, but does not affect the position.

- 1 From the Portfolios list, right-click on the account that is out of balance and select **Transactions** from the menu.



- 2 In the transactions list, right-click the duplicated transaction and select **Cancel Transaction** from the menu.

Status	Security Type	Activity	Trade Date	Symbol	Description	Quantity	Amount	Account ID	Report As	Broker ID	Brokerage
Posted	Equities	Income	12/31/2010	DIS	Walt Disney Company	0.16	21.00	CASH	Dividend		
Posted	Cash and Money	Expense	12/31/2010		CASH		5,559.00				
Posted	Mutual Funds	Buy	12/31/2010	CSRCX	Columbia International L	848.437	12,692.62				
Posted	Mutual Funds	Buy	12/31/2010	FCVXS	Fine Convert Security	437.00	9,799.07				
Posted	Mutual Funds	Buy	12/31/2010	BEGRX	Beacon International Bon	1,493.289	17,814.94				
Posted	Mutual Funds	Buy	12/31/2010	BEARX	Prudent Bear	3,353.972	19,251.80				
Posted	Mutual Funds	Buy	12/31/2010	BERIX	Berwyn Income Fund	1,503.773	19,112.96				
Posted	Mutual Funds	Buy	12/31/2010	AGTHX	Growth Fund Of Amer	895.267	24,969.00				
Posted	Mutual Funds	Buy	12/31/2010	BMCIX	Blackrock US Oppty Ins	837.283	26,533.50				
Posted	Equities	Buy	12/31/2010	CAJ	Canon Inc	155.00	6,812.26				
Posted	Equities	Buy	12/31/2010	PFI	PowerShares Dynamic	782.00	12,545.86				
Posted	Equities	Buy	12/31/2010	DDG	ProShares Short Oil &	269.00	13,891.20				
Posted	Equities	Buy	12/31/2010	SH	ProShares Short S&P 5	273.00	14,181.79				
Posted	Equities	Buy	12/31/2010	BA	Boeing Co	349.00	18,617.20				
Posted	Equities	Buy	12/31/2010	DELL	Dell Inc	2,117.00	26,945.97				

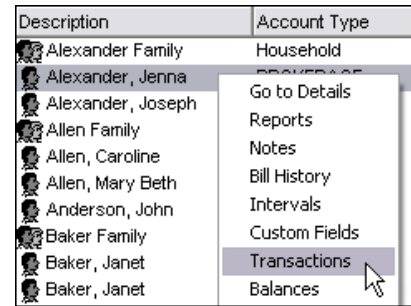
- 3 The transaction now appears with a green X and a status Posted Cancel.

Status	Security Type	Activity	Trade Date	Symbol	Description	Quantity	Amount	Account ID	Report As
X Posted C	Equities	Income	12/31/2010	DIS	Walt Disney Company	0.16	21.00	CASH	Dividend

How to edit an incorrect amount on an existing transaction

Let us say that instead of canceling the transaction, you want to edit a reinvested income to be a cash income.

- From the Portfolios list, right-click on the account that is out of balance and select **Transactions** from the menu.



- In the transactions list, right-click the transaction with the incorrect type of income and select **Edit Transaction** from the menu.

	Status	Security Type	Activity	Trade Date	Symbol	Description	Quantity	Amount	Account ID	Report As	Broker ID	Brok
1	Posted	Equities	Income	12/31/2010	DIS	Walt Disney Company	0.16	21.00	CASH	Dividend		
2	Posted	Cash and Money	Expense	12/31/2010		CASH		5,559.00				
3	Posted	Mutual Funds	Buy	12/31/2010	CSRCX	Columbia International L	848.437	12,692.62				
4	Posted	Mutual Funds	Buy	12/31/2010	FCV SX	Fine Convert Security	437.00	9,799.07				
5	Posted	Mutual Funds	Buy	12/31/2010	BEGRX	Beacon International Bon	1,493.289	17,814.94				
6	Posted	Mutual Funds	Buy	12/31/2010	BEARX	Prudent Bear	3,353.972	19,251.80				
7	Posted	Mutual Funds	Buy	12/31/2010	BERIX	Berwyn Income Fund	1,503.773	19,112.96				
8	Posted	Mutual Funds	Buy	12/31/2010	AGTHX	Growth Fund Of Amer	895.267	24,969.00				
9	Posted	Mutual Funds	Buy	12/31/2010	BMCIX	Blackrock US Oppty Ins	837.283	26,533.50				
10	Posted	Equities	Buy	12/31/2010	CAJ	Canon Inc	155.00	6,812.26				
11	Posted	Equities	Buy	12/31/2010	PFI	PowerShares Dynamic	782.00	12,545.86				
12	Posted	Equities	Buy	12/31/2010	DDG	ProShares Short Oil &	269.00	13,891.20				
13	Posted	Equities	Buy	12/31/2010	SH	ProShares Short S&P 5	273.00	14,181.79				
14	Posted	Equities	Buy	12/31/2010	BA	Boeing Co	349.00	18,617.20				
15	Posted	Equities	Buy	12/31/2010	DELL	Dell Inc	2,117.00	26,945.97				

- Enter zero for the reinvested shares, and then click the Save button to save the transaction.