Schwab Performance Technologies®

Troubleshooting Reconciliation Issues: Position Is Under by Whole Shares and Cash Does Not Balance

The quantity in PortfolioCenter is lower 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

Symbol	Description	Type	Quantity	PortfolioCenter Quantity	Quantity Difference
Allen, Sally		190-0010			
CASH	CASH	Cash	3,085.20000	4,078.80000	993.60000
S	Sears Roebuck & Co	Equity	245.00000	200.00000	(45.00000)

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

Most likely, you are missing a buy or have duplicated sells. You could also have the correct number of buys or sells, but the amounts on those transactions are incorrect. Another possibility is that an income posted to the account is paid to cash, but should be reinvested. In any case, the transactions affect both cash and the security quantity.

> **Important Notes:**
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> - It is important to work on reconciling the position first, rather than the cash. In situations such as these, it could be several items contributing to the variance. However, focusing on the share difference first means you have fewer transactions to review.
>
> - 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. For information about correcting those variances, 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.

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 then select **Reports** from the menu.
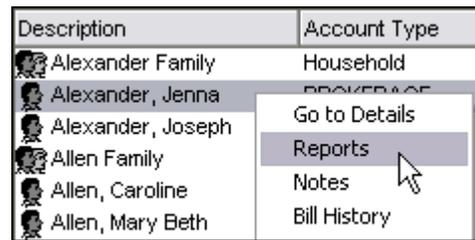
3 In the reports view, click the transaction detail reports button.

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.

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 buy for S on 3/31/10 we need to add to the account.

1 From the Portfolios list, right-click on the account that is out of balance and select **Transactions** from the menu.
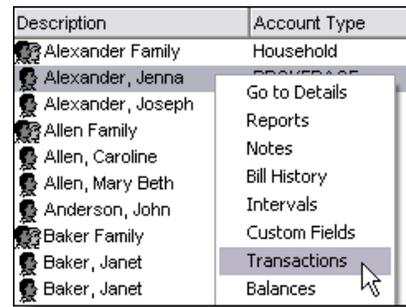
2 In the transactions list, click the New button (⊞) to add a new transaction.

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 example, we select buy.
- ♦ Enter the security symbol.
- ♦ Enter the date of the transaction. In this case, 3/31/10.
- ♦ Enter the number of shares purchased.
- ♦ Enter the total proceeds.
- ♦ Enter the brokerage fee, if applicable.

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

Status	Security Type	Activity	Trade Date	Symbol	Description	Quantity	Amount	Account ID
◉ Posted	Equities	Buy	03/31/2010	S	Sprint Nextel Corp.	45.00	993.60	CASH

How to remove a duplicated transaction

Let's say, for example, that the account has a duplicated sell on 3/31/10 for S 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.
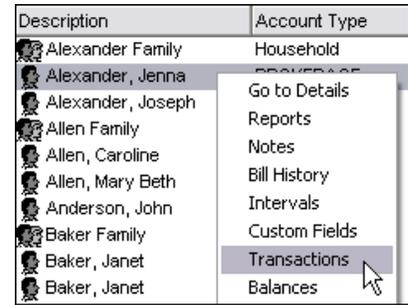
2   In the transactions list, right-click the duplicated transaction and select **Cancel Transaction** from the menu.

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
✗ Posted Cancel	Equities	Sell	03/31/2010	S	Sprint Nextel Corp.	45.00	993.60	CASH

How to edit an incorrect amount on an existing transaction

Let's say that the transaction that is causing the cash to be out of balance is a buy entered incorrectly. We need to edit that transaction so that it reflects the proper amount.

1   From the Portfolios list, right-click on the account that is out of balance and select **Transactions** from the menu.
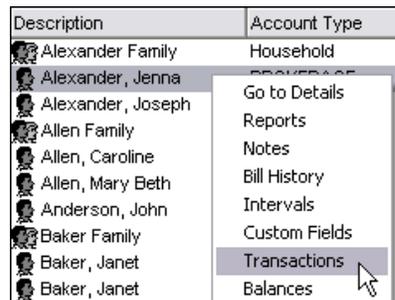
2   In the transactions list, right-click the transaction with the incorrect amount and select **Edit Transaction** from the menu.

3   Enter the correct number of shares and market value, and then click the Save button to save the transaction.