

Reconciliation Wizardry

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The days when financial administrators kept their expected income and fee records in a ledger or Excel spreadsheet are a thing of the past. One of the greatest time-saving features of today's back-office systems is the ability to monitor and reconcile all income types, saving valuable time and providing far greater accuracy than you can achieve with manual processes.

Good quality back-office systems allow any staff member to create a schedule of all expected initial and ongoing remuneration, either for themselves alone or for the entire firm, and then reconcile the incoming fees, retainers and commissions against the amounts expected. Most will even offer easy-to-use remuneration wizards to generate schedules and automatically reconcile receipts against them.

You can save valuable time and achieve greater accuracy by using software to monitor and reconcile all kinds of income. You just need to enter your client details and account information, then the system will track new business and other relevant information automatically against their account. (This not only makes for easy reconciliations, but also provides meaningful management information and enhanced compliance.)

Once your client information is entered into the system, the software creates a schedule of expected amounts and then reconciles the information it receives via data feeds with the information provided in the schedule. Your back-office system should be able to take feeds from the majority of providers and platforms to avoid you having to enter receipts manually, which can be time consuming and error prone. Most providers offer live feeds; however, where a feed is unavailable, receipts can be downloaded through a bulk data download. This quick and easy import of receipts means that it is a straightforward process to match receipts against expected schedules, and then the system can apportion the applicable payaways (e.g. to introducers, consultants and retainers). The balance of any remaining amounts is assigned to the business.

Because many advisers are paid a percentage of fund values, sometimes it can be difficult to create a schedule of exact expected amounts. A good back-office system can manage all incoming payments by enabling you to set up reconciliation amounts within a tolerance. Your system should also be able to update the expected schedules by holding and applying the percentage of fund-based remuneration. As fund values move up or down, the expected schedules can be adjusted by applying the percentage held against the contract.

Further, you may wish to change your fee structure agreement with all or a large portion of your clients. (Time spent on clients can be recorded through your software, and many businesses have amended their fees after learning exactly how much time they have actually spent on clients.) If you change your fees or other aspects of your compensation, bulk editors can globally apply these changes to all your accounts.

And finally, one of the major benefits of using your back office system to reconcile received income is ability to produce accurate adviser commission reports and statements. You can easily see how

each adviser is performing, and can set up weekly or monthly payments. It is also a simple matter to use this accurate reconciliation information to generate RMAR returns. Good systems will provide more than simply the totals for each section of the RMAR, but will provide the breakdown of each item. This extra information helps you identify any discrepancies, especially those due to input error.