MORNINGSTAR Wealth

Custodial Integrator

Validation FAQ

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CUSTODIAL INTEGRATOR VALIDATION FAQ

This document provides an overview of the financial institution validation process that ByAllAccounts implements for Custodial Integrator customers.

What is validation?

Validation is a quality assurance process for aggregated data. The process is used for data that is to be delivered into an accounting, portfolio management, trust, or reconciliation system. ByAllAccounts performs the validation, or review of the data and data translations, of a representative set of accounts for each financial institution for each ByAllAccounts customer.

There are two areas that are reviewed as part of validation:

1) that the data gathered by AccountView correctly represents the data provided by the financial institution source web site, and

2) that positions, securities, and transactions are correctly translated for the target accounting system

In the ByAllAccounts product suite, the AccountView service is responsible for data gathering and normalization (item #1 above), and the Custodial Integrator is responsible for translation of the data for the target accounting system.

The validation process may uncover data issues which are then documented and investigated. Most issues can be resolved within the ByAllAccounts service. For issues that cannot be resolved, ByAllAccounts communicates the limitations of the data source to the customer for whom the validation was performed.

Why do accounts need to be validated?

The account data made available by the financial institution is provided in a general purpose way for advisors and clients. The data required by an accounting system may differ somewhat from the data provided by any given financial institution. The data must therefore be transformed for use by an accounting system. For example, a financial institution may report a single Deposit transaction in a retirement account to represent both a cash contribution to the account and purchase of a fund. Transforming this data for the accounting system involves converting the Deposit (fund) to a Deposit of Cash and Buy of the fund.

In addition to the required data transformation, financial institutions have a wide variety of data presentations and transaction types. This variation is seen even for different accounts at the same financial institution. The data will also vary by what type of instruments are held in the account and will vary over the course of the year as different activities (e.g. fees, interest payments, capital gains, etc.) occur in the life of the account or its holdings.

Due to the variation and complexity of the data, it is insufficient to review data from just one or even a small number of accounts. It is not just the number of accounts tested, but whether a large enough percentage of the possible variations has been seen during validation over time so that correct behavior can be verified. The factors that contribute to make the number of possible variations are:

1) The type of the account (e.g. trust, retirement, annuity, brokerage, insurance, cash management)

2) The type of the instruments held within the account (e.g. funds, equities, cash equivalents, bonds, loans, limited partnerships)

3) The completeness and clarity of the data provided by the financial institution

How long does validation take?

Validation time varies depending on the factors listed above as well as the current validation request volume. The validation consists of these stages: review, document issues, repair issues, final review. If the initial review produces no issues then the validation time is short. When issues are found the time to final review will vary significantly depending on the complexity of the issues to be resolved.

The ByAllAccounts Implementation Specialist who manages your implementation will provide you with an estimate of the time required to complete the validation for your first 3 to 5 financial institutions. Subsequent validations are prioritized by a round-robin scheme and delivery times can be more difficult to predict. You should inform your ByAllAccounts Implementation Specialist if you have any input on the prioritization for your institution validation requests.

Which accounts should be validated?

ByAllAccounts validates a representative set of accounts for each of the financial institutions in use by a Custodial Integrator customer. When you add an account in AccountView at a financial institution that you have not used in AccountView before, that financial institution will automatically be submitted for validation. You will be able to add the account in AccountView and have data gathered for the accounts if AccountView already supports that financial institution but you will not be able to use that data in Custodial Integrator until the validation has been completed.

If you submit a request that a new financial institution be supported for data gathering, called a "financial institution request", you will receive a notice when the data gathering support has been completed. At that time, the financial institution is submitted for validation. You must wait until you receive notice from ByAllAccounts Support that the validation has been completed before using those accounts in Custodial Integrator.

When should I inform ByAllAccounts of my new validation requests?

ByAllAccounts has the ability to recognize when a new financial institution is in use by you. We will automatically add any new financial institution that you add to our queue of pending validations. No further action is necessary on your part.

How do I know when validation is completed?

You will receive a notification from ByAllAccounts Technical Support as soon as your validation has been completed. You will also be informed if a site cannot be validated due to the quality of the data source. Most sources can be validated for use with Custodial Integrator.

AccountView has a Validations tab that identifies the status of validations for your financial institutions. In addition, CI displays the validation status for each of your accounts. Institutions that were successfully validated for your use with CI will have the status "validated". If the validation has not yet been completed it will show the status "in process".

What if I am not sure if something is validated?

You can review the validation status of your accounts in CI. You can also confirm or clarify the validation status of financial institutions by viewing the Validations tab in AccountView. The tab provides you with a list of your financial institutions validations, and indicates those that have been validated, are pending validation, and those that cannot be validated.

What will happen if I use accounts that are not validated?

If you decide to use accounts that have not been validated, you may encounter data issues. You may report those data issues to us, however, this action will not speed up the validation process.

During validation we may find it necessary to "reset" (delete and re-gather) the data for some or all of your accounts at a financial institution. If you have already started using those accounts in Custodial Integrator then this "reset" will affect your next day's download. You will receive all transactions for the account in Custodial Integrator even if you had previously downloaded some of those transactions. We typically do this "reset" with no notice to you because we do not expect that you have begun to download the data for an institution that has not yet been validated

You may decide to use the data from a financial institution that we cannot validate due to poor source data quality. In this case, you are responsible for handling any data errors. Please do not report the errors to us for such institutions. If you determine that the site has upgraded its data presentation, or if you have determined there is a better (non-PDF) source, please notify ByAllAccounts Technical Support and we will resubmit the financial institution for possible re-engineering and validation.

We recommend that you wait until the validation process for a financial institution has completed before using the accounts in Custodial Integrator. This enables us to resolve data issues without interfering with your daily operations and it also eliminates the need for you to manually resolve issues that exist with the financial institution that will be fixed by validation.

Will I have any issues with my accounts once they are validated?

ByAllAccounts performs validation on a representative set of accounts. We choose the accounts for validation from all of the accounts you have created in AccountView at the time that the validation begins. We review a representative sample of accounts and so it is possible that issues unique to an account not in the representative set will not be detected during validation.

Account activity (transactions) varies over time and so, after validation, activity may occur that was not present during the validation. This new activity may not be properly interpreted during data gathering or translated for your accounting system. Finally, you may experience issues that are related to an interaction between the data we deliver and your firm's accounting system configuration. We are not able to detect such issues during validation.

You will likely experience some issues with account data for validated financial institutions. Please report these issues as soon as possible to ByAllAccounts Technical Support and we will work to resolve the issues as we would during validation. During the interim, we may be able to suggest workarounds to reduce your manual effort in dealing with those issues.