CAPPS Desk Aid

Understanding Document Tolerance

Note: This desk aid was written to the specifications of CAPPS Central agency modules and may not reflect the unique process variations implemented by individual or non-Central agencies.

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Understanding Document Tolerance

Overview

This desk aid describes document tolerance and provides instructions for overriding associated errors as well as best practices for using document tolerance in the CAPPS Financials module.

Definition

Document tolerance is the allowable difference between a requisition line and its associated purchase order (PO) line, or between a PO line and its associated voucher line.

- PO to voucher tolerance:
  - Defined as the amount and percentage threshold by which a voucher line can exceed the PO line.
  - If a voucher line exceeds the agency's predefined amount or percent tolerance (whichever is less on a case-by-case basis), a document tolerance error stops the voucher from continuing through the system.
- Requisition and PO:
  - Defined as the amount and percentage threshold by which a PO line can exceed the requisition line.
  - If a PO line exceeds the predefined amount or percent tolerance thresholds compared to the requisition line, a document tolerance error stops the PO from continuing through the system.

Amount and Percent

Two limits are set for each document tolerance type:

- Percentage
- Fixed dollar amount
- Whichever ceiling is hit first becomes the controlling tolerance threshold
- For example: The requisition to PO tolerance is 10 percent or $100:
  - If the requisition line amount is $10, the PO line can be increased up to $11 without triggering a document tolerance error because 10 percent is less than the $100 limit.
  - If the requisition line amount is $1,000,000, the PO line can be increased up to $1,000,100 without triggering a document tolerance error because $100 is less than the 10 percent limit.

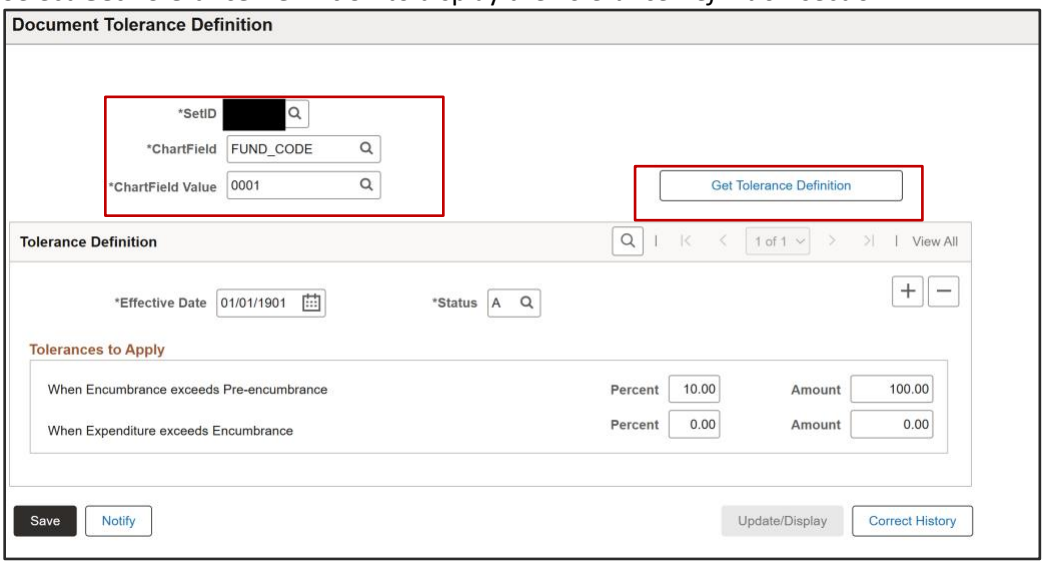
Use the *Document Tolerance Definition* page to define document tolerances.

Navigation

Main Menu: Set Up Financials/Supply Chain; Product Related; Procurement Options; Document Tolerance Definition; Document Tolerance Definition

1. Add the appropriate values for the following fields:
   - SETID
   - CHARTFIELD
   - CHARTFIELD VALUE

2. Select **Get Tolerance Definition** to display the *Tolerance Definition* section.



3. Enter PERCENT and AMOUNT in the *Tolerance Definition* section:

   - **When Encumbrance exceeds Pre-encumbrance** is the tolerance from the requisition line to the PO line.
   - **When Expenditure exceeds Encumbrance** is the tolerance from the PO line to the voucher line.

Benefits

Setting document tolerance limits protects against agency mistakes and invoice errors. The benefits include:

- Preventing overpayment, such as a vendor invoicing more than an agreed-upon amount.
- Detecting data entry errors by flagging irregularities.

Overrides

A document tolerance override is a controlled, manual authorization that:

- Enables an approved user to avoid an error and allow processing to continue.
- Occurs when a voucher exceeds the permitted tolerance against the PO or when a PO exceeds the allowed tolerance against the requisition.
- Follows the user preferences settings to determine user access. To request this authority, users submit a service request ticket in CAPPS Service Desk.

In addition, the word **Error** in the DOCUMENT TOLERANCE field is a hyperlink to the override page.

> **Note:** *Document Tolerance Error* versus *Match Exception*: A document tolerance error may also result in an accounts payable (AP) match exception. However, they are handled separately; an exception in AP matching is resolved through the *Match Exception Workbench*.

Usage

Overrides should be uncommon and not routine. They are used when:

- A legitimate variance exists. For example, when a supplier's market price fluctuation is documented.
- The amount or quantity of the variance does not pose a budgetary or contractual risk.
- Shipping/freight is not included in the PO.
- Minor invoicing discrepancies are present.
- Emergency procurement adjustments are needed.

Overrides are not used to:

- Make a supplier's invoice match the contracted amount.
- Correct a PO that needs a formal amendment.
- Cover a large variance that impacts budget availability.
- Save time with bypass controls.
- Compensate for poor requisition accuracy.
- Bypass procurement policy.
- Avoid change orders.
- Routinely accept vendor overbilling.

Excessive Use

Agencies that use overrides excessively can:

- Lose reliability with budget checking results (the system assumes compliance with tolerances).
- Receive internal audit flags.
- Cause state auditor scrutiny.

Excessive use of overrides can also create operational and financial problems by:

- Hiding poor procurement data quality.
- Causing inaccurate encumbrances.
- Allowing invoices to be paid without correcting POs.
- Reducing trust in the accuracy of the CAPPS system.
- Causing discrepancies between CAPPS and external reporting.

To detect excessive use, agencies can run queries and reports on the:

- PO to requisition document tolerance exceptions.
- Voucher to PO document tolerance exceptions.
- Workflow history showing override actions.
- PO line and voucher line change tracking.
- Encumbrance (commitments) versus actuals (expenditure) discrepancy reports.

Agencies can create custom queries such as the:

- Percentage of vouchers requiring tolerance override.
- Percentage of POs requiring tolerance override.
- Users performing the most overrides.
- Dollar value of overridden exceptions.

Budget Impact of Frequent or Large Overrides

- Short-term effects:
  - Increases budget variances.
  - Reduces available budgets unexpectedly.
  - Necessitates budget transfers and adjustments.
- Long-term effects:
  - Distorts forecasting of present and future financial commitments.
  - Causes unreliable historical data.
  - Underestimates true cost.
  - Weakens encumbrance integrity (encumbrances predict and manage spending to prevent future overspending).
- Frequent overrides break the predictive model.
- Users should not rely on overrides in lieu of:
  - Updating POs.
  - Creating change orders.

Best Practices for Setting Up Document Tolerances

- Start with conservative tolerances. Many government entities begin with the following values:
  - Price: 10 percent
  - Quantity: 10 percent
  - Amount: $100 dollars or less
- Set tolerances so they reflect normal business fluctuations and not poor data quality.
- Never set tolerances so high that they override internal controls or make the PO irrelevant.
- Apply consistent tolerances across departments unless there is a documented operational need for a variance.
- Limit the ability to override document tolerances through strict user role security (only trained approvers should have override capability).
- Use queries or system pages to regularly audit tolerance exceptions.

Pro Tips

- Document tolerance should be a control, not a fix.
- There are three key tolerance groups:
  - Price (unit price variance).
  - Quantity (invoiced vs. received).
  - Amount (total line difference).
- Don’t set tolerances too tight.
- A common mistake is setting the tolerance to zero, which forces AP to clear exceptions manually for penny amounts. The practical recommendations or typical industry practices:
  - Price tolerance: 5 percent–10 percent.
  - Quantity tolerance: 1–2 units or a small percentage.
  - Amount tolerance: Small threshold (e.g., $5 or $10).
  - Always align with audit and procurement governance.
  - Monitor tolerance overrides.

- Overrides should be rare. If AP is overriding the same supplier or PO type repeatedly, it's an indication that the:
    - Tolerance is too strict.
    - Supplier needs guidance.
    - PO data is inconsistent.
- Review override logs monthly.

Revision History

Date	Description of Change	Changed By
May 27, 2026	Initial document creation	J. Benitez
May 27, 2026	Edits	J. Goodman
Oct. 6, 2026	Updated pages 1–2	J. Goodman