

Tolerances

Function:	Purchasing
Procedure	Two, Three, and Four Way Matching
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Guideline Recommendations

Tolerances determine whether Oracle Payables places matching holds on an invoice. When online approval is submitted for an invoice that is matched to a purchase order, the system checks that the invoice matches the purchase order within the matching tolerances that the Research Foundation has defined.

Invoice Matching Tolerances

Invoice matching tolerances allow for a set variance when the invoice quantity and price is matched to a purchase order shipment line quantity and unit price. If a quantity ordered tolerance or price tolerance is exceeded, a system hold is placed on the invoice when the invoice is approved online. The hold prevents payment of the invoice until the problem is resolved or the hold is released manually. Refer to [Invoice Holds](#) for more information.

Note: Invoice matching tolerances do not affect the status of the purchase order or amount encumbered on the award.

Quantity Ordered Tolerance is a set percentage that a supplier can invoice above the quantity ordered on the purchase order. Exceeding the quantity ordered results in a warning message, "This match will result in an overbill" and a system hold is placed on the invoice. A manual release of the hold and re-approval of the invoice will be required. The quantity order variance is set at 5% for the RF for each line item.

Price Tolerance is a set percentage that a supplier can invoice above the purchase order shipment line unit price. Exceeding the tolerance results in a system hold being placed on the invoice. A manual release of the hold and re-approval of the invoice will be required. The price variance is set at 5% for the RF for each line item.

Invoice Close and Receipt Close Tolerances

Invoice and receipt close tolerances close a purchase order line (item) when invoices paid against the purchase order do not exceed set percentage variances. When all line items are closed, the purchase order is closed.

Invoice Close Tolerance is a set percentage difference allowed on quantity and amount. This tolerance has been set at 2% variance on the quantity and amount of the line item ordered. Purchasing automatically closes a shipment (line item in Oracle) when payables matches the invoice to the purchase order.

Note: A shipment in Oracle is a line item, when it states close for invoice, the item is closed not the purchase order.

Receipt Close Tolerance - When payments are made against a purchase order, the system closes the PO line item depending on the percentage tolerance set for the closing of these lines (invoice close tolerance). If the receipt close tolerance is set at 100% then after all the items are fully paid, the system will automatically close the PO at the header level. If not set at 100% then a manual process for closing the purchase order needs to take place. The system default is 100% Receipt Close Tolerance, which prevents the use online receiving. Therefore when using online receiving, the receipt close tolerance must be changed on each purchase order when the purchase order is created. Refer to [Receiving Goods and Services](#) for more information.

Matching

The system is set at "2 Way Matching," which matches the purchase order to the invoice (payment document). The option for 3 and 4 way matching is available, but must be specified on each purchase order, otherwise 2 way matching will be performed. Refer to [Two, Three, and Four Way Matching](#) for more information.

The following table outlines the matching process:

Procedure Step	Description
1	Enter the purchase order and if necessary, change coding to reflect the type of matching that should be performed.
2	Invoice is entered and matched to purchase order
3	When online approval is performed, the system checks the invoice matching tolerances. If tolerances are exceeded, a hold is placed on the invoice.
4	Holds are resolved or released, if necessary
5	Invoice approval process is reentered.
6	Invoice is released for payment

Change History

Date	Summary of Change
December 27, 2016	Updated links. Document changed from a Procedure to a Guideline.
Unkown	New Document.

Feedback

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