

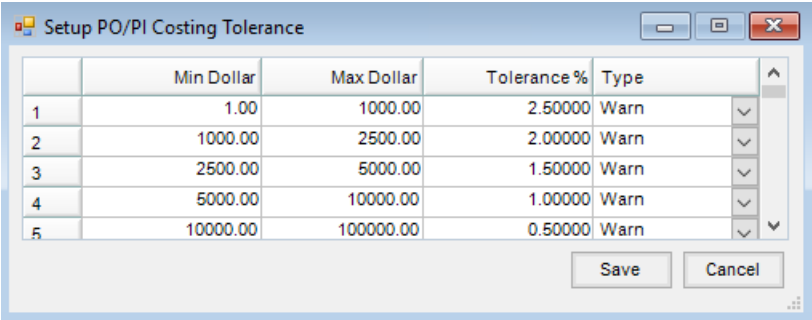
PO/PI Tolerance

Last Modified on 01/25/2024 9:37 am CST

To help manage pricing variances between the Purchase Order price and the Purchase Invoice price, the *PO/PI Tolerance* may be established. This setting is found at *Setup / Inventory / PO/PI Tolerance*. Dollar ranges and tolerance amounts for each range are entered.

Also at this screen, specify whether to *Warn* or *Stop* the save of the Purchase Invoice. The Purchase Invoice compares the Purchase Order cost to the Purchase Invoice cost to see if it is outside the tolerance. If the amount is above the tolerance, a message to warn or stop the purchase appears depending on how the range is set. The warning allows the option to save the Purchase Invoice. A setting of *Stop* would not allow the save of the Purchase Invoice until the price is changed to fall within the *Tolerance %* or until the *Tolerance %* setting is changed.

The tolerance check looks at the total dollars on the Invoice compared to a valid Purchase Order number referenced. If new tolerances are set for Purchase Order price checking, the cost variance checking built into the standard program found at *Accounting / Setup / Preferences* on the *Inventory* tab still happens as well. This feature is a company-wide setting.



	Min Dollar	Max Dollar	Tolerance %	Type
1	1.00	1000.00	2.50000	Warn
2	1000.00	2500.00	2.00000	Warn
3	2500.00	5000.00	1.50000	Warn
4	5000.00	10000.00	1.00000	Warn
5	10000.00	100000.00	0.50000	Warn

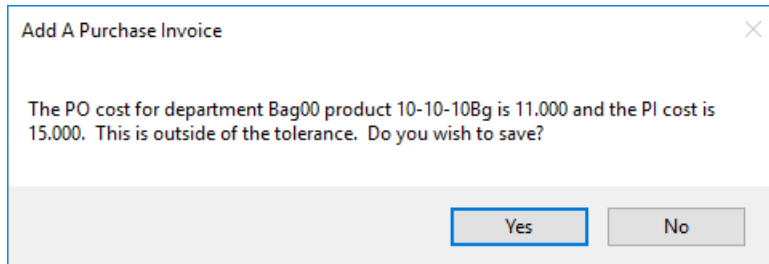
The purpose of this function is to prevent large cost variances between Purchase Orders and Purchase Invoices. It provides benchmarks by which users are made aware of larger than normal variances through a pop-up message. Based on choices made at setup, Agvance will either prevent the save of the Purchase Invoice or will give the option to save the Purchase Invoice despite the variance. If the discrepancy is caused by a data entry error and is not corrected immediately, the Average and Last Costs (and therefore the value of inventory) are impacted. It can also affect sales margins. These figures must be accurate and are difficult to adjust if they are incorrect.

The *Min Dollar* and *Max Dollar* columns represent cost categories for which tolerances will be set up. These are to be set up in terms of total dollars. For example, there may be a *Min Dollar* of 0.00 and a *Max Dollar* of 25.00. Purchase Orders and Purchase Receipts that have a total dollar value between \$0.00 and \$25.00 will be subject to the tolerance that is set up.

The *Tolerance %* column represents the percent difference that is allowed between the total dollars on the Purchase Order and the total dollars on the Purchase Invoice before a warning message appears.

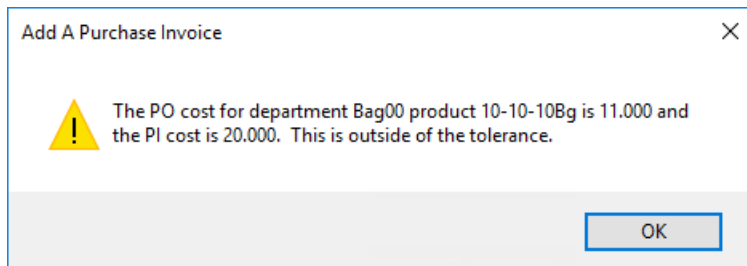
In the example just used, if the *Tolerance %* for the 0.00 to 25.00 costing level is 20%, the total dollars on the Purchase Order is \$10.00, and the total dollars on the corresponding Purchase Invoice is \$13.00, then the warning message will appear. There is a 30% difference between the total dollars on the Purchase Order and the total dollars on the Purchase Invoice while the tolerance is only 20%.

The *Type* column determines what type of message will appear when the tolerance is exceeded. If *Warn* is selected, the following message will display:



The option is available to save the Purchase Invoice or decline to save and start over if an error has been made.

If the *Type* column is set to *Stop*, the message below will pop up and the opportunity to save the Purchase Invoice will not be available. There is no override for *Stop*. Using *Stop* at one cost level does not prevent using *Warn* at a different level. Choose either type resulting in a mixture of *Stop* and *Warn* cost levels if desired.



To use the PO/PI Tolerance function for product returned to a vendor, set one of the costing levels to include negative dollar amounts. One level should be sufficient for returns unless different tolerances need set for different total dollar returns. To set these levels up, the *Min Dollar* should be the most negative number and the *Max Dollar* should be the least negative number. An example of one costing level for returns would be to set the *Min Dollar* at -99999.00 and the *Max Dollar* at 0.00.