



CANS Lite Technical Overview

Pay Application Screening • For Construction Lenders & Fund Control Professionals

CANS Lite is a purpose-built pay application screening platform that applies a hidden threshold engine to every pay application and returns a single, objective recommendation: Pay, Desktop Audit, or Full Audit. It is designed for construction lenders, fund control professionals, and project owners who need a consistent, documented first screen on every draw, without committing to a full document compliance review on every application. Every recommendation is derived from the same nine checks, applied identically on every draw.

Platform Specifications

Current version	V1.1 (multiple discrete development iterations)
Operating mode	Pay Application Screening, threshold-based recommendation
Data inputs	G702/G703 pay application data (entered or parsed); change order log (.xlsx, .csv)
Threshold engine	9 discrete checks across two tiers: Full Audit (critical) and Desktop Audit (elevated)
Recommendation output	Three-tier: Pay / Desktop Audit / Full Audit
Cross-draw analysis	Billing pace and completion consistency checked against prior approved applications stored in the project history
Project history	Client, project, and draw records maintained across sessions in a local database
Threshold basis	Threshold hits stored internally; not displayed to the end user. Reviewer sees the recommendation and one-line summary only
Output format	Recommendation label plus one-line summary; internal threshold record for reviewer reference
Data security	Runs locally; no project data, application data, or threshold records transmitted externally

Threshold Engine

The CANS Lite threshold engine evaluates every pay application against nine concurrent checks divided into two severity tiers. Critical checks in the Full Audit tier, if triggered, result in a Full Audit recommendation regardless of other results. Elevated checks in the Desktop Audit tier, if triggered without any critical hits, result in a Desktop Audit recommendation. Applications that clear all nine checks receive a Pay recommendation. The threshold basis for each recommendation is retained in the database for internal reviewer reference; it is not displayed to the end user.

Full Audit Tier, Critical Thresholds

- **Overbilling, line item exceeds scheduled value:** Any line in the schedule of values is billed above its approved scheduled value (tolerance 0.1%). This represents unapproved billing the contract does not support.
- **G702 math error, does not foot:** The cover sheet does not foot; total completed and stored does not equal total earned less retainage plus retainage amount (tolerance \$100). A critical indicator of arithmetic error or

manipulation.

- **Retainage applied incorrectly:** The effective retainage rate deviates from the stated contractual percentage by more than 2%. Incorrect retainage can leave the project underfunded.
- **Total payments exceed contract sum:** Previous payments plus current payment due exceed the contract sum to date (tolerance 0.1%). Billing beyond the approved sum indicates error or unauthorized billing.

Desktop Audit Tier, Elevated Thresholds

- **Billing pace jump:** A line item's completion percentage increased more than 10 points above the prior approved period's pace. A common indicator of front-loading.
- **Materials stored concentration:** Stored materials on any line item exceed 20% of that line's scheduled value, which can indicate billing for materials not yet delivered.
- **Completion jump:** A line item's completion percentage increased more than 30 points in a single period, unusual absent a major milestone.
- **Change order variance, G702 vs CO log:** The approved change order total on the G702 does not match the uploaded change order log, which may indicate unauthorized changes.
- **Project near completion:** Total billed exceeds 90% of contract sum with a positive balance remaining, requiring verification of substantial completion before release.

Threshold Reference Table

Threshold	Technical Description	Risk Scenario
Overbilling, Line Item Exceeds SV	Any SOV line billed above its scheduled value (over 0.1% tolerance)	Unapproved billing; amounts exceeding the schedule are not supported by the contract
G702 Math Error	Cover sheet does not foot: total completed not equal to earned less retainage plus retainage	Arithmetic error or manipulation on the G702 cover sheet; pay application is unreliable
Retainage Applied Incorrectly	Effective retainage rate deviates over 2% from stated contractual percentage	Underfunded retainage; contractor collecting more than the contract permits
Total Payments Exceed Contract Sum	Prior payments plus current due exceed contract sum to date (over 0.1% tolerance)	Billing beyond the approved contract; requires reconciliation before payment
Billing Pace Jump	Line item completion percent increased over 10 pts above prior period pace	Front-loading or billing acceleration; line items billed faster than work progresses
Materials Stored Concentration	Stored materials on any line over 20% of that line's scheduled value	Potential billing for undelivered materials or materials at risk of non-incorporation
Completion Jump	Line item completion percent increased over 30 pts in one period	Unusual single-period jump; warrants verification of work in place
Change Order Variance	Approved CO total on G702 does not match uploaded CO log	Unauthorized change orders or incomplete CO log; contract sum to date may be incorrect
Project Near Completion	Project over 90% billed with balance remaining and active prior draw history	Final payment risk; verify substantial completion before releasing remaining funds

Recommendation Engine

The recommendation engine evaluates all threshold hits and derives a single recommendation from the severity of the triggered checks.

Pay	Desktop Audit	Full Audit
Application is within normal parameters. No threshold issues detected.	One or more elevated issues detected. Review documentation before approving payment.	Critical issue detected. Do not approve payment without a full audit engagement.

The recommendation is accompanied by a one-line summary stating the number of threshold hits and the action indicated. The specific threshold hits that drove the recommendation are stored in the database and available for internal reviewer reference; they are not displayed in the primary review interface.

Output and Documentation

- **Draw-Level Recommendation Record:** Each pay application reviewed is stored in the project database with its recommendation, summary, and threshold hit detail. The history of all draws reviewed for a project is retained.
- **Cross-Draw Consistency:** CANS Lite maintains per-project draw history, so billing pace and completion comparisons are available as soon as the second draw is reviewed.
- **Configurable Thresholds:** Default threshold values are configurable by the reviewing firm to reflect their own risk standards.
- **Reproducible Results:** The same pay application data produces the same recommendation every time. Reviewers can document the basis for a pay, hold, or audit decision and defend it on resubmission.
- **Data Security:** CANS Lite runs entirely on the reviewer's computer. No project data, application data, change order records, or threshold results are transmitted to any external server.

Relationship to CANS Full Review

CANS Lite and CANS are complementary tools for different points in the review workflow. CANS Lite screens the pay application numbers and returns a recommendation. CANS performs a full review of the complete pay application package, including schedule of values, retainage, lien waivers, insurance, submittals, and draw-over-draw consistency, and returns a detailed exception report. CANS Lite is appropriate for routine draws where a consistent numerical screen is sufficient. When CANS Lite returns a Desktop Audit or Full Audit recommendation, that is the appropriate point to engage CANS for a full-package review or to commission an audit engagement.

Professional Applications by Practice Area

Construction Lenders and Fund Control Teams

- **Consistent draw screening:** The same nine checks applied to every pay application in a portfolio, providing a consistent, documented basis for approving or holding a draw before detailed manual review.
- **Escalation triage:** A Desktop Audit or Full Audit recommendation is a documented trigger for escalation, whether requesting documentation, ordering a site inspection, or engaging an audit consultant.
- **Portfolio-level risk visibility:** Retained draw history lets reviewers identify projects where threshold hits are recurring or increasing, a leading indicator of billing problems.

Owners, General Contractors, Consultants, and Sureties

- **Project owners:** The same objective numerical screen on every draw without retaining a fund control agent for routine applications, plus a change order log cross-reference that catches unauthorized changes.
- **General contractors:** The same threshold checks applied to subcontractor pay applications before they are rolled into the GC application, with pace and completion checks that flag front-loading.
- **Construction accountants and consultants:** Scalable screening capacity with a consistent, rule-based basis for escalating to a full engagement, explainable to a client without revealing the underlying threshold detail.
- **Sureties:** An independent check on contractor billing behavior across the draw sequence, with a draw-level record that documents billing compliance for a bond claim.

Three Clear Outcomes

Pay. Desktop Audit. Full Audit. One answer per draw, every draw.

9-Threshold Engine

Objective, consistent analysis. Same checks on every application.

Local & Confidential

Project data never leaves the reviewer's computer.