

IMPORTANT INFORMATION REGARDING THE PROCESSING OF YOUR INVOICES

Dear Supplier

As we are sure you are aware Defence Business Services (DBS) have implemented a change in the way it processes invoices in line with its vision to become a premier business service across the public sector. In order to fulfil this vision it has been essential for manual tasks to be automated. This will enable DBS to perform in a more efficient and effective manner.

What has happened?

- In line with the DBS vision, the Finance department have introduced Optical Character Recognition (OCR) software to facilitate automation of elements of its invoice processing operation;
- OCR was implemented in February 2014.

How has DBS Finance prepared for the change?

- As you are aware, in recent months we have been stricter in accepting invoices for payment, accepting only correctly presented invoices;
- The team have also re-designed the higher volume invoice forms so that they are more 'OCR-friendly';
- We are continuing to communicate changes in forms and processes to all suppliers and MOD staff.

Latest Update

Top Tips when submitting your invoices

We have now been processing invoices through OCR for 4 weeks and have identified a number of issues that could have the potential to delay the payment of invoices.

- **Poorly handwritten invoices** – Could all suppliers please ensure they complete their invoices in Block Capitals and in Black ink.
- **Photocopied invoices** – Some suppliers have been partially completing one copy of the AG173 with their title and address details, printing this off, photocopying it and manually completing the rest of the form as and when required. The result has been that the barcode on the AG173 is degraded and cannot be read by the OCR system. These invoices all need manual action to process them successfully through the system which causes delays in the payment of such invoices. Whilst we would always advise suppliers to use the AG173 from the website, for practicality reasons where large volumes of invoices are required, it would be acceptable to download and save a copy of the AG173 with the initial supplier title and address details completed and add the specific information required for that invoice. This should then be printed off from the user's printer and sent to DBS Finance for payment. If suppliers use this process we would advise that they check the forms website regularly to ensure the version number saved is the most up to date version of the form that is available.
- **Supplier Title** – Could all suppliers please ensure they use their full legal title on invoices. We have seen a number of instances where invoices have been received with titles that do not conform to the correct legal entity name the contract was initially set up under. In some cases brackets have been missed off and words have been abbreviated. As the title does not exactly match the details held on our contractor database they are held by OCR in the system for a DBS Finance user to check prior to processing the invoice for payment. Again this could lead to delays in the payment of such invoices.
- **Information in free text boxes** - We have found that some MOD640's are being completed with the relevant information outside the appropriate box. As the forms are templated for OCR to search for information in a specific box, if this information is not contained in the box the system will hold the invoice for further investigation by a DBS Finance user, which again could cause a delay in the payment of that invoice.

- **Mandatory fields** – We have found that some of the mandatory fields have not been completed and invoices have had to be returned for corrective action. We would refer all suppliers to the completion instructions held on the website that give field by field guidance on all forms that can be submitted for payment to DBS Finance.
- **Rogue Characters** – If suppliers are using the MOD 640 could they please ensure they do not precede any values with a £ sign.

DAB 10

- Due to changes in the registering of Suppliers invoices within OCR there is no longer a requirement for the MOD Form DAB 10 to be submitted along with invoices, therefore you do not need to complete it and send it in with your invoice.

Approved Adaptations

- Suppliers who previously submitted **Approved Adaptation's** on older versions of our forms need to reapply for approval (if they have not already done so) using the new version of the form. Please contact our AMI team who manage the approvals process, via Contact Point, in order to begin this process. If you have been using an adaptation which has not been approved please submit to our AMI team for approval, again via Contact Point.

DBS would like to thank you for your co-operation so far in the changes we have implemented surrounding OCR. Future updates will appear on our website.

<https://www.gov.uk/government/organisations/ministry-of-defence/about/procurement#invoice-processing>