

SSRO

Single Source
Regulations Office

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**User guide for
contract completion report**

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Version 3

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Introduction

1 Introduction

- 1.1 This document is issued by the Single Source Regulations Office (SSRO) and sets out guidance to assist contractors with the statutory reporting requirements for qualifying defence contracts and qualifying subcontracts.
- 1.2 Statutory reporting requirements are set out in the Defence Reform Act 2014 (the 'Act') and the Single Source Contract Regulations 2014 (the 'Regulations'). We are providing this guidance for the purposes of Regulation 22(9) of the Regulations.
- 1.3 Regulation 28 requires a contract completion report be provided for the qualifying defence contract.
- 1.4 All reports are disclosed as OFFICIAL – SENSITIVE – COMMERCIAL. The disclosure of protected information included in this report in circumstances not permitted by Schedule 5 of the Defence Reform Act 2014 is a **CRIMINAL OFFENCE**.

2 Reporting timeline

- 2.1 The contract completion report is required to be submitted within six months after the completion date of the qualifying defence contract.

3 General guidance for completing report templates

- 3.1 When completing the spreadsheet, contractors should comply with the guidance set out below. Contractors should ensure macros are enabled within Excel for use of the reporting templates¹.
- 3.2 On each worksheet [HOME](#) will redirect you to the home worksheet.
- 3.3 The home worksheet shows the requirements of the reporting template and contains links to each worksheet within the template.
- 3.4 If applicable, the 'view all worksheets' cell on the home tab will reveal a list of all the reports that must be completed in that template. Select the appropriate report from the drop down list.
- 3.5 Where applicable, in the top left corner of each worksheet, there will be an option to select only cells which are 'used' rather than 'all cells'.

¹<https://support.office.com/en-au/article/Enable-or-disable-macros-in-Office-documents-7b4fdd2e-174f-47e2-9611-9efe4f860b12?CorrelationId=2a985251-830b-49db-8389-a112e9b34a14&ui=en-US&rs=en-AU&ad=AU#bm2>

3.6 On each tab you will find:

| | |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Grey cells | Contain headings |
| Blue cells | Contain section headings |
| White cells | Contain instructions on the information required |
| Yellow cells | Are the only cells you should input data into : yellow cells are your data entry cells. Select the correct option, or input numbers (#) or monetary amounts (£). |
| Orange cells | Contain help, definitions or notes |
| Green cells | Indicate when a cell has been completed and passed validation test |

3.7 The content of each cell will be in the following format:

- choice list – select the appropriate answer from the drop down list;
- free text – text/numbers;
- date – follow the date format specified; and
- number – provide the number rounded to the number of decimal places specified.

3.8 If the reference cell is red, then this indicates that inputted data into a data entry cell (yellow cell) has not passed the validation test. You must correctly input data into the data entry cell so the reference line (e.g. '01 – dates ref 01') turns green.

3.9 Each worksheet has a sequential number. Where possible, you should complete the worksheets in the prescribed order, with the exception of 01.02 under 'report submission admin'. Some worksheets will drive automatic calculations in subsequent worksheets. This guidance follows the order contained within the templates and as specified in the Regulations.

3.10 **Warning:** you must not copy and paste data entry cells (yellow cells) from the report template as this will interfere with the functionality and linking to other worksheets.

3.11 **All financial information should be provided in GBP and in millions unless stated otherwise.**

3.12 For the purposes of this report, the financial year is a year beginning on 1 April and ends on 31 March in accordance with Section 43(1) of the Act. In accordance with Regulation 32, the relevant accounting period that applies to a QBU refers to a QBU reporting period.

3.13 Complete all the required information on the template before submission. Some areas of the template will populate other areas when completed, we refer to this in the guide as auto-population.

3.14 Where references have been given to cells in the reporting templates, those references will be used in this guide.

3.15 All section headings refer to worksheet references. For this reason they may not always be sequential.

3.16 If you encounter any problems or have any questions regarding the report templates or user guides, contact helpdesk@ssro.gov.uk.

User Guide

01 Report submission admin

This worksheet shows the basic information required to be submitted for the contract, including relevant dates, individuals, and other general information or comments relating to the contract, as required under Regulations 22(2) and 22(3).

01.01 Dates

- 01.01 Input the date the report is required in the format dd/mm/yyyy. Insert any comments relating to the deadline date in the free text comments box.
- 01.02 Before submitting the report complete the box indicating the date the report was submitted to the MOD and the SSRO. If you have any comments relating to the submission date input these in the free text comments box.

01.02 Individuals

- 02.01 Insert the name, position, phone number and email address of the individual submitting the report.
- 02.02 You should include the contact details for the individual that will be notified if there are any compliance issues with the submitted report. As above include, name, position, phone number and email address for the individual.
- 02.03 Include the name of the civil servant/project team responsible for managing the contract on behalf of the Secretary of State.

01.03 Other

- 03.01 Any other comments relating to the report not already mentioned in the dates section must be inserted in the comments text box.

02 Contract reporting plan

01.01 Basic parameters plan depends upon

- 01.01 Include the contract start date. The contract start date is the date the contract was entered into (date of agreement not contract signature date if these are different) or the date the contract was amended (if the contract becomes a QDC by amendment).
- 01.02 Include the contract completion date. The reporting date will fall as per the reporting timeline noted in section two of this user guide.
- 01.03 Include the total contract value, including any options which were exercised.

02.02 Mandated and additional agreed reporting dates

Included in this section of the templates are the required reporting dates for all types of contract reports.

02.01 The contract completion report will include information on all the reporting dates that were met during the life of the contract. Included in this section of the templates are the required reporting dates, and the relevant financial year to which the report relates, for all types of contract reports.

03 Supplier

Under Regulation 22(3) include the following information:

03 Contracting Company – Basic Reference Date

03.01 Include the registered name of the company. This is the full name of the legal entity as registered with a registrar of companies, such as Companies House.

03.02 Include the company number (e.g. registration number) of the contractor.

03.03 Include the trading name of the company if that is different from the registered name.

03.04 Include the registered address – start with name/number & street/road.

03.05 Include town/city of the company's registered address.

03.06 Include the county/region of the company's registered address.

03.07 Include the country of the company's registered address.

03.08 Include the post code/zip code of the company's registered address.

03.09 Indicate whether the company is a SME by choosing from the drop down list. SME has a meaning given in Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium sized enterprises (employ fewer than 250 people and annual turnover of ≤€50m and/or annual balance sheet total of ≤€43m.)

03.10 Include the date of the last day of the most recently completed financial year (accounting period) for the company. This date must be expressed in the format dd/mm/yy. This is in addition to the requirements in the Regulations.

03.11 State the name of registered name of any immediate parent undertaking of the company. A parent company has the meaning given by Section 1162 of the Companies Act 2006.

03.12 State the registered company number of the immediate parent undertaking of the company.

03.13 Include the registered address of the immediate parent company.

03.14 Include any additional immediate parent companies' name, registration number and address in the lines provided. This needs to only cover immediate parent companies and not the whole parent chain.

03.15 Provide any other relevant information relating to the information included above.

04 Contracts

Regulations 22(2)(d)-(l) require that all reports under Part 5 of the Regulations contain certain information on the contract, including the regulated pricing method(s) used, and any business unit in relation to which a cost recovery rate has been used in determining the price payable under the contract. For further details, please see Regulation 22(2)(d)-(l).

01 Basic parameters

- 01.01 Enter the contract title in the value box and make sure it aligns with the title on the contract document.
- 01.02 Provide a brief description of the goods, works or services that are to be provided under the contract.
- 01.03 Enter the unique identifying number you have allocated to the contract.
- 01.04 Enter the unique identifying number allocated to the contract by the Secretary of State.
- 01.05 Input the date on which the contract was entered into. This is the date of agreement to the contract not the contract signature date if this date is different.
- 01.06 The contract start date auto-populates from your previous input. Check if the dates are correct.
- 01.07 The contract completion date auto-populates from your previous input. Check if the dates are correct.

If applicable:

- 01.08 Enter the date of the most recent amendment which affects the price payable under the contract. If a contract has been amended and become a QDC the date of the amendment should be equivalent to the latest pricing amendment. If there has been a re-determination of a contract price the date this was agreed should be entered here.
- 01.09 Enter the identifying number you have allocated to the amendment.
- 01.10 Enter the identifying number the MOD has allocated to the amendment.

02 Pricing analysis – currencies and commercial constructs

In line with Regulation 22(2)(k) provide the regulated pricing method(s) used in determining the price payable under the contract, and the amount of the price resulting from each method (if known).

Under the appropriate pricing method (contractors may use one of or a combination of the six regulated pricing methods Regulation 10(4) – (12)), input the price resulting from each method (if known) in millions to three decimal places. Except where otherwise provided in Part 5 of the Regulations, any reference to money in a report must be expressed in sterling. Use the appropriate contract currency for each pricing method. The contractor should enter all currencies that they will want to use in other parts of this report. The MOD and contractor may use different exchange rates, but for the purposes of reporting the contracting authority's exchange rate should be used (MOD for QDCs and the primary contractor for QSCs). Further information on foreign currencies can be found at SSRO Answer 1.31.

02 Business unit involvement

02.01 Include any business unit in relation to which a cost recovery rate has been used in determining the price payable under the contract. Include the name of each business unit in the value section.

05 Defined pricing structure input

Under Regulation 28(2)(d) and (e), the contract completion report requires estimated and Allowable Costs, split by the defined pricing structure (DPS). The SSRO has published 16 different defined pricing structures and the contractor should choose one of these for the contract if possible. The contractor should ensure that the DPS is constructed so that each level of disaggregation contains a breakdown of the cost at the parent level. Level 1 of the DPS must total 100 per cent of the contract value excluding profit and the breakdown of each subsequent level must total the level before. The table below illustrates this.

| Level 1 | Level 2 | Level 3 | Level 4 |
|-----------------------------------------------------------------------------------------|--------------|-------------|---------------|
| Contract Value - £220 million Profit - £20 million Level 1 – £200 million | £100 million | £35 million | £10 million |
| | | | £5 million |
| | | | £20 million |
| | | £10 million | £1 million |
| | | | £9 million |
| | | | £5 million |
| | | £55 million | £40 million |
| | | | £10 million |
| | | | £5 million |
| | | £20 million | £5 million |
| | | | £0.5 million |
| | | | £14.5 million |
| | | £15 million | £2 million |
| | | | £8 million |
| £8 million | | | |
| £10 million | £2 million | | |
| | £8 million | | |
| | £8 million | | |
| £70 million | £20 million | £4 million | |
| | | £16 million | |
| | £50 million | £18 million | |
| | | £3 million | |
| | | £29 million | |

Where the costs of items cannot be mapped directly, they need to be either estimated or a pro rata value used. The method of apportionment should be provided and comments included in the comments box on the DPS template. Mapping from cost models to DPS codes is extremely helpful. Further information on DPS principles and the individual templates are included on the SSRO website.

This worksheet sets out the structure of the defined pricing structure for these costs.

- Enter the defined pricing structure code for each item.
- Enter the defined pricing structure element description.
- Specify from the drop down list if this is a data input line.

06 Key deliverables

Under Regulation 28(2)(a), the contract completion report must contain a list of key deliverables specified in the contract, with a brief description of each. A deliverable means any goods, works or services which are provided under a contract and can be described using an output metric (Regulation 2). It would be expected that there would be at least one key deliverable. Examples of deliverables include a completed vessel, available engines or delivery of a training programme. Contractors can update deliverables and use the metrics included in the contract reporting plan to measure performance against the original baseline. The DPS included in the contract reporting plan can also be used and can be amended.

- Include the name/item/title of each key deliverable.
- For each key deliverable include a description as directed.
- Provide other comments as required.

07 Metrics

Under Regulation 28(2)(b), the contract completion report must contain the actual amount of key deliverables, expressed using the output metrics set out in the most recent contract reporting plan. An output metric means a quantifiable description of any goods, works or services (including a number, weight, dimension, time or physical capability, but not including a monetary value). These are related to the DPS input list and can be drawn from the contractor's performance management system, where applicable. Examples of metrics include quantity of aircraft/engines that are available or the weight of a finished vessel. There should be at least one metric per key deliverable.

- As per the most recent contract reporting plan, enter each related defined pricing structure code.
- Include the description of each defined pricing structure code.
- Include the parameters for each metric.
- Include a definition of each metric.
- As prompted, include the value and number of units of each metric.

08 Price

In accordance with Regulation 28(2)(c), the contract completion report requires an annual profile of the following matters. These items have been included in this section and are detailed below.

In this section all financials are stated in GBP (million) to one decimal point unless stated otherwise.

01 Summary analysis of price

An annual profile of each of the following is required:

- for each financial year, include any risk contingency element included in the Allowable Costs;
- for each financial year include the planned amount of profit (excluding incentive adjustment);
- for each financial year include any additional profit arising from the incentive adjustment, if met. This is the maximum amount of profit could have arisen from an adjustment determined under step 5 of Regulation 11;
- in column AP include the amount that has not been included in the annual profile, for each of the above three requirements;
- include any additional comments; and
- the subtotal planned costs of components will be auto-populated based on the completion of section 02. The subtotal cost, total contract price (excluding incentive adjustment) and the total contract price (including incentive adjustment will also be auto-populated.

02a Costs by defined pricing structure

Regulation 28(2)(d) requires that an annual profile of any estimated costs (split by the defined pricing structure) at the time of agreement are included in the contract completion report.

No data entry is required for this section, other than comments, as required.

02b Costs by defined pricing structure – data entry

- The defined pricing structure codes and descriptions will be auto-populated from the defined pricing structure input tab. Include an annual profile of any estimated cost for each item at the initial reporting date.
- In column AT provide the amount of those Allowable Costs that are non-recurring (split by defined pricing structure).
- In column AP include the amount that has not been included in the annual profile, for each defined pricing structure code.
- Include any comments as required.

03 Recovery base volumes

Regulation 28(2)(f) requires an annual profile of the estimated amount of each cost recovery base set out in the contract reporting plan at the time of agreement. A cost recovery base means the unit of measure to which a cost recovery rate is applied in order to calculate a cost under a contract. A cost recovery base (CRB – for example labour hours) might relate to multiple cost recovery rates (CRR – for example, senior engineer and apprentice); and that a CRR might be applied to more than one CRB.

For each recovery base volume, select the level/units of measurement.

For each recovery base volume, select the estimated amount of each cost recovery base base (not a monetary value like £).

In column AP include the amount that has not been included in the annual profile, for each recovery base.

09 Actual-forecast

In accordance with Regulation 28(2)(c), (g) and (h), the contract completion report requires an annual profile of the actual cost.

These items have been included in this section and are detailed below.

In this section all financials are stated in GBP (million) to one decimal point unless stated otherwise.

01 Summary analysis of price

An annual profile of each of the following is required. The subtotal actual costs of components will be auto-populated based on the completion of section 02 below.

The subtotal cost, total contract price (excluding incentive adjustment) and the total contract price (including incentive adjustment will also be auto-populated).

Under the data status flag, for each financial year, select whether the cost is a final actual cost.

- For each financial year, include the actual risk contingency element.
- For each financial year, include the actual incentive adjustment.
- For each financial year include the actual amount of profit, excluding any amount resulting from the incentive adjustment.
- In column AP include the amount that has not been included in the annual profile, for each of the above three requirements.
- Include any additional comments.

02a Costs by defined pricing structure

Regulation 28(2)(g) requires an annual profile of the actual costs, split by the defined pricing structure.

No data entry is required for this section, other than comments, as required.

02b Costs by defined pricing structure – data entry

- The defined pricing structure codes and descriptions will be auto-populated from the defined pricing structure input tab. Include an annual profile of the actual cost for each item.
- In column AT provide the amount of those Allowable Costs that are non-recurring (split by defined pricing structure).
- In column AP include the amount that has not been included in the annual profile, for each defined pricing structure code.
- Include any comments as required.

03 Recovery base volumes

Regulation 28(2)(h) requires an annual profile of the actual amount of each cost recovery base set out in the contract reporting plan.

For each recovery base volume, select the level/units of measurement.

For each recovery base volume, select the actual amount of each cost recovery base (not a monetary value like £).

In column AP include the amount that has not been included in the annual profile, for each recovery base.

11 Variance analysis and commentary

Regulation 28(2)(i) requires a quantified analysis of the causes of variance (explaining not less than 90 per cent of the total variance) between any estimated cost used to determine the contract price and the actual and forecast costs.

In order to achieve this you should:

- Provide a brief description of all material reasons for variance in forecast total cost to completion. The reasons must be recognisable and understandable by the SSRO and the MOD.
- Provide the quantitative amount of variance in £ million to one decimal point.
- The worksheet will calculate the percentage of total variance and the percentage of planned cost.

12 Risk

Regulation 28(2)(j) requires a description of any event that has occurred, or circumstances which have arisen, since the contract was entered into, that have had or are likely to have a material effect in relation to the contract.

Include everything where the cost impact (+/-) exceeds both £50,000 and 0.1 per cent of the qualifying defence contract's value.

- Include a name/title for each event (risk/opportunity).
- Include a list of all the events along with a brief description.
- Include whether the event or circumstances are covered by any contingency element of the contract price. Select from the drop down list if this item is allowed for in priced risk contingency.
- State the total costs saving to three decimal points in GBP £ million. This is to be the effect that the event or circumstances have had on the costs already incurred. This must be included in the Actual/Forecast worksheet.
- Include the date this was recognised. This is to be the date on which the contract or became aware of the event or circumstances.
- Provide any other comments. Include the currency used if it is not sterling.

13 Payments

01 List of significant individual payments

Regulation 28(2)(l) requires that the contract completion report must include a list of all payments exceeding £100,000 or 1 per cent of the contract value that have been, or are expected to be, made by the Secretary of State.

This section is only for primary defence contracts to complete i.e. those entered into by, or on behalf of, the Secretary of State.

For each payment include:

- The date which the payment fell, or is expected to, fall due (in the format dd/mm/yyyy).
- The actual/expected payment date (in the format dd/mm/yyyy).
- As required by the contract, select the appropriate currency in which the contractor expects the Secretary of State to make payments.
- The amount (£ million to three decimal points), or expected amount of each payment.
- Add any additional comments as required.

02 Annual profile summarising all contracted payments

Regulation 28(2)(m) and (n) require an annual profile of all significant individual payments the contractor requires the Secretary of State to make, in the required currency.

For each currency, enter the payment due from the Secretary of State, for each financial year.

Amounts must exclude any final adjustment/settlements and be made to one decimal point.

14 Final payments

The contract completion report must also contain, in accordance with Regulation 28(2)(k), a forecast of any TCIF adjustment or any final price adjustment (Regulation 16) which the contractor expects will be made.

- Where applicable, for each final payment type: select the currency in which the adjustment will be made.
- Enter the amount of adjustment. This will be positive if due to industry, or negative if due to the MOD.
- Add any comments as required.

15 Contract delivery milestones

The contract completion report must also contain, in accordance with Regulation 28(2)(o), a list of all delivery milestones set out in the contract. Where the contract sets an expected date for a delivery milestone to be completed, include that date.

- Include the milestone short name and milestone description.
- Include the contracted target date as well as the actual or forecast completion date. Dates must be provided in the format dd/mm/yyyy.
- Provide any additional comments as required. Additional comments are to be used to explain any material date variance.

16 Subcontracts

The contract completion report must also contain, in accordance with Regulation 28(2)(p), a description of actual subcontracts which the primary contractor has entered into for the purpose of enabling it to perform its obligations under the qualifying defence contract. This information must include the total proportion of the value of the qualifying defence contract which the primary contractor expects to subcontract.

Each qualifying subcontract required in this section must have a value not less than £1 million (or if there are more than 20 such subcontracts, each of the 20 which have or are expected to have the highest value should be included in this section). Regulation 25(2)(k) requires the total proportion of the value of the qualifying defence contract which the primary contractor expects to sub-contract.

01 General description of use of subcontracts

As noted above you should include a description of actual subcontracts which the primary contractor has entered into for the purpose of enabling it to perform its obligations under the qualifying defence contract.

02 Subcontracts entered into

- For each subcontract which meets the criteria detailed above, include the name of the subcontractor.
- If the subcontractor is a registered company, include the registered name, company number and the address of its registered office.
- Select from the drop down list, if the subcontractor is associated with the primary contractor.
- Select from the dropdown list if the subcontractor is an SME. For the definition of an SME see page 5 above.
- In the free text box, provide a brief description of the goods, works or services that will be provided under the subcontract.
- Enter the date the subcontract was, or is expected to be, entered into. Enter the date in the format dd/mm/yy.
- Enter the contract completion date, or expected completion date. Enter the date in the format dd/mm/yy.
- Enter the subcontract currency (this is not a requirement of the Regulations).
- Enter the actual (or estimated) price payable under the subcontract in £ million to three decimal points.
- Select from the dropdown list if the contract has been assessed as a qualifying subcontract. This is the assessment made under Regulation 61(1) or (4).

