

Assuring value, building confidence

User guide for quarterly contract report

October 2016

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 statutory reporting requirements for qualifying defence contracts and qualifying sub-contracts.
- 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 26 defines the need to provide a quarterly contract reports for the qualifying defence contract.
- 1.4 No report is required for a contract if the value of the contract is less than £50 million.
- 1.5 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 quarterly contract report is required within one month of the end of the calendar quarter from the initial reporting date until the contract completion date. The initial reporting date is the date the contract was entered into (time of agreement not contract signature date if this date is different) or the date the contract was amended (if the contract becomes a QDC by amendment). Information needs to be 'as at' the reporting date unless the Regulations require information at a different date.
- 2.2 No report is required for the calendar quarter in which the initial reporting date falls.
- 2.3 No report is required for the calendar quarter in which the contract completion date falls.

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 contains 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 worksheet will reveal a list of all the reports that are to 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'.
- 3.6 On each worksheet you will find:

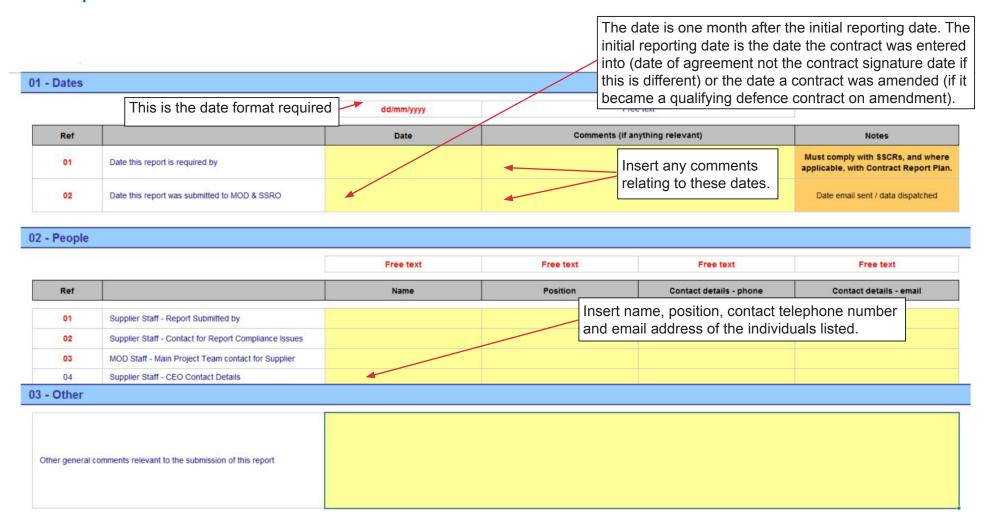
Grey cells	Contain headings
Blue cells	Contain section headings
White cells	Contain instructions on information that is required
Yellow cells	Are data entry cells and are the only cells to which you input : select correct option, or input numbers (#) or monetary amounts (£).
Orange cells	Contain help,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

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

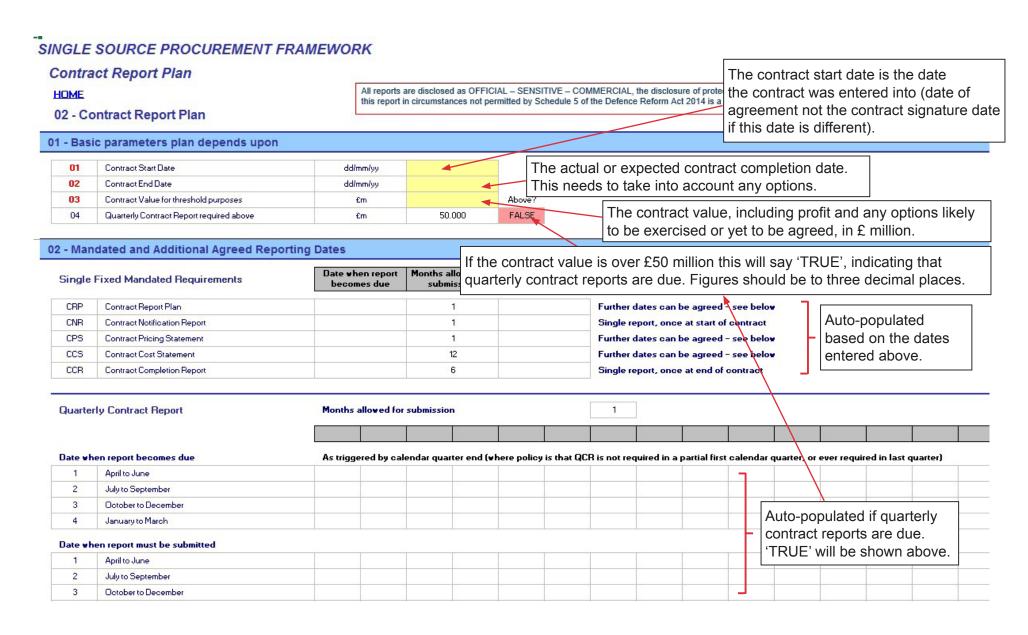
- 3.7 The content of each cell is in the following format:
 - choice list select the appropriate answer from the drop down list;
 - free text text/numbers;
 - date follow the date format specified; and
 - number provide the number rounded to the number of decimal places specified.
- 3.8 If the reference 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 begins on 1 April and ends on 31 March in accordance with Section 43(1) of the Act and in accordance with Regulation 32. The relevant accounting period that applies to a qualifying business unit (QBU) is referred to as 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 the user guide.
- 3.15 If you encounter any problems, or have any questions regarding the report templates or user guides, please contact helpdesk@ssro.gov.uk.

User Guide

01. Report submission admin



02. Contract reporting plan



Mandated and additional agreed reporting dates

Interim Contract Report	MANUAL INPUT OF DATES AGREED BETWEEN PARTIES			
Date when report becomes due				
Date when report must be submitted				
Contract Report Plan	MANUAL INPUT OF DATES AGREED BETWEEN PARTIES			
Date when report becomes due				
Date when report must be submitted				
Contract Pricing Statement				
	MANUAL INPUT OF DATES AGREED BETWEEN PARTIES			
Date when report becomes due	MANUAL INPUT OF DATES AGREED BETWEEN PARTIES			
	MANUAL INPUT OF DATES AGREED BETWEEN PARTIES			
Date when report must be submitted	MANUAL INPUT OF DATES AGREED BETWEEN PARTIES MANUAL INPUT OF DATES AGREED BETWEEN PARTIES			
Date when report becomes due Date when report must be submitted Contract Cost Statement Date when report becomes due				

Enter the date when each interim contract report becomes due and when it must be submitted for each year ending 31 March. If no date is agreed between the primary contractor and the Secretary of State the default date will apply.

The default date will be:

Contract Value over £50 million

12 months after the last day of the calendar quarter during which the initial reporting date fell and each anniversary of that date. The date the report must be submitted is two months after the report due date. For example, an interim contract report due on 31 March must include costs up to the reporting date and the report must be submitted by 31 May.

Contract Value under £50 million

Three years after the last day of the calendar quarter during which the initial reporting date fell and each third anniversary of that date. The date the report must be submitted is two months after the report due date. For example, for an interim contract report due on 1 March, the report must be submitted by 1 May.

On-demand report dates only

Reports specifically requested by the Secretary of State. This section of the report allows for manual entry of the contract pricing statement, contract reporting plan and contract cost statement(s) dates. These are on-demand contract reports for which the dates will be agreed within one month of the initial reporting date.

03. Supplier

Regulation 22(3) requires that the quarterly contract report provided by a contractor which is a registered company contain the information detailed below.

Help / Definition / Notes Required Data Units Value Full name of legal entity as registered with companies house lequivalent Contracting Company - Name Free text Contracting Company - Registration Number Number as text 03 Contractor "Trading as" Name - if different to legal name Free text Please enter "as above" if not applicable Required information 04 Registered Address - NamelNumber & Street/Road Free text 05 Registered Address - Town / City Free text Registered Address - County / Region Free text Registered Address - Country Free text Registered Address - Post / Zip Code Free text **LIK SME Classification** Choice text Last day of most recently completed Company Financial Year ddimmiyyyy Immediate Parent Company 1 - Name Free text 12 Immediate Parent Company 1 - Registration Number Number as text 13 Immediate Parent Company 1 - Registered Address Free text In short / summarised form if insufficient space 14 Immediate Parent Company 2 - Name Free text Immediate Parent Company 2 - Registration Number 15 Number as text Immediate Parent Company 2 - Registered Address Free text In short / summarised form if insufficient space Immediate Parent Company 3 - Name Free text 18 Immediate Parent Company 3 - Registration Number Number as text Free text Immediate Parent Company 3 - Registered Address In short I summarised form if insufficient space Other relevant information Free text For example, a list of other Immediate Parent Companies if more than 3.

Full name of the legal entity as registered with a registrar of companies such as Companies House.

This can include numbers (e.g. registration number) and text.

If the trading name is the same as the contracting company name please include 'as above' in this cell.

Select "SME" or "Not SME". 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).

Last day of the most recently completed accounting period.

Include parent company details. A parent company has the meaning given by Section 1162 of the Companies Act 2006. This needs to only cover immediate parent companies and not the whole parent chain.

04. Contract basic reference data

Regulations 22(2)(d)-(I) 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)-(I).



Pricing analysis – currencies and commercial constructs

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 in the table below. 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.



Business unit involvement

Include any business unit in relation to which a cost recovery rate has been used in determining the price payable under the contract.

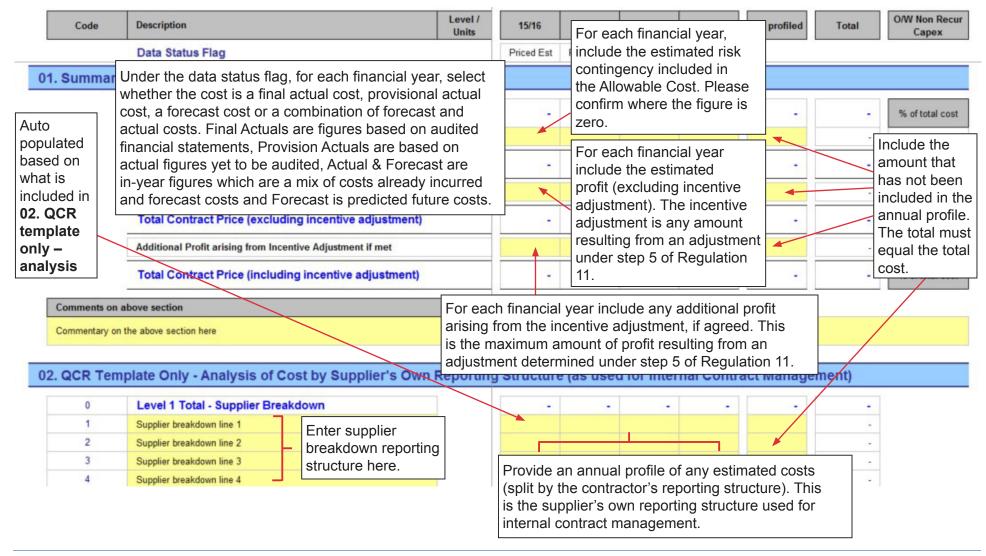
03 - Business Unit Involvement							
01	Name of Business Unit 1	Free text		Please list the business units involved in the delivery of this contract			
02	Name of Business Unit 2	Free text					
03	Name of Business Unit 3	Free text					
04	Name of Business Unit 4	Free text	1				
05	Name of Business Unit 5	Free text					

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.

08. Price

In accordance with Regulation 26(6)(a), the quarterly contract report requires an annual profile of the following matters which have been, or are expected to be, part of the contract price. These items have been included in this section and detailed below.

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



09. Actual – forecast

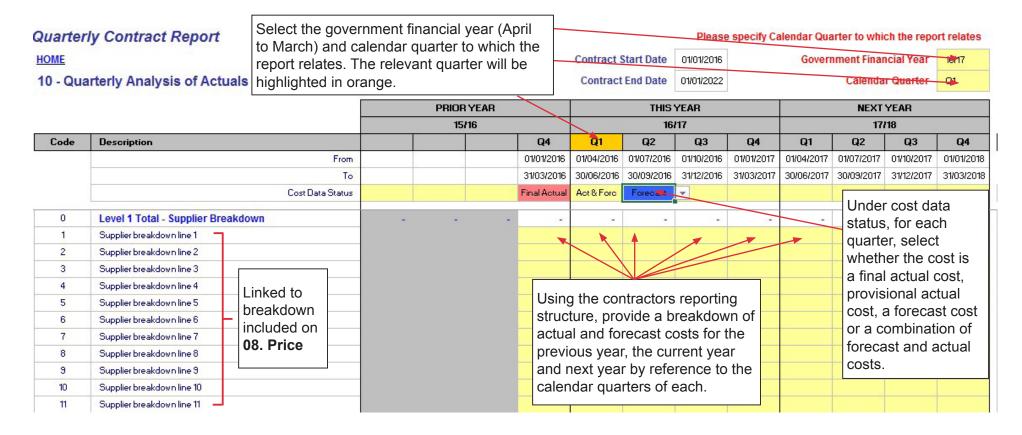
The quarterly contract report requires an annual profile of the costs already incurred and the forecast Under the data status flag, for each financial costs which are expected to be incurred, or a combination of both. year, select whether the cost is a final actual cost, provisional actual cost, a forecast cost In this section all financials are stated in GBP (million) to one decimal point unless stated otherwise. or a combination of forecast and actual costs. Level / Code Description 15/16 16/17 17/18 18/19 Not profiled Units Capex **Data Status Flag** For each financial 01. Summary Analysis of Price year, include any risk Subtotal actual / forecast cost of components - as below contingency element for % of total cost Auto current/future year only. Risk / Contingency Allowance - current / future years only populated Include the based on **Subtotal Cost** For each financial year, amount that what is include the planned has not been Profit (excluding incentive adjustment) included in amount of profit (excluding included in the 02. QCR Total Contract Price (excluding incentive adjustment) incentive adjustment). annual profile. template Additional Profit arising from Incentive Adjustment if met only analysis For each financial year include any Total Contract Price (including incentive adjustment) % of total cost additional profit arising from the incentive adjustment, if met. This is the Comments on above section maximum amount of profit resulting from Commentary on the above section here an adjustment determined under step 5 of Regulation 11. 02. QCR Template Only - Analysis of Cost by Supplier's Own Reporting Structure (all about 15) 0 Level 1 Total - Supplier Breakdown Linked to 1 Supplier breakdown line 1 breakdown 2 Supplier breakdown line 2 included on Provide an annual profile of the costs already incurred and the forecast costs which are 08. Price expected to be incurred. This should be split by the contractor's reporting structure. This is the supplier's reporting structure used for internal contract management. Using the data status flag indicate for each year whether those costs have been incurred, are forecast, or a combination of both.

10. Quarterly analysis of actuals/forecasts

The report requires a breakdown of costs already incurred and the forecast costs by reference to the calendar quarters of each of:

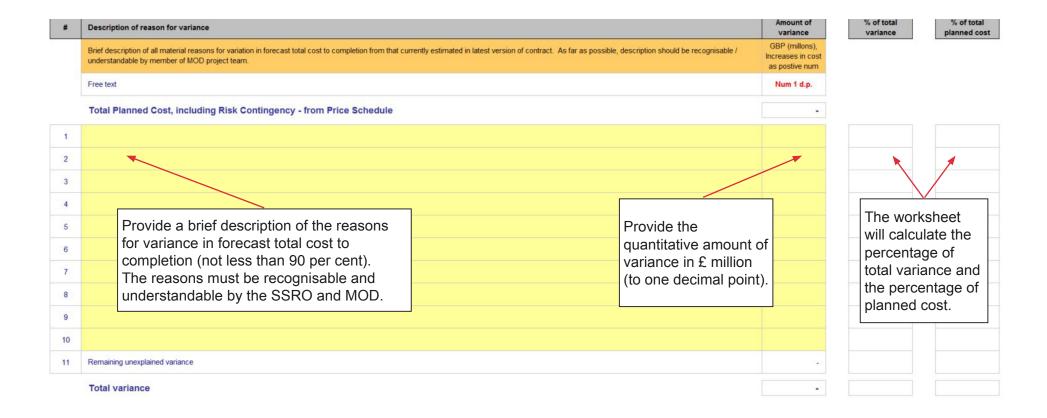
- the current financial year;
- · the previous financial year; and
- the next financial year.

These costs are to be split by the contractor's reporting structure. This is the breakdown of contract costs into categories used by the contractor for its own internal contract management purposes.



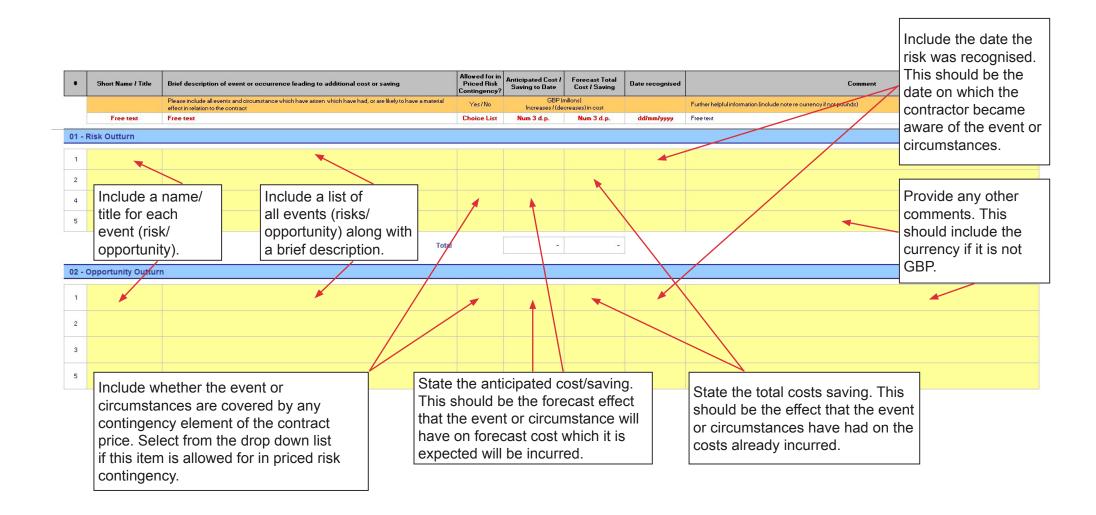
11. Variance analysis and commentary

The quarterly contract report 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.



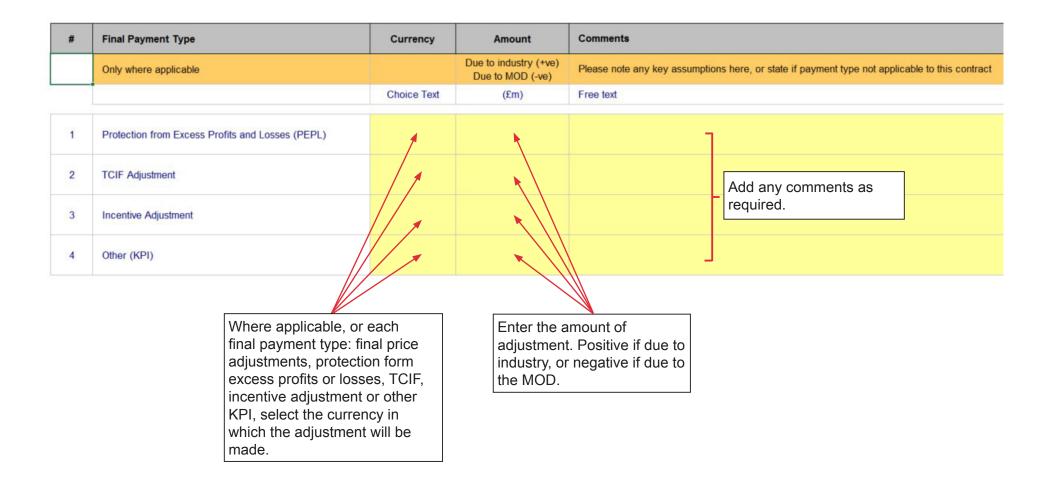
12. Risk (worksheet label is risk but the Regulations ask for information on events which can be risks and opportunities)

The quarterly contract report 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.



14. Final payments

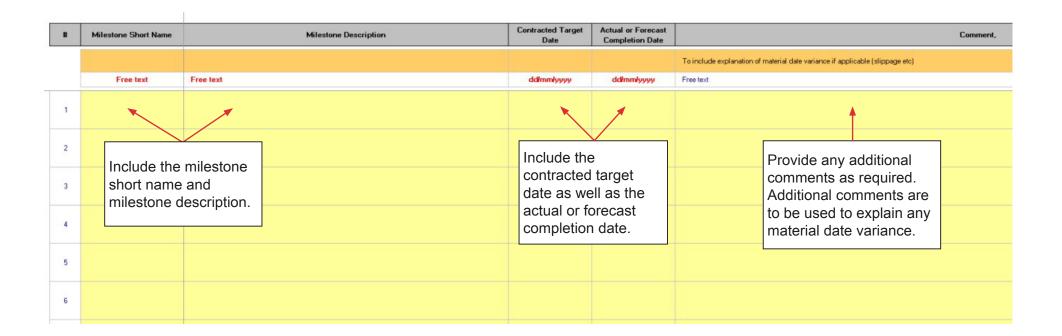
The quarterly contract report must also contain a forecast TCIF adjustment or any final price adjustment (Regulation 16) which the contractor expects will be made.



15. Contract delivery milestones

The quarterly contract report must also contain 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. It would be expected that there would be at least one milestone.

Examples of milestones include completion of sea/flying trails, completion of plans or design and delivery of the final product.



16. Sub-contracts

The quarterly contract report must also contain a description of actual or intended sub-contracts which the primary contractor has entered into, or intends to enter into, for the purpose of enabling it to perform its obligations under the qualifying defence contract. This should include the total proportion of the value of the qualifying defence contract which the primary contractor expects to sub-contract.

Each defence sub-contract required in this section must have a value not less than £1 million (or if there are more than 20 such sub-contracts, each of the 20 which have, or are expected to have, the highest value).

