

# **SSRO**

Single Source  
Regulations Office

## **Reporting guidance consultation**

1 July 2019

## 1. Introduction

- 1.1 The SSRO is consulting on proposed changes to its reporting guidance. The proposals are detailed in this document and the accompanying appendices.
- 1.2 The SSRO's guidance on the preparation and submission of reports is statutory guidance which helps contractors to meet their reporting requirements under the Defence Reform Act 2014 and the Single Source Contract Regulations 2014 (the Regulations). Regulation 22(9) requires a contractor to have regard to any relevant guidance issued by the SSRO when preparing contract reports. Regulation 33(8) requires the designated person to have regard to any relevant guidance issued by the SSRO when preparing supplier reports.
- 1.3 The SSRO regularly updates its reporting guidance to:
  - learn from operation of the regulatory framework, particularly feedback about preparing and submitting reports;
  - reflect the current Defence Contract Analysis and Reporting System (DefCARS) where functionality is regularly improved to reduce the reporting burden on contractors;
  - support any changes in the reporting requirements set out in the legislation; and
  - ensure reporting issues identified by contractors are addressed through new guidance.
- 1.4 This consultation document and supporting appendices have been issued to stakeholders and will be published on the SSRO's website. Section 4 addresses how feedback can be provided.
- 1.5 The SSRO's guidance proposals may in some cases require DefCARS development, which may in turn depend on funding being agreed by the MOD. Alongside its consultation on reporting guidance, the SSRO will seek an early view from the MOD as to whether it will support the associated DefCARS development.

## 2. Consultation topics

- 2.1 This section and the appendices detail proposed changes to the SSRO's reporting guidance. Consultation questions are included to guide feedback, but comments are welcome on any aspects of the proposals.

### **On-demand reports**

- 2.2 Regulation 30 provides for submission of on-demand reports, either in response to a written direction from the Secretary of State, or by agreement. The SSRO has developed guidance on how contractors can submit these reports using DefCARS in its current form. The proposed guidance is set out at Appendix 1.
- 2.3 DefCARS does not currently have unique functionality for submission of on-demand reports and the proposed guidance helps users to submit such reports using the existing contract report functionality. To submit an on-demand Contract Pricing Statement (CPS) or Contract Reporting Plan (CRP), contractors will need to submit a Contract Initiation Report (CIR), because DefCARS has merged submission of the three in initial reports into one CIR. In submitting the CIR, contractors will need to focus on the elements related to the on-demand CPS or CRP and will not need to action validation warnings related to the Contract Notification Report.

2.4 The SSRO is considering whether the submission of on-demand reports may be better facilitated by further developing DefCARS, for example by:

- having separate on-demand reports for the Contract Reporting Plan and Contract Pricing Statement; or
- developing a bespoke on-demand report that includes all data that can be required on-demand, with the facility for contractors to complete only the relevant parts.

2.5 We invite feedback on whether a more focused mechanism for on-demand reports should be developed in DefCARS and, if so, the preferred approach to achieving this. We expect that a new approach to on-demand reports in DefCARS would need auto-population and validation to work in a different way from how it is set up currently. Significant DefCARS development is likely to be required.

**The SSRO asks:**

- **Stakeholders to comment on the new on-demand report guidance at Appendix 1.**
- **Stakeholders to provide views on how the SSRO could improve the way on-demand reports are submitted in DefCARS.**

**Regulation 22 fields in Contract Cost Statement**

2.6 The Contract Cost Statement (CCS) is a free form report and is submitted as an attachment in DefCARS. Regulation 22 requires all contract reports to include a range of standard information and, at present, the CCS submission template includes only some of the standard information. Appendix 2 shows the regulation 22 requirements, with information that is not currently included in the CCS structure in DefCARS or the free form report shown in grey.

2.7 We propose adding the missing regulation 22 requirements into the CCS template in DefCARS. This will introduce consistency across the contract reports. It will allow the SSRO to better link the CCS to earlier reports relating to the same contract in the database. DefCARS will facilitate completion of the regulation 22 information by auto-populating it from previous reports. The contractor will need to check the accuracy of the auto-populated information, but the changes will make it easier for the regulation 22 reporting requirements to be met in CCS submissions.

**The SSRO asks:**

- **Stakeholders for their views on the proposed introduction of auto-populated Regulation 22 fields for the CCS (see Appendix 2).**

**Contract Completion Report Guidance**

2.8 Section 8 of the current reporting guidance on Contract Completion Reports (CCR) provides limited information for contractors. There are four short paragraphs and a list of the DefCARS pages that need to be completed (guidance paragraphs 8.1 – 8.4). The SSRO has developed more detailed guidance, as set out in Appendix 3, on which we invite feedback from stakeholders.

- 2.9 Many of the proposed changes mirror or improve the SSRO's guidance on the Quarterly Contract Report and the Interim Contract Report which were made following a review in 2018/19. Where improvements have been made to CCR guidance and are accepted by stakeholders, the corresponding change will be made in the QCR and ICR guidance to maintain consistency. There are DefCARS changes associated with the CCR reporting guidance which are explained in Appendix 6.
- 2.10 As part of future reporting guidance consultation documents, we will develop specific guidance relating to regulation 4(1) on identifying the contract completion date.

**The SSRO asks:**

- Stakeholders to comment on the proposed changes to guidance at Appendix 3.

**Compliance activities**

- 2.11 The SSRO has introduced compliance functionality to DefCARS, which enables the SSRO and MOD to raise issues against reports and contractors to respond. This facilitates a three-way dialogue between all parties. The SSRO is simultaneously reviewing its compliance methodology and issued a working paper for consultation on 1 July 2019.
- 2.12 Guidance on the compliance functionality in DefCARS was included in the reporting guidance in July 2018 (paragraphs 2.35 – 2.48). Based on feedback from DefCARS users and queries to the SSRO's helpdesk, we have reviewed the guidance and now propose updates to improve understanding of how the functionality works. The proposed guidance is set out at Appendix 4.

**The SSRO asks:**

- Stakeholders to comment on the proposed changes to guidance at Appendix 4.

**Removing comment fields from reporting guidance and DefCARS**

- 2.13 When DefCARS was developed into a web-based system in March 2017 its design was largely based around the Excel reports which contractors had been using since the regime was created in 2014. The Excel report design included specific 'comment boxes' that allowed contractors to make comments, if required. These 'comments boxes' were replicated in DefCARS. However, the web-based system also includes functionality that allows contractors to provide such comments against any data field in the system, via a pop-up window.
- 2.14 The SSRO is proposing to consolidate the approach to adding comments in reports. The reporting guidance currently explains two different approaches for contractors to add comments in DefCARS:
- a) a number of 'comment boxes' exist in DefCARS to specifically capture comments within some report pages; and
  - b) there is the capability to add comments in DefCARS on any page or data field via a pop-up window.
- 2.15 The SSRO proposes that all comments contractors wish to add should be added via the pop-up window (paragraph 2.134(b)). Contractors are now familiar with this way of adding comments to reports and may add information in a report as necessary. If the proposal is

accepted, then the ‘comment boxes’ would become unnecessary. The SSRO is therefore proposing to remove the ability to add comments via the ‘comment boxes’ in report pages in DefCARS and delete associated references from the reporting guidance.

- 2.16 The comments which contractors have submitted in reports will be retained and visible in these reports. If the change is implemented, the data in the ‘comment boxes’ will be auto-populated across to any correction report, although the data will not be editable. For new report submissions, ‘comment boxes’ will not be auto-populated and contractors will not be able to add information to these boxes. Appendix 5 identifies the ‘comment boxes’ which we propose to remove and changes to the reporting guidance.

**The SSRO asks:**

- Stakeholders to the proposals to remove comment boxes at Appendix 5.

**Presentational changes to guidance**

- 2.17 To improve user access and guidance navigation the SSRO proposes to split the exist reporting guidance into three separate documents as follows:
- a) guidance on preparation and submission of **contract reports**;
  - b) guidance on preparation and submission of **supplier reports**; and
  - c) guidance on how **DefCARS** operates.
- 2.18 Within documents (a) and (b) the SSRO would still wish to retain DefCARS user guidance alongside guidance on the preparation of reports, as it has received positive feedback about this structuring of the guidance. Document (c) would contain the information which is in Chapter 2 (general system functionality).
- 2.19 The proposed structure of the three documents is set out in Table 1 below with an indication of where the existing chapters would be transferred into the new suite.

**Table 1 – Presentational changes**

Guidance on preparation and submission of contract reports	Guidance on preparation and submission of supplier reports	Guidance on how DefCARS operates
<ul style="list-style-type: none"> <li>• Introduction (new)</li> <li>• Potential QDC and training feature (existing)</li> <li>• Overview of contract reports (existing)</li> <li>• Contract initiation report (existing)</li> <li>• Updating contract data – Quarterly Contract Report (existing)</li> <li>• Updating contract data – Interim Contract Report (existing)</li> </ul>	<ul style="list-style-type: none"> <li>• Introduction (new)</li> <li>• Training feature (existing)</li> <li>• Supplier reporting – General Information (existing)</li> <li>• Supplier reporting – Actual Rates Claim Report (existing)</li> <li>• Supplier reporting – Estimated Rates Claim Report (existing)</li> </ul>	<ul style="list-style-type: none"> <li>• Introduction (new)</li> <li>• General system functionality (existing)</li> <li>• Appendix 1 – Guidance on information security and system administration (existing)</li> <li>• Appendix 2 – DefCARS release features (existing)</li> <li>• Appendix 3 – Reporting guidance changes which relate to how DefCARS is used</li> </ul>

Guidance on preparation and submission of contract reports	Guidance on preparation and submission of supplier reports	Guidance on how DefCARS operates
<ul style="list-style-type: none"> <li>• Completion of a contract – Contract Completion Report (existing)</li> <li>• Completion of a contract – Contract Cost Statement (existing)</li> <li>• On-Demand Contract Reports (existing)</li> <li>• Appendix 1 – overview of reporting requirements (existing but split)</li> <li>• Appendix 2 – DPS glossary (existing)</li> <li>• Appendix 3 – DefCARS release features (existing but split)</li> <li>• Appendix 4 – Reporting guidance updates (existing but split)</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier reporting – QBU Cost Analysis Reports (existing)</li> <li>• Supplier reporting – Estimated Rates Agreement Pricing Statement (existing)</li> <li>• Supplier reporting – Rates Comparison Report (existing)</li> <li>• Supplier reporting – SME report (existing)</li> <li>• Supplier reporting – Strategic Industry Capacity Report (existing)</li> <li>• Appendix 1 – overview of reporting requirements (existing but split)</li> <li>• Appendix 2 – Glossary of terms for QBU Cost Analysis Reports (existing)</li> <li>• Appendix 3 – DefCARS release features (existing but split)</li> <li>• Appendix 4 – Reporting guidance updates (existing but split)</li> </ul>	

**The SSRO asks:**

- Stakeholders to provide any comments they may have on the proposed change.

### 3. Other changes to reporting guidance

3.1 The SSRO proposes some additional changes to reporting guidance. Appendix 6 sets out each proposed change with an explanation of why the change is considered necessary. Some changes will also have associated developments in DefCARS. We welcome stakeholder views on each of the proposed changes.

### 4. Consultation

4.1 The consultation period for these set of proposals is Monday 1 July – Friday 23 August. The Reporting and IT sub-group continues to be a key source of input to the SSRO's reporting

guidance and DefCARS and will be asked to provide early feedback on these proposals at their next meeting on Wednesday 10 July.

- 4.2 Consultation responses should be sent to **consultations@ssro.gov.uk**. There is no specified format for response. Feedback on the consultation process and the final changes the SSRO has decided to implement will be provided to the Reporting and IT sub-group at their meeting on 5 November 2019.

## 5. Next steps

- 5.1 The SSRO plans to publish version 7 of its reporting and DefCARS user guidance in the autumn of 2019. The intention is that version 8 will be published in the Spring of 2020. The content of each planned guidance update will depend on stakeholder feedback and the timing of any associated DefCARS development.
- 5.2 We intend to issue a second set of consultation papers in December 2019 dealing primarily with changes targeted at version 8 of the guidance. We are currently considering what will be included in the scope of the second set but topics included in the SSRO's current Corporate Plan were:
- a) the date a contract completes; and
  - b) update to guidance on the initial reports to ensure consistency with the recent updates of the QCR, ICR and CCR guidance.
- 5.3 We may need to modify these plans, depending on changes in the wider work programme and any other material changes, such as introduction of new Regulations.

## 6. Appendices

- 6.1 The following appendices set out the SSRO's guidance proposals for consultation:
- Appendix 1 – On-demand reports (see attached)
  - Appendix 2 – CCS Regulation 22 fields (see below)
  - Appendix 3 – Draft guidance on Contract Completion Reports (see attached)
  - Appendix 4 – Draft guidance on compliance activities (see attached)
  - Appendix 5 – Proposals to remove comment boxes from reporting guidance and DefCARS (see attached)
  - Appendix 6 – Other reporting guidance changes and any associated DefCARS development (see below)

**Appendix 2 – Contract Cost Statement Regulation 22 fields**

Grey rows indicate the proposed addition of fields to the DefCARS structure

<b>Reporting Requirement</b>	<b>Page</b>	<b>Field (grey rows are those fields not currently reflected in the CCS template in DefCARS)</b>
<b>22(2)(a)(i-iii)</b>	Report Submission Admin	Supplier Staff – Report Submitted by (Name, Position, Contact Details – Phone, Contact Details – Email)  Supplier Staff – Contact for Compliance/Penalty Notice Issues (Name, Position, Contact Details – Phone, Contact Details – Email)  MOD Staff – Individual responsible for managing the contract (Name, Position, Contact Details – Phone, Contact Details – Email)
<b>22(2)(b)</b>	Report Submission Admin	Date this report is due
<b>22(2)(c)</b>	Report Submission Admin	Date this report was submitted to MOD & SSRO
<b>22(2)(d)</b>	Contract	Contractor's Unique Reference Number for Contract
<b>22(2)(e)</b>	Contract	MOD's Unique Reference Number for Contract
<b>22(2)(f)</b>	Contract	Contract Title
<b>22(2)(g)</b>	Contract	Contract Description
<b>22(2)(h)</b>	Contract	Date Contract Entered Into
<b>22(2)(i)</b>	Contract	Contract Completion Date
<b>22(2)(j)</b>	Contract	Latest Pricing Amendment – Date  Latest Pricing Amendment – Contractor Reference ID  Latest Pricing Amendment – MOD Reference ID
<b>22(2)(k)</b>	Pricing Method Breakdown	All field on this page
<b>22(2)(l)</b>	Contract	Name of Business Unit
<b>22(3)(a)</b>	Supplier	Company Name  Company Number

Reporting Requirement	Page	Field (grey rows are those fields not currently reflected in the CCS template in DefCARS)
		Registered office address
22(3)(b)	Supplier	Trading as Name
22(3)(c)	Supplier	Is the company an SME?
22(3)(d)	Supplier	Immediate Parent Company (1,2 or 3) – Name, Registration Number, Registered Address

## Appendix 6 – Other reporting guidance changes and any associated DefCARS development

Proposed change	Reporting guidance change	DefCARS development
<p>To simplify adding a description of 'other' and specialist equipment lines in the defined pricing structure (DPS) in DefCARS, by reducing the number of steps a user has to take to input the information. The text entry box would be automatically opened when the relevant row is ticked in reports which require the DPS.</p>	<p>5.36 If the contractor has selected the 'Specialist Equipment' DPS, it should provide a descriptor for Level 1. The user can do so by ticking the Level 1 row and then <del>selecting the Edit button</del> <b>the text box opens automatically</b> and the user can add a description before submitting the text via the Submit button. The user must add the Level 1 descriptor before selecting the other DPS input rows as ticking the Level 1 row will remove ticks against any Level 2-4 rows. <b>Contractors can use the same process to provide a descriptor for Levels 2-4 where necessary.</b></p> <p>5.37 If the contractor has made use of the 'Other' lines, the user should provide explanations about what costs are included <del>via the Edit buttons. The relevant rows need to be ticked first to enable the Edit buttons.</del> <b>When the 'Other' selection is ticked, the text box opens automatically, and once the descriptive text is entered it can be submitted via the green 'Submit' button.</b></p>	<p>Yes</p>
<p>To issue an automatic notification email for Defence Contractor Administration Users within contracting companies when the SSRO or MOD add a new QDC or QSC to DefCARS.</p>	<p>Table 1 in Chapter 2 of the reporting guidance includes a list of all email notifications sent by DefCARS and will be amended to reflect this change with a new row as follows:  <b>Message category: New QDC or QSC added.</b>  <b>Event: A new QDC or QSC has been added to DefCARS.</b></p>	<p>Yes</p>
<p>To enable Administration Users to filter between active users and those whose accounts have been suppressed in DefCARS.</p>	<p>A new paragraph in Appendix 6 – Information security (note this appendix is only accessible via DefCARS) following 3.20: <b>"In the 'User Administration' section, Administration Users can filter the list of users between active and suppressed users."</b></p>	<p>Yes</p>
<p>To add a warning pop-up in DefCARS that makes clear that costs entered for 'Other' cost recovery rate</p>	<p>Amendment to Table 15:  Data required: Type of cost recovery rate</p>	<p>Yes</p>

Proposed change	Reporting guidance change	DefCARS development
types on the 'Cost Recovery rates' page do not flow through to the 'Cost Breakdown' page.	Guidance: The rate can be described as Labour, Labour and Overhead, Overhead or Other. If Other is used, please attach a supporting comment to define the cost recovery rate. <b>Note that costs for 'Other' cost recovery rate type on the Cost Recovery rates page do not flow through to the Cost Breakdown page. A warning pop-up will appear in DefCARS when 'Other' cost recovery rates are selected to indicate this.</b>	
To retain the inputs provided by the contractor in the CSA calculator in DefCARS when the final calculated % amount is overwritten. To add a validation warning to flag where the figure does not match the calculated amount.	<p>Amendment to Table 11, Chapter 5:</p> <p>"Data required: Step 6 – Capital Servicing Adjustment %</p> <p>Guidance:</p> <p>State the Capital Servicing Adjustment (CSA) agreed with the Secretary of State (QDCs) or contracting authority (QSCs) to add to or deduct from Step 5, to two decimal places.</p> <p>The SSRO provides an approach to calculating the CSA in its statutory guidance on the Contract Profit Rate. A CSA Calculator is provided in DefCARS to mirror the approach (see below for further details).</p> <p>Alternatively contractors can manually enter a % amount for the CSA. If the contractor had used the CSA Calculator, any manual overwrite <del>will delete the data entered into the calculator</del> <b>which does not match the calculated figure will generate a validation warning, and the contractor should consider providing supporting information to explain.</b></p> <p>If the contractor has chosen not to use the calculator (e.g. it might be necessary where a contract has come into the regime on amendment), the value entered should be supported by equivalent information on how it was calculated."</p> <p>New (non-mandatory) validation added to the 'DefCARS validation checks' document:</p> <p><b>"Validation rule: CSA % does not match calculated figure.</b></p> <p><b>Validation message: CSA % does not match calculated figure"</b></p>	Yes
To standardise currency data collection in the payments page, by having the same 'drop down list of	<p>Amendment to Table 21, Chapter 5, Table 31, Chapter 7 and CCR guidance (see Appendix 3).</p> <p>"Data required: Currency</p>	Yes

Proposed change	Reporting guidance change	DefCARS development
<p>currencies’ approach to that in the Assumptions – Exchange Rate page.</p>	<p>Guidance: State the currency in which the contract specifies the Secretary of State is to make payments. <b>The contractor should select the currency from the drop-down list. If Other is selected, please use the comments functionality to describe the currency.</b>”</p> <p>Note that the same guidance will be used for the ‘list of significant individual payments’ section of the tables and the ‘Annual Profile summarising all contracted payments’ section of the tables. Note that the currency line will be added to the ‘Annual Profile summarising all contracted payments’ section of Table 31.</p>	
<p>To make clearer what information is required and not required when providing information on variance, events and circumstances in DefCARS.</p>	<p>Table 26, Chapter 6, Table 30 Chapter 7, and CCR guidance (see Appendix 3) to amend one row as follows:</p> <p>Data required: Brief description of event or circumstance or cause of variance.</p> <p>Guidance: Where the contractor has selected ‘Cause of Variance’ in the third column they should only describe a cause of variance which they will report a variance against. <del>Once this field is completed the contractor can leave the two fields in the row blank</del> <b>that do not need to be completed</b> (as these are related to reporting of events and circumstances) <b>will not be editable</b>.</p> <p>Where the contractor has selected ‘Event or Circumstance’ or <del>‘Both’</del> in the third column their description should explain the event or circumstance they are reporting. <del>When reporting an ‘Event or Circumstance’ or ‘Both’ the next four fields in the row need to be completed.</del> <b>When just reporting an ‘Event or Circumstance’ fields that are not required (as they relate to reporting a Cause of Variance) will not be editable. All fields will be editable when ‘Both’ is selected in the third column.</b></p>	<p>Yes</p>
<p>Additional guidance on how to add, edit and delete sub-contracts</p>	<p>New paragraph after 5.63, 6.46, 7.43 and CCR guidance (see Appendix 3)</p> <p><b>Sub-contracts can be added by clicking on the blue + icon, can be edited using the green icon and can be deleted using the red icon.</b></p>	<p>No</p>
<p>Ability to copy and paste for key deliverables.</p>	<p>Additional bullet under paragraph 2.15:</p> <ul style="list-style-type: none"> <li><b>Key deliverables – CIR, ICR, CCR.</b></li> </ul>	<p>Yes</p>