

SSRO

Single Source
Regulations Office

User Guide for QBU Actual Cost Analysis Report

Introduction

1. Introduction

- 1.1 This document is issued by the Single Source Regulations Office (SSRO) and sets out guidelines to assist contractors when completing the SSRO statutory required reports for qualifying defence contracts and qualifying sub-contracts.
- 1.2 The statutory requirement for reporting is outlined in the Defence Reform Act 2014 (the “Act”) and defined in the Single Source Contract Regulations 2014 (the “Regulations”).
- 1.3 Regulation 35(1) defines the need for the designated person to provide a qualifying business unit actual cost analysis report for each qualifying business unit (QBU) in that relevant financial year.
- 1.4 In the case of a pricing QBU, Regulation 35(2) requires that the report must be provided with the actual rates claim report for that pricing QBU for that relevant financial year.
- 1.5 The Secretary of State may, by written notice, require the designated person to provide a further QBU actual cost analysis report for any one or more QBU for the relevant financial year. Only one further QBU actual cost analysis report for any one QBU may be requested in a relevant financial year.

2. Reporting Timeline

- 2.1 The report must be provided three months after either of (whichever is the later):
 - (1) The end of the relevant accounting period, or
 - (2) The date on which the ongoing contract condition was first met in relation to the relevant financial year;or
- 2.2 A date agreed between with the Secretary of State and the designated person, which is within three months after the end of the periods described above.
- 2.3 If a report is required by written notice (see paragraph 1.5 above) it must be provided within one month of receiving the notice.

3. General Guidance for completing report templates

- 3.1 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 contents of requirements of the reporting template and links to each worksheet within the spreadsheet.
- 3.4 If applicable, the “View all worksheets” cell on the home worksheet will contain a list of all reports that can be completed from that template. Select the appropriate report for the drop down list.

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>

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3.5 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 validation test

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

- (1) Choice List – Select the appropriate answer from the drop down list
- (2) Free text – text/numbers
- (3) Date – Follow the date format specified
- (4) Number – Provide the number rounded to the number of decimal places specified.

3.7 Each worksheet has a sequential number. Where possible, complete worksheets in the prescribed order, with the exception of 01.02 under Report Submission Admin. Some worksheets will drive calculations in subsequent worksheets. This guidance follows the order contained within the templates and as specified in the regulations.

3.8 **All financial information is to be provided in GBP millions unless stated otherwise.**

3.9 Complete all required information on the template before submission

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

3.11 If you encounter any problems or have any questions regarding the report templates or user guides, contact helpdesk@singlesourceregulationsoffice.gov.uk (email address to be set up).

00 - Report Submission Admin

This worksheet shows basic information for the contract submission, including dates, people, and other general comments relevant to the QBU actual costs analysis report, as specified in section 33 (1) of the Regulations.

01.01 - Dates

01.01 As prompted, fill in the box stating the date the report is required by. Input the date in the format dd/mm/yyyy. Insert any comments relating to the deadline date in the free text comments box.

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01.02 Before submitting the report, fill the box with the date the report was submitted to MOD and SSRO. If you have any comments relating to the submission date input them 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 Also include contact details for the individual to be notified if there are any compliance issues with the submitted report. Include, name, position, phone number and email address for the individual.

01.03 - Other

03.01 Insert the financial year the report relates to in the format yyyy/yy. e.g. 2014/15

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

01.04 - General Guidance on template completion

04.01 This section provides you with contact details for SSRO to raise any issues completing the report template.

01 – Business Unit

Under Regulation 33 (2), a QBU actual cost analysis report must provide details of the QBU. The necessary information has been included in the report template and is detailed below.

01 – Reporting Business Unit – Basic Reference Date

02.01 As prompted, include the name of the reporting business unit.

02.02 Include the reporting business unit address. This must be the address to which correspondence is sent. Under this section include the building name/number and the street/road name.

02.03 Include the town/city of the business unit.

02.04 Include the county/region of the reporting business unit.

02.05 Include the country of the reporting business unit.

02.06 Include the post code or zip code of the reporting business unit.

02.07 Include the date of the last day of the most recently completed financial year for the QBU. This date must be expressed in the format dd/mm/yy

02.08 State the name of the principal parent company or the company with the greatest % share in the business unit

02.09 State the registered company number of the principal parent or the company with the greatest % share in the business unit. If equal shares, provide company name and number of additional companies in 2.10 “other relevant information”

02.10 Provide any other relevant information in relation to the reporting business unit

02 – Last Year Prior Estimate

- 1) Regulation 35(8) stipulates that if a QBU estimated cost analysis report was required for the QBU in relation to the financial year immediately preceding the relevant financial year, the report must contain—
 - a) the costs analysis information as estimated in the previous report; and
 - b) an explanation of any difference between the costs analysis information as estimated in the previous report and the costs analysis information in this report.
- 2) On the worksheet enter the prior estimates in £'000s. Each cost type must be attributed to each business function e.g. revenue & stock changes, people / payroll, production, premises, selling & marketing, general & admin, as well as any other areas.
 - 1) Enter the profit before tax.
 - 2) Input the adjustments for revenue inventory or non-labour direct costs.
 - 3) Enter direct labour and indirect production cost.
- 3) Provide a functional analysis of direct labour and indirect production cost. The analysis must be split into the following functions:
 - Production
 - Design engineering
 - Site services
 - Purchasing
 - Sales
 - Finance
 - HR
 - IT
 - Legal/ Contractual
 - BU "HQ" / Other
- 4) Enter the adjustments made by removing disallowed costs and include a positive or negative adjustment for net timing differences.
- 5) As part of the recovery method section remove costs recovered directly from the business unit / contracts.
- 6) Enter the cross reference in case you provide explanatory notes in the explanatory Notes section below the table.
- 7) Any other general comments must be included in the general comments section.

03 – Last Year Actuals

- 1) As set out in Regulation 35(8)(a), the total actual costs incurred by the QBU must be analysed against the information estimated in the previous report. This section follows the same format set out in 02 Last Year Prior Estimates.
- 2) On the worksheet enter the actuals for the relevant accounting period in £'000s. Each cost type must be attributed to each business function e.g. Revenue & Stock Changes, People / Payroll, Production, Premises, Selling & Marketing, General & Admin, as well as any other areas.

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- 1) Enter the profit before tax.
- 2) Input the adjustments for revenue inventory or non-labour direct costs.
- 3) Enter direct labour and indirect production cost.
- 3) Provide a functional analysis of direct labour and indirect production cost. The analysis must be split into the following functions:
 - Production
 - Design engineering
 - Site services
 - Purchasing
 - Sales
 - Finance
 - HR
 - IT
 - Legal/ Contractual
 - BU "HQ" / Other
- 4) Enter the adjustments made by removing disallowed costs and include a positive or negative adjustment for net timing differences.
- 5) As part of the recovery method section remove costs recovered directly from the Business Unit / Contracts.
- 6) Enter the cross reference in case you provide explanatory notes in the Explanatory Notes section below the table.
- 7) Any other general comments must be included in the general comments section.

04 – Last Year Variance

As required under Regulation 35(8)b, an explanation of any difference between the costs analysis information as estimated in the previous report and the costs analysis information in this report must be provided.

The worksheet auto populates from the previous two worksheets.

Provide commentary explaining material variances between actual and prior estimate.

07 – Headcount

Regulation 35(7)(b) requires an analysis of staffing costs relative to business function.

In accordance with Regulation 33(3) where a report requires an analysis of staffing costs, this must include:

- The total number of employees
- The proportion of the cost of employing those employees recovered through cost recovery rates, and the proportion recovered through direct costs.
- The total number of contractors

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- The proportion of the cost of engaging those contractors recovered through cost recovery rates, and the proportion recovered through direct costs.

The proportion of the cost of employing those employees and of engaging contractors recovered through cost recovery rates, and the proportion recovered through direct costs is covered in item 01 People/Payroll in worksheets 02-Lastyear-Prior Est and 03-Last Year Actuals.

This worksheet enables entry of the employee and contractor numbers and requires you to input the estimates as well as actuals for the relevant accounting period.

- 1) The information must be split into permanent staff and consultants / contractors. Provide estimates and actuals for the relevant financial year as well as estimates for the preceding financial year.
- 2) For permanent staff and consultants / contractors – enter direct and indirect staff numbers for each business function. For permanent staff also provide the annual total new joiners and the annual total leavers.
- 3) Explain the variances between estimates and actuals in the Commentary on Variance section and provide a cross reference for each variance. Only provide an explanation of any difference between the cost analysis information as estimated in the previous report and the costs analysis information in this report.

08 – Activity Costs

Section 35(7)(a) requires the activity costs for each type of cost. In the workbook enter costs for the following activities:

- Bids and Proposals
- Research and Development
- Training
- IT
- Restructuring and Reorganisation
- Special Projects
- Cost saving initiatives

Include:

- 1) Estimated costs for the preceding financial year;
- 2) Actual costs for the relevant financial year;
- 3) An explanation of any variance of the above;

Include any other general comments in the comment box provided below the table.

Estimates for the relevant financial year and variance analysis between this and actuals are not required for this report.

09 – Revenue

As stipulated in 35(7)(c) you must provide a quantified analysis of the total actual revenue for the QBU, presented in the following categories:

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- Revenue from any qualifying defence contract
- Revenue from any qualifying sub-contract;
- Revenue from any other defence contract. This can include:
 - a Single Source MOD contract under the new Regulations;
 - a Single Source MOD contract under legacy regulations; and
 - a Competitive MOD Contract.
- Any other non-MOD revenue.

Provide:

- 1) the prior estimate for the preceding financial year;
- 2) the actual for the relevant financial year;
- 3) any commentary on the variance between the two;

Include any other general comments in the comment box provided below the table.

Estimates for the relevant financial year and variance analysis between this and actuals are not required for this report.

11 – Recovery Base

As per Regulation 35(7)(d) you must provide actual values for all cost recovery bases that have been used to calculate the cost recovery rates which have been calculated for that QBU and for which a claim relating to the relevant accounting period has been or will be made.

11.1 Primary Recovery Bases

- 1) Include the measure for the agreed recovery base.
- 2) Enter the units of the recovery base.
- 3) Provide prior estimate of the recovery base for the preceding financial year.
- 4) Provide the actual of the recovery base for the relevant financial year.
- 5) Include comments on the variance between estimated and actual recovery base.

Include any other general comments in the comment box provided below the table.

Estimates for the relevant financial year and variance analysis between this and actuals are not required for this report.

11.2 Secondary Recovery Bases

Provide the same information as for 11.1.

12 – Agreed Rates

Regulation 35(7)(e) requires you to provide the actual values for the cost recovery rates. Information must be provided in GBP.

- 1) Include the rate type.
- 2) Enter the rate name and description.
- 3) Provide prior estimate of the cost recovery rate for the relevant financial year.
- 4) Provide the actual of the cost recovery rate for the relevant financial year.
- 5) Include comments on the variance between estimated and actual cost recovery rate.
- 6) Insert the estimate cost recovery rate for the preceding financial year.
- 7) Provide comments on the planned change to the cost recovery rate.
- 8) Include a forward trend for the following three years financial year.

Include any other general comments in the comment box provided below the table.

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