

RM3820: Spend Analysis & Recovery Services 2 (SARS2)

Commencement date: 16/01/2018

Expiry date: 15/01/2022

Customer Guidance Notes



Introduction

This document has been written to help public sector organisations to use this agreement more easily and to better understand the services that are available.

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The background to this agreement

In 2012, Cabinet Office estimated that £100M of public money could be recovered in overpayments if all Central Government Departments performed a spend recovery audit. At the time, this assessment was supported when the Home Office and the Department for Transport identified £4.5M in overpayments on duplicate or erroneous invoices.

The CCS response was to establish the Spend Analysis and Recovery Services (SARS) framework agreement. RM3820 is now the second iteration of the SARS framework agreement and continues the work of its predecessor with increased supply, opportunity and specialism. At the time of writing (February 2020) public sector organisations have used CCS SARS to recover over £16.5M in overpayments since the service was offered in 2013.

This framework agreement is available for all public sector organisations to use, including but not limited to: Central Government Departments and their arm's length bodies (ALBs), education and higher-education sector, housing associations, NHS trusts, local authorities and charities. If you are unsure if you can use this framework agreement, please contact our customer service centre for further guidance.

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SARS, and why you should be using this agreement

What is SARS?

What SARS offers is a service where our recovery specialists take a forensic look at your organisation's expenditure over a given period of time. SARS suppliers will seek to identify areas where overpayments to your suppliers have been made. They will then contact those suppliers and recover that overpayment in a discrete, professional manner.

How do I know if I need this service?

Overpayments occur in all organisations, whatever their size. They can happen because of a number of factors, for example:

- Organisational restructure, such as a merger or acquisition
- Staff turnover
- Change or replacement of systems; or Human error.

It is estimated that between 0.1-0.3% of best practise accounts payable functions are erroneous. Third party audits are commonplace in the private sector and our suppliers work with many well-known household names.

The benefits of using this agreement

- SARS is costed on a **NO-WIN-NO-FEE** basis, with the supplier taking an agreed % of the recovered amount as their fee. This means you won't be charged anything unless the supplier is successful in recovering you money.
- SARS is **RESOURCE-LIGHT**. Our suppliers do all of the work, including data analysis, identification and verification, and recovery. All they require from you is permission to extract the data needed for the initial review.
- SARS offers **FUTURE SAVINGS** as well as past recoveries. By correcting billing and tariff errors and recommending areas where your organisation can make further cost savings, suppliers deliver benefits that go beyond simply recovering overpaid sums.
- You're following **BEST PRACTISE** as directed by the HM Treasury. HM Treasury guidance is that "overpayments in business transactions should always be pursued irrespective of cause". Even if the recovery values are lower than expected, suppliers provide an independent third party validation supporting the robust nature of your accounts payable.
- **UNBUDGETED FUNDS**. Suppliers deliver real cashable funds back to the customer organisation that, in many cases, they didn't realise they had lost.

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What services are available from this agreement?

The framework has been divided into 7 different service areas (lots). These are explained below:

- Lot 1: Statement Transaction Review
- Lot 2: End-to-End Review
- Lot 3: Contract Compliance Audit (Utilities)
- Lot 4: Contract Compliance Audit (Telecoms / Mobiles)
- Lot 5: Contract Compliance Audit (Contingent Labour / Agency Staff)
- Lot 6: Contract Compliance Audit (VAT)
- Lot 7: Contract Compliance Audit (Property / Rental Review)

Each individual framework lot is described below in more detail.

Lot 1: Statement Transaction Review

The statement transaction review is a reconciliation of your ledger spend with statements of account provided by your suppliers. The purpose of the review is to identify and recover any credit balances or payments that have not been allocated by the supplier to a recognisable purchase. This service helps to reconcile your ledgers with your suppliers' accounts and can reclaim significant funds back to your organisation's budget.

Lot 2: End-to-End Review

Similar to an accounts payable review or a purchase ledger review.

The end-to-end review includes:

- The Statement Transaction Review (see lot 1 above)
- A Payment Error Review, to identify any incorrect or duplicated payments made to your suppliers
- A transactional VAT review: to check for overpayments of VAT that can be reclaimed
- A generic contract compliance review to check you have received the full value of negotiated contractual benefits from your suppliers.

Lot 3: Contract Compliance – Utilities Review

A forensic look at your organisation's spend on utilities (gas, water and electricity). Suppliers will be able to analyse all areas of the utility invoice to ensure that costs of generation, distribution, taxes and environmental costs, metering and usage are correct.

Audits can go back as far as 6 years, although customers determine the scope of the audit, making it as broad or as specific as required.

Lot 4: Contract Compliance – Telecoms Review

Lot 4 suppliers will review your whole telecoms estate, looking at voice, data and wireless services. The review will gather billing data from your suppliers, analyse usage and perform site surveys if necessary. The review will seek to identify areas of overspend or opportunities for cost saving looking at all areas, including under-used or redundant services, incorrect billing, tariff and usage analysis and any other opportunities for cost saving.

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Lot 5: Contingent Labour Review

Suppliers on Lot 5 perform a review of your organisational spend on agency and contingent labour employees. Lot 5 Suppliers will review hourly rates, grades and charges, as well as timesheets and hours worked and will look for anomalies in supplier charges or outgoing payments that may have resulted in your organisation having missed, miscalculated or having overpaid for agency labour.

Lot 6: VAT review

Suppliers on Lot 6 are VAT specialists and are able to provide specialist VAT advice for your organisation, helping you to take advantage of unclaimed or under-claimed VAT and avoid penalty fees for VAT non-compliance. Suppliers will review your supplier invoices and payment ledgers and will look for, identify and investigate any VAT anomalies including, but not limited to: incorrect classifications, incorrect VAT rates or instances where VAT has not been identified.

Lot 7: Property Review

With the help of chartered surveyors, Lot 7 provides an analysis of your estate lease and rental charges, VAT charges, and insurance payments, identifying any overpayments on property expenses.

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Our suppliers

The table below lists the suppliers on the agreement and which lots they have a framework agreement to provide services for:

Supplier name	No. of Lots	Lot 1	Lot 2	Lot 3	Lot 4	Lot 5	Lot 6	Lot 7
Audit Partnership Ltd.	4	Y	Y			Y	Y	
Axiom Utilities Ltd.	1			Y				
Baker Tilly Tax and Accounting Ltd.	1						Y	
BDO LLP	1		Y					
Berthold Bauer VAT Consultants Ltd.	1						Y	
Bramble Hub Ltd.	1		Y					
Caatalyst UK Ltd.	3	Y	Y				Y	
Chain IQ UK Ltd	3	Y	Y		Y			
Deloitte LLP	3		Y			Y	Y	
Information Services Group Europe Ltd.	1				Y			
Liaison Financial Services Ltd.	3	Y	Y				Y	
Meridian Cost Benefit Ltd.	7	Y	Y	Y	Y	Y	Y	Y
Michael Jon Associates Ltd.	1					Y		
Neuven Solutions Ltd.	1					Y		
Professional Cost Management Group Ltd.	2			Y	Y			
Rockford Associates Ltd.	3	Y	Y				Y	
Twice2Much Ltd.	3	Y	Y				Y	

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Awarding a call off agreement on SARS

Customers can choose between two procedures when awarding a call off agreement on SARS, direct award or further competition. Both of these methods are explained below and have a defined procedure that customer should follow and which is documented in the terms of the framework agreement.

Direct award: How to directly award a call off agreement on SARS

It is not necessary for customers to conduct a further competition in order to award a call off agreement on SARS. Customers may directly award their call off agreement to the supplier they identify as offering the best value solution.

When directly awarding a call off agreement, customers should follow the direct award procedure for this framework agreement outlined below:

- Step 1:** Develop a clear Statement of Requirements (SoR). The written SoR will be included in the call off contract that you award to your chosen supplier and provides a contractual record of the services required.
- Step 2:** Review the framework specification of services. The specification is available for download from the 'Documents' section of the framework [web page](#). Using the specification, identify which framework lot best accommodates the services required in your SoR.
- Step 3:** Contact CCS at info@crowcommercial.gov.uk and request the **Framework Prices** and the **Customer Direct Award Guidance Notes** for the framework lot you wish to use.
- Step 4:** Price Evaluation: using the Framework Prices, identify the supplier offering the lowest price in your chosen framework lot.
- Step 5:** Quality Evaluation: review the supplier method statements contained in the Customer Direct Award Guidance Notes for your chosen lot. Evaluate the method statements provided.
- Step 6:** Once you have made a decision, notify the supplier of your decision and send them a copy of your completed call off order form. There is no need to notify unsuccessful suppliers in a direct award scenario.

There are two call off order form versions that you can use when directly awarding a call off contract. The Short Order Form and the standard longer version. Both versions can be downloaded from the framework [web page](#).

- Step 7:** Once the signed call off agreement has been received, add your countersignature and return a copy to the supplier for their records. Contract services can now begin.

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When directly awarding a call off agreement it is important to remember that:

1. Suppliers cannot change their prices. You will be charged the standard framework prices rather than quotes bespoke to your requirement
2. You must use the standard call off terms without amendment. You cannot add service levels or credits, change liabilities or request additional insurances or request proof of industry standards above what has been requested as standard for the framework agreement.

Further competition: How to conduct a further competition on SARS

What is a further competition?

Further competition (a.k.a. mini-competition) describes the process of re-opening competition and testing all framework suppliers again to identify the best value provider specifically for your requirement.

In a further competition scenario, suppliers may construct a bespoke price for your requirement which may be equal to, or lower than, the standard framework prices. Suppliers are not permitted to price above the standard framework prices.

Further competitions on SARS should be evaluated on a mixture of quality and cost. Quality can be given a weight of between 80-60%; cost should be given a weighting of between 20-40%.

The further competition process

When competing a call off opportunity, customers should follow the further competition procedure for this framework agreement outlined below:

- Step 1:** Define a Statement of Requirements (SoR): our SoR should explain in detail what services are in scope of the contract and should contain a detailed description of what is required.
- Step 2:** Review the framework specification of services and identify the framework lot that best accommodates your requirements. The specification can be downloaded from the Documents section of the framework [web page](#). If you are in doubt over which lot to use, please contact CCS for advice.
- Step 3:** Download and complete a copy of the Call Off Order Form. It is important to complete as much of the call off order form before commencing your competition because amendments to KPIs, standards, additional clauses or payment terms may affect the prices suppliers are able to offer.
- Step 4:** The further competition: formally invite the framework suppliers on your chosen lot to bid for your call off contract. Invitations should be sent in writing by email or via an eSourcing system. Set a time limit for receipt of tenders which takes into account factors such as the complexity of the requirement. There is no hard-and-fast rule for how long suppliers should be given to respond to a call off competition but CCS usually advise between 6-8 weeks from the competition start to award.

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- Step 5:** Evaluation: Apply the further competition evaluation criteria to the compliant tenders received (Quality = 80-60%; Cost = 20-40%).
- Step 6:** Notification: Once you have identified the bid that offers the most economically advantageous tender, contact the successful supplier to inform them of your decision. Sample outcome letters are available for download from the Documents section of the framework [web page](#).
- Step 7:** Award: re-send the successful supplier a copy of your competed call off order form and terms for signature. Countersign a copy of the signed order form once received and return it to the supplier for their records.

What has already been assessed by CCS at tender stage?

We have included here a breakdown of what CCS has already evaluated at framework tender to help you avoid duplication at call off competition.

- Data security:** All suppliers were asked to demonstrate the approach that they would take to ensure the secure handling and disposal of data, and their processes for dealing with and mitigating a breach of data security.
- Contract examples:** Suppliers were required to provide contract examples for every lot they were bidding for. Contract examples had to reflect the services available from the lot they were bidding for and were provided as proof of the supplier's technical capability.
- Cyber Essentials:** All suppliers on the CCS SARS framework have all provided evidence of Cyber Essentials compliance.
- Insurances:** All suppliers on the CCS SARS framework are required to provide proof to CCS of the following mandatory insurance policies:
- Employer's Liability Insurance: £5,000,000 minimum value
 - Public Liability Insurance: £1,000,000 minimum value
 - Professional Indemnity Insurance: £1,000,000 minimum value

Contact CCS if you would like to see the questions that suppliers were required to respond to at Selection and Award stage of this framework agreement.

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Contact CCS

If you would like more information about the framework, our case studies or if you would like to discuss your requirement with a member of the team, please contact CCS on

info@crowncommercial.gov.uk.