

DoD 5000.04-M-1



Cost and Software Data Reporting (CSDR) Manual

April 18, 2007

Cost Analysis Improvement
Group



OFFICE OF THE SECRETARY OF DEFENSE
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FOREWORD

This Manual reissues DoD 5000.4-M-1 (Reference (a)) pursuant to the authority of DoD Directive 5000.04 (Reference (b)) and DoD Instruction 5000.2 (Reference (c)). It cancels the interim guidance established in a February 20, 2004, memorandum from the Director, Program Analysis and Evaluation (Reference (d)).

This Manual serves as the primary requirements document for the development, implementation, and operation of the contractor cost data reporting (CCDR) and software resources data reporting (SRDR) systems, collectively referred to as the cost and software data reporting (CSDR) system. It provides background information and detailed requirements for implementing the mandatory CCDR and SRDR policies established in References (b), (c), and DoD 5000.4-M (Reference (e)). It also prescribes procedures and instructions that DoD stakeholders in the CCDR and SRDR processes must follow.

The procedures in this Manual apply to the Office of the Secretary of Defense (OSD), the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter referred to collectively as the "DoD Components").

The requirements in this Manual ensure that the data reported through the CSDR system are accurate and consistent and are quickly made available to DoD cost and software estimators.

Refer any questions, comments, or suggestions about this Manual to the Defense Cost and Resource Center (DCARC) via the DCARC Web site at <http://dcarc.pae.osd.mil>.

A handwritten signature in black ink, appearing to read "R. P. Burke".

Richard P. Burke
Chairman
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REFERENCES

- (a) DoD 5000.4-M-1, "Contractor Cost Data Reporting (CCDR) Manual," April 16, 1999 (hereby canceled)
- (b) DoD Directive 5000.04, "Cost Analysis Improvement Group (CAIG)," August 16, 2006
- (c) DoD Instruction 5000.2, "Operation of the Defense Acquisition System," May 12, 2003
- (d) Director, Program Analysis and Evaluation Memorandum, "Interim Guidance on Contractor Cost Data Report (CCDR) and Software Resources Data Report (SRDR) Manuals," February 20, 2004¹
- (e) DoD 5000.4-M, "Cost Analysis Guidance and Procedures," December 11, 1992
- (f) Military Handbook 881 (current version), "Work Breakdown Structures for Defense Materiel Items," July 30, 2005²
- (g) Data Item Description DI-FNCL-81565, "Cost Data Summary Report" (DD Form 1921), current version³
- (h) Data Item Description DI-FNCL-81566, "Functional Cost-Hour Report" (DD Form 1921-1), current version⁴
- (i) Data Item Description DI-FNCL-81567, "Progress Curve Report" (DD Form 1921-2), current version⁵
- (j) DoD 8910.1-M, "Department of Defense Procedures for Management of Information Requirements," June 30, 1998
- (k) "Software Resources Data Reporting: Initial Government Report," SRDR Sample Format 1 and Instructions, current version⁶
- (l) Data Item Description DI-MGMT-81739, "Software Resources Data Reporting: Initial Developer Report and Data Dictionary," SRDR Sample Format 2 instructions, current version⁷
- (m) Data Item Description DI-MGMT-81740, "Software Resources Data Reporting: Final Developer Report and Data Dictionary," (SRDR Sample Format 3 instructions, current version⁸
- (n) DoD Directive 5000.1, "The Defense Acquisition System," May 12, 2003
- (o) Federal Acquisition Regulation, current edition⁹
- (p) Defense Federal Acquisition Regulation Supplement, current edition¹⁰

¹ Available at <http://dcarc.pae.osd.mil/>

² Available at <http://dcarc.pae.osd.mil/>

³ Available at <http://assist.daps.dla.mil/quicksearch/>

⁴ Available at <http://assist.daps.dla.mil/quicksearch/>

⁵ Available at <http://assist.daps.dla.mil/quicksearch/>

⁶ Available at <http://dcarc.pae.osd.mil>

⁷ Available at <http://assist.daps.dla.mil/quicksearch/>

⁸ Available at <http://assist.daps.dla.mil/quicksearch/>

⁹ Available at <http://www.arnet.gov/far>

¹⁰ Available at <http://akss.dau.mil/servlet/ActionController?screen=Policies&Organization=4>

- (q) Defense Contract Audit Agency (DCAA) Manual 7640.1, “DCAA Contract Audit Manual (CAM),” Volume 2, continuously updated¹¹
- (r) Defense Contract Management Agency (DCMA) Information Memorandum 030222, “CCDR and Contractor Purchasing System Reviews (CPSRs),” April 25, 2003¹²
- (s) Data Item Description DI-MGMT-81334, “Contract Work Breakdown Structure,” current version¹³

¹¹ Available at <http://www.dcaa.mil/cam.htm>

¹² Available to registered users at <http://www.dcms.mil>

¹³ Available at <http://assist.daps.dla.mil/quicksearch/>

ABBREVIATIONS AND ACRONYMS

ACAT	acquisition category
ASSIST	Acquisition Streamlining and Standardization Information System
CAC	Common Access Card
CAIG	Cost Analysis Improvement Group
CARD	Cost Analysis Requirements Description
CCD	contractor cost data
CCDR	contractor cost data reporting
CDRL	Contract Data Requirements List
CSD	cost and software data
CSDR	cost and software data reporting
CWBS	contract work breakdown structure
CWIPT	Cost Working-Group Integrated Product Team
DACIMS	Defense Automated Cost Information Management System
DAB	Defense Acquisition Board
DCAA	Defense Contract Audit Agency
DCARC	Defense Cost and Resource Center
DCMA	Defense Contract Management Agency
DID	data item description
EAC	estimate at completion
EVM	earned value management
FFRDC	Federally Funded Research and Development Center
FPR	forward pricing rate
GFE	government-furnished equipment
ICE	Independent Cost Estimate
MD	materiel developer
MYP	multiyear procurement
OIPT	Overarching Integrated Product Team
OSD	Office of the Secretary of Defense
OUSD(AT&L)	Office of the Under Secretary of Defense (Acquisition, Technology and Logistics)
PAM	project applicability matrix
PD&D	product design and development
PM	program manager
RDT	resource distribution table
RFP	request for proposals
SE	systems engineering
SE/PM	systems engineering and program management
SRD	software resources data
SRDR	software resources data reporting
ST&E	system test and evaluation
UCA	undefinitized contractual action

WBS	work breakdown structure
XML	Extensible Markup Language

C1. CHAPTER 1

INTRODUCTION AND BACKGROUND

C1.1. INTRODUCTION

C1.1.1. This Manual, developed jointly by the Office of the Secretary of Defense (OSD) and the Military Components with industry participation, implements the mandatory cost and software data reporting (CSDR) policies contained in References (b), (c), and (e). It is the primary source of information about operation and use of the CSDR system, the two principal components of which are contractor cost data reporting (CCDR) and software resources data reporting (SRDR).

C1.1.2. The processing procedures and business rules in this Manual result largely from the ongoing joint efforts of the Department of Defense and industry stakeholders under the leadership of the Defense Cost and Resource Center (DCARC) to reengineer the former CCDR process and develop the new SRDR process. The DCARC's focus is on improving the quality, utility, and availability of the data for the purposes of estimating costs.

C1.2. BACKGROUND AND PURPOSE

C1.2.1. A system for accumulating actual contractor costs is necessary for the Department of Defense to analyze costs efficiently and effectively. Actual cost experiences on past and current acquisition programs form the basis of projections of the costs of current and future systems. Actual costs are essential in developing credible cost estimates on which to base appropriate levels of funding.

C1.2.2. CSDR is the DoD system for collecting actual costs and related business data. The resulting repository serves as the primary contract cost data repository for most DoD efforts to estimate cost. The repository may be used to obtain cost data to estimate total program acquisition costs (includes work by both contractors and the U.S. Government); total program contract costs (awarded and future) for a particular contractor (referred to as "contractor program estimates"); and individual contract costs.

C1.2.3. Cost and software data (CSD) reports may be used to do the following:

C1.2.3.1. Prepare acquisition cost estimates for major system milestone reviews. Cost estimating in support of milestone reviews is presented to the Defense Acquisition Board (DAB) and Component acquisition executive at system milestone reviews. These estimates include program office estimates prepared by or for system program managers (PMs) in the Military Departments; Component cost analyses prepared by Military Service organizations other than the program offices (usually Component cost centers or

agencies); and Independent Cost Estimates (ICEs) prepared mainly by Component cost centers and the OSD Cost Analysis Improvement Group (CAIG).

C1.2.3.2. Develop independent U.S. Government contract cost estimates in support of cost and price analyses. CSDR addresses the need for cost estimates during contracting, particularly for the system development and demonstration, production, and deployment phases of an acquisition. During contracting, more is known about the physical and technical characteristics of a system. Armed with more detailed descriptions of a system and its component parts, cost analysts rely on cost estimating relationships, methods that relate physical and technical characteristics to cost, as well as engineering build-up methods. In developing such estimates, weapon systems are described in terms of program work breakdown structure (WBS) and contract WBS (CWBS). Separate estimates are usually prepared for individual WBS elements; some estimates correspond to separate contracts and others correspond to line items in contracts. Cost estimates of these elements aid in analysis of alternatives, proposal evaluation, and contract negotiations. These component estimates are then combined with other data to arrive at a system-level estimate.

C1.2.3.3. Develop estimates to support analyses of alternatives, cost as an independent variable, and long-range planning efforts. Actual CSD reports can be used in any analysis that requires the use of historical contractor acquisition costs.

C1.2.4. Contractor cost data (CCD) reports focus on the collection of actual costs, while software resources data (SRD) reports supplement these costs with software metrics that provide a better understanding and improved estimating of software-intensive programs. These programs include major defense acquisition and automated information programs classified as acquisition category (ACAT) “IA,” “IC,” and “ID.” Software data collected from applicable programs shall be limited to the type and size of the software application, the schedule and labor resources needed for its development, and (optionally) the quality of the delivered software. In particular, new software, modified software, reused software, and code growth need to be separately identifiable components of data to fully describe software effects. Using historical data from similar systems, analysts should be able to make realistic projections of the expected sizes of new systems. More realistic size estimates should, in turn, result in better software effort and schedule estimates.

C1.3. PLANNING AND REPORTING FORMS

C1.3.1. CSDR forms are DD Form 2794, “Cost and Software Data Reporting Plan” (commonly referred to as the “CSDR Plan”), the CCD reports, the SRD reports, and the CWBS.

C1.3.2. The CCD reports are DD Form 1921, “Cost Data Summary Report,” DD Form 1921-1, “Functional Cost-Hour Report,” and DD Form 1921-2, “Progress Curve Report.” The data item descriptions (DIDs) for these forms are DD Form 1921 DID, DI-

FNCL-81565; DD Form 1921-1 DID, DI-FNCL-81566; and DD Form 1921-2 DID, DI-FNCL-81567 (References (g), (h), and (i)). According to DoD 8910.1-M (Reference (j)), the Office of Management and Budget Control assigned the CCDR forms Number 0704-1088.

C1.3.3. See the sample formats for the SRD reports, SRDR Sample Format 1, “Software Resources Data Report: Initial Government Report,” SRDR Sample Format 2, “Software Resources Data Report: Initial Developer Report,” and SRDR Sample Format 3, “Software Resources Data Report: Final Developer Report” (References (k), (l), and (m)) for instructions and DIDs.

C1.3.4. Microsoft Excel templates for the CCDR forms and the SRDR sample formats are available from the DCARC Web site, <http://dcarc.pae.osd.mil>.¹⁴

¹⁴ The applicable DIDs (References (g), (h), (i), (l), and (m)) may also be obtained from the Acquisition Streamlining and Standardization Information System (ASSIST) database, available on the ASSIST Web site at <http://assist.daps.dla.mil/quicksearch/>.

C2. CHAPTER 2

REPORTING REQUIREMENTS

C2.1. INTRODUCTION

C2.1.1. Reference (c) and DoD Directive 5000.1 (Reference (n)), provide mandatory policies and procedures for managing acquisition programs, except when statutory requirements override. If there are any conflicting requirements pertaining to contracting, either the current edition of the Federal Acquisition Regulation (Reference (o)) or the Defense Federal Acquisition Regulation Supplement (Reference (p)) takes precedence.

C2.1.2. Reference (n) authorizes the publication of Reference (c) and establishes policies and principles for all DoD acquisition programs. Reference (c) establishes a simplified and flexible approach for managing all acquisition. It also delegates responsibility to the OSD CAIG for preparing ICEs on all ACAT ID programs and on any ACAT IC programs that the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)) requests. Reference (b) requires the OSD CAIG to establish procedural guidance on the CSDR system and monitor its implementation throughout the Department of Defense.

C2.2. GENERAL CSDR REQUIREMENTS

C2.2.1. Reporting and processing requirements of the CSDR system shall be determined by a program's ACAT designation (see Reference (n) for specific guidelines) and the value of individual contracts and subcontracts within the program.

C2.2.2. CSDR coverage generally extends from Milestone B or the equivalent to the completion of production. Coverage can also extend to begin at Milestone A during the Concept and Technology Development phase and before Milestone B, when there are advanced development prototype program requirements.

C2.2.3. The CSDR planning and reporting process shall remain flexible to accommodate the DoD-preferred evolutionary acquisition strategy to include both spiral and incremental development approaches.

C2.3. CCDR-SPECIFIC REQUIREMENTS

C2.3.1. General Requirements. CCD reports shall be required from materiel developers for all ACAT I program contracts and subcontracts regardless of contract type based on the dollar thresholds established in Reference (c). For CSDR reporting purposes, the term "contract" (or "subcontract") may refer to the entire standalone

contract, to a specific task/delivery order, to a series of task/delivery orders, to a contract line item number, or to a series of line item numbers within a contract. The intent is to capture data on contractual efforts necessary for cost estimating purposes irrespective of the particular contract vehicle used. CCDR is not required for procurement of commercial systems or noncommercial systems bought under competitively awarded, Firm Fixed Price contracts, as long as competitive conditions continue to exist. The program office must provide the supporting documentation for each contract that meets these conditions in an attachment to the program CSDR Plan.

C2.3.1.1. CCDR may be required for high-risk or high-technical-interest contracts that are priced below the mandatory dollar threshold yet above the lower dollar threshold established in Reference (c) if needed for cost estimating. CCDR is not required on contracts priced below the lower threshold. For CCDR purposes, contract value shall represent the estimated price at contract completion (i.e., initial contract award plus all expected authorized contract changes) and be based on the assumption that all contract options shall be exercised.

C2.3.1.2. These reporting requirements also apply to individual WBS elements (or group of WBS elements) within ACAT IC or ID programs that are separately managed by other U.S. Government PMs. These WBS elements retain the ACAT designation of the parent ACAT IC or ID program and are subject to the same reporting thresholds and requirements as those elements that are directly managed by the parent ACAT IC or ID PM. The Cost Working-Group Integrated Product Team (CWIPT) is primarily responsible for determining reporting requirements based upon individual program and contract circumstances for review and approval by the OSD CAIG Chair.

C2.3.2. Level of Reporting. Routine CCDR shall normally be at level 3 of the CWBS and determined separately for each prime contractor and subcontractor that meets the reporting thresholds. Reporting at levels 4 and below shall be required on those prime contracts or subcontracts containing WBS elements that address high-risk, high-value, or high-technical-interest areas of a program. Such reporting applies only if the CWIPT proposes and the OSD CAIG Chair approves.

C2.3.3. Report Timing

C2.3.3.1. Initial reports are due within 60 days following the completion of the integrated baseline review when a pre-award or post-award conference is held. If a conference is not held, the initial report is due within 180 days of contract award. For subsequent reporting on development contracts, reporting contractors typically shall submit CCD reports after such major events as first flight or completion of prototype, before major milestones, and upon contract completion. In general, quarterly, semiannual, and annual reporting do not meet the above guidance. For production, reporting contractors normally shall submit CCD reports upon the delivery of each annual lot for all weapon systems. Due to the extended construction process for ships, CCD reports are also required for the total number of ships in each buy and for each individual ship within that buy at three intervals—initial report (total buy and individual ships), at

the mid-point of first ship construction (individual ships only) or other relevant timeframe as the CWIPT determines, and after final delivery (total buy and individual ships).

C2.3.3.2. Multiyear procurement (MYP) contracts require special consideration to ensure DoD cost analysis needs are satisfied. Cost and hour data are needed for both the total MYP quantity buy and for each annual buy that makes up the MYP buy. Specific reporting requirements will be determined by the CWIPT and included in the CSDR Contract Plan for CAIG approval and contract implementation. MYP contract reporting will also be addressed at the joint U.S. Government and contractor conference just before or after contract award.

C2.3.4. Nonrecurring and Recurring Cost Categories. Costs shall be segregated and reported in two classifications, nonrecurring and recurring, as specified in Appendix 1 of this Manual. Although a “one-size-fits-all” prescription for classifying recurring/nonrecurring costs is impractical, the following subparagraphs outline the general types of work and the overarching considerations that may help establish implementation consistency across all new DoD systems.

C2.3.4.1. Building Units. When deciding the proper cost classification, consider efforts required to produce the hypothetical “next” unit. The activities performed and resources consumed to build the hypothetical next unit shall be classified as recurring. Regardless of how many units are actually built, any activities or resources required to produce an additional unit shall be classified as recurring.

C2.3.4.2. Product/Tool Modifications/Rework. If the product/tool modification significantly increases performance or adds additional capability, the activities performed and resources consumed to effect the modification shall be classified as nonrecurring. Conversely, if the product/tool modification maintains or restores the product to its original condition or involves only a minor increase in performance or capability, the activities performed and resources consumed to effect the modification shall be classified as recurring.

C2.3.4.3. Support Services/Other Services Performed. If services are rendered that are not immediately traceable to a product but instead relate to general purpose services, such as sustaining engineering or post-delivery product support, the following principles apply:

C2.3.4.3.1. If the services performed are required throughout the program life-cycle, the cost of those services shall be classified as recurring.

C2.3.4.3.2. If the services performed are relegated to a particular system life-cycle phase or are only required intermittently throughout the system development life-cycle, the cost of those services shall be classified as nonrecurring.

C2.3.4.4. Overarching Considerations. The following three overarching considerations should be addressed in properly classifying costs as either recurring or

nonrecurring: (1) cost-benefit classification; (2) current program practices; and (3) consistency.

C2.3.4.4.1. Cost-Benefit of Cost Classification. This consideration recognizes that while in theory it may be possible to identify costs at the lowest possible level as recurring or nonrecurring, it may be cost-prohibitive to do so. Cost classification should be accomplished at a level appropriate for capturing the underlying nature of the activities performed and resources consumed without being unduly burdensome.

C2.3.4.4.2. Current Program Practices. This consideration recognizes that work is not accomplished in a vacuum; indeed, seldom are efforts clearly delineated between recurring and nonrecurring activities. For example, the definition of nonrecurring cost outlined above includes both software development (ordinarily a nonrecurring activity) and software maintenance (ordinarily a recurring activity). In practice, the scope of software “maintenance” usually accomplishes routine maintenance as well as the addition of product enhancements or additional capabilities. The definition of nonrecurring cost includes both these elements, thereby recognizing the practice of combining these efforts plus the impracticality of separating these efforts out for cost classification purposes. However, the CWIPT may require the contractor to classify software maintenance costs incurred during development as recurring if it determines such costs are significant for cost estimating purposes and can reasonably be accounted for by the contractor.

C2.3.4.4.3. Consistency. The third consideration recognizes that consistent treatment of costs as either recurring or nonrecurring is essential to proper cost estimating.

C2.3.4.4.5. Agreement on Cost Classification. U.S. Government and contractor stakeholders shall confer immediately before or after contract award to reach agreement on the recurring/nonrecurring cost classification for that specific contract. See subparagraph C4.2.3.2.2. for processing requirements.

C2.4. SRDR-SPECIFIC REQUIREMENTS

C2.4.1. General Requirements. SRD reports shall be required from software developers for all ACAT I programs with a projected software effort based on the dollar thresholds established in Reference (c).

C2.4.1.1. This requirement applies to all major contracts and subcontracts, regardless of contract type, as well as internal U.S. Government documents used to authorize and fund U.S. Government software efforts.

C2.4.1.2. This reporting requirement also applies to individual WBS elements (or group of WBS elements) within ACAT I programs that are separately managed by other U.S. Government PMs. These WBS elements retain the ACAT designation of the parent

ACAT I program and are subject to the same reporting thresholds and requirements as those elements directly managed by the parent ACAT I PM. As noted for CCD reports, the CWIPT is primarily responsible for determining SRDR requirements based upon individual program and contract circumstances for review and approval by the OSD CAIG Chair.

C2.4.2. Level of Reporting. The program office, in coordination with the CWIPT, may choose to combine a set of smaller releases within a contract into a single release for reporting purposes. Separate software element developments within a single contract may be reported on separately or may be aggregated at the discretion of the CWIPT. Software data for subcontracts with less than the reporting threshold established in Reference (c) that are a portion of a larger software effort and are of a similar application domain shall be aggregated onto one or more reports. Software data for subcontracts with less than the Reference (c) dollar threshold that are in a distinct application domain from the prime contract shall be reported separately.

C2.4.3. Report Timing. Within 60 days of contract award, the software developer shall be required to submit an SRDR Initial Developer Report (see Reference (l)) for the entire software product, customized as agreed to by the CWIPT. The software developer also shall be required to submit an SRDR Initial Developer Report for each deliverable software release or element within 60 days of the beginning of its development. In addition the software developer shall be required to submit an “as built” SRDR Final Developer Report (see Reference (m)), customized as agreed to by the CWIPT, within 60 days after delivery of each software release or element to the U.S. Government. Developers shall be required to submit an SRDR Final Developer Report for the entire software product upon contract completion. Every SRDR Final Developer Report submission, containing the actual values for the size, effort, and schedule of a build or of an entire project, shall correspond to a previous SRDR Initial Developer Report submission, containing the estimates for that build or project.

C3. CHAPTER 3

STAKEHOLDER RESPONSIBILITIES

C3.1. OFFICE OF THE USD(AT&L) (OUSD(AT&L)). OUSD(AT&L) has primary responsibility for Military Handbook 881, “Work Breakdown Structures for Defense Materiel Items” (Reference (f)); systems and software engineering; and earned value management (EVM) policy.

C3.2. OSD CAIG CHAIR. The OSD CAIG Chair is responsible for establishing CSDR procedures and processing requirements for administering all ACAT IA, IC, and ID programs (see Reference (b)). In this capacity the OSD CAIG Chair shall approve all ACAT IA, IC, and ID program CSDR plans before major milestone reviews and contract CSDR plans as follows:

C3.2.1. Before issuing a solicitation (draft or final) to industry.

C3.2.2. Before contract award if there are changes.

C3.2.3. After contract award if there are any subsequent changes.

C3.3. COMPONENT COST CENTERS. Component cost centers shall:

C3.3.1. Ensure that the CSDR system is implemented according to this Manual.

C3.3.2. Establish and implement specific procedures to ensure the CSDR responsibilities are effectively carried out.

C3.3.3. Review all Component-specific ACAT IA, IC, and ID CSDR plans and plan changes for compliance with procedures in this Manual and submit them to the DCARC for review and submission to the OSD CAIG Chair for approval.

C3.3.4. Advise the OSD CAIG Chair annually through the DCARC on the status of all CSD reports and on remedial action being taken on delinquent or deficient reporting.

C3.3.5. Designate individual cost analysts within their organizations to be on the CWIPT for each of their DoD Component programs.

C3.4. DOD PM. The DoD PM shall prepare and obtain OSD CAIG Chair approval for program and contract CSDR Plans, place approved CSDR Plan requirements on contract, and ensure that contractors comply with the CSDR contractual provisions.

C3.4.1. With respect to the CWIPT, the DoD PM shall:

C3.4.1.1. Formally establish the CWIPT, with all the appropriate CSDR stakeholders, at least 12 months before the Overarching Integrated Product Team (OIPT) milestone review or with significant lead time to adequately develop any solicitations or requests for proposals (RFPs) to industry.

C3.4.1.2. Determine CWIPT membership in coordination with the Component cost centers, the OSD CAIG, and the DCARC.

C3.4.1.2.1. CWIPT membership shall include, but not be limited to, designated cost analysts from the OSD CAIG, the DCARC, the DoD Component cost center, the DoD Component commodity command, the program office, and the representative contractors, as appropriate.

C3.4.1.2.2. The PM's EVM and systems engineering (SE) representatives generally participate in the CWIPT process to assist in building the WBS. This WBS shall be thoroughly coordinated with CSDR stakeholders. The need for additional EVM and SE participation at other DoD levels is left to the discretion of the PM and the CWIPT.

C3.4.1.2.3. When appropriate, the DoD PM shall invite the applicable contractors to participate in the CWIPT deliberations as non-voting members.

C3.4.1.2.4. When appropriate, the DoD PM shall also invite other parties with a vested interest in the program's costs, software, and performance to participate in the CWIPT deliberations.

C3.4.1.3. Adjudicate issues within the CWIPT. The DoD PM shall refer unresolved issues that involve mandatory CSDR policies and procedures to the CAIG Chair or higher OSD authority for adjudication.

C3.4.2. Concerning the solicitation or RFP process, the DoD PM shall:

C3.4.2.1. Incorporate the content of the OSD CAIG-approved contract CSDR plan(s) and WBS dictionary into the applicable solicitation(s).

C3.4.2.2. Before RFP release, submit to the DCARC an extract of the RFP that contains CSDR requirements for review.

C3.4.2.3. Before RFP release, submit to the DCARC copies of the DD Form 1423-1, "Contract Data Requirements List (1 Data Item)" that establishes the WBS, the WBS dictionary, and the CSDR requirements in the solicitation or RFP.¹⁵

¹⁵ DD Form 1423-1 is commonly referred to as the Contract Data Requirements List (CDRL).

C3.4.2.4. Require reporting contractors to submit appropriate documents in response to the solicitation when CSDR requirements are to be placed on contract. (See paragraph 215.403-5 of Reference (p).) CSD reports shall be kept to a minimum to help streamline solicitation responses.

C3.4.2.5. Reconvene (or contact via e-mail, teleconference, etc.) the CWIPT to review any contractor-proposed changes to the CAIG-approved CSDR plan(s); revise the contract CSDR plan(s) and update the program CSDR plan as necessary; and forward the plans to the DCARC for final review and approval before contract award.

C3.4.2.6. Coordinate with the U.S. Government contracting officer to ensure the OSD CAIG Chair-approved CSDR plan is included in the awarded contract.

C3.4.3. The DoD PM shall reconvene the CWIPT and host a CSDR conference with the responsible contractor to review all report content to include the recurring and nonrecurring classifications, delivery dates, electronic reporting requirements, subcontractor flow-down requirements, and the process for addressing any reports from the prime and subcontractors that might be rejected.

C3.4.3.1. For noncompetitively awarded contracts, the conference shall be held either before or immediately after contract award.

C3.4.3.2. For competitively awarded contracts, the conference shall be held immediately after contract award.

C3.4.3.3. Any agreements made during the CSDR conference will be reflected in a revised OSD CAIG-approved contract CSDR Plan and properly placed on contract, either in the basic contract award or in a subsequent contract modification.

C3.4.4. In addition, the DoD PM shall:

C3.4.4.1. Within 30 days after the contract is awarded, forward electronic copies of the signed contract containing CSDR requirements.

C3.4.4.2. Within 15 days of receipt, review and forward to the CWIPT and the DCARC all documents associated with subcontractors with reporting requirements, including the prime contractor's formal direction to the subcontractor(s) and the proposed subcontractor CSDR plan(s).

C3.4.4.3. Within 5 days of receipt, review CSD reports and notify the DCARC of the results.

C3.4.4.4. Assist the DCARC in ensuring that reporting contractors promptly resolve all reporting deficiencies the DCARC identifies during the validation process.

C3.4.4.5. File concerns and comments regarding CSDR through the DCARC.

C3.4.5. The DoD PM, in coordination with the CWIPT, shall:

C3.4.5.1. Develop the WBS according to the product-oriented structure in Reference (f) and ensure that each contract has only one program WBS and one contract WBS, as follows:

C3.4.5.1.1. The program WBS submitted with the Cost Analysis Requirements Description (CARD) shall agree with the program CSDR plan WBS as noted in Reference (e).

C3.4.5.1.2. Any differences must be identified and explained when the latter of the two documents is submitted.

C3.4.5.2. Prepare the program resource distribution table (RDT),¹⁶ project applicability matrix (PAM), if applicable, and technical characteristics for inclusion in the remarks section of the program CSDR plan.

C3.4.5.3. Ensure that CAIG-approved CSDR requirements are properly placed on all contracts and subcontracts that meet reporting thresholds. This requirement includes government-furnished equipment (GFE) in the PM's budget that may be purchased from a contractor via another U.S. Government agency (e.g., a propulsion system PM). In such cases, the funding PMs shall follow the same procedures for providing RFP and CDRL information to the DCARC as they would if they had directly procured the item.

C3.4.5.4. Forward all program and contract CSDR plans to the DCARC for OSD CAIG Chair approval and include a cover memorandum (e-mail is sufficient) that identifies those individuals and organizations outside the PM's organization that coordinated on the plan (e.g., CWIPT members and Component cost center representatives).

C3.4.5.5. Submit the following with the draft CARD to the OSD CAIG and the DCARC 180 days before the OIPT review or 60 days before the draft solicitation to industry:

C3.4.5.5.1. Draft program CSDR plan, including the RDT, PAM, WBS dictionary, and contract CSDR plans with the applicable RDTs.

C3.4.5.5.2. Draft SRDR Initial Government Report. (See Reference (k).)

C3.4.5.6. Submit the following with the final CARD to the OSD CAIG and the DCARC 45 days before the OIPT review or 60 days before the final solicitation to industry:

¹⁶ The RDT was formerly called the "Responsibility Assignment Matrix."

C3.4.5.6.1. Final program CSDR plan, including the RDT, PAM, WBS dictionary, and final contract CSDR plan(s) with the applicable RDTs.

C3.4.5.6.2. Final SRDR Initial Government Report. (See Reference (k).)

C3.4.5.7. Ensure the CSDR plans and related WBS dictionaries are current and accurate through completion of production.

C3.5. CWIPT. The CWIPT shall:

C3.5.1. Identify and advise the DoD PM of cost analysis requirements for programs and contracts to facilitate the preparation of timely, high-quality cost estimates.

C3.5.2. Coordinate within the DoD Components according to procedures established in this Manual.

C3.5.3. Identify and advise the DoD PM regarding software data requirements.

C3.5.4. Serve as the DoD PM's agent in the following capacity:¹⁷

C3.5.4.1. Begin planning for CSDR at least 12 months before the OIPT milestone review or with enough lead time to adequately develop the solicitation or RFP to industry.

C3.5.4.2. Determine reporting frequency early in the CSDR planning process to meet the DoD need for contractor cost and software data.

C3.5.4.3. Complete the draft program CSDR plan, including the RDT, PAM, product-oriented WBS dictionary (describing each WBS element), and draft contract CSDR plan(s) with the applicable RDTs to support the earlier of the following:

C3.5.4.3.1. The DoD PM's submission of the draft CARD to the OSD CAIG (due 180 days before the OIPT meets).

C3.5.4.3.2. No later than 60 days before the draft solicitation or RFP is released to industry.

C3.5.4.4. Complete the final program CSDR plan, including the RDT, PAM, product-oriented WBS dictionary (describing each WBS element), and draft contract CSDR plan(s) with the applicable RDTs, to support the earlier of the following:

¹⁷ In the absence of a CWIPT, the PM shall carry out these responsibilities in coordination with the designated OSD CAIG analyst, Component cost analysts, and the DCARC analyst.

C3.5.4.4.1. The DoD PM's submission of the final CARD to the OSD CAIG (due 45 days before the OIPT meets).

C3.5.4.4.2. No later than 60 days before the final solicitation or RFP is released to industry.

C3.5.4.5. Determine, as early as possible in the CSDR planning process and when justified for purposes of cost estimating, the CCDR requirements to be placed on high-risk or high-technical-interest contracts based upon the dollar thresholds established in Reference (c).

C3.6. DCARC. In agreement with Reference (b), the CAIG has assigned the DCARC the responsibility to administer the CSDR system for all ACAT I programs and serve as the repository for all CSDR data. In this capacity, the DCARC serves as the OSD CAIG Chair's primary representative on all CSDR matters.

C3.6.1. The DCARC shall:

C3.6.1.1. Assign representatives to participate in the CWIPT process to ensure CSDR requirements are satisfied (e.g., that the product-oriented WBS structure in Reference (f) is used and that CSDR requirements are included in RFPs, proposals, and contracts).

C3.6.1.2. Participate in the CWIPT process to ensure CSDR requirements are satisfied (e.g., that the product-oriented WBS structure as shown in Reference (f) is used and CSDR requirements are included in RFPs, proposals, and contracts).

C3.6.1.3. Be the primary office for final receipt and review of program, contract, and subcontract CSDR plans for ACAT IA, IC, and ID programs.

C3.6.1.4. Advise the OSD CAIG Chair of any CSDR concerns noted during the review process and make recommendations for disposition.

C3.6.1.5. Be the primary office for final receipt, validation, acceptance, and distribution of CCD reports and SRD reports for ACAT IC and ID programs.

C3.6.1.6. Notify the reporting contractor, the responsible PM, and the cognizant program executive officer of any discrepancies identified during the validation process and ensure that they are resolved in a timely manner. The DCARC has established a goal of 15 business days to validate CSD reports and notify PMs and contractors of acceptance or rejection.

C3.6.1.7. Follow up with the PM and the CWIPT to ensure that the issued solicitation is consistent with the approved contract CSDR plan and CSDR policy.

C3.6.1.8. Periodically (at least annually) assess the need for field reviews of contractor implementation of CSDR for ACAT I programs.

C3.6.1.9. Establish electronic reporting requirements after consultation and coordination with defense industry representatives.

C3.6.2. The Director, DCARC, shall periodically provide the status of the CSDR processing with recommended action items, if appropriate, to the OSD CAIG Chair for ACAT ID programs and to the Component Cost Center Chiefs for ACAT IA and IC programs.

C3.7. REPORTING CONTRACTORS. Reporting contractors shall be required to:

C3.7.1. Provide the DoD PM with estimates on DD Forms 1921 and 1921-1 as part of the response to the solicitation according to paragraph 215.403.5 of Reference (p). Contractors may also submit proposed changes to the contract CSDR plan.

C3.7.2. Participate with the PM and the CWIPT in a CSDR conference immediately before or after contract award to determine the final CWBS elements and recurring and nonrecurring classifications and to resolve any other CSDR issues. (See paragraph C3.4.3 and its subparagraphs for details.)

C3.7.3. Submit the final CWBS and CWBS dictionary within 60 days of the contractually required post award CSDR conference or, in the absence of a conference, within 60 days of contract award or contract modification.

C3.7.4. Prepare and submit CSD reports according to contractual requirements, including the CAIG-approved contract CSDR plan and the appropriate DIDs, which shall reference and comply with the mandatory guidance contained in this Manual. To do so, each reporting contractor must designate personnel to submit the reports and those individuals must register with the DCARC.

C3.7.5. Resolve promptly any discrepancies the DCARC identifies during the validation process.

C3.7.6. Prepare and forward the contract and lower-tier subcontract CSDR plans to the DoD PM and CWIPT for review. For subcontractor reporting, the prime contractor shall forward the subcontract reference that specifies the reporting requirement to the DoD PM and the CWIPT within 30 days of subcontract award.

C3.7.7. Direct subcontractors and other lower-tier subcontractors to submit their CCD and SRD reports directly to the DCARC.

C3.7.8. Prime contractors have the option to obtain subcontract level 1 actual costs and estimates at completion (EACs) by recurring, nonrecurring, and total costs for direct

CSDR reporting subcontractors. In addition, if the subcontractor agrees, a copy of the report may also be provided concurrently to the prime or other higher-tier contractor.

C3.8. DEFENSE CONTRACT AUDIT AGENCY (DCAA). The audit responsibilities of the DCAA for CCD reports are specified in Section 11-400 of DCAA Manual 7640.1M, "DCAA Contract Audit Manual," Volume 2 (Reference (q)). The DCAA shall also:

C3.8.1. Coordinate with the DCARC when planning CCDR audits to identify any high-risk or sensitive contracts that should be included in the audit sample.

C3.8.2. Conduct an audit if the DCARC requests one of the first CCDR submission that includes actual contract costs and may request other audits of individual submissions as necessary. More frequent audits shall be performed when significant deficiencies are disclosed.

C3.9. DEFENSE CONTRACT MANAGEMENT AGENCY (DCMA). The DCMA is responsible for providing the DCARC with forward pricing rate (FPR) and related business data.

C3.9.1. DCMA may also be requested to provide specific functional expertise in support of DCAA audits.

C3.9.2. DCMA Information Memorandum 030222 (Reference (r)) requires that appropriate DCMA personnel verify CCDR flow-down requirements to subcontractors as contained in the CDRLs and related DIDs during contractor purchasing system reviews. The administrative contracting officer shall report any violations to the DCARC.

C4. CHAPTER 4

CSDR PLANNING AND EXECUTION

C4.1. CSDR PLANNING

C4.1.1. Introduction. The planning process involves determining what data are needed, when the data are needed, and how the data will be reported. These requirements are then incorporated into contracts and subcontracts with materiel developers (MDs) for execution.

C4.1.2. CSDR Plans. The key documents in the planning process are the program and contract CSDR plans that ultimately reflect the approved CSDR data requirements for an individual acquisition program. DD Form 2794, “Cost and Software Data Reporting Plan,” referred to as the “CSDR Plan,” specifies the WBS elements, the specific collection of CCDD and SRDR data by program or contract, reporting frequency, and other supporting material such as the RDT, the PAM, and technical characteristics. The two types of reporting plans are program CSDR plans and contract (including subcontract) CSDR plans. In this Manual, the term “CSDR plan” refers to both types. If the information presented involves only one type of plan, the type is specified. Table C4.T1. compares the key attributes of program, contract, and subcontract CSDR plans.

C4.1.2.1. General Requirements. The CSDR plan shall be prepared and processed according to the requirements in this chapter and the more detailed instructions on the DCARC Web site, <http://dcarc.pae.osd.mil>. Specific policy and business rule information regarding CSDR requirements (including report type, level of reporting, and reporting frequency) can be found in Chapter 2. DoD PMs shall use Extensible Markup Language (XML), Microsoft Word compatible, or Microsoft Excel compatible format to complete a readable electronic version of the CSDR plan (i.e., pdf is not acceptable). DoD PMs are encouraged to use the automated form and instructions available from the DCARC Web site.

C4.1.2.2. Reporting Structure. The reporting elements consist largely of the product-oriented WBS structure that is composed of hardware, software, services, data, and facilities elements. This structure shall be closely developed with systems engineering and other functional area experts, as appropriate, during the acquisition of a defense materiel item using the product-oriented WBS in Reference (f).

C4.1.2.2.1. Each major program requiring CSDR falls into one of nine WBS templates for weapon system commodity areas specified in Reference (f). These areas are aircraft systems, electronic/automated software systems, missile systems, ordnance systems, sea systems, space systems, surface vehicle systems, unmanned air vehicle systems, and system of systems. The program/contract WBS shall include the WBS dictionary, which describes each program/contract WBS element throughout the life of the program/contract. When combined with the standard CCDD cost categories (e.g., functional categories and

cost elements), the product-oriented WBS provides the needed consistency and comparability essential to developing normalized databases for purposes of estimating cost.

C4.1.2.2.2. Generally, the CSDR plan shall be limited to the minimum number of product-oriented WBS elements needed for cost estimating. Routine CSDR shall normally be at Level 3 of the CWBS and determined separately for each prime contractor and subcontractor that meets the reporting thresholds. Reporting at Level 4 and below shall be required on those prime contracts or subcontracts containing WBS elements that address high-risk, high-value, or high-technical-interest areas of a program. Such reporting applies only if the CWIPT proposes and the OSD CAIG Chair approves. More than one contractor (prime, associate, or subcontractor) may report on a reporting element but such reporting shall be minimized. The CWIPT shall identify all the required WBS elements.

C4.1.2.2.3. When the same contract contains different models or versions of an end item, separate WBS elements for unique items may be required on each model or version. Separate or unique WBS elements can be expected when there are significant differences in costs or technical characteristics of the models or versions. Also, separate WBS elements may be required for different projects within the same program when the spiral development approach is being used. The requirement for separate WBS elements shall be delineated in the CSDR plan, the RFP, and the contract.

C4.1.2.3. RDT and PAM. The program and contract CSDR plans include the requirement to prepare and submit the RDT and PAM, if applicable. Refer to the DCARC Web site, <http://dcarc.pae.osd.mil>, for a complete description of the requirements.

C4.1.2.4. Subcontractor Reporting. The prime contractor shall be required to flow-down CSDR requirements to all subcontractors that meet reporting thresholds. Depending upon the specific contractual relationship, prime contracts and subcontracts may have similar requirements regarding report type, frequency, and method of transmission. The prime contractor shall be required to work with the CWIPT and all appropriate subcontractors to prepare separate subcontract CSDR plans for submission to the DCARC for OSD CAIG approval.

C4.1.2.5. Approval and Changes to CSDR Plans. The OSD CAIG Chair shall approve all ACAT I program and contract CSDR plans and any subsequent changes, including all block changes and contract options, before contract award or modification. For example, if a new end item is added to the contract, a revised CSDR plan shall be submitted to the DCARC for OSD CAIG Chair approval before contract award or contract modification.

C4.1.2.5.1. The CSDR plans shall also be updated to reflect current CSDR requirements before any new contract or major modification is made. Typically, this occurs as part of the milestone decision process.

C4.1.2.5.2. If the CSDR requirements do not change as noted above, the PM must submit a memorandum to the DCARC advising that the most recently approved CSDR plan is still in effect.

Table C4.T1. Summary Guide to CSDR Plans

	Program Plan	Contract Plan	Subcontract Plan
Cost Reporting*	No	Yes	Yes
Software Reporting	No	Yes	Yes
Required Delivery	Prior to RFP Prior to contract/ subcontract plans	Prior to RFP Prior to subcontract plan	Prior to RFP
WBS Level	To Level 3 per Reference (f) or lower to show key subcontracts	To Level 3 per contract scope or lower for key/high-risk elements	To Level 3 per contract scope or lower for key/high-risk elements
Special End Notes	Program overview, contracting approach, and unique contractor instructions	Unique contractor instructions	Unique contractor instructions
Report Type/Frequency	Compilation of contract and subcontract plans	Specific to contract and its related direct reporting subcontracts	Specific to contract and consistent with prime contract plan
Responsible Parties	PM and CWIPT	PM, CWIPT, and contractor	PM, CWIPT, contractor, and subcontractor
Contract Number	Contains several contracts	Single contract	Single contract
RDT	Program (including GFE)	Contract	Subcontract
Relationship Among Plans	One program plan may have many contract/subcontract plans	One contract plan may have many subcontract plans	One subcontract plan to one prime contract plan; may also require second tier subcontract plan

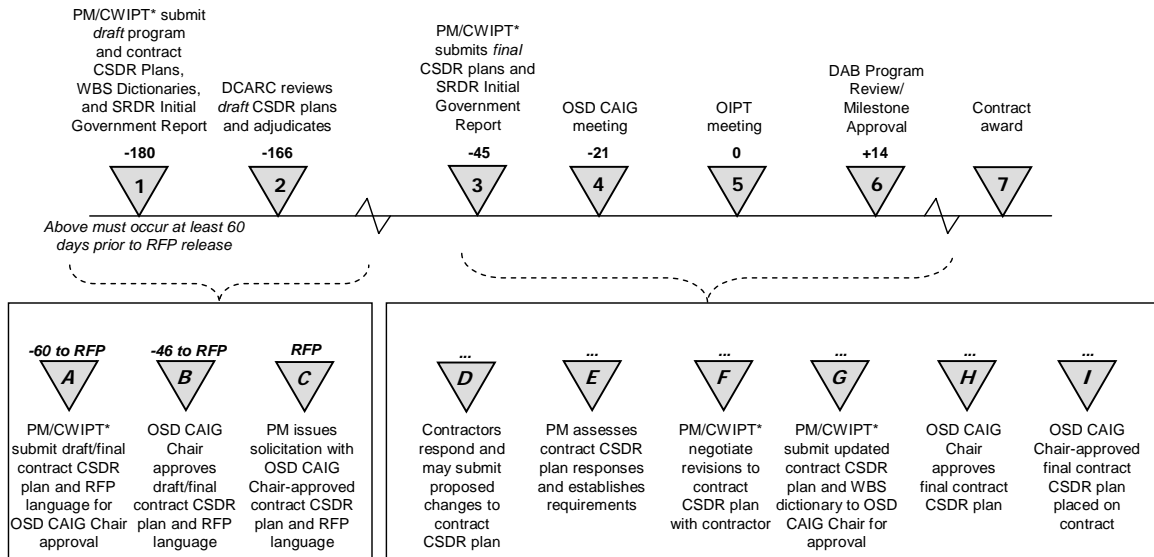
*Specific contractor reporting requirements are established in the contract and subcontract CSDR plans.

C4.1.3. Planning Timeline and Activities

C4.1.3.1. Planning Timeline. Figure C4.F1. is a timeline of the major activities required for the total program and individual contracts during the CSDR planning process for ACAT IAM and ID programs. Each DoD Component has its own process for ACAT IAC and IC programs, but these programs still require OSD CAIG Chair approval for all program and contract CSDR plans. The DCARC shall continue to use the notional timeline to oversee the ACAT IAC and IC planning and reporting process. (See Chapter 3 for specific organizational responsibilities.) Activities also include related policies and business rules where appropriate.

C4.1.3.2. Planning Activities. Planning is subdivided into interrelated program and contract planning activities. Each numbered (program) and lettered (contract) activity in Figure C4.F1. is explained in the following subparagraphs. Activities also include related business rules where appropriate.

Figure C4.F1. Timeline for Preparing Program and Contract CSDR Plans



*In the absence of a CWIPT, the PM shall perform the required activity in coordination with the designated OSD CAIG, Component, and DCARC cost analysts.

C4.1.3.2.1. Program Activities

C4.1.3.2.1.1. Activity 1. The PM/CWIPT shall prepare and submit the program CSDR plan, contract CSDR plans (if appropriate), the related RFP language and WBS dictionaries as appropriate, and the SRDR Initial Government Report (see Reference (k)). These documents are submitted at the same time the draft CARD is due to OSD (i.e., 180 days before the OIPT conducts its program review) or 60 days prior to RFP release, whichever is earlier. If a CWIPT has not been established, the PM shall perform the required activity in coordination with the designated OSD CAIG, Component, and DCARC analysts.¹⁸ Consequently, two different scenarios are possible:

C4.1.3.2.1.1.1. Scenario 1. The draft CARD is due before the draft RFP’s 60-day period occurs.

C4.1.3.2.1.1.2. Scenario 2. The draft RFP’s 60-day period occurs before the draft CARD is due. The PM/CWIPT must submit the approved draft program and contract CSDR plans, RDTs, and the related RFP language and WBS dictionaries as appropriate to meet the RFP schedule.

C4.1.3.2.1.2. Activity 2. The DCARC shall review and adjudicate the draft CSDR plans, dictionaries, RDTs, and SRDR Initial Government Report on all ACAT I CSDR plans and any subsequent changes. The DCARC also makes specific recommendations to the OSD CAIG Chair for approval or disapproval of the CSDR

¹⁸ See the DCARC Web site at <http://dcarc.pae.osd.mil> for recommended RFP language that contains the essential instructions for implementing CCDRs and SRDRs.

plans. These activities are scheduled to be completed within 14 days after documents are received.

C4.1.3.2.1.3. Activity 3. The PM/CWIPT shall prepare and submit the final program and contract CSDR plans (if appropriate), related RFP language and WBS dictionaries as appropriate, the RDTs, and the SRDR Final Government Report. These documents are submitted at the same time the final CARD is due (i.e., 45 days prior to the OIPT meeting) or 60 days prior to the RFP release, whichever is earlier. If a CWIPT has not been established, the PM shall perform the required activity in coordination with the designated OSD CAIG, Component, and DCARC analysts. Consequently, two different scenarios are possible:

C4.1.3.2.1.3.1. Scenario 1. The final CARD is due before the final RFP's 60-day period occurs.

C4.1.3.2.1.3.2. Scenario 2. The final RFP's 60-day period occurs before the final CARD is due. The PM/CWIPT must incorporate the OSD CAIG Chair-approved final program and contract CSDR plans along with any related RFP language and WBS dictionaries as appropriate into the solicitation to industry.

C4.1.3.2.1.4. Activity 4. The OSD CAIG meets to review the life-cycle cost estimate 21 days before the OIPT program review.

C4.1.3.2.1.5. Activity 5. The OIPT meets to review the program 14 days before the DAB program review.

C4.1.3.2.1.6. Activity 6. The Defense Acquisition Executive conducts a DAB program review that results in a milestone approval or disapproval decision.

C4.1.3.2.1.7. Activity 7. The DoD PM awards the contract in association with the contracting officer.

C.4.1.3.2.2. Contract Activities. The following planning activities describe the contracting process from U.S. Government solicitation through contract award. The key document in this process is the contract CSDR plan, which requires OSD CAIG Chair approval before it is incorporated into either the draft or final RFP and, if there are changes, when it is incorporated into the final contractual document. In all cases the contract award must include the final OSD CAIG Chair-approved contract CSDR plan.

C4.1.3.2.2.1. Activity A. The DoD PM/CWIPT shall prepare and submit to DCARC the draft or final (as appropriate) contract CSDR plan, RDTs, and the draft or final RFP language at least 60 days before the RFP is issued for OSD CAIG Chair approval and return to the PM/CWIPT for action. The 60-day RFP requirement is independent of the program activity schedule requirements. Consequently, two different scenarios are possible:

C4.1.3.2.2.1.1. Scenario 1. The 60-day period occurs before the draft or final (as appropriate) CARD is due. In this scenario, the PM/CWIPT must submit the draft or final program and contract CSDR plans, corresponding RDTs, and the draft or final RFP language to meet the RFP schedule. If a CWIPT has not been established, the PM shall perform the required activity in coordination with the designated OSD CAIG, Component, and DCARC analysts. (See the DCARC Web site, <http://dcarc.pae.osd.mil>, for recommended RFP language that contains the essential instructions for implementing CCD and SRD reports.)

C4.1.3.2.2.1.2. Scenario 2. The 60-day period occurs after the draft or final (as appropriate) CARD is due. The PM/CWIPT shall submit the program and contract CSDR plans and corresponding RDTs with the CARD and the draft or final RFP language.

C4.1.3.2.2.2. Activity B. The DCARC shall review and adjudicate the draft or final (as appropriate) program and contract CSDR plans, dictionaries, RDTs, and RFP language and make specific recommendations to the OSD CAIG Chair for approval or disapproval. The OSD CAIG Chair approves/disapproves these documents within 14 days after receipt.

C4.1.3.2.2.3. Activity C. The PM, in association with the DoD contracting officer, shall issue the RFP, which incorporates the OSD CAIG-approved RFP language; contract CSDR plan; and corresponding RDT. The PM forwards an electronic copy of the RFP to the DCARC within 15 days after the RFP is released.

C4.1.3.2.2.4. Activity D. The contractor shall be required to respond to the RFP and provide cost estimates in the prescribed formats. The contractor also has the option to propose changes to the contract CSDR plan.

C4.1.3.2.2.5. Activity E. The PM, in coordination with the CWIPT, shall assess the contractor's CSDR plan response, revise the requirements as appropriate, and coordinate the results with the DCARC.

C4.1.3.2.2.6. Activity F. The PM, in association with the DoD contracting officer and in coordination with the CWIPT, shall negotiate with the contractor any revisions to the contract CSDR plan.

C4.1.3.2.2.7. Activity G. The PM/CWIPT, upon completion of negotiations, shall prepare and submit the updated/revised contract CSDR plan and CWBS dictionary to the DCARC for OSD CAIG approval.

C4.1.3.2.2.8. Activity H. The DCARC shall review and adjudicate the proposed revisions to the OSD CAIG Chair-approved CSDR plan and dictionary and make specific recommendations to the OSD CAIG Chair for approval or disapproval. These activities shall be completed within 14 days after documents are received.

C4.1.3.2.2.9. Activity I. The PM, in association with the DoD contracting officer, shall incorporate into the contract the final OSD CAIG-approved contract CSDR plan.

C4.1.3.3. Approved Contract CSDR Plan. The final approved contract CSDR plan shall be included in the contract deliverables by incorporating CDRLs that identify specific CCDR and SRDR requirements for development and production contracts. The CDRL form (DD Form 1423-1) is available for download from the Washington Headquarters Services Web site at <http://www.dtic.mil/whs/directives/infomgt/forms/formsprogram.htm>.

C4.1.3.3.1. In the case of CCD reports, a separate CDRL is prepared for each of the three CCD reports and the CWBS. Examples of CDRLs for DD Forms 1921, 1921-1, and 1921-2 and their CWBSs can be found at the DCARC Web site, <http://dcarc.pae.osd.mil>. Contractors shall be required to submit the final CWBS and CWBS dictionary within 60 days of the contractually required post award CSDR conference or, in the absence of a conference, within 60 days of contract award or contract modification.

C4.1.3.3.2. In the case of SRDR, one CDRL shall be prepared for each of the SRD reports, the Initial Developer Report and the Final Developer Reports. (See the DCARC Web site, <http://dcarc.pae.osd.mil>, for examples of CDRLs for SRDR Initial and Final Developer Reports.)

C4.2. CSDR EXECUTION. This section establishes the framework for the execution process (also referred to as “the reporting process”). It involves preparing and submitting CSDRs for U.S. Government PMs, U.S. Government reporting entities, reporting contractors and subcontractors, and other CSDR stakeholders. Paragraphs C4.2.1. and C4.2.2. and their subparagraphs describe the CSD reports, which consist of three CCD reports and three SRD reports, as noted previously in paragraphs C1.3.2. and C1.3.3.

C4.2.1. CCD Reports and CWBS Dictionary. All CCD reports shall use the CWBS elements established in the approved contract CSDR plan and related CWBS dictionary.

C4.2.1.1. DD Form 1921 and CWBS Dictionary. The DD form 1921 and CWBS dictionary is required on all ACAT I contracts and subcontracts that meet the reporting thresholds. They capture all CWBS elements at the level specified in the OSD CAIG-approved CSDR plan. Individual CWBS element costs are subdivided into recurring and nonrecurring costs, as appropriate. The DD Form 1921 shall be prepared according to Reference (g), while the CWBS dictionary shall be prepared according to Reference (s).

C4.2.1.2. DD Form 1921-1. This form applies to the total contract level as well as to selected CWBS elements (see subparagraphs below) and shall be prepared according to Reference (h). DD Form 1921-1 is directed at CWIPT-selected CWBS elements where more detailed cost data are needed. It contains a functional breakout (e.g., engineering and manufacturing) and a cost element breakout (e.g., direct labor and

material) within functional categories. The form applies to the total contract level and specifically to WBS elements of high risk, high technical interest, or high value.

C4.2.1.3. DD Form 1921-2. This form captures recurring costs on lot or unit data for CWIPT-selected CWBS elements. The report is required on programs of high risk, high technical interest, high value, or high quantity from research and development through low-rate initial production and the first full-rate production buy. Any element requiring DD Form 1921-2 will also require DD Form 1921-1 (Reference (i)).

C4.2.1.4. Report Submission. Contractors shall be required to submit CCD reports at frequencies specified in the OSD CAIG-approved CSDR plan and in the contract. All CCD reports shall be submitted electronically. Reports for new or modified (containing additional work) ACAT I program contracts or contract modifications (that add work or new CCDR requirements) shall be submitted by report upload to the Defense Automated Cost Information Management System (DACIMS) secure Web site using a certificate issued by the DCARC to establish a secure Web link. (See Chapter 5 for information about how to obtain a certificate.) The required file format for each report is a Microsoft Excel-compatible spreadsheet or XML.

C4.2.1.5. Other CCDR Requirements. The following requirements apply to the preparation of CCD reports.

C4.2.1.5.1. Undefinitized Contractual Actions (UCAs). Contractors may not be able to report costs in the desired structure (e.g., WBS elements, functional categories, and recurring/nonrecurring split) until the UCAs are definitized. In coordination with the CWIPT, the DoD PM and the contractor must agree on the report structure and data levels for any reports prepared during this interim period until definitization. As a minimum, reporting will be at CWBS Level 2 by actual costs and EACs without the recurring/nonrecurring split. When using limited reporting procedures, the contractor shall be required to prepare and submit a related CWBS dictionary that defines the reported data structure being submitted. This alternative reporting structure must be submitted to the DCARC for OSD CAIG Chair approval prior to implementation. These approved provisions should be included in the letter contract or contract modification, as appropriate, authorizing the UCA.

C4.2.1.5.2. Protection of Proprietary Information. The DoD Components shall protect company proprietary information.

C4.2.1.5.3. Tailoring Forms. Contractors shall be required to submit the standard CCDR forms according to the guidelines in this Manual and the appropriate DID. DoD PMs may request data other than that provided for on the standard CCDR forms, requiring tailoring of the forms. These tailored forms constitute separate reports that require separate contract actions (e.g., CDRLs).

C4.2.1.5.4. Recurring/Nonrecurring Cost Classification. Classification of costs as recurring or nonrecurring shall be dictated by the contractual agreement resulting

from a pre- or post-award conference to determine the final CWBS, recurring/nonrecurring split, and any other CSDR issues. The foundation and starting point for any agreement shall be as defined in Appendix 1 of this Manual and in the three CCDR DIDs.

C4.2.1.5.5. Use of Subcontractor Level 1 Costs. Prime contractors have the option to obtain subcontract Level 1 actual costs and EACs by recurring, nonrecurring, and total costs for direct CSDR reporting subcontractors. This option allows the prime contractor to report the same Level 1 costs reported in the subcontractor's report. If the prime contractor chooses this option, the requirement and the related transmission media should be included in the subcontract CDRL and in the contract's Statement of Work (Section C). Note that the cost comparison between the prime contractor and subcontractor reports is not included in the DCARC validation process and will not affect report acceptance or rejection.

C4.2.2. SRD Reports¹⁹

C4.2.2.1. SRDR Initial Government Report. This tailored format contains context information that identifies the product and developer and is completed by the U.S. Government program office. Project identification information includes the project name, the version or release of the product, the developing organization, the report as-of date, contract number or other identifier, and reporting event (initial or revision). This form also contains U.S. Government program office estimates of the size, effort, schedule, and (optionally) quality of the described software development or upgrade. SRDR Sample Format 1 is included in Reference (k).

C4.2.2.2. SRDR Initial Developer Report and SRDR Final Developer Report. These tailored formats contain planned and actual data, respectively, and are completed by the software developer (contractor or internal U.S. Government organization). Both formats contain project-level information that describes the process used to develop the software application. These data include the type of application, the associated development process, a capability rating of the developer, and a list of previous similar projects the developer has completed. The formats also request information on the primary and secondary languages used, the extent to which existing commercial or U.S. Government off-the-shelf applications were used, and the effort required to customize these products. The formats also require data on the planned and actual overall project size, effort, schedule, and quality (if required by the program office) as well as of each planned or delivered interim release or build. These data help analysts understand the context of the product and may be used to calibrate commercial software estimation models to refine effort and schedule estimates. SRDR Sample Format 2 is included in Reference (l), and Sample Format 3 is included in Reference (m).

¹⁹ All the SRDR formats should be tailored based upon the way the software developer performs its activities and the related metrics it uses. The three sample SRDR formats are intended as the starting point for developing tailored reports that capture the developer's unique software process.

C4.2.2.3. Report Submission. Contractors shall be required to submit SRD reports and SRDR data dictionary at frequencies specified in the OSD CAIG-approved CSDR plan and in the contract. All SRD reports shall be submitted electronically to the DACIMS secure Web site using a certificate issued by the DCARC to establish a secure Web link. (See Chapter 5 for information about how to obtain a certificate.) The required file format for each report is a Microsoft Excel-compatible spreadsheet or XML. Descriptions and status of major software development efforts can be found at the DCARC Web site, <http://dcarc.pae.osd.mil>.

C4.2.2.4. Other SRDR Requirements

C4.2.2.4.1. Reporting Elements. The data items shown on the sample formats are only examples and must be customized to be consistent with data that the development organization normally maintains to manage a project according to the approved CSDR plan developed by the CWIPT. Thus, the sample formats illustrate but do not mandate the data items needed to satisfy the basic requirement to estimate and report software size, effort, schedule, and (optionally) quality at the beginning and end of a major software development or upgrade.

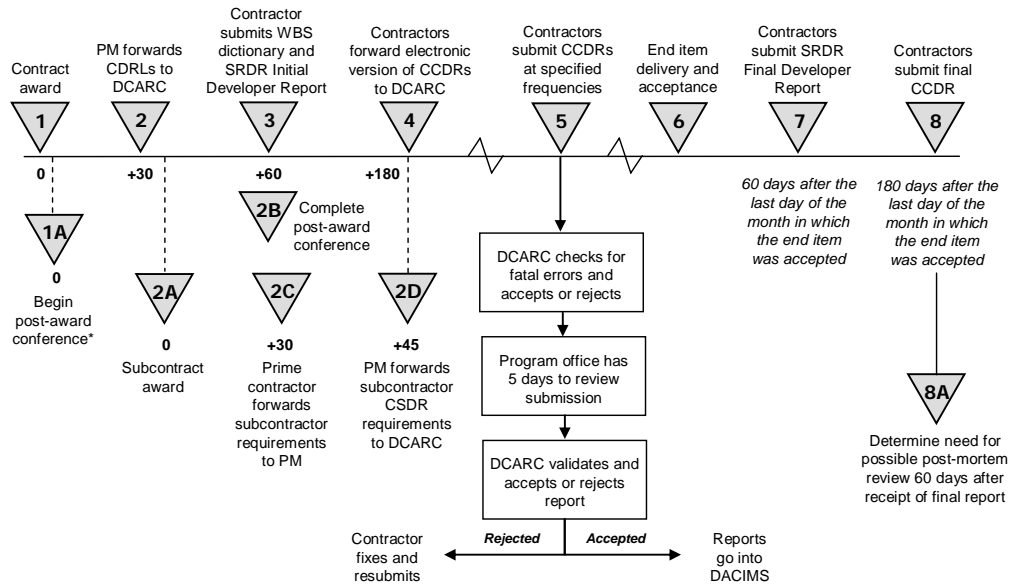
C4.2.2.4.2. SRDR Data Dictionary. For any submission of an SRD report, the contractor shall be required to submit an explanatory document, known as an SRDR data dictionary, which explains data definitions and gives details required to correctly interpret the responses. The described software development or upgrade effort may be the subject of a single software contract or a deliverable release within a larger software effort. Large software developments may separately report one or more software components of the overall system on individual SRD reports. The subject development or upgrade may be performed commercially or as an internal (“organic”) DoD effort. (For convenience, the term “contract” is used in the SRDR parts of this Manual to mean the authorizing vehicle or agreement that describes the software development or upgrade project, whether or not it is a formal contract.)

C4.2.2.4.3. Exclusions. The tailored SRDR formats are designed to record both the expectations and actual results of new software developments or upgrades. They are not designed, nor should they be used, for reporting on software maintenance or software operation and sustainment efforts. Similarly, reporting should not be used for collecting management tracking measures during the course of a project as the sample data items are not designed to record progress or interim results.

C4.2.3. Execution Timeline and Activities

C4.2.3.1. Execution Timeline. Figure C4.F2. is a timeline of the activities required during execution of the approved contract CSDR Plan for ACAT I programs. The descriptions of these activities in the subparagraphs that follow include related procedures and business rules, as appropriate. (See Chapter 5 for information about the DACIMS.)

Figure C4.F2. Timeline for Executing Contract CSDR Plans



* For noncompetitively awarded contracts, the conference can be conducted before or immediately after contract award.

C4.2.3.2. Detailed Execution Activities

C4.2.3.2.1. Activity 1. The PM awards the contract in association with the DoD contracting officer.

C4.2.3.2.2. Activity 1A. The PM/CWIPT shall host a CSDR conference with the responsible contractor to resolve reporting issues, including determination of the final CWBS elements, recurring and nonrecurring classifications, and other issues as deemed appropriate. For noncompetitively awarded contracts, the conference shall be held either before or immediately after contract award. For competitively awarded contracts, the conference shall be held immediately after contract award. Depending upon timing, the CSDR conference agreement shall be documented and included in the basic contract award or in a subsequent contract modification. The proposed revisions to the OSD CAIG-approved contract CSDR plan must be submitted to DCARC and approved by the OSD CAIG Chair prior to implementation. This agreement should be completed within 60 days of contract award.

C4.2.3.2.3. Activity 2. The PM shall forward the electronic version of the contract that establishes the CSDR requirements, CDRLs, or Statement of Work to the DCARC within 30 days of contract award.

C4.2.3.2.4. Activity 2A. The prime contractor awards a subcontract that meets the CSDR thresholds as determined by the DoD PM/CWIPT. (See Chapter 2 for specific CCDR and SRDR requirements.)

C4.2.3.2.5. Activity 2B. The DoD PM/CWIPT and contractor shall complete the conference and document the results within 60 days of contract award. The results will be incorporated into a revised CAIG-approved plan which in turn is placed on contract without a change in price, which the PM shall electronically forward to the DCARC within 30 days.

C4.2.3.2.6. Activity 2C. The prime contractor shall be required to forward the electronic version of the contract that establishes the CSDR requirements to the DoD PM within 30 days of subcontract award.

C4.2.3.2.7. Activity 2D. The PM shall forward the electronic version of the contract that establishes the CSDR requirements to the DCARC within 15 days after receipt from the prime contractor.

C4.2.3.2.8. Activity 3. The prime contractor shall be required to prepare and submit the CWBS dictionary and the tailored SRDR Initial Developer Report (see Reference (1)) describing the entire software development or upgrade to the DCARC within 60 days of the contractually required post award CSDR conference or, in the absence of a conference, within 60 days of contract award or contract modification. The contractor shall also be required to maintain and update the WBS dictionary throughout the life of the contract. Updated WBS dictionaries will typically be submitted with the next CSD report submission unless other contract events, such as major contract changes, warrant. The tailored SRDR Initial Developer Report shall reflect all the planned software deliverables, and shall be customized as agreed to by the CWIPT. The prime contractor shall also be required to prepare and submit an SRDR Initial Developer Report to the DCARC within 60 days of the start of each planned release or build that will be delivered to the U.S. Government. (At the beginning of the contract, developers shall be required to submit both an SRDR Initial Developer Report describing the entire development or upgrade and an SRDR Initial Developer Report describing the first deliverable increment of software, unless only one delivery of software is planned.)

C4.2.3.2.9. Activity 4. Contractors shall be required to prepare and submit initial electronic CCD reports within 180 days of contract award for development contracts, low-rate initial production contracts, and full-rate production contracts unless a pre- or post-award conference is held to discuss reporting issues. In the cases of when a pre- or post-award conference is held and all issues are resolved, the initial report is due within 60 days following integrated baseline review completion. The initial CCDR forms (DD Forms 1921, 1921-1, and 1921-2) shall be required to be marked "initial" and must contain EACs for each reporting element.

C4.2.3.2.10. Activity 5. Contractors shall be required to prepare and submit electronic CCD reports at the specified frequencies included in the OSD CAIG-approved contract CSDR plan that was incorporated into the contract.

C4.2.3.2.10.1. Contractors shall be required to upload their CSD reports to the DCARC via a secure Web-based interface. Instructions are on the DCARC Web

site, <http://dcarc.pae.osd.mil>. Send questions about data submission to dcarcweb@osd.mil.

C4.2.3.2.10.2. Upon receipt, DCARC notifies the contractor and the cognizant DoD PM via e-mail that the CSD reports have been received and the submission is placed into the DCARC validation queue. The DoD PM has 5 days to review, comment on, and approve or reject the reports. The DoD PM shall inform the DCARC of its findings.

C4.2.3.2.10.3. When the DCARC reaches the individual submission within the queue, the DCARC checks the report for mathematical consistency and meta-data completeness according to the OSD CAIG-approved contract CSDR plan and the applicable DIDs.

C4.2.3.2.10.3.1. The DCARC has established a goal of 15 business days to validate CSD reports and to notify DoD PMs and contractors of acceptance or rejection.

C4.2.3.2.10.3.2. Acceptance or rejection by DCARC is based solely on compliance with the OSD CAIG-approved CSDR plan and the DID.

C4.2.3.2.10.3.3. The DCARC does not check data accuracy or validity against the contractor's accounting system or the Earned Value Management System. These responsibilities reside with the DCAA and the DCMA. Any findings by either organization that question the accuracy or validity of the data will normally supersede any acceptance by the DCARC office.

C4.2.3.2.10.4. If the DCARC finds the CSD reports to be unacceptable, the DoD PM, reporting contractor, and others with vested interest shall be notified via a formal rejection memorandum. The contractor shall be required to resubmit within 30 days. If the opportunity arises, the DCARC shall contact the contractor to resolve discrepancies before issuing a formal rejection memorandum.

C4.2.3.2.10.5. If the DCARC finds the CSD reports to be acceptable, the DoD PM, reporting contractor, and others with vested interest shall be notified by a formal acceptance memorandum. The CSD reports shall then be loaded into the DACIMS database, where they are available for authorized users to view and download.

C4.2.3.2.11. Activity 6. The contractor delivers the last major end item, which is then accepted by the Department of Defense.

C4.2.3.2.12. Activity 7. Contractors shall be required to prepare and submit the final tailored SRDR Final Developer Report (see Reference (m)), customized as agreed to by the CWIPT, describing the "as built" software release or element within 60 days after each software release. Contractors shall also be required to submit a final SRDR Final Developer Report for the entire software product within 60 days of the end

of development. (At the end of the contract, contractors shall be required to submit both an SRDR Final Developer Report describing the entire development or upgrade and an SRDR Final Developer Report describing the last deliverable increment of software, unless there has been only one delivery of software.)

C4.2.3.2.13. Activity 8. The contractor shall be required to submit the final CCD report within 6 months following the last day of the month in which the last major end item was delivered and accepted by the U.S. Government. The 180 days consist of the “as of” date that is 4 months after the last day of the month of final delivery and acceptance and an additional 2 months for submission time. Final reports shall be required to be marked “final.” When a final report submitted under this provision contains significant unexpended balances (i.e., more than 5 percent of total costs or \$25 million in total costs), the report will be considered preliminary and shall be marked “preliminary final.” Another final report will be required within 60 days following the end of the month when unexpended balances fall below these thresholds. This report shall be marked “final.”

C5. CHAPTER 5

DACIMS

C5.1. DESCRIPTION

C5.1.1. Introduction. The DACIMS is a secure Web-based information system that hosts the CCDR repository, the SRDR repository, and the FPR library.

C5.1.2. Content. The DACIMS holds scanned images of historical CCD and CSD reports in Microsoft Excel-compatible formats.

C5.1.3. Flow of Data. Weapon system MDs and DCMA personnel submit CCD reports, SRD reports, and FPR data to the DACIMS via a secure Web-based data upload facility. Authorized U.S. Government users may view, search, and download files from the DACIMS via a secure connection using a certificate. For information about authorization to access the DACIMS, see section C5.3. of this Manual.

C5.2. STAKEHOLDERS

MDs, DCMA personnel, DCAA personnel, DoD PMs, and DoD government analysts are the five main types of stakeholders that interact with the DACIMS.

C5.2.1. MDs. MDs are the prime contractors, associate contractors, and subcontractors that have contracts to develop or produce ACAT I weapon systems. They are required to submit CSD reports to the DACIMS in electronic form. They may also be responsible for submitting FPR information to the DCARC.

C5.2.2. DCMA Personnel. Contracting personnel from various DCMA field offices negotiate FPR data (proposals, recommendations, and agreements) for the MD for which they are responsible. They may also be responsible for submitting FPR information to the DCARC.

C5.2.3. DCAA Personnel. DCAA auditors are responsible for evaluating the effectiveness of the contractor's CCDR policies, procedures, and practices for reporting data compatible with established DCARC objectives.

C5.2.4. DoD PMs. DoD PMs are U.S. Government civilian and military personnel who are responsible for monitoring contractors' execution of approved programs. DoD PM staff members have three roles in the CSDR process: CSDR planner, CSDR reviewer, and cost estimator. The information the DoD PM provides in these roles specifies the reporting schedule and content of the CSD reports that MDs submit. Instructions for submitting CSD reports are available on the DCARC Web site, <http://dcarc.pae.osd.mil>. DoD PMs may access the DACIMS through the Internet to

search for specific types of weapon system data and to view and download CCD and SRD reports.

C5.2.5. DoD Government Analysts. These are U.S. Government civilian or military personnel who use cost data, including CSD reports, primarily to analyze the costs of programs. They may be members of the OSD CAIG, OUSD (AT&L), a Service headquarters acquisition organization, a Component cost center, a commodity command, or a DoD PM's organization. DoD government analysts may access the DACIMS through the Internet to search for specific types of weapon system data and to view and download CCD and SRD reports.

C5.3. ACCESS TO DACIMS DATA

C5.3.1. Introduction. The guidelines regarding CSDR data access were established by the DCARC, coordinated with CSDR stakeholders and approved by the OSD CAIG Chair, and reviewed and accepted by the OSD Office of General Counsel. The guidelines are based on guidance contained in Reference (o) and the DCARC operating environment. The objective is to provide ready and secure access to authorized users while safeguarding the proprietary interests of reporting contractors.

C5.3.2. Authorization for Access. The DCARC provides authorization to access CSDR data based on a valid need to use the data. DoD civilian and military personnel, and Federally Funded Research and Development Centers (FFRDCs) may obtain access to CSDR data. FFRDCs must have contracts within the Department of Defense to confirm that they require access to CSDR data. (See section 35.017 of Reference (o).) Authorized users may gain access to specific CSDR data through the DACIMS after registering with the DCARC and obtaining a certificate.

C5.3.3. Registering with the DCARC. Authorized users must register through the DCARC Web site, <http://dcarc.pae.osd.mil>, to obtain a certificate that establishes a secure Web session with the DACIMS. The registration process differs for stakeholders authorized to access data and for those authorized only to submit data, as explained in the following subparagraphs.

C5.3.3.1. Stakeholders Authorized To Access Data. DoD government analysts, DoD PMs, DCAA, and DCMA personnel may be authorized access to DACIMS data by submitting user information about themselves and their organizations. After the registration information has been verified, the DCARC shall generate a digital certificate, create a DACIMS user account and password, and send an e-mail message with instructions on how to load the certificate and access the DACIMS. DACIMS users with a DoD-issued Common Access Card (CAC) shall be able to register their CAC with their DACIMS account, enabling CAC login (DCARC issued certificates are not required for DoD CAC holders).

C5.3.3.2. Stakeholders Authorized To Submit Data. DoD PMs, MDs, DCAA, and DCMA personnel are the only stakeholders authorized to submit data. DoD PMs are responsible for submitting the SRDR Initial Government Report. (See Reference (k).) MDs shall be required to submit contract reports, DCMA personnel shall submit or shall require contractors to submit FPR data to the DACIMS, and DCAA personnel may submit CSDR audits. MDs and DCMA personnel must register in the same manner as stakeholders with access to the data. The DCARC staff shall verify the validity of the request, generate a digital certificate, and provide it, together with installation and data upload procedures, to the point of contact. Data submitters with a DoD-issued CAC shall be able to register their CAC with their DACIMS account, enabling CAC login (DCARC issued certificates are not required for DoD CAC holders).

AP1. APPENDIX 1

DEFINITIONS

DL1. Acquisition Category (ACAT). Definitions of ACATs IA, IC, ID, and so on can be found in Reference (c).

DL2. Acquisition Program. A directed, funded effort designed to provide a new, improved, or continuing materiel, weapon, information system, capability, or service in response to a validated operational or business need. Acquisition programs are divided into categories that are established to facilitate decentralized decision making, execution, and compliance with statutory requirements.

DL3. Actual Costs. The costs sustained in fact, on the basis of costs incurred, as opposed to standard or predetermined costs. Estimated actual costs may be used for actual costs that have not been recorded in the books of record, when based on verifiable records such as invoices and journal vouchers that have not yet been accrued in the books of record, to ensure all valid costs are included. Actual costs to date include cost of direct labor, direct material, and other direct charges specifically identified to appropriate control accounts as incurred, and any overhead costs and general administrative expenses allocated to control accounts.

DL4. Associate Contractor. Any prime contractor whose contract with the U.S. Government requires joint participation with other prime contractors to accomplish the government requirement. Joint participation involves the potential sharing of information, data, technical knowledge, expertise, and resources. Such participation is intended to ensure the greatest degree of cooperation to meet the terms of the contract.

DL5. Day. Calendar day unless specified otherwise.

DL6. High-Risk Item. A selected product-oriented WBS element that the Cost Working-Group Integrated Product Team designates as being of higher-than-average risk in terms of cost, schedule, or technical performance. Key considerations in designating high-risk items are the importance of the cost drivers associated with them and the needed visibility into lower-level elements for cost evaluations.

DL7. High-Technical-Interest Item. A selected product-oriented work breakdown structure element that the Cost Working-Group Integrated Product Team designates as having important technical consequences on a specific contract or program or on future contracts or programs (e.g., use of composites or introduction of a new production technology).

DL8. High-Value Item. A selected product-oriented work breakdown structure element that constitutes 10 percent or more of total contract costs or that the Cost Working-Group Integrated Product Team designates as being an important contributor to the system's

overall cost. For example, the selected element may not meet the 10 percent contract criteria, but it still may be an important element over the life of the entire program or in estimating future programs.

DL9. Nonrecurring Costs. Non-repetitive elements of development and investment costs that generally do not vary with the quantity being produced, irrespective of system life cycle phase and the appropriation. Nonrecurring cost categories include product design and development (PD&D) activities; system test and evaluation (ST&E); tooling; pre-production activities; design and development of support equipment, training, and data; and certain elements of systems engineering and program management (SE/PM). Examples of PD&D activities include preliminary, critical, prototype, and test article design activities and software design and maintenance, regardless of whether the purpose is to correct deficiencies or add capabilities. (Note, however, that the Cost Working-Group Integrated Product Team can require the contractor to classify software maintenance costs as recurring if a determination is made that such costs are significant for cost-estimating purposes and can reasonably be accounted for by the contractor). Examples of ST&E activities include test articles built for testing purposes only (i.e., units that are not production-representative) such as test stands, wind tunnel models, and bench and coupon test articles; structural development, static, fatigue, software, and ballistics testing; stress analysis; flight, ground, or sea testing of system properties; redesign as a result of testing; and retesting efforts. Examples of nonrecurring tooling activities include special test equipment, special tooling, procurement of initial and rate tooling, tool replacement (with the exact same tool), and tool modification (to accommodate product configuration changes). Examples of pre-production activities include production planning and line set-up. Examples of nonrecurring support equipment, training, and data activities include initial equipment design and test efforts, test program sets, initial courseware development, and simulator development. SE/PM activities occur throughout the system life cycle and are supportive in nature; as such, these costs take on the characteristics of the underlying activities being performed. Examples of nonrecurring SE/PM activities include system development and design, testing, planning, organizing, and monitoring activities.

DL10. Project Applicability Matrix (PAM). PAM contains the project name, description, and related work breakdown structure elements for those programs that include separate identifiable projects as part of an acquisition strategy using spiral and incremental development approaches.

DL11. Profit/Loss or Fee. Profit is the excess of revenues over expenses. Loss is the excess of expenses over revenues. In special cost-reimbursement pricing arrangements, fee is a form of profit representing an agreed-to amount beyond the initial estimate of costs that reflects a variety of factors, including risk, and is subject to statutory limitations. Fee may be fixed at the outset of performance, as in a cost plus fixed fee arrangement, or may vary (within a contractually specified minimum-maximum range) during performance, as in a cost plus incentive fee arrangement.

DL12. Resource Distribution Table (RDT). An attachment (usually Microsoft Excel-compatible) to the cost and software data reporting plan that provides key data about organizations assigned responsibility for completing specific program and contract work breakdown structure (WBS) elements. The program RDT components include the program WBS, prime contract numbers, contractor/subcontractor estimated values, contractor/subcontractor names and addresses, government-furnished equipment, and the requiring U.S. Government activity. The contract/subcontract RDT components include the contract WBS, prime contract numbers, contractor/subcontractor estimated values, contractor/subcontractor names and addresses, and the requiring U.S. Government activity. The RDT was formerly called the responsibility assignment matrix.

DL13. Recurring Costs. Repetitive elements of development and investment costs that may vary with the quantity being produced, irrespective of system life cycle phase and appropriation. Recurring cost categories include procurement and production activities; acceptance testing; maintenance and support equipment, training, and data; test articles built to an operational configuration; and certain elements of systems engineering and program management (SE/PM). Examples of procurement and production activities include fabrication; assembly; procurement of raw materials, purchased parts and equipment, and major and minor subcontracts; integration; installation and checkout; and quality control/assurance (inspection efforts). Examples of recurring maintenance and support activities include product and tooling maintenance (to restore a product/tool to its original condition); production of support and training equipment, initial spares, and simulators; reproduction of maintenance/technical data; and courseware updates. Recurring test articles are only those units built to a completed operational configuration, including full-scale, fatigue/static, and avionics equipment test articles. SE/PM activities occur throughout the system life cycle and are supportive in nature; as such, these costs take on the characteristics of the underlying activities being performed. Examples of recurring SE/PM activities include sustaining engineering, logistics support, planning, organizing, monitoring, and reporting activities.

DL14. Reporting Contractor. One whose contract with the U.S. Government contains cost and software data reporting requirements.

DL15. Reporting Element. A defined product, task, or contract item on which data are to be collected. The primary examples are the individual elements of a work breakdown structure (WBS) as defined in Reference (f). Other examples include the summary elements that apply to the total contract rather than to specific WBS elements such as facilities capital cost of money, general and administrative expenses, and profit/loss or fee.

DL16. Software. The set of computer programs and accompanying documentation developed under a given contract. Development activities include specifying software requirements, design, coding, testing, and integration. Software includes all related activities involving the internal development and documentation of code for both original programs and modifications to existing software (contractor-developed, government-furnished, or commercial). Commercial software is also included if delivered to and paid for by the U.S. Government.

DL17. Subcontract. Any agreement, purchase order, or instrument other than a prime contract calling for work or for the material required for the performance of one or more prime contracts. It usually covers procurement of major components or subsystems that require the subcontractor to do extensive design, development, engineering, and testing to meet a prime contractor's procurement specifications.

DL18. Undefinitized Contractual Action (UCA). Written preliminary contractual instrument in which terms, specifications, or prices are not agreed to before performance begins. This type of contractual instrument is restricted to urgent requirements and is permitted to be used only when no other alternative contracting method will fulfill the urgent need. Like a letter contract, a UCA obligates the customer either to make a definitive contract within a specified time or to reimburse the contractor for costs incurred under the letter contract. The UCA is superseded as soon as possible by a definitive contract.