DATA ITEM DESCRIPTION

Title: "Functional Cost-Hour Report" (DD Form 1921-1)

Number: DI-FNCL-81566B **Approval Date:** 20070420

AMSC Number: D7720 **Limitation:**

DTIC Applicable: **GIDEP Applicable:**

Preparing Activity: (D)OSD/PA&E/CAIG

Applicable Forms: DD Form 1921-1 (OMB Control No. 0704-0188); 16 hours

Use/Relationship: For background and detailed requirements related to Contractor Cost Data Reporting (CCDR), refer to DoD 5000.04-M-1, "Cost and Software Data Reporting (CSDR) Manual."

DD Form 1921-1, "Functional Cost-Hour Report," is used by contractors to submit: (1) direct and indirect actual cost data on both a recurring and nonrecurring basis on Government contracts and (2) proposed direct and indirect cost data in response to Government solicitations according to Defense Federal Acquisition Regulations Supplement (DFARS) 215-403.5.

This Data Item Description (DID) summarizes the format for DD Form 1921-1 and provides preparation instructions to support the specific data and frequency requirements specified in the contract. DD Form 1921-1 is related to other CCDR forms, including DD Form 1921, "Cost Data Summary Report" (DI-FNCL-81565, current edition), and DD Form 1921-2, "Progress Curve Report" (DI-FNCL-81567, current edition). This DID is also related to the Contract Work Breakdown Structure (CWBS) DID (DI-MGMT-81334, current edition). All forms are available for inclusion on any contract that meets the criteria specified in DoD Instruction 5000.2 or under other conditions specified for a particular contractual effort.

This DID replaces Part I of DI-FNCL-81566A.

Requirements:

1. *Reference documents.*

    a. DoD Instruction 5000.2, "Operation of the Defense Acquisition System," 12 May 2003. This instruction contains mandatory CCDR requirements.

    b. DoD 5000.4-M, "Cost Analysis Guidance and Procedures," December 1992.

    c. DoD 5000.04-M-1, "Cost and Software Data Reporting (CSDR) Manual," [most current].

    d. DD Form 2794, "Cost and Software Data Reporting Plan." Commonly referred to the CSDR Plan, a completed DD Form 2794 must be approved by the Office of the Secretary of Defense (OSD) Cost Analysis Improvement Group (CAIG) Chair.

2. *Format.* Use DD Form 1921-1 and the detailed preparation instructions below. Templates are available from the Defense Cost and Resource Center (DCARC) Web site (http://dcarc.pae.osd.mil). A separate DD Form 1921-1 report must be completed for each WBS Reporting Element for which an "X" is marked in Item 13c (Column "DD 1921-1") of the OSD CAIG Chair-approved contract or subcontract CSDR Plan. All required DD Form 1921-1s must be submitted together in a single stand-alone Excel-compatible file with each DD Form 1921-1 on a separate tab or as a DCARC approved Extensible Markup Language

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(XML) file by report upload to the DCARC's secure Web site. Uploading requires the use of a certificate issued by the DCARC for encryption and digital signature. See the DCARC Web site for certificate instructions.

3. *Implementation*. Contractors are responsible for implementing CCDR requirements on all subcontracts that meet the reporting thresholds (see DoD Instruction 5000.2).

Preparation Instructions:

1. *General Instructions.*

   a. Report on work performed by the prime contractor/associate contractor at cost (i.e., before Reporting Contractor General & Administrative (G&A), Undistributed Budget, Management Reserve, Facilities Capital Cost of Money, and Profit/Loss or Fee). Report on work performed by all subcontractors at price (i.e., including subcontractor Profit/Loss or Fee). Report all currency throughout this form in thousands of U.S. dollars, rounded to the nearest tenth.

   b. Mark the security classification of the report as "Unclassified" in the space provided on the upper left and lower right of the form. However, if the report is classified, contact the DCARC for special processing instructions.

   c. Three types of reports may be prepared under this DID: Initial Reports, Interim Reports, and Final Reports. An Initial Report is a preliminary DD Form 1921-1 that is prepared to verify the contractor's capability to prepare and submit the report in accordance with the DID and most current OSD CAIG Chair-approved CSDR Plan. An Initial Report may be submitted: (1) within 60 days after completion of the Integrated Baseline Review (IBR) or (2) within 180 days of contract award, whichever is earlier. An Interim Report is a DD Form 1921-1 that is prepared at any time after the Initial Report and before submission of the Final Report. A Final Report is a DD Form 1921-1 that is submitted when the contractual effort is either complete or substantially complete. A Final Report is required within 180 days after the last day of the month in which the final end item is accepted. This consists of 120 days for transaction processing, the end of which establishes the report "As of Date" and an additional 60 days for report preparation and submission. When a final report submitted under this provision contain significant unexpended balances i.e., more than five per cent of total costs or $25M 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". 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 make 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 government and contractor conference just before or after contract award.

   d. Common data elements (i.e., metadata, quantities, dollars, and hours) used across the DD 1921 series of reports for a specific contract must agree as appropriate.

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e. Contractors shall report costs based upon the direct, overhead, and G&A categories established in their Cost Accounting Standards Disclosure statements.

2. *Specific Instructions: Metadata.*

   a. Item 1. Program. Enter the name given to the Major Defense Acquisition Program (MDAP) as specified on the DoD MDAP list the Under Secretary of Defense, Acquisition, Technology and Logistics annually publishes (e.g., "AESA–Active Electronically Scanned Array Program"). Also enter the program phase (development, low rate initial production, production, etc.).

   b. Item 2. Prime Mission Product. Enter the most current official military designation for the end item as specified by the appropriate classification standard (e.g., DoD 4120.15-L, "Military Designation of Military Aerospace Vehicles," would specify "F-35" for the Joint Strike Fighter). For contract (or subcontract) CSDR Plans, the end item being reported may have a different designation than the total program (e.g., the preparer would enter "AN/APG-81 Radar" for the F-35 Radar contract CSDR Plan). If the end item does not have a military designation, enter the type of the product being developed or procured, for example, radar.

   c. Item 3. Contractor Type.

      i. For a prime or associate contractor, check "Prime/Associate." (See the "Definitions" section of this DID.)

      ii. For a direct-reporting subcontractor, check "Direct-Reporting Subcontractor." (See the "Definitions" section of this DID.)

   d. Item 4. Name/Address. Enter the name, division (if applicable), and address (including ZIP code) of the reporting prime contractor or direct-reporting subcontractor.

   e. Item 5. Approved Plan Number. Enter the Approved Plan Number from Item 9 of the most current OSD CAIG Chair-approved contract or subcontract CSDR Plan that authorized the collection of data for this report.

   f. Item 6. Customer (Direct-Reporting Subcontractor Use Only). Enter the name of the prime contractor for whom the work on the subcontract is being performed.

   g. Item 7. Type Action.

      i. Enter the assigned prime contract number the prime contractor has with the Government customer, as well as the number of the latest contract modification. This requirement is identical for both reporting contractors and reporting subcontractors. Also enter the common reference name for the prime contract.

      ii. If the data are in response to a solicitation in accordance with DFARS 215-403.5, enter the solicitation number.

   h. Item 8. Period of Performance. Enter the start and end dates related to the contractual period of performance. Enter the appropriate numeric data for the year, month, and day. For example, December 31, 2004, would be shown as 20041231.

   i. Item 9. Report Cycle. Check "Initial," "Interim," or "Final" report, as appropriate (see General Instruction 1c. above).

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j.   Item 10. Submission Number. Enter the submission number for the report provided in Item 14a of the most current OSD CAIG Chair-approved contract or subcontract CSDR Plan.

k.   Item 11. Resubmission Number. Enter "0" (zero) for original submission. If the report is a resubmission, enter the resubmission number, starting with "1" for the first resubmission, "2" for the second resubmission, and so on.

l.   Item 12. Report As Of. Enter the appropriate numeric data for the year, month, and last day of the reporting period. For example, December 31, 2004, would be shown as 20041231. The report as of date must be consistent with Item 14d of the OSD CAIG Chair-approved DD Form 2794 contract or subcontract CSDR Plan. For CSDR Plans that include event-driven milestones for reporting purposes, if the milestone event that triggers reporting has been delayed, the "As of date" reported in Item 12 will be different from the OSD CAIG Chair-approved CSDR Plan. In this situation, the Government Program Office/Contractor must submit a request for change in the event-driven date for reporting to the DCARC before the date reflected in the OSD CAIG Chair-approved CSDR Plan.

m.   Items 13 through 17. Enter the following information for the person to contact for answers to any questions about entries on DD Form 1921-1: Last Name, First Name, and Middle Initial (Item 13); Department (Item 14); Telephone Number, including Area Code (Item 15); and E-Mail Address (Item 16), and Date Prepared (Item 17). For Item 17, enter the date the report was prepared in the appropriate numeric format. For example, December 31, 2004, would be shown as 20041231.

3.   *Specific Instructions*: Reported Data.

a.   Item 18. WBS Element Code. A separate DD Form 1921-1 report must be completed for each WBS Reporting Element for which an "X" is marked in Item 13c (Column "DD 1921-1") of the OSD CAIG Chair-approved contract or subcontract CSDR Plan. Enter the corresponding WBS Element Code identically as presented in Item 10b of the OSD CAIG Chair-approved contract or subcontract CSDR Plan. For those elements designated with an "X" in Item 13c (Column "DD 1921-1") of the OSD CAIG Chair-approved contract or subcontract CSDR Plan that reflect no expected costs at completion, a separate DD Form 1921-1 is not required, but may be submitted.

b.   Item 19. WBS Reporting Element. Enter the WBS Reporting Element name that corresponds to the entry in Item 18 of this report identically as presented in Item 11 (column "WBS Reporting Elements") of the OSD CAIG Chair-approved contract or subcontract CSDR Plan.

c.   Item 20. Number of Units. For the WBS Element Code reported in Item 18, enter the number of units to date and the number of units at completion as described below. Reported quantities must be consistent with the quantities reported in the DD Form 1921.

i.   To Date. Report the estimated cumulative number of units to date. The following approach, based on the Earned Value Management System (EVMS), is the preferred standard method for calculating these units. Material costs should be treated in accordance with the company's EVMS system description. If the contractor must allocate recurring/nonrecurring costs for the reported Costs Incurred to Date and At

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Completion, follow the same allocation methodology for this unit calculation. Report the result as the cumulative number of units to date for each hardware item. This number should be expressed to the nearest tenth of a decimal (e.g., 4.3 units). The standard EVM based method is as follows :

(1) Isolate all control accounts for work packages that contain the recurring labor and material cost associated with manufacture of hardware items. Only the recurring costs should be isolated. Use the "as of date" for the CSDR report being prepared.

(2) Calculate number of units completed to date based on the earned value:

   (a) Sum the Budgeted Cost for Work Performed (BCWP) for the isolated control accounts/work packages.

   (b) Sum the Budget at Complete (BAC) for the same control accounts.

   (c) Calculate the fraction by dividing the results from step (a) by the result from step (b).

   (d) Multiply the fraction from step (c) times the number of items to be manufactured.

   (e) Report the number resulting from step (d) to the nearest tenth of a decimal as the cumulative number of units to date for each hardware item.

(3) Reporting contractors may use an alternative method provided it is analytically based, consistently applied over time, and can be shown to produce a reasonably accurate and reliable calculation for estimating purposes. If an alternative calculation method is used, the methodology must be explained in Item 22 ("Remarks").

(4) Special Instructions: Internal Use versus Procured and Delivered Quantities. For Research and Development (R&D) contracts, enter two quantity amounts for any reported WBS Reporting Element that includes items to be procured or produced, as applicable. The first entry applies to the quantity procured to date and either delivered or ready to be delivered to the Government The second quantity applies to the number of units the contractor has used internally during contract performance to date (e.g., testing). Separate the two quantities with a "/" (backslash). For example, suppose that 5.3 have been completed for delivery to the government, even if the DoD contracting component has not yet accepted the item, and 2.2 units have been used internally. Enter 5.3/2.2 in Item 20 "Number of Units to Date," for that same WBS Reporting Element. The breakout of units between Government deliveries and internal contractor use is not required on production contract reporting unless the CWIPT, in coordination with the contractor, identifies and justifies the need for purposes of estimating costs.

ii. At Completion. Report the number of units at completion.

   (1). For Research and Development Contracts. Enter two quantity amounts for any reported WBS Reporting Element that includes items to be procured or produced, as applicable. The first entry is the quantity to be procured and delivered to the Government. The second quantity represents the number of units the contractor

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will use/used internally during contract performance (e.g., testing). Separate the two quantities with a backslash ("/"). For example, suppose that at contract completion 12 units were to be delivered and 4.3 systems would be used internally. Then, enter 12/4.3 in Item 20 for that same WBS Reporting Element.

(2) <u>For Production Contracts</u>. Enter the number of units to be procured under this contract. The breakout of units between Government deliveries and internal contractor use is not required on production contract reporting unless the Contract Working-group Integrated Product Team (CWIPT), in coordination with the contractor, identifies and justifies the need for purposes of estimating costs.

d. <u>Item 21. Appropriation</u>.

   i. Check the appropriate box(es) to indicate the type of appropriation—Research, Development, Test and Evaluation (RDT&E), Procurement, or Operating and Maintenance (O&M)—used to fund the WBS Reporting Element. If multiple boxes are checked, provide the relative percentage breakout in Item 22 ("Remarks").

   ii. If the data are in response to a solicitation in accordance with DFARS 215-403.5, leave Item 21 blank, unless otherwise specified in the solicitation.

e. <u>Column A. Costs and Hours Incurred To Date—Nonrecurring</u>. See the "Definitions" section of this DID for a description of nonrecurring activities. For each WBS Element Code reported, enter actual nonrecurring costs and hours incurred to date for each of the Functional Data Elements. For each WBS element code, the cost data reported under "Costs and Hours Incurred to Date—Nonrecurring" (Column A) Line 21 must match the "Costs Incurred to Date—Nonrecurring" (Column D) for the WBS Reporting Element on the DD Form 1921 report before the addition of the Summary Reporting Elements (i.e., Reporting Contractor General and Administrative, Undistributed Budget, Management Reserve, Facilities Capital Cost of Money, and Profit/Loss or Fee). Cost data reported must follow WBS parent-child relationship rules (i.e., WBS parent elements must be equal to the sum of their children elements).

f. <u>Column B. Costs and Hours Incurred To Date—Recurring</u>. See the "Definitions" section of this DID for a description of recurring activities. For each WBS Element Code reported, enter actual recurring costs and hours incurred to date for each of the Functional Data Elements. For each WBS Element Code, the cost data reported under "Costs and Hours Incurred to Date—Recurring" (Column B) Line 21 must match the "Costs Incurred to Date—Recurring" (Column E) for the WBS Reporting Element on the DD Form 1921 report before the addition of the Summary Reporting Elements (i.e., Reporting Contractor General and Administrative, Undistributed Budget, Management Reserve, Facilities Capital Cost of Money, and Profit/Loss or Fee). Cost data reported must follow WBS parent-child relationship rules (i.e., WBS parent elements must be equal to the sum of their children elements).

g. <u>Column C. Costs and Hours Incurred To Date—Total</u>. For each WBS Element Code reported, enter the sum of Columns A and B for each of the Functional Data Elements. For each WBS Element Code, the cost data reported under "Costs and Hours Incurred to Date—Total" (Column C) Line 21 must match the "Costs Incurred to Date—Total" (Column F) for the WBS Reporting Element on the DD Form 1921 report before the

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addition of the Summary Reporting Elements (i.e., Reporting Contractor General and Administrative, Undistributed Budget, Management Reserve, Facilities Capital Cost of Money, and Profit/Loss or Fee).

h. <u>Column D. Costs and Hours Incurred At Completion—Nonrecurring</u>. See the "Definitions" section of this DID for a description of nonrecurring activities. For each WBS Element Code reported, enter actual nonrecurring costs and hours incurred at completion for each of the Functional Data Elements. For each WBS Element Code, the cost data reported under "Costs and Hours Incurred at Completion—Nonrecurring" (Column D) Line 21 must match the "Costs Incurred at Completion—Nonrecurring" reported in Column H for the WBS Reporting Element on the DD Form 1921 report before the addition of the Summary Reporting Elements (i.e., Reporting Contractor General and Administrative, Undistributed Budget, Management Reserve, Facilities Capital Cost of Money, and Profit/Loss or Fee). Cost data reported must follow WBS parent-child relationship rules (i.e., WBS parent elements must be equal to the sum of their children elements).

   i. <u>Initial Report(s)</u>:

       (1) <u>Initial Report before IBR</u>: For each WBS Element Code reported, enter proposed nonrecurring costs for each of the Functional Data Elements. For each Functional Data Element for which no costs have been proposed, enter a zero.

       (2) <u>Initial Report after IBR</u>: For each WBS Element Code reported, enter current estimated nonrecurring costs at completion for each of the Functional Data Elements. For each Functional Data Element for which no costs have been estimated, enter a zero.

   ii. <u>Interim Report(s)</u>: For each WBS Element Code reported, enter the current estimate of nonrecurring costs at completion for each of the Functional Data Elements. For each Functional Data Element for which no costs have been estimated, enter a zero.

   iii. <u>Final Report(s)</u>: For each WBS Element Code reported, enter the actual nonrecurring costs incurred at completion for each of the Functional Data Elements. Include an estimate of any nonrecurring costs expected to be incurred before contract completion. For each Functional Data Element for which no costs have been incurred, enter a zero.

i. <u>Column E. Costs and Hours Incurred At Completion—Recurring</u>. See the "Definitions" section of this DID for a description of recurring activities. For each WBS Element Code reported, enter actual recurring costs and hours incurred at completion for each of the Functional Data Elements. For each WBS Element Code, the cost data reported under "Costs and Hours Incurred at Completion—Recurring" (Column E) must match the "Costs Incurred at Completion—Recurring" reported (Column I) for the WBS Reporting Element on the DD Form 1921 report before the addition of the Summary Reporting Elements (i.e., Reporting Contractor General and Administrative, Undistributed Budget, Management Reserve, Facilities Capital Cost of Money, and Profit/Loss or Fee). Cost data reported must follow WBS parent-child relationship rules (i.e., WBS parent elements must be equal to the sum of their children elements).

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i. Initial Report(s):

    (1) Initial Report before IBR: For each WBS Element Code reported, enter proposed recurring costs for each of the Functional Data Elements. For each Functional Data Element for which no costs have been proposed, enter a zero.

    (2) Initial Report after IBR: For each WBS Element Code reported, enter current estimated recurring costs at completion for each of the Functional Data Elements. For each Functional Data Element for which no costs have been estimated, enter a zero.

ii. Interim Report(s): For each WBS Element Code reported, enter the current estimate of recurring costs at completion for each of the Functional Data Elements. For each Functional Data Element for which no costs have been estimated, enter a zero.

iii. Final Report(s): For each WBS Element Code reported, enter the actual recurring costs incurred at completion for each of the Functional Data Elements. Include an estimate of any recurring costs expected to be incurred before contract completion. For each Functional Data Element for which no costs have been incurred, enter a zero.

j. Column F. Costs and Hours Incurred At Completion—Total. For each WBS Element Code reported in Item 18, enter the sum of Columns C and D. For each WBS Element Code, the cost data reported under "Costs and Hours Incurred At Completion—Total" (Column F) must match the "Costs Incurred At Completion—Total" reported (Column J) for the WBS Reporting Element on the DD Form 1921 report before the addition of the Summary Reporting Elements (i.e., Reporting Contractor General and Administrative, Undistributed Budget, Management Reserve, Facilities Capital Cost of Money, and Profit/Loss or Fee). For those elements designated with an "X" in Item 13c (column "DD 1921-1") of the OSD CAIG Chair-approved contract or subcontract CSDR Plan that reflect no expected costs at completion, provide an explanation for the zero entry in Item 22 ("Remarks").

k. Functional Data Elements. Lines 1 through 21. Enter actual incurred costs or hours to date and at completion, or a zero (rather than a blank) when costs or hours have not been incurred to date for the reporting period and/or when costs or hours have been estimated to be zero at completion. Amounts reported for a parent WBS element must include the cost of all related children and are not limited to just those children selected for DD Form 1921-1 reporting. Parent-child relationships on DD Form 1921-1 must be consistent with the data reported on DD Form 1921, "Cost Data Summary Report." Note: If units are reported to be greater than zero in Item 20 (Number of Units at Completion), recurring hours and/or costs must be reported in at least one of the following lines: 1, 2, 5, 6, 8, 9, 10, 11, 14, 15, 16, 18, 19, and 20

    i. Engineering:

        Line 1. Direct Engineering Labor Hours. Enter direct labor hours related to the Engineering function for the WBS Reporting Element.

        Line 2. Direct Engineering Labor Dollars. Enter direct labor dollars related to the Engineering function for the WBS Reporting Element.

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Line 3. Engineering Overhead Dollars. Enter overhead dollars related to the Engineering function for the WBS Reporting Element.

Line 4. Total Engineering Dollars. Enter the sum of Lines 2 and 3.

ii. Manufacturing Operations:

Line 5. Direct Tooling Labor Hours. Enter direct labor hours related to the Tooling function for the Reporting Element.

Line 6. Direct Tooling Labor Dollars. Enter direct labor dollars related to the Tooling function for the WBS Reporting Element.

Line 7. Tooling & Equipment Dollars. Enter materials and purchased tools dollars related to the Tooling function for the WBS Reporting Element.

Line 8. Direct Quality Control Labor Hours. Enter direct labor hours related to the Quality Control function for the WBS Reporting Element.

Line 9. Direct Quality Control Labor Dollars. Enter direct labor dollars related to the Quality Control function for the WBS Reporting Element.

Line 10. Direct Manufacturing Labor Hours. Enter direct labor hours related to the Manufacturing function for the WBS Reporting Element.

Line 11. Direct Manufacturing Labor Dollars. Enter direct labor dollars related to the Manufacturing function for the WBS Reporting Element.

Line 12. Manufacturing Operations Overhead Dollars (including Tooling and Quality Control). Enter overhead dollars related to the Tooling, Quality Control, and Manufacturing functions for the WBS Reporting Element.

Line 13. Total Manufacturing Operations Dollars. Enter the sum of Lines 6, 7, 9, 11, and 12.

iii. Materials: Materials include both the following categories and Inter-company Work Orders (IWO). IWO dollars are classified into one of the other Material categories based upon the nature or characteristics of the products or services provided.

Line 14. Raw Material Dollars. Enter the price paid for any crude or semi-fabricated materials incorporated into the manufacturing of the WBS Reporting Element. Examples include consumable items for fabrication, castings, forgings, pressings, sheet metal, plate, tubing, bars, rebar, rods, wires, cables, fabrics, conduits. (See the "Definitions" section of this DID.)

Line 15. Purchased Parts Dollars. Enter the price paid for any discrete components incorporated into an upper-level assembly in the manufacture of the WBS Reporting Element. Purchased parts are distinguished from purchased equipment by their relatively lower cost and complexity. Examples include fasteners, clips, clamps, nuts, bolts, washers, nails, screws, penstock, valves, and plumbing and electrical fittings and fixtures. (See the "Definitions" section of this DID.)

Line 16. Purchased Equipment Dollars. Enter the price paid for assembled items and subassemblies designed to be incorporated with other components into the

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manufacture of the WBS Reporting Element. Purchased equipment is distinguished from purchased parts by its relatively higher cost and complexity. Examples include structural components such as wings, horizontal and vertical tails, and fuselage,; avionics equipment such as radios, inertial navigation systems, radar systems, and electronic countermeasures; hydraulic, pneumatic, and electrical subassemblies such as landing gear, canopy actuation systems, and wire harnesses. (See the "Definitions" section of this DID.)

Line 17. Material Handling/Overhead Dollars. Enter the cost in terms of dollars related to ordering, receiving, inspecting, and controlling material until it is requisitioned.

Line 18. Total Direct-Reporting Subcontractor Dollars. Enter the total price of all the direct-reporting subcontracts. In Item 22 ("Remarks"), list each direct-reporting subcontractor company name, city, state, and the corresponding subcontract prices. (See the "Definitions" section of this DID.)

Line 19. Total Material Dollars. Enter the sum of Lines 14 through 18.

iv. Other Costs:

Line 20. Other Costs Not Shown Elsewhere (Specify in Item 22. Remarks). Enter all costs for the WBS Reporting Element not assigned to the functional categories (Engineering, Manufacturing Operations, and Materials). If the total of this category is greater than or equal to 15% of the total cost for the WBS Reporting Element, provide details regarding cost composition in Item 22. Identify each of the costs comprising this Line as direct or overhead.

v. Summary:

Line 21. Total Dollars (Direct and Overhead). Enter the sum of Lines 4, 13, 19, and 20. The totals for Columns A, B, C, D, E, and F must match the amounts reported for each corresponding WBS element on DD Form 1921, "Cost Data Summary Report," Columns D, E, F, H, I, and J, respectively.

l. Item 22. Remarks. Note any relevant information that could be useful in the interpretation of the data provided in this report, including a list of each direct-reporting subcontractor and corresponding subcontract prices. If applicable, also provide (1) the cost composition details of Line 20 ("Other Costs Not Shown Elsewhere") if the total amount of dollars shown in Line 20 is greater than or equal to 15% of the total cost of the WBS Reporting Element and (2) the relative percentage breakout of appropriations checked in Item 21.

Definitions:

1. Associate Contractor. Any prime contractor whose contract with the Government requires joint participation with other prime contractors to accomplish the Government's requirement. Joint participation involves the potential sharing of information, data, technical knowledge, expertise, and resources essential to the integration of the common requirement. Such participation is intended to ensure the greatest degree of cooperation to meet the terms of the contract in satisfying the common requirement.

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2. <u>At Completion</u>. The expected total cost when the defined scope of work has been completed. For contracts that are underway but not yet completed, this translates to the sum of costs incurred to date plus the estimate of costs (direct and indirect) for work remaining. For contracts that are complete, costs incurred to date are equal to the costs incurred at completion.

3. <u>Costs Incurred</u>. Costs identified through the use of the accrual method of accounting and reporting or otherwise actually paid. Such costs include the cost of direct labor, direct materials, and direct services identified with and necessary for the performance of a contract, as well as all properly allocated and allowable indirect costs shown in the contractor's records.

4. <u>Direct Labor Dollars</u>. Dollars that can be specifically and consistently identified or assigned to a particular cost objective (e.g., work order).

5. <u>Direct Labor Hours</u>. Direct labor hours are hours that can be specifically and consistently identified or assigned to a particular cost objective (e.g., work order).

6, <u>Direct-Reporting Subcontractor</u>. A subcontractor that is contractually required to submit CSDRs directly to the Government as required by the OSD CAIG Chair-approved CSDR Plan.

7. <u>Engineering</u>. A functional category that includes the effort and costs expended in the scientific exploration, study, analysis, design, development, evaluation, and redesign of a specific task or WBS element. Engineering also includes preparation of specifications, drawings, parts lists, and wiring diagrams; technical coordination between engineering and manufacturing; coordination of suppliers; planning for and scheduling of tests; analysis of test results; reduction of data; and preparation of reports. It also includes the determination and specification of requirements for reliability, maintainability, and quality control.

8. <u>Final Report</u>. A DD Form 1921-1 submitted when the contractual effort is entirely or substantially complete (usually 180 days after the last day of the month in which the final end item was accepted).

9. <u>Indirect Costs</u>. Costs that cannot be identified specifically with or traced to a single cost objective in an economically feasible way.

10. <u>Initial Report</u>. A preliminary DD Form 1921-1 prepared to verify the contractor's capability of report preparation and submission requirements according to the DID and the OSD CAIG Chair-approved CSDR Plan.

11. <u>Integrated Baseline Review</u>. Verification review process in which technical staff demonstrates that the entire project baseline is in place, together with a realistic budget to accomplish all planned work.

12. <u>Inter-company Work Order (IWO)</u>. A contractual arrangement between a parent company and a related entity or wholly owned subsidiary to provide supplies or services. For CSDR reporting purposes, IWOs are classified based on the characteristics of the supplies or services rendered. For example, if a company placed a purchase order/subcontract with a separate division within the parent company that manufactured avionics equipment, this effort would then be classified as "Purchased Equipment." If instead a company placed a purchase order/subcontract with a separate division within the parent company that

manufactured fasteners, then the effort would be classified as "Purchased Parts." Alternatively, if a company manufactured an item of equipment and placed a purchase order/subcontract with a separate division within the parent company to provide training services on how to use and maintain that equipment, then the effort would be classified as "Other Costs Not Shown Elsewhere."

13. Interim Report. A DD Form 1921-1 submitted before the contractual effort is complete and before a final report is submitted.

14. Manufacturing. A cost element of the Manufacturing Operations functional category. Manufacturing includes the effort and costs expended in the fabrication, assembly, integration, and functional testing of a product or end item. It involves all the processes necessary to convert raw materials into finished items. Manufacturing includes manufacturing engineering effort and costs expended in preproduction planning, production engineering, and production planning.

15. Manufacturing Operations. A functional category that includes the effort and costs expended in converting raw materials into finished items and such other elements as tooling and quality control efforts and costs.

16. Materials. A functional cost category that includes the basic elements, constituents, or substances of which something is composed. These elements are incorporated into the finished product or end-item or are consumed in the course of producing the finished product or end-item. Materials includes direct costs for raw materials, purchased parts, purchased equipment, and direct-reporting subcontracts, as well as indirect costs for material handling/overhead.

17. Material Handling/Overhead. A cost element of the Materials functional category. It comprises the portion of indirect costs attributable to procured or subcontracted products, including the cost of purchasing, expediting, and storing materials, parts, equipment, and assemblies.

18. Other Costs Not Shown Elsewhere. Costs not allocated to the Engineering, Manufacturing Operations, Materials, or Other Costs functional cost categories are included in Other Costs Not Shown Elsewhere. Such other costs include such items as other direct costs, security, royalty, license fees, transportation, preservation, packaging, and applicable Federal excise tax.

19. Overhead (All Functions). Overhead consists of all indirect costs, except general and administrative expenses, that are properly chargeable for the specified WBS Reporting Element. For example, Engineering Overhead includes the cost of directing and supporting all Engineering-organization-related activities that cannot be assigned to specific contracts. Engineering Overhead typically includes supervision, policy and procedures, training, administration, and so on. Likewise, Manufacturing Operations Overhead includes the costs of directing and supporting all Manufacturing-organization-related activities that cannot be assigned to specific contracts. It typically includes supervision, policies and procedures, training, administration, time standards setting, manufacturing research, and so on.

20. Prime Contract. A contractual arrangement between a prime contractor and the Government that creates a direct legal relationship between the prime contractor and the Government.

21. <u>Prime Contractor</u>. For the purposes of CSDR reporting, a prime contractor is any contractor that has a direct contract with the Government. The name and address of the prime contractor is provided in Section A of the contract, (Standard Form 26, Item 7). Any other contractor associated with the contract is considered to be an associate or a subcontractor.

22. <u>Production Engineering</u>. The application of design and analysis techniques to produce a specified product. Included are the functions of planning, specifying, and coordinating the application of required resources; performing analyses of producability and production operations, processes, and systems; applying new manufacturing methods, tooling, and equipment; controlling the introduction of engineering changes; and employing cost-control techniques.

23. <u>Purchased Parts</u>. A cost element of the Materials functional category that includes items that are discrete components used in an upper-level assembly. Purchased parts are distinguished from purchased equipment by their relatively lower cost and complexity. Examples of purchased parts include fasteners, clips, clamps, nuts, bolts, washers, nails, screws, pantsock, valves, and plumbing and electrical fittings and fixtures.

24. <u>Purchased Equipment</u>. A cost element of the Materials functional category that includes assembled items and subassemblies designed to be incorporated with other components into a finished product. Purchased equipment is distinguished from purchased parts by its relatively higher cost and complexity. Examples of purchased equipment for large weapon systems are electronics, multipurpose hydraulic and pneumatic pumps, motors, generators, air-conditioning equipment, batteries, landing gear, instruments, and pedestals.

25. <u>Quality Control</u>. A cost element of the Manufacturing Operations functional category that includes the effort and costs expended in checking, physically inspecting, measuring, testing, or otherwise verifying that products and services conform to established technical requirements and that satisfactory performance is achieved.

26. <u>Raw Materials</u>. A cost element of the Materials functional category that includes items that are crude, semi-fabricated, or partially processed materials or components that have not yet been made into a definite functional item or configuration.

27. <u>Recurring and Nonrecurring Costs</u>.   The following guidelines for distinguishing between recurring and nonrecurring costs apply to all reporting contractors (i.e., prime contractors, associate contractors, subcontractors, and lower-tier subcontractors). While these guidelines are useful for establishing general boundaries, time reported on recurring and nonrecurring tasks should be reported as work is performed. For example, technical management tasks should be reported as recurring and nonrecurring to reflect the work actually being done rather than aggregated and reported as nonrecurring. Also, test activities that will routinely continue into production should be recorded as recurring costs.

    a. <u>Recurring Costs</u>. 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.

b. <u>Nonrecurring Costs</u>. Nonrepetitive 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.

28. <u>Subcontract</u>. A contractual arrangement between a prime contractor and one or more other contractors in which the Government has no direct legal relationship. In a subcontract, a direct legal relationship exists only between the prime contractor and one or more other contractors. A subcontract includes any agreement, purchase order, or contractual instrument other than a prime contract calling for supplies or services required for the performance of one or more prime contracts. It usually covers procurement of major components or subsystems that require the subcontractor(s) to do extensive design, development, engineering, and testing to meet a prime contractor's procurement specifications.

29. <u>Tooling</u>. A labor cost element of the Manufacturing Operations functional category that includes the effort and costs expended to acquire, manufacture, maintain, or replace original equipment and manufacturing aids.

30. <u>Tooling & Equipment</u>. A material cost element of the Manufacturing Operations functional category that includes the cost associated with materials and equipment used in the manufacture of dies, jigs, fixtures, molds, gauges, handling equipment, work platforms, and test equipment for the fabrication and testing of the specific WBS Reporting Element. It also includes the cost of tools the reporting contractor normally purchases that require negligible in-house effort to assemble into the final tool configuration, such as special welding heads, X-ray heads, attaching fixtures, control panels, and consoles.

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