

Chapter 1  
INTRODUCTION

1-1. PURPOSE

a. Uniform Guidance. This guide provides uniform guidance for the Office of the Secretary of Defense, the Military Departments, and the Defense Agencies (referred to as DoD Components) responsible for implementation of the provisions of DoD Instruction 7000.3, (reference (a)). The instruction addresses three reports: Selected Acquisition Reports (SARS); System Status Reports (Mini-SARs); and the Major Weapon System Acquisition Inventory. Although this guide addresses only SARS, its procedures and general guidance may apply to the other reports.

b. Implementation

(1) The implementation of reference (a), consistent with the guidance described here, will permit uniform interpretation and comparison of all programs designated as major weapon system acquisitions. When supplemental instructions are issued by DoD Components to provide additional guidance to their operations, instructions shall be consistent with the contents of this guide.

(2) The formats prescribed by reference (a) and addressed in this guide need not be treated as forms. These formats may be altered if the required information is presented in a logical and consistent manner.

c. Assistance to Users. This guide is primarily intended to assist those who prepare and review the SARS. However, since the assumptions and computations that underlie the information presented in the SAR are much more complex than might be apparent, all users of SAR data should understand the material in this guide.

1-2. BACKGROUND

a. Reporting Requirements. SARS are standard, comprehensive, summary status reports on major weapon systems for management within the Department of Defense. Reporting will usually be limited to those major system acquisition programs that have reached Milestone II and have been estimated in the Five Year Defense Program (FYDP) to require (1) a total cumulative financing for Research, Development, Test and Evaluation (RDT&E) in excess of \$75 million, or (2) cumulative production investment in excess of \$300 million. Systems not qualifying under these guidelines may also be designated for SAR coverage by the Secretary of Defense. Notification of the Secretary of Defense regarding significant program exceptions, including threshold breaches, will be referenced in the most recent SAR in accordance with DoD Directive 5000.1 (reference (b)). For reporting purposes, SARS submitted to OSD for transmittal to the Congress are considered Congressional SARS. All other SARS are considered non-Congressional SARS.

b. Preparation Difficulties. The most serious difficulties in SAR preparation center on the portrayal of program cost changes. These problems arise primarily because the selection of an appropriate variance category is not always clear, and because computation of the amount attributable to each category can be difficult, especially when multiple related changes occur. Although this guide addresses all aspects of SAR preparation requirements, the problems associated with the portrayal of program **acquisition** costs and cost variances are emphasized.

### 1-3. DEFINITIONS

The following definitions apply for all sections of the SAR. Other definitions peculiar to individual SAR sections are defined in the appropriate sections of this guide and in DoD Instruction 7000.3 (reference (a)).

a. Baseline. The value against which variance analysis measurements are made. This will be either a Planning Estimate or a Development Estimate.

b. Planning Estimate (PE). The PE reflects the estimates of operational/technical characteristics, schedule, and program acquisition cost (by appropriation) developed at the time the Secretary of Defense approved program initiation. For SAR purposes, Milestone I will normally be considered as program initiation. A Secretary of Defense Decision Memorandum (SDDM) will normally be the source for the characteristics, schedule, and cost estimates; however, in the absence of a SDDM, the DCP, a draft DCP, Decision Package Set (DPS), Technical Development Plan (TDP), R&D Descriptive Summary, Congressional Data Sheet, FYDP or some similar document or combination of documents may be used. All values should be expressed in terms of goals rather than thresholds. The specific source document used will be identified in the report. Once a PE baseline is established, it will not be changed unless specific prior approval is granted by the Assistant Secretary of Defense (Comptroller) (ASD(C)). The PE will be reflected up to and including the first time the Development Estimate (DE) is reported as the program baseline.

c. Development Estimate (DE). The DE reflects the estimates of operational/technical characteristics, schedule and program acquisition cost (by appropriation) developed at the time full-scale engineering development is initiated (Milestone II). The SDDM will be the source for the characteristics, schedule, and cost estimates; in the absence of an SDDM, other documents may be used (see paragraph 1-3.b.) and should be identified in the report. All values should be expressed in terms of goals rather than thresholds. The DE will supersede the PE as the program baseline the first time the DE is reported. However, the first report containing the DE will include both the PE and the DE and provide a one-time variance analysis of the differences between the PE and the DE. Once a DE baseline is established, it will not be changed unless specific prior approval is granted by the ASD(C).

d. Inventory Objective. The Inventory Objective is the total number of units a DoD Component intends to-buy through the life of the program as approved by the" Secretary of Defense. This objective may extend beyond the FYDP years **but shall** be consistent with the program found in the **FYDP**, unless otherwise directed.

e. Current Estimate (CE). The CE is a DoD Component's latest forecast of **operational/technical** characteristics, schedule and program **acqui-**sition cost to acquire those quantities, including usage or losses necessary to reach the Inventory Objective. The program acquisition cost CE is based on the approved program.

f. Approved Program. The Approved Program is the operational, technical, schedule, and quantity requirements reflected in the latest SDDM, or any other non-Program Objectives Memorandum (POM) or Program Decision Memorandum (**PDM**) document reflecting a more current decision of the Secretary of Defense or other appropriate approval authority, e.g., the President's budget and supporting documentation such as Congressional Data Sheets. All values should be expressed in terms of goals rather than thresholds.

#### 1-4. REVISIONS AND ADDITIONS

Persons using this guide are encouraged to submit suggestions for improvements through their individual command and DoD Component SAR focal points.