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DS/ACQ/R/401/1/P

**HANDBOOK FOR THE ACQUISITION OF
ARMAMENTS IN THE DEPARTMENT OF
DEFENCE AND IN ARMSCOR – DAHB 1000
(EDITION 1.1)**



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APPROVAL SHEET: HANDBOOK FOR THE ACQUISITION OF ARMAMENTS IN THE DEPARTMENT OF DEFENCE AND IN ARMSCOR – DAHB 1000 (EDITION 1.1)

APPROVAL AUTHORITY	COMMENTS
FUNCTIONAL AUTHORITY	
<p><i>[Signature]</i> Chief Director Defence Acquisition Management Date: <u>27/03/19</u></p>	Recommended for Submission to Chief of Defence Matériel for Authorisation
<p><i>[Signature]</i> Director Army Acquisition Date: <u>25-03-2019</u></p>	Content submitted for approval
<p><i>[Signature]</i> Director Naval Acquisition Date: <u>25/03/2019</u></p>	Content submitted for approval
<p><i>[Signature]</i> Director Air Force Acquisition Date: <u>26/03/2019</u></p>	Content submitted for approval
<p><i>[Signature]</i> Director Common Weapons Acquisition Date: <u>26/03/2019</u></p>	Content submitted for approval
<p><i>[Signature]</i> Director Technology Development Date: <u>27/03/2019</u></p>	Content submitted for approval
CORPORATE AUTHORITY	
<p><i>[Signature]</i> Chief of Defence Matériel Date: <u>28/03/2019</u></p>	Certified that this Handbook is aligned with Government policy and compliant with DOD policy acceptability standards.
<p><i>[Signature]</i> Armscor Chief Executive Officer Date: <u>14/2019</u></p>	Certified that this Handbook is aligned with Government policy and compliant with Armscor policy acceptability standards.

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LETTER OF PROMULGATION: CHIEF OF DEFENCE MATÉRIEL

1. The Handbook for the Acquisition of Armaments in the Department of Defence and Armscor is hereby authorised and issued for implementation in the Department of Defence. This handbook is promulgated by the Chief of Defence Matériel in terms of the Ministry of Defence Directive (MODD/00001/2015) and the Department of Defence Instruction (DODI/00121/2015 Edition 4) Policy on the Acquisition of Armaments in the Department of Defence.
2. The information contained in this document is to be treated in accordance with the security classification on the document.
3. Extracts and copies of this handbook may be made provided that appropriate care is taken to ensure that it is the latest (current) edition.
4. A fully searchable copy of this handbook is available on the Intranet Department of Defence Policy Website.
5. File reference DS/ACQ/R/401/1/P shall be used for correspondence relating to the subject of this instruction.


(DR M.C. ZONDI)

CHIEF OF DEFENCE MATÉRIEL: DEPUTY DIRECTOR GENERAL

Date:

28/03/2019

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LETTER OF PROMULGATION: ARMSCOR CHIEF EXECUTIVE OFFICER

1. The Handbook for the Acquisition of Armaments in the Department of Defence and Armcor is hereby authorised and issued for implementation in the Armcor. This handbook is promulgated by the Chief of Defence Matériel in terms of the Ministry of Defence Directive (MODD/00001/2015) and the Department of Defence Instruction (DODI/00121/2015 Edition 4) Policy on the Acquisition of Armaments in the Department of Defence and the relevant Service Level Agreement between Armcor and the Department of Defence.
2. The information contained in this document is to be treated in accordance with the security classification on the document.
3. Extracts and copies of this handbook may be made provided that appropriate care is taken to ensure that it is the latest (current) edition.
4. A fully searchable copy of this handbook is available on the Intranet Department of Defence Policy Website.
5. File reference DS/ACQ/R/401/1/P shall be used for correspondence relating to the subject of this instruction.



(ADV S. MBADA)

ACTING CHIEF EXECUTIVE OFFICER ARMSCOR

Date: 1/4/2019

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SUPPLEMENTARY INFORMATION

1. **Controlling Authority**. The Controlling Authority for this handbook is the Chief Defence Matériel.
2. **Responsible Authorities**. The authorities responsible for the maintenance and management of this handbook are the Chief Defence Matériel and the Armscor Chief Executive Officer.
3. **Executing Authorities**. The executing authorities are the Chiefs of the Services/Divisions of the Department of Defence as well as the Armscor Chief Executive Officer (General Manager Acquisition).
4. **Audit Authorities**. The Audit Authorities are the Inspector General, Department of Defence and the Defence Internal Audit Division.
5. **Originating Authority**. The Originating Authority is the Chief Director Defence Acquisition Management.
6. **Handbook Development Team**. Handbook Development Team comprised of the following members:

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8. **Time Factors**

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Review: October 2022

9. **Proposed Corrections and/or Amendments to this Document** Proposed corrections and/or amendments must be forwarded to Chief Director Defence Acquisition Management via the normal departmental channels.

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DISTRIBUTIONFor Action

Secretary for Defence

Armcor Chief Executive Officer

Chief of the SANDF

Chief of Policy, Strategy and Planning

Chief Defence International Affairs

Chief Financial Officer

Chief of Joint Operations

Chief of the Army

Chief of the Air Force

Chief of the Navy

Surgeon General

Chief of Defence Intelligence

Chief Human Resources

Chief Director Human Resources Development

Chief Director Human Resources Management

General Officer Commanding Training Command

Chief Director Human Resources Strategic Direction & Policy

Chief Director Transformation Management

Chief of Corporate Staff

Chief Military Policy, Strategy & Planning

Chief of Defence Reserves

Chief of Finance, SANDF

Chief Command & Management Information Systems

Chaplain General

Provost Marshall General

Chief Defence Matériel

Head of Defence Supply Chain Integration

Chief of Defence Legal Services

Chief Defence Foreign Relations

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Inspector General DOD
Chief Audit Executive
Government Information Technology Officer
Chief Logistics
Head of Communication
 Director Corporate Communication

For Information

Head of Ministerial Services
Auditor General

Internal for Action

Chief Director Defence Acquisition Management
Director Army Acquisition
Director Air Force Acquisition
Director Naval Acquisition
Director Common Weapon Acquisition
Director Technology Development

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RECORD OF AMENDMENTS

1. **Original Document (MODD/ACQ/00001/2004 Edition 1 and JDP ACQ No 00002/2004 Edition 1)**. This was an improvement based on the original VB1000 document and Log 12 Pamphlet 2.
2. **Amendment 1 (MODD/ACQ/00001/2004 Edition 1 and ACQ No 00005/2003 Edition 2)**. Edition 2 replaced Edition 1 that was provisionally approved by the Plenary Defence Staff Council (PDSC) on 3 November 2003. Edition 1 was approved on condition that it must be brought in line with the revised Department of Defence policy regarding the Development, Promulgation and Maintenance of Departmental Policy and Policy Publications. With the new approach the Department of Defence Instruction was separated from the supporting process and procedures and was subsequently published in a Joint Defence Publication (JDP/ACQ/00002/2004).
3. **Amendment 2 (ACQ No 00005/2003 Edition 3)**. Edition 3 replaces Edition 2 that was approved by the PDSC on 27 September 2004. The reasons for promulgating Edition 3 are as follows:
 - a. The previous edition was due for revision.
 - b. Edition 3 had to be brought in line with the revised Department of Defence policy regarding the Development, Promulgation and Maintenance of Departmental Policy and Policy Publications. With the new approach the Department of Defence Instruction now incorporates the JDP/ACQ/00002/2004 (Edition 1).
4. **Amendment 3**. The Ministry of Defence Directive (MODD/00001/2015) provides for a single, overarching handbook to guide the processes and procedures for the acquisition of armaments for the Department of Defence to be applicable to both Armscor and the DOD. ACQ No 00005/2003 Edition 3 is withdrawn. This new Handbook for the Acquisition of Armaments in the Department of Defence and Armscor (DAHB 1000 Edition 1) has evolved from ACQ No 00005/2003 Edition 3 following a joint effort to adapt and optimise the policy in terms of an instruction issued during the Acquisition Improvement Workshop held by the Department of Defence in August 2012. This adaptation coincided with a policy review process which ensures that the policy remains up to date with changes in the Department. This edition also takes into account the requirements of the Defence Review 2015 with a focus to
 - a. establish a single acquisition process for the Department of Defence and Armscor reflecting Government's intent;
 - b. introduce capability management;
 - c. to promote the tailoring of the standard acquisition process, reduce the time-scales of acquisition as a whole, and to introduce an Expedited Armaments Acquisition Process;
 - d. increase transparency;
 - e. devolve authority to the appropriate levels;

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- f. Include improved definitions of categories of Matériel based on a systems approach;
- g. Improve the content;
- h. clarify aspects previously inadequately described;
- i. further instil Systems Engineering as the basis of the acquisition process;
- j. align with the Technology Development Policy;
- k. streamline the acquisition process;
- l. remove inefficiencies;
- m. Implement a Table of Contents;
- n. Implement an Index; and
- o. implement electronic publication and updates of the document.

5. **Amendment 4.** DAHB1000 Edition 1.1 incorporates the following changes to the DAHB1000 Edition 1:

- a. Grammar and spelling corrections.
- b. Update and improvement of the Index.
- c. Update and clarification of the concepts of Validity and Milestone Authorisation (previously Phase Authorisation).
- d. Alignment of processes with Armscor.
- e. Addition of guidelines for Integrated Logistic (ILS) Officers letter of appointment.
- f. Addition of an example of a PCB and PSC Constitution.
- g. Addition of an example of Milestone and-or Validity Extension.
- h. Specifications names were aligned to be in line with Armscor terminology.
- i. The SHIP diagram was deleted.
- j. Definition and process with respect to Cardinal projects were updated.

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FUTURE UPDATES

1. The following items will be addressed in the next review of this document which is due to commence in 2022:

- a. Implement the Integrated Resource Management System as required by National Treasury¹.
- b. Implement any new requirements originating from the Office of the National Treasury Chief Procurement Officer.
- c. Implement commitments of up to 20 years.
- d. Align with the Through Life Capability Management strategy of the DOD.
- e. Introduction of the concept of a System of Systems.
- f. Alignment with INCOSE Systems Engineering Standards and IEEE.
- g. Include Input, Process and Output Diagrams for each Process.
- h. Inclusion of Lessons Learned in previous projects and the Strategic Defence Procurement Packages once the Seriti Commission inquiry into the Arms Deal has been finalised.
- i. Chapter 3 to be updated once the Military Strategy has been updated in line with the requirements of Defence Review 2015.
- j. Expedited design/development process (rapid reaction acquisition/procurement).

¹ Defence Review 2015 Chapter 12 paragraph 3

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- D: The Defence Act, Act No 42 of 2002
- E: The White Paper on Defence, 1996
- F: Defence Review 2015
- G: White Paper on the South African Defence Related Industries
- H: White Paper on Science and Technology
- I: Public Finance Management Act, 1999 (Act No 1 of 1999)
- J: RSA-Mil-Std-4 Acquisition Glossary
- K: Armaments Corporation of South Africa, Limited Act, 2003 (Act No 51 of 2003)
- L: DODI/Pol & Plan/5/2000 Policy and Process on Disposal and Alienation of DOD Movable Assets
- M: Policy, Statement, Processes and Procedures for Risk Management in the DOD (DODI/00099 2013), Edition 2
- N: Preferential Procurement Policy Framework Act, Act No 5 of 2000
- O: DODI/SG/2/99 Policy on Defence against Chemical and Biological Weapons
- P: Defence Special Account Act, 1974 (Act No 6 of 1974)
- Q: DODI/FIN/00011/2000 Policy on Budget Preparation in the DOD
- R: DODI/FIN/00002/1999 Budget Control within the DOD
- S: DODI/FIN/00014/2000 Policy & Procedure for the Reporting & Management of Losses, Damages & Claims within the DOD
- T: DODI/FIN/00024/2002 Policy on Financial Misconduct in the DOD
- U: Civil Union Act, 17 of 2006
- V: Military Discipline Supplementary Measure Act, 1999 (Act No 16 of 1999)
- W: Occupational Health and Safety Act, 1993 (Act No 85 of 1993)
- X: DODI/Pol and Plan/64/2000 Policy on the Procedures for the Management of Cabinet Memoranda in the DOD
- Y: Financial Guidelines and Procedures for SANDF Project Officers (DMDFG No 0001/2013)
- Z: Armscor Standard for Technical Baseline Information Items

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- AA: DODI/00027 2015 (Edition 1) Policy on the Management of Defence Intangible Capital Assets
- AB: Armscor Acquisition Policy
- AC: Armscor Acquisition Practice
- AD: DODI/00121/2017 Policy on the Acquisition of Armaments in the DOD – DAP1000 Edition 4

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PROCESS AND PROCEDURES FOR THE ACQUISITION OF ARMAMENTS IN THE DOD

CHAPTER 1: INTRODUCTION

BACKGROUND

1. The acquisition of armaments systems is managed by means of acquisition projects. Per definition, a project is a complex activity consisting of a planned undertaking of a unique nature over a limited time-scale that has a specifically described beginning and ending, to achieve a specific objective. In the case of armaments projects, the aim is to supply a complete armaments system that will satisfy a specific operational requirement as specified by a User. The execution of a project involves the co-ordinated and integrated co-operation of a number of organisations, disciplines and people within the widely accepted management triangle of the DOD, Armscor and the Industry.

NOTE 1: Definition of Armaments. Armaments are equipment designed, modified, adapted or intended to equip security forces, or maintain and support military or security operations. Armaments include vessels, vehicles, aircraft, ammunition and weapons, as well as substances, materials, raw materials, components, equipment systems, software, articles, techniques, services, that are designed, modified or adapted to be utilised to equip, maintain or support security operations, or which are used in the development, manufacture or maintenance of such equipment.

2. This section specifically orientates the User with regard to the overall acquisition process and prescribes the process and procedures to be followed in the acquisition of armaments in the Department of Defence (DOD).

SCOPE OF THE ACQUISITION PROCESS

3. The provisions of the acquisition process will apply to all organisations that are charged with armaments acquisition responsibilities. It therefore implies that it is not the tender board involved, whether it be Armscor, the State Tender Board or SITA, that determines whether this policy applies to the acquiring activity, but whether it is the acquisition of Category 1 Matériel or not. It needs to be noted that this process in principle addresses only that part of the life-cycle of Category 1 Matériel from the origin of a requirement as documented in a Required Operational Capability (ROC) up to and including the closure of the project as documented in the Project Closure Report (PCR). It thus covers all aspects from the Requirements Definition Phase to the Transition Phase, which includes Introduction into Service. In exceptional cases, the Planning- and Operational Deployment and Maintenance Phases are referred to, but the aim of this is to ensure liaison and integration with preceding and successive phases. This instruction is not applicable to Technology Development, the acquisition of Information Communication Technology (ICT) systems that are not embedded into and/or inseparably part

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of Category 1 Matériel, stockpiling, requisitions, the acquisition of captured equipment or direct purchasing funded by the operating budget by means of State Tender Board procedures.

NOTE 2: Distinction between Acquisition, Procurement and Purchase.

Acquisition. Acquisition is all activities needed to satisfy the requirements for qualified Category 1 Matériel. The acquisition process is from the identification of requirements up to Transition. Acquisition can take place at any level of the Systems Hierarchy.

Procurement. Procurement is the process whereby a mutually beneficial contract is brought about, carried out and completed to satisfy primarily the requirements for Category 2 Matériel. Procurement is a narrower concept than acquisition and entails all actions that have to be taken by Users or procurement bodies to obtain and accept an approved item, equipment, system, facility or service by purchase or manufacture. It does not include research, design/development.

Purchase: Purchase is the process of buying goods/services at a price.

NOTE 3: Matériel Categories. Matériel is divided into two categories to make provision for the identification of the acquisition process involved, as well as the manner of financing.

Category 1 Matériel is material, components, product sub-systems and products that are configured into a military system that forms part of a defined military capability. A military system is designed and developed directly to military requirements and acquisition standards; contracted upon military authority; managed on a through life concept by a military authority for military use/purposes, and depends upon militarised logistic support that ensures its intended systems integrity. Military systems are acquired by means of the expenditure of capital funds as budgeted for on the Financial Management System (FMS) Cost Category Capital Folio 02; Special Defence Account (SDA) and operating funds as budgeted for on FMS Cost Category Capital Folio 01 General Defence Account (GDA).

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Category 2 Matériel consists of commercial equipment, components, parts and supplies available on the open market that can be used by the South African National Defence Force (SANDF) without any alteration to, or adaptation of, the manufacturer's specifications, industrial processes, or normal standards of quality. Category 2 Matériel is items and systems which are designed and developed primarily for the commercial market and is not configured to form part of a military system. These items may be used, operated and supported without any adaptation in the military environment. The design/development of Category 2 Matériel is directed by commercially driven requirements, provisioning standards and other standards for production quality, safety, etc Category 2 Matériel requires no specialised militarised logistic support for use in the military operational environment. It is acquired by means of the expenditure of operating funds as budgeted for on the FMS Cost Category Operating Folio 01: GDA.

4. Appendix A-1 and Figure 1 below clarifies the boundary between
 - a. the procurement of commodities which could include elements of armaments (eg ammunition) by Chief Logistics (C Log),
 - b. the acquisition of commodities (eg earth moving equipment) in the acquisition process, and
 - c. Internal Service Projects.
5. The principle to be applied is that:
 - a. The acquisition process will be followed when armaments are involved.
 - b. Where no armaments are involved, the procurement process is followed.
 - c. Where the requirement is for an initial acquisition (acquired for the first time), activities that are complex, technical modifications (such as life extensions, mid-life upgrades, obsolescence replacements and technical integration) is required, design/development is required, there is a requirement for military specifications or military logistics, there is a requirement for qualification, where there is high risk involved, where strict control over technical parameters and configuration is required, where major upgrades are required and where the cost of manufacturing exceeds RM15 (2015 rand value), the acquisition process is to be followed.

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NOTE 4: Characteristics of complex activities versus non-complex activities.

Complex Activities. Technical complexity is high, technical and financial risks are high, many poorly defined interfaces, multi-disciplinary, unknown/untried technology, system complexity and/or system supplier maturity requires a well-structured engineering process and detailed Armscor management, system Level 5 or higher is involved.

Non-Complex Activities. The technical complexity and risks are low, there are well defined and developed components, single disciplinary, known technologies, simple or well-defined interfaces, the systems engineering process require minimum Armscor involvement.

- d. When the elements indicated in paragraph 5.c are not applicable and repetitive procurement of the required items is necessary, such items may be procured through the DOD procurement process.
- e. When the elements indicated in paragraph 5.c are not applicable and repetitive procurement is not applicable, such items may be procured through the internal Services/Divisions project.
- f. Where minor technical modifications to an existing Product/Products System are required without the necessity for a major upgrade, and the cost of manufacturing is less than RM15 (2015-rand value), such modifications may be made through executing an internal Services/Divisions project.
- g. Satisfying urgent operational requirements through an Expedited Armaments Acquisition Process (EAAP) is addressed in Chapter 5 paragraph 34.

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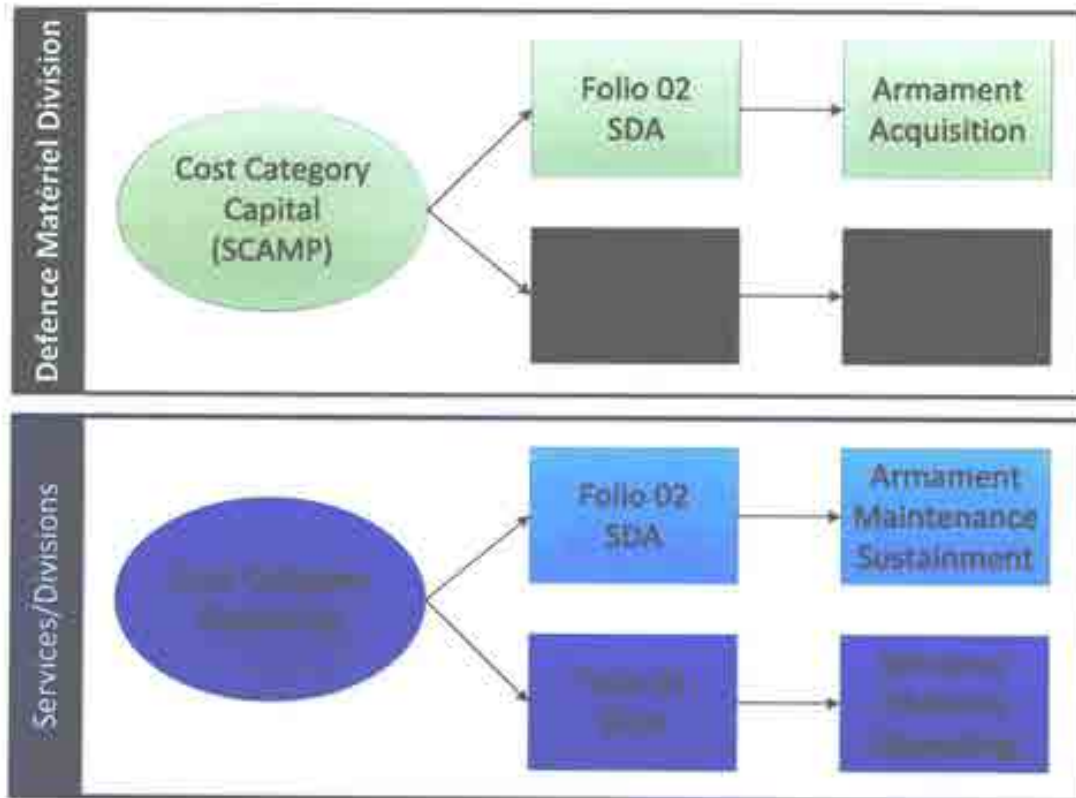


Figure 1: Application of SDA and GDA funds in Acquisition and Procurement

6. Armaments acquisition is done through Defence Materiel Division (DMD) using the Cost Category Capital SDA Folio 02 for acquisition and the Cost Category Capital GDA Folio 01 for project support activities. These funding allocations are indicated on the Strategic Capital Acquisition Master Plan (SCAMP). Cost Category Capital SDA Folio 02 funds may not be used to finance operating expenditure of Products/Products Systems delivered to the Services/Divisions.

7. The Services/Divisions procure and purchase items using the Cost Category Operating GDA Folio 01. The Services/Divisions also fund their daily operating costs using the Cost Category Operating GDA Folio 01. The Services/Divisions may use Cost Category Operating SDA Folio 02 for maintenance and sustainment of armament (eg refits of ships, replenishment of ammunition, etc). Internal Service Projects should be financed by the Services/Divisions through the Cost Category Operating SDA Folio 02 but are not reflected on the SCAMP as it is not included in the mandate of the DMD.

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CHAPTER 2: ACQUISITION POLICY CONTEXT

INTRODUCTION

1. The SANDF has to execute its mandate and functions according to the Constitution (Reference C), therefore the availability of appropriate armaments is essential. Armaments are obtained through a process of armament acquisition. This policy will direct the DOD armaments acquisition process. Procurement and Technology Development in the DOD will be governed by separate DOD policies.
2. For purposes of Peace Support and similar operations, consideration must be given to in-country sustainment.
3. Where there may be any conflict between the contents of this document and that of any of the above-mentioned references, then the contents of the referenced documents shall take precedence over the stipulations of this policy.

SCOPE

4. This instruction identifies the most important activities and responsibilities related to the acquisition of Category 1 Matériel. Instructions from other Secretary for Defence (Sec Def) Staff Divisions pertaining to Category 1 Matériel are, however, referred to and form part of this instruction. Given that this instruction is the highest acquisition document within the DOD, subservient components are to compile their own internal acquisition policies within the framework of this instruction.

ACCOUNTABILITY AND RESPONSIBILITY

5. **Parliamentary Committees**. The mandates of the relevant parliamentary committee(s) on defence are to provide an oversight function to direct the DOD in its acquisition projects. This oversight function will include guidance to the DOD with respect to relevant facets of the acquisition process, specifically with respect to Cardinal projects (See Chapter 6 regarding the criteria for the classification of Cardinal projects).
6. **Cabinet Committees**. The DOD is a member of various government clusters. The Acquisition Strategy must not only make provision to meet its own objectives, but also where applicable contribute towards the achievement of the objectives of the relevant government clusters.
7. **Minister of Defence and Military Veterans**. The ultimate political authority and responsibility for the acquisition function is vested in the Minister of Defence and Military Veterans. The Minister of Defence and Military Veterans is responsible for the execution of the defence function of Government.

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8. **Secretary for Defence (Sec Def)**. The Sec Def, as Accounting Officer of the DOD, will perform such duties and functions as prescribed in sections 38 to 40 of the Public Financial Management Act (PFMA). As the primary tool and resource for the Minister to exercise civil control, the consequent primary object of the Defence Secretariat must extend to the following in support of the Minister: enhancing civil oversight; establishing and controlling instruments through which the employment of the Defence Force for service is authorised and mandated; setting high-level policy and strategy; setting governance, accountability and risk parameters; setting the defence international engagement agenda; engaging with defence stakeholders; managing intra-governmental liaison; and services related to Cabinet and Parliamentary processes.² The Minister of Defence and Military Veterans has approved that all SANDF armament acquisition project related posts (creation as well as the possible extensions thereof) shall be approved by the Sec Def as delegated by the Minister of Defence and Military Veterans in accordance with the existing DOD delegation framework³.

9. **Chief of the South African National Defence Force (C SANDF)**. With respect to acquisition, C SANDF, through Chief of Joint Operations (C JOPS), prioritises the capabilities required in terms of equipment, facilities and services to fulfil the SANDF's specified obligations, roles, functions and tasks. C SANDF, through C JOPS is responsible for capability management at Level 7 and 8 of the Systems Hierarchy, hence for aligning projects across the Services/Divisions. The Services/Divisions participate in these need statements and also participate in the various Military Recommendation and Acquisition Governance Forums in order to execute their task of preparing and providing forces to C SANDF.

10. **Chiefs of Services/Divisions**. With respect to acquisition, the Chiefs of Services/Divisions are responsible for:

- a. Stating of the acquisition requirements and providing adequate and appropriate resources (manpower, facilities, matériel and finances) for execution by DMD.
- b. Staffing of approved DMD structures in consultation with and for approval by Chief Defence Matériel (C Def Mat).
- c. Formulating the ROC and initiating its approval process.
- d. Formulating the Staff Target (ST) and initiating its approval process.
- e. Initiating ST amendments, for facilitation of authorisation process by DMD.
- f. Compiling and validating the User Requirement Statements (URS) as contained in the Staff Requirement (SR).

² Defence Review 2015 Chairperson's Overview paragraph 42

³ MINISTRY OF DEFENCE DIRECTIVE MODD/00001/2015 dd 1 September 2015 paragraph 8.j.

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- g. Recommending candidates for staffing, staffing IPTs and providing the required resources in accordance with the Service Level Agreement (SLA) between DMD and the SANDF components. This is done in consultation with the C Def Mat.
- h. Providing Client Furnished Equipment (CFE) when appropriate and as agreed upon.
- i. Develop the Functional Value System (FVS).
- j. Participating in option and final selection in terms of military preference against an approved FVS.
- k. Participating in Military Recommendation and Acquisition Governance Forums.
- l. Monitoring acquisition progress in terms of compliance with user requirements.
- m. Executing Final Operational Test and Evaluation (FOT&E).
- n. Participating in Certification and Qualification processes and certifying the Products/Products System/User System as being fit for use.
- o. Participating in the Hand-over process.
- p. Accepting supportable Products/Products Systems into service as well as the associated life-cycle budgeting for the User System taken into service.
- q. Identifying and preparing individuals groomed in the military culture and corps/squadron/flotilla specialisation for formal training and application as Integrated Project Team (IPT) members (POs and System Managers). It is therefore the responsibility of the Chiefs of the Services/Divisions to identify and nominate personnel, to be appointed as POs (for project and acquisition management training) and System Managers (for System Management and POSTEDFIT training).
- r. Ensuring sufficient budgeting for project auditing by the Inspector General (IG) DOD.

11. **Chief of Defence Matériel (C Def Mat)** The C Def Mat is responsible for directing and coordinating all acquisition activities between the SANDF and Armscor. The DMD serves as a single nodal point between the DOD and Armscor. The C Def Mat is the process owner for the acquisition of Category 1 Matériel within the DOD. The C Def Mat is the chief policy adviser to the Sec Def as the Accounting Officer as well as the chief advisor on the execution of armaments acquisition to C SANDF. The C Def Mat is furthermore responsible to:

- a. provide the DOD with an ability to manage the acquisition of Category 1 Matériel and services in the most cost-effective manner;
- b. direct, coordinate, manage and execute the overall acquisition process;
- c. fulfil the role of tasking authority for DOD acquisition services;

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- d. participate in the DOD Strategic Direction Process;
- e. act as nodal point from the DOD to Armscor for all acquisition issues;
- f. be the custodian of the financial management pertaining to the SCAMP and Technology Development Master Plan;
- g. participate in the formulation of DOD requirements by the clients;
- h. manage the acquisition documentation approval process, excluding ROCs and STs;
- i. manage Defence Technology Development;
- j. establish and manage IPTs in conjunction with Armscor as required;
- k. generate relevant policy for and participate in the tender evaluation and contracting processes for Category 1 Matériel, technology development and services, in conjunction with Armscor, focusing on performance and budgeting issues;
- l. liaise with other government departments and interest groups with regard to acquisition matters;
- m. liaise and participate with foreign Ministry of Defence's (MOD's) with regard to acquisition matters as part of the DOD bi-lateral agreements;
- n. execute acquisition financial management including Financial Authority (FA) authorisation;
- o. provide acquisition management information;
- p. provide Sec Def with information in the form of a strategic marketing and communication/media plan, relating to acquisition intent and progress to be communicated to Industry and the public on a regular basis in order to promote transparency in DOD acquisition;
- q. manage DMD allocated personnel;
- r. formulate and manage the acquisition business plan;
- s. report to the Sec Def with regard to the acquisition process performance;
- t. direct and oversee the execution of Defence Industrial Participation (DIP) and compliance obligations and monitor the implementation of corrective measures with respect to deviations in the execution of National Industrial Participation (NIP) projects;
- u. manage continuation training of POs to further enhance their knowledge on specific acquisition matters;

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- v. establish policies and procedures, with the co-ordination of the Chiefs of Services/Divisions and specifically the Chief of Human Resources for the effective management of the acquisition work force within the DMD;
- w. educate and train POs to enhance their knowledge on specific acquisition matters and project management;
- x. implement risk management; and
- y. act as approval authority of End-User Certificates (EUCs) on behalf of the DOD.

12. **Armcor.** Armcor is the primary acquisition agent of the DOD, created to satisfy SANDF requirements for Category 1 Matériel in accordance with formal acquisition plans. Armcor is fully and solely accountable and responsible for capital acquisition management up to Level 5 of the Systems Hierarchy as well as for the contracting of Industry on behalf of the DOD during the execution of armaments acquisition projects (Reference K). This is to ensure that project management technical, financial and legal integrity is ensured in accordance with DMD technical, financial and time-scale requirements. Therefore Armcor is to provide a Capital Acquisition Management Service which includes at least the following management and advisory services: Requirements Analysis and Interpretation, Project Management, Contract management, Technical Management, Engineering Management, Logistics and Systems Engineering Management, Quality Assurance Management, Financial Management and Risk Management. The DMD and Armcor will jointly oversee industrial development of the Industry in order to support DOD acquisition projects. During acquisition, agreements will be reached regarding which phases, and to what extent, these phases of a project need to be executed. Phases are then completed stepwise until the final agreement is reached, as specified in the Acquisition Plan (AP). Armcor will develop its own internal policies and practises in line with extant legislation, DOD policy and this document.

13. **Management Interaction.** The DOD, Armcor and the Industry are inseparable partners in the entire acquisition process. These parties are continuously involved in the process, but each fulfils separate functions at various levels of the Systems Hierarchy (Appendix A-2) in accordance with management responsibilities for that level. Responsible management interaction at each level is a prerequisite for effective project management. A Memorandum of Understanding (MOU), supported by a Project Master Plan, is jointly compiled to ensure healthy management interaction between the DOD and Armcor. Although the content may comprise primarily standard procedures, this practice will provide for unique circumstances of the project. The underlying rules for successful joint management of a particular project with its accompanying unique character/management requirements are thus agreed to. The MOU should also spell out the applicability of specific DOD and Armcor policies and practices to be adhered to by IPTs (Appendix B for an Example).

14. **Contract Administration.** Armcor, as the acquisition authority, negotiates contracts in response to DMD acquisition tasking to satisfy SANDF requirements. The SANDF/DMD may not, within the context of this policy, liaise directly with a potential or existing supplier, whether local or overseas, with the intent to negotiate or amend a contract, unless such right has been agreed upon. If the SANDF/DMD has to liaise with a supplier during any phase of the life-cycle with the intent to reach or amend any agreement, Armcor is to be involved. On the other hand, Armcor may not negotiate a contract on behalf of DMD that does not meet

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SANDF requirements, or amend a contract that alters performance, budget or time-scales without DMD agreement, as the SANDF's operational requirement may not be met or DMD's financial scheduling may be negatively affected. The extent of interaction between the respective parties on any specific project will be formalised by means of agreement in the MOU.

15. **Contract Amendments**. Revision of acquisition activities remains the prerogative of the DOD. C SANDF may at times review priorities that may lead to delays, or in certain cases, cessation of acquisition activities. Such revision should only be considered in exceptional cases, and, when necessary, be done in a coordinated fashion between the DOD and Armscor. Furthermore, it is to be ensured that the full implications of the revision are considered during decision-making and that the SANDF accepts full responsibility for any fruitless expenditure that may arise as a result of the implementation of such reviews. Armscor nevertheless remains responsible to ensure that the AP is at all times practically feasible.

16. Armscor is furthermore responsible to

- a. provide technical consultancy, technical assurance and technical baseline management;
- b. execute risk management (including obsolescence risk management);
- c. execute quality and safety management;
- d. execute Logistics-, Systems Engineering and supportability management;
- e. train Armscor Project Managers (APMs) who form part of the joint projects teams;
- f. participate in establishing and managing IPTs and to provide required resources in conjunction with DMD;
- g. manage and execute tender and contracting processes with an appropriate database;
- h. manage the drafting and application of the Technical Value System (TVS) and the Contract Value Systems (CVS);
- i. ensure compliance with national procurement legislation;
- j. adjudicate tenders, focusing on commercial, technical and regulatory aspects in conjunction with DMD;
- k. liaise with other government departments with respect to acquisition issues;
- l. participate in government-to-government agreements;
- m. facilitate Industry-to-Industry liaison;
- n. manage compliance obligations;
- o. render marketing support to industry;

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- p. technical, financial and legal integrity during contracting and execution. This includes an independent quality assurance function;
- q. report on contractual deviations to C Def Mat;
- r. render administration, project management and support during contract execution, namely:
 - i. IPT support during foreign acquisition activities.
 - ii. Invoice administration and settlements.
 - iii. Custodianship of technical documentation during the Acquisition and/or Operational Deployment and Maintenance Phase as required.
 - iv. Configuration Management of project related technical and contractual documentation generated during contract execution (normally part of the Master Record Index (MRI) of documentation).
 - v. Asset register management for DOD equipment loaned to the industry.
 - vi. Specialist import and export services during acquisition.
 - vii. Technical baseline and quality acceptance of deliverables.
- s. oversee the maintenance of an appropriate industrial base, including technology development support as contracted by DMD;
- t. manage applicable strategic centres of expertise (eg Test and Evaluation facilities, research establishments, etc);
- u. manage DIP related matters;
- v. manage Intellectual Property Rights (IPR) matters;
- w. application of asset management principles on documents and archiving of redundant Intellectual Property (IP) and or aged documents.

17. **Defence Related Industry**. The services of an efficient local defence related Industry are required to address the maintenance, upgrading and where necessary, the replacement of weapons and equipment to enable the SANDF to meet its constitutional obligations. The Industry will permit the cost-effective purchase of certain Products/Products Systems, ensure life-cycle maintenance and support of such Products/Products Systems, and perform refurbishment and upgrades of existing equipment. Although the DOD/Armcor will endeavour to contract local Industry as far as is practicable, the defence equipment required by the SANDF cannot and should not be procured exclusively from the local Industry. Many complex systems cannot be produced domestically and will have to be imported with joint participation of the local Industry (Reference G). During the Project Study (PS), the IPT considers the options available and makes a recommendation based on all the available information with specific reference to the life-cycle implications on the SANDF and Industry.

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18. Where a capability is deemed sovereign or strategic and is not available locally, efforts shall be made by the IPT to transfer knowledge from the international supplier to local Industry. Use of DIP credits should be considered as one of the options to achieve this.

PARLIAMENTARY OVERSIGHT

19. The relevant parliamentary committee(s) on defence will have an oversight function to provide guidance to the DOD with respect to relevant facets of its acquisition projects. This oversight function will include guidance to the DOD with respect to timing of tenders, counter trade obligations, and acquisition prioritisation. The DOD will submit bi-annual and ad hoc reports to the relevant Committee on Defence on all acquisition activities. The DOD will keep the relevant Committee on Defence abreast of developments in all its Cardinal acquisition projects and will inform the relevant Committee on Defence at all relevant stages of such acquisition.

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CHAPTER 3: ARMAMENTS ACQUISITION SYSTEM LIFE-CYCLE: STRATEGIC DIRECTION⁴

MANDATE OF THE DEPARTMENT OF DEFENCE

1. The mandate of the DOD is derived from the Constitution, the Defence Act, the White Paper on Defence and the Defence Review 2015.

ALIGNMENT WITH CABINET PRIORITIES

2. The DOD is a core member of various Government clusters. The DOD's plans must therefore not only make provision to meet its own objectives, but also to contribute towards the achievement of the objectives of those clusters to which it belongs as a core department as well as the Medium Term Strategic Framework (MTSF) of Government.

STRATEGIC PROFILE

3. **Overview.** The SANDF's military strategy, mission and aim which are derived from the mandate are long-term in nature and are the basis for the SANDF Force Design required to produce the SANDF's Capabilities needed to execute the SANDF's mandate. The extremely high cost of modern military systems, the length of time required to introduce the Product/Products System into service and the relatively long-life spans of modern military systems require the SANDF to plan long-term (thirty years) capital acquisition projects. Similarly, the high level of skills required to operate, support and maintain the military systems require the development of long-term personnel, training and development plans.

4. **Defence Capabilities.** The Force Design and defence capabilities are designed primarily to protect the sovereignty of the RSA and to deter aggression. It is essential that the SANDF's capabilities be utilised to the country's best advantage in preparation for possible conflict. The Defence Strategic Plan therefore contains the objectives and outputs required to fulfil the DOD's mandate as well as the priorities set for Defence in the Government's MTSF and the Cluster priorities approved by the Cabinet annually.

5. **Strategic Focus.** The DOD focuses on acquiring the optimal level of competencies, technology transfer and organisational structure as allowed for by the MTEF. Acquiring the correct combination to become a technologically advanced and balanced Defence Force on the one hand but affordable on the other hand is, the underlying aim pursued by this policy.

6. Consideration should be given in the DOD strategic environment for a standard set of scenarios' to be developed and maintained at a central point of control. This falls outside the acquisition domain and may well best reside in the joint operations domain.

⁴ This Chapter to be updated once the Military Strategy has been updated in line with the requirements of Defence Review 2015

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7. The Defence Force must, further, be appropriate, adequate and cost-effective. The force planning construct must include various levels of defence aligned to possible levels of funding as follows⁵:

- a. Appropriate to the strategic situation in structure, organisation, composition, doctrine, equipment, training and education, with specific focus on the built-in flexibility to adapt quickly to changes in the strategic situation.
- b. Adequate to meet the demands likely to be made on it, in terms of its standing and surge strength, logistic and technical support capacity, reserves of fuel, munitions and stores to sustain extended operations, and the funding to train and maintain forces.
- c. Affordable in terms of financial and opportunity cost. While there can be 'military luxuries', unnecessary duplications and wasteful procedures, it is not always simple to define what is 'affordable', and decisions in this regard are fraught with risk and must be considered in the light of practical experience and the experience of other Defence Forces.
- d. Aligned levels of ambition and intent between the Services/Divisions and the engineering of the Defence Force as a system of systems with the elimination of duplication.

DEPARTMENTAL STRATEGY

8. The Defence and Military Strategy. In order to execute the DOD's mission, as derived from its mandate, an updated detailed departmental strategy, based on the Defence Review and White Paper on Defence, has been developed. The department's strategy consists of its defence strategy and the military strategy. The defence strategy informs the way in which the DOD will conduct its business as a State Department whilst the military strategy indicates the way in which the SANDF structures, prepares for and executes its mission.

MILITARY STRATEGY⁶

9. Background. Various inputs have been used to formulate the military strategy. In the absence of a documented National Security Strategy, a synopsis of the following was used to inform the military strategy:

- a. Government's National Security Strategy.
- b. National vision.

⁵ Defence Review 2015 Chapter 10 Par 52.

⁶ This acquisition handbook is to be updated whenever a new military strategy is approved.

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- c. South Africa's National interest.
- d. South Africa's National Security pertaining to Defence.

10. The reintegration of South Africa into the world and in particular African society, since 1994, has resulted in far-reaching changes to national security and therefore defence strategy. This has been guided by the ongoing human and cultural transformation of society and the Government's drive to improve the way in which it does its business.

MILITARY STRATEGIC OBJECTIVES

11. The Military Strategic Objectives are the ends that are to be achieved by the SANDF. These objectives are not prioritised and cover the full range of military and other ordered commitments. The objectives are as follows:

- a. To Enhance and Maintain Comprehensive Defence Capabilities. The ability to effect military capabilities during acts of self-defence in accordance with international law against any external aggression which endangers the stability of South Africa.
- b. To Promote Peace, Security and Stability in the Region and the Continent. Promoting security means the provision of external deployment or support to enhance security in support of decisions by the executive.
- c. To Support the People of South Africa. The supporting of the population of South Africa by means of operations other than war, during periods when the responsible state departments do not have the capacity to do so.

MISSIONS

12. Missions are combinations of tasks that should be performed to achieve Military Strategic Objectives. The Employ Forces Strategy allows for Services/Divisions to expand on these missions by developing them into detailed objectives containing sufficient information for costing.

MILITARY STRATEGIC CONCEPTS⁷

13. The Military Strategic Concepts are the ways in which to achieve the Military Strategic Objectives of the SANDF. They are guidelines to the Military Command in the approach (ways) that is to be followed to implement the Military Strategy in order to meet the Military Strategic Objectives. At the strategic level, Military Strategic Concepts are intangible but become more substantial as lower levels of objectives/tasks are derived.

⁷ SANDF/STRAT&PLAN/00002/2007, Ed 1

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14. **Mission Based Approach.** The SANDF will use the Mission Based Approach. This approach uses wartime and peacetime missions to direct the peacetime strategy for force preparation and to guide joint and multinational force preparation and force employment for incidences of conflict. The Mission Based Approach consists of the following strategic concepts:

- a. **Mission Essential Training.** The training of personnel in the essential knowledge and skills required to execute tasks necessary to accomplish missions.
- b. **Mission-Trained Force.** A force prepared and supported to execute identified missions (within the parameters of the selective engagement concept).
- c. **Selective Engagement.** This concept of selective engagement indicates that the SANDF will execute all the prescribed missions but will be selective in terms of the extent to which operations and tasks, emanating from these missions, will be executed. This concept implies that calculated risks will have to be taken.
- d. **Strategic Positioning.** This concept indicates that the SANDF is willing to proactively establish a sound security environment, supported by influencing political and military foreign relations actions, and the pre-placement of appropriate military capabilities.

MILITARY STRATEGIC CAPABILITIES

15. **Missions.** The missions that will enable the SANDF to achieve the Military Strategic Objectives (ends) were prioritised and divided into four capability groupings. As these missions are considered to be capability drivers, each capability's contribution to the successful execution of each mission was considered, taking the priority of each mission into account. This constitutes the means of the Military Strategy.

16. **Capability Grouping.** There are four broad categories of joint strategic capabilities within a single force, which are as follows:

- a. C³IRS (command, control, communications, computers, intelligence, information, infrastructure, reconnaissance and surveillance).
- b. Light Mobile.
- c. Conventional Warfare.
- d. Support.

PRIMARY SYSTEM LIFE-CYCLE PHASES

17. The System life-cycle is broken down into four primary phases, i.e. Planning, Acquisition (encompassing activities such as mid-life upgrades, life extensions and new acquisitions), Operational Deployment and Maintenance followed by Disposal, as depicted in Appendix A-3.

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PLANNING

18. Guided by the Defence Review 2015 and the approved Defence Strategic Trajectory, the following will be developed under the authority of the C SANDF⁸:

- a. A military strategy, inclusive of the force design, force structure, establishment table and key resource imperatives. This force design should be reviewed at least every five years, or as required in response to changes in the strategic environment.
- b. The Defence Force Long-Term Capability Strategy⁹, indicating the level of operational capability required to meet the defence policy and the military strategy.
- c. The Defence Force Capital and Technology Development Plans.
- d. The necessary operational-level military doctrine to support the military strategy. The renewed military doctrine will in turn lead to renewed military tactics, techniques and procedures.

19. The C SANDF will present the ensuing blueprint force design to the Minister and Cabinet for approval and this will serve as an important basis for all aspects of future planning.¹⁰

20. **Joint Requirements Planning.** Flowing from the SANDF strategic objectives, a Force Structure Plan (FSP) for the SANDF is compiled as an output of joint planning. This FSP details the force design (the combat capability in terms of capabilities, PME and organisation) and sustainability planning within the defence budget constraints. This FSP contains the essential defence capabilities, each of which inherently represent a certain priority in terms of the total defence capability. The contribution of each capability is assessed in order to determine the life-cycle funding allocation for such a capability. Existing capabilities are always in various states of obsolescence from a technological or physical perspective, which in turn determines the urgency of upgrading or replacement thereof. With due consideration of this urgency, a set of Development Plans for this force design and the rest of the infrastructure are compiled. The Force Development Plans may be regarded as the Systems Hierarchy (Appendix A-2) System Level 8-Requirements Definition Phase of the SANDF's collective Category 1 Matériel requirement. The Matériel, Manpower, Facility and Technology Development Plans of the Force Development Plans thus contain the long-term force development requirements of the Services/Divisions expressed as ROCs that lead to the establishment of Combat Groupings at Level 7 and User Systems at Level 6. From the Force Development Plans, Requirement Specification baselines for a Combat Grouping and/or a User System are established for each individual ROC. ROCs are primarily generated to define requirements for new operational capabilities or for the expansion of existing operational

⁸ Defence Review 2015 Chapter 9 paragraph 111

⁹ A Capability Management process is not yet in place or implemented across the SANDF and is considered as a critical prerequisite to ensure the successful implementation of the Defence Review 2015.

¹⁰ Defence Review 2015 Chapter 9 paragraph 112

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capabilities. ROCs are also generated to define a need for improvement of the existing operational capabilities through upgrading, modification or replacement. Approved operational capabilities are satisfied by means of the execution of armament acquisition projects. Given that joint planning does not form part of this policy, no further detail will be provided.

21. **Prioritisation Responsibility and Initial Level 7/8 Integration**. One of the cornerstones of the SANDF is the principle of jointness. C SANDF through the C JOPS, as the Capability Manager of the SANDF, carries the responsibility of prioritisation of requirements derived from the operational gap analysis, based on obsolescence and other considerations, subsequently listed on the SCAMP and expressed as ROCs. ROCs are developed internally by the Services/Divisions after due consideration. Thereafter the ROC is referred to the Operations Staff Council (OSC) for Initial Level 7/8 synchronisation, integration and approval. This initial synchronisation and integration is to be based on the Capability Strategy and Long-Term Acquisition Plan¹¹ which has to be developed and prioritised at Defence capability level. In the interim, in the absence of a Capability Strategy and Long-Term Acquisition Plan the SCAMP will be used as the departure point. A ROC is a prerequisite for the registration of armament acquisition projects. This is done within the context that the OSC has prioritised the SCAMP and that the MCC has approved the SCAMP and will approve subsequent updates thereto. STs should be considered from a joint perspective instead of a single service perspective. This would promote quicker decision making and ensure a true focus on defining a required capability instead of specifying equipment.

22. **Scheduling Responsibility**. Refer to paragraph 44.d.

23. **Changes to the Strategic Capital Acquisition Master Plan (SCAMP)**. Refer to Chapter 7 paragraph 38 to paragraph 49.

ACQUISITION

24. **Armaments Acquisition**. The armaments acquisition function satisfies the need to provide armaments to the SANDF. Armaments acquisition entails all actions that have to be taken to satisfy the need for matériel, facilities or logistic services. It essentially consists of actions such as analysis of requirements, option selection, contracting, design/development, qualification, contract management, Hand-over/Commissioning, etc closely supported by technology development as detailed in Chapter 8.

25. **Armaments Acquisition Management**. The aim of armaments acquisition management is to acquire armaments effectively, efficiently, economically and transparently, taking into account the approved defence strategy and the required operational capabilities derived from the force structure. Armaments acquisition management includes iterative cycles comprising planning, budgeting, investment appraisal, authorisation, execution and acceptance of components of armament systems as contracted by acquisition projects. It consists of a structured decision-making and authorisation process by duly authorised

¹¹ An approved SANDF Capability Strategy and Long-Term Acquisition Plan do not exist at present and are urgently required to direct Capability Management in the SANDF.

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authorities, using baseline management principles in accordance with the systems engineering process and consequent phased contracting.

26. **Acquisition Responsibilities.** The SANDF is responsible for promoting their military system acquisition needs by means of the registration of an operational requirement and submission of this need in the form of a ST. Subsequently, a SR will be developed by the User (represented by the PO), which will contain a comprehensive Functional User Requirement Statement (FURS) and Logistic User Requirements Statement (LURS). Upon approval by the relevant Military Recommendation and Acquisition Governance Forums, the SR represents Milestone 3 between the relevant Service and C Def Mat for execution in accordance with the SCAMP. Changes to the approved FURS and LURS can only be made by the User in conjunction with DMD and with due consideration of the impact on the execution of the project. DMD is responsible for directing the acquisition process in accordance with policy, which includes obtaining authorisation of all prescribed milestone documentation prescribed herein. Armscor, on the other hand, is responsible for professional contracting and technical management of all associated acquisition requirements. The Acquisition Phase culminates in the Hand-over of fully qualified, configured and supported Products Systems, which includes all associated logistics elements, to the appointed System Managers within the User organisation for operational deployment as intended. The System Manager is responsible for integration of the Level 5 Products System into the Level 6 User System.

NOTE 5: System Managers. The use and application of System Managers vary between the respective Services. In certain instances, more than one System Manager becomes involved at different levels eg a Products System Manager versus a User System Manager. In other instances, a single System Manager is responsible for a series of systems at different levels. The term System Manager in this policy is applied generically. The Services are responsible to differentiate between the functions of the different System Managers as required.

OPERATIONAL DEPLOYMENT AND MAINTENANCE

27. **Deployment.** The formal handing over by DMD of the acquired Products System and acceptance by the appointed System Manager depicts the commencement of the Operational Deployment and Maintenance Phase where the Products System is deployed as intended.

28. **DMD Responsibility.** DMD is responsible to deliver deployable, reliable and supportable Products Systems to the System Manager in accordance with the provisions of the SR. This may require the execution of a predetermined obsolescence management plan while still in the Acquisition Phase, particularly applicable to long Acquisition Phase projects. Additional to the delivery of the Products System and its associated logistics, this responsibility will include the delivery of transitional spares to verify the validity of the support concept prior to formal acceptance of the Products System by the System Manager. This will enable the System Manager and End-User to correctly adjust its budget for the operational deployment and maintenance requirements of the newly deployed User System.

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29. **Services/Divisions Responsibility**. The Services/Divisions are responsible to plan for the budgeting for the Operational Deployment and Maintenance Phase requirements of the User System during the Acquisition Phase. The onus is thus on the Service/Division to ensure that planning is in place for the Operational Deployment and Maintenance Phase.

DISPOSAL

30. **Disposal**. The final step in the physical transfer of equipment or lower level items, including the ownership thereof, from the SANDF to an entity outside of the Department, or the destruction thereof, after prior authorisation for phasing-out has been obtained. Disposal of any equipment will only take place after due consideration of possible alternative application or utilisation within the SANDF, possible transfer to other government agencies, another Defence Force (with National Conventional Arm Control Committee [NCACC] approval) or a non-governmental organisation.

31. **Phasing-Out Authorisation**

- a. **Definition**. Phasing-out is the action taken to authorise the withdrawal from operational use of specific SANDF matériel.
- b. **Redundancy of Equipment**. There are various reasons why equipment becomes redundant. The main reasons are reductions in force design levels, technological obsolescence, and physical ageing of Products/Products Systems to such an extent that maintenance and support is not feasible, sustainable or cost-effective. All these reasons should lead to the authorisation of phasing-out of such equipment.
 - i. **Force Design and Structure**. The latest approved Force Design and Structure forms the basis from which the need for phasing-out of any possible excess equipment is judged. The authorisation of a new Force Design and Structure by the Minister of Defence and Military Veterans, the Sec Def and the C SANDF is in itself an authorisation for "phasing-out" and resultant reduction in quantities of force structure elements. These reductions are accommodated by means of disposal proposals under the management of Chief of Logistics (C Log), normally addressing the total quantity involved, but occasionally also as partial actions. In cases where the force design and structure gives rise to excess equipment, the excess equipment is to be transferred to Armscor as soon as possible while awaiting, where applicable, directions from C Log regarding disposal thereof.
 - ii. **Obsolete Technology and Physical Ageing**. When matériel has become unsuitable for re-use and modification or upgrading thereof is considered to be neither feasible nor cost-effective, phasing-out of the equipment is initiated. Phasing-out authorisation is the action taken to authorise that matériel may be declared redundant or unsuitable for all known DOD uses. Phasing-out authorisation is however also required when existing force structure elements reach the end of their useful life and need to be replaced with new capabilities. This is normally done with the submission of a Project Study Report (PSR), requesting authorisation for new equipment as the best

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and most cost-effective solution, thereby rendering the existing Product/Products System obsolete. The approving authority of the mentioned PSR, by implication also approves the phasing-out of the specific Products/Products Systems when the acquisition of the new equipment is approved.

- c. **Traceability.** In order to maintain traceability regarding phasing-out decisions, a phasing-out target is submitted in which all the system levels to be phased-out are defined. Once authorised, disposal proposals can be generated, in which the various options are spelled out with recommendations regarding the proposed best solution.
- d. **Process.** The System Manager initiates the equipment phase-out process on the basis of one of the reasons as stated above. In order to obtain authority to phase-out equipment, the System Manager has to follow a prescribed process. This process involves the tabling of such a phase-out proposal to the OSC, MCC and to DMD for facilitation through the Armaments Acquisition Control Board (AACB), Armaments Acquisition Steering Board (AASB) and finally the Armaments Acquisition Council (AAC). This will ensure that the Sec Def as the Accounting Officer of the DOD remains abreast of developments in this regard. The format of a Phase-out Target is similar to that of a ST. Only after this process has been completed and a 'go ahead' has been given, authority to phase-out equipment would have been duly obtained.

32. **Disposal Process.** Once authority for the phasing-out of equipment has been obtained, the System Manager has to inform C Log of the need to dispose of the equipment in question. In terms of the ruling policy on disposal (Reference L), the System Manager has to ensure that all administrative and service requirements that they are responsible for are met before the equipment is offered for disposal. It is also important that the System Manager makes an assessment of whether parts of the equipment to be disposed of could be used to support the remaining Products/Products Systems or any other related system thereto. Once this assessment process has been finalised, the System Manager has to make available to the Logistics Divisions the schedule of all items to be disposed of. On the basis of this request to dispose of the equipment, the Logistics Division will initiate a disposal verification process on the equipment to be disposed of. On completion of this verification exercise, C Log will transfer the equipment in question to Armscor for alienation.

33. **Allocation of Income.** Upon specific authorisation from National Treasury (NT), the proceeds from the sale of redundant military systems will be channelled to the SDA and will become due to future projects aimed at the replacement or upgrade of such a capability. This supports the principle of sustainability. The Service/Division prepares the appropriate submission, requesting phasing-out authorisation. This submission is routed to the OSC where the Capability Manager submits recommendations regarding the priority of allocation of such income generated. The Service/Division may motivate own needs to be satisfied for consideration. These needs fall within the domains of military system acquisition, military system logistics acquisition, as well as technology development. The OSC subsequently presents options and recommendations to the MCC for sanctioning. Once approved by the MCC, the Capability Manager makes a final presentation to the Defence Staff Council (DSC) for DOD approval. The Financial Management Division (Director Budget Control [DBC]) will,

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after PDSC approval of the August Departmental Planning and Budgeting Evaluation Committee (DPBEC) minutes include the request to retain the previous year's income realised within the SDA as part of the adjustment budget process under the item of Self Financing. It must be noted that income realised in a particular financial year, may presently only, in accordance with the process, be utilised in the following financial year.

34. **DMD Disposal Responsibility during the Acquisition Phase**. The DMD through the IPT is responsible to ensure that disposal is considered during the entire acquisition process to facilitate easy disposal at the end of the Product/Products System life-cycle. This means that due consideration must be given to the materials used and the required processes to dispose of such materials. The project must deliver to the System Manager a detailed plan indicating the materials used, the nature of such material and the processes to be followed to dismantle such Products/Products Systems and dispose of such materials.

35. **DMD Disposal Responsibility during the Disposal Phase**. The DMD will be responsible for the following, during the Disposal Phase:

- a. Participate in the Phase-out Target approvals of military systems at the AASB/AAC in order to effect the transfer of the associated matériel to the holding facility of Amscor (alienation phase) for eventual disposal.
- b. As approval authority of EUCs for equipment on behalf of the DOD, C Def Mat is to participate in the disposal of controlled items and substances.

36. **Amscor Responsibility with respect to Disposal**. Amscor will be responsible for the following during the Disposal Phase leading up to and including the disposal execution in accordance with Department of Defence Instruction (DODI) DODI/Pol & Plan/5/2000 Policy and Process on Disposal and Alienation of DOD Movable Assets (Reference L):

- a. To perform the stock accounting function for effective administrative control as well as maintaining the appropriate documentation.
- b. To arrange for the necessary facilities in or at which to receive, maintain, control, guard and issue the required matériel.
- c. To manage all facets coupled to the sales of alienated matériel in stock.
- d. Subsequent to appropriate authorisation of such action, Amscor will be responsible to obtain maximum return to the State by selling redundant matériel to the highest bidder by means of a competitive bid process, provided that the bidder and/or country has been properly approved by the National Conventional Arms Control Committee (NCACC). In pursuit of such maximum return, "best interest" of the State is always paramount.
- e. Amscor acts as the custodian of all authorised EUCs of items to be controlled.

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NOTE 6: Offer of System to Potential Buyer. The Service/Division may not make any formal offer of a Products/Products Systems or item to any potential buyer, as this is the responsibility of Armscor after having been properly authorised and instructed to do so.

SECONDARY SYSTEM ACQUISITION LIFE-CYCLE

37. The secondary system acquisition life-cycle is broken down into six phases, i.e. Requirements Definition, Concept, Definition, Acquisition Study (System Design/Development or System Selection), Production and Transition Phases, as depicted in Appendix A-3.

TECHNOLOGY DEVELOPMENT

38. Technologies that will support the future needs of the SANDF's Products/Products Systems, are identified by the Services/Divisions on a long-term prediction basis. The Services/Divisions will conduct technology development with consideration of the force development strategy, the results of operational research, and DOD's technology development efforts. The DOD technology development primarily focuses on applied technology research (with specific aim and not based on existing knowledge), and experimental technology development (with specific aim and based on an existing knowledge base). Technology Development generally takes place in the Planning Phase of the primary life-cycle. Where the Technology Readiness Level (TRL) is matured enough, such technologies may be used in Capital Acquisition projects. The TRL levels can be seen in the following table (Table 1).

TRL	Definition	Performance	Output	Relevance
9	Technology system qualified through successful mission operations	Deployment in service successful	In-service reports	Industrialisation/ Manufacturing
8	Technology system completed and qualified through test and demonstration	System performance in operational environment validated	Operational test- and evaluation reports	Industrialisation/ Manufacturing
7	Technology prototype demonstrated in operational environment	Technology performance in prototype meets requirements	Trials reports and configuration audits	Industrialisation/ Manufacturing
6	Technology system or subsystem model demonstrated in a relevant environment	Technology performance increases confidence that user requirements can be met	Integration trials reports and user feedback	Design/ Development

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TRL	Definition	Performance	Output	Relevance
5	Basic technology subsystem and/or component validated in relevant environment	Performance in laboratory demonstrates technology viability	Field test reports	Design/ Development
4	Basic technology subsystem and/or component validated in laboratory environment	Laboratory testing requirements met	Laboratory test reports and subsystem designs	Design/ Development
3	Analytical and experimental studies render proof of concept	Performance investigated through analytical experimentation and/or modelling	Research study reports and component designs	Concept/ Definition Phase
2	Technology concept and/or application formulated	Performance predictions refined	Analytical study reports	Concept/ Definition Phase
1	Basic principles observed and reported	Performance predictions established	Published research	Concept/ Definition Phase

Table 1: Technology Readiness Levels

REQUIREMENTS DEFINITION PHASE

39. The aim of the Requirements Definition Phase is to define the first high level concept¹² of a User System solution. The ROC is analysed, a Preliminary Study (PreS) conducted and a ST approved after which a Functional Study (FS) is conducted and a SR approved.

CONCEPT PHASE

40. The aim of the Concept Phase is to make an informed choice as to how the shortcoming will be addressed (Make/Buy Decision). The functional and logistic user requirements of the User System are further developed to such an extent that it is possible to solicit offers. A PS is conducted, culminating in a PSR being submitted for approval.

¹² Concept. It articulates how it is envisioned the subject will apply in some future context. Initially a future concept is untested and should be subject to rigorous experimentation and debate.

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DEFINITION PHASE

41. The aim of the Definition Phase is to specify the functional and logistic user requirements of the User System to such an extent that Product/Products System design/development and later manufacturing can commence. A Development Study (DS) is conducted, culminating in a Development Plan (DP) being submitted for approval.

ACQUISITION STUDY PHASE

42. The aim of the Acquisition Study Phase is to obtain the Acquisition Decision. An Acquisition Study (AS), either a System Design/Development (Function 9A) or System Selection (Function 9B), is conducted, culminating in an AP being submitted for approval.

PRODUCTION PHASE

43. The aim of the Production Phase is to deliver Production Models of the qualified military system. During this phase, Industry develops and qualifies its manufacturing processes and the User environment is prepared for Transition.

TRANSITION PHASE

44. The aim of the Transition Phase is to execute Products System Integration, Products System Hand-over and User System Commissioning from Armscor/DMD IPT to the Service's System Manager. The transition process, which is conducted according to an approved Transition Plan, serves as the measure of success of the armaments acquisition.

PLANS FOR SUCCESSIVE PHASES

45. With the submission of project approval documentation (Milestone documentation), it is necessary to address plans for the subsequent phases with emphasis on the next phase. This presents the opportunity to request approval for specific requirements within the policy framework and, when required, to request deviations from prescribed policy due to unique project circumstances. Deviations from laid down levels of approval are included herein.

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CHAPTER 4: ARMAMENT ACQUISITION SYSTEM ENGINEERING PROCESS: MANAGEMENT PRINCIPLES

INTRODUCTION

1. **Systems Engineering.** Systems engineering is a problem-solving approach to transform complex requirements into a set of system, component and process descriptions to enable the realisation of successful Products/Products Systems, while generating information for decision makers. It focuses on defining client needs and required functionality early in the development cycle, documenting requirements, and then proceeding with design synthesis and Product/Products System validation while considering the complete problem, operations, cost and schedule, performance, training and support, test, manufacturing, and disposal. Systems engineering considers both the operational and the technical requirements of all stakeholders with the goal of providing an optimised quality product that meets the user requirements.
2. The main processes of Systems engineering are:
 - a. **Requirement Definition.** The process to identify stakeholders involved with the Product/Products System throughout its life-cycle, and their needs, expectations, and desires; and analyses and transforms these into a common set of user requirements stated in operational terms;
 - b. **Requirement Analysis.** The process to transform the user requirements into Products/Products Systems requirements that describe in functional, performance, interface, integration and design constraint terms the Product/Products System that could deliver those services. The process applies not only to the Product/Products System as a whole, but also iteratively to the components of the system;
 - c. **Architectural Design.** The process to synthesise a solution that satisfies Product/Products System requirements. This process encapsulates and defines areas of solution expressed as a set of separate problems of manageable, conceptual and, ultimately, realisable proportions. It identifies and explores one or more implementation strategies at a level of detail consistent with the Products/Products Systems' technical and commercial requirements and risks. From this, an architectural design solution is defined in terms of the requirements for the set of system elements from which the Product/Products System is configured. The specified design requirements resulting from this process are the basis for verifying the realised Product/Products System and for devising an assembly and verification strategy; and
 - d. **Verification and Validation.** The processes to confirm that the specified design requirements are fulfilled by the Product/Products System (verification); and to confirm that the services provided by the Product/Products System comply with the users' requirements (validation).

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- e. Excludes Implementation and Integration. The processes to create the hardware, software, documentation, manufacturing processes and materials required to realise the Product/Products System and to assemble it in accordance with the architectural design.

3. Systems Engineering Methods. The following methods are fundamental to the Systems Engineering processes:

- a. Modelling, Simulation and Prototyping. The objective of modelling and simulation is to obtain information about the Product/Products System before significant resources are committed to its design. Modelling and simulation helps generate data in the domain of the analyst or reviewer, not available from existing sources, in a manner that is affordable and timely to support decision-making. It informs stakeholders of the implications of their preferences, provide perspective for evaluating alternatives, and build confidence in the effects that an integrated and fully implemented Product/Products System will produce. Prototyping is a technique that can significantly enhance the likelihood of providing a Product/Products System that will meet the user's requirement. In addition, a prototype can facilitate both the awareness and understanding of user requirement and stakeholder requirements; and
- b. Functional Analysis and Allocation. The objective of functional analysis and allocation are to create a functional architecture for which Products/Products Systems and processes can be designed and to provide the foundation for defining the Products/Products Systems architecture through the allocation of functions and sub-functions to hardware, software, facilities and operations. The process is iterative, even within a single stage in the Product/Products System life-cycle. At each level of the process, alternative decompositions and allocations may be considered and evaluated for each function and a single version selected.

4. Important Aspects. Aspects that play an important role is systems engineering, and are discussed in this Chapter, are as follows:

- a. Systems Hierarchy Concept.
- b. Requirements Management.
- c. Milestone and Baseline Management.
- d. Certification Management.
- e. Test and Evaluation Management.
- f. Design/Development Management.
- g. Logistics Engineering Management.
 - i. Life-Cycle Cost (LCC).
 - ii. Supportability Analysis (SA).

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- h. Integrated Logistic Support (ILS) Management.
 - i. Reliability, Availability and Maintainability (RAM) Management.
 - j. Interface and Integration Management.
 - k. Cost-Effectiveness Analysis.
5. **Other Speciality Engineering Activities.** Other engineering activities that should be considered during the systems engineering process are as follows:
- a. Interoperability Analysis.
 - b. Supportability Analysis.
 - c. Training Needs Analysis.
 - d. Ergonomic Analysis.
 - e. Electromagnetic Compatibility Analysis.
 - f. Mass Properties Analysis.
 - g. Environmental Impact Analysis.
 - h. Manufacturing and Produce-ability Analysis.
6. In order to facilitate this translation of functional needs into Products/Products Systems solutions, the DOD makes use of an armaments acquisition process that has been divided into eight secondary system acquisition life-cycle phases as indicated in Chapter 3.
7. The model used for structuring the armaments acquisition management process takes into account two fundamental parameters of all armaments, namely its life-cycle and its level of complexity. This model allows for sequential execution of phases separated by formalised milestone (Level 6) and baselines (Level 5) that enhance effective and efficient management and risk abatement.
8. Industrial development is closely related to and in support of armament acquisition, but is not part of the overall acquisition process.

THE SYSTEMS HIERARCHY CONCEPT

9. **Definition.** A system is a combination of mutually dependent items, assemblies, skills, techniques, doctrines, or anything that can play and/or support an operational role in the intended environment. A Systems Hierarchy exists which is divided as follows:

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- a. Level 8: Operational Force
- b. Level 7: Combat Grouping
- c. Level 6: User System
- d. Level 5: Products System
- e. Level 4: Product
- f. Level 3: Product Sub-system
- g. Level 2: Components
- h. Level 1: Materials/Processes

10. A typical Systems Hierarchy, using a specific military system as an example, is depicted in Appendix A-2.

11. **User System.** The SANDF, in general, deploys joint force design capabilities in the form of Combat Groupings (Level 7 of Systems Hierarchy). It is however not normal to acquire such extensive capabilities by means of singular acquisition projects. The level at which needs are made visible to DMD and other organisations by the SANDF, is that of a User System (ie Level 6 on the Systems Hierarchy). It is however imperative that Level 7/8 requirements be defined and its impact on Level 6 and lower are included in the tasking of DMD. The management of the Level 7/8 requirements however falls in the domain of the Joint Operations Division (J Ops Div). A User System can be described in terms of the acronym POSTEDFIT that addresses the following basic elements:

Element	Description
Personnel	The characteristics of the qualified personnel required to support the capability, including recruiting, maintaining, staffing levels, career management, development, leadership, morality, ethos and values. It involves the creation of new occupational capabilities to support new missions, threats, and technologies and the revision thereof over time.
Organisation	The Command and Control (C ²) related characteristics of mission task forces, including size, shape, and command and support lines required. This includes actual organisations (order of battle and structures), organisational characteristics, responsibilities (command and control), business processes and the allocation of equipment in order to conduct an operation.
Sustainability	The characteristics of the logistic, financial and information support required including resources, support from other Services/Divisions, agencies, logistic systems and mobilisation planning.

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Training	The characteristics of the single Service, Joint, Inter-departmental, Inter-Agency and Multi National training required as well as training content, methods and resources (curricula, standards, equipment, simulators, combat supplies funding and time) which enables performance and support of the mission.
Equipment	<p>The type, quantity and characteristics of the required defence equipment including acquisition, standardisation and compatibility, performance, maintainability, availability, reliability, robustness, flexibility, interoperability and through life support. As far as possible, reliability requirements are to be stated in quantitative terms so as to understand the degree of reliability, eg. the allocation of reliability values to functional areas as part of their attainment of Product/Products System reliability. Additionally, criteria such as accuracy, interpretation of tests and accuracy levels, and any other guarantees that the User requires, are to be stated. Data interoperability must be defined in the following context:</p> <p>The degree of interoperability of the new Product/Products System must be specified in terms of Systems Level, Open Standard Interface (OSI) Layer (if required), Defence Information & Communications Technology Architecture (DICTA) domain.</p> <p>Protocol standards at all levels must be defined.</p> <p>All functional software elements should be coupled to the Command Management Information System (CMIS) application portfolio in terms of unique application, common application, common enabling components & transversal systems.</p>
Doctrine	The characteristics of single Service, Joint, Inter-departmental, Inter-Agency and Multi National doctrine publications, regulations, operating procedures and other required directives, incorporating concepts, policies, strategy (national and defence), interoperability levels, tactics, techniques and procedures which govern the manner in which operations are conducted.
Facilities	The characteristics of the required military support and training facilities , (real estate, technical support centres, training areas), DOD infrastructure and national infrastructure, including security
Intelligence	The characteristics of defence intelligence , information, data and data processing systems required, including content, timeliness, presentation, format, reliability, compatibility, validity, data correlation and fusion.
Technology	The characteristics of the commercial and/or military technologies required, including research and development, technology growth paths, cycles and trends, reliability, affordability, cost-effectiveness, technical opportunities and risks.

Table 2: POSTEDFIT Elements

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12. **Difference between a User System and Products System**. The difference between the User System (SANDF responsibility) and the Products System (Armcor responsibility), lies primarily therein that the User System consists of a number of physically uncoupled (but system related) Products Systems, as well as aspects such as operating and support, training (buildings, terrain, etc, as determined by the uniqueness of the equipment and not as derived from human factors) and comprehensive logistic support and doctrines, whilst a Products System consists primarily of physically coupled products, equipment and associated integrated logistics. The "E" element of the POSTEDFIT model reflects the Products System. Refer to the diagram in Appendix A-4.

13. The IPT is responsible for the delivery of a Level 6 enabled Level 5 Products System to the Services/Divisions. The acquisition process must ensure that all POSTEDFIT elements as applicable, have been enabled for acceptance and sustainable application in the Force Preparation environment, where full Level 6 integration will be implemented to achieve operational status of the User System. In enabling the User System, the IPT will thus have to demonstrate integration of the contracted Level 5 Products System into a Level 6 User System environment to ensure that full operational effectiveness of the Product/Products System is achievable.

REQUIREMENTS MANAGEMENT

14. **Definition**. Requirements Management is defined as the top down identification, derivation, allocation, and control in a consistent, traceable, comparable, verifiable manner of all the Product/Products System functions, attributes, interfaces and verification methods that a Product/Products System must meet, including client, derived (internal) and specialty engineering needs.

15. **Requirements Definition**. Requirements Definition has two objectives:

- a. To identify and express verifiable requirements that state user requirements in appropriate terms to guide Product/Products System concept development. This process is an iterative activity in which new requirements are identified and constantly refined as the concept develops and additional details become known. These are analysed and deficiencies and cost drivers are identified and reviewed with the client to establish a Requirements Baseline (RBL) on Level 5 for the project.
- b. To provide an understanding of the interactions between the various functions and to obtain a balanced set of requirements based on User objectives.

16. Requirements Definition provides a solid foundation for the end product and provides the first view of what the intended Product must do and clear descriptions of how it should perform.

17. Requirements Definition also provides a basis for design and serves as a foundation for testing and acceptance of the end product. Requirements Definition captures all levels of requirements and helps to ensure that the project meets its objectives within the agreed upon limitations of time, cost and functionality.

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18. During the statement of user requirements, it is of utmost importance that quantification, criticality and precedence are dealt with in the correct manner as follows:

- a. Quantification. The total DOD need should be quantified in full (both in quantity and functionality), independently of any constraints that might exist, in order to maintain full visibility. The alignment of quantities with realistic contingencies can vastly improve the cost-effectiveness of the SANDF. Should, during the execution of the project, it become evident that constraints eg financial, available industrial capacity, etc, inhibit the fulfilling of the total requirement, a reduced requirement is to be managed for the duration of the project. The outstanding quantity or functionality may be addressed at a later stage when circumstances have adequately improved.
- b. Criticality. **The criticality of individual performance parameters should be stated in terms of mandatory minimum performance levels. Care should be taken that this minimum is technologically achievable at reasonable risk.** A range of acceptability is to be defined between this minimum acceptable level and an uppermost level above which no credit will be awarded for performance. This uppermost level will be equal to or exceed the operational performance requirement. The range of acceptability will be used for discrimination between alternative contenders, whereas the minimum performance level will be used to either qualify or disqualify contenders. Achievement of the required operational performance is paramount, but, if an offered Product/Products System offers capability or performance in excess of the requirement, but at substantially the same cost, and without any additional risk, and with due consideration to future sustainment, this may be regarded as a major selection factor. The mandatory minimum performance levels may not be downgraded during the acquisition process.
- c. Precedence of Requirements. The precedence of capability requirements are dealt with by J OPS (OSC) at Levels 7 and 6 during the Requirements Definition Phase. During the requirements definition process on Level 6 and 5 the precedence of requirements within a project are to be clearly indicated. This precedence is used when trade-off studies are done and when funding proves to be limited.

19. Requirements Management Process. A formal Requirements Management process shall be followed in the engineering and management of the requirements for the Products System to be acquired. Requirements are defined during the Requirements Definition Phase of a project and shall be managed throughout the life-cycle of the Products System to ensure bi-directional traceability from capability and operational requirements (originating requirements) to Product/Products System, Component and Configuration Item (CI) requirements (derived requirements):

- a. Primary Originating Requirements Documents. The ROC document, ST and SR define the requirements of the problem domain at Levels 8, 7 and 6 of the Systems Hierarchy respectively and serve as the input to the solution domain at Levels 5 and lower of the Systems Hierarchy.

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- b. Primary Derived Requirements Documents. The derived requirements (Product/Products System, Component and CI) are documented in various specifications and shall be tailored in accordance with the project requirements. In the execution of this policy, extensive use is made of System Specification, Development Specification, as well as Product, Process and Material Specifications. These specifications are completed upon establishment of specific Level 5 baselines as depicted in the table hereunder:

Baseline	Functional	Allocated	Product	Manufacturing
Specification	System (Requirement)	Development	Product	Process Material

Table 3: Specifications

NOTE 7: Specification Names. Variations to the Specifications may occur but within the context of this handbook, Table Table 3 is regarded as the standard.

20. Requirements Traceability Management. Requirements tracing is defined as the ability to describe and follow the life of a requirement, in both a forward and backward direction through the entire Product/Products System life-cycle. Requirements tracing captures all levels of requirements and helps ensure that the Products/Products System meets client expectations. The role of requirements traceability is thus to:

- Verifying that an Implementation fulfils all Requirements. Everything that the client requested was implemented.
- Verifying that the System does only what was Requested. Not implementing something that the client never asked for.
- Impact Analysis. What elements will be affected when the addition of new requirement/changing of existing requirements are considered.
- Assist with Change Management. When some requirements change, test cases that must be redone to test this change can be identified.

21. To assist with the management of requirements, identified requirements should preferable be captured into a computer-based Requirements Database to facilitate processing and management. It is important that a suitable database is selected that is capable of handling increasing amounts of requirements information.

VERIFICATION AND VALIDATION

22. Verification and Validation. Verification and Validation (V&V) is the process of checking that a Product/Products System or service, meets specifications and that it fulfils its intended purpose. The definitions for V&V are:

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- a. **Verification.** The purpose of the verification process is to provide objective evidence that a Product/Products System or elements fulfils its specified requirements and characteristics. Verification typically includes one, or a combination of the following methods:
- i. **Testing.** Using instrumentation or special test equipment to collect data to verify conformance.
 - ii. **Inspection.** Visual examination of system components.
 - iii. **Analysis.** Processing of data, often obtained from other verification methods, to verify conformance.
 - iv. **Demonstration.** Observing compliance by functional operation of the system such as Factory Acceptance Tests (FATS), Site Acceptance Tests (SATS), and Harbour Acceptance Tests (HATS).
 - v. **Test and Evaluation.** Evaluating compliance to functional requirements by performing tests and evaluations such as Development Test and Evaluation (DT&E) and Technical Test and Evaluation (TT&E).

NOTE 8: Verification. Verification provides objective evidence that the system as defined by its initial Product Baseline (iPBL) meets the requirements as stated in the Functional Baseline (FBL), resulting in the validated Product Baseline (vPBL).

- b. **Validation.** The purpose of the validation process is to provide objective evidence that the Product/Products System, when in use, fulfils its mission objectives and user requirements, achieving its intended use in its intended operational environment by performing tests and evaluations such as Preliminary Operational Test and Evaluation (POT&E) and FOT&E.

23. The process of V&V and its planning should start early in the Concept Phase. Both aspects are necessary as a Product/Products System meeting its specifications does not necessarily mean it fulfils its mission objectives and user requirements. The results of V&V form an important component in the Safety Case, which is a document used to support Certification.

24. V&V is a very time-consuming process as it consists of planning from the start, the design/development of test cases, the actual testing, and the analysis of the test results.

25. Test and evaluation considerations (to complete V&V actions) begin early in the Product/Products System life-cycle with the preparation of a Test and Evaluation Master Plan (TEMP). The TEMP serves as the basis for all lower level test plans. Refer to the relevant Armscor Practice/Procedure for Verification and Validation.

26. Test and evaluation during the acquisition process is done to reduce the risk that the Product/Products System will not meet performance specifications, or that the Product/Products System cannot be effectively employed in its intended combat environment.

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27. Operational Qualification of User Systems, with accompanying logistic support is carried out by means of Operational Test and Evaluation (OT&E) against the SR, taking into account the result of the preceding TT&E before release to service is granted.

28. The following Tests and Evaluations could be executed (See Appendix A-5 for a schematic breakdown):

- a. Development Test and Evaluation (DT&E). DT&E is Test and Evaluation activities conducted throughout the acquisition process to assist in engineering design/development, to demonstrate that design risks are minimised and to verify that performance specifications and objectives have been met. DT&E is essentially a detailed engineering analysis of a Product/Products System's performance, beginning with individual components, sub-systems, prototype and pre-production models, progressing through the entire Product/Products System, where all designs are tested and evaluated against engineering and performance criteria. The Product/Products System design is tested and evaluated against engineering and performance criteria. The Original Equipment Manufacturer (OEM), with participation and/or oversight by the IPT, conducts DT&E to assess the critical issues of the Product and carry out the specified developmental objectives. Instead of DT&E, Qualification Test and Evaluation (QT&E) can be conducted for Products/Products Systems which requires no development to demonstrate that the engineering design is complete, that design and production risks are minimised and that items fulfil the requirements of the contract.
- b. Technical Test and Evaluation (TT&E). TT&E are activities carried out to verify DT&E compliance with the contracted requirements, and done post design/development. Compliance of the Products Systems with stated requirements, is verified by means of TT&E against the relevant requirements. TT&E can consist of various acceptance activities culminating in Physical Configuration Audits (PCA), Functional Configuration Audits (FCAs), First Article Inspection (FAI), verification evidence and/or independent tests by the acquisition agency. TT&E can also include FATs which confirms that each Product/Products System complies with the certified first article. This phase is valid chiefly where the DT&E has been carried out by an instance outside of the DOD, and is mainly a verification of DT&E activities. TT&E acceptance could thus be based on TT&E activities with underlying verification evidence, independent testing by the acquisition agency, or a combination of the two.
- c. Operational Test and Evaluation (OT&E).
 - i. OT&E is field tests conducted in the User environment under conditions that are operationally as realistic as possible to:
 - (1) Verify if stated user requirements are met.
 - (2) Demonstrate the total User System in terms of its operational capability and logistical supportability under representative operational conditions, at Level 6 and higher of the Systems Hierarchy.

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- (3) Confirm/Demonstrate that the User System is suitable and effective to carry out the intended mission.
- ii. OT&E is essentially an estimate of a User System's operational effectiveness (The degree of overall mission accomplishment of a Product/Products System when used by representative personnel in a representative environment) and operational suitability (The degree to which a Product/Products System can satisfactorily be placed in the field), and to identify any further modifications that are required. This implies that all Product/Products Systems should be qualified (on Level 5) and Integrated prior to verification/validation.
- iii. OT&E consists of two phases:
- (1) Preliminary OT&E (POT&E). POT&E is tests conducted under operational conditions, using production or production representative test articles, to determine whether the Product/Products System, as developed, will meet the User's defined functional operational requirements, considering the result of the preceding TT&E. The POT&E is carried out by the User (System Manager and End-User) in the User environment under the auspices of the IPT and is usually performed on the Products of the Products System. The POT&E result provides a valid estimate of expected Products System operational effectiveness and suitability and can also be used to assist the End-User in tactics development and Standard Operating Procedures (SOPs).
- (2) Final OT&E (FOT&E). FOT&E is a test carried out in the User environment (by operational and support personnel) against the SR to achieve User System qualification before release for use is authorised. FOT&E is also used to evaluate changes and verify correction of deficiencies made during POT&E, and to re-evaluate the User System to ensure that it meets operational needs. FOT&E includes the logistic support system as well as the System Management system and falls within the responsibility domain of the User (System Manager and End-User). Compatibility, interoperability, reliability, availability, maintainability, logistics supportability, software supportability and training requirements should be evaluate as part of FOT&E. FOT&E should provide information on the organisation, personnel requirements, doctrine and tactics, and may result in changes to operation employment and maintenance concepts, and should provide evidence to support or verify data in operating instructions, publications and handbooks.
- iv. Responsibility for POT&E. During POT&E, the IPT is responsible for the planning, management and reporting of the POT&E programme, with assistance from the User (System Manager and End-User) who is responsible for the execution of the POT&E programme. The POT&E responsibilities are summarised in the following table:

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Task	IPT	User	Certification Agency
POT&E Plan	Accountable	Participate	Participate
POT&E Execution	Participate	Accountable	Participate
POT&E Reporting	Accountable	Participate	Participate
Release to Service (SAAF)	-	-	-

Table 4: Responsibilities of POT&E

- v. Responsibility for FOT&E. During FOT&E, the User (System Manager and End-User) assumes responsibility for the planning, execution, management and reporting of FOT&E programmes. FOT&E must be independent of the developing, procuring, and using commands. An independent mandate/structure for the FOT&E of a User System is the only manner in which to ensure process. The IPT must provide support in terms of the contractual obligations with the contractor to resolve operational matters (data, spares, etc) and also manage remedies of all identified Product/Products System deficiencies or deviations, whether of a technical nature or not. The certification agency will participate to ensure that all safety-related matters or a technical/logistic deficiency that could impede the future integrity of the Product/Products System are identified. The FOT&E responsibilities are summarised in the following table:

Task	IPT	User	Certification Agency
FOT&E Plan	Participate	Accountable	Recommend
FOT&E Execution	Participate	Accountable	-
FOT&E Reporting	Participate	Accountable	Recommend
Release to Service (SAAF)	Participate	Participate	Accountable

Table 5: Responsibilities of FOT&E

CERTIFICATION MANAGEMENT

29. Certification. Certification is usually pursued due to either legal reasons or economic advantages. The certification process also starts from the beginning of the life-cycle and requires cooperation between the developer, regulatory agency and the certification agency (eg Safety Board [SB]) from the very start. The regulatory agency and the certification agency may be the same entity.

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30. Sufficient and appropriate V&V must be performed to substantiate the Safety Case. Certification does not negate the developer's legal and moral obligations to deliver a safe Product/Products System that meets user requirements. However, the DOD, as the user of the Product/Products System, also has a responsibility to ensure that new Products/Products Systems integrated into the DOD does not harm operators/users or the environment and can complete missions safely.
31. Certification is a legal recognition (granting of a certificate, licence, approval of documentation required by regulations and procedures) that a Product/Products System complies with requirements (design and related safety standards which forms the basis of certification) that indicates to what degree a Product/Products System complies with its specified user requirements (through technical findings) and is safe for operational use.
32. Certification is usually carried out by government agencies or other organisations with a national and/or international standing, and can be applied to either organisations or individuals, tools or methods, or Products/Products Systems.
33. Even though final certification does not occur until the end of Product/Products System design/development, the planning commences from the very beginning, and the process leading up to certification can be traced throughout the design/development life-cycle of a Product/Products System. Because certification is a complicated process between the developer of the Product/Products System, regulatory agency and the certification agency, the certification liaison between the parties must be established early on in the process. The applicable Product/Products System certification requirements should be prescribed by the User to ensure that acquired Product/Products Systems are effectively certified. Cost-effectiveness should always be maintained in the selection and application of prescribed certification standards.
34. The developer of the Product/Products System should submit a safety plan for approval by the regulatory agency. After the submission, discussion takes place between the developer of the Product/Products System, regulatory agency and the certification agency, to resolve areas of misunderstanding and disagreement. Changes to the methods used have to be approved by the regulatory agency/certification agency to ensure that certification will not be affected.
35. Throughout Product design/development, documentation must be continually submitted to show that the requirements of the safety plan is achieved. The regulatory agency/certification agency will also hold a series of reviews to discuss the submitted material. At the end, if the terms of the certification plan have been satisfied, then a certificate or license is issued.
36. The Safety Case, as part of the Type Record, is used to support certification. It contains a set of arguments supported by analytical and experimental evidence concerning the safety of a design. It is initiated early in the design/development cycle and continuously matured as safety issues are identified. In the Safety Case, the regulatory agency/certification agency will ensure that all potential hazards have been identified, and that appropriate measures have been instituted to address them. In addition, the Safety Case must also demonstrate that appropriate design/development methods have been adopted and effectively employed. Items that should be addressed in the Safety Case includes, but are not limited to the following:

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- a. Specification of Safety Requirements.
- b. Results of Hazard and Risk Analyses.
- c. V&V Strategy.
- d. Results of all V&V Activities.

37. An important aspect of certification is that it does not prove that the Product/Products System fulfils mission objectives. Certification only ensures that a Product/Products System has met certain design and safety standards formulated by the regulatory agency, and that the Product/Products System is safe to operate. The design and standards show that a product has met certain guidelines, but it does not mean that the Product/Products System fulfils mission objectives. Any Product/Products System deficiency is ultimately the responsibility of the designer and manufacturer, not the regulatory/certification agency. The certification agency however has an obligation to verify the evidence provided to ensure compliance with appropriate standards through the recommendation/approval of the design and manufacturing organisations.

38. Certification are essential in the life-cycle of any safety critical embedded Product/Products System. The design/development of any Product/Products System is not complete without rigorous testing, verification and validation that the implementation is consistent with the specifications. Certification of Product/Products Systems with stated user requirements (functional and logistic) requirements is certified by means of various tests and evaluations against design and safety standards in the respective phases where they are applicable.

39. The DOD, through the appointed certification agencies, is responsible is to verify certification evidence to certify that the Product/Products System can fulfil its mission without significant hazard to operators and users.

MILESTONE AND BASELINE MANAGEMENT

40. **Concept of Milestones and Baseline.** For clarity purposes, a distinction is made between milestones at Level 6 and baselines at Level 5. A milestone represents the achievement of the Level 6 User System at a predetermined point. A baseline represents the configuration of the Level 5 Product System at a pre-determined point.

41. **Milestones.** A milestone is established by means of consolidating, documenting, reviewing and approving the results of the preceding phase at Level 6 as well as the planning for the next phase, by means of milestone documentation (STs, SRs, PSRs, DPs, APs, PCRs).

42. **Baselines.** A baseline is established by means of consolidating and documenting the results of a preceding phase at Level 5 that will serve as the point of departure for the following phase at Level 5 after confirmation by the authorised body. In general, the Level 5 baselines are used to support the Level 6 milestone documentation.

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43. **Project Documentation.** Project documentation can be broadly divided into administrative (or management) and technical (or engineering) documentation.

- a. **Administrative Documentation (Level 6).** Administrative documentation such as budgeting and financial documents, milestone documentation (ROCs, STs, SRs, PSRs, DPs, APs, PCRs) and Employment Doctrines (EDs) are classified as administrative documentation for purposes of this policy. Accountability (ie the authority as well as the responsibility) for the compiling and handling (including configuration management) of administrative documentation rests with the Service/Division or DMD.
- b. **Technical Documentation (Level 5).** Technical documentation such as acquisition contracts, specifications, design reviews, simulation reports and so forth, are, however, classified as technical documentation. The compilation and configuration management of technical documentation, during the Acquisition Phase, is the responsibility of Armscor and/or the contractor and is to be delivered prior to achievement of baselines as contractually agreed upon.

44. Although some technical documentation may have been compiled by a contractor, such documentation, after verification and acceptance, may become an End-User document that forms part of the final Operational Baseline (foBL).

45. During contract negotiations the URS and the System Specification will form the primary reference for contracting. The appropriate qualification, certification and/or acceptance standards must also be agreed to during the contract negotiation phase.

46. **Reviews and Approvals**

- a. **Administrative Documentation.** Participation in and approval of project milestone documentation are vested in the delegations of Military Recommendation and Acquisition Governance Forums.
 - i. **Approval Control.** Initial submissions of the prescribed project milestone documents are approved at the forums as detailed in Appendix A-6. The ST and AP of projects are considered to be the more important milestone documents of a project and are thus approved at the higher Military Recommendation and Acquisition Governance Forums. Furthermore, milestone documents of Cardinal projects are in principle approved at higher levels within the organisation than those of non-Cardinal projects. In order for the Minister of Defence and Military Veterans to take cognisance of the inception of all Cardinal projects, all STs for Cardinal projects are submitted to the AAC for approval. As STs for non-Cardinal projects are approved at AASB level, the Chairman of the AASB must inform the AAC of such approvals. Once a specific forum has approved a specific milestone document, the revision of such milestone documents is approved by the same forum in cases where Class 1 changes are introduced or by the next lower forum when only Class 2 changes are applicable. For further guidelines refer to Chapter 6 (Revision of Documentation).

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NOTE 9: Change Control. It is essential that change control be strictly applied by classifying changes.

Class 1 changes are the higher-level changes that affect the configuration to such an extent that functional requirements are adjusted, and agreed financial limits exceeded. Such changes must be motivated by the IPT and be submitted to DMD and the Service/Division for approval by the same authority that approved the original document (Refer to Chapter 6 paragraph 81.c.ii).

Class 2 changes are changes that fall within the delegation and responsibility of the IPT and thus do not affect higher-level functional requirements or exceed financial limits.

It is to be noted that Class 1 and 2 changes also occur during production, for which a production deviation or waiver is normally required. For these changes (unless specifically otherwise delegated), approval is to be obtained from appropriate DMD/Armcor approval authorities where functional requirements, financial baselines or time-scales are compromised.

- ii. The above only applies to the Military Recommendation and Acquisition Governance Forums covered by this policy. Approvals by Services/Divisions and Armcor related forums are essential but not prescribed by this policy, as these approvals are prescribed in the appropriate policies under control of those respective organisations.
- b. Technical Documentation. The adequate establishment of the baseline is confirmed against the prescripts of established baseline practices and design review criteria through an audit report to verify adherence to the prescribed criteria as contained in the relevant Armcor Practices and approved by a Baseline Review Forum.

DESIGN/DEVELOPMENT MANAGEMENT

47. Design/Development is a set of processes that transforms stated requirements into specified characteristics or into a specification of a process, Product, or Products System.

48. As part of the Design/Development process, Engineering and Dimensional Models may be used to evaluate specific aspects of those Products/Products Systems intended for a specific phase in the acquisition process.

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49 **Development Models.** It is imperative that the applications of relevant models are carefully selected to achieve the specific objective of the project. Existing hardware that forms an integral part of the end product should be integrated, utilising the hardware-in-the-loop methodology during the simulation activity to aid option selection and to validate the directions to be pursued.

50. Where models are involved, it is essential to identify such models, the number and purpose of each, the time-scales, costs as well as supportability test and evaluation requirements in order to demonstrate that the objectives of that particular phase can be achieved. The models should be continuously refined as the project matures, to evaluate and prove the ergonomic and functional practicality of the proposed solution. The following Development Models could be used:

Development Model	Project Phase	Objective	Purpose (Risk Mitigation)
Exploratory Development Model (XDM)	Concept Phase	Proof that a new concept would be feasible.	During the Concept Phase different system concepts may be considered prior to selecting the preferred concept on which the System (Requirements) specification will be based. XDMs are built to evaluate unprecedented concepts in order to reduce the risk of selecting an unfeasible system concept.
Advanced Development Model (ADM)	Definition Phase	Proof that the system components would perform as intended and interface well with other components/systems.	During the Definition Phase the system requirements are decomposed and allocated to system components. ADMS are built to ensure that the derived system architecture and the allocation of requirements are feasible.
Engineering Development Model (EDM)	Design/ Development	Verify that the system/component meets the specified system/design requirements. Various EDMs may be utilised when an incremental development process is appropriate.	During design/development the system is designed and then verified against the specified requirements. EDMs are built to verify (test and demonstrate) that the design as captured in the Product Specification(s) meets the specified system requirements.

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Development Model	Project Phase	Objective	Purpose (Risk Mitigation)
Pre-Production Model (PPM)	Industrialisation	Proof that the production process/facility could manufacture systems reliable within tolerance.	During industrialisation the manufacturing processes and facilities are established. The PPMs are built to verify that the manufacturing facility and process produce compliant systems.

Table 6: Development Models

51. **Dimensional Models.** Apart from the models applicable to design/development, a different type of model can be utilised for purposes of construction and maintenance facilitation. These models are normally dimensionally accurately scaled down to represent the dimensions of the required Product/Products System.

52. **Standardisation.** Standardisation is the process of selection by which the least number of items or equipment will satisfy the most applications. In order to achieve economies of scale and to simplify support during operations, standardisation efforts should not sacrifice economical manufacturing processes, quality, reliability, supportability or performance whilst also considering obsolescence risks. Standardisation is promoted during acquisition as far as practicable, especially in the area of interface standardisation and for purposes of reducing the extent of logistic support.

LOGISTIC ENGINEERING MANAGEMENT

53. **Life Cycle Cost (LCC)**

- a. **Definition.** LCC is the monetary equivalent of resources consumed or services rendered for the total User System over the entire life-cycle.
- b. **Utility of LCC.** LCC is an important consideration during the acquisition decision-making processes. All approvals of project phases should consider the expected LCC of the Products System. LCC should be determined in accordance with International Standards and guidelines provided by Armscor.
- c. **LCC Estimation.** LCC estimation and decision-making is integral to all project activities and baselines. When the full associated cost is determined, taking into consideration the time value of money, the resultant absolute value is normally used for the purpose of budgeting. It is however normally not required to determine items of similar cost between two or more options during option selection. In these cases, only the relative value of the variable parts are determined in order to facilitate these option selections. Basically, there are four different methodologies of LCC estimation namely:

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- i. Engineering methods (time and motion studies);
 - ii. Comparative analysis (using historical cost data of an existing Product/Products System to predict the cost of a similar but new Product/Products System);
 - iii. Cost estimation relationships (empirical algorithms); and
 - iv. Expert opinion.
- d. To improve life-cycle cost estimation, more than one of these four methodologies should be used simultaneously to improve confidence levels attached to the derived figures.

54. **Supportability Analysis (SA).** The principal tool of Logistic Engineering is the Supportability Analysis (SA). The SA is a selective application of scientific and engineering efforts during the system acquisition process, as part of the system engineering and design engineering process, in order to comply with the supportability requirements and other ILS objectives, by using an iterative process of definition, synthesis, trade-off, integration, testing and evaluation.

55. **Aim of the SA.** The aim of the SA is to influence and design for optimum supportability.

56. SA tasks are designed to:

- a. Enhance its supportability;
- b. Identify support cost-drivers;
- c. Identify the support resources for the equipment once the design has been established;
- d. Identify the support planning parameters and management requirements for a Product/Products System/equipment project;
- e. Assess and influence the reliability and maintainability of the design options;
- f. Identify the optimum support solution;
- g. Balance LCC against performance;
- h. Verify the support solution adopted once the Product/Products System/equipment enters service.

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INTEGRATED LOGISTIC SUPPORT (ILS) MANAGEMENT

57. **Integrated Logistic Support (ILS)** ILS is a disciplined scientific approach to continuously integrate all logistic elements of a Product by means of management and technical activities, logistic engineering, SA (or Logistic Support Analysis [LSA]), etc. and to incorporate them into the total Products System, with due consideration for integration into the Force Preparation environment (Level 6), to ensure effective and economic support throughout the life-cycle of such Products System(s). ILS planning must also address the disposal of the User System.

58. **Budgeting Basis.** ILS elements form part of projects and should therefore be budgeted as part of the expenditure of a project. It is to be noted that logistics consumed during the life-cycle of the equipment, eg consumables such as ammunition, fuel as well as normal maintenance are in principle specifically excluded from project funds. As such, the spares associated with normal maintenance as well as defect repairs form part of ILS, whereas the maintenance activity itself does not form part thereof. In exceptional cases, a deviation from this approach is allowed, where operational equipment destined for an upgrade via an acquisition project, requires specific maintenance by a contractor in preparation for the upgrade. As the End-User may incur fruitless expenditure as a result of the maintaining of the wrong sub-system or at the wrong time during the process, the main contractor could be best suited to carry out this maintenance in the most cost-effective manner. The merits of the available options should be investigated on a case-by-case basis.

59. In practice, it is however difficult to establish a smooth transition from capital budget funding (SDA) via projects to normal operating budget (GDA) funding via the service operating budget. In order to prevent inadequate support during this transition phase, a project is allowed to purchase bridging ILS for a period not exceeding 24 months from date of delivery for operational use of the first batch of main equipment. In exceptional cases, this period may be extended with the approval of the AACB. This approach allows some field experience in terms of logistics usage to be gained and hence utilised to refine the operating budget requirements. As it is not possible to draw a clinical differential between the acquisition (SDA) and the operating (GDA) environment responsibility for these logistics, the final decision regarding acceptability of the extent of the provision of bridging ILS by the project is normally addressed in the AP and will therefore rest with the AASB or AAC.

60. **ILS Management** ILS Management is the process of administering and co-ordinating of activities and actions that are required to ensure the availability of matériel. This activity starts at the earliest phase of a new project and defines the top-level strategy and budget for the support of a User System throughout its life.

- a. During the Requirements Definition Phase, the broad logistical implications contained in the new Products System are addressed, and a support concept defined. The LURS, which contains primarily logistic user requirements for the Products System and to a lesser extent, logistic user requirements for the supporting products, is developed in harmony with the FURS.

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- b. During the Concept and Definition Phases, the Products System support requirements are developed and incorporated in the specification. The logistic support strategy is developed in more detailed support plans for the support system.
- c. During the Acquisition Study Phase and Production Phase, the logistic support strategy is realised and expressed in solutions. Maintenance plans are finalised and the acquisition of support is initiated. Infrastructure is established and the support system is implemented.

61. **Standards.** International best practice/s in the form of commercial and/or military standards shall be the norm, and tailored where necessary for the unique context and complexity of the project, the relevant Armscor Practice/Procedure may be used as a basis to determine Logistic Support Analysis Record (LSAR) requirements (if required for the project) and the Level of Repair Analysis (LORA) requirements. All policies, instructions, etc, against which ILS is managed, must be duly approved. Where applicable, relevant Armscor Practice/Procedure and/or DOD/Service/Division orders should be used for reference purposes.

62. **Application.** In order to meet the logistic support requirements and LCC objectives, ILS must be able to impact on Products/Products System design to ensure optimum application of technologies and materials for cost-effective utilisation of a Products/Products System in its intended environment. The phased approach to Product/Products System design/development shall also include the logistic system definition, design/development and acquisition commensurate with the maturity of the Products System at the respective baselines. The following list details the logistic elements, normally associated with ILS:

- a. Manpower and Personnel.
- b. Training, Training Equipment and Packages.
- c. Facilities.
- d. Support and Test Equipment (S&TE).
- e. Supply Support (Sparing).
- f. Maintenance.
- g. Technical Publications and Manuals.
- h. Packaging, Handling, Storage and Transportability (PHS&T).
- i. Computer Resources.
- j. Operational Support and Information System (OSIS/CALMIS) Data.

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63. **Control of ILS.** As a result of the nature, extent and complexity of ILS, taking into account the high savings potential as well as the risk of fruitless expenditure, it is essential that the Services/Divisions make available experts (preferably ILS-qualified) to handle ILS within the acquisition and User environments. Furthermore, the IPT, in co-operation with Armscor, Services/Divisions, is responsible for ensuring that the Product/Products System developer and/or supplier has the proven knowledge and experience to carry out the ILS responsibility as contracted, either through the use of own sources or sources contracted in.

RELIABILITY, AVAILABILITY AND MAINTAINABILITY (RAM) MANAGEMENT

64. RAM are engineering terms that describe requirements imposed on Product/Products System's to insure they are operationally ready for use when needed, will successfully perform assigned functions, and can be economically operated and maintained within the scope of logistics concepts and policies. No clear line can be drawn between the disciplines of RAM as these disciplines must complement each other.

65. To ensure that the necessary levels of RAM are achieved, realistic requirements must be set and an agreed management strategy followed. It is essential that, from the outset of a project, the RAM requirements are carefully studied in the context of the total operational requirement, and that early in-depth consideration is given to the project objectives. Unrealistic or ambiguous requirements can lead to unnecessary expenditure, time consuming and wasted effort, and may result in the failure to meet the user's requirement.

66. Definitions

- a. Reliability. Probability that a Product/Products System (production or service) will perform its intended function without failure for a specific time under stated conditions.
- b. Availability. Availability is a measure of Product/Products System readiness (ie the degree, percentage, or probability that a Product/Products System will be ready or available when required for use). Availability is a function of operating time (reliability) and downtime (maintainability).
- c. Maintainability. Maintainability is the ability of an item to be retained in, or restored to, a specified condition when maintenance is performed by personnel having specified skill levels, using prescribed procedures and resources, at each prescribed level of maintenance and repair.

67. **Aim of Reliability, Availability and Maintainability (RAM)** The achievement of specified levels of RAM for a Product/Products System is important for many reasons, specifically the effect that RAM has on readiness, Product/Products System safety, missions' success, total ownership cost and logistic footprint.

68. RAM provides the foundation for the identification and the establishment of the right type and quantity of logistic support equipment, part and spares, and trained personnel at the various levels of support.

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69. **Objectives of RAM.** The objectives of RAM are:
- To influence the design/development process by establishing an inherent reliability consistent with the specified requirements.
 - To ensure that the demonstrated (or specified) reliability level is not appreciably degraded during Product/Products System integration and is maintained throughout operation.
 - To measure, monitor, manipulate, analyse and predict Product/Products System performance data during the Operational Deployment and Maintenance Phase, thereby enabling trend monitoring.
70. **Relationship between RAM Elements.** As stated, Availability is a function of Reliability and Maintainability. The relationship between these elements can be seen in the following table:

Reliability	Maintainability	Availability
↔ Constant	↓ Decrease	↓ Decrease
↔ Constant	↑ Increase	↑ Increase
↑ Increase	↔ Constant	↑ Increase
↓ Decrease	↔ Constant	↓ Decrease

*Increase means better, and decrease means worse

Table 7: Relationship between Reliability, Maintainability and Availability

71. **Failure Recording Analysis and Corrective Action System (FRACAS).** FRACAS is a closed loop system that ensures that failures and faults of both hardware and software are formally reported, analysis is performed to the extent that the failure cause is understood, and positive corrective actions are identified, implemented and verified to prevent further recurrence of the failure.
72. FRACAS is the method used for monitoring and improving reliability.
73. It is important to ensure that a proper FRACAS are implemented and managed to ensure that any latent defects and problems with Product/Products System integration and design can be identified while the Product/Products System is still in the Acquisition Phase.

OPTIONS AND ANALYSIS OF CHOICE

74. **Establishment of Options.** The establishment of options and the resulting analysis of choice is a continual process during acquisition. Options originate when the threat is analysed, or proactive opportunities are addressed. From this, possible required operational capabilities are identified, one of which is selected as an option to be satisfied by a project.

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75. **Other Options.** On a different level, the options to be analysed could be between hydraulic or electrical propulsion of some or other sub-system. Other types of options that arise may include carrier lay-outs, sub-system choices, preferred supplier, preferred technology, etc. Although the PS can be construed the primary study where options are analysed, eg carrier and preferred supplier, options are considered and analysed during all studies.

76. **Option Analysis.** Where options are to be considered, Option Analysis should be used to select the best option to substantiate the choices of alternatives in terms of military worth or effectiveness of performing mission tasks against the cost. Option Analysis will ensure through an auditable trail of evidence, compiled and validated by subject experts, that the selected option provides a compelling case for upgrading or replacing an existing capability, or inducing a new capability. A clear understanding of the cost and benefits/effectiveness of the available options and better knowledge of their implications must be available for better and informed decision making.

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CHAPTER 5: ARMAMENTS ACQUISITION: DIFFERENT MANAGEMENT APPROACHES

INTRODUCTION

1. **Introduction.** This section of the document describes the policy to be applied in the management of the armaments acquisition process. It also describes how acquisition is managed by means of projects and their sub-activities.

2. **Requirements Statement** The SANDF is at all times responsible for professionally stating its requirements with regard to armaments in operational terms, thus enabling DMD to effectively and economically meet these requirements by means of the armaments acquisition process. This means that the design/development of armaments will be directed by real user requirements and not by pursuance of unsubstantiated solutions. Requirements will be met by the application of technology at an appropriate TRL. If design/development is required it should be directed through a structured process of consecutive phases which are intended to progressively reduce risk. This implies that authorisation for the next phase can in principle only be granted after the objectives of the preceding phase have been adequately addressed and have been formally accepted.

3. **Principles.** The management of projects defines three principles of good management which are essential to the structured approach to be adopted during armaments acquisition:

- a. **Traceability.** Traceability between the ROC and the Product/Products System solution shall be ensured by the following:
 - i. Selection and maintenance of the aim established in the (PreS) and refined via the FS, PS and AS) that follow, ensuring that those Products System characteristics (the most important characteristics of the Products System) which the individual elements of the Products System do not have, are achieved;
 - ii. Identifying the owner (corps/squadron/fiortilla) of the User System and having him/her appointed as the representative for the duration of the acquisition project; and
 - iii. Maintaining a traceability matrix through all the phases of the project.
- b. **Accountability.** Accountability shall be ensured via the audit trail throughout the work authorisation matrix from milestone submission to individual job instructions by adherence to:
 - i. Unity of command which demands that all parts of the acquisition system, internal and external, work smoothly under the direction of a single authority towards a common objective; and
 - ii. The establishment of a single point of integrative responsibility for acquisition projects at the levels of integration with appropriate delegations/appointments.

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- c. Integrity Integrity of the management of armament acquisition shall be ensured by
- i. Rigorous adherence to the formal phases of the risk reduction process. Undertaking activities of different phases simultaneously, must be avoided at Level 6.

NOTE 10: Concurrent Phase Activities. Certain circumstances at Level 5 may demand concurrent activities eg as the Acquisition Study Phase winds down toward qualification, industrialisation may begin provided that the risk has been reduced to a minimum and the appropriate approvals are in place.

- ii. Proper authorisation is required during submissions to the respective Military Recommendation and Acquisition Governance Forums when any deviation from the policy prescripts are envisaged (eg to skip any particular phase). Each phase of the acquisition process should therefore be concluded, and the next phase properly authorised in accordance with these policy prescripts prior to proceeding to a following phase, and
- iii. Adhering to the principle that the quality and sequence of work upstream not only affects the quality of work downstream; but implicitly determines it.

COMPETITIVE ACQUISITION

4. **Open Competition.** Open competition will be used as far as is practicable in the acquisition of armaments. In cases where the maintenance of strategic local industrial capabilities is of overriding importance, the DOD may however close tenders to foreign competition. Competitive acquisition and tendering is governed by the Preferential Procurement Policy Framework Act (PPFA).

5. **Single-Source Acquisition.** As a matter of principle, multi-source contracting should be pursued as far as possible. In cases where specific circumstances do not make it practical, feasible, cost-effective or strategically prudent to solicit a multi-source tender, the use of single source may be considered.

6. **Further Exceptions.** Further exceptions may apply in cases where one or more of the following apply:

- a. In the case where relatively small extensions to existing contracts are required where multi-source tendering would imply that preceding work by the existing contractor would become redundant when a different contractor is appointed, such forced situations should be foreseen and avoided by more comprehensive initial contracting.

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- b. Where specific equipment types are required for purposes of standardisation, it is essential during follow-up contracting to provide for the standardisation criteria as critical criteria within the CVS, while still pursuing the principle of multi-source tendering.
- c. If unique capabilities reside within a specific contractor and cannot be duplicated (eg specific radar technology).
- d. When significant investment has been made by the DOD in establishing a capability (eg Command & Control) and the work constitutes a direct follow on from previous investments.
- e. Where operationally sensitive IPR resides, and cannot be divulged to a third party (eg cryptography, missiles and Electronic Warfare (EW)).
- f. If the contractor is the OEM or design authority/owner for propriety products and services and no alternative is available.
- g. Upon a formal instruction in writing and approved by the Chief of Service/Division.

7. **Value Analysis.** A Value System is a set of weighted criteria with associated rules and processes used as a framework in rationalising a decision-making process. It is essential to do a value analysis to establish the value system where required attributes are set against each other to determine and stipulate their relative importance. Value Analysis for armaments acquisition is based on a three-tier approach, namely:

- a. **Functional Value System (FVS).** In order to finalise the Requirements Baseline it is necessary for the User to provide guidance to the project and Armscor with respect to the relative importance and precedence of the established operational and functional requirements. This is done by means of a FVS as defined by the user by means of measures of effectiveness. The User normally provides inputs in the form of a FVS as part of the requirement statement in order to establish project values (See Appendix C-1). By using value analysis methodology, the User must analyse stated User performance requirements against one another (especially the more important ones) to determine and stipulate relative importance to conduct trade-off studies during the PS, prior to submission of options to the User for selection of the optimum one. In essence, these results provide the military performance part of the Technical Value System (TVS) to be used for the assessment of responses received in response to the Request for Information (RFI) (in cases where a formal RFI is essential) and will be used as a basis for the adjudication of the Request for Bid (RFB) against the CVS. The URS should be a well-developed document which fully describes the user's requirements, without rigid prescription of engineering processes such as system segmenting on Level 5. The FVS must be explained clearly and must be reconcilable with the option analysis organogram for this phase. This input is used to develop a TVS to do option analysis during design/development in order to obtain a synergistic design. It is essential to do a value analysis to establish the FVS where required performances/functions are set against each other to determine and stipulate their relative importance.

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- b. **Technical Value System (TVS).** A TVS (See Appendix C-2) is a set of technical criteria that focuses the engineering effort during the PS. In keeping with the requirement for traceability and consistency of engineering decisions, the value criteria of the FVS are tested for relevance and utility. Where deviations occur, these are analysed and noted with sound reasons. The System Specification is therefore influenced and developed with full traceability to the URS and FVS. The detail analysis is recorded and made visible. The identified deviations are motivated and submitted for approval with the PSR. The TVS also informs the relative importance and precedence of requirements during the CVS and the reasoning of the Option Analysis in the PSR. It therefore accentuates certain important requirements in the System Specification. The TVS is then used as the basis from which the CVS is developed.
- c. **Contract Value System (CVS).** All tender adjudication for armaments acquisition will be based on a value analysis methodology (Refer to relevant Armscor Practice/Procedure). This value analysis methodology will be agreed to jointly by the members of the DMD and Armscor and will form part of the tender solicitation and adjudication process. The CVS per project will be developed by the IPT and be approved by the relevant authority as prescribed in relevant Armscor Practice/Procedure. Both DMD and Armscor General Management shall have access to the final proposal to fulfil their normal oversight obligation. This does not imply that the proposal may in any way be changed but allows recommendations to be considered by the compiling team where potential deficiencies in the proposal are identified by top management. The CVS should not be designed to exclude previously disadvantaged suppliers and should not limit national strategic considerations that can override technical performance parameters. This CVS must be above reproach and subjectivity should be eliminated through quantifiable measures. Double accounting in value systems must be avoided. The Sec Def will be responsible for monitoring and guiding this process in order to advise Parliament via the Minister of Defence and Military Veterans as to the adequacy thereof. The CVS normally evaluates specified military performance parameters, Industrial Participation, company profile, political and financial aspects. It should be noted that, in principle, responsibility for determining value system parameters to measure military performance, lies within the domain of the military client and not with DMD. Similarly, the responsibility for the determining of value system parameters to determine military and political strategic higher order value system parameters lies within the domain of the Sec Def and not with the SANDF.

8. **Tender Adjudication.** Adjudication of tenders will be performed in accordance with the prescripts of the PPPFA, Act No 5 of 2000 (Reference N) and its regulations¹³. Adjudication of tenders will not necessarily be based on the lowest price, but on highest points scored. This will ensure that relevant aspects such as DOD requirements, local industrial development goals, social responsibility (economic empowerment of previously disadvantaged persons),

¹³ Government Gazette, 8 June 2011 No. 34350 published Preferential Procurement Regulations, 2011

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and subcontracting will be taken into consideration in the awarding of contracts. The Armscor Affirmative Procurement Practice will apply during tender adjudication. Where differences between the Armscor Practice and the PPPFA and its associated regulations occur, the PPPFA shall prevail, except where critical operational requirements dictate otherwise.

9. **Companies that lose in the Tender Evaluation Process.** Companies who lose in the tender process shall, on request, be informed by Armscor of the evaluation criteria and process that was followed, without divulging information of commercially confidential nature, detail evaluation results, or information that could prejudice the competitive advantage of any of the companies who participated in the tender process.

10. **Broadening of Local Industrial Base.** Suppliers of major Products/Products Systems will be required to allow the maximum amount of competition on sub-system and lower level during tendering (ie reduce vertical integration and enhance efficiency).

11. **Benchmarking.** In the adjudication of single source offers, "benchmarking" against comparable Product/Products System should be employed to ensure value for money. Single source offers should only be considered when no other suppliers respond to tender invitations or when there is a single supplier of specific equipment. Intellectual abilities, technical performance, previous work performance, additional work requirements etc, should not be used for motivation purposes.

LOCAL ARMAMENTS ACQUISITION

12. **Defence Review** The Defence Review 2015¹⁴ states that South African defence companies may compete for any and all defence contracts within their field of competence, and will enjoy preference, provided that:

- a. Their Products and/or services fully meet the requirement in all critical respects;
- b. They demonstrate the ability to support that Product/Products System through its life-cycle, including such upgrades that may be necessitated or required from time to time;
- c. No foreign Products/Products Systems demonstrates an overwhelming advantage over the local Product/Products Systems; and their price and long-term support price structure are:
 - i. Broadly in line with other offers; or
 - ii. Are considered acceptable given the advantages of local sourcing.

¹⁴ Defence Review 2015 Chapter 15 paragraph 75

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13. The Defence Review 2015¹⁵ states that acquisition must be so phased as to provide for a consistent multi-year funding commitment that will ensure the long-term viability of the South African Defence Industry and would avoid block obsolescence of Prime Mission Equipment (PME) in future.

14. **Self-Sufficiency** South Africa should not strive for self-sufficiency in armaments design/development, but only limited self-sufficiency in key areas to maintain strategic independence¹⁶, as determined during the Defence Review 2015 and the subsequent DOD strategic direction process. DOD self-sufficiency will impact defence Industry planning. Technology development will be targeted primarily at those areas where self-sufficiency is to be maintained. The strategic independence and sovereign capability requirements will also influence acquisition decisions and will therefore be included in the CVS for tender evaluation.

15. **Strategic Considerations**. It could be more cost-effective and operationally expedient to have the capability to manufacture (if economies of scale can be achieved), upgrade and maintain equipment locally. In certain strategic areas, such as EW, secure communications, equipment developed specifically for local conditions, etc, systems and services are not available on the international market. Local manufacture allows understanding of the technology and processes, which again allows modifications to be made to improve serviceability, turn-around times and operational capability through upgrades, modification or replacement. It also has the advantage of stimulating the local economy through investment and savings on foreign exchange and in some instances, earn foreign exchange through exports. It could also ensure independence from possible foreign coercion in times of tension while allowing local Industry to participate effectively in open tenders to fulfil direct and indirect counter-trade obligations. Preference may therefore be given to the acquisition of defence products and services from local suppliers, providing such acquisition represents good value for money.

FOREIGN ARMAMENTS ACQUISITION

16. **Considerations** Foreign acquisition will be considered when a requirement for a new Product/Products System cannot sensibly and economically be satisfied by means of local acquisition or where it is not strategically imperative to create such a local capability. In such instances, the foreign commodity needs to be fully compatible with relevant local systems with which it needs to integrate, eg ammunition. The logistic support implications of acquiring imported equipment should be considered in detail.

¹⁵ Defence Review 2015 Chapter 10 paragraph 56

¹⁶ Defence Review 2015 Chapter 15 paragraph 14

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17. **Industrial Participation.** The DIP requirements attached to the acquisition of Products/Products Systems from abroad, is primarily focussed on:

- a. A balanced and aligned consideration between DIP and NIP obligations that may emanate jointly from a defence acquisition, especially in that Department of Trade and Industry (DTI) is pursuing NIP as the primary mechanism to effectively implant national industrial participation commitments, thus requiring regular and close collaboration between the DTI and Armscor industrial participation processes and approval forums;
- b. Ensuring the effective and efficient through-life support of the Product/Products System, including its upgrading as required during its service life;
- c. Ensuring support for key sectors of the Industry and/or the establishment of identified key technologies within the Industry; and
- d. Facilitating efficient linkage with related government initiatives as set out in the Industrial Policy Action Plan (IPAP), National Science and Technology (NST), Preferential Procurement Policy Framework Act (PPPFA) and NIP policies and regulations.

18. Export facilitation and access to international supply chains will be important factors, but will rank after the above in priority.

19. In any future RFB, Request for Quotation (RFQ), or in any other solicitation document, foreign OEMs must present a viable and binding Industrial Participation Plan as part of the tender submission. To ensure both the transfer of knowledge and the cost-effective through-life support of defence matériel, selected Industrial Participation activities must address any, or all, of the following key domains in their proposal or quotation:

- a. Human capital development priorities.
- b. Technology transfer priorities;
- c. Advanced manufacturing priorities;
- d. Participation in direct or indirect manufacturing of selected defence equipment; and
- e. Targeted transfer of in-service support capabilities to local Industry and/or defence facilities during the execution of the acquisition contract.

20. All importation of defence equipment and related items presently requires provision in all contracts with a value equal to or greater than USD2m for a DIP requirement of at least 50%. This counter-trade obligation will be jointly monitored and implemented by Armscor and the Sec Def (DMD). In addition, all contracts with a value of greater than USD10m will be subject to a NIP obligation of 30%, which is administered by the DTI and with oversight by the DOD. These requirements are detailed in the Defence Industrial Participation Policy that regulates foreign procurement greater than USD2m and that will take precedence over this policy when

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amended. The NIP project will be managed and administered by the DTI, while the DIP obligations will be jointly managed and administered by Armscor and DMD.

21. Foreign companies supplying armaments to the SANDF will be encouraged, through a Local Industrial Participation Project (counter-trade/offset), to involve local Industry, thereby ensuring maximum local content and support of the Government's macro-economic growth plan.

EXTRAORDINARY CAPITAL ACQUISITION

22. **Approach** Extraordinary Capital Acquisition projects differ from normal foreign acquisition projects in that they essentially entail Government-to-Government type agreements, executed through foreign and local defence industrial capabilities and suppliers.

23. **Authorisation** Management and authorisation forums for this kind of project differ from normal local and foreign acquisition projects and are detailed in Chapter 6.

MULTI-DEPARTMENT/MULTI-NATIONAL JOINT VENTURE ACQUISITION

24. **Categories of Multi-Department/Multi-National Joint Venture** There are two categories of Multi-Department/Multi-National joint ventures, namely Government initiatives and DOD initiatives.

- a. **Government Initiatives** Government initiatives that result in military system related Multi-Department/Multi-National joint ventures are fundamentally driven from outside the DOD. In these exceptional cases, Government should appoint a person with the necessary delegations to assume responsibility for the Multi-Department/Multi-National joint venture in order to establish these fundamentally inter-governmental initiatives with primarily political objectives. Clear objectives should be defined, and the required resources should be negotiated from relevant departments by this appointed responsible person.
- b. **DOD Initiatives** Cooperation initiatives originating from within the DOD, typically with defence forces of foreign countries, that result in Multi-Department/Multi-National joint ventures of mutual military benefits, independent of the fact that there may be collateral political benefit, will be managed by the C Def Mat who represents the DOD.

25. This section will only address DOD initiated Multi-Department/Multi-National joint ventures.

26. **Scope of Multi-Department/Multi-National Joint Venture** A Multi-Department/Multi-National joint venture is defined as an initiative between two parties who have mutual requirements of close similarity whereby the following types of joint activities are pursued:

- a. Technology development, inclusive of demonstrator development.
- b. Acquisition (from Requirements Definition through to Transition).

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- c. Life-cycle integration.

27. **General Principles.** Multi-Department/Multi-National joint ventures should comply with the following general principles:

- a. Take place under the auspices of Defence Co-operation Agreements.
- b. Be defined in an appropriate Implementation Agreement.
- c. In cases where South Africa leads the process, activities shall be controlled by a Steering Committee under the chairmanship of the Sec Def.
- d. Funding must be allocated and approved prior to entering the Multi-Department/Multi-National joint venture.
- e. Contracting must be executed by existing structures (eg Armscor or foreign equivalent).

28. **Fundamental Approach to Bridge Gaps**

- a. Fundamental to this proposal, is the basic principle that the party with the most urgent need related to time-scale, will in principle be the lead party in the establishment of the Multi-Department/Multi-National joint venture as this lead party will find it difficult to compromise much on time-scales, resulting in pressure being brought to bear on the party with the less urgent time-scale requirements to compromise on this parameter.
- b. A further fundamental principle is that the party with the most urgent need, will be in a better position to contribute more extensively towards the cost of the Multi-Department/Multi-National joint venture. During subsequent sales of the Products/Products Systems resulting from Multi-Department/Multi-National joint venture initiatives, in principle, returns will accrue to the respective parties (eg royalties), in relation to their upfront contribution. Contribution is not only linked to the upfront monetary contribution eg supply of know how/experience/access to markets/background knowledge etc; all of which are difficult to quantify thus the model should be left open to be negotiated on a case by case basis.
- c. The last important principle lies in the fact that any residual performance gap that cannot be closed by means of negotiation will have to be developed individually by the two parties, taking into consideration the inherent cost, risk and viability thereof. The larger this residual gap, the larger the risk of fruitless expenditure.
- d. When any one of the above three fundamental gaps are too large to bridge, the feasibility of a Multi-Department/Multi-National joint venture becomes questionable.

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29. Process

- a. Once two or more defence forces have established the potential benefit of a to be defined Multi-Department/Multi-National joint venture, it is of utmost importance, as a first step that the defence forces define their needs totally independently in order to establish the gaps between the needs, especially relating to time, cost and performance. The smaller these gaps are, the more viable a Multi-Department/Multi-National joint venture becomes. Large gaps in any of these fundamental areas, does however not indicate that cooperation cannot be sensibly established, as it is still possible to temporarily restrict its scope of commitment for later reconsideration and possible progression to subsequent phases once more adequate information becomes available.
- b. The next step is for the parties to compare their respective requirements in order to establish the nature and extent of the gaps.
- c. The two parties henceforth proceed to negotiate acceptable convergence of requirements until they cannot sensibly compromise further on these parameters. The residual gaps in performance, cost and time-scale are then properly documented for consideration and decision at the normally structured forums within the respective authorisation environments.
- d. The party with the shortest time-scale (Party A) has no obligation to compromise on time-scales. However, it is obligated to provide the funding to achieve the shorter time-scales. Should the latter not be possible, it is to declare the Multi-Department/Multi-National joint venture to be non-viable. This party could demand a larger return on investment in this Multi-Department/Multi-National joint venture due to its greater financial contribution.
- e. The party with the longest time-scale (Party B), now has a choice to either convince its client to compromise on time-scale, or to limit the extent of the proposed Multi-Department/Multi-National joint venture (ie technology development only) or alternatively, to declare the Multi-Department/Multi-National joint venture non-viable. This party may endeavour to contribute maximally in closing the funding gap but has no specific obligation to do so.
- f. Once a feasible Multi-Department/Multi-National joint venture has been defined and agreed upon between the two parties, it is however as a last step necessary to submit a comprehensive motivation for consideration and authorisation to the Acquisition Governance Forums as to the reasoning why:
 - i. A Multi-Department/Multi-National joint venture is considered to be the most cost-effective solution; and
 - ii. That single source contracting is desirable.

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NOTE 11: Benefits to DOD. Long-term industrial benefits and life-cycle advantages to the DOD should be taken into consideration.

NOTE 12: Approval Of Multi-Department/Multi-National Joint Ventures. In all cases the AAC provides final approval of Multi-Department/Multi-National joint ventures.

30. **Contractual Arrangements between Multi-Department/Multi-National Joint Venture Parties.** Although each Multi-Department/Multi-National joint venture has its own unique contracting arrangements, appropriate inter Defence Bi-lateral Agreements at a government level should be in place, managed typically under Defence Committee structures.

31. **Responsibilities of Respective Parties**

- a. **Users of the Operational Capability.** Users of operational capabilities are continually responsible to keep their operational performance requirements current with respect to the envisaged upgrading and/or renewal of its force structure elements. They are furthermore responsible to determine the criticality of respective performance parameters in order to identify and negotiate compromises during Multi-Department/Multi-National joint venture interaction. In the event of an MOU regarding the Multi-Department/Multi-National joint venture coming into being between DMD and the foreign party, the Service/Division will sign the MOU jointly with DMD.
- b. **C Def Mat.** C Def Mat, as the process owner of acquisition, is responsible to facilitate all coordination and authorisation of Multi-Department/Multi-National joint ventures with a military origin via existing acquisition structures.
- c. **Sec Def.** The Sec Def is responsible to reach agreement with the C SANDF regarding the maximum additional funding to be allocated from outside the specific project in order to close any funding gap. When agreement is reached, the Sec Def is to inform the Minister of Defence and Military Veterans on the detail for him/her to be informed of any potential political impact of the situation.
- d. **Multi-Department/Multi-National Joint Venture Viability.** The following table depicts the likelihood and potential returns related to the extent of Multi-Department/Multi-National joint ventures:

Level of Co-Operation	Potential Return on Investment	Likelihood of Occurrence
Technology Development at a lower level or readiness	Good	Unlikely
Technology Development at a higher level or readiness	Average, if not taken further	Likely

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Level of Co-Operation	Potential Return on Investment	Likelihood of Occurrence
Definition Design/Development Industrialisation	Risky (large potential for fruitless expenditure) This is the most likely as each entity will separately contract the Design Authority (DA) to provide units into store. During production the need for a Multi-Department/Multi-National joint venture to share risk and costs has diminished.	Very Likely
Acquisition Phase	Excellent	Likely
Total Life-Cycle (ie Including Operating Support)	Maximum	Unlikely

Table 8: Multi-Department/Multi-National Joint Venture Viability

LEASING¹⁷

32. The Defence Review 2015 makes provision for leasing of property eg shooting ranges, but the Defence Review 2015 is silent on the leasing of Armaments or Armaments Systems.

ACQUISITION OF HIGHLY CLASSIFIED/SENSITIVE MATÉRIEL

33. Most acquisition projects will be classified Restricted or Confidential. In some instances, it is necessary to classify the acquisition project Secret or Top Secret, mainly to protect the supplier and/or due to the sensitivity pertaining to the technology and/or the intended operational capability to be established or replaced. In such cases, the Military Recommendation and Acquisition Governance Forums will be scaled down in accordance with the 'need to know' principle. The requirement to scale down the Military Recommendation and Acquisition Governance Forums for such acquisition projects shall be indicated and motivated in the ROC and subsequent milestone documentation.

¹⁷ The subject of leasing armaments needs to be further investigated and clearly defined between the acquisition, procurement and operations domains.

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EXPEDITED ARMAMENTS ACQUISITION PROCESS (EAAP)

34. **Background.** The DOD, its acquisition agency and the local Industry are not accustomed to expedited armaments acquisition. A requirement may exist to expedite the armaments acquisition process for Category 1 Matériel, as the standard armaments acquisition process would result in unacceptably lengthy time-scales. Category 2 Matériel is dealt with in accordance with the procurement process under a different policy. The relevancy of expedited armaments acquisition is increasing, for example to rapidly acquire Products/Products Systems that may be related to Defence Review 2015 Milestone 3. Expedited armaments acquisition may however experience opposition from the following quarters:

- a. The local defence Industry may not favour it as the probability is high that the solution to the requirement must be off-the-shelf. If not available locally it will be acquired from international suppliers and a manufacturing opportunity will be missed by local Industry.
- b. The acquisition and procurement agencies may experience high workloads for short periods, where after the urgent requirements of the SANDF would have been met. Thereafter the required manufacturing capacity could be significantly reduced.
- c. In the SANDF a PO involved in expedited armaments acquisition will carry greater risks than one involved in standard acquisition practices and will probably have a shorter PO career span.

35. In order to be able to deal with an expedited armaments acquisition, guiding parameters and principles have been established and must be complied with as indicated below.

36. **Mandatory Pre-Requisite Parameters to be Satisfied for the EAAP.** The EAAP shall be strictly applicable only to Military-off-the Shelf (MOTS) and Commercial-off-the-Shelf (COTS) (for military application) related armaments acquisition projects. The AASB (non-Cardinal projects) and the AAC (Cardinal projects) will be responsible to authorise the EAAP for duly registered requirements where:

- a. full funding is made available in the Cost Category Capital Folio 02: SDA, for the acquisition and a support contract;
- b. the specifications for the Products/Products Systems already exist;
- c. there is no need for military specifications, other than the existing MOTS and COTS specifications;
- d. the Products/Products Systems are already qualified and preferably in-service with other Defence Forces;
- e. there is no need for interim support;
- f. there shall be no modifications to either the Product/Products System, its associated logistics or the Industry support concept;

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- g. the Products/Products Systems require no integration;
- h. the existing MOTS and COTS logistic support systems (Products System Level 5 Elements) are acceptable without modification; and
- i. no User System (Level 6) support and Integration into the user environment will be provided by the project.

37. **EAAP Guidelines.** Once authorised by the AASB/AAC, the following guidelines in terms of the EAAP are applicable:

- a. Due to the urgency the Milestone Documents ROC, ST, SR is not required.
- b. The EAAP commences with a formal Tasking Letter (TL) by the Chief of the Service/Division and the appointment of an experienced and qualified User Specialist tasked to develop a Requirement Specification (RS) in lieu of Function 4, and supported by an appointed senior Armscor Project Manager (APM). A FURS/LURS is not required.
- c. In the EAAP there is no need to conduct a PS or any design/development and therefore Functions 5, 6, 7, 8 and 9a are not applicable. The RS is thus followed by Function 9b followed by Function 10.
- d. The RS must be recommended by the OSC, AACB, AASB (Cardinal projects) and approved by the AASB (non-Cardinal projects) and AAC (Cardinal projects). The approval of the RS signifies the start of the EAAP. In requesting the approval for this RS, the following shall be addressed pertinently:
 - i. A motivation as to why the EAAP is to be followed.
 - ii. Clear indication of the risks associated with this EAAP as well as the acceptance of these risks by the Services/Divisions.
 - iii. Request for authority for the EAAP to be followed shall be done.
 - iv. Authority to request offers based on an approved RS to satisfy the requirement.
 - v. Authority for an AP to be submitted for approval to the AASB (non-Cardinal projects) and to the AAC (Cardinal projects).
- e. Upon approval of the RS, Armscor establishes RBL and finalises the RFB. An approved CVS must be developed from the RS. Due to the urgency of the requirement the delivery date should be a critical criteria.

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- f. Upon approval of RFB and the CVS through Armcor channels, the RFB is released to Industry.
- g. Offers solicited in this manner must be evaluated against the CVS.
- h. The AP is submitted to the Service/Divisional Forums, MCC (Cardinal Projects), the AACB and AASB (Cardinal projects) for recommendation, and for approval to the AASB (non-Cardinal projects) and to the AAC (Cardinal projects).
- i. Upon approval of the AP, a FA is requested, the negotiated contract prepared and placed. Special Armcor Authorisation Committees shall be convened to ensure expediency in contract placement.
- j. Once the contract is fulfilled, and the deliverables are delivered to, and accepted by the Service/Division, the Service/Division is responsible to fulfil any Product/Products System integration, commissioning, support, operational and disposal requirements that may exist or emerge. Due to the COTS/MOTS nature of the acquisition, only Verification is required with no need for Validation.
- k. Once the contract obligations have been fulfilled, and the deliverables are delivered to, and accepted by the Service/Division, the project must be audited and a PCR submitted to conclude the EAAP.

38. **EAAP Managerial Principles**. The following managerial principles are applicable for EAAP projects:

- a. Cardinal and non-Cardinal projects may be executed in accordance with the EAAP after proper motivation and approval.
- b. Poor planning and late submission of Milestone Documentation does not constitute a motivation to follow this EAAP.
- c. In cases where the Mandatory Pre-Requisite Parameters are not satisfied, the standard armaments acquisition process as described in this document shall be followed.

39. **EAAP Approval Path**. The approval path to be followed in case of the EAAP is indicated at Appendix A-7. Where the scheduled approval forums will induce a delay of more than one week, the option of specially convened approval forums is to be followed.

40. **EAAP Control/Audit Trail**. Armaments acquisition projects executed in accordance with the EAAP shall be subject to quarterly reviews by the appropriate DMD Acquisition Director(s) and Armcor Divisional Manager(s).

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CONTRACTING DURING ACQUISITION

41. **Level of Contracting** It is DOD policy to contract at the highest possible level in the Systems Hierarchy in order to ensure a single point of integrative responsibility.

42. **Exception** In exceptional cases, it is permissible to contract on lower system levels, provided that a system integrator is contracted or appointed at the next higher level and provided that it has been proven that it will be more cost-effective, after due consideration of the impact on capacity within the DOD and Armscor as well as the associated risks. In such cases, each lower level systems supplier becomes a main contractor in his own right.

43. **Management of Sub-Contractors** Armscor and the client are precluded from specifying sub-contractors as well as direct involvement in sub-contractor selection, sub-contract terms and conditions and BBBEE procurement of contractors. Exceptions can be made in the case of strategic (operational essential) products and services or when standardisation of equipment is essential.

44. **Preferential Procurement** Refer to paragraph 8 above.

45. **Types of Contracts** The various types of contracts and their application are prescribed in the relevant Armscor Practice/Procedure

46. **Intellectual Property** During contracting for military systems, the prescripts of the DOD Intellectual Property Policy (DODI/00027 2015 (Edition 1) Policy on the Management of Defence Intangible Capital Assets) shall be adhered to.

47. **Contract Amendments** Reviewing the contract amendments associated with acquisition projects remains the prerogative of the Sec Def through the C Def Mat. The C Def Mat may therefore on behalf of the Sec Def review the priorities and timing, which could lead to changes in functionality, the delay or in some cases the termination of these contracted activities. Such changes should only be considered in exceptional cases, and once authorised, be executed through formal contract variations, which are fully supported by the C SANDF, C Def Mat and Armscor.

48. **Contracting Approach** Performance based contracts should be based on fixed delivery schedules. In the event of a contractor failing to meet contracted milestones, specific penalty clauses will be enforced, as provided for in the relevant contracts. Requests for waivers with regard to penalties enforced will be directed to the relevant DMD Director and appropriate Armscor Senior Manager prior to the submission to the appropriate Armscor Authorisation Committee. The delegations and reporting channels of the Armscor Acquisition Authorisation Committees are detailed in Armscor document A-CORP-001.

49. **Contracting for Design/Development** The preferred option for acquisition of armaments is to select qualified MOTS or COTS Product/Products Systems. Integration of MOTS/COTS Products/Products Systems also requires the adherence to the principles of sound systems engineering. A design/development process may have to be followed to satisfy the integration requirements for MOTS/COTS Product/Products Systems.

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50. In order to reduce risks, a structured approach is mandatory through the application of design/development, using modelling methodologies in accordance with the systems engineering process, ensuring that at all times the logistics acquisition is at the same level of maturity as the Product/Products System acquisition. It is however to be noted that this design/development activity specifically refers to integration design and not the development of the CIs essential to the achievement of the prime mission capabilities. CIs should already be fully qualified and mature, or at most, have only cosmetic or low risk developmental requirements with known time-scales, performance and cost parameters.

51. The principle of contracting for design/development is that this does not entail the establishment of technology simultaneously with the design/development process. It is therefore imperative that the basis for awarding of these types of contracts is that they provide for both design/development and production to which the offeror can be contractually bound when especially PME is subsequently contracted. The aim of this approach is to alleviate buy in by any offeror in competitive tender situations in the Acquisition Study Phase, which can potentially be followed by uncontrolled escalation in unit price of production items at which stage the DOD has lost the negotiation leverage. Design/Development should therefore not be contracted as a prolonged activity, with resultant large DOD investment implication.

52. **Contracting of New Technological Generations.** Technology develops rapidly. For projects with exceptionally long production time-scales and equipment quantities, new generation of material or sub-system becomes available prior to the contracting and delivery of the quantities authorised in the AP. This requirement may be satisfied under the same project authority (ie AP) under the following circumstances:

- a. That the operational requirement has not changed.
- b. That the functional and technical requirements undergo relatively small changes.
- c. That the financial and time-scale implications are relatively minor.
- d. That the supportability implications of another generation of equipment are of a minor nature.

53. When the above-mentioned requirements cannot be met, it is necessary to register a new project to exercise correct documentary control over the changed requirement. It is not necessary to repeat the whole project approval procedure if the approved quantities contained in the original project are satisfied in the new project and this requirement has the required principle approval. A revised version of the most recently approved baseline is then submitted for approval in which quantities, useful documentation, etc. are identified for transfer to the new project. The tactics for the execution of a shortened (procedural) project are also included for approval. When the new project is submitted, cross-referencing is to be done.

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TECHNOLOGY

54. **Maturity of Technology** Acquisition should occur in the shortest possible time-scale so as to prevent performance baseline and technology creep and redundancy of sub systems or software baselines during execution. Therefore, technology at an appropriate TRL should be applied during the Acquisition Study Phase as far as practicable. In the absence of technology at an appropriate readiness level, a technology development project should be launched to mature the required technology prior to the continuation with the system acquisition process. For exceptions to this rule refer to Chapter 6, paragraph 35.d.

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CHAPTER 6: ARMAMENTS ACQUISITION PROJECT MANAGEMENT PRINCIPLES

INTRODUCTION

- 1. Context** For purposes of interpreting this policy, in-service modification projects, information systems projects and technology development projects, each with their own applicable and unique policies and procedures, are not covered. This policy does however address the interaction between these project objectives.
- 2. Establishment of Capabilities** New or improved operational capabilities for the SANDF are established by means of capital acquisition projects. A new or improved operational capability requirement is defined and recommended by means of a ROC within the User environment by the Service/Divisional Chief. The ROC is then submitted to the OSC for approval. A project is then initiated by means of submission of a ST to the appropriate Military Recommendation and Acquisition Governance Forums and the registration of a project name from a list provided by Defence Intelligence (DI). The project ends when the envisaged capability as documented and authorised by the appropriate forums is introduced into operational service, accepted by the System Manager and the prescribed closing and handing over procedures have been completed with the submission and approval of the PCR. At this point the PO is released from the project and DMD responsibilities with respect to the project are concluded.
- 3. Process** The model used for structuring the armament acquisition management process at Level 6 allows for sequential phases separated by formalised milestones. On Level 5, the process allows for sequential and parallel phases separated by formalised baselines. Underlying the above phased approaches is the systems engineering process. This process systematically translates functional needs stated by the operational User into technical design and manufacturing parameters that in turn would provide the required operational capabilities. It also ensures that, parallel to the functional process, all other stakeholders and interest groups are kept involved. This process is managed by appointed IPT, represented by members of the DOD and Armscor. During the acquisition process it is mandatory that the formulation of the requirement, the authorisation of the requirements and the execution of the armament acquisition process will be vested in separate delegated entities.
- 4. Principles** Within the framework of defence management, the acquisition function satisfies the need to provide armaments to the SANDF. The DOD seeks the optimum combinations of personnel and equipment which will provide the maximum defence capability for the available funds. A structured decision-making and authorisation process for the acquisition of armaments by means of milestone, baseline management and consequent phased contracting is followed, resulting in transparency and accountability. The armament acquisition process is fundamentally a systems engineering and risk management process, requiring good project management.

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5. **Acquisition Project Management** Acquisition Project Management is a macro-management process. Success is determined by the integration of many other supporting processes in support of national, DOD and project interests. It furthermore entails the management of the total spectrum of activities to be carried out by the participating organisations within the defence family to meet the armament requirements that will ensure that the SANDF has the necessary force structure elements required for maintaining a combat ready capability.

6. **Project Structure** User Systems are often handled by umbrella projects. User Systems however, have varying complexities at lower system levels which forces consideration of the practicality of structuring projects to deal with this type of acquisition. The choices are whether to handle the acquisition by means of a single main project with sub-projects or by means of multiple main projects. This is of particular importance when User Systems consist of more than one comprehensive, physically separated Products System. Where the coincidence between technical and other requirements makes up a small part of the total requirement, sub-projects of a single main project or separate projects should be considered without dereliction of the need for adequate co-ordination and integration. For example, a ship/helicopter combination or combat vehicle variants that use the same carrier platform, but that have divergent operational uses, should preferably not be addressed in one project. They may be addressed as sub-projects of a single main project, or even as separate projects, with due consideration to interfaces, interoperability and time-scales.

PROJECT CONTROL RESPONSIBILITIES

MANAGEMENT OF PROJECTS

7. Whilst a single armament acquisition process is defined in this document the DOD and Armscor manages armaments acquisition projects at different levels. Therefore, on account of their autonomy at the different levels, the DOD and Armscor will establish their own respective organisational structures to manage projects on their respective levels of involvement. Management is understood to include all the aspects of planning, execution, control and reporting, to ensure that all activities embodied in the DAHB1000 as represented in the DAPMAP diagram (Appendix A-9), will take place in an orderly manner within the framework of this policy. Models for the control of projects may differ, but must, within the framework of this policy, be adjusted to the scope and complexity of each project.

MANAGEMENT INTERFACES

8. The management of a project cannot, however, take place in isolation only within the framework of the various organisations. Close liaison between the management organisations on related levels is essential. This liaison must essentially, but not exclusively, take place on Level 6 between DMD and Services/Divisions, Level 5 between DMD and Armscor, and Level 4 between Armscor and Industry. Two management levels within each organisation are envisaged, namely a top management responsible for dealing with policy and strategic direction aspects, and a senior management responsible for planning, co-ordination and control aspects.

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CONTROL OF PROJECTS

9. **Acquisition Directors.** The directors tasked with the management of South African Army (SA Army), South African Air Force (SAAF), South African Navy (SAN), South African Military Health Service (SAMHS), CMIS, Special Forces and Common Weapons Systems acquisition projects are (amongst others) responsible for the integrity of project milestones in terms of Milestone Documentation Validity and Milestone Authorisation.

10. **User Specialist.** The aim of the User Specialist appointment is to provide an official specialist User input to the project on behalf of the Service/Division and the End-User.

- a. **Appointment of the User Specialist.** The User Specialist is appointed by the Chief of the Service/Division when the ROC is approved.
- b. **Functions of the User Specialist.** The functions of the User Specialist are to:
 - i. represent the Service/Division, the End-User and the System Manager officially with regard to User inputs to the project;
 - ii. provide the PO, Armscor and the contractors with specialist advice with regard to functional and logistic matters;
 - iii. provide the PO, Armscor and the contractors with specialist advice regarding functional and logistic user requirements for the project; and
 - iv. to ensure the functional integrity of the Products System to be provided by the project.
- c. **Duties of the User Specialist.** The duties of the User Specialist are to
 - i. compile, prepare and submit the ST for approval;
 - ii. compile the FURS and LURS, including the Concept of Operations, the Mission Profile, the initial ED and the FVS as an input into the SR;
 - iii. provide functional and logistic user inputs to the PO and IPT;
 - iv. provide an Operational Requirements Analysis service to the project;
 - v. prepare and submit all User inputs;
 - vi. verify all requirements statements;
 - vii. verify changes to requirements;
 - viii. clarify requirements statements as and when required;

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- ix. ensure that all User inputs are consistent and within the confines of the milestone documentation as approved by the applicable Military Recommendation and Acquisition Governance Forums, comply with existing policy and doctrine and reflect the requirements/opinions of the Service/Division, End-User and the System Manager;
 - x. provide the PO with role, mission and task analysis as and when required;
 - xi. advise the System Manager and the PO of the financial, time scale and performance impact of the inputs made;
 - xii. ensure that User inputs to the project are made formally and officially against signature on behalf of the System Manager;
 - xiii. provide inputs for the appropriate value systems for trade-off analysis and option selections;
 - xiv. verify all project documentation from the System Manager's and End-User's point of view;
 - xv. seek clarity from Services/Divisions, the End-User and the System Manager whenever differences of opinion occur, or confusion is evident with regard to User input matters;
 - xvi. establish the FOT&E plans as well as appropriate trials and procedures to verify the functionality of the User System against the SR and the URS;
 - xvii. establish a detailed defect reporting system to the PO with regard to the Products System to maintain configuration management thereof;
 - xviii. timely advise the PO of all risks identified with regard to the Products System;
 - xix. tasking any person or organisation via the proper channels for assistance in the execution of User Specialist duties;
 - xx. keep formal records (under configuration control) of all User inputs made with regard to the project; and
 - xxi. be conversant with and, where applicable, comply with the contents of extant DOD Policy, Service Doctrine, and Armacor Practices.
- d. Authority of the User Specialist. With the proviso that the User Specialist keeps the Service/Division, End-User and the System Manager informed of his intentions and activities the User Specialist is to exercise his authority to
- i. directly control the staff assigned to him;
 - ii. execute tasks for which he is directly responsible;
 - iii. release signals related to his duties; and

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- iv. liaise through the PO with those organisations which may be required in the execution of responsibilities, duties and tasks.
- e. Relationship between the User Specialist and the PO. The following must be referred through the PO to the Service/Division and DMD for ratification/approval:
 - i. Any amendment to a project milestone plan.
 - ii. Requests which affect the approved milestone documentation.
 - iii. Proposals for amendments to the ST, SR, PSR, DP or AP.
- f. User Specialist General Guidelines. The User Specialist is
 - i. to refrain from giving oral instructions and/or guidelines to any member of the IPT (DOD, Armscor or the contractor).
 - ii. not to encroach on the responsibilities, functions or duties of the PO;
 - iii. to assist the PO in the drafting and clarification of all project related requirements and requirements statements (eg, ST, SR, etc); and
 - iv. to retain his responsibilities as User Specialist until formally relieved by Chief of the Service/Division.

11. Integrated Project Teams (IPT) Project management requires the management of a wide variety of disciplines such as logistic, technical, financial, engineering, resource management, contracting, quality assurance and design assurance, etc. To cope with this multitude of disciplines, the appointment of IPT's is required.

- a. Composition of IPTs. For the IPT to be able to deal with all the acquisition functions it has to, where appropriate, consist of members from Armscor, the SANDF, the Sec Def (DMD). The appointed PO will be the team leader. The IPT will preferably be co-located.
- b. Full-time Members
 - i. The Service/Division PO.
 - ii. The APM.
 - iii. Project Engineer (in the case of SA Navy).
 - iv. System Managers (in the case of SA Army).

NOTE 13: Appointment of Specialist Personnel. In the case of Cardinal projects, it may be prudent to appoint additional specialist personnel on a full-time basis.

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- c. Part-time Members (Co-opted as Required). The said functionaries of the IPT are assisted by supporting working groups of experts co-opted from the Services/Divisions and Armscor. Examples of part-time representation on the project to provide specialist inputs include a Project Engineer, Systems Engineer, Logistics Engineer, ILS Officer, Technical Support Officer (TSO), System Manager, Facilities Manager, Commodity Manager, Financial Manager, Quality Assurance (QA) Manager and so forth.
- d. Cost relating to Personnel for Local Project Offices
- i. Costs related to military personnel administration will be borne by the relevant Service/Division.
 - ii. Cost related to Armscor personnel administration will be borne by the relevant Armscor Division.
 - iii. Costs related to project management will be funded from within the project.
- e. Cost relating to Personnel for Foreign Project Offices
- i. When military personnel are appointed to a foreign project office, such personnel will be seconded to Armscor under the auspices of a special MOU between the Services/Divisions, DMD and Armscor, and which will be negotiated for each individual project. Ministerial authority is required for such secondments.
 - ii. Cost related to military and Armscor personnel will be budgeted for and borne by the project.
 - iii. Costs related to project management will be funded from within the project.

12. As indicated in paragraph 11 above, additional members may be co-opted on an ad hoc basis to serve on the IPT at an applicable level when specialist inputs are required for the furtherance of the project. Examples of these include interoperability and jointness aspects by joint operational experts, logistical aspects by the System Manager, operational aspects by a User Specialist, financial aspects by a financial specialist, security aspects by a project security specialist, etc.

NOTE 14: Secondment to IPT. Personnel from a Service/Division may be seconded to an IPT, particularly where specific skills will contribute to better interpretation of and compliance with the stated User requirements.

13. Together the PO, in conjunction with the APM, forms the project executive committee responsible for the day-to-day management of the project. The project executive will conduct business to the DOD (responsibility of the PO) and to the Industry (responsibility of the APM).

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NOTE 15: Execution of Responsibilities. In the defence family, responsibilities assigned to organisational sections shall be carried out according to the spirit of this policy. This requires on-going interaction between the participants to achieve optimum results.

IPT APPOINTMENTS AND PROFILES

14. **Principles of IPT Functioning** IPTs are joint structures between the DOD (DMD) and Armscor and shall be constituted and function in accordance with the following general principles:

- a. The IPTs shall consist of members nominated by the DOD and Armscor. The DOD members shall be lead functionally by the PO and the Armscor members shall be lead functionally by the APM.
- b. All team members shall be responsible for the execution of their mandated tasks.
- c. The concept of situational leadership shall apply to the functioning of the IPT. This shall be guided by the following principles:
 - i. The DOD (DMD) focus shall primarily be on matters relating to Level 5 and higher in the Systems Hierarchy and Armscor shall focus primarily be on issues relating to Level 5 and lower on the Systems Hierarchy.
 - ii. The DOD (DMD/Services) shall focus on stating the functional and logistic requirements including verification thereof and budgetary and financial control matters whilst the Armscor shall focus on technical and contractual matters.
- d. Notwithstanding the above and taking into account organisational responsibilities as stipulated in this document, members of the IPT should be employed in the most effective manner possible to exploit their capabilities and strengths.
- e. The IPT shall establish and document a formal structure and functional responsibility matrix to address individual responsibility and accountability for the life-cycle of the project. This is to include the establishment of performance management criteria to be formally agreed to by Services/Divisions, DMD and Armscor Management. This matrix will be used to evaluate the performance relative to project objectives.
- f. The principles of joint decision-making and reporting shall apply.
- g. Irreconcilable disputes within the IPT shall be referred to the relevant DMD director and appropriate Armscor Senior Manager for arbitration.

15. **Functions of the IPT** The functions of the IPT are to provide a comprehensive managerial and system engineering function during execution of the project which includes inter alia the following:

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- a. Carry out functional analyses.
- b. Carry out feasibility studies.
- c. Evaluate options.
- d. Compile prescribed staff documentation (including milestone and baseline documentation).
- e. Compile appropriate plans.
- f. Prepare submission documentation.
- g. Carry out prescribed studies.
- h. Prepare solicitation documentation and prescribed reports.
- i. Prepare the TVS and CVS.
- j. Evaluate offers and make acquisition recommendations.
- k. Compile FA requests.
- l. Negotiate tenders and contracts.
- m. Manage contracts and amendments.
- n. Manage project assets (procurement, accounting, usage, disposal etc).
- o. Execute Design Reviews.
- p. Monitor technical progress.
- q. Manage all CFE.
- r. Manage ILS/POSTEDFIT.
- s. Ensure integration between all elements of the Products System.
- t. Execute technical Product/Products System acceptance from the contractor.
- u. Monitor DT&E, execute POT&E and initiate FOT&E.
- v. Present the Products/Products System to the System Manager for acceptance.
- w. Manage the Integration, Hand-over and Commissioning processes as part of the Transition Phase.
- x. Manage the closure/termination process.
- y. Report jointly to Military Recommendation and Acquisition Governance Forums.

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- z. Ensure the accuracy of all computer-based planning and reporting systems in order to provide up to date management information, in particular the FMS.
- aa. Manage all other required project related processes/activities.
- bb. Manage project communication, including media plans.
- cc. Manage project security.
- dd. Manage/monitor/register all IPR related to the project.

16. **Training Competencies for Project Officers (POs)**. It is imperative that POs are adequately educated and qualified to successfully discharge the responsibilities of the appointment.

- a. **POs for Cardinal Projects**. POs appointed to Cardinal projects must preferably have a scholastic qualification at NQF level 6 in an academic or technical direction. Military qualifications required include all relevant courses up to and including the Joint Senior Command and Staff Programme (JSCSP) as well as training in the direction applicable to the Products System to be acquired.
- b. **POs for non-Cardinal Projects**. POs appointed to non-Cardinal projects must preferably have a scholastic qualification at NQF level 5 in an academic or technical direction. Military qualifications required include all relevant courses up to and including the Junior Command and Staff Course (JCSC) or equivalent as well as training in the direction applicable to the Products System to be acquired.
- c. **Warrant Officers as POs**. Warrant Officers may be appointed to non-Cardinal projects as POs and must preferably have a scholastic qualification at NQF level 5 in an academic or technical direction. Military qualifications required include all relevant courses up to and including the Joint Warrant Officers Programme (JWOP) as well as training in the direction applicable to the Products System to be acquired.

17. **Desirable Additional Training and Qualifications**. Additional training and qualifications that are desirable include Systems Engineering courses, Financial Management courses (specific to the DOD), Contracting/Contract Management courses, Negotiating Skills courses, and computer courses inclusive of Microsoft Word, Excel, Power Point and Project.

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18. **Requirements for Senior Staff Officers (SSOs) appointed to Acquisition Directorates.** SSOs appointed within the Acquisition Division should preferably have a scholastic qualification at NQF level 7 in an academic or technical direction. Military qualifications include all relevant courses up to and including the JSCSP as well as training in project management, finances, project risk and project control. They should preferably also have at least 5 years working experience in the project environment. Combat SSOs should additionally have at least 3 years working experience as a PO.

19. **Appointment of POs.** POs are appointed per project. When a Service/Division identifies a need, a ROC must be registered at the appropriate forums to initiate the acquisition of this capability. The Service/Division then identifies a suitable officer to be appointed as PO. On approval of a ST by the Minister of Defence and Military Veterans or the Sec Def in the case of non-Cardinal projects, the relevant Services/Division Chief appoints in accordance with the required competencies and profile specifications a PO for the specific project, who is then seconded to DMD. It is thus the responsibility of the Chief of the Service/Division to identify, train and educate officers in the art of project management and route them via the acquisition process as POs on a rotational basis, even if such rotation will be slow due to the long-term nature of acquisition projects. POs will be accountable to and will report to the C Def Mat (Acquisition Directors) via their respective acquisition SSO's on all acquisition related matters. POs have authority commensurate with their responsibility and accountability as delegated by the Acquisition Directors in the PO's respective delegations. Due to the complex nature and workload of acquisition projects, the practise of appointing a single individual as the PO for multiple projects is strongly discouraged and should only be contemplated in exceptional cases.

20. **Rotation of POs.** To ensure continuity, the PO should remain with the project until its completion. Where this is not possible, POs should be rotated upon the achievement of project milestones (it should be avoided to rotate POs between milestones). When POs are rotated, the project must be properly handed-over to the incoming PO by means of a Handing and Taking Over process as defined in the guidelines contained in Appendix D. The PO is to be assisted by functional and technical specialists on a temporary or permanent basis. This PO must have sufficient knowledge and experience to:

- a. Professionally execute or cause to be executed the activities as laid down in this policy, read together with relevant supporting policy.
- b. Provide professional advice and guidance on relevant military matters to Armscor and the contracted Industry.
- c. Maintain and promote good relations between all participating parties.

21. **POs Letter of Appointment.** Acquisition Directors shall provide POs with a letter of appointment in accordance the guidelines provided in Appendix E-1.

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22. **Primary Responsibilities of the PO.** The POs primary responsibilities are:
- a. To appraise him/herself of the considerations pertaining to the relevant studies giving rise to the resultant milestone documents.
 - b. Facilitating the execution of the relevant studies, in co-operation with the APM and other organisations involved and drawing up the relevant milestone documentation for submission to the appropriate Military Recommendation and Acquisition Governance Forums.
 - c. Co-ordinating all User System (Level 6 and higher) activities as well as all User System/Products System (Level 6/5) interface activities.
 - d. Handing-over all project deliverables to the System Manager as soon as the PO is in a position to prove to the designated System Manager of the supportability of the Product/Products Systems, in accordance with a prearranged, written, Transition Plan. This implies, inter alia, that
 - i. the Product/Products System, with regard to maintainability, is accepted by the System Manager prior to making it available for utilisation;
 - ii. the Hand-over of each individual piece of main equipment (product, per serial number) with the accompanying support equipment, documentation and serial number specification data, shall be fully documented and verified by the accepting authority;
 - iii. a physical configuration audit shall be part of each individual Products/Products System Hand-over, to confirm the correlation between equipment and documentation, for example, the as-built state; and
 - iv. operational and supporting risks shall be documented and made visible to the accepting authority.
 - e. Serving as the project's primary point of contact with the DOD top management, as well as with Armscor's management.
 - f. Providing advice and guidance to the APM on all relevant military aspects during the design/development of the Product or Product System.
 - g. Determining military requirements in respect of functionality, logistics and doctrine for inclusion in the relevant documentation.
 - h. The professional handling of all aspects regarding project finances, including logistic and operational activities, insofar as it concerns the DOD.
 - i. To provide guidance to the IPT on military protocol matters.

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23. **Appointment of the Armscor Project Manager (APM).** The head of the Armscor Division to whom the project has been allocated for execution appoints the APM as soon as the ST is approved (see page 64, paragraph 37. b for EAAP appointment) and upon agreement with the relevant DMD director. The APM must possess the following qualities:

- a. Have applicable academic, technical and administrative training (including formal management training), background and experience. Knowledge and experience of the structure and operating principles of the DOD is recommended.
- b. Have thorough working knowledge and have practical experience of the implementation of this policy and of associated policies, practices and standards.

24. **Rotation of APMs.** It should be borne in mind that an APM's effectiveness is directly proportionate to the continuity of his/her responsibility throughout the life of a project. To ensure continuity, the APM should preferably remain with the project until its completion. Where this is not possible, APMs should be rotated upon the achievement of project baselines (APM rotation between baselines should be avoided). When APMs are rotated, the project must be properly handed-over to the incoming APM by means of a Handing and Taking Over process to be defined by Armscor.

25. **Simultaneous Rotation of PO and APM.** The simultaneous rotation of the PO and APM should be avoided as far as reasonably possible.

26. **Primary Responsibilities of the APM.** The APM is the head of the project office, which is the focal point for administration, and is responsible for the gathering and processing of all information regarding the project to make it available to Armscor and the DOD. The APM's primary responsibilities include:

- a. Responsible for the detailed design/development and production of the Product/Products System. This includes the responsibility of ensuring the technical integrity of the entire Product/Products System and its support, including aspects such as QA, systems engineering, qualification, certification, safety, etc
- b. Ensuring the integrity of the acquisition process and thus also of the Product/Products System. The necessary liaison relating to QA must take place and be maintained throughout the project by means of close liaison with the DOD to maximise first time acceptance of deliverables.
- c. Ensuring that the project office is manned by competent administrative and technical functionaries.
- d. Recommending the termination of the project, or alternative solutions if objectives cannot be achieved within contractual limitations.
- e. Timely informing senior management levels, as well as the PO of the fact that there are, or could be, deviations in the project's technical performance, cost or schedule constraints.
- f. Carefully managing the situation when conflict arises between his/her responsibility to the client and his/her responsibility to Armscor, being his/her employer.

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- g. Planning and execution of the project within the technical, cost and schedule constraints, and in accordance with stated needs.
- h. Providing the DOD with documented proof that stated requirements are being met.
- i. Serving as the project's primary point of contact with DMD, as well as with the main contractor's management and project management.
- j. Complying with Armcor's organisational budgeting, contracting and cash flow objectives, in respect of the project for which the APM is responsible.
- k. Making or enforcing the necessary decisions to ensure that project objectives are achieved.
- l. Continuously maintaining the data integrity of all Armcor's management information systems relating to project status, finances, etc and keeping the PO informed.

27. **Armcor Project Team** The APM is responsible, in conjunction with other line managers in Armcor, to establish the Armcor project team from suitable and available personnel consisting of specialists in the various functional technical fields who will carry out the project as part of the IPT. The Armcor project team may thus include functionaries from disciplines such as engineering, manufacture, QA, configuration management, finance division, purchasing, marketing, sales (where applicable), service, maintenance, logistics, etc. As far as practicable, all Armcor project teams should be representative and also include some members under training that will ensure future continuity and capacity building as prescribed by the relevant personnel policies.

28. **Relationship between the APM and Appointed Specialist Managers** Where additional/co-opted APMs and other specialist managers are appointed to the Armcor project team or to assist the projects' APM, they shall be responsible to the project APM for the execution of their duties and the achievement of their respective objectives pertaining to the project.

29. **Additional/Co-opted Specialist Managers**

- a. **Systems Engineering Manager** The systems engineering manager is to be appointed by Armcor as soon as the ST is approved and is responsible for ensuring the systems engineering integrity of the Product/Products System and its support. It is essential that the systems engineering manager participates and contributes to the project from the Concept Phase. The systems engineering manager will normally be appointed on a part-time basis.
- b. **ILS Manager** The ILS manager is to be appointed by Armcor as soon as the ST is approved and is responsible for ensuring the ILS integrity of the Product/Products System and its support. It is essential that the ILS manager participates and contributes to the project from the Concept Phase and remains with the project until completion. It is preferable that an ILS manager be appointed on a full-time basis.

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- c. QA Manager. The QA manager is to be appointed by Armscor as soon as the ST is approved and is responsible for ensuring the QA of the Product/Products System and its support. It is essential that the QA manager participates and contributes to the project from the Concept Phase and remains with the project until completion. It is preferable that a QA manager be appointed on a full-time basis.
- d. Additional/Co-opted APMs. In certain cases, eg complex/fragmented projects, it may become necessary to appoint or co-opt additional specialist APMs to assist the projects' APM in the execution of the project. Typically, this would be required where a complex system consists of a number of complex sub-systems and/or where numerous individual contracts are placed in order to achieve the objectives of the Level 5 Products System.

PROJECT IDENTIFICATION

30. Definitions. The following definitions will apply:

- a. Armaments Acquisition Project. An armaments acquisition project is a planned undertaking that has a defined beginning and end, in which human, material and financial resources are organised in a novel way, to undertake a unique and complex scope of work. The activity by nature has technical and financial risk, which is progressively reduced via the application of the systems engineering process of risk reduction through specification and testing to quantitatively and qualitatively meet stated armaments objectives on User System Level and higher.
- b. Armaments Acquisition Project Management. Armaments acquisition project management is the art of directing and co-ordinating human and material resources throughout the duration of an armament acquisition project by using modern management techniques to achieve predetermined objectives of scope, quality, time, and cost.
- c. Armaments Acquisition Programme. An armaments acquisition programme entails a group of related projects in the Armscor contracting environment which are managed in a co-ordinated way, to deliver benefits that would not be possible where the projects are managed independently. It must be noted that a project in the environment of the DOD may give rise to a programme in the Armscor environment.
- d. Armaments Acquisition Programme Management. Armaments acquisition programme management is the process of co-ordinating the management, support and setting of priorities to achieve synergy across individual projects, to deliver additional benefits and to meet changing business requirements.

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CRITERIA FOR CLASSIFICATION AND APPROVAL OF PROJECTS

31. **Introduction.** The classification of projects are proposed by the AACB after due consideration of the criteria for Cardinal projects indicated below. This classification is to be determined when the ST is submitted for recommendation by the AACB, and in the case of EAAP, when the RS is submitted for approval. The AACB recommendation on the ST, and in the case of EAAP, the RS, is to include the proposed project classification, Cardinal or non-Cardinal. This is added in writing by the Chairman of the AACB in the space provided for comments/remarks. The classification of the project is approved by the AASB.

32. During the course of executing the FS, PS, DS or Acquisition Study, circumstances could emerge which require a review of the classification of the project. When a DP and an AP is submitted for approval, the AACB shall review the classification of the project to ensure that the allocation is allocated correctly. Should the classification change, the new classification should be added in writing by the Chairman of the AACB in the space provided for comments/remarks. When the DP or AP is submitted to the AASB, the new classification should be presented to the AASB for final review and approval.

33. **Aim of Classification of Projects.** Armaments acquisition projects are classified as either Cardinal or non-Cardinal in order to determine the level of approval and top management involvement (Military Recommendation and Acquisition Governance Forums) in the DOD that is delegated with powers of recommendation or approval during the submission of milestone documentation.

34. **Cardinal Projects.** The following criteria are to be considered for classification as Cardinal projects:

- a. **Inherent Risk.** The extent to which the project represents new capabilities for the User, such as information technology or new maintenance infrastructure, for example risk in User environment. The extent to which leading-edge technology (particularly unproven) is used represents on the one hand a design/development risk for the Industry, and on the other hand a financial risk for the budgeting authority as a result of possible reworking of defective products. When the project risk is major and of a comprehensive nature, it could indicate a Cardinal project.
- b. **Urgent Operational Needs.** If satisfying the operational needs is so urgent that strict compliance with rules, regulations and procedural directives becomes of secondary importance when weighed against delays in time-scale, this could indicate a Cardinal project.
- c. **Political Profile.** Where international treaties, tendencies or involvement (such as green movement or non-alliance) impact on a project, or vice versa, or where domestic politics are involved, for example the concentration of job creation in a specific area, or use of land, this indicates a Cardinal project.

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- d. Cost Profile. When considering cost, the projected peak expenditure (See Figure 2) of the project is compared with the projected available capital acquisition allocation. When the projected expenditure during the period of peak expenditure is equal to or exceeds 15% of the available capital acquisition allocation for the DOD, this could indicate a Cardinal project. The cost profile of the project should therefore be considered by the AACB in deciding the proposed classification of a project which will be submitted to the AASB for approval.

NOTE 16: Project Expenditure. The normal project expenditure follows a bell curve where initially project expenditure is minimal and increasing over time until it reaches a peak expenditure for a period, and then reduces again. This period of peak expenditure normally occurs after the placement of a Development Contract or Acquisition Contract.

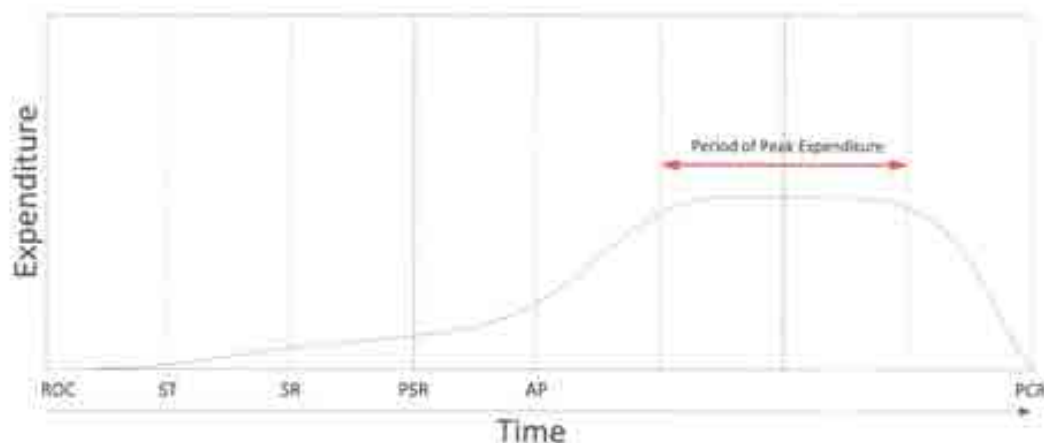


Figure 2: Typical Project Expenditure Profile Indicating Period of Peak Expenditure

- e. National Strategic Interest. When a project is of national strategic interest because of its impact on the force structure, this could indicate a Cardinal project.
- f. Impact on Existing Capability. If the establishment of a new capability by means of the project impacts negatively, either temporarily or until changes have been introduced to other affected SANDF operational capabilities (or, in exceptional cases, on the country's capability), and their changes have been included in this project, then this could, depending on the extent thereof, could indicate a Cardinal project.
- g. Multi-Department/Multi-National Joint Venture Projects. All Multi-Department/Multi-National joint venture projects shall be classified as Cardinal projects.

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REQUIREMENTS TO BE MET BY ARMAMENTS ACQUISITION PROJECTS

35. **Armaments Acquisition Projects.** The SANDF always uses systems acquisition projects to acquire new Combat Groupings of User Systems. However, all new matériel requirements cannot always be classified as Combat Groupings of User Systems and thus usually refer to lower levels in the Systems Hierarchy, eg singular User Systems, Products Systems, Products, Product Sub-systems and even Components. For the latter mentioned matériel requirements as well as for requirements such as information Systems which are of a singular system nature, it is not always required to satisfy them by means of systems acquisition projects, depending on the relevant Systems Hierarchy, the design/development complexity and financial extent of said requirement. Systems acquisition projects are applicable, subject to the criteria defined below, when:

- a. Completely new operational, and thus combat capabilities, are developed.
- b. Major expansions of the existing operational capabilities through an increase in number is required, and
- c. Improvement of the existing operational capabilities through mid-life upgrading (modification) or replacement is required.
- d. Life extension due to obsolescence is required.

36. **Criteria.** The following criteria are used to determine whether given acquisition activities should be handled as an acquisition project. The criteria are not applicable individually, but rather in combination:

- a. **Purpose.** The purpose for which the project deliverables are intended is used mainly to distinguish between acquisition projects, technology development projects and information system projects.
 - i. Where the deliverables are intended for operational deployment, it is an acquisition project. This remains so, even if the project is suspended for a time, for example after completion of Pre-Production Models (PPMs) or prototypes, but with the intention of continuing with series production and operational deployment at a later stage.
 - ii. Where deliverables are solely intended to demonstrate technological capability, it is a technology project. The deliverables are not intended for operational deployment. A completely new acquisition project may however make use of this baseline as one of the inputs for providing operational matériel at a later stage.
 - iii. Where deliverables are intended to be used solely for an administrative information processing capability it will be an acquisition activity under Chief CMIS's authority.

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- iv. Where the nature of the deliverables is primary that of ICT software and/or hardware, and the latter are not fully embedded into and/or inseparable part of Category 1 Matériel. Where ICT software and/or hardware (including communication networks) are acquired, the ICT acquisition projects shall be subjected to DOD ICT acquisition policy that will ensure the necessary rigour and agility that are required from ICT acquisition processes. These processes must be responsive to the rapid design/development of ICT specific technologies. DOD ICT acquisition policy shall there for make provision for the acquisition of both ICT systems that are intended for operational employment or not, and for the achievement of the required levels of interoperability between entities within the DOD, as well as with entities external to the DOD.
- b. New System Level Added. The highest new system level attained through the acquisition process is used to distinguish between an acquisition project and an Internal Services Project or operational activities. Acquisition projects are implied where expansion of the force is involved, for example:
- i. When completely new Combat Groups, User Systems, Products Systems or Products are to be provided (according to the Systems Hierarchy).
 - ii. When User Systems or Products Systems are extended by adding new Products Systems or Products, for example a recovery vehicle (Products System) supporting a tank regiment (User System).
- c. Modification of System Level. The system level concerned that is being modified is decisive for distinguishing between an acquisition project and an Internal Services Project or operating activity. Acquisition projects apply when products on higher system levels are modified by physically fitting new or improved Product Sub-systems or Components, but subject to the following conditions:
- i. Complexity of Design/Development. Where the design/development of a new or improved Product Sub-system (for example an aircraft engine) or Component (for example the turret of an armoured vehicle) will take at least two years or longer. (In the case of an increase, that is purchasing existing products already on inventory, the time-scales for the original design/development are applicable for purposes of this consideration).
 - ii. Financial Scope. Where the costs of manufacture of the Product Sub-system or Component series will financially involve at least RM15 (2014 Rand value). In exceptional circumstances eg the replacement of aircraft/ship engines where no design/development or integration risks exists, the threshold of RM15 may be exceeded subject to AACB recommendation and AASB approval.
 - iii. Series Size. Where a reasonably large series of items is involved, that is where there is strict control over all technical parameters and strict configuration control with respect to parts and documentation, to prevent the same error from occurring on a number of items and causing ineffectiveness.

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- iv. Design/Development Where the design/development of Military Specifications, Logistics Engineering, Products Sub-systems, Product or Products Systems are required.
- d. Singularity of Solution The unique nature of Information Systems in general makes it impractical for this policy to be rigidly enforced during the acquisition of such systems. Due to the unique nature thereof as opposed to a production orientation of typical military systems, the management of baselines beyond the ST (or equivalent as prescribed by DOD ICT acquisition policy) should follow a unique process as prescribed within the CMIS environment. For purposes of good governance, it would suffice to present a ST and PCR in accordance with this policy. During approval of the ST the appropriate Military Recommendation and Acquisition Governance Forums will issue such guidelines as deemed necessary for the execution of the project. These may include authority for deviations, ceiling costs and time-scales as well as status reports, should execution be of lengthy nature.

NOTE 17: Acquisition Project Criteria. If the above criteria are not all met simultaneously, it could however still indicate that the activity should be managed as an acquisition project. If it is preferred not to deal with this within these prescripts, a full motivation is to be submitted to the applicable Military Recommendation and Acquisition Governance Forums described herein for authorisation and execution within specific guidelines.

37. Minor User System Upgrading After a systems acquisition project has been completed, ie once the User System is in operation, minor deficiencies, mainly at Product level and lower, may be identified during use in respect of additions and adjustments to, or expansions of existing matériel. These needs, which do not change the stated requirements of the ST/SR, are normally regarded as modifications (in respect of additions and adjustments) and purchases/procurement (in respect of expansions) and are thus not handled as acquisition projects but are to be dealt with as Internal Services Projects or ordinary procurements.

38. Maintenance of Force Level During the deployment of force, losses that cannot be recovered sometimes occur, usually at Product Level. For the purpose of this policy, the replacement of elements of a User System with identical matériel is not regarded as a project due to the low risk of the acquisition thereof.

NOTE 18: Final Decision of Acquisition Projects. Notwithstanding the above-mentioned guidelines, the decision to satisfy matériel needs by means of systems acquisition projects or by other means, is subject to recommendations by the AACB and approval by the AASB or AAC as appropriate.

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INTERNAL SERVICES PROJECTS

39. Where there is a requirement for a project to be established and where such a project does not meet the requirement for a systems acquisition project, then an Internal Services Project is launched.

40. The decision as to whether a project shall be an acquisition project or an Internal Services Project shall be made when the ROC is considered for approval. The process to determine if a project should be an Internal Services Project is attached at Appendix A-1.

41. The Services/Divisions are responsible to establish appropriate internal policy/procedures and control mechanisms to ensure the effective, efficient and economical execution of Internal Services Projects to satisfy such internal requirements.

PROJECT MANAGEMENT FORUMS**GENERAL PRINCIPLES**

42. **Military Recommendation and Acquisition Governance Forums**. Projects will be authorised and/or directed through Military Recommendation and Acquisition Governance Forums. These forums are depicted in Appendix A-6.

43. **Constitutions**. All these forums shall have properly authorised constitutions that must be revised on a regular basis.

44. **Order of Submission of Documentation**. Project documentation may not be submitted to any of the Acquisition Governance Forums without prior recommendation by the relevant Military Recommendation Forums.

45. **Security Clearances**. All members of Military Recommendation and Acquisition Governance Forums are to have a proper security clearance, commensurate with the agenda items at hand.

46. **Conflict of Interest and Recusal**. All members of Military Recommendation and Acquisition Governance Forums are to sign the prescribed declarations of interest. Should any conflict of interest exist, then the relevant member is to recuse him/herself by leaving the meeting temporarily or permanently for the duration of the relevant deliberations. Secretaries of Military Recommendation and Acquisition Governance Forums are entrusted with the obligation to ensure that this is verified throughout. In special circumstances, it is the prerogative of the meeting to consider waiving the requirement that the person involved should physically leave the meeting. Under these circumstances, the minutes are to appropriately reflect such decisions and record the reasons for waiving the requirement.

47. **Timing of Contract Placement**. Contracts on Industry for the execution of the applicable phase may only be initiated by Armscor after the approval of the applicable project phases by the AACB, AASB and AAC and after the approval of a FA.

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MILITARY RECOMMENDATION FORUMS

48. **Introduction** Military Recommendation Forums are essentially instituted to verify and authorise the needs of the SANDF against the Military Strategy and derived Force Design/Structure Planning.

49. **Services/Divisional Specific Forums** Each Service/Division has forums specifically tasked and mandated for the drafting, consideration and internal approval of ROCs and recommendation of subsequent milestone documentation in a co-ordinated fashion within that organisational component in order to recommend needs to higher authorities. The procedures followed at these forums, however do not form part of this policy. Forums that could play an important role in ensuring standardisation and uniformity of User Systems employed by the DOD however do exist. Currently these forums are:

- a. **The Logistics Board.** The function of the Logistics Board with respect to acquisition is to provide strategic logistic alignment and convergence between the various Services/Divisions in order that common implementation approaches are adopted. Logistics unique projects must therefore be presented to the Logistics Board for recommendation. Besides logistics related aspects, future ownership of logistics unique systems must be confirmed at this forum, as C Log would normally become the system owner of such systems once delivered.
- b. **Command Management Information Systems (CMIS) Council.** The function of this Council in terms of its approved constitution, with relation to acquisition is to ensure the relevance of ICT solutions and the integrity of CMIS systems. All milestone documents that contain requirements, specifications and/or proposed solutions that will in any way have any impact on, use, interface with or exchange any data through the existing Defence Information and Communication Infrastructure (DICI), must therefore be screened and endorsed by this Board prior to submission to the AACB.

50. **Operations Staff Council (OSC).** The function of the OSC with respect to acquisition is to confirm that requirements are valid and in keeping with the strategic objectives of the DOD and to prioritise the requirements. ROCs are submitted to the OSC for consideration, prioritisation, synchronisation, initial Level 7/8 integration and approval. Service/Divisional recommended ST is submitted to the OSC for consideration, evaluation and prioritisation within the broader SANDF context, and against the capability requirements emanating from the Military Strategy and the Capability Strategy. During this evaluation, the OSC will consider any joint capability integration and interoperability requirements within the broader SANDF context. The priority is confirmed (constituting recommendation of the ST) whilst a sponsor is allocated, and possible duplication is prevented. The OSC scrutinises all STs in terms of these requirements and priorities and then recommends the ST for further consideration to the MCC and Acquisition Governance Forums.

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NOTE 19: OSC Recommendation of Deferred or Terminated Project. If a project is to be deferred or terminated, the deferment/termination report must be presented to the OSC for recommendation.

51. **Military Command Council (MCC)** STs (for Cardinal and non-Cardinal projects) and APs (for Cardinal projects) are presented to the MCC to ensure visibility at the highest level in the SANDF. This will also ensure that C SANDF is fully aware of STs (for Cardinal and non-Cardinal projects) and APs (for Cardinal projects) to be submitted to the AASB and AAC for approval. The function of the MCC with respect to acquisition is as follows:

- a. **STs and APs.** The recommendation of all ST's (for Cardinal and non-Cardinal projects) and APs (for Cardinal projects) being initiated for approval to the Acquisition Governance Forums.
- b. **SCAMP.** From time to time, when extensive changes to the acquisition portfolio of projects are required, a new issue of the SCAMP (as described herein) will be authorised by the MCC.

ACQUISITION GOVERNANCE FORUMS

52. **Introduction** Acquisition Governance Forums are instituted for the verification of process integrity, the authorisation of project phase approvals and allocation and commitment of financial resources. The validation of project administrative documentation against policy prescripts, the configuration management and financial scheduling will be facilitated within DMD. The approval structure for project submissions consists of three levels

53. **Armaments Acquisition Council (AAC)** The AAC is the highest level of approval, chaired by the Minister of Defence and Military Veterans. The AAC ensures that armament acquisitions are executed in terms of policies and procedures and oversees the lower level activities. The final selection of the equipment as well as monetary commitments for Cardinal projects, are undertaken at this level in accordance with the value system developed for the specific project during the PS and AP milestone approval. The AAC will identify the Cardinal projects that will be presented to Cabinet for approval (Appendix F for guidelines for preparing and submitting a Cabinet memorandum). The Council's aim, functions, composition and rules are contained in its constitution. (See Appendix G-1). In extra-ordinary cases where deviations from the optimum solution occur for Cardinal projects, as determined by the appropriate value system, such deviations must be made visible to the AAC for consideration and approval.

54. **Armaments Acquisition Steering Board (AASB)** The second level of approval for armaments acquisition is the AASB, chaired by the Sec Def. The focus of the AASB will be on acquisition accountability and to confirm the business case of the project. The final selection of the equipment as well as monetary commitments for non-Cardinal projects, are undertaken at this level in accordance with the value system developed for the specific project during the PS. The board approves STs and APs for non-Cardinal projects with regular reporting of such approvals to the AAC. The Board also recommends STs and APs for Cardinal projects to the AAC and approves PSRs for Cardinal projects. The classification of projects is approved by the AASB. The Board's aim, functions, composition and rules are contained in its constitution.

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(See Appendix G-2). In extra-ordinary cases where deviations from the optimum solution occur for non-Cardinal projects, as determined by the appropriate value system, such deviations must be made visible to the AASB for consideration and approval.

55. **Armaments Acquisition Control Board (AACB)**. The AACB, chaired by the C Def Mat is the third level of control and is the departmental node for the initiation and completion of projects. The focus of the AACB will be to evaluate the business case of the project thereby enhancing civil oversight and equally important, facilitating the armaments acquisition process in terms of the acquisition policy, ie adherence to the systems engineering process as defined in this document. The Board approves Class 2 changes to authorised project documentation and regularly reports such approvals to the AASB. The classification of projects is proposed by the AACB after due consideration of the criteria for Cardinal projects. The Board screens all milestone documentation for submission to the AASB. The Board's aim, functions, composition and rules are contained in its constitution. (See Appendix G-3).

56. **Sensitive Projects**. For sensitive projects (Top Secret and certain Secret projects), members of the relevant forum will be involved on all levels, but on a need to know basis only (refer to the constitutions of the relevant forums). Transparency and audit trails must however be ensured without compromising security.

57. The project approval and control process through the Military Recommendation and Acquisition Governance Forums, for armament acquisition is depicted in Appendix A-6.

EXTRAORDINARY CAPITAL ACQUISITION INITIATED BY CABINET

58. **Management of Extraordinary Capital Acquisition**. According to the White Paper on Defence Related Industries, two parallel processes can be identified that run simultaneously during the acquisition of Cardinal defence capital equipment and specifically high value defence capital equipment. The first relates to a wider government process, the second to the DOD's acquisition management. These two parallel processes are identified as Inter-Departmental consideration and management of large-scale acquisition projects. These include issues of DIP, NIP and financial implications and parallel to that the DOD acquisition management (Reference G). In the instance of inter-departmental initiatives where it is decided that the DOD would be responsible for the management of the acquisition process, the requirement must be registered by means of a ROC and subsequently managed in accordance with DAHB 1000. In terms of authorisation forums, cases like this could require additional higher level management forums that are discussed below.

59. **Extraordinary Acquisition Management Forums**. Milestone documentation related to Extraordinary Capital Acquisition but managed by the DOD will follow the same route as Cardinal project milestone documentation up to the level of the AASB. At the AASB level it is the prerogative of the AASB Chairperson (Sec Def) to refer the documentation to an appropriate Inter-Departmental Committee (at DG level) before submitting the documentation to the AAC for consideration (refer to the paragraph below for further remarks concerning the role of NT in this process). Once approved by the AAC it is the prerogative of the AAC Chairperson to refer the milestone documentation to a higher approval level. Two levels for higher approval can be identified, ie Ministerial Committees, and Cabinet (See Appendix A-6).

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60. **Role of National Treasury (NT) in Extraordinary Acquisition.** In managing extraordinary capital acquisition projects initiated by Cabinet, it is imperative that written confirmation be obtained from NT that sufficient funding is available to finance both the acquisition and the entire life-cycle of the Products/Products System (main equipment) to be acquired. The duly authorised source of the funding must also be established before entering into any contracting for such extraordinary capital acquisition projects.

ARMSCOR DECISION GATES

61. **Introduction.** Due to the significance of decision-making integration between Armscor and the DOD relating to capital acquisition projects a decision gate is provided for by Armscor.

62. **Decision Gate (DG).** This is a mandatory decision point when every capital acquisition project presents its intended project strategy for approval. This decision point can occur before or after a FBL, depending on unique circumstances. Obtaining the DG approval as well as a FBL is a prerequisite before commencing with the DOD approval process of the PSR.

ARMSCOR CONTRACT AUTHORISATION FORUMS

63. **Introduction.** Armscor contract authorisation forums are established to act as contracting authorities for all defence matériel in accordance with relevant regulations and prescripts.

64. All contracts have to then be authorised by formal contract authorisation committees with respect to legal, financial, commercial and technical integrity. The composition of these authorisation committees must reflect adequate and appropriate representation of all relevant stakeholders in the acquisition process and must include members from Armscor, the SANDF, the Sec Def (DMD), and other relevant divisions of the DOD. Armscor shall not enter into contracts with Industry prior to the authorisation for a particular project phase by the appropriate Military Recommendation and Acquisition Governance Forums.

65. **Authorisation Committees.** In terms of the Armscor Act, the decision-making powers with respect to contract authorisation, are vested in the Corporation's Board of Directors. The Armscor Board of Directors has formally delegated its contract authorisation powers to various levels of subservient authorisation committees. The composition and delegated decision-making powers of the respective authorisation committees are contained in Armscor's Directives relating to Decision-Making Powers (A-Corp-001). Accountability, however, remains with the Board of Directors.

DIRECTING FORUMS

66. **Introduction.** Directing forums are instituted for the directing and coordination of extensive and complex multi-disciplinary projects. These forums have no additional powers than those residing within each of the individual members in their own rights and delegations.

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67. **Project Control Board (PCB)**. A PCB will be constituted for all Cardinal projects with the aim of directing higher order activities relevant to the project execution. The Chairperson of the PCB will be the C Def Mat, and will be convened as required. Membership of the PCB will be limited to the top management of DMD, relevant Services/Divisions and Armscor. The Board's aim, functions, composition and rules are contained in its constitution. (See Appendix G-4).

68. **Project Steering Committee (PSC)**. A PSC will be constituted for all projects with the aim of directing activities relevant to the project execution. The Chairman of a PSC will be the relevant DMD director with involved Services/Divisions represented at Director level. Armscor should be represented at Senior Manager level. The Committee's aim, functions, composition and rules are contained in its constitution.

PROJECT AUTHORISATION MANAGEMENT

69. **Introduction**. In order to appropriately manage the inherent risks associated with User System acquisition, the task is broken up into a logical accumulation of linked, sequential phases. These phases are authorised through the submission and approval of milestone documentation, for the purposes of this policy. Milestone documents are authorised by delegated Military Recommendation and Acquisition Governance Forums, dependent on the significance of the project as reflected by its classification.

70. **Classification of Projects**. Only two classifications are used for armaments systems acquisition projects, namely Cardinal and non-Cardinal (Refer to Chapter 6, paragraph 34). Armaments acquisition projects are classified as Cardinal or non-Cardinal in order to determine the level of top management involvement (Military Recommendation and Acquisition Governance Forums) in the DOD that is delegated with powers of recommendation or approval during the submission of milestone documentation. Cardinal projects are in general approved at a level higher in the governance authorisation hierarchy than non-Cardinal projects.

DOCUMENTATION AUTHORISATION

71. Milestone documentation referenced below, are authorised by Military Recommendation and Acquisition Governance Forums. DMD/Armscor confirms the achievement of preceding milestones and technical baselines.

72. This policy will focus on governance requirements, while clarification only will be provided for Military Recommendation Forums. Although the context of any of the documents indicated in Table 9 may exceed the periods defined therein, and are authorised accordingly, it must be noted that the milestone document as such only remains valid for the periods defined in Table 9. Activities should always be covered by the specific authorisation given, and where deviations are inevitable, they should be covered by a new authorisation before any resources are committed or committed by implication (resulting in possible Ex Post Facto situations).

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PROJECT MILESTONE DOCUMENTATION

73. All milestone documentation is fundamentally based on the same model and thus incorporates basically the same type of data that has to be approved by management. This data can be categorised as set out below:

- a. Strategic/Political Data. This normally implies a top management decision. Operational functionaries on the middle management level can be consulted in this decision-making.
- b. Planning Data. Includes time-scales, quantities, finances and management administration, normally implies operational/planning functionaries. Depending on the impact, top management may be consulted.
- c. Technical Data. Includes functional performance, design/development/production and logistical support, normally implies technical functionaries.

74. **Project Milestone Documentation Validity**. The following aspects should be noted with regard to project Milestone Documentation Validity:

- a. Milestone Documentation Validity refers to the default time frame allowed before the validity of the milestone document content must be re-confirmed.
- b. Milestone Documentation Validity is the consequence of a project milestone review. Due to changes in the political landscape and the military strategic environment, project milestone documentation can become invalid. Therefore, the validity of project milestone documentation has to be confirmed periodically. The validity of project milestone documentation expires in the time-scale from approval as indicated in the Table 9.

NOTE 20: Milestone Documentation becomes Invalid. In such cases where the political landscape and/or the military strategic environment changes to such an extent that the content as stated in milestone documentation becomes invalid, the Milestone Authorisation must be withdrawn and referred back to the originating Service/Division for review. During this review, the validity of the milestone documentation must be scrutinised, and where necessary, the milestone documentation must be updated/amended in accordance with the changed scenario and resubmitted for approval (Refer also to Chapter 4, Note 7). If it is found that the milestone documentation has become completely invalid, the project should be terminated (refer to Chapter 6 paragraphs 117 to 121).

- c. Milestone Documentation Validity is confirmed in the Introduction of a project milestone document and confirms the following aspects:
 - i. That the previous project milestone document is still valid, and when and by whom it was approved.
 - ii. That the requirements as stated in the FURS and LURS of the SR are still valid.

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- iii. That the configuration status of the project milestone documentation is still valid for acquisition.
- d. The onus is on the PO to make a submission to the AACB to confirm and motivate the Milestone Documentation Validity of the document for an additional time period as defined in Table 9 below. This must be done prior to the expiry date of the document. If the Milestone Documentation Validity of the document has expired, a submission must be submitted to the AACB to request the condonement for the time period from the date when the Milestone Documentation Validity expired to the submission date and the extension of the Milestone Documentation Validity from the current date for the next time-scales, as indicated in **Table 9** below.

NOTE 21: Submission Format. Refer to CSW (2012) Appendix 5B-1 for the template for a submission and to Appendix L-11 for an example of a Milestone and/or Validity Extension Submission.

NOTE 22: Project Milestone Documentation Validity. Project Milestone Documentation Validity is not directly related to the project Milestone Authorisation in terms of authority to expend funds and authorised project time scales. However, when it becomes necessary to extend the project Milestone Authorisation, the Milestone Documentation Validity of the project milestone documentation should be reconfirmed at the same time.

75. Table 9 below provides a summary of the content, level of discretion (mandatory or not), Milestone Documentation Validity time-scales of the project milestone document and representative decision of the project milestone documentation as referred to.

M/S	Document	Content	Mandatory	Validity Time-scales	Decision Type
1	ROC	Operational Priority	Y		Priority *
2	ST	Operational Requirement	Y	2 Years	Project **
3	SR	System Performance	N***	3 Years	Concept
4	PSR	Option Selection	N***	2 Years	Do Nothing/Upgrade/Make/Buy
5	DP	Development Criteria	N***	3 Years	Development
6	AP	Planned Deliverables	Y	4 Years	Acquisition
7	PCR	Completion Criteria	Y		Completion
8		Operational Criteria	Y		Operational

Table 9: Project Milestone Documentation Summary

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* "Priority" refers to the determination of the validity and priority of a requirement within the context of all the SANDF armaments requirements.

** "Project" refers to the initial official authorisation of a project to expend funds.

*** Although not mandatory, authorisation must be obtained in advance if exemption from submitting these milestone documentation is required.

76. **Milestone Authorisation** The following aspects should be noted with regard to Milestone Authorisation.

- a. Milestone Authorisation relates to the objective to be achieved, the time-scales in which these objectives are to be achieved and the financial limits within which these objectives are to be achieved.
- b. Milestone Authorisation is granted at the approval of the milestone document and is valid for the time-scales as requested and approved in the milestone document.

NOTE 23: Milestone Authorisation If no recommendation is made in a project milestone document regarding the Milestone Authorisation time-scales, the default time-scales Milestone Authorisation shall be aligned with the Milestone Documentation Validity as indicated in Table 9.

- c. Milestone Authorisation is specified in the Recommendations of a project milestone document and requires approval for the following aspects:
 - i. The project to proceed to the next milestone. To commence with the next phase(s)/ of the project.
 - ii. The expenditure of funds (as proposed) towards achieving the next milestone.
 - iii. The time-scales (as proposed) towards achieving the next milestone.
 - iv. The next project milestone document to be submitted for approval by specific date.

NOTE 24: Milestone Authorisation and Phases. Milestone Authorisation may address part of a phase or more than one phase, eg in the Requirements Definition Phase, there are two milestones (Milestone 2 and Milestone 3), whereas Milestone 6 (AP) addresses more than one phase which are the Production Phase and Transition Phase, in order to achieve Milestone 7.

- d. Time-scales for Milestone Authorisation should preferably be the same as the Milestone Documentation Validity time-scales of the relevant project milestone document. The time-scale may however be shorter or longer than the Milestone Documentation Validity of the relevant project milestone document. The following guidelines are recommended:

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M/S	Document	Milestone Documentation Validity Time-scales	Milestone Authorisation Time-scales
2	ST	2 Years	2 Years
3	SR	3 Years	3 Years
4	PSR	2 Years	2 Years
5	DP	3 Years	=>3 Years
6	AP	4	=>4

Table 10: Project Milestone Documentation Time-scale Summary

NOTE 25: Milestone Authorisation Time-scales. In most cases, because of the scope of work to be performed during the design/development, industrialisation and manufacturing of a Product/Products System, as well as the time to transfer (integration, hand-over and commission) the Product/Products System to the user environment, the Milestone Authorisation time-scales could be longer than the Milestone Documentation Validity time-scales of the milestone document.

NOTE 26: Milestone Authorisation Time-scales versus Milestone Documentation Validity Time-scales. The time-scales for Milestone Authorisation to achieve the next milestone should preferably not be shorter than the Milestone Documentation Validity time-scales of the milestone document.

- e. Should it become evident that the objectives of a particular milestone document may not be achieved within the authorised time-scale or within the authorised financial limitations, the PO is to immediately request an adjustment to the Milestone Authorisation, irrespective of the progress. This request for an adjustment to the Milestone Authorisation is to be done in the form of a submission and include the reason for the request as well as the new time-scale and financial limitation to be approved.

NOTE 27: Submission Format. Refer to CSW (2012) Appendix 5B-1 for the template for a submission and to Appendix L-11 for an example of a Milestone and/or Validity Extension Submission.

- f. If the Milestone Authorisation of the document has expired, a submission must be submitted to the AACB to request the condonement for the time period from the date when the Milestone Authorisation expired to the submission date and the extension of the Milestone Authorisation from the current date for the next time period.

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- g. When a Milestone Authorisation adjustment is requested, it is also prudent to reconfirm the Milestone Documentation Validity of the project milestone documentation. If approved, this new authorisation will therefore also reset the Milestone Documentation Validity of the appropriate project milestone documentation.

NOTE 28: Non-Approval of Adjustment to Milestone Authorisation. It is to be noted that the non-approval of an adjustment to a Milestone Authorisation when it is requested may result in the project being stalled as no further activities may be possible.

NOTE 29: Adjustment to Milestone Authorisation Implications. An adjustment to a Milestone Authorisation could mean that the financial baseline for the project may have to be increased as well, which signifies a Class 1 change.

77. Extension of Milestone Documentation Validity or Milestone Authorisation Criteria The following criteria will determine if an extension on project Milestone Documentation Validity or Milestone Authorisation is required:

Extension For	Criteria
Milestone Documentation Validity	(1) Milestone Documentation Validity time-scale expired, and
	(2) Next milestone document not yet approved.
Milestone Authorisation	(1) Any change to the authorised financial baseline, and/or
	(2) Change to the authorised time-scales that will move the delivery of the Product/ Products System to the right with more than one (1) year (approved time-scales will be exceeded with more than one (1) year), and/or
	(3) Any changes to the quantities of Product/Products Systems or PME as authorised.

Table 11: Extension Criteria

78. The following process should be followed to extend a project Milestone Documentation Validity or Milestone Authorisation:

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Extension For	How	Forum	Request	Note
Milestone Documentation Validity	Submission	AACB	Confirm and motivate the validity of the document for an additional time period.	<p>Milestone Documentation Validity is not directly related to the Milestone Authorisation in terms of authority to expend funds and authorised project time scales</p> <p>The extension of the Milestone Documentation Validity of the milestone document will not reset the Milestone Authorisation</p>
Milestone Authorisation	Submission	<p>Class 1 Changes: Same authorisation authority that authorised the original milestone document.</p> <p>Class 2 Changes: AACB</p>	<p>Request an adjustment to the Milestone Authorisation and provide:</p> <p>the reason for the request,</p> <p>the new time-scale,</p> <p>the financial limitation to be approved.</p>	<p>When a Milestone Authorisation adjustment is requested, it is also prudent to reconfirm the Milestone Documentation Validity of the milestone documentation.</p> <p>If approved, this new authorisation will therefore also reset the Milestone Documentation Validity of the appropriate project milestone documentation.</p>

Table 12: Extension Process

79. **Impact of Milestone Documentation Validity and Milestone Authorisation Time-scales.** Different variations between the Milestone Documentation Validity and Milestone Authorisation time-scales are possible, and can be seen in the following figure:



Figure 3: Impact of Milestone Documentation Validity and Milestone Authorisation Time-scales

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80. The impact of the variations can be seen in the following table:

Scenario	Time Frames	Impact
Scenario 1	Milestone Documentation Validity = Milestone Authorisation	Ensure that if either the Milestone Documentation Validity or the Milestone Authorisation time-scales expires, a single submission may be made to extend the Milestone Documentation Validity and Milestone Authorisation.
Scenario 2	Milestone Documentation Validity > Milestone Authorisation	This will require that Milestone Authorisation be extended if any activity will exceed the authorised time-scales.
Scenario 3	Milestone Documentation Validity < Milestone Authorisation	If the time-scales authorised is longer than the Milestone Documentation Validity time-scale, it will require that the Milestone Documentation Validity be reconfirmed when the validity time-scale expires.

Table 13: Impact of Variations on Milestone Authorisation

81. A process should be implemented to manage and confirm the status of project Milestone Documentation Validity as well as the related Milestone Authorisation.

82. **Combination of Milestone Documentation.** In terms of the table above (Table 13) the SR, PSR and DP are not mandatory documentation. Under certain special circumstances (very urgent operational requirements or where there is no integration risk), the ST and SR may be combined in one document (including the System Specification (which includes the logistic specification)), the PSR and the AP may be combined (only applicable for MOTS/COTS products). In such cases the following is applicable:

- a. The tailoring of the acquisition process and the combination of milestone documentation must be authorised by the AACB.
- b. The tailoring of the baseline documentation must be authorised by the Armscor Baseline Review Forum.
- c. In the event where funds are necessary to compile studies, documentation, models, simulation models and visits abroad, a separate motivation must be presented to the AACB. The AACB will also decide if it is necessary to obtain approval from the AASB.
- d. The option of combining milestone documentation is not available for projects where significant risk exists (ie design/development projects).

83. **Tailoring.** The acquisition process should be tailored in accordance with the extent and nature of the specific project without in any way compromising the integrity of the acquisition process and while maintaining all mandatory steps and approval documents. Should any part of the process, or even the complete process, not be deemed to contribute in any way to risk reduction and project efficiency, proper motivation for this deviation should be presented to the appropriate Military Recommendation and Acquisition Governance Forums for consideration

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and authorisation. Tailoring will imply a faster acquisition process, but with increased risk and less process integrity than the full acquisition process. This procedure also applies to unique system types or matériel, as well as to sub-processes and principles prescribed in this policy.

84. **EAAP.** An EAAP may be considered for instances prescribed in Chapter 5 paragraph 34 through to paragraph 40. Although the EAAP facilitates an expedited acquisition process to satisfy urgent requirements, it is however commensurate with increased risk and reduced process integrity.

85. Figure 4 below shows the relationship between process integrity and project risk with reference to the acquisition process versus tailoring and the EAAP.

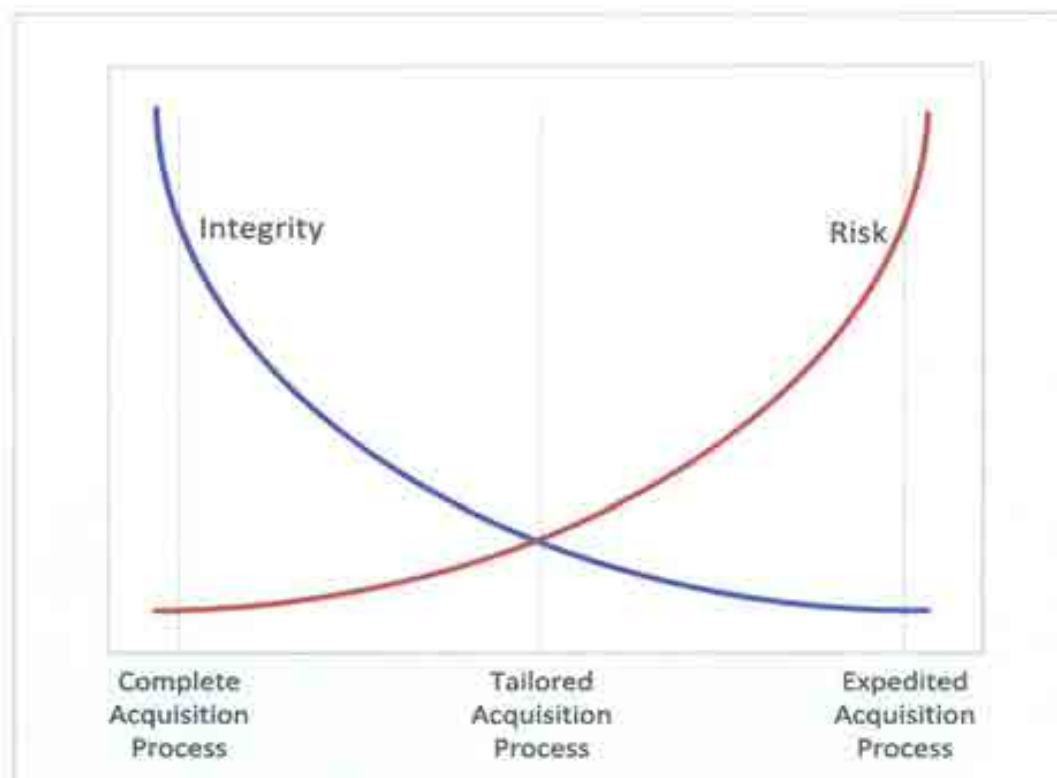


Figure 4: Relationship between Process Integrity and Project Risk

86. **Amendments to Milestone Documents.** Amendments to the latest authorised milestone documents are made in such a manner that, every bit of information contained therein, is valid and reflects the current situation when submitted for approval. This is valid until a new milestone document of the process is reached. Amendments that become necessary to previously authorised milestone documents essentially belonging to previous phases need only be updated in as far as it impacts on user requirements, time-scales and finances, and not to administrative arrangements already superseded by the latest authorised documents.

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87. **Authorisation Authority** In principle, amended milestone documentation is submitted for approval to the same authorisation authority that authorised the original document.

CLASSIFICATION OF CHANGES TO PROJECTS

88. Changes to projects are classified in two categories:

- a. **Class 1 Changes** Class 1 changes are high level changes that have a strategic/political/operational impact, affects the number of Products/Products Systems and/or affects the configuration to such an extent that functional/logistical requirements have to be adapted and financial limitations or approved time-scales, are exceeded.
- b. **Class 2 Changes** Class 2 changes are changes that fall within the delegation of the project executive and do not affect high level functional/logistical requirements, financial limitations or approved time-scales.
- c. **General Guidelines** When the need arises to amend approved milestone documentation due to changing circumstances, the following general guidelines apply:
 - i. All project documentation, whether new or amended, is distributed to all permanent members of the AACB in terms of current distribution lists.
 - ii. In the case of Class 1 changes, the amended milestone documentation is to be submitted via the same channel for approval, to the same authority that approved the original document.
 - iii. When confronted with Class 1 changes, the following procedure is to be followed to save time:
 - (1) Approvals for changes are to be requested prior to making financial or other commitments.
 - (2) Requests for approvals are to be routed via the appropriate Military Recommendation and Acquisition Governance Forums and are to include sufficient detail with regard to background and the impact of the suggested solution to enable the decision maker to take the correct decision.
 - (3) When submitting the next successive project milestone documentation for approval, the approved changes must be incorporated.

89. **Configuration Management with respect to Changes** For both Class 1 and Class 2 changes, the originator is responsible to place the document under configuration management so as to differentiate between the original and amended document/s. For the purposes of C SANDF control, the dates on the document are used for discrimination. Where re-submissions to the Military Recommendation and Acquisition Governance Forums are not required (Class 2 changes), it is suggested that an internal method of control, eg. Amendment 1, 2, etc. is used.

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90. **Deviation Limitations.** For purposes of planning and control, limits to deviations of certain aspects are stipulated as set out below:

- a. **Financial Baseline.** The initial estimated financial baseline (project financial ceiling) for a capital acquisition project is approved with the ST. As the project progresses and the actual financial implications become accurate, this may influence the authorised financial baseline. Forthwith, the financial baseline is to be re-affirmed or adjusted (see Appendix H-1) with the submission of the next milestone approval, i.e., at the end of the preceding phase for the next phase. For further detail refer to Appendix H-2.
- b. **Time-scales.** Where adjustments to the approved time-scales or the necessary shifting of milestones or objective dates does not fundamentally affect the Transition of the first operational Product/Products Systems, no amended authorisation is required, but the Service/Division must be informed. Where, however, the transition is moved to the left or right by more than one year, it implies a Class 1 change. All planning documents such as FSP (Directorate Internal Management Systems [DIMS] records), matériel plan, facilities plan, financial plan, etc., must be amended after approval.
- c. **Quantities.** Where changes to approved Product/Products Systems or PME numbers have to be made, this normally implies a Class 1 change.

NOTE 30: Acquisition of Product Sub-Systems. In cases where the project addresses the acquisition of Product Sub-Systems and lower, it must be remembered that they form part of a greater system and may thus influence at least the level of Products System. In such cases, the same procedures are followed with regard to the Products System and the influence on the latter.

MANAGEMENT OF MULTIPLE PRODUCTION PHASES

GENERAL

91. **Long Production Runs.** Some projects have production runs that span a number of years and will undergo numerous generation changes during this time-scale (a common example is radios). It is thus evident that not all the information furnished in the submission requesting approval of the AP may still be valid when a second production batch is authorised or a new generation of the same Products System is produced. In such cases the System Manager must be involved to ensure that the correct system management concepts are applied.

92. **Multiple Phased Acquisition (Batches).** Multiple phased acquisition takes place in batches or set quantities to allow for any design/development work or upgrading to a new generation between series production of the batches.

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93. **Long Time-Scale Acquisition**. Long time-scale acquisition takes place with the production of a large quantity of items over an extended period, eg radios, where progress is monitored on an annual basis and funding is approved per Financial Year (FY).

PARTIAL ACQUISITION

94. Partial Acquisition is a process followed primary to simplify the schedule and financial management/control of projects which deliver complex Products Systems or a combination of Products Systems that make up a capability requirement. The partial approach may be used in the following cases:

- a. Where a segment of the capability can be delivered against a much shorter time-scale than other segments, usually due to it comprising of off-the-shelf/ready available Products/Products Systems, whereas the remaining deliverables may need to be developed or require a longer time period for acquisition.
- b. Where a project delivers one or more separate but related Products/Products Systems where little or no integration between the separate Products/Products Systems is required.
- c. Where due to immediate operational needs part of a capability being delivered by a project is required to be delivered more urgently than the rest of the capability and is therefore given a higher priority.
- d. Where a reduced/limited capability already exists within the DOD and additional Products/Products Systems are acquired to boost/enhance the existing capability.
- e. Where there is a need to facilitate proper financial control:
 - i. **Fully Funded Projects**. To facilitate the distribution/prioritising of current SCAMP spending thereby reducing the immediate demand on funding, allowing for a broader approach to address current priority requirements.
 - ii. **Partially Funded Projects**. To address projects where current funding is insufficient to meet the full requirement. As this poses an element of financial risk to the project in that future funding can never be guaranteed, the Partial Acquisition must deliver a useable and sustainable capability, such that if no further funding is forthcoming then, that which has been delivered cannot be construed as fruitless expenditure.

MILESTONE DOCUMENTATION

95. **Acquisition Plan**. When single-phase acquisition is part of a project strategy, a single document named the AP is submitted to the AACB for referral to the AASB or AAC, depending on the category of the project.

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96. **Partial Acquisition Plan (PAP)**. When contemplating a multiple phased acquisition or long time-scale acquisition project, an acquisition document called the PAP is submitted for approval, when only a portion of the total requirement is addressed. The PAP is submitted in lieu of the AP (used for a small production run or a single-phase production project), yet in principle performs the same function. The guidelines for the AP are to be used for the compilation of the PAP.

97. The PAP, like the AP, is compiled by PO as an output of the AS led by Armscor. Like the AP, this also represents the Acquisition Decision which inherently includes the employment and support of the equipment throughout its envisaged life span. This Acquisition Decision is approved by the AASB (non-Cardinal project) and the AAC (Cardinal project) and, like the ST and the AP, the PAP is a mandatory document. Like the AP, the PAP also consists of several documents as defined for the AP in Chapter 8C, Function 10.

98. The Military Recommendation and Acquisition Governance Forums must be pertinently made aware of the implications of the reduction of quantities and/or the extended time-scales when the PAP is submitted for approval.

DIFFERENT APPROACHES

99. It is evident in the document that there are basically two approaches to this particular form of acquisition. Both will be discussed in the next paragraphs.

100. **Long Time-scale Acquisition**. When this approach to acquisition is the desirable course to follow, submit the PAP to the AASB in which authority is requested for:

- a. Authority to pursue this method of acquisition.
- b. In principle approval of the financial baseline (typically the ten-year plan).
- c. Identification of the deliverables.
- d. Authority to expend the allocated funds for the next FY.
- e. Indication of when the final PAP is to be expected.

101. **Multiple Phased Acquisition**. With this approach to acquisition, a PAP will have to be submitted prior to the production of each batch, including technical, time-scale and financial confirmations. A historic overview, quantities delivered to date and finances expended on all previous batches must be included in the introduction. Authority requested must address only the time-scales, deliverables and financial implication of the batch in question. Any adjustment to the financial baseline is also to be included as an addendum to the PAP.

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PARTIAL ACQUISITION PLAN - FORMAT

102. **Guidelines for the Composition of a PAP** The guidelines for the composition of a PAP are:

- a. Where Class 1 changes are included in the PAP, these are to be dealt with in detail as per the guidelines in the AP. Should this document become cumbersome, an executive submission is to be submitted for approval.
- b. Contents of the submission are to include system boundaries of the proposed Product/Products System, an exposition of results obtained, selections made, financial and time-scale implications as well as decisions required.
- c. It is also important to confirm the validity of the production baseline prior to approval for the next group/batch/series.
- d. In general, it can be accepted that if there are no Class 1 changes for the next production batch, an abbreviated document may be submitted to make any minor changes visible.

APPROVAL PROCESS

103. For Cardinal projects, the initial PAP is submitted to the AAC. This initial PAP obtains an umbrella approval for the whole project so that the subsequent PAPs may be approved by the AASB. For non-Cardinal projects, the initial PAP is submitted to the AASB. This initial PAP obtains an umbrella approval for the whole project so that the subsequent PAPs may be approved by the AACB. Strategic or sensitive projects may be referred to the AAC at the discretion of the chairman of the AASB.

104. This PAP will enjoy the same status as an AP and authorise acquisition and financial expenditure for the next FY or batch.

MANAGEMENT OF THE TEMPORARY OR PERMANENT CONCLUSION OF PROJECT ACTIVITIES**INTRODUCTION**

105. For varying reasons, it may be decided to temporarily or permanently conclude project activities during the execution of such a project. When this situation arises, the under mentioned procedures for conclusion, deferment and/or termination of such activities, is to be adhered to. Refer to Chapter 8F, Function 15 for further guidelines on PCR.

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106. An anomaly between project conclusion and project termination arises when one is faced with the situation where the project activities are discontinued without satisfying the requirement in terms of quantities to be delivered as per the SR. The common denominator is the Product System (Level 5) hardware delivered by Armscor that can be integrated for a measure of operational use on the User System (Level 6) by the End-User. When a project has already commenced production and enough of the required Products/Products Systems to satisfy a Combat Grouping (Level 7) system requirement have been delivered into the SANDF's arsenal, the decision to terminate as a result of financial reasons, for example, may be regarded as a decision to conclude the project, irrespective of whether required force levels as per current Force DPs are met. The submission of a PCR thus becomes the correct option as opposed to a Termination Report (TR).

107. There are basically three cases in which an acquisition project may be deferred or finalised. These are discussed in detail on the following pages.

FIRST CASE: PROJECT COMPLETED AND THE SUBMISSION OF THE PROJECT CLOSURE REPORT (PCR)

108. A project is considered finally completed when the SANDF Milestone 7 has been reached and a PCR has been approved. A PCR is submitted after the validated Operational Baseline (vOBL) on Level 6 has been reached.

109. **Conditions to be met prior submitting a Project Closure Report (PCR)** The Products System, including all its logistic elements, as contracted by Armscor, must be qualified in all respects, delivered and integrated (codified, accounted and distributed), commissioned and handed-over to the System Manager. The only exception to this rule is the qualification of facilities required for major repairs and overhauls of the Product/Products System as these may only occur some years after the transition of the Product/Products System. Negligible outstanding logistical items still to be delivered may be recorded on the Hand-over documentation. If unavoidable exceptions occur that require a lengthy period to complete, a plan of action for completion must be included on condition that no extra capital funding is required (over-and-above what is presently on budget). The following actions must also be completed:

- a. All accounts must be finalised.
- b. All guaranties and warranties must be finalised or handed-over to the System Manager (in the case of extended guaranties and warranties).
- c. Outstanding delivery control problems should be at a minimum and are to be recorded in the PCR.

110. **PCR Format** The format for the PCR is provided in Chapter 8H, Function 15.

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SECOND CASE: PROJECT DEFERRED AND THE SUBMISSION OF THE DEFERMENT REPORT

111. A project is considered to be deferred when it is temporarily stopped before the objectives have been achieved, with the intention to continue with the project at a later stage.

112. **Conditions to be met prior submitting a Deferment Report**. One, or a combination of the following conditions, can result in a project being deferred:

- a. The inability to perform in accordance with the stipulated contract by one of the involved parties, namely, the SANDF, Armscor or the Industry.
- b. Shortage of suitable funding or other critical resources.
- c. Change in the threat scenario.
- d. Change in the political scenario/environment.
- e. If the priority with respect to the hardware requirement diminishes to such an extent that it becomes necessary to maintain the technological edge only.

113. **Important Considerations before a project is Deferred**. The impact of the following must be thoroughly considered before a project is deferred:

- a. The implication of the non-compliance of its commitments by the SANDF on either Armscor and/or contractors.
- b. Compensation for the contractor as a result hereof.
- c. Safe-keeping or disposal of already acquired matériel, including storage fees, preservation, stores control expenditures, security, etc.
- d. Loss of expertise and technical capability by all involved parties, whether it be people no longer being employed in the particular field, or people who leave the service.
- e. Problems as a result of delays and the costs involved in re-starting work at a later stage (recruitment, and/or re-allotment, training, facilities that have been used for other purposes in the interim, deterioration of material, information that goes missing, capital equipment that lies unutilised, time value of money, etc).
- f. Details of unauthorised, irregular and wasteful and fruitless expenditure (if applicable) must be reflected.
- g. The impact on other projects in all the Services/Divisions and how this will be administered.
- h. Marketing possibilities of components in an advanced stage of design/development.
- i. Under what conditions the project will be continued.

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- j. When the project documentation and work completed becomes out of date resulting in the project no longer being feasible, and when the project should be terminated.

NOTE 31: Time Limited for Deferred Projects. Due to the rapid change in technology, projects should not be deferred for longer than three years. In such cases, the project should be terminated.

114. **Considerations when a Deferment is Lifted.** The following must be thoroughly considered when the deferment of a project is lifted:

- a. Appointment of PO and other IPT members.
- b. A review should be done of all the project documentation.
- c. A strategic review must be done to determine if the project is still a requirement within the strategic framework of the DOD.
- d. The implications of restarting the project on the commitments of the SANDF, Armscor and/or the contractors.
- e. The re-use of matériel already acquired and which may be in safe-keeping or in preservation.
- f. The re-establishment of lost expertise and technical capability by all involved parties.
- g. The costs involved in re-starting work (resources, and/or re-allotment, training, facilities that have been used for other purposes in the interim, deterioration of material, information that has gone missing, capital equipment that has been lying dormant, new technology, etc).
- h. All costs associated with the restart of the project must be determined and funded.
- i. The impact on other projects in all the Services/Divisions and how this will be administered.
- j. Legal implications in terms of the tender process with particular reference to previous tenders that may have been cancelled.
- k. The feasibility of re-starting the project must be thoroughly studied and the results made visible.
- l. Authority to restart the project must be obtained through the same channel and from the same authorities that recommended and approved the Deferment of the project.

115. **Approval of Deferment Report** The Deferment Report approval is the same as for a PCR.

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116. **Deferment Report Format** The format for the Deferment Report is provided in Appendix L-9.

THIRD CASE: PROJECT TERMINATION AND THE SUBMISSION OF THE TERMINATION REPORT (TR)

117. A project is considered terminated when it is cancelled before the objectives are achieved, and there is no intention to continue with the project activities at a later stage.

118. **Conditions to be met prior submitting a Termination Report (TR)** The following are the conditions under which a project could be terminated:

- a. When a situation arises as discussed in the second case above, it may be decided not to continue with the project.
- b. When the requirement for a capability is incorporated or included in a similar requirement statement such that both requirements are satisfied, or where it may be sensible to combine two requirements into one requirement statement.
- c. When it is determined that the requirement no longer exists, for example when there is a change in the threat environment that no longer justifies the existence of the project.
- d. When it is determined that the objectives cannot be achieved or is unattainable, for technical or financial reasons.
- e. When political, strategic or financial considerations enforce termination.
- f. When a deferred project becomes so out of date that it no longer makes any sense to continue with the project.

119. **Important Considerations**. Thorough consideration must be given to the following aspects preceding the decision to terminate a project:

- a. The effect on Armscor and the contracted Industry through the non-fulfilment of its project responsibilities by the SANDF.
- b. Compensation to the contractor(s) for breach of contract.
- c. Employment, storage or disposal of equipment and material that has already been acquired, including storage fees, equipment control expenditures, security etc.
- d. Loss of expertise and technical capability by all involved parties.
- e. Loss of confidence and dwindling morale.
- f. Loss of operational capability.
- g. The impact on other projects in all Services/Divisions and how this is to be administrated.

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- h. The re-deployment of project personnel.
- i. Marketing opportunities for system components at an advanced stage of design/development.
- j. Details of unauthorised, irregular and wasteful and fruitless expenditure (if applicable) must be reflected.

120. **Approval of TR.** The TR approval is the same as for a PCR.

121. **TR Format.** The format for the TR is provided in Appendix L-10.

PROJECT MANAGEMENT PRINCIPLES

RISK MANAGEMENT

122. **Introduction.** Armaments acquisition project management, by its nature, entails a risk management/risk reduction process. If no significant risks to execute any activity are identified, it is indicative that the execution need not be managed by means of the armaments acquisition process. The following instructions need to be read in conjunction with Policy, Statement, Processes and Procedures for Risk Management in the DOD (DODI/00099 2013), Edition 2 (Reference M).

123. **Definition.** Risk management is the foundation of good project management. It is an iterative process comprising steps, which, when undertaken in sequence, enable continual improvement in decision-making to ensure cost-effectiveness and performance. Risk management is the term applied to a logical and systematic method of identifying, analysing, assessing, treating, monitoring and communicating risks associated with any activity, function or process in a way that will enable the IPT to minimise losses and maximise opportunities in pursuance of cost-effectiveness and performance.

124. **Typical Risks Associated with Projects.** Although risks manifest in various forms, often not easily identifiable or foreseen, some typical risk areas are the following:

- a. Activities being executed that are not properly mandated or authorised.
- b. Inadequate/incomplete definition of requirements.
- c. Requirements exceed available resources (knowledge, capacity, capability, funding, time, etc).
- d. Incomplete interface definition (higher order systems, human constraints, CFE, other projects, other life-cycle phases, etc).
- e. Deviations from the normal acquisition process.
- f. Changes to political/social/economic etc environment.
- g. Changing relationships between stakeholders.

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- h. Technological advances that induce obsolescence during the project, or which may cause fruitless expenditure, if the project continues.
- i. Unforeseen changes to the operational environment within which the delivered Product/Products System needs to operate.
- j. Availability of technology at an appropriate readiness level.
- k. Inadequate QA during incoming inspections.
- l. Deficiencies in sub-systems that could have a consequential cascading impact on higher system levels that is difficult to contain and of which the financial impact cannot be apportioned to the sub-contractor.
- m. Inadequate documentation and/or qualification of a milestone achieved.
- n. Human factors that include the availability of suitably qualified and experienced personnel to manage projects.
- o. Cost escalation.
- p. Time delays.

125. **Main Elements of the Process.** The main elements of the risk management process is the following:

- a. **Establish the Context.** This step establishes the strategic, organisational and risk management context within which the rest of the process will take place. Criteria against which risk will be assessed are established and the structure of the analysis is defined.
- b. **Identify Risks.** Identify what, why and how risks can arise as a basis for further analysis.
- c. **Analyse Risks.** Determine the existing control and analyse risks in terms of likelihood and consequence in the context of those control measures. The analysis should consider
 - i. How likely an event is to happen; and
 - ii. What are the potential consequences and the magnitude.
 - iii. Combine these elements to produce an estimated level of risk.
- d. **Assess and Prioritise Risks.** Compare estimated levels of risk against the pre-established criteria. Risks are then ranked to identify management priorities. If the levels of risk established are low, then risk may fall into an acceptable category and treatment or risk mitigation may not be required.

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- e. Treat Risks. Accept and monitor low priority risks. For other risks develop and implement a specific management plan which includes corrective actions or alternative actions to be taken.
- f. Monitor and Review. Monitor and review the performance of the risk management system and changes which might affect it.

126. **Risk Management Plan.** The application of a formal risk management process, visibly documented, inter alia, in a risk management plan, is therefore a mandatory obligation for each acquisition project.

QUALITY MANAGEMENT

127. **Approach.** In order to ensure Product/Products System integrity, all acquisition actions must be carried out in terms of the prescripts of ISO 9001:2008 so as to provide assurance that a product or service will comply with certain contracted requirements. These actions include, inter alia, the on-going monitoring and verification of the status of procedures, methods, conditions, processes, products and services, and the analysis of records to ensure that specified quality requirements are met. A quality management plan must be introduced on all armaments acquisition projects.

128. **Responsibilities.** C Def Mat, on behalf of the DOD, is to ensure the integrity of acquired Products/Products Systems and associated logistics. For this purpose, existing infrastructure will be utilised to ensure that the required steps be taken to assure integrity prior to Hand-over through a formal certification process. C Def Mat is responsible for carrying out the necessary monitoring actions for this purpose. Armcor undertakes, on behalf of C Def Mat, to ensure the integrity and quality of acquired Product/Product System for integration into User Systems. Armcor will contract the Industry in accordance with existing quality policy and practices to meet the quality requirements of supplied Product/Products Systems against contracted qualification specifications, and will carry out the necessary quality assurance actions (including monitoring and auditing) to achieve this aim.

CONFIGURATION MANAGEMENT

129. **Introduction.** Configuration Management is a precise application of technical and administrative practices intended to achieve the following:

- a. Identifying and documenting the approval status of baselines.
- b. The identification and documentation of physical and functional characteristics of CIs during their life-cycle.
- c. Controlling the changes in the above-mentioned characteristics.
- d. Recording, auditing and reporting the implementation status of approved changes to CIs in order to provide traceability and repeatability of changes during design/development, industrialisation and manufacturing.

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130. **Application.** As each of the participating parties are permitted to utilise their own acceptable configuration management system, the principle of contracting at inter levels is prescribed to ensure a proper flow of information between systems which will ensure control of configuration. The IPT is responsible for ensuring that Configuration Management and the application thereof for the Product/Products Systems is carried out in accordance with current standards.

131. **Responsibility.** Configuration Management of administrative and technical documents during the acquisition process will be mandatory. Configuration Management control is allocated to the control body specifically appointed for that purpose, to avoid unauthorised changes to or deviations from approved baselines. For project milestone documentation authorisation, the office of the Chief Director Defence Acquisition Management (CD DAM) is responsible for configuration management control whereas the IPT is responsible for the configuration control of project administrative and technical documentation. The Main Contractor will be responsible for maintaining configuration control over data packs for design/development, industrialisation and manufacturing of the Product/Products System to be acquired.

132. **Planning.** Configuration Management strategy and plans are to be formulated early in the course of the project, but no later than the establishment of the Level 5 RBL, to serve as guidelines for configuration management activities during the secondary life-cycle of the Product/Products System as well as during the Operational Deployment and Maintenance Phase of the User System. At the identified baselines of the project, and during the Operational Deployment and Maintenance Phase, this plan is periodically reviewed, expanded if necessary, and formally sanctioned. This plan is to give clear guidelines of the approach to be followed, the Product/Products System to be used, the *pro forma* documentation, the organisations involved, the responsibilities of participants as well as levels of responsibility for decision-making with regard to the proposed changes and composition of change control bodies and technical committees. The following Configuration Management references are relevant:

- a. 828-2012: IEEE Standard for Configuration Management in Systems and Software Engineering.
- b. SAE EIA-649-1: Configuration Management Requirements for Defence Contracts (2014).

133. **Audits, Reviews and Standards**

- a. **Audits.** Configuration audits of the Product/Products System are conducted to verify the functional and physical characteristics of a CI against the item's configuration identification.

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- b. **Reviews.** The necessary technical reviews must be done in the Concept, Definition, Acquisition Study and Production Phases. The Definition Phase is preceded by the System Requirements and Functional Reviews, while a Critical Design Review is performed before an IPBL is established when the detail design is complete. System Verification Reviews and Preliminary Design Reviews must be performed at opportune times to ensure that the Product/Products System design/development are compatible with the stated operational needs. The Preliminary Design Review must however take place before commencement of the detail design/development.
- c. **Standards.** See the relevant Armscor Practice/Procedure for more detail on Audits, Reviews and Configuration Management.

134. **Record Keeping.** An audit trail of all activities linked to the acquisition process needs to be maintained and managed throughout by the authority responsible for the specific activity. Control over internal Armscor and DOD documentation also needs to be maintained in accordance with the procedures governing the control of classified information as set out by the counter-intelligence function of the DOD (DODI/INT/00012.2004 (Edition 1): Policy on the conduct of Counter Intelligence).

OBSOLESCENCE MANAGEMENT

135. **Definition.** Obsolescence is the process of becoming redundant and applies to material which still has use, but which is in the process of being discontinued or phased-out of use.

136. Obsolescence is a reality and has an impact on all the stages of a Product/Products Systems' life-cycle and affects hardware, software, firmware as well as support equipment. Obsolescence is inevitable, very expensive and cannot be ignored.

137. Although obsolescence can become a problem if not properly managed, solutions do exist that can minimise the impact. Obsolescence is most effectively managed when it's considered from the beginning of Product/Products System design/development, during the Product/Products System design. Forethought and careful planning can reduce the impact and cost of obsolescence and can save a Product/Products System from redesign forced by obsolete components.

138. An Obsolescence Management Strategy should be developed to ensure that Obsolescence Management (OM) becomes an integral part of any Product/Products System life-cycle in order to maximise availability and optimise costs throughout the Product/Products System life-cycle.

139. **Aim of Obsolescence Management (OM).** The aim of OM is to ensure that obsolescence is managed as an integral part of the Acquisition and the Operational Deployment and Maintenance of a Product/Products System to mitigate and minimise the financial and availability impact of obsolescence throughout the Product/Products System life-cycle.

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140 OM itself is based on life-cycle forecasting and other analysis to identify the impacts of obsolescence through all stages of the Product's/Products Systems life-cycle. Only a consequent and well-established OM system which is integrated in all stages of the Product/Products System life-cycle can minimise the risks of parts becoming obsolete. To ensure a consistent performance of the OM system it is important to implement a process of continued improvement. The more accurate the forecast about the availability and life-cycles for components, the easier with the way forward.

141 **OM and the Product/Products System Life-Cycle** If it is of strategic importance that the obsolescence of a Product/Products System is managed, it is important that the requirements for obsolescence management be clearly defined during the Requirements Definition, Concept and Definition Phase of a Product/Products System. This will ensure that obsolescence is considered during the Acquisition Study Phase to anticipate and mitigate the impact of lengthy and costly redesign cycles.

142 OM requirements must be defined in the SR (LURS).

143 **OM in the Acquisition Environment** OM during the Acquisition Phase is essential to ensure that obsolescence issues that appear during the Operational Deployment & Maintenance Phase can be resolved before they cause a negative impact on Product/Products System readiness and cost. Design decisions made early in a project, eg during solution analysis, technology development and engineering and production design/development, have a substantial impact on operations and support costs later in the life-cycle of the Product/Product System. It is thus essential that the PO clearly understands the expectations and requirements of the User in terms of OM to ensure the implementation of robust OM during the Acquisition Phase to ensure that the following outcomes are achieved.

- a. The establishment of an OM strategy and plan.
- b. Criteria for evaluating design alternatives from an OM perspective are established.
- c. Ensuring that all parts and material to design, produce and support the Product/Products System are available.
- d. Reduces/controls total cost of ownership.
- e. Provides for risk mitigation as it applies to obsolescence issues.
- f. Identifies potential obsolescence issues early enough to allow a variety of solutions.
- g. Monitor OM project effectiveness.

144. The APM must ensure that contractual conditions are well defined and have clear requirement statements of contractor OM expectations and deliverables. Correct contractual conditions must be in place to ensure that the financial and availability risk to a project, as a result of obsolescence, is being managed in the most cost-effective method. There are two main elements that need to be addressed when contracting for OM:

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- a. Contracting to manage the obsolescence risk to a project.
- b. Contracting for the mitigation of obsolescence concerns and resolution of obsolescence issues.

145. **OM Responsibilities.** The various OM responsibilities during the Acquisition Phase can be divided between the following role-players:

- a. End-User. The End-User is responsible for the operation of the User System during the Operational Deployment and Maintenance Phase. The End-User will assist the System Manager in identifying potential obsolescence risks.
- b. System Manager. The System Manager is responsible for the management of the User System during the Operational Deployment and Maintenance Phase and Disposal Phase. The System Managers responsibilities will be:
 - i. Requirements Definition Phase (Level 6). During this phase, the System Manager will be responsible for:
 - (1) Define obsolescence approach and requirements.
 - (2) Ensuring that OM requirements are captured in the SR.
- c. IPT. The IPTs responsibilities with respect to obsolescence includes:
 - i. Requirements Definition, Concept and Definition Phases (Level 5). During these phases, the IPT will be responsible for:
 - (1) Seek advice and guidance from System Manager with regard to Obsolescence Approach and Requirements.
 - (2) Define Contractual Requirements for OM.
 - (3) Determine Obsolescence Risk Model (who owns the risk for obsolescence).
 - (4) Appoint an IPT representative who will be responsible for OM.
 - (5) Review and agree Obsolescence Management Plan (OMP) and request assurance from the System Manager.
 - (6) Ensure obsolescence is managed as an integral part of the design.
 - ii. Acquisition Study, Production and Transition Phases (Level 5). During these phases, the IPT will be responsible for:
 - (1) Review obsolescence status reports (contractor notifies the IPT of future obsolescence concerns and current obsolescence issues).
 - (2) Investigate the status of the obsolescence concerns and issues.
 - (3) Ensure that the most cost-effective mitigation of obsolescence concerns and resolution of obsolescence issues are being adopted by the contractor.

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- (4) Liaise with the contractor on the implementation of the mitigation of obsolescence concerns and solution of obsolescence issues.
- (5) Monitor the performance of the OMP by measuring Cost Avoidance.
- (6) Ensure the contractor revalidates the risk assessment at least every year.
- (7) Ensure all decisions are recorded in the OM Register.

d. Contractor. The contractors responsibilities will be:

i. Definition Phase (Level 5). During these phases the contractor will be responsible for:

- (1) Development of an OM Strategy.
- (2) Assignment of an Obsolescence Manager.
- (3) Negotiate/Agree Obsolescence Risk Model (who owns the risk for obsolescence) with the IPT.
- (4) Develop the processes and procedures required to implement the OM strategy.
- (5) Implement the approaches which reduce the risk of obsolescence during the Acquisition Study Phase.
- (6) Select the tools and technologies required to implement the OM strategy.
- (7) If OM activities are being cascaded to suppliers, define contract requirements.
- (8) Obtain Component Lists from suppliers.
- (9) Formalise communications to ensure information is passed throughout the supply chain and stakeholders.
- (10) Documentation of OM Strategy in OMP.
- (11) Ensure that OM is properly resourced.

i. Acquisition Study, Manufacturing and Transition Phases. During these phases the contractor will be responsible for:

- (1) Conduct a Risk Assessment based on Probability versus Impact versus Cost Model
- (2) Adopt a Proactive Approach.
 - (a) Identify and assess the most appropriate Proactive Approach to mitigate the obsolescence concerns.
 - (b) Implement the most appropriate mitigation action.
 - (c) Update the OMP to reflect the decisions made.
 - (d) Record any future obsolescence concerns in the obsolescence status briefs.

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- (3) Conduct Component Monitoring.
- (4) Update the risk assessment every six months.
- (5) When an obsolescence issue arises:
 - (a) Advise the IPT of the available solutions.
 - (b) Implement the solution selected by the IPT.
 - (c) Update the OMP to reflect the decisions made.
 - (d) Record any obsolescence issues in the obsolescence status reports.

146. **Obsolescence Budgeting and Cost** The cost of conducting and managing an OM project can involve considerable expenses since obsolescence cannot be eliminated entirely. Once an obsolescence issue is identified, it is important to develop a robust solution which shall minimise the financial and operational impact of the obsolescence issue on Product/Products System.

147. **OM Approaches** Risk through obsolescence is inevitable. In order to avoid or minimise the impact and risks of obsolescence, a variety of specific and detailed actions can be taken at all stages of the Product/Products System life-cycle to minimise the impact on the life-cycle. OM itself is based on life-cycle forecasting and other analysis to identify the impacts of obsolescence through all stages of the Product's/Products Systems life-cycle. Only a consequent and well-established OM system which is integrated in all stages of the Product/Products System life-cycle can minimise the risks of parts becoming obsolete. To ensure a consistent performance of the OM system, it is important to implement a process of continued improvement. The more accurate the forecast about availabilities and life-cycle for components, the easier is the determination of the right way to plan with imminent obsolescence.

148. To be able to act effectively on obsolescence problems, it is important to understand the different OM solutions available:

- a **Reactive Management Approach** Reactive Management is a 'do-nothing' approach and entails acting upon the end-of-life of a component. Little or no planning is undertaken to develop methods for mitigating the risk of obsolescence, but require that an appropriate, informed and immediate solution is taken based on an assessment of the obsolescence risk in the context of the specific component. This approach may appear to be inadequate, but is usually applied to items that are not operationally critical or where the diminishing supply can easily and quickly be resolved. This approach is usually applied to mechanical structure and minor risk equipment. This approach does not mean that the problem is avoided. The first indication of obsolescence may only become visible once the component is being sourced. Before implementing any of the solution options its cost-effectiveness must be considered. The following solutions may be used to mitigate the risk of obsolescence through the Reactive Management approach:

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No	Solution	Description	Application and Examples
1	Negotiations with Manufacturer	Negotiating with the manufacturer	To determine possible solutions.
2	Existing Stock	An item that is owned within the supply chain. No solution is required because existing stock contained in inventories will satisfy future demands for the product. This is often the result of planned technology update, redesign, or Products/Products System retirement.	It is determined that sufficient stock of an item exists in current government or supplier-maintained inventories to support the Product/Products System until its next technology update.
3	Repair, Refurbishment or Reclamation (Cannibalisation)	The issue is resolved by instituting: (1) a repair or refurbishment project for the existing item or assembly, or support from a third party, or (2) a project to reclaim items from marginal, out-of-service, beyond economical repair or surplus matériel.	Sufficient items or assemblies are available to support the Product/Products System, if they are refurbished. A company is identified that has this capability, and a contract is awarded to repair these assets for the Product/Products Systems remaining service life.
4	Approved Part	The obsolescence issue is resolved by the use of alternative parts.	The drawing includes a reference to another approved part that is still available. Supply is directed to procure the alternative approved part. If an item is properly (comprehensive data) codified, alternate approved parts may be listed on the National Codification System (NCS) system.
5	Equivalent (Form, Fit & Functions - FFF)	Finding nearest equivalent substitute part which is functionally, parametrically and technically interchangeable. It meets all the	Multi source component, change to different source, no real obsolescence, problems may occur. The original part number is purchased from a source not identified in control drawings.

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No	Solution	Description	Application and Examples
		requirements without modification and requires only minimal qualification. Associated costs are largely administrative.	One OEM is purchased by another, and drawings must be changed to reflect the new source. The technical data package of an intrinsically suitable, but different, item is evaluated.
6	Alternatives	Finding alternate replacement from the same or a different manufacturer, with acceptable non-compliance (quality, reliability level, tolerance, parametric). The item has different specifications, but requires no modification.	This solution is applicable when a deviation can be accepted by the client. No re-design activities need be considered. A redefined military requirement allows for the use of a substitute item from another source.
7	After Market Supply	Sourcing through aftermarket supply from a supplier who has purchased the rights and facilities to continue to manufacture the part from the OEM.	This is applicable to mature equipment and on isolated events only, but not for new design/re-design.
8	Upgrading	Upgrading a part to improve its specifications.	
9	Emulation	Creating a custom component similar (FFF) to the obsolete one using current technology.	This is applicable to custom designed components as hybrids. A manufacturer is approached to purchase specifications and production rights to resume production of a component that was discontinued by the original manufacturer. Example: The firmware for a circuit card is no longer available and must be rewritten using different tools.

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No	Solution	Description	Application and Examples
10	Reconstruction & Redesign (Minor or Major)	Redesign a sub-section or an entire Product to replace obsolete components with current technology.	This is applicable when bulk obsolescence can be predicted. Example: Replacing a missile's analogue range correlator with a digital range correlator.
11	Reverse-Engineering	Disassemble and examine or analyse in detail to discover the technological principles of a Product or component through analysis of its structure, function and operations, to produce something similar.	
12	Last Time Buys or Die Banking	Buying the components in bulk and store them in inventory for future needs.	High risk is present when a single source supplier is considered in the relevant Part List. This solution is to be avoided when possible. It can be applicable when a specific batch of items is in production and their life-cycle is well known and agreed.
13	Life Time Buys, Bridge Buy or Life of Type Buy	Upon obsolescence notification by the supplier, a purchase of components is initiated to cover all future demands or until the next technology update or the discontinuance of the host assembly. Cost for packaging, storage and transportation should be considered before selecting this solution.	This solution is applicable to mature equipment and on isolated events only, but not for new design/re-design. It is also acceptable only if all obsolete components on a module can be removed by last time buys, otherwise a re-design shall be considered.

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No	Solution	Description	Application and Examples
14	Inventory Survey	Use of internet tools to locate components, which have become obsolete and which are for sale as excess inventory.	This is applicable when LRUs/SRUs are out of production but still in service (last phase of the life-cycle of the equipment).

Table 14: Reactive Solutions

- b. Proactive Management Approach This is a proactive approach to prevent obsolescence from occurring. A wide scale of Proactive Management solutions are available, which can be tailored with regard to the level of effort and activities required. Risks are mitigated by early identification of an obsolescence issue, and then either eliminating the risk or ensuring that solutions are in place to prevent obsolescence. The following solutions are used to mitigate the risk of obsolescence through the Proactive Management approach:

No	Solutions	Description
1	Design Considerations	The requirement to influence the design of the equipment is applied from the outset of the project. The choice of materials, components and interfaces are made in order to minimise the risk of obsolescence. Factors such as changes to regulations which may affect the market, investigating multiple sourcing, indications of discontinuance (Last Time Buy notices) and changes to technology which result in component obsolescence should be considered.
2	Technology Transparency	This design methodology depends on the specification of interfaces. It is particularly relevant to modular equipment and COTS items where the individual module or component can be substituted (where the form, fit and function is maintained) provided that its interfaces are completely specified.
3	Obsolescence Monitoring	This involves tracking the processes, materials and components used in the equipment design.
4	Planned System Upgrades	This option involves predetermining points during the Product's life at which the design of all, or parts, of the equipment will be brought up to date and obsolete items replaced. These upgrades may be synchronised with the "mid-life upgrade". The equipment upgrade project shall take into account the need to minimise life-cycle costs. This approach may be useful where extensive use of MOTS or COTS is envisaged.
5	Risk Mitigation Buy	The procurement of items sufficient to support the Product throughout its life-cycle, or until the next planned Product/Products System upgrade, to reduce an identified obsolescence risk to a project.

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No	Solutions	Description
		Note: Examples of Risk Mitigation Buys are Life Time Buy, Life of Type Buy and Bridge Buy.

Table 15: Proactive Approaches

- c. Benefits of using Proactive Management approach:
- i. Early warning of component discontinuance (End of Life) allows maximum time to react and avoids costly solutions.
 - ii. Corrective action options at the Component Level can be taken while low cost opportunities still exist. It enables Product/Products System availability to be maintained cost-effectively.
 - iii. The timely evaluation of End of Life notices and Part Change Notifications.
- d. Strategic Management Approach. This approach is a long-term strategy which considers technology forecasting, logistic management inputs, long-term business case development and design upgrade planning to maximise future cost avoidance. Although this is a very good approach, it is very difficult to implement due to the difficulty in predicting obsolescence. Planning tools are available and usually requires inputs such as Bill of Materials, obsolescence forecasts, deployment plans, etc to produce a detailed life-cycle cost model that includes obsolescence planning. The following tools may be used to mitigate the risk of obsolescence when the Strategic Management approach is adopted:
- i. Process analysis.
 - ii. Prediction of Product/Products Sub-System life-cycles.
 - iii. Component selection processes.
 - iv. Requirement Specification.
 - v. Client and supplier management.
 - vi. Contract management.
 - vii. Management above the Component Level, at the Products System level.
 - viii. Design Refresh Planning Optimisation.
 - ix. Hardware-software independence.
 - x. Monitoring and control.
 - xi. Selection of appropriate strategies.
 - xii. Preparation of guidelines.

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- xiii. Provision of suitable OM software tools.
- e. Benefits of the Strategic Management approach:
 - i. Avoid costly redesign cycles.
 - ii. Rapid assessment of how component obsolescence impacts the Product/Products Systems' supportability.
 - iii. Minimising the risk of obsolescence by identifying alternative sources and parts in advance.
 - iv. Better guidelines on how Product/Products Systems are to be modified during design upgrades.
 - v. Improved management of stock, inventory and spares.

PROJECT CONSTRAINTS MANAGEMENT

149. **Functional Constraints.** The functional requirements, which represent constraints in themselves, and other specific constraints, are defined in the URS/SR. The requirements contained in the URS/SR are translated into technical specifications (System, Development, Product, Process, and Material) which will form the basis of the contracting baseline with respect to technical performance. The URS/SR is kept under configuration control and is frozen once approved. The URS/SR remains the baseline until formally amended and approved.

150. **Financial Constraints.** The initial estimated financial ceiling (project financial ceiling) and base year of the project as a whole, and the funding for the next phase are mandated in the ST and updated in subsequent approval documentation, ie SR, PSR and AP. Requirements for substantial increases in the approved ceiling amount must be addressed through Military Recommendation and Acquisition Governance Forums who will promote these additional requirements to the MCC for consideration. Once principal approval is given, reprioritisation of existing project financial allocations is done by the C JOPS to identify the source of the additional amount. Project milestone documentation is then updated to reflect the amended ceiling amount and authorised through the appropriate Military Recommendation and Acquisition Governance Forums.

151. **Time Constraints.** The time constraints of a project are mandated in the ST and subsequent approval documentation. Deviations from authorised project time-scales shall be authorised prior to the occurrence of any slippage and the impact on operational availability should be detailed for consideration. Time deviations are to be translated into the impact on financial and functional performance expectations and must be addressed through the Military Recommendation and Acquisition Governance Forums. Upon approval of time-scale deviations the SCAMP and the FMS is to be updated.

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152. **Human Constraints.** The human constraints of a project need to be addressed in the SR and should form part of the design drivers captured during the Concept Phase and that dictate the technical solutions during the Acquisition Study Phase. These human constraints will inter alia make use of anthropometrical data to consider ergonomics, human endurance, man-machine interface criteria, psychological aspects, etc in pursuance of both the stipulations of the Health and Safety Act and enhanced performance of the Product/Products System solution in accordance with International Standards. Failure Mode Effects and Criticality Analyses (FMECAs) are to be done on all Products/Products Systems to verify that no unacceptable risks to the operator are inherent in the design. The DODI/SG/2/89 Policy on Defence against Chemical and Biological Weapons (Reference O) spells out the defence policy regarding Chemical and Biological defence. Solicitation of advice and guidance from the SAMHS regarding these aspects is mandatory for all projects.

153. **Authorisation Constraints.** The authorisation of a project, which contains functional, financial, time-scale, human and other requirements, is globally considered to be a constraint in itself. Any planned activity therefore needs to be verified against existing project authorisation prior to contracting thereof. The execution of activities outside of the authorised constraints is therefore deemed to be unauthorised, and subsequent adaptation of authorised documentation will not be entertained, as they will be deemed to be Ex Post Facto authorisation. Verification that the authorised constraints are not exceeded is the responsibility of the IPT.

154. **Legal Constraints.** International and local legal constraints should be identified and considered in the project milestone documentation.

155. **Arms Control Constraints.** International Conventions aimed at arms control that could place restrictions on the solution must be identified in the project milestone documentation. The United States International Traffic in Arms Regulations (ITAR) constraints must be duly considered.

NOTE 32: Arms Control. Arms Control refers to the control of activities related to the marketing, import, export, conveyance, re-export or manufacturing of armaments and related technical data, technologies, equipment and services, in terms of South African Defence Trade Legislation, International Arms Control and Non-Proliferation Agreements to which South Africa has committed itself, relevant legislation of trade partner countries, and bilateral defence trade agreements between Armscor and external countries.

CLIENT FURNISHED EQUIPMENT (CFE) MANAGEMENT

156. CFE is items and/or documentation to be contractually supplied by the client to the contractor for the establishment of a Product/Products System. The items built-in and/or processed or used by the contractor during the establishment of a Product/Products System to be supplied contractually to a client. The items are for inclusion in the contracted end Product/Products System (either built-in or processed) or for use in the design, production or assembly process. For the purposes of this policy, CFE could include Client Furnished Services (CFS), Client Furnished Information (CFI), etc.

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157. CFE should be avoided in armaments acquisition projects due to the management difficulties it creates.

158. In the acquisition of new Product/Products Systems it is sometimes advisable, for standardisation purposes or owing to non-availability, to integrate CIs from existing inventory.

159. The delivery of previously agreed upon CFE as part of the final Product/Products Systems will be contractually enforceable. The relevant Service/Division is thus obliged to deliver such serviceable CFE according to an agreed to configuration baseline and in accordance with a fixed schedule. These obligations will be embedded in a formally approved CFE Plan.

160. The CFE plan is to make provision for cases where the project may require to dismantle CFE and to integrate the components of the CFE into the Product/Products Systems to be provided by the project. This will result in CFE that was provided by the Service/Division in a specific configuration to the project to be returned in a different configuration, and may even lead to the CFE having to be written off.

161. The main contractor will be responsible for the Product/Products System performance of the total delivered Product/Products Systems, inclusive of any CFE in the same manner that he would for sub-contractor delivered sub-systems. The contract must also include the responsibility of the main contractor for liability for loss or damage while the CFE is under their control.

162. Armscor as the contracting party, is obliged to deliver agreed upon CFE items to the main contractor. It is however the IPTs' responsibility to ensure the CFE items are sourced and prepared for timely delivery.

163. Costs associated with the maintenance and repair, damage and movement of the CFE will be borne by the project, and are to be budgeted for accordingly for the duration the CFE is in the project's possession. CFE which is no longer required by the project or that have been upgraded as agreed are handed back to the Services/Divisions in a serviceable condition.

164. The Services/Divisions shall provide CFE to the project free of charge.

165. Where CFE is applicable, a list of the items is to be provided with valid configuration status, especially those to be used by Product/Products System developers for integration purposes. Certification is also required to ensure that CFE is operational and up to date in all respects. Because many CFE is COTS of nature and are often standardised between several projects or Product/Products Systems, obsolescence management is to be considered.

166. It is advisable to manage CFE by means of a CFE Management Matrix which should indicate at least the following:

- a. CFE Matrix Management information.
- b. Item Information.
- c. Responsibility Information.

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- d. Status Information.
- e. Location Information.
- f. Time Information.
- g. General Information.

167. The CFE Management process is indicated as follows:

Action	Action Defined	Party Responsible
1	Identification of possible CFE elements to be included in RFB. Approve MOU between relevant parties prior to the RFB being released.	Armsscor, Service/Division (Client) and DMD
2	Clarification with contractor regarding CFE elements, as listed in the RFB.	Armsscor/Contractor
3	Compile CFE Management Plan and determine cost. Cost of CFE elements not available to the project from the Services/Divisions.	Armsscor
4	Approval of CFE Management Plan.	Armsscor, Service/Division (Client) and DMD
5	Preparation for supply, deliver and release of CFE according to MOU.	Service/Division (Client)
6	Acceptance & receipt of supplied CFE.	Armsscor/Contractor
7	Application, preservation and maintenance of CFE	Armsscor/Contractor
8	Return of released CFE.	Armsscor/Contractor
9	Acceptance & receipt of return CFE.	Service/Division (Client)

Table 16: CFE Management Process

168. Refer to Appendix I for detail regarding the process.

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CHAPTER 7: ARMAMENTS ACQUISITION: GENERAL ADMINISTRATION

PROJECT SECURITY

1. **Principles and Instructions.** The focus of project security has widened from the traditional management of risk pertaining to espionage, sabotage or other subversive activities which may endanger the execution of a project to also encompass industrial espionage. The management of project security must thus continue to receive adequate management attention and be directed by a Project Security Plan. Where necessary, an appropriate Project Media Plan as a subset of the Security Plan must be developed within the security management process to address relevant elements of a project proactively to enable media liaison divisions to respond correctly to questions from local and foreign media. Refer to Appendix J for an example of these plans.
2. The allocation of project code names and the handling thereof during project execution is to be done in accordance with the prescripts of the policy on code names issued by DI (Defence Intelligence Security Instruction 20/09: Procedures to be followed in the utilisation of Code Words and Project Words in the DOD).
3. It is further imperative that all personnel associated with a project and its management must have an appropriate security clearance, before being appointed. The respective Service/Divisional Chiefs are entrusted with the responsibility to ensure compliance to this requirement in respect of SANDF, whilst Armscor is responsible in respect of Armscor and contractor personnel.
4. During the execution of projects, due cognisance should be taken of the prescripts of the Minimum Information Security Standards (MISS) as approved by Cabinet on 4 December 1996 and the Policy on the Conduct of Counter Intelligence (DODI/00132 (Ed 1)).

TRAINING

5. **IPT Members.** Suitable candidates are to be identified timely by the Service/Divisional Chiefs for appointment to IPTs. It is preferable that all DOD members of the IPT attend and pass the Joint Project Officers Course (JPOC). All identified IPT members are required to pass the prescribed JPOC which is facilitated by the DMD, prior to appointment on the IPT.
6. **Responsibility.** It is the responsibility of the Service/Division Chiefs to identify and nominate IPT members to attend the JPOC. Such training should be completed before full responsibility for a project is transferred to the incumbent. DMD will endeavour to, as far as is practicable, manage the continuation training of IPT members to further enhance their knowledge on specific acquisition related matters.

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7. **Joint Project Officers Course**. The JPOC provides an overview of project management theory; the DOD Acquisition Process (DAHB1000); project financial control; system management, engineering and ILS, legislation; security and audits. After successful completion of the JPOC, the IPT member will be able to perform within the relevant post in the IPT.

8. The JPOC is presented by the DMD twice per year to meet the increasing demand for project personnel within the DOD. In order to ensure that the most suitable candidates are selected for the course it is important that members are selected against relevant criteria. Due to the numerous factors influencing the selection of candidates, it is not feasible to follow a rigid purely objective selection model and in most cases consideration must be given on a case-by-case basis. The course is centred largely on syndicate work therefore it is essential that all relevant Services/Divisions are represented such that the composition of syndicates promotes intra Services/Divisions "cross pollination". The course caters for a maximum of 24 learners on the course.

9. Learners must not be selected just for the sake of populating a Services/Divisions allocated training billets. In cases where Services/Divisions cannot nominate candidates that meet the basic entry level requirement of the course; their training billets are to be allocated in accordance with overall DOD acquisition objectives, taking into consideration course syndicate "cross-pollination" requirements. The reallocation of training billets, if necessary, is to be done on a "course-by-course" basis once all nominations have been received. Reallocation of training billets only applies to the course in question and is not relevant to future courses. The temporary reallocation of training billets will be at the discretion of the respective Acquisition Directors, with the final decision being the responsibility of the CD DAM.

10. The CD DAM, advised by the Acquisition Directors and the motivation received from the member's home organisation/unit, will make the final decision as to whether a nominated candidate meets the entry level required to undergo JPOC training.

11. **Selection Guidelines Criteria**. Learners will be selected after due consideration of the following criteria:

- a. **Appointed or Officially Designated**. Members who have been appointed or officially designated to projects as the PO, project engineer, or assistant project officer/engineer will be given the highest priority. Selection within these criteria will further depend on the disposition of the particular project these members have been appointed/designated to, ie:
 - i. The current staffing situation within the project.
 - ii. The magnitude, time-scales and status (phase), of the project.
 - iii. The priority of the project in terms of its operational requirement.

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- b. Senior Members of DMD. Senior members of DMD appointed or officially designated to assume an appointment actively involved in the acquisition management process within the Division should be afforded precedence, subject to previous acquisition experience/knowledge and the urgency of their appointment. That is; a member appointed as a SSO who has had exposure to the project environment but has not done the course could possibly afford to wait for the next course, whereas a member appointed as a SSO with no previous project experience will need to do the course as a matter of priority. This includes C Def Mat and CD DAM appointments.
- c. Rank Level. The rank level for the course is not a major criteria and depends largely on the candidate's qualifications and experience. As a guideline learners should have the rank of at least:
- i. Sergeant Major or Warrant Officer.
 - ii. Capt/Lt (SAN) or higher.
- d. Services/Divisions Project Staffing Requirements. Consideration should be given to the critical shortages of project officers/engineers within a Service/Division and to the acceptance of System Managers within Services/Divisions. In such cases the reallocation of training billets may be considered in order to address such shortages. The final decision in such reallocations rests with CD DAM, advised by the Acquisition Directors and the motivation submitted by Service/Division.
- e. Mustering/Corps. In order to make the most of the opportunity in terms of "cross pollination", consideration should be given to the selection of learners from a cross section of the various mustering's/corps' within the SANDF. However, this should not be overriding criteria when considering nominations and final selection.
- f. Maintaining JPOC Trained Personnel Pools within Services/Divisions. It is understandable that Services/Divisions would ideally like to maintain a pool of qualified officers/warrant officers from which IPT members can be drawn upon to staff new projects or to address IPT member's rotation, without having to identify and qualify such officers at the last minute. However, due to the demand for IPT members to meet the current shortage, this requirement is considered a low priority.
- g. Representivity. There is a need to increase the number of qualified project personnel of colour within the SANDF, hence consideration must be given to representivity during the selection progress.
- h. Armcor Personnel. During the selection of learners from the Armcor nominations, priority must be given to those members appointed or officially designated as APMs.

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- l. Invited non-DOD Personnel. Invited non-DOD personnel include members from the Defence Industry, DENEL and foreign military personnel. Selection of such learners will be done on an ad hoc case by case basis in accordance with the number of training billets allocated. Generally, priority, in this area should be given to foreign military personnel.
12. Selection Approval Process. The selection approval process consists of two phases:
- a. Phase 1. Acquisition Directors must be consulted for insight/advice with regard to nominations received in terms of candidates related to their respective project environments. This is not necessarily restricted to their particular Service/Division, but includes personnel potentially ear-marked for projects.
 - b. Phase 2. The final consolidated list of proposed learners is to be presented to CD DAM by the course officer for final approval. CD DAM may then call a meeting with the Acquisition Directors should it be necessary to address any imbalances.
13. Costs Related to JPOC Training. The DMD is responsible to budget for and facilitate the JPOC and any course related activities and visits. The Services/Divisions are responsible to budget for and carry the costs associated with transport, accommodation and Subsistence and Travel (S&T) for their members to attend the JPOC.

GENERAL PROJECT ADMINISTRATION

14. Corporate Compliance Assurance. Corporate compliance assurance during and after the armaments acquisition process, remains the responsibility of the DOD, but is managed by Armscor, and makes provision for the negotiation of applicable agreements/protocols in accordance with eg the US Arms Export Control Act , the US International Traffic-in-Arms Regulations, and any other such compliance requirements set by foreign countries.
15. End-User Certification (EUC). Certain items acquired by the DOD, require formal EUCs to be issued in order to control and restrict the items' use and disposal. The management of EUCs shall be the responsibility of Armscor whilst the authorisation of EUCs shall be the responsibility of the CD DAM, and subsequently processed by the National Conventional Arms Control Committee. Acquired items (which could entail complete Product/Products Systems) therefore need to be subject to a formal configuration control process by the System Manager for the life-cycle of the Product/Products System to ensure integrity and traceability of End-User controlled items.

ACQUISITION AND PROJECT FOREIGN VISIT ADMINISTRATION

16. Foreign Visit Schedule. DMD is to submit a Foreign Visit Schedule in October of the preceding year via the Sec Def to the Minister for approval.

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17. **Approval of Acquisition and Project Related Foreign Visits**. Once the Minister has approved the submitted Foreign Visit Schedule all acquisition and project related foreign visits are subject to approval as indicated in Figure 5 below. Sec Def by virtue of his appointment as the Accounting Officer of the DOD and in terms of the primary object of the Defence Secretariat¹⁹ is delegated to approve the acquisition and project related visits as indicated in Figure 5 provided that the visits are on the schedule approved by the Minister.

18. **Staff Foreign Visit Motivations**. Staff foreign visits are visits conducted by DMD Directors and Staff Officers (excluding IPT personnel) in the course of the project oversight duties. Staff foreign visit motivations are recommended by C Def Mat and approved by Sec Def.

19. **Contractual Foreign Visit Motivations**. Contractual foreign visits are conducted by members of the IPT after the contract has become effective in accordance with the contractual obligations for progress meetings and acceptance purposes. Contractual foreign visit motivations are recommended by C Def Mat and approved by Sec Def.

20. **Technical Foreign Visit Motivations**. Technical foreign visits are conducted by members of the appointed IPT or specialists co-opted from the relevant Services/Divisions to

- a. provide specialist technical input or advice as required by the PO or contractor;
- b. obtain technical expertise/knowledge for integration into the End-User and the Systems Management environments;
- c. obtain technology transfer for integration into the Industry, support and operating environments.

21. Technical foreign visit motivations are recommended by C Def Mat and approved by Sec Def.

22. **Training Foreign Visit Motivations**. Training is one of the essential elements of the POSTEDFIT to be delivered in order to provide a Level 6 enabled Level 5 System. Training foreign visits are conducted by personnel to attend planned contractual, operator, technical and trainer training to be provided by the contractor or other parties as defined in the contracts pertaining to the project. Such training courses are normally scheduled to take place when specific events occur on the project or when specific stages of the project are reached. It is thus important that these courses are attended as scheduled. The Services/Divisions are responsible to nominate personnel to attend the courses whilst it is the project's responsibility to facilitate the course as scheduled. Training foreign visit motivations are recommended by the Services/Division and C Def Mat and then approved by Sec Def.

¹⁹ Defence Review 2015 Chairperson's Overview paragraph 42.

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23. **Motivations by Acquisition or Project Personnel for Attending Foreign Shows, Exhibition and Conferences.** Motivations for attending foreign shows, exhibitions and conferences are recommended by C Def Mat and the Sec Def for approval by the Minister.

24. **Motivations for Foreign Learning Opportunities.** These foreign learning opportunities relate to learning opportunities other than project related/specific training. The DMD is responsible to motivate for its staff to attend such learning opportunities whilst the Services/Division are responsible to motivate for IPT member to attend such opportunities. Motivations for such foreign learning opportunities are recommended by C Def Mat and the Sec Def for approval by the Minister.

25. **Ad Hoc Foreign Visit Motivations.** All foreign visits not registered on the schedule approved by the Minister are considered to be *ad hoc* visits. All *ad hoc* project or acquisition related visits are recommended by C Def Mat and the Sec Def for approval by the Minister.

Minister													
Sec Def													
C Def Mat Div													
Chief of Services/ Divisions													
Level Doc	Foreign Visit Motivations	Staff Foreign Visit Motivations	Contractual Foreign Visit Motivations	Technical Foreign Visit Motivations	Training Foreign Visit Motivations	Shows, Exhibitions and Conference Foreign Visit Motivations	Foreign Learning Visit Motivations	Ad Hoc Foreign Visit Motivations					
				Approve					Recommend				

Figure 5: Foreign Visit Motivation Approvals

26. **Foreign Visits and Courses.** IPTs will ensure that requirements for foreign visits, courses, audits and inspections are scheduled on the visit schedule to be submitted to the Minister for approval. Budgetary provision will cover air travel and subsistence allowances for these visits and courses, but will be restricted to project and audit related personnel only.

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27. **Management of Foreign Offices.** The support of DOD personnel during foreign placement may be addressed through the established Armscor administration process, and in terms of Armscor practice relating to Foreign Service Conditions of Employment (refer to relevant Armscor Practice), if required.

- a. **Responsibilities.** For each initiated project with the above requirement, a MOU should be entered into between DMD and Armscor, covering inter alia, remuneration, accommodation and general support and administration for such seconded personnel as well as an agreed upon responsibility matrix and project performance measurement criteria that will apply for the duration of the project. Conditions of service should, as far as possible, be standardised within and between foreign projects, irrespective of whether it applies to DMD or Armscor.
- b. **Means of Funding Foreign Offices.** All administrative related expenses must be funded from Folio 01 Capital funds and under no circumstances may the SDA (Folio 02) funds be utilised for this purpose.

FINANCIAL MANAGEMENT

28. **Financial Guidelines and Procedures for Project Officers.** Financial Guidelines and Procedures for SANDF Project Officers are documented in the Defence Matériel Division Financial Guideline: DMDFG NO 0001/2013 and is available upon request for the DMD.

29. **Strategic Direction.** The Defence Budget is a result of a sequence of events as detailed in Chapter 3 of this DODI. Defence Policy is described in the White Paper on Defence. The Defence Review 2015 was compiled from the principles established in the 1998 Defence Review and defines and expands on the guiding principles that will steer the Defence Force in the next thirty years.¹⁹ These planned activities will be converted into projects to ensure that equipment is maintained in an orderly and economical fashion. The process of requirements planning therefore consists of three distinct actions, ie planning, programming and budgeting, which are executed through an iterative process.

30. **Financial Planning.** The basis for financial planning is that of a sustainable force design and structure, ie that the required renewal, upgrading, preparation, maintenance and disposal thereof can all be achieved within the authorised funds as reflected in the budget. Based on the relative importance of defence capabilities, financial ceilings are subsequently allocated to individual force structure elements, covering their funding needs for force preparation, force maintenance, upgrading, renewal and disposal. The upgrading and renewal portions are made visible and budgeted under the authority of the C Def Mat, and are considered to be project ceilings within which the required capability is to be established. If force structure elements prove not to be sustainable, the lowest priority force structure elements need to be forthwith discontinued and removed from inventory.

¹⁹ Defence Review 2015 Chairperson's Overview paragraph 2.

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PROGRAMMING AND BUDGETING

31. **Responsibility** The Departmental Accounting Officer is primarily responsible for high level programming and budgeting and in-year control and auditing of defence expenditure as stipulated in the PFMA (Reference I). The existing MTEF cycle is utilised as a basis for the planning of the new budgeting requirements for the follow-up MTEF cycle, which commences in the 0-2 financial year.

32. **First Order Estimations** Armaments acquisition budgeting is governed by formal acquisition administrative documentation, that provides indicative figures (first order estimations) for individual projects, against the capital budget ceiling. The first estimate is an order of magnitude analysis, which is made without any detailed engineering data. All estimations are to include Value Added Tax (VAT) and Rate of Exchange (RoE) factors.

33. The programming and budgeting process will further refine the first order estimation resulting in an eventual annual budget.

34. Estimating begins when the preliminary client requirements (ROC) are established and leads to a top down estimate with cost targets.

35. Secondly, there is the approximate estimate (ST). This type of estimate is derived from previous projects that are similar in scope and capacity as a benchmark.

36. A definitive estimate evolves as the acquisition process progresses from engineering data including (as a minimum) quotes, fairly complete plans, specifications, unit prices, and estimate to complete, which leads to a refined budget input for the Departmental Budget Submission.

37. **Confidence in Estimations** The levels of confidence in estimations increase with time as the level of knowledge with respect to the Product/Products System to be acquired increases and the level of risk is reduced through the acquisition process as graphically indicated in Figure 6 below.



Figure 6: Level of Confidence

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STRATEGIC CAPITAL ACQUISITION MASTER PLAN (SCAMP)

38. **Purpose of the SCAMP.** The SCAMP was developed as a planning tool for the purpose of allocating/distributing FMS Cost Category Capital Folio 02: SDA funding across the various capital projects within the respective Service/Division in accordance with the approved Budget Vote. The SCAMP quantifies the armament acquisition requirements (Category 1 Matériel) of the SANDF for the next 30 years (Extended Long-Term) to be aligned with the SANDF Strategic Plan. The strategic priorities, as well as the long-term planning/acquisition strategy for the DOD, are reflected in the SCAMP. This plan serves as the basis for the armament acquisition budget process.

39. **Functions of the SCAMP.** The main function of the SCAMP is to assist in the efficient year by year management of FMS Cost Category Capital Folio 02: SDA projects with regard to allocated funding and time-scales. Priority budgeting requirements are scheduled on the SCAMP. For armament acquisition, the SCAMP coordination function is delegated to C Def Mat. Based on the priorities allocated by C.J Ops, combined with the existing industrial capability and the particular approval status and strategy of individual projects, C Def Mat schedules upgrade projects and renewal projects within the limits of the MTEF allocation agreed for capital weapons systems and technology acquisition. This results in a schedule of annual funds per project, contained in the long-term financial planning tool (SCAMP), which is updated during the annual cycle as well as in-year during execution. Unfunded additional requirements, in exceptional cases, as well as unforeseeable and unavoidable expenses may also be motivated to the National Treasury Committee (approved by the MinComBud) in accordance with the time-scales depicted in Appendix A-8. This budgeting process is repeated annually for consecutive MTEF cycles.

40. **Scope of the SCAMP.** The SCAMP is a planning, prioritising, scheduling, financial allocation, budgeting and budget control instrument, which covers the allocation of FMS Cost Category Capital Folio 2: SDA funding, as well as FMS Cost Category Capital Folio 1: GDA funding, over a period of 30 years.

41. **SCAMP Construction.** One of the cornerstones of the SANDF is the principle of jointness. C SANDF through the C JOPS, as the Capability Manager of the SANDF, carries the responsibility of prioritisation of requirements derived from the operational gap analysis, based on obsolescence and other considerations, subsequently expressed as ROCs. Approval by the OSC, who in exceptional cases may refer such to the MCC for approval of prioritised ROCs, is a prerequisite for the registration and subsequent authorisation of armament acquisition projects. This is done within the context that the MCC has approved the first issue of the SCAMP and will approve subsequent issues thereof.

42. The SCAMP list is based on the Annual Performance Plan of the DOD. It is not only a planning tool but is also used in-year, as a management tool for expenditure control. The baseline figures on the SCAMP and the FMS are the same for the MTEF period.

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43. The SCAMP construction encompasses the following characteristics:
- a. Characterisation of Listed Projects
 - i. The SCAMP is divided into five sections namely:
 - (1) SA Army Projects.
 - (2) SA Air Force Projects.
 - (3) SA Navy Projects.
 - (4) Common Weapons Systems (SAMHS, Special Forces and CMIS) Projects.
 - (5) Technology Development.
 - ii. Within each of the above sections, except for Technology Development, the projects are grouped into the following phases:
 - (1) Concept.
 - (2) Development.
 - (3) Production.
 - b. FMS Cost Category Capital Folio 01 Funding. Administrative requirements for projects are budgeted for under FMS Cost Category Capital Folio 01: GDA. This budget input will be given by each IPT to the relevant Acquisition Director. This budget must be included in total project allocation as per the SCAMP list.
 - c. FMS Cost Category Capital Folio 01 versus Folio 02 Funding. Both project FMS Cost Category Capital Folio 01 and Folio 02 funding requirements must be included in the total project allocation and is contained in the SCAMP. Folio 01 funding is derived from the Cost Analysis Process and is usually only indicated for the MTEF period.
 - d. Short-Term (first four years) and Long-Term (outer-years) Sections of the SCAMP. The SCAMP is from a financial perspective many documents in one. The current year on the SCAMP includes roll-overs and is thus an in-year financial management tool. It also reflects the requirements for the medium-term (MTEF) making it a budgeting tool. On capturing the medium-term estimates, the FMS must mirror the SCAMP for the short-term. Over the long-term however the SCAMP is a planning instrument to schedule the strategic priorities, as well as the long-term planning/acquisition strategy for the DOD.
 - e. MTEF Years. The first four years represent the MTEF which incorporates the funding in the current Financial Cycle as contained in the Budget Vote approved by the Minister of Defence and Military Veterans.

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- f. Long-Term (Outer-Years): The years outside of the MTEF Period, ie the outer-years represents funding that has not yet been approved through the Budget Vote yet may have been committed through the approval of an AP and or Contract.
- g. Change Strategy: The allocation of funding in the outer-years is not always possible. In environments where the operational gap analysis does not indicate the capabilities required or where the capabilities have been identified but the allocation of funding is uncertain, the Change Strategy line incorporates yearly funding available to the relevant acquisition directorate but having not yet been allocated to a specific project or capability. This is to facilitate future planning, where the exact funding requirements for existing/new projects is not yet known.
- h. The Bottom-Line: The Bottom-Line represents the financial allocation to DMD for armament acquisition in each section as well as to the overall SCAMP. Although, during planning, funding can be re-allocated within a year, between projects, across the various sections of the SCAMP, the Bottom-Line must however remain unchanged. The relevant approval is required in order to reallocate funding into or out off a year thereby altering the Bottom-Line. The overall SCAMP must remain balanced against the Budget Vote. As for the rest of the department, the third year of a new cycle is derived from the third year of the previous cycle (second year of the new cycle) plus the inflation adjustment allocated by NT. This inflation adjustment has been in the vicinity of 5% over the past few years. Minor deviation to this process is accommodated where possible.
- i. The Stokvel Principle of the SCAMP: This process is a DMD internal process where Acquisition Funding from the various Services/Divisions is pooled and jointly managed by C Def Mat.
- j. Available Project Ceilings: Available/remaining project ceilings are reflected in the last column on the right and indicate the total funding still available to the project. It must be noted that this does not represent the total ceiling of the project, as the SCAMP does not include funding spent in the previous years.
- k. Classification of the SCAMP: The classification of the SCAMP is Confidential. The financial estimates of the first four years of all projects are captured on the FMS which is classified as restricted. The budgets are captured against the project codes. The real sensitivity is when the future scheduling of funding for specific capabilities are visible. The DOD's sensitivity regarding the SCAMP will depend on the armament acquisition strategy and the partnership with the Defence Industry for current and future capability shortfalls.

44. **SCAMP Management** C Def Mat is the custodian of the financial management pertaining to the SCAMP and technology master plans. From time to time, when extensive changes to the acquisition portfolio of projects are required, a new issue of the SCAMP (as described herein) will be authorised by the MCC. For armament acquisition, the SCAMP co-ordination function is delegated to C Def Mat, who in turn is reliant on respective Acquisition Directors and IPTs, for detailed project inputs.

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- a. Project Registration on the SCAMP. A project is registered and funding is scheduled on the SCAMP by the relevant Service/Division once the ROC is approved and the project route is selected to satisfy the required capability. Projects are initially registered on the SCAMP as a capability without a project name. Before the ST can be approved, the capability must be registered with DI and a project name and file reference allocated to the project, before it can be brought onto the SCAMP.
- b. Control and Approval of the SCAMP. The SCAMP is compiled and controlled by the DMD Planner using inputs from the various acquisition directorates. It is approved by C Def Mat and C SANDF. Inputs from the acquisition directorates are approved by the respective Chief of Service/Division prior to submission to the DMD Planner.
- c. Allocation of Funding to the SCAMP. FMS Cost Category Capital Folio 02 funding is allocated to the SCAMP through the annual Budget Vote and the subsequent approval of the SDA by the Minister of Defence and Military Veterans. Practically this implies the inclusion of an outer-year in accordance with the agreed upon allocation per Service/Division. The MTEF outlines the baseline funding that can be expected from central government. This provides the projects, via the SCAMP, with the short-term stability, required to plan and commit/contract funds, for the next three (3) years. The MTEF allocation is not to be exceeded, thus implying that all exchange rate deficits, as well as deferrals, must be funded within the allocated financial ceiling. The process to follow would thus be to obtain a financial ceiling for the project based on the planned total project cost. In addition to the authority for expenditure, total project and/or project phase funding must also be secured on the SCAMP. The funding on the SCAMP is used as the official allocation per project and is annually captured on the FMS. Expenditure can now proceed for the in-year as well as for commitment for the in-year plus three (3) subsequent years²⁰.
- d. Changes and Updates to the SCAMP. Armaments acquisition is directed by the DOD Strategic Direction Process. The annual financial allocation and scheduling of armaments acquisition is contained in the SCAMP, from which annual business plans are derived and budgetary actions are taken. CD DAM will be the coordinator of the SCAMP and annual business plans. Planning and execution of armaments acquisition is an iterative process. Directors Acquisition are to ensure that the Services/Divisions are made aware of the quarterly SCAMP timeline for changes and updates to ensure that inputs to and from the SCAMP are fed into the various Strategic Management Processes. Updates to the SCAMP will be directed by the Strategic Direction Process, annual budget cycle and in-year revisions. Changes to the SCAMP, reflecting reprioritisation (ie not rescheduling) by Services/Divisions, are approved by the OSC, MCC and AAC. Minor changes,

²⁰ This is in the process of being extended to 20 years. This handbook will be updated once the extension is in force.

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including rescheduling, to the SCAMP (ie updating with committed roll-overs) are approved by CD DAM. The SCAMP is reviewed and updated four (4) times a year. The logic and behind the SCAMP updates and version is as follows:

- i. January/February SCAMP. This is the final SCAMP update for the next MTEF. This version is submitted to DOD D Bud from which the FMS is updated and is used as the baseline for report back at the June DPBEC. These figures remain stable until after the June DPBEC.
- ii. May SCAMP. This version mainly deals with updates of in-year figures and the inclusion of the committed and un-committed roll-overs. The previous financial year is deleted and the last planning year (+ 30 years) is added with a $\pm 5\%$ increase.
- iii. July SCAMP. This version deals with both in-year, MTEF and outer-year figures/amendments. It is utilised for the August DPBEC (which is focused on the adjustment budget) report to indicate work-flow versus cash flow interventions required for the in-year.
- iv. October/November SCAMP. This version is utilised for the "window-period" in November (1st to 14th) to re-align the SCAMP versus FMS (changes subsequent to June DPBEC of a strategic nature) for the year to commence 1 April of the next year (same cycle MTEF as January/February SCAMP). It is submitted to D Bud for final allocations, update of the Red Light Reports and the "carbon-copy" of the FMS for audit purposes.
- e. Visibility and Distribution of the SCAMP. The visibility and distribution of the SCAMP must be guided by the need for insight into the financial scheduling of armament acquisition projects.
- f. Chiefs of Services' Relationship with the SCAMP. The SANDF is responsible for promoting their User System acquisition needs by means of the registration of an operational requirement and submission of this need in the form of a ST. Subsequently, a SR will be developed by the User, which will contain a comprehensive FURS and LURS. Upon approval by the relevant approval forum, the SR will form the requirements basis between the relevant Service/Division and C Def Mat for execution in accordance with the SCAMP.
- g. The MCC Relationship with the SCAMP. From time to time, when extensive changes to the acquisition portfolio of projects are required, a new issue of the SCAMP (as described herein) will be authorised by the MCC.

45 Shortages on the SCAMP. No project will be underfunded for the approved capability to be delivered. A project is either fully-funded over time or partially-funded to deliver only a portion of the full requirement. Partial acquisition will still deliver a minimum operational capability. Failure to deliver a minimum operational capability will result in wasteful and fruitless expenditure.

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- a. The 'What You See Is What You Get (WYSIWYG)' Principle. The National Treasury expresses all medium-term expenditure allocations voted and indicated for departments in nominal terms. All the subsequent medium-term expenditure allocations given to top-level budget holders are thus also in nominal terms. Although new funding allocated to the outer-year of the SCAMP annually is increased by 5%, it does not fully address the in-year associated demands of the SCAMP and hence the amount indicated is the amount, that will be received in the rand-value of that specific year to meet the capital acquisition costs. When estimates are calculated it thus has to be based on the expected price that the item or service will cost in the financial year for which the estimates are being drawn up. This approach leaves the SCAMP with the following inherent shortfalls that must be funded from within the SCAMP:
- i. Ongoing yearly escalation.
 - ii. Fluctuating RoE.
 - iii. Statutory Costs.
- b. Nominal SCAMP. The SCAMP is also expressed in nominal terms. This means that the allocation displayed for a project in a particular year is the allocation in the rand-value of that specific year. The term WYSIWYG encapsulates this principle. In compiling the estimates for the MTEF, and scheduling funding into the future, it is imperative that contractual obligations be considered. Estimates must be compiled taking currency forecasts (weaker Rand in the case of armament acquisitions, foreign visits), VAT and any possible escalation of prices into consideration to ensure that these requirements are accommodated within the allocations.
- c. Addressing of Shortfalls/Excesses on the SCAMP. As with all Budget Holders, DMD annually receives the budget allocation for armament acquisition as scheduled on the SCAMP. Shortfalls/Excesses on the SCAMP must be managed within capabilities, within Services/Divisions or within the total SCAMP allocation. Shortfalls not resolved within the DMD budget allocation can be addressed as per the official budgetary process in the DOD. The means to address shortfalls/excess funding, which are severely aggravated by project delays, is limited to:
- i. Approaching NT for additional funding to meet project acquisition costs.
 - ii. Re-allocating funding internally to other SCAMP holders and receiving the funding back in future years. Funding may not be re-allocated directly from one year into future years, unless done by means of the uncommitted roll-over process. This is very seldom approved.
 - iii. Re-allocating funding externally to other Services/Divisions and receiving the funding back in future years. This is very seldom approved.
 - iv. Receiving funding from other projects that have excess funding that they no longer require and cannot utilise.

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v. Where it is not possible to fund shortages from within the SCAMP should be referred to the Minister of Defence and Military Veterans for consideration and to obtain a decision from the National Executive to allow a reprioritisation of the SCAMP and a reallocation of funds, or to provide additional funding.

d. Sensitivity of the SCAMP to Exchange Rate Fluctuations and Escalation. The time constraints of a project are mandated in the ST and subsequent approval documentation. Deviations from authorised project time-scales shall be authorised prior to the occurrence of any slippage and the impact on operational availability should be detailed for consideration. Time deviations are to be translated into the impact on financial and functional performance expectations and will be addressed through Military Recommendation and Acquisition Governance Forums for subsequent update of the SCAMP as well as the FMS. This update of the SCAMP could result in an increased allocation for the project over time. The increase in the allocation can result due to the impact of inflation on costs (time value of money) or due to a weakening of the Rand.

46. **SCAMP Relationship to Financial Control Measures and Budgeting**

- a. SCAMP as a Control Measure. No project activity resulting in the expenditure of funds may be embarked upon unless funds for such activity have been specifically budgeted for by the DOD. No Contract may be placed without authority derived from a direct approval provided by DMD. These funds must also be reflected on the SCAMP as well as on the FMS. A project can thus only realize expenditure/commitment once funding has been scheduled on the SCAMP, but the allocation of funding on the SCAMP is no authority for commitments/expenditures. The process to follow would be to obtain a financial ceiling for the project based on the planned total project cost. In addition to the authority for expenditure, total project and/or project phase funding must also be secured on the SCAMP. The funding on the SCAMP is used as the official allocation per project that is annually captured on the FMS. Expenditure can now proceed for the in-year and commitment for the in-year plus three subsequent years.
- b. Capturing SCAMP Requirements on FMS. The SCAMP is the official document that the POs and the acquisition Budget Managers will use to work from to execute their financial planning and related tasks in the following manner:
- i. The PO will use the SCAMP to compile a project Business Plan as well as long- and medium-term plan. All planning, activities and objectives for the project will flow from the Business Plan.
 - ii. From the SCAMP, the PO will compile a project Business Plan and from the Business Plan the PO will compile a project Cost Analysis Statement. The Cost Analysis Statement must balance with the allocation on the SCAMP.
 - iii. From the Cost Analysis Statement the PO will compile a project Cash Flow Plan.

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- iv. The approved funding on the SCAMP may not be exceeded. The PO and acquisition Budget Manager must ensure that all funding requests (FAs and Cost Analysis Statement) must not exceed the approved funding reflected on the SCAMP.
- c. Planning and Budgeting. All planning and budgeting activities are directed from the SCAMP. During September to April each year, the DOD will enter into its Planning and Budgeting phase. The following aspects are applicable:
- i. Budget Preparation. During September and November of each year, the DMD Planner and Budget Manager will issue additional guidelines and instructions on the compilation and submission of Cost Analysis Statements, Capturing of Budgets and Motivations for the MTEF, on the FMS. The DMD Planner will also issue the latest/updated SCAMP. The following steps should be followed during the budget preparation:
 - (1) The DMD Budget Manager. During this period the Budget Manager will issue additional guidelines which will include the following:
 - (a) The issuing of the format required to be completed by the PO.
 - (b) The issuing of guidelines to complete motivations, basis of calculations and in which items to budget for the project.
 - (2) The DMD Planner. During this period the DMD Planner will issue the latest/updated SCAMP.
 - ii. Estimates of Expenditure (EoE). The Estimates of Expenditure (EoE) for the next MTEF is annually captured by the end of March, after which the June DPBEC interrogates each budget holder to, amongst other, confirm the correct utilisation of the DOD budget structure. Detail evaluation of the proposed estimates often leads to realignments and corrections where necessary. The adjusted estimates now represent a firm base which has been aligned with the financial allocations and the criteria of the DOD budget structure. The firm base can only be amended by DMD strategic changes or the final letter of allocation from the NT.
 - iii. Strategic Changes. Under no circumstance can the management of the EoE allow the unmanaged access to the FMS, allowing uncontrolled changes to the system. Strategic changes will be implemented in a formal controlled manner. This would require a letter from CD DAM, authorising the proposed strategic amendments, accompanied by a table indicating the current status and the proposed changes per serial number. Once the strategic changes have been completed, the FMS will be closed. On receipt of the final letter of allocation the FMS will again be opened to implement the agreed upon adjustments. On completion, the CFO (D Bud) will be presented with a SCAMP that mirrors the final estimate of expenditure figures.

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- iv. Conclusion of Budgeting Process. The SCAMP that mirrors the final estimate of expenditure figures will conclude the budgeting process leading into the in-year management of the budget. The DMD Budget Manager uses the SCAMP as the basis for financial data to be captured on the FMS. The financial data, per project, on FMS, has to correspond with the SCAMP allocation for each project.
- d. Cost Analysis Statement Process. The PO will use the SCAMP, the project Business Plan and the guidelines issued by the Budget Manager to compile the Motivation and Basis of Calculation Sheet, thereafter, use the Motivation and Basis of Calculation Sheets to compile the Cost Analysis Statement. The PO is to use this Cost Analysis Statement process to establish (in January) and adjust (in November) the Cost Analysis Statement for each project, as is required by the Financial Management Division (FMD):
- i. In January of every year, the next cycle's MTEF is being planned for in the DOD. The project's financial requirements must therefore also be captured. The approved Business Plan, which has already been aligned with the SCAMP, is used as a basis for the Cost Analysis Statement.
 - ii. The Motivation and Basis of Calculation Sheet must be used to complete the Cost Analysis Statement.
 - iii. After completion, the Cost Analysis Statement and Motivation and Basis of Calculation Sheet must be handed-over to the Budget Manager, for the capturing of budgets, on the FMS.
 - iv. The Cost Analysis Statement must be signed by the PO and APM, before handing it over to the Budget Manager.
 - v. In November of every year, the Cost Analysis Statement, as established in January, is adjusted, according to the latest approved/adjusted Business Plan and SCAMP.
 - vi. The project's Cost Analysis Statement figures are compared to the SCAMP figures and if found not to be the same, the necessary adjustments will be made to ensure alignment thereof.
 - vii. After the Budget Manager has captured all the Cost Analysis Statement figures for the next cycle and the budget totals balance, a print-out of those figures is drawn and again compared to the SCAMP and Business Plans, to finally confirm that the budget totals are aligned and correspond.
 - viii. If it is found that there is a discrepancy, one of the following actions will be carried out:
 - (1) FMS Discrepancy. Inputs will be provided to the Budget Manager to correct these figures according to the approved project plans (SCAMP, Business Plan and Cost Analysis Statement).

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- (2) SCAMP Discrepancy. The relevant PO will be instructed to update/adjust the project Business Plan and the process is repeated.
- ix. During the June DPBEC the captured estimates for the upcoming MTEF are evaluated and minor strategic amendments are made to align FMS with the SCAMP.
- x. It should be noted that 80% of the Vote on SDA and 50% on GDA can be pre-committed.
- e. Cash Flow Plan Projection. During January of each financial year, a Cash Flow Projection is required to update the coming financial year expenditure, to confirm which activities and tasks are to be executed for the coming financial year. The Cash Flow Projection is submitted the Budget Manager for capturing and then submitted to Directorate Budget Control.

47. Phase Approvals and the SCAMP. After completion of an acquisition phase, approval must be obtained to continue with the following acquisition phase. A detailed budget must be included with the required acquisition phase approval documentation. If the proposed budget differs from the allocated budget, the DMD Budget Holder must evaluate the requirement in accordance with the SCAMP and re-allocate additional funds, if so required. Once the method of financing is determined, the project is forwarded to the appropriate higher authority for approval, to continue with the next acquisition phase. The following is a list of approval documentation in which detailed budgeting data must be included:

- a. Staff Target (ST). The submitted ST includes an estimated total project financial ceiling, a broad annual requirement schedule as well as an indication of the funds required to execute the forthcoming phase for which approval is to be obtained. For projects already included on the SCAMP, the relevant SCAMP scheduling is to be included. Confirmation is also required that the project is registered on the SCAMP.
- b. Staff Requirement (SR). Confirmation that funds are on budget, on which account, and if not, from where, when and in what manner it is intended to secure such funds, as well as confirmation that funds expended in the preceding phase did not exceed the authorised amount.
- c. Project Study Report (PSR). Confirmation that the PS and the requirements contained in the ST are still valid with reference to the configuration status of the valid document. The total requirement for an operational capability must be stated and should there not be sufficient funding on the SCAMP, authority is then requested to proceed with partial acquisition. Confirmation should be provided that the approved financial ceiling of the preceding phase has not been exceeded.
- d. Development Plan (DP). Confirmation should be provided that the approved financial ceiling of the preceding phase has not been exceeded.
- e. Acquisition Plan (AP). Before the AP is approved, it must be confirmed that the required funds are available on the SCAMP and reflected on the FMS.

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48. **Acquisition Governance Forums Controlling Mechanism**. The AACB screens the acquisition project Financial Plan for alignment with the SCAMP and recommends its approval to the AASB annually during the first quarter (January – March).

49. **SCAMP Priorities**. CJ Ops determines the priorities for armaments acquisition requirements based on the Military Strategy and a Joint Capability Master Plan²¹. Priority budgeting requirements are scheduled on the SCAMP in accordance with the approved Force Design. For armament acquisition, the SCAMP co-ordination function is delegated to C Def Mat. The SCAMP is based on the priorities submitted by the Services/Divisions and ratified by CJ Ops. Combined with the existing industrial capability²² and the particular approval status and strategy of individual projects, C Def Mat schedules upgrade and renewal projects within the limits of the Medium Term Expenditure Allocation (MTEA) agreed for User System and technology development. This results in a schedule of annual funds per project, contained in the long-term financial planning tool (SCAMP), which is updated during the annual cycle as well as in-year during execution.

50. **Unfunded Additional Requirements**. Unfunded additional requirements, in exceptional cases, as well as unforeseeable and unavoidable expenses may also be motivated via the departmental planning and budgeting process to the Medium Term Expenditure Committee (MTEC) (approved by the MinComBud) in accordance with the time-scales depicted in Appendix A-8. The budgeting process actions and associated time-scales from the 0-2 to the 0 financial years are as depicted in the diagram in Appendix A of Reference Y. This budgeting process is repeated annually for consecutive MTEF cycles.

51. **Project Budgets**. Budget input will be given by each IPT to the relevant DMD director. This must be in line with the total project allocation on the SCAMP. MTEF Financial requirements of SCAMP funded projects are captured on the FMS which then becomes the project budget. The responsibility for the generation of provisional MTEF inputs for armaments acquisition is vested within DMD, who in turn will derive this from respective project business plans.

52. **Expenditure**. No FAs may be issued and no commitments (orders placed) may be made prior to the ST being approved.

53. **Budget and Expenditure Revisions**. Financial revisions will be executed at the divisional level and monitored by the DPBEC. Financial revisions will address both the current and future MTEF cycles.

²¹ CJ Ops as the process owner of the Joint Capability Master Plan manages the plan on behalf of C SANDF (Joint Capability Master Plan owner).

²² National Defence Industry Council (NDIC) to maintain a database of Defence Industrial Capabilities and to alert Minister of Defence and Military Veterans to any impending diminution or loss of Defence Industrial Capabilities or the requirement to establish capabilities.

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54. **Source of Financing.** Acquisition of Category 1 Matériel is done through the expenditure of capital funds budgeted for under Cost Category Capital SDA Folio 02 on the FMS. Acquisition related support activities eg Project Management, S&T and overseas office operating expenditure are budgeted for under Cost Category Capital GDA Folio 01 on the FMS. Apart from new budget authorisations by Cabinet, the SDA may also be augmented, after due motivation and authorisation through the appropriate channels, by the proceeds from the sale of excess defence equipment previously purchased from this account and royalties on technologies previously developed with funds obtained from this account.

55. **Revenue.** Revenue received during a previous financial year (eg military system sales) may be requested once a year from NT during the adjustment budget process (which normally takes place in August/September) for allocation in the current FY.

56. **Financial Data**

- a. **Project Submissions.** Financial data contained in the submissions is to be reflected in Rand values applicable at the date of the submission whilst RoE for foreign currencies, where applicable, are also to be indicated with the month of calculation indicated in brackets. Care must be taken to ensure that submissions contain full visibility of all possible direct as well as indirect financial implications associated with the required financial approval.

NOTE 33: RoE. The RoE to be used is obtained from NT predictions.
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- b. **Financial Data Format.** In order to provide a uniform system for quoting financial figures in project related submissions, guidelines in this regard are provided in Appendix H-2.

57. **In-Year Pre-commitments.** Budget Holders may pre-commit, on the SDA, up to 80% of the current budget allocated to the Budget Authority on a specific serial for the next three (3) consecutive financial years. On the GDA Budget Holders may pre-commit up to 50% of the present budget allocation for the next three (3) consecutive financial years.

58. **Fund Reallocations (In-Year).** Funds should only be reallocated in accordance with the deviation percentages published in the *Approval for Expenditure: Special Defence Account* signed by the Minister of Defence and Military Veterans.

59. **Cash Flow.** Cash flow is handled in terms of Chief Financial Officer (CFO) instructions. In accordance with these instructions, funds may be committed in advance and if contracted but not spent in the year of allocation, may roll-over to successive financial years. The reason for this allowance is that Industry is typically contracted on a multi-year basis and also due to unforeseeable and unavoidable delays in delivery of contracted deliverables. This could also mean that the cash flow varies greatly from the original planning. At the beginning of each financial year (Jan/Feb of the previous FY) the cash flow plans must be made available and updated in the year of expenditure (after the August DPBEC) to ensure effective cash flow management and to prevent a surplus cash balance in the bank. Funds in the SDA may therefore roll-over from one year to the next under the following circumstances:

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- a. Committed Roll-Overs. Unredeemed authorised commitments roll-over to the following financial year with their associated funds. The total amount of committed roll-overs is annually made visible together with the annual budget requirements during the submission of the Departmental Vote to Parliament. Unspent funds on payments for capital assets may only be rolled-over if committed to finalise projects or assets acquisition still in process. This includes VAT, RoE and escalation.
- b. Uncommitted Roll-Overs. Submissions requesting uncommitted roll-overs may be forwarded to the office of the CFO DBC for consideration. This is to done as and when the requirement emerges.
- c. Multi-Year Roll-Overs. It is not advisable to roll funds for a specific purpose for more than one financial year. In such case submission is made to the CFO for obtaining NT approval.

NOTE 34: Fictitious FA's and Orders. Fictitious FA's and Orders may not be captured on the FMS to secure the roll-over of funds on the SDA.

60. No project activity resulting in the expenditure of funds may be embarked upon unless funds therefore have been specifically budgeted for by the DOD. No contract may be placed without a FA derived from a direct approval provided by DMD. These funds must also be reflected on the SCAMP as well as on the FMS.

61. Allocation of Armscor Funding. Armscor, as the DOD's acquisition agency, will be funded from the Departmental Support Account by means of a transfer payment.

FINANCIAL SYSTEMS

62. Financial Management System (FMS). The FMS will be the only system used in the DOD for armaments acquisition financial budgeting, reporting and control.

63. Red Light Report²³. The Red Light Report provides a central point of management over approved project financial ceilings. The report implements the time-value of money principle, then measures expenditure per project against the approved project financial baseline (Reference Y).

²³ Red Light Report is described in Reference Y.

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64. **Project Information Navigation Tool (PINT)²⁴**. PINT is a nodal point of financial management information, available on the DOD Intranet, for use by acquisition Directors, SSOs, POs and Budget Managers. PINT provides a macro view of the financial status of individual projects and establishes an audit trail. The budget management audit trail link the MTEA via the DMD allocation, SCAMP, Cost Analysis Sheets, Status report, FMS, expenditure reports and financial statements to the Annual Report. Access to PINT is authorised by DMD Directors, and it provides:

- a. Access to DAHB1000, financial forms and templates, financial processes, Financial Guidelines for POs, DMD Level 2 Planning, Budgeting Instruction and Escalation tools.
- b. Links to Armscor reports, Ezezimali Budgeting Toolbox, Ulwazi Financial Management Reports, DMD Database and the planned cash flow per project.
- c. Per Service/Division and per project access to contact details, project status, cost analysis sheets, Red Light Reports, project authorities and galleries.

FINANCIAL CONTROL

65. **Responsibility**. Control of acquisition finance is the responsibility of C Def Mat and his delegates ie DMD directors. Rules and delegations for the management of funds within the budget have been established, subject to the terms of Article 2 (2) of the Special Defence Act No 6 of 1974 (Reference P), DODI/FIN/00011/2000 (Reference Q) DODI/FIN/00002/1999 (Reference R), DODI/FIN/00014/2000 (Reference S) and DODI/FIN/000024/2002 (Reference T)

66. **Financial Authorisation Considerations**. The approved Departmental Vote and Departmental Programme Budget do not constitute an authorisation for the expenditure on a project. Project Financial Authorisation may be issued after the following have been verified:

- a. That project funds required for specific years have been budgeted for and appear in the Departmental Budget Submission or in the approved Departmental Vote as duly changed and authorised during the year of execution.
- b. That the particular phase of a project has been approved by the appropriate Military Recommendation and Acquisition Governance Forums.
- c. That the FA does not exceed the approved financial ceiling for the specific phase.
- d. That the overall project financial ceiling would not be exceeded.
- e. That the approval is in terms of the delegation given by the Accounting Officer.

²⁴ PINT is described in Reference Y.

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67. **Expenditure**. Planning that gives rise to FAs should be such that the FAs can be placed prior to the second quarter of a financial year.
68. Planning for milestone payments within a FA must, where possible, exclude payment in the last three months of a financial year.
69. **Financial Personnel Allocation**. An allocation of suitably qualified financial personnel will be made available by the CFO to C Def Mat and the acquisition directorates to ensure effective execution of delegated programming, budgeting and expenditure control functions.
70. **Dedicated Financial Functionaries**. In the case of larger acquisition projects, dedicated financial functionaries may be appointed to the project. For small projects, the financial support will be provided by the financial functionaries appointed to the DMD. Accountancy expertise will be made available where required.
71. **Project Budgetary Responsibilities**. During project execution the IPT is responsible for budgetary action. The IPT is to provide timely warning (at least two years in advance) to the End-User and System Manager of the predicted financial implication on the operating environment to ensure that the End-User and System Manager budgets for the operation, maintenance and support of the User System.

MANAGEMENT OF FINANCIAL MISCONDUCT

72. **Categories of Deviations**. In terms of the PFMA Chapter 4, Part 34 and Chapter 5, Part 2, paragraph 38 as well as Treasury Regulations for departments, trading entities, constitutional institutions and public entities (issued in terms of the PFMA) Part 4, paragraph 9.1 and Part 9, paragraph 33.1, deviations from normal expenditure of state funds can be categorised as follows:

- a. **Unauthorised Expenditure**. Overspending of a vote or a main division within a vote or expenditure not according with the purpose of the vote or main division, not in accordance with the purpose of the main division (eg spending more than what was budgeted for).
- b. **Irregular Expenditure**. Expenditure incurred in contravention of or not in accordance with a requirement of any applicable legislation, including PFMA or the State Tender Board Act (Act No. 86 of 1968) or any regulations made in terms of that Act (eg not following prescripts).
- c. **Wasteful and Fruitless Expenditure**. Expenditure which was made in vain and would have been avoided had reasonable care been exercised (eg contracted project deliverables not delivered or funds expended on design/development not culminating in deliverables or specified outputs).

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73. In order to determine if a deviation from prescribed expenditure of state funds has occurred, the case in point should be tested against the categories as stated above. In the case of a deviation it is up to the Chairperson, on advice of members of the applicable Military Recommendation and Acquisition Governance Forums, to decide how to deal with irregularities. The following options are available:

- a. Ex Post Facto Approval. Obtaining approval after the event (eg should have had Authorisation Committee approval before proceeding, but requesting approval after the event)²⁵.
- b. Condonation. Obtain approval for not following the correct procedures (eg irregularities occurred in the distant past and it is not possible to find relevant documentation and the role players have already left the organisation)²⁶.

74. **Steps to be taken in case of Financial Misconduct**. Should it be deemed necessary to take further action, the following steps should be taken:

- a. Investigations. Types of investigations eg informal, Boards of Inquiries, police investigations and forensic audits.
- b. Responsibility. Responsibility (by name) for irregularity must be identified.
- c. Disciplinary Steps. Disciplinary steps are to be taken against responsible member.
- d. Reporting. Initial and final reporting to the relevant body/committee.

75. **Precautionary Measures**. In order to avoid a deviation from prescribed expenditure of state funds, the DMD Budget Manager must take effective and appropriate steps to prevent any unauthorised expenditure, irregular expenditure as well as wasteful and fruitless expenditure. Before a project FA may be issued, it is imperative that at least the following be verified:

- a. That project funds required for specific years have been duly budgeted for.
- b. That an appropriate Military Recommendation and Acquisition Governance Forums have approved the particular phase, including the funding aspect, of the project. Relevant details are available on the DMD Project Database.

²⁵ Refer to AQQ No 00003/2004 (Ed 1) Chapter 15.

²⁶ Refer to AQQ No 00003/2004 (Ed 1) Chapter 15.

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- c. That the FA does not exceed the approved overall project financial ceiling. Financial Management Tools such as the Red Light Report must be utilised to ensure that the approved financial ceiling has not been exceeded.

76. **Action in case of Unauthorised, Irregular and/or Fruitless and Wasteful Expenditure**. Any action that results in unauthorised, irregular and/or wasteful and fruitless expenditure will be dealt with as prescribed in applicable national legislation, regulations, instructions or policies.

AUDITING OF PROJECTS

77. **Planned Inspector General (IG) DOD Audits**. Every project will be subject to planned audits which are conducted in accordance with the internal audit policy of the DOD as promulgated by the IG. Audits on identified projects will annually be planned independently by DMD and by IG DOD. These planned audits will be augmented by *ad hoc* audits during the course of a year, as the need arises. The interval between planned IG DOD audits should not exceed five years.

78. **Audits by the Chief Audit Executive**. Defence Internal Audit Division will conduct assurance reviews on projects. A comprehensive, documented, risk assessment will be performed as a basis to systematically prioritise which projects will be reviewed, the scope and the frequency thereof. The risk-based approach will be followed in accordance with the International Standards of Professional Practice of Internal Auditing (Standards) and will be part of both three year rolling strategic and annual audit plan to be approved by the Audit Committee. Follow-up audits will be conducted on the agreed actions to ensure that corrective measures and identified internal control weaknesses are addressed appropriately.

79. **Audits by Armscor**. Every project will be subjected to regular audits by Armscor in accordance with extant Armscor audit practices. In addition each project will be subjected to QA audits, configuration control audits, commissioning readiness audits, baseline review audits, etc

80. **Audits by the Auditor-General South Africa (AGSA)**. The Auditor-General and/or the DMD will from time to time identify projects to be audited. When such audits are conducted the DMD and the appropriate PO is to provide its full support in such audits.

81. **Audits prior to Hand-over between POs**. The relevant Acquisition Director is to request IG DOD to conduct an audit of a project as soon as it becomes evident that a project will be handed-over between POs. The audit should be completed prior to the Hand-over taking place.

82. **Project Closure Audits**. A project closure audit is requested to be conducted after Armscor has issued a Certificate of Compliance to DMD and prior to the PCR being submitted for approval. When a project is deferred, terminated or closed and no funds were expended on the project, a closure audit is not necessary.

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83. **Funding for Audits.** IG is responsible to budget for and fund IG audits for local projects and the local components of foreign projects. The project is responsible to budget for and fund IG audits of the foreign components of foreign projects. IG is to inform the PO timely of the intension to audit the project so that the PO has sufficient time to budget for such audits.

CONFLICT OF INTEREST

84. **Inter-Related Persons²⁷** The following inter-relationships are applicable:

- a. An individual is related to another individual if they
 - i. are married, or live together in a relationship similar to a marriage; or
 - ii. are separated by no more than two degrees²⁸ of natural or adopted consanguinity or affinity;
- b. An individual is related to a juristic person if the individual directly or indirectly controls the juristic person; and
- c. A juristic person is related to another juristic person if:
 - i. either of them directly or indirectly controls the other, or the business of the other;
 - ii. either is a subsidiary of the other; or
 - iii. a person directly or indirectly controls each of them, or the business of each of them

85. **Juristic Person²⁹** The following with regard to a juristic person, or its business are applicable:

- a. In the case of a juristic person that is a company
 - i. that juristic person is a subsidiary of that first person; or
 - ii. that first person together with any related or inter-related person, is

²⁷ Companies Act 71 of 2008.

²⁸ This includes his/her parent, sibling and child.

²⁹ Companies Act 71 of 2008.

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- (1) directly or indirectly able to exercise or control the exercise of a majority of the voting rights associated with securities of that company, whether pursuant to a shareholder agreement or otherwise; or
 - (2) has the right to appoint or elect, or control the appointment or election of, directors of that company who control a majority of the votes at a meeting of the board;
- b. In the case of a juristic person that is a close corporation, that first person owns the majority of the members' interest, or controls directly, or has the right to control, the majority of members' votes in the close corporation;
 - c. In the case of a juristic person that is a trust, that first person has the ability to control the majority of the votes of the trustees or to appoint the majority of the trustees, or to appoint or change the majority of the beneficiaries of the trust; or
 - d. That first person has the ability to materially influence the policy of the juristic person in a manner comparable to a person who, in ordinary commercial practice, would be able to exercise an element of control referred to in paragraph (a), (b) or (c).

86. **Disclosure and Recusal** In accordance with Public Service Regulations, 2001, Chapter 3, Sections C to G and the Armscor Conditions of Service, officials of the DOD and Armscor respectively must

- a. disclose to the Sec Def, the C SANDF, or the Chief Executive Officer (CEO) of Armscor, as the case may be, any direct or indirect interest that such member or employee or his/her inter-related person may have in any matter relating to any acquisition activity of the Department or Armscor as the case may be; and
- b. recuse him/herself and withdraw from participation in the activity in question unless the Minister of Defence and Military Veterans, the Sec Def, the C SANDF, or the CEO of Armscor, as the case may be, decides that the interest is trivial or irrelevant.

87. **Failure to make Disclosure** The Sec Def, the C SANDF, or the CEO of Armscor, as the case may be, shall either conduct an internal disciplinary hearing or pursue criminal prosecution against any members who fails to make disclosure in accordance with paragraph 86.a or fails to withdraw in terms of paragraph 86.b.

DECLARATION OF CONFLICT OF INTEREST AT ACQUISITION DECISION MAKING MEETINGS

88. **Responsibility of the Chairperson** The Chairperson of the AAC, AASB, AACB or any other relevant delegated decision making body, shall, at the commencement of such meeting, require each member of the meeting to disclose any conflict of interest that he or she or a family member may have concerning any matter to be discussed at that meeting.

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89. **Responsibility of the Members.** All members of the AAC, AASB, AACB or any other relevant delegated decision making body, shall, at the request of the Chairperson, disclose any conflict of interest that he or she or a family member may have concerning any matter to be discussed at that meeting. The disclosure must be duly recorded.

90. **Conduct in case of a Conflict of Interest.** Following a declaration of conflict of interest, the Chairperson shall instruct the member to withdraw from participation in the activity in question, unless the Chairperson decides that the interest is trivial or irrelevant. The Chairperson's decision in this regard must be duly recorded.

COMPLIANCE WITH POLICY ON CONFLICT OF INTEREST

91. All members and employees in service of the DOD and Armscor shall subject to Act 12 of 2004 on the "Prevention and Combating of Corrupt Activities" with regard to conflict of interest. Refer to Chapter 6 paragraph 46 and paragraph 84 through paragraph 90 above.

92. Non-compliance with the policy relating to conflict of interest may result in internal disciplinary proceedings or if appropriate, criminal proceedings being instituted.

JURISDICTION OF INTERNAL DISCIPLINARY COMMITTEES

93. Nothing in this section shall derogate from the jurisdiction of a competent Military Court to try and punish any person contemplated in section 3 of the Military Discipline Supplementary Measures Act, Act No 16 of 1999 (Reference V), for any offence in terms of this policy.

94. Nothing in this section shall derogate from the jurisdiction of a properly constituted Armscor Disciplinary Committee to try and punish any Armscor official for any offence in terms of this policy.

SUPPORT FROM DMD AND ARMSCOR TO C LOG (DEFENCE ASSET MANAGEMENT [DAM]) REGARDING THE PREPARATION OF THE DEPARTMENTS ASSET REGISTER

95. **Introduction.** C Log (DAM) requires assistance with the preparation of the DOD's asset register with specific reference to the Products/Products Systems provided to the SANDF from within acquisition projects. To this end a process is to be followed to ensure that the Product/Products Systems which are delivered to the SANDF are correctly reflected as Specialised Military Assets (SMA) on the DOD tangible asset register.

96. **Aim.** The aim is to provide a process in which Products/Products Systems will be recorded as SMA on the DOD asset register.

97. **Principles.** In a Product/Products System the value as a pure SMA can only be 100% guaranteed as accurate on Level 5 of the Systems Hierarchy.

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98. **Concept**

- a. In a Products/Products Systems the final value can only be reflected upon the approval of the PCR. Any items delivered to the SANDF prior to that approval will be considered as work in progress. However, the guidelines from NT indicate that if the asset is being used, it cannot be deemed work in progress.
- b. At the end of each financial year it would be the most accurate as this is the time when the financial books are closed and audited and provides an accurate reflection of expenditure.
- c. The individual items, as delivered and captured in the logistics management systems of the SANDF will not have an accurate reflection of the value of that asset. The value of the grouping of all the items delivered to provide the full Level 5 Products System will be the value used in the reporting figures as the value of asset in the SANDF.
- d. The final value of expenditure for the Products/Products Systems, as reflected in the PCR will then be registered as the value of the SMA.

99. **Process** The following process is to be followed to provide assistance to C Log (DAM) in terms of the upkeep of the DOD asset register:

- a. DMD is to provide a list of projects (project name and short description) to C Log and Armscor, as scheduled on the SCAMP, which have delivered items to the SANDF.
- b. Armscor is to provide to C Log (DAM): an expenditure reconciliation, for each of these projects.
- c. This process is to be complete by the end of April for each year based upon the actual expenditure as at the close of that Financial Year.

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CHAPTER 8: ARMAMENTS ACQUISITION PROCESS AND PROCEDURES: ACQUISITION PHASES

BACKGROUND

1. **Introduction** The acquisition of matériel involves a complex process that can only be interpreted sensibly with the aid of a diagram. Given that a system can be built into a hierarchy from various parts and the different parts may be the responsibility of different organisations, it is necessary to regard acquisition within this context. Acquisition thus takes place in parallel on different system levels within different organisations. It is thus not sensible to refer to a phase in the acquisition process without referring to the hierarchical level at the same time. The DAPMAP (Appendix A-9) describes the acquisition process of matériel on Levels 6 and 5 of the Systems Hierarchy.

2. **Milestone Identification** The milestone identification numbers 1, 2, 3, 4, 5, 6, 7 and 8 used herein in conjunction with document abbreviations, refer to corresponding Level 6 milestones that usually coincide with the Level 5 baselines.

3. **Defence Acquisition Process Map (DAPMAP)** The DAPMAP is a diagram developed to clarify the concepts contained in the DAHB1000 and to distinguish between the different processes on Level 6 and 5 of the Systems Hierarchy. To understand the DAPMAP correctly, the following aspects must be clearly understood:

- a. The DAPMAP is a diagram that integrates the Level 6 and Level 5 acquisition processes and information items.
- b. The main focus of the DAPMAP is on the acquisition life-cycle with its associated phases, functions, milestones and baselines.
- c. The DOD milestones are indicated on Level 6 and the Armscor baselines on Level 5.
- d. The baseline documents indicated on Level 5 are indicative of the that described in Armscor's document for technical baseline information items.
- e. The Military Recommendation and Acquisition Governance Forums indicated on the DAPMAP apply to Cardinal projects only. Appendix A-5 indicates the levels of approval for all projects and should be referenced for non-Cardinal projects.

4. **Level 6 Forums and Meetings** The following Level 6 forums and meetings are proposed and should be considered and applied as required (not mandatory):

- a. **User System Integrated Logistic Support Management Team (US-ILS-MT)** The aim of the meeting is to provide for a single point of entry to co-ordinate all ILS and Systems Engineering inputs during the Acquisition Phase of a project.
- b. **Project Configuration Control Board (PCCB)** The aim of the PCCB is to control all changes on the Product/Products System after a vPBL has been approved, until initial Operational Baseline (IOBL).

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- c. Integrated Logistic Support (ILS) Review. The aim of the ILS Review is to provide for a single point of entry to review all contracted logistic and engineering aspects during the Acquisition Phase of a project.
- d. Project Management Review (PMR). The aim of the PMR Review is to provide for a single point of entry to review all PM aspects during the Acquisition Phase of a project.
- e. Maintenance Policy (MPol) Workgroup. The aim of the MPol Workgroup is to provide for a single point of entry to co-ordinate all maintenance inputs during the development of Maintenance Policies for all logistic support elements of the project.
- f. Training Workgroup. The aim of the Training Workgroup is to provide for a single point of entry to co-ordinate the scaling and selection of all training material, equipment and Products/Products Systems.
- g. S&TE Workgroup. The aim of the S&TE Workgroup is to provide for a single point of entry to co-ordinate the scaling and selection of all S&TE.
- h. Document Workgroup. The aim of the Document Workgroup is to provide for a single point of entry to co-ordinate the scaling and selection of all documentation.
- i. Spares Workgroup. The aim of the Spares Workgroup is to provide for a single point of entry to co-ordinate the scaling and selection of all spares.
- j. Technical Qualification Workgroup (TQW). The aim of the TQW is twofold namely to:
 - i. Aid the PO in determining the minimum requirements/deliverables for certification at the beginning of the project.
 - ii. Advise the SB on the acceptability of:
 - (1) Certification Basis and Qualification (related) Plans proposed for the related Product/Products Systems. This includes software development plans and certification/qualification documents (eg plan for Software Aspects of Certification, Software Accomplishment Summary, Software Configuration Index, etc).
 - (2) Acceptability of criticality levels for Line Repairable Units (LRU) and corresponding design assurance levels for software.
 - (3) System Safety Plan and Safety Cases.
 - (4) Engineering Test Requirements.
 - (5) Qualification evidence (Qualification Compliance Matrix), which includes qualification status of software.

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- (6) Test Evidence presented with regards to DT&E, TT&E and OT&E.
- (7) Solutions as alternatives to specified Certification Requirements.
- (8) Concessions/Waivers, Nonconformity and Deviations Permits.

NOTE 35: Concession. Concession is the permission to use or release a product that does not conform to specified requirements.

Waiver. A Waiver is a Concession.

Deviation. A Deviation is an authorisation granted prior to the manufacturing of a specific item to deviate from a specific performance or design requirement of a specification, drawing or other document.

- k. Safety Board (SB). The aim of the SB is to certify that all Products/Products Systems are able to fulfil its missions without significant hazard.
- l. Transition Meeting. The aim of the Transition Meeting is to provide for a single point of entry to co-ordinate all Transition activities during the Transition Phase of a project.
- m. Reliability and Maintainability (R&M) Review. The aim of the R&M Review is to provide for a single point of entry to evaluate R&M of the Product/Products System to ensure that contractual requirements are satisfied.
- n. Information System Populating Workgroup. The aim of the Information System Populating Workgroup is to ensure that the relevant Information System (OSIS/CALMIS) is populated prior to commencement of Transition.
- o. Failure Review Board (FRB). The aim of the FRB is to consolidate and summarise the performance of the Product/Products System to identify technical and logistic related issues which has an impact on the operational usage of a Product/Products System. The main focus area is on R&M parameters in order to define and implement suitable corrective actions, to optimise the operational availability of the Product/Products System.
- p. Maintenance Review Board (MRB). The aim of the MRB is to review the equipment, components and parts to determine technical and logistic related issues which has an impact on the operational usage of a Product/Products System in order to define and implement suitable corrective actions (repair, recondition, dispose), and to ensure spares optimisation.
- q. Product System Management (PSM) Meeting. The aim of PSM meeting is to ensure that System Management structures are established to ensure that transition can be executed efficiently.

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- r. **Warranty Review.** The aim of the Warranty Review is to provide for a single point to ensure effective, efficient and properly co-ordinated administration and management of all warranty matters.

NOTE 36: Additional Forums and Meetings. There may be additional Service/Divisional specific forums and meetings not listed here.

5. Each project will, according to the context and complexity, determine the applicability of baselines and associated planning, therefore, the Allocated Baseline (ABL) & Manufacturing Baseline (MBL) on Level 5 will not always be established as part of a project. The Technical Baseline Definition Document (Level 5) must indicate to which baselines these documents will be developed.

6. **Process Flow.** The complete acquisition process on Level 6 is described in terms of sixteen separate functions as depicted in the DAPMAP (Appendix A-9) and the Process Flow Diagram (Appendix A-10).

ACQUISITION INTERFACE WITH TECHNOLOGY DEVELOPMENT

7. **Definition.** Technology management is the DOD activity of strategic planning, approving, contracting, and controlling the identification, establishment, and execution of defence technology development activities.

8. **Aim.** The primary purpose of technology development by the DOD is to enhance the future effectiveness of the SANDF in military operations, through the establishment and sustainment of a ready defence technology base that will also support the future needs of the SANDF as reflected in the SCAMP.

9. **Support to Acquisition.** Technology development assists acquisition projects through appropriate technology risk reduction and the provision of independent third party evaluation of selected Category 1 Matériel.

10. **Technology Development Policy.** The policy on the development of technology in the DOD is described in the DODI/ACQ/00006/2010 Ed 1 (DAP 5000).

11. **Acquisition Principle.** Armaments acquisition should preferably be based on mature Products and Technologies. Where a technology gap critical to the solution, is identified, the acquisition project should not be continued. Instead, the technology gap should be addressed through a technology development or acquisition process. Once adequate maturity is achieved with sufficient risk reduction, consideration can then be given for the continuation of such projects based on the results thereof.

INTEROPERABILITY BETWEEN ICT SYSTEMS

12. The effectiveness of Category 1 Matériel is increasingly dependent on their interoperability with the Category 2 ICT systems. The technologies that underpin these Category 2 ICT systems continuously change and develop. The management of interoperability is therefore an essential dimension of armaments acquisition.

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CHAPTER 8A: PLANNING PHASE

THE PLANNING PHASE - GENERAL

1. **Aim.** The aim of the Planning Phase on Level 8/7 is to establish the ROC. The Planning Phase on Level 8/7 ends when Milestone 1 (ROC approved) is attained.

BACKGROUND

2. **Historic Acquisition Practices.** Multiple and diverse approaches are evident in the way that different entities in the SANDF historically acquired User Systems/Products Systems/Products. The following are but a few examples:

- a. **Inventory Renewal.** When a User System/Products System/Product in operation reaches a certain age or stage in its life-cycle, a requirement for a life extension/mid-life upgrade is registered. Proponents of this approach are sometimes not cost-sensitive and be slow to adapt to the rapidly evolving nature of conflict as well as subsequent evolving SANDF operational requirements.
- b. **League Statement.** The need for a User System/Products System/Product is often strongly linked to the identity of a Service/Division and not necessarily to an actual operational requirement. For example a Service/Division without a certain User System/Products System/Product can simply not be considered as being in a given league. Proponents of this approach may take it to such an extreme that the Service/Division has the User System/Products System/Product to portray the league but is unable to meet the actual immediate requirements of the SANDF.
- c. **Worst Case Scenario.** Some argue that the RSA must prepare for war, whether it is imminent or not. Proponents of this approach may not be sensitive to the cost implications of the argument and the political implications for a government that must be seen by its electorate to address urgent design/development requirements ahead of improbable events.
- d. **Industry Maintenance.** User Systems/Products Systems/Products may be ordered in order to secure sufficient cash flow to ensure the survival of a specific segment of the RSA defence industry. Proponents of this approach may step into the trap of engaging matters that should be managed at a national level, ideally by a "Joint Capability Board" that interacts with a "National Defence Industry Council".
- e. **Just-In-Time is Too Risky.** Proponents of this approach argue that one must prepare well in advance for war as it takes a long time to acquire sufficient quantities of the right User System/Products System/Product. The point is missed that the Just-In-Time approach advocates different, appropriate time spans to ensure being "timeous". In the case of the SANDF the portrayed ramp-up or acquisition times can be skewed through perceptions from the SADF/RSA-apartheid-state era that implied that the RSA had to develop its own solutions. It can be argued that the SADF actually demonstrated the utility of what can be achieved with the Just-in-Time approach. It discovered within a war that it needed certain

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capabilities and, uniquely in modern conflict, generally developed or acquired the solutions timeously.

- f. Great Problems will Automatically be Resolved. Proponents of this approach may, knowingly, act in such a way that a Service/Division priority is satisfied at the cost of an SANDF requirement or that a User System/Products System/Product is acquired for which insufficient operating funds will be available or which may not be interoperable with related User System/Products System/Product in other Services/Divisions. Once such a User System/Products System/Product has been commissioned the problem that has been created will have to be resolved to prevent negative perceptions about the SANDF.
3. None of the above approaches are really focused on operational requirements as such. More optimal approaches are possible.
4. Implications of Historic Acquisition Practices Certain historic acquisition practices led to challenges in satisfying capability requirements as demonstrated below.
- a. "Capabilities" were historically often managed per Service/Division and in silos. The silo approach and other factors frequently led to a situation where a capability was acquired without considering the reliance of the acquired capability on other capabilities which do not yet exist. The net result is often that the SANDF does not have an intervention capability because a full appreciation of the Level 8/7 required capability was not done.
 - b. The integration between the life-cycles of existing User System/Products System/Product (in the Legacy Force) and future solutions being provided by the SCAMP (to the Next Force) often becomes disjointed due to insufficient funding in both the operating (GDA) and acquisition (SDA) budgets.
 - c. The same insufficient funding situation invariably leads to a weak practice of extended time-scaled projects and partial acquisitions. User Systems/Products Systems/Products are often acquired through a specific project but supporting User Systems/Products Systems/Products that should provide supporting Logistic or Command and Control functions cannot be funded to become available/operational in the same time-span.
 - d. Even though the above may be avoided, projects often suffer from ambitious assumptions/under-estimation by the relevant Service/Division of the future operating budget and how it will afford legacy User Systems/Products Systems/Products or the next User Systems/Products Systems/Products through the expected life-cycle.
 - e. Requirements are often fed into the SCAMP by existing organisations/type forces, rather than through joint teams that analyse the J Ops and Military Strategy requirement and then define a capability solution for the long-term. Without such a top down, joint approach the roles of legacy User Systems/Products Systems/Products are not defined and the required attributes of next User System/Products System/Product cannot be objectively determined.

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- f. The practice of ROCs being submitted from a relatively low level in the SANDF skews the acquisition process towards a specific solution. If an ROC is submitted by a specific Service/Division the probability is great that the eventual solution for the requirement will be in the specific Service/Division and not in another Service/Division. The probability is high that the solution will actually fit within the Service/Division that registered the ROC rather than satisfying a considered joint capability requirement.
- g. In the absence of an imminent threat to sovereignty there is insufficient incentive to acquire relatively quickly and the Defence Industry's interests may conflict with those of the SANDF. Industry may prefer building at a relatively slow rate purely for business reasons which might bear no relation to the operational interests.
- h. The percentage allocation of acquisition budgets to the different Services/Divisions is often not determined by a higher logic. Some Services/Divisions may argue that it deserves the historic acquisition allocation for the future, even though operational requirements may change the relative importance of sea, land, air or cyber capabilities. This approach is often applied at the expense of alignment/balancing between Services/Divisions. A Service/Division may be rejuvenated in terms of equipment and another may be trapped with ancient equipment.

5. **Quantification of required Products/Products System** Over simplified quantification of the number of Products/Products Systems can have compounding effects as indicated below:

- a. Quantities required may be based on a force that does not yet actually exist, typically the eventual war force (Defence Review 2015 Milestone 5). In such cases, large stocks are often acquired which eventually spend their lives within a "war reserve", on a just-in-case basis, and which over time will degrade to a state where it is no longer useable.
- b. The number of Products/Products Systems required is frequently linked to the Service/Division which will operate the solution. The number of operational units is then mechanically multiplied with the Products/Products Systems per operational unit. These quantities per operational unit are often determined by rules of thumb in the form of doctrine or War Establishment Tables. This is understandable as soldiers often do not have the luxury of scientific analysis to determine stock levels. The War Establishment Tables are often out of date and invalid in a modern context. Modern military logistic concepts that use stochastic analysis consistently returns quantities that are less than the doctrinal rules of thumb.
- c. The opportunity cost of poor quantification is that other requirements are simply not met and that the SANDF is only able to field elements of a capability but not a balanced and complete operational capability.

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CAPABILITY APPROACH

6. **The Capability Approach.** The term capability implies the ability to exert a specific effect on a specific battle space object in a specific environment by executing specific actions. A capability requirement must not be prematurely linked to solution or an organisation.

7. The methodology for defining a capability requirement should ensure an open-minded approach towards a solution. A typically example is described below:

- a. The problematic battle space object may be a main battle tank that can pose a threat to an SANDF intervention force.
- b. The required task/effect would normally be defined as "destroy" by the SANDF. Softer task/effects such as defeat must however also be carefully considered.
- c. Thereafter the environmental variables must be considered. For argumentation purposes it is assumed that the most probable environment is hot and humid and that operations will be conducted between-the-people.
- d. Different approaches towards the solution can now be considered:
 - i. Attack from the air overcomes the landward mobility problems associated with hot and humid environments. Airborne solutions however tend to be expensive when they must be on immediate or priority call in the mission area. However, they offer the advantage of having a very long "range".
 - ii. Attack from the land could have the opposite attributes. It also can include variables such as direct fire or indirect fire and guided or unguided fire.
 - iii. The required terminal effects could be kinetic penetration or chemical energy penetration (for example hollow charge or electromagnetic pulse).
 - iv. The effector could be an aircraft, a helicopter, an armed Unmanned Aerial Vehicle (UAV), a precision artillery projectile or mortar bomb, a missile fired by light infantry or rounds fired by armour in the form of tank destroyers, armoured reconnaissance vehicles or main battle tanks.
 - v. In this approach the risk of a tank threat automatically implying a main battle tank as the anti-tank solution, is reduced.

8. **Option Analysis.** Option Analysis between options must be conducted at the level of the effector but must then be repeated at higher system levels before a final decision can be taken. An operational capability would normally include all the POSTEDFIT elements specified in such a manner as to ensure specific capacity, competency, interoperability within the greater system-of-systems, cost of ownership league and period of availability. The Option Analysis to select the optimal capability should be done at both levels. The recommended approach is to use an ROC format that can support optimised acquisition and that includes some elements of information that will be required during the latter phases of acquisition. The intent is to enable the originator of the ROC to consider many of the downstream factors while drawing

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up the ROC thereby ensuring that the User develops insights that will reduce acquisition challenges and risks.

PROJECT REGISTRATION

9. In order to regulate the registration of projects and the issuing of code words and to prevent duplication thereof, it is managed centrally. The management of code words in the DOD is a function of DI (Sub Division Counter Intelligence [SDCI]).

10. The following standing working procedures must be followed when applying for a code word:

- a. All requests for code words must be directed to SDCI in writing using the Project Registration Form found on the DI Intranet Website. In exceptional circumstances, where time is a critical factor, a single code word can be issued by DI (SDCI) on a verbal request (where after the necessary written application will be submitted).
- b. The requester/user must complete the code word registration form from paragraph 2 to 10 and then paragraph 18 to 20. The completed registration form is then returned to DI (SDCI) for the project and its code word to be registered. The code word will not be registered with Chief of Finance before the completed registration form is received by DI (SDCI).
- c. In the event of any information changing ie when a code word has been compromised, downgrading a code word, or when the project/operation is cancelled, SDCI must be notified immediately.
- d. This form is classified "CONFIDENTIAL" once it has been completed. Code Word Registration forms **may not be faxed** to SDCI as it would constitute a breach of security. All forms must be sent via the normal DOD administrative postal system or delivered by hand to SDCI.
- e. Once the project is registered on the FMS the Acquisition Director places the project on the SCAMP.

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REQUIRED OPERATIONAL CAPABILITY (ROC)

11. **Aim.** The aim of the ROC is to establish an operational capability requirement.
12. **Description.** The ROC is basically a summary of the results obtained during the comparison of an existing capability against the approved Capability Master Plan³⁰.
13. **Scope.** The ROC contains at least the following:
 - a. **Concept.** The necessity of the ROC should be indicated and linked to the specific Defence Review Milestones³¹.
 - b. **Statement of Problem.** The Problem Scenario, Capability Shortfalls, Statement of the Capability in operational terms at Level 8/7, the Application of the Capability at Level 8/7 and restrictions to the Capability should be indicated.
 - c. **Operational Environment.** The intended operational environment must be depicted.
 - d. **Proposed Capability Solution.** The Primary Output, a Proposed Capability Solution, Integration of the Capability into other Operational Capabilities, Level 6 and 5 Capability descriptions and the Route to Satisfy the Capability Requirement must be described.
 - e. **Date Capability Required in Service.** The date that the capability is required in service, as well as the end of the life-cycle of the existing capability should be indicated.
 - f. **User Specialist.** A User Specialist should be proposed.
 - g. **Authorisation.** Request for approval of the ROC.
14. **Format.** An example of the format for a ROC is contained in Appendix L-1.
15. **Procedure.** The ROC is compiled by the User and represents Milestone 1, which is the Priority Decision. This decision refers to the determination of the validity and priority of a requirement within the context of all the SANDF armaments requirements. The following procedure is applicable:

³⁰ In the absence of an approved Capability Master Plan, existing capabilities are compared against the approved Force Structure Plan.

³¹ Defence Review 2015 Chairperson's Overview Par 49 to 53.

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- a. The Service/Division is to appoint a User Specialist to analyse the existing capability against the SANDF's Capability Master Plan, Capability List and approved Force Design and Structure and to compile the ROC.
 - b. The User Specialist must obtain input/commentary from the Services/Divisions, as well as ratification from the sponsor Chief of the Service/Division.
 - c. After the above-mentioned ratification has been obtained, the ROC is submitted to the OSC for consideration.
 - d. The OSC considers the ROC in the context of the SANDF's capability priorities and verifies that the ROC reflects a valid and integrated requirement stemming from the Military Strategy and the Capability Master Plan. The OSC ensures that duplication of capabilities between Services/Divisions is minimized and that non-matériel solutions to the stated requirements have been investigated and that the correct route³² to satisfy the ROC has been selected.
 - e. Upon approval by the OSC, the approved ROC is returned to the sponsor Service/Division for configuration control.
 - f. The sponsor Service/Division then commences with PreS (Function 1).
16. **Approvals**. The ROC is approved by the OSC (Cardinal and non-Cardinal projects).

³² Capacity Enhancement, Training, Doctrine Change, Procurement, Internal Services Project, Engineering Change, Acquisition Project or EAAP, etc.

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CHAPTER 8B REQUIREMENTS DEFINITION PHASE

THE REQUIREMENTS DEFINITION PHASE - GENERAL

1. **Aim** The aim of the Requirements Definition Phase on Level 6 is to establish the milestone documentation for a Level 6/7 system, enabling the tasking of Armscor at Level 5. In establishing this milestone documentation, Armscor will participate in the process with the aim of achieving the associated Level 5 baselines. The Requirements Definition Phase on Level 6 formally commences when Milestone 1 (ROC approved) is attained and ends when Milestone 3 (SR approved) is attained.
2. **Milestone 1** From the Force Design, the Services/Divisions extracts it's identified higher priority operational shortcomings and formulates these in a ROC for individual Force Structure Elements for approval (see Appendix L-1 for an example of a ROC). This document therefore reflects what is contained in the Force DP, with a numerical cross-reference to this plan. The ROC forms Milestone 1 on Level 8/7 and thus has official status only within the operational environment. Milestone 1 reflects the Priority Decision taken by C JOPS as reflected in the SCAMP confirming that establishment of the capability is to be initiated by the execution of the Requirements Definition Phase.
3. **Milestone 2** During the execution of the Requirements Definition Phase, after the achievement of Milestone 1, a PreS is executed with the aim of establishing the ST which, once approved, represents the Project Decision (Milestone 2).
4. **Milestone 3** Upon achievement of Milestone 2, an IPT is established to execute a FS on behalf of the User with the aim of establishing the SR which, once approved, represents the Concept Decision (Milestone 3). This decision is taken by the User in conjunction with other parties involved in the SANDF and approved by the AACB.

THE REQUIREMENTS DEFINITION PHASE - FUNCTIONS

5. **Scope** The Requirements Definition Phase includes all activities from Milestone 1 to Milestone 3. These activities are grouped into Functions 1 to 4 as detailed here under (Also refer to the DAPMAP).

FUNCTION 1: PRELIMINARY STUDY (PRES)

6. **Aim** The aim of the PreS is to generate inputs to the ST.
7. **Description** The PreS is a SANDF clarification exercise with regard to the operational requirement.
8. **Scope** During the PreS, the following aspects are addressed in detail:
 - a. The current operational shortcomings that gave rise to the new requirement (qualitatively and quantitatively).

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- b. The broad operational missions that have to be fulfilled by the new capability by means of mission analyses, where applicable.
 - c. The operational environment in which the User System will be operated.
 - d. The broad logistical implications contained in the new User System.
 - e. A first order estimate of overall restrictions within which solutions are to be investigated, especially with regard to standardisation requirements, time, finances and technologies. This includes directions in which the requirement initiator has no interest in weighing-up solutions and as such is to be omitted during the rest of the project.
 - f. The possible interaction/overlap with active projects in own Service/Division and other SANDF Users.
9. **Format** The ST is compiled as an output of the findings of the PreS, therefore it is not mandatory to submit a PreS report. The PreS, if required, is done in a free format by the Services/Divisions and a standard format is not prescribed.
10. **Procedure** The PreS is carried out by the planning division (supported by relevant sub-structures such as formations, flotillas, etc) of the User during which the aspects addressed in paragraph 8 are investigated. The PreS can also take on the form of an Operational Research (OR) system analysis exercise that may be carried out by means of own capability or by accredited suppliers. When using suppliers, an OR activity is to be established for the duration of the task and financing is done from funds budgeted by the OR portfolio, as funding on the project does not cater for this expenditure. The OR activity terminates prior to the submission of the ST. During the PreS, the User may liaise with any interested or authoritative party. No potential suppliers with an interest in the execution of the project should be contracted during the PreS, as independence and non-bias of such suppliers are essential.
11. **Approvals** The PreS is not presented to the Military Recommendation and Acquisition Governance Forums for approval.

FUNCTION 2: STAFF TARGET (ST)

12. **Aim** The aim of the ST is to establish a project to satisfy a capability requirement.
13. **Description** The ST is basically a summary of the results obtained during the PreS, deduced from the aspects investigated.
14. **Scope** The ST contains at least the following:
- a. **Operational** It is to include the following:
 - i. User System delineation, what it comprises (ie, a breakdown of the User System),
 - ii. shortcomings of the present User System (if it exists),

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- iii. reference to higher level concepts (ED, Concept of Operations and a Mission Profile ie the missions of the system at Level 8/7),
- iv. the operational environment in which the User System is to be deployed,
- v. the physical environment in which the User System is to be deployed,
- vi. broad operational performance guidelines (if necessary),
- vii. broad logistic guidelines,
- viii. broad infrastructure implications and guidelines,
- ix. any restrictions within which the project is to be executed,
- x. required operational capability, which includes a explanation of the operational aim, missions and functions (qualitative),
- xi. alternative solutions,
- xii. minimum capability,
- xiii. integration into organisational structures,
- xiv. integration with other capabilities/User Systems/Projects,
- xv. choice of technologies, and
- xvi. the motivation of the reasons that gave rise to the new requirement.

b. Finances. The submitted ST includes:

- i. an indication of the affordability of the Products System,
- ii. an initial estimated total project financial ceiling³³,
- iii. a broad annual financial requirement schedule,
- iv. an indication of the funds required to execute the forthcoming phase for which approval is to be obtained,
- v. an indication of the funding as allocated on the latest approved SCAMP, and

³³ Being an initial estimate, the Level of Confidence is expected to be low (in the order of 10% to 20%). As more and better information is obtained the Level of Confidence will improve and consequently the ceiling may have to be adjusted.

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- vi. an indication of the life-cycle cost requirements.
- c. Personnel. Is to include the following
 - i. Provide an indication of the first order operational and logistic personnel implications.
 - ii. The submitted ST includes a statement indicating the posts required to be approved and filled in order to execute the FS. This would typically include the following posts:
 - (1) PO.
 - (2) Project Engineer.
 - (3) ILS Officer (if required).
 - (4) TSO (if required).
 - (5) System Managers (if required).

15. **Format** An example of the format for a ST is contained in Appendix L-2. The ST is submitted for approval under a submission.

NOTE 37: Submission for ST. Given that the STs normally only encompasses a few pages, a submission is only used for bulky STs. Where there is a requirement for a submission, the submission is to be made available to all parties (except C Def Mat, who is to receive the ST with all appendices) at least fourteen days prior to the next scheduled AACB so as to be available at the time of issue of the agenda. The original version of the ST, as signed by the origination Service/Divisional Chief, OSC, MCC etc, is to be provided to DMD for purposes of record keeping and configuration management prior to its submission for recommendation by the AACB.

16. **Procedure** The ST is compiled by the User and represents Milestone 2, which is the Project Decision. This decision is regarded as the most important milestone of any project. The following procedure is applicable:

- a. The User Specialist, whom is accountable for the compilation of the ST, must obtain commentary from directorates as prescribed in internal procedures, as well as authorisation from the applicable Chief of the Service/Division.
- b. After the above-mentioned approval has been obtained, the temporarily allocated code name is registered at the DI Division and the project is forthwith managed under that name and code. Only after approval of a ST, may a project either expend money previously budgeted on the FMS as a planned activity or obtain authorisation to shift money on the FMS to the project for expenditure. When sub-projects are required as part of a main project, the following is applicable:

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- i. Sub-projects requiring separate approval of SRs and subsequent documentation on at least AASB level are handled in the same manner as for the registration of main projects.
 - ii. Sub-projects that do not require separate AASB or higher approval in terms of this policy and procedure, are considered to facilitate in-house purposes only and, as such, are not registered with DI. These projects do not use DI code names and numbers. Code names and numbers are not used in formal correspondence for such sub-projects within the DOD. If convenient, the names of sub-projects can be used in brackets after the main project. It is however to be noted that for these project/sub-project combinations, the sub-project documentation only has status/authority when dealt with as an integral part of the main project.
- c. Subsequent to this, the ST is routed to all the relevant Staff Divisions for comments/information. The under mentioned categories determine which Divisions receive copies:
- i. The Joint Operations Division (Chief Director Operations Development (CD Ops Dev)) for all projects.
 - ii. The DMD (CD DAM) for all projects. The CD DAM inputs revolve around the compliance to prescribed project procedures and all logistic aspects.
 - iii. C Log for all higher order logistic related inputs, and C Log (Director Engineering Support Services - DESS [SSO Munitions]) for all projects where ammunition or explosives are applicable.
 - iv. CMIS
 - (1) C² Capability Board for all projects involving C² components.
 - (2) CMIS Board for all base line documents that contain requirements, specifications and/or proposed solutions that will in any way have an impact on the existing DICI.
 - v. Chief of Defence Policy, Strategy and Planning (DIMS) for all projects relating to labour saving aids.

NOTE 38: ARMSCOR inputs to STs. Over and above the above-mentioned responsibilities, where applicable, Armcor's inputs are to be obtained from the relevant Armcor Divisional Manager.

- d. CD Ops Dev - J Ops Div determines if the requirement is in accordance with the approved matériel development section of the FSP, if other Services/Divisions do not have a similar requirement and if the SANDF arsenal is not already able to satisfy the requirement.

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- e. The divisions' recommendations are forwarded to the originating Service/Division for inclusion prior to the ST being submitted to the appropriate Military Recommendation and Acquisition Governance Forums.
- f. In terms of the laid down criteria, the ST and the approach (standard, tailored or EAAP) to be followed is scrutinised, evaluated and recommended by the appropriate Military Recommendation Forums for approval.
- g. When approved, the original submission is retained by DMD for safekeeping. Copies of the original document must be made available to relevant stakeholders.
- h. Once the ST is approved, the acquisition directorate is to formally inform Armscor of the approved project with a request for Armscor to appoint an APM to the project. The APM must then be tasked by Armscor to participate in the FS and the development of the SR and its associated documents with the objective to achieve the RBL.
- i. Due to the fundamental nature of STs changes or amendments are not normally entertained. In exceptional cases, when it is necessary to make amendments to the ST, such amendments shall be submitted in the form of an addendum via all the Military Recommendation and Acquisition Governance Forums for recommendation and approval to allow the Services/Divisions to advise on the impact of such proposed changes on the higher order Systems.
- j. The originator of the requirement is responsible to place the ST under configuration control to ensure that later documents are discernible from earlier ones eg Addendum No 1, 2, etc. For the purposes of Sec Def control, the document date is used for status discrimination.
- k. The ST is classified and submitted to the Military Recommendation and Acquisition Governance Forums for either recommendation and/or approval in accordance with Appendix A-6.

17. **Approvals.** The ST is mandatory for all projects and is in principle approved by the AAC (Cardinal projects) or the AASB (non-Cardinal projects).

FUNCTION 3: FUNCTIONAL STUDY (FS)

18. **Aim.** The aim of the FS is to generate inputs to the SR.

19. **Description.** The FS is a clarification exercise with regard to the functional and logistic requirement to be satisfied.

20. **Scope.** A close relationship exists between the functional requirements and the system concept. The two cannot be separated from one another. It is thus necessary to consider broad system options on at least the User System Level, and where necessary, on the Products System Level and to build the functional requirements around them. During the FS, the following aspects are investigated in detail:

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- a. The existing User System is analysed and its shortcomings defined in functional and logistic terms. The required integration with other systems with specific attention to the information flow requirements should also be analysed.
- b. The operational employment environment is closely examined to specify quantified environmental parameters (external conditions) in which the User System is to be employed. It should be noted that not all parts of the Product/Products System will be exposed to the same environmental conditions due to specific positioning within the Product/Products System. The Product/Products System supplier will require a clear understanding of the environment in which the Product/Products System will be required to function and in which it will have to be supported.
- c. The limitations within which the solutions for the Products/Products Systems are to be sought, particularly with regard to time, finances and technologies.
- d. A threat analyses may have to be done in order to provide inputs to the functional user requirement.
- e. A technology scan may have to be done in order to provide inputs to the functional user requirement.
- f. The system concept on at least User System Level, but also where required, the concept on Products System Level and Products Level with emphasis on the primary product that may comprise the User System.
- g. During the course of the FS the User is to develop a Concept of Operations and a Mission Profile to be approved by the Service/Division and which will provide a significant input to the FURS and LURS.
- h. J Ops Div and the Services/Divisions should be consulted to provide inputs³⁴ relating to scenario's that may impact the development of EDs, Concepts of Operations and Mission Profiles.³⁴
- i. The functional user requirements are developed in detail to deduce all employment user performances required from the Products System with emphasis on the primary product. These user performances may be expressed in both qualitative and quantitative terms, the latter mentioned allows less room for faulty interpretation.
- j. The logistic user requirements are developed in accordance with extant DOD, Services/Divisions and Armscor Policies and Procedures. These logistical activities are known as the Logistic Study.

³⁴ Consideration should be given in the DOD strategic environment for a standard set of scenario's to be developed and maintained at a central point of control. This falls outside the acquisition domain and may well best reside in the joint operations domain.

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- k. It is essential that the User weigh the most important user attributes against one another (by developing a FVS) to determine and stipulate critical functional requirements.
 - l. The Project Management (PM) Requirements (PM Req) that will be necessary for the execution of the next phase. This includes, inter alia, the approach for the following phase, the organisations that will be tasked, the number of sub-projects required with mutual interfaces, the broad Work Breakdown Structure (WBS), the responsibility matrix, the Level 6 project milestones, etc
21. **Format** The SR is compiled as an output of the findings of the FS, therefore it is not mandatory to submit a FS report. The FS is done in a free format by the Services/Divisions and a standard format is not prescribed.
22. **Procedure** The FS is carried out by the User, represented by the PO, during which time the aspects mentioned in paragraph 20 are investigated.
23. The FS may be carried out by means of own capability or by accredited suppliers. When using suppliers, financing is provided from funds budgeted by the project and contracted by Armscor. During the FS, the User should liaise with all stakeholders and any authoritative parties.
24. No potential suppliers with an interest in the execution of the project should be contracted during the FS, as independence and non-bias of such suppliers are essential.
25. Given that Armscor is to a large extent responsible for the execution of the Definition Phase that follows in the acquisition process, they are to be involved during the FS.
26. **Approvals** The FS is not presented to the Military Recommendation and Acquisition Governance Forums for approval.

FUNCTION 4: STAFF REQUIREMENT (SR)

27. **Aim**. The aim of the SR is to establish the functional and logistic User System requirements and performances of the User System in unambiguous terms in order to satisfy the capability requirement as defined in the preceding ST.
28. **Description** The SR is a summary of the results of the FS as deduced from the aspects investigated.
29. **Scope** The SR contains at least the following:
- a. **Introduction** The following aspects are discussed:
 - i. Confirmation is provided that the established requirement is still unchanged and valid, that funds are on budget that the funds expended in the preceding phase did not exceed the authorised amount and that the intended date of transition is reconcilable with the requirement.

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- ii. A short background sketch pertaining to the origin of the requirement as reflected in the ST are given which include aspects such as shortfalls/deficiencies in existing equipment, the development of new technology, a short description of unacceptable system concepts, description of the preferred system concept on at least User System Level and the system boundaries
 - iii. The operational necessity due to the threat, the envisaged employment, organisation, phasing-in and -out, interaction with other equipment/ Products/Products Systems, facilities and time-scale implications are detailed.
 - iv. The operational environment and intended employment, logistic environment, interfaces with other projects and influences on existing User Systems are discussed.
 - v. The ED (See Appendix K-1) is developed by the User and referenced in the SR.
 - vi. The Concept of Operations (See Appendix K-2) and Mission Profile which is drawn up by the User Specialist.
- b. Functional User Requirement Statement (FURS). The FURS is a separate appendix to the SR and contains primarily functional user requirements of the Products System and to a lesser extent, functional user requirements for the supporting Products. The FURS forms the basis for the compilation of the System Specification/s for the Products System/s within the intended User System. The functional user requirements, defined in the FURS, is summarised in the SR. The summary includes the aspects such as a background to the origin of the requirement, the defined mission requirements of the operational capability, the existing and current planned environment within which the operational capability is to operate and be supported, the constraints imposed on the acquisition of this operational capability, the measures of effectiveness for each mission which defines the desirability of alternate Products/Products Systems and an indication of integration and information flow requirements between Products Systems.
- c. Logistic User Requirement Statement (LURS). The LURS is a separate appendix to the SR and contains primarily logistic user requirements of the Products System and to a lesser extent, logistic user requirements for the supporting Products. The LURS forms the basis for the compilation of the Integrated Logistic Support Plan (ILSP). The logistic user requirements, defined in the LURS, is summarised in the SR. The summary includes the aspects such as the ILS strategy, System Management requirements, ILS and Engineering elements, POSTEDFIT requirements as well as post production support.

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- d. Project Management Requirements (PM Req). The PM Req contains all the background information, requirements and instructions to, or required by any individual, division or party, to ensure effective management and smooth running of the project for the successive phase to Milestone 4 (PSR) at Level 6 and the FBL at Level 5. All project management information and plans described in Function 3 paragraph 20.1 are summarised as PM Req. Care is to be taken that, with reference to particular Products Systems, different organisations may be tasked to acquire them, eg Armscor as opposed to Department of Public Works (DPW), and as such, the approach to project management will differ. It includes aspects such as PM approach, general and financial requirements, estimated quantities of the number of Products required within the Products System, time-scales, Security and Media Plans, restrictions under which the project is to be executed and a FVS with critical requirements for future use when the CVS is to be developed.
- e. Memoranda of Understanding (MOU). The MOU is developed by the IPT and is a high level agreement on the roles and responsibilities of the participating parties (Service/Division, DMD, Armscor, etc) for the execution of the project. The MOU is based on requirements emanating from the PM Req. Similar MOUs are negotiated with other parties involved that, eg have to deliver logistic/POSTEDFIT elements such as DPW or even the personnel support division that have to eventually provide the day-to-day operating support.

30. **Format** The tendency to compile a SR around a specific item for which information is freely available, is to be avoided as it may restrict the options prohibitively during the PS. Better solutions may be available or become available and are then disqualified for consideration for the wrong reasons. An example of the format for a SR is contained in Appendix L-3 and the format for a MOU is contained in Appendix B. The SR is submitted for approval under a submission.

NOTE 39: Submission for SRs. A submission as per the Appendix B-1 to Chapter 5 of the CSW (2012) is to be prepared as an executive summary of the SR. This submission has as its primary reference the SR and is the document that is submitted to the Military Recommendation and Acquisition Governance Forums for approval. Contents of the submission are to include system boundaries of the proposed User System, an exposition of results obtained, selections made (if applicable), motivations for restrictions imposed on the freedom of execution of subsequent activities (eg selections imposed due to standardisation), financial and time-scale implications as well as decisions required.

31. **Procedure** The SR is compiled by the IPT which is led by the PO representing the User and represents Milestone 3, the Concept Decision. The following procedure is applicable:

- a. In order to compile a SR it is necessary to develop a FURS and a LURS. The FURS and LURS is then summarised and included in the SR. The SR is submitted for approval under a submission.
- b. The PO, whom is accountable for the compilation of the SR, must obtain commentary from directorates as prescribed in internal procedures, as well as authorisation from the applicable Chief of the Service/Division.

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- c. Subsequent to this, the SR is routed to AACB for consideration and approval.
 - d. The AACB verifies the process and financial integrity of the SR prior to approval.
 - e. When approved, the original submission is retained by DMD for safekeeping. Copies of the original document must be made available to relevant stakeholders.
 - f. Once the SR is approved, the acquisition directorate is to formally inform Armscor of the approved SR with a request for Armscor to establish the RBL.
 - g. In cases where it is necessary to make amendments, such amendments shall be submitted in the form of an addendum via the Service/Division to the AACB for approval. Changes that fall outside of the ST that amend the quantities considerably or that have a substantial cost implication, that significantly change the date for commissioning or that affect the operational capability of the Product/Products System significantly, are classified as Class 1 changes and are to be similarly submitted for approval as an addendum to the SR (Refer to "REVISION OF DOCUMENTATION" in Chapter 6 for guidelines).
 - h. The originator of the SR is responsible to place the SR under configuration control to ensure that later documents are discernible from earlier ones eg Addendum No 1, 2, etc. For the purposes of control, the document date is used for status discrimination.
32. **Approvals.** The SR is approved by the AACB.

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CHAPTER 8C: CONCEPT PHASE

CONCEPT PHASE - GENERAL

1. **Aim.** The aim of the Concept Phase is to establish the milestone documentation for the Level 6 system and the associated baseline documentation for the Level 5 system, enabling Armcor to task the Industry, and other parties with a well-defined specification/definition of requirements, primarily at the Products System Level. Armcor establishes the required documentation in order to achieve the RBL and FBL on Level 5 and leads the process, whereas the DOD component of the IPT participates in order to establish Milestone 4. The Concept Phase on Level 6 formally commences when Milestone 3 (SR approved) is attained and ends when Milestone 4 (PSR approved) is attained.
2. **Milestone 4.** During the execution of the Concept Phase, after the achievement of Milestone 3, a PS is executed with the aim of establishing the PSR which, once approved, represents the Make/Buy Decision (Milestone 4) and is taken in conjunction with other stakeholders, in particular with Armcor.
3. **The Requirements Baseline (RBL).** Upon achievement of Milestone 3, the RBL is established, confirmed and approved at Level 5. Achievement of the RBL lies within the Armcor domain and signified the start of the Armcor Concept Phase.
4. **The Functional Baseline (FBL).** The FBL on Level 5 must be established, confirmed and approved prior to the PSR being submitted for approval at Level 6. Achievement of the FBL lies within the Armcor domain.

CONCEPT PHASE - FUNCTIONS

5. **Scope.** The Concept Phase includes all activities from Milestone 3 to Milestone 4. These activities are grouped into Functions 5 to 6 as detailed here under.

FUNCTION 5: PROJECT STUDY (PS)

6. **Aim.** The aim of the PS is to determine the most appropriate way forward in order to satisfy the SR.
7. **Description.** Four primary options are weighed up. These options are:
 - a. Do nothing.
 - b. Upgrading of existing Products Systems (Upgrade Decision).
 - c. Design/Development of new Products Systems (Make Decision).
 - d. Acquisition, with integration development where relevant, of new Products Systems (Buy Decision).

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8. Having determined the way forward, a concept solution is selected and a System Specification (which includes the logistic specifications) is developed to satisfy the SR.
9. **Scope.** During the PS, the following aspects are investigated in detail
- a. All possible Products System solutions that may be found, both in the form of completed designs or manufactured Products/Products Systems as well as in the form of concept designs, with preference for RSA and/or qualified products (MOTS & COTS). These options should include "do nothing", the upgrading of existing Products Systems, the design/development of new Products Systems, or the acquisition of MOTS or approved COTS Product/Products Systems, or equipment. At this stage there is no talk of physical models, technology demonstrators, etc. These solutions make use of, inter alia, specific available hardware choices on the various hierarchical levels of the system, by integrating them in system context subject to the following conditions
 - i. That the user requirements contained in the SR are conformed to. If deviations are vital, these are to fall within the set norms of the FVS.
 - ii. That the restrictions with regard to administrative, logistical, financial, time-scale, manpower, quantities, technological or any other aspects such as obsolescence risks as contained in the SR are complied with.
 - iii. That the technology has been established to such an extent that the design/development or agreed risk mitigation time-scales are reasonably accurate and predictable and that the risk levels are acceptably low enough to bridge any outstanding technological gap within reasonable time.
 - b. All possible Products System suppliers should be considered for supply of the Products Systems. It is recommended that the services of proven Products/Products Systems suppliers and Products/Products Systems houses are used and that the support services of professional obsolescence specialists be sourced especially for complex or long life Products Systems.
 - c. The full implications of all the solutions in terms of operational capabilities, quantities, LCCs, time-scales, manpower requirements, logistic and other relevant considerations within the requirements and limitations laid down in the SR.
 - d. The optimum choice of Products/Products Systems, Product/Products System suppliers and Product/Products System houses.
 - e. IPR issues must be addressed in accordance with the DOD Policy on Intellectual Property Rights DODI/00027 2014 (Edition 1) Policy on the Management of Defence Intangible Capital Assets.

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NOTE 40: Products System Options. When Products System options are being investigated, it may become necessary to carry out concept designs (through Armscor or through the contracted industry depending on the situation) on Product Level or Product Sub-System Level to justify options. Some of the Products System options may thus vary with regard to Product or Product Sub-Systems only.

NOTE 41: Handling Variants. Given that a User System may consist of one or more similar Products Systems with similar operational employment profiles (eg where aircraft or vehicle variants are involved), each variant option is to be considered as described above. In principle, clearly identifiable elements from the ST, SR and other acquisition documentation information are to be incorporated into the document.

NOTE 42: Captured Weapons And Systems. Manufactured Products/Products Systems referred to above could include captured weapons and/or Products/Products Systems. Usable concepts from such captured weapons and/or Products/Products Systems are to be investigated for imitation in direct or applied forms. Useable concepts to counter such captured weapons and/or Products/Products Systems could also be built into the design, where applicable.

NOTE 43: Information Systems Heavy Complex Systems. The complexity of Products/Products Systems containing much information system related elements may require that some Products/Products Systems design elements be concluded during the PS to influence the Make/Buy Decision.

10. **Format** The PSR is compiled as an output of the findings of the PS. In order to compile a PSR, documentary evidence is gathered during the PS and used as the basis for the PSR. In executing the PS a System Specification (including the logistic specification) to satisfy the SR is developed, finalised and approved. Refer to Armscor for best practices for defining specification.

11. **Procedure** The PS is carried out by Armscor in co-operation with the relevant stakeholders.

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- a. Option Identification. In order to explore the options for evaluation by means of operational effectiveness versus cost studies, it is necessary for Armscor to obtain relevant information from industry by means of an RFI.
- b. Option Evaluation. During the PS, the aspects mentioned in paragraph 9 above are investigated whilst care is to be taken to ensure that the norms applied during the evaluation are as scientific and objective as possible. In certain cases, the variables may be so vast and spread across so many system levels that option evaluation becomes extremely difficult. In such a case, one or more of the following methods may be used to facilitate option evaluation:
- i. Complete theoretical design (on paper) or mathematical simulation models may be used for the more practical combinations (physical development models and technology demonstrators excluded).
 - ii. Simplified models/mock-ups may be used to practically evaluate the effects of certain variables.
- c. Option Selection. The identified options to be presented in the PSR that follows, are to include options that cover the further life-extension of existing Products Systems by means of enhanced maintenance (ie no modification to the Products Systems), essentially Product Sub-System upgrading of the existing Product/Products System, off-the-shelf procurement/acquisition of existing Products/Products System, and design/development and acquisition of new Products/Products System. In order to facilitate this option selection process, an option analysis considering military worth or the effectiveness of performing mission tasks against the cost, needs to be performed for each option. The result of the analysis would demonstrate, via an auditable trail of evidence compiled and validated by subject matter experts, that the selected option provides a compelling case for upgrading or replacing an existing capability or introduction a new capability.
- d. System Specification. In all cases, a System Specification is compiled. Once again, care is to be taken that the correct configuration status is used. Given that the Configuration Management of the System Specification is handled by Armscor, it is suggested that Class 1 and 2 changes, as set out in the various procedures above, are used, and that these requirements are spelt out in the PM Req sections or in the MOU. The Specification for each and every support element outside the scope of the Armscor PS, such as buildings that are due for erection/upgrading/restoration by DPW, is to be developed by the relevant authority under the guidance of the IPT. Such authorities may have to be contracted through Armscor, or in certain cases, through the Service/Division for the development of the Specification, through their own funding. When the Service/Division or the IPT has the necessary expertise to develop the Specification, it may be developed internally and approved by the appropriate authority.

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12. **Approvals.** The PS is not presented to the Military Recommendation and Acquisition Governance Forums for approval, however the PSR is presented for approval as indicated in paragraph 18.

FUNCTION 6: PROJECT STUDY REPORT (PSR)

13. **Aim.** The aim of the PSR is to establish a mandate to pursue the most efficient and cost-effective solution in order to satisfy the SR.

14. **Description.** The PSR is a summary of the results of the PS as deduced from the aspects investigated.

15. **Scope.** The PSR contains at least the following:

- a. **Introduction.** Confirmation of the validity of the operational requirement as contained in the latest approved ST and the user requirement as contained in the SR. Confirmations that the preferred option conforms to the requirements specified in the latest SR. Confirmation that all restrictions contained in the SR are taken into account. A statement indicating that the contractual deliverables of the previous phase have been completed, that the technology has been established to such an extent that the risk is acceptably low, and that the project is still progressing according to plan. Confirmation that the approved financial ceiling of the preceding phase has not been exceeded. A short description of the extent of the Products System, options investigated, Products/Products System suppliers and/or Product/Products System houses investigated as well as possible options not analysed (with reasons) and possible suppliers not investigated (with reasons).

NOTE 44: Tables. Results presented in tabular form with values allocated to each entry can be very helpful.

NOTE 45: Technology Gap. If the DOD has no alternative but to pursue an option where the technology gap is large and very risky (ie extremely uncertain time-scales), serious consideration should be given to the temporary freezing of the project and the initiation of a technology development activity until the technology gap is manageable before the acquisition project is re-activated. It needs to be noted that no finished operationally usable Products will be produced during the technology activity, but that the technology only will be matured to such an extent that it poses an acceptable risk to the acquisition project.

- b. **Option Selection (Do Nothing/Make/Buy/ Upgrade Decision Recommendation).** During the PS, options to maintain the status quo (do nothing), design/develop, acquire or upgrade, or any combination of the options, are investigated, and lists of potential suppliers for each of these options should be compiled. A detail exposition of all the options considered with a clear explanation of advantages and disadvantages of all important matters such as quantities of the

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Products System, performance, time-scales, finances (acquisition and LCCs), local or foreign production, technological risks, proven skills, political considerations, etc. From this appreciation, the preferred option is motivated, based on the outcome of the Option Analysis. The preferred option is presented together with the list of potential suppliers for the specific recommendation. The preferred supplier of the authorised option will only be identified in the following phase, based on a process of RFB solicitation, adjudication of the results and authorisation thereof in accordance with the provisions of this handbook.

- c. Technical Implications of the Preferred Option. The technical implications of the preferred option must be described. The System Specification of the selected Products System(s) must be attached/available. System concept designs may have to be included for Information System-heavy Complex Systems as it is depended on for Make/Buy Decision in certain cases.
 - d. Logistic Implications of the Preferred Option. The logistic implications of the preferred option must be described. The System Specification for each and every support element outside the scope of the Armscor PS, such as buildings that are due for erection/upgrading/restoration by DPW, is to be available. Such buildings and facilities are defined as major works and new constructions are executed by DPW from capital project funds on a re-imburement basis. The Services/Divisions may provide upgrades/restoration to such facilities as Customer Furnished Facilities (CFF) from the Service's/Division's budget.
 - e. Other Implications of the Preferred Option. The total requirement identified in the SR must be confirmed and any deviations indicated. The POSTEDFIT elements not addressed in the technical and logistic implication must be included.
 - f. Marketing. The marketing opportunities are to be described.
 - g. Project Management Implications of the Preferred Option. The project management implications include the management approach to be followed, the financial requirements, quantities and allocations of the Products System, time scales, IPR 35, Security and Media Plans and a MOU between the DMD, Services/Divisions and Armscor and any other stakeholders.
16. Format. An example of the format for a PSR is contained in Appendix L-4. The PSR is submitted for approval under a submission. The PSR should not refer to any specific Products/Products Systems or suppliers.

⁸⁵ Refer to DODI/00027 2014 (Edition 1) Policy on the Management of Defence Intangible Capital Assets

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NOTE 46: Submission for PSRs. A submission as per the Appendix B-1 to Chapter 5 of the CSW (2012) is to be prepared as an executive summary of the PSR. This submission has as its primary reference the PSR and is the document that is submitted to the Military Recommendation and Acquisition Governance Forums for approval.

17. **Procedure.** The PSR is compiled by the IPT which is led by the PO and represents Milestone 4, the Do Nothing/Make/Buy/Upgrade Decision. The following procedure is applicable:

- a. After Armscor has completed the PS in accordance with the MOU and to the satisfaction of the stated user requirement, and the results have been documented and presented to the IPT, the IPT adds the requirements stated in paragraph 15 to form the PSR.
- b. In order to compile a PSR it is necessary to develop a System Specification (including the logistic specification) after which Armscor establishes a FBL. The System Specification (including the logistic specification) is then summarised and included in the PSR.
- c. The person, whom is accountable for the compilation of the PSR, must obtain commentary from directorates as prescribed in internal procedures, as well as authorisation from the applicable Chief of the Service/Division.
- d. Subsequent to this, and the establishment of the FBL, the PSR is submitted to the specified Military Recommendation and Acquisition Governance Forums for consideration and approval.
- e. The AACB approves the PSR for non-Cardinal projects. For Cardinal projects the AACB verifies the process integrity of the PSR prior to recommending the PSR to the AASB for approval.
- f. The AASB verifies the financial and political integrity of the PSR for Cardinal projects prior to approval.
- g. When approved, the original submission is retained by DMD for safekeeping. Copies of the original document must be made available to relevant stakeholders.
- h. Once the PSR is approved, the acquisition directorate is to formally inform Armscor that the PSR is approved.
- i. It is not the norm to make amendments to PSRs. Changes that fall outside of the financial authorisations, that change the choice of Products System that change the estimated quantities considerably, are classified as Class 1 changes and, as for the original document, are to be submitted for approval (Refer to "REVISION OF DOCUMENTATION" in Chapter 6 for guidelines).
- j. The originator of the PSR is responsible to place the PSR under configuration control to ensure that later documents are discernible from earlier ones. For the purposes of control, the document date is used for status discrimination.

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18. **Approvals.** The PSR is approved by the AASB (Cardinal projects) and the AACB (non-Cardinal Projects).

ALTERNATIVE ROUTES

19. The principle sequence of this policy makes provision for comprehensive design/development of Products/Products Systems. As seen above, the PSR could recommend an upgrade, a design/development or the acquisition of an existing Products System. The essential difference between an upgrade and a comprehensive design/development lies in the number of simultaneous system levels being designed/developed. An upgrade primarily comprises integration development at the highest level of the system, whereas comprehensive design/development comprises both integration development at the highest level, combined with CI development at lower levels. In the above two cases (Make/Upgrade Decision), Function 7 (Development Study [DS]) is to be performed as the next step, followed by Function 8 (DP), Function 9a (Acquisition Study System Design/Development [ASSD]) and Function 10 (AP). On the other hand, the acquisition of an existing Products/Products Systems (Buy Decision) implies that no significant integration development risks exist, thus negating the need for a Definition Phase to be executed. In this case, Function 9b (Acquisition Study System Selection [ASSS]) is performed as the next step, followed by Function 10. This latter option, where comprehensive design/development is not required, is the preferred route as it involves reduced risk in terms of performance, time-scale and cost, and because production cost is visible at an early stage.

20. It must be noted that under certain circumstances, whilst following the Function 9b (ASSS) approach, a single source situation may emerge. This does not mean that the project has to revert to Function 9a. In such cases, the reason for the single source must be motivated eg single offer received, sole supplier, sensitive project etc. In these instances where no competitive tender is possible, alternative methods must be found to confirm that the quoted prices are fair and reasonable.

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CHAPTER 8D: DEFINITION PHASE**DEFINITION PHASE - GENERAL**

21. **Aim.** The aim of the Definition Phase on Level 6 is to establish the milestone documentation for a Level 6/5 system, enabling Armcor to task the Industry, and other parties with a well-defined specification/definition of requirements, primarily at the Products System Level. Armcor establishes the required documentation in order to achieve the ABL on Level 5 and leads the process, whereas the DOD component of the IPT participates in order to establish Milestone 5. The Definition Phase on Level 6 formally commences when Milestone 4 (PSR approved) is attained and ends when Milestone 5 (DP approved) is attained.

22. **Milestone 5.** Should the Make or Upgrade Decision be selected in Milestone 4, then a Development Study (DS) is conducted with the aim of compiling a DP, which once approved, represents the Development Decision (Milestone 5).

23. **The Allocated Baseline (ABL).** Before the completion of the DP, the ABL on Level 5 is established, confirmed and approved, where after the DP can be approved to achieve Milestone 5. Achievement of the ABL lies within the Armcor domain.

DEFINITION PHASE - FUNCTIONS

24. **Scope.** The Definition Phase includes all activities from Milestone 4 to Milestone 5. These activities are grouped into Functions 7 to 8 as detailed here under.

FUNCTION 7: DEVELOPMENT STUDY (DS)

25. Where the PSR recommended a Make or Upgrade Decision, Function 7, followed by Function 8, needs to be performed.

26. **Aim.** The aim of the DS, in the case where a Make or Upgrade Decision was authorised in accordance with the PSR recommendation, is to analyse the selected concept solution as reflected in the System Specification.

27. **Description.** The System Specification is analysed and, where necessary, CIs are further defined by way of design activities in Development Specifications.

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NOTE 47: Special Circumstances With Regard to DP. Special circumstances may exist where it is allowable to proceed (in parallel with the DS) to a PAP with regard to existing Product Sub-systems or even special Components and Materials. When the project is forced to use these Product Sub-Systems, Components or Materials, they become given restrictions on the solution pursued during design/development. Note that an AP may in principle only be submitted for authorisation when the equipment DT&E has been completed. The special conditions are as follows:

- a. The items are long-lead items and as such have to be acquired at an early stage to ensure that project time-scales are maintained.
- b. No risk exists that will require forced changes during the Acquisition Study Phase that will make these items obsolete.
- c. A unique opportunity has arisen to procure sought after items and where the opportunity would disappear permanently as a result of a delay.

28. **Scope** During the DS, the following aspects are addressed in detail:

- a. Based on the mission and functional parameters contained in the System Specification, a Development Specification is developed for the highest system level or carrier of the operational capability.
- b. A set of Development Specifications, one for each identified CI, are compiled.
- c. A Logistic Study (LS) is conducted to further refine the logistic requirements and ILS planning for the Acquisition Study Phase.

NOTE 48: Non-CIs. During the concept design, some existing Products for which specifications are available at the manufacturers are identified as part of the solution. For these Products, it is desirable to obtain their Product Specifications and compile additional specifications for their integration. It needs to be noted that, should changes to the manufacturers' Product Specifications be required due to the integration thereof, it needs to be cleared with the manufacturer before any PBL is approved.

29. **Format** The DP is compiled as an output of the findings of the DS. In order to compile a DP, documentary evidence is gathered during the DS and used as the basis for the DP.

30. **Procedure** The DS is carried out by the Contractor (Product/Products System supplier and/or Product/Products System house and/or Industry) on Armscor's instructions, but with certain continuous inputs from the DOD, especially with regard to ILS. Responsibilities of the various parties in respect of the execution of DS are as follows:

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- a. The Contractor. The Contractor as contracted by Armscor, is responsible for:
- i. Confirmation that the selected options contained in the System Specifications represent the optimum solution within given limitations.
 - ii. Determining how the CIs will be dealt with during design/development, and what the interfaces and integration needs will be.
 - iii. Performing a risk analysis in terms of CIs that must be developed.
 - iv. Executing a Model Study (MS) based on the System and Development Specifications, aimed at determining which development models will be required for optimum design/development, and to confirm the capability of the participating Industry. The results of the MS, (which include envisaged models, number and aim of each, time-scales, costs and test and evaluation methods and requirements) are presented to Armscor for authorisation in conjunction with the DOD.
 - v. Preparation of the Development Specification for the Product and the CIs to be developed as a result of concept design activities carried out by the Industry.
 - vi. Executing the concept design and the acquiring or development of specifications.
 - vii. Compiling an Integrated Support Plan (ISP) based on continued inputs from the DOD (during the LS) and as derived from preliminary SA conducted by Industry parallel to the concept design. When a Product/Products System contractor has been appointed, the contractor is responsible for the integration of the ISPs of sub-contractors.
- b. Armscor. During the DS, Armscor is responsible for the following :
- i. Executing the DS with the object of determining the manner in which and by which body the Products will be developed, tested and integrated to propose an acceptable Products System in accordance with the DODs requirement. This is based on the solicitation of firm proposals from the authorised shortlist of possible contenders by means of the prescribed RFB process. A detailed financial plan is drawn up, indicating funds, funding, milestones, time-scales, counter-trade requirements and updated LCCs.
 - ii. Furnishing the DOD with an updated MRI with the correct configuration status of each of the relevant documents.
 - iii. Reporting on the risk analysis in terms of CIs that must be developed.
 - iv. Updating the QA and Configuration Management plans for the Acquisition Study Phase.

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- v. IPR issues must be addressed in accordance with the DOD policy on Policy on the Management of Defence Intangible Capital Assets Rights.
- c. **The DOD.** The DOD is responsible for the following:
 - i. Launching a LS through interaction with Armscor and Industry, which draws up the ISP in accordance with the requirements of the DOD. The study generates inputs to the ILSP drawn up by the IPT, which in turn directs IPT ILS activities during the Acquisition Study Phase.
 - ii. Determining the POSTEDFIT elements not provided by Armscor, such as buildings that are due for erection/upgrading by DPW or DOD Works Formation and staffing of the User System environment. With this goes a System Specification for the each and every support element outside the scope of the Armscor PS. The necessary actions for the timely acquisition of these elements must be initiated with the DPW or DOD Works Formation and the personnel department of the DOD.
 - iii. Where applicable, CFE is identified and made serviceable for use during the Acquisition Study Phase or for integration during the Production Phase.

31. **Approvals.** The DS is not presented to the Military Recommendation and Acquisition Governance Forums for approval.

FUNCTION 8: DEVELOPMENT PLAN (DP)

32. Following Function 7, Function 8 should henceforth be performed in the case where a Make or Upgrade Decision was authorised.

33. **Aim.** The aim of the DP is to obtain approval for the execution of the ASSD.

34. **Description.** The DP is a summary of the results of the DS (on User System Level). The Development Decision is to confirm the CIs identified for development of Development Specifications, the identified contractor responsible for the development, as well as the choice of existing system elements that are to be integrated into the Products System.

35. **Scope.** The DP contains at least the following:

- a. **Introduction.** Confirmation that results of the PSR are still valid with reference to the configuration status of the valid PSR. The envisaged Products/Products System are described. A description of the main Products already in existence and that has been selected as part of the Products System solution is also to be included. A short description of all the CIs that are to be developed, with reasons, including an evaluation of the technological, financial and time-scale risks involved. A confirmation that the technology has been established to such an extent that the risk is acceptably low, is provided. Special confirmation that approved financial limits of the preceding phase has not been exceeded.

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- b. **Technical Requirements.** The technical requirements are reflected in the Development Specifications of the CIs and are to be included in this plan, or referred to with the correct configuration. For control purposes, an updated MRI reflecting the title and status of all project relevant documentation is to be included in all cases.

NOTE 49: CFE. Where CFE is applicable, a list of the items is to be provided with valid configuration status, especially those to be used by Product System developers during the ASSD for integration purposes. Certification is also required that the CFE is serviceable.

- c. **Logistic Plans (ILSP and SP).** Logistic results of the completed phase are included and referred to as Support Plans (SP). The IPTs technical and management requirements for ILS of the next phase are included and referred to in the ILSP. For ILS elements that are not allocated to Armscor such as buildings that are due for erection/upgrading/restoration by DPW or DOD Works Formation, confirmation is to be given that the time-scales for the acquisition thereof have been integrated with the project.
- d. **PM Reg.** All project management information including background, requirements, instructions and project plans required by any individual, department or party to manage the Acquisition Study Phase of the project effectively. These include aspects such as the approach for the Acquisition Study Phase, tasking of internal and external organisations, Industry selection, TT&E, POT&E, sub-projects, a broad WBS, responsibility matrix, milestones, deliverables and risk management. All financial and time-scale aspects must be included, as well IPR³⁶, Security and Media Plans and a MOU between the DMD, Services/Divisions and Armscor and any other stakeholders, such as DPW or DOD Works Formation.

36. **Format.** An example of the format for a DP is contained in Appendix L-5. The DP is submitted for approval under a submission.

NOTE 50: Submission for DPs. A submission as per the Appendix B-1 to Chapter 5 of the CSW (2012) is to be prepared as an executive summary of the DP. This submission has as its primary reference the DP and is the document that is submitted to the Military Recommendation and Acquisition Governance Forums for approval.

37. **Procedure.** The DP is compiled by the IPT which is led by the PO and represents Milestone 5, the Development Decision. The following procedure is applicable:

- a. Armscor is to complete the DS in accordance with the MOU and present the results in document form to the User, who then adds the ILS control requirements, based on work performed during the DS.

³⁶ Refer to DODI/00027 2014 (Edition 1) Policy on the Management of Defence Intangible Capital Assets

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- b. Changes that fall outside of the financial authorisations, that change the choice of Products System, that change the choice of contractor, that change the estimated quantities considerably or that change the marketing approach, are classified as Class 1 changes and, as for the original document, are to be submitted for approval.
38. **Approvals.** The DP is approved by the AACB.

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CHAPTER 8E: ACQUISITION STUDY PHASE

ACQUISITION STUDY PHASE - GENERAL

1. **Aim.** The aim of the Acquisition Study Phase on Level 6 is to establish the milestone documentation, enabling Armscor to contract the Industry, and other parties with well-defined specifications, primarily at the Products/Products Systems Level, in terms of which they can produce Products/Products Systems for integration into User Systems. The Acquisition Study Phase on Level 6 formally commences when Milestone 4/5 (PSR/DP approved) is attained and ends when the Milestone 6 (AP approved) is attained.

2. **Milestone 6.** During the execution of the Acquisition Study Phase, after the achievement of Milestone 4/5, an AS is executed with the aim of establishing the AP which, once approved, represents the Acquisition Decision (Milestone 6) and is made by the User in co-operation with the other DOD components and Armscor in particular.

3. **The Contract Product Baseline (cPBL).** If a Buy Decision has been made, the cPBL on Level 5 must be established, confirmed and approved before the approval of the AP. Achievement of the cPBL lies within the Armscor domain. In the case of the Make/Upgrade Decision, a cPBL is not required as the solution still has to be designed/developed in accordance with the requirements.

4. **The Initial Product Baseline (iPBL)** If a Make/Upgrade Decision has been made, the iPBL on Level 5 must be established, confirmed and approved, when the design of the system solution has been completed. Achievement of the iPBL lies within the Armscor domain. If a Buy Decision has been made, the iPBL on Level 5 must be established, confirmed and approved after the approval of the AP, when the integration of the system solution has been completed.

5. **The Verified Product Baseline (vPBL).** If a Buy Decision has been made, the vPBL on Level 5 must be established, confirmed and approved after the approval of the iPBL when compliance of the system solution to the system requirements has been verified, and prior to the commencement of the Industrialisation/Manufacturing. If a Make/Upgrade Decision has been made, the vPBL on Level 5 must be established, confirmed and approved after the approval of the iPBL when compliance of the system solution to the system requirements has been verified, and prior to the approval of the AP. Achievement of the vPBL lies within the Armscor domain.

ACQUISITION STUDY PHASE - FUNCTIONS

6. **Scope.** The Acquisition Study Phase includes all activities from Milestone 4/5 to Milestone 6. These activities are grouped into Functions 9a, 9b and 10 as detailed here under.

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FUNCTION 9A: ACQUISITION STUDY SYSTEM DESIGN/DEVELOPMENT (ASSD)

7. **Aim.** The aim of the ASSD is to design/develop the selected Products System(s) based on the System and Development Specifications.
8. **Description.** Design/Development activities results in a set of Detailed Design Descriptions in terms of which production can take place.
9. **Scope.** During the ASSD , the following activities are carried out:
- a. Design/Development of the Products System takes place in accordance with the proposed development models (Refer Function 7 paragraph 30.a.iv).
 - b. Execute DT&E.
 - c. An Industrialisation Study (IS) is launched to determine how and to what extent the Products System is to be industrialised for purposes of manufacturing.
 - d. A LS is carried out to update/compile logistic plans, namely the ILSP and ISP, in which logistic planning for the Production Phase are to be defined.
10. **Format.** The AP is compiled as an output of the findings of the ASSD. In order to compile an AP, documentary evidence is gathered during the ASSD and used as the basis for the AP.
11. **Procedure.** The ASSD is undertaken by the Contractor (Products System supplier and/or Product/Products System house) on Armscor's instructions, with continued inputs from the DOD, particularly regarding ILS.

NOTE 51: Operational Usage of Models. In certain cases, to reduce risk, it is sensible to use development models, eg Advanced Development Models (ADMs), Engineering Development Model (EDMs) and Pre-production Models (PPMs), in operational roles. Given that the configuration of these models differ from Production Models, it is essential that subjects such as ownership, handling, updating and employment of these models, be spelt out in detail and formally agreed upon.

- a. **Contractor.** The Contractor is responsible for:
 - i. Design/Development of the Product/Products System with concurrent drawing up the Product Specifications for all levels of the Products System.

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- ii. Conducting the DT&E on the different models under design/development which includes aspects such as environmental testing, electromagnetic compatibility and reliability. For complex Products/Products Systems, it may be necessary to conduct integration DT&E on Products/Products Systems. The DOD and Armscor are co-opted.
- iii. Conducting the IS, which includes inter alia, scope of the task, special equipment needed, qualification of the manufacturing capability, production tempo, costs of relevant phases and time-scales.
- iv. Compiling an ISP, based on continued inputs from the DOD (during the LS) on the one hand, and on the other hand as derived from the LSA executed by Industry parallel to the concept design. Where a Products System supplier is appointed, he is responsible for the integration of the logistic support plan of sub-contractors.

NOTE 52: Functional Qualification. Successful completion of the above, is regarded as functional qualification of the Products System, ie all technical aspects are resolved except for the impact that industrialisation may have on the solution.

- b. Armscor. During the ASSD, Armscor is responsible for:
 - i. Executing the ASSD with the object of determining the manner in which and by which contractor the Products will be manufactured, tested accepted and integrated to supply an acceptable Products System in accordance with the DODs requirement. A detailed financial plan is drawn up, indication funds, funding, milestones and time-scales, as well as updated LCCs.
 - ii. Providing the DOD with an updated record index with configuration status of each of the relevant document.
 - iii. Receiving the logistic results contained in the ISP.
 - iv. IPR issues must be addressed in accordance with the DOD policy on Intangible Capital Assets.
 - v. Supplying DT&E results on Products System Level to the DOD.
- c. The DOD. The DOD is responsible for the following:
 - i. Launching a LS by which the requirement and interaction with contracted Industry is determined to enable Industry to draw up the ISP in accordance with the requirements of the DOD. A further object of the study is to generate the IPTs ILSP inputs, which in turn will direct the activities in the Production Phase.
 - ii. Organising the tracking of POSTEDFIT elements not provided by Armscor in order to ensure that the acquisition thereof does not become out of step with the Products Systems acquired by Armscor.

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- iii. Ensuring that the Products System design/development keeps pace with a possible change in the threat so that design/development can be steered into another direction timely or be ceased, depending on the circumstances.
- iv. Preparing the TT&E documentation for those tests that will be conducted under complete management of the IPT. This task can be started in this phase and will spill over into the Production Phase. These tests can be seen as Products System Certification and must not be confused with DT&E and Products System qualification, the object of which is to prove a Products System acceptable for delivery.

12. **Approvals** The ASSD is not presented to the Military Recommendation and Acquisition Governance Forums for approval.

FUNCTION 9B: ACQUISITION STUDY SYSTEM SELECTION (ASSS)

13. Where the PSR recommended a Buy Decision, Function 9b needs to be performed, followed by Function 10.

14. **Aim** The aim of the ASSS is to identify the best suited supplier.

15. **Description** The ASSS is launched to determine the parameters of the Products System acquisition. In the instance where a Buy Decision was authorised in accordance with the PSR recommendation, the best suited supplier together with its fully defined cPBL (Level 5) solution (ie full set of the Product Specifications) including ISP definition, are identified. The ASSS should normally be based on a multi-source tender, however, in certain special cases a single source tender may have to be pursued.

NOTE 53: Integration Development. It should be noted that, although the main contractor recommended in the AP may be required to perform a certain amount of integration development on his proposed Products System configuration, these development activities are not separately contracted as deliverables, as the intention is here to directly contract production at the highest level.

16. **Scope** During the ASSS, the following activities are carried out:

- a. A LS is carried out to update/compile logistic plans, namely the ILSP and ISP, in which logistic planning for the Production Phase are to be defined.
- b. A CVS is compiled, verified, approved and submitted to the Armscor Procurement Secretariat.
- c. A RFB is prepared and submitted for approval.
- d. The RFB is released to Industry and the offers are evaluated against the CVS when received.

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- e. Documentary evidence is gathered to form the basis of the AP.
 - f. A preferred bidder is selected and submitted to the Armscor Board of Directors for approval.
 - g. The details of the contract(s) to be placed are negotiated and the proposed contracts are initialled (this does not construe contract placement).
17. **Format** The AP is compiled as an output of the findings of the ASSS. In order to compile an AP, documentary evidence is gathered during the ASSS and used as the basis for the AP.
18. **Procedure** The ASSS is undertaken by Armscor, with continued inputs from the DOD, particularly regarding ILS.
- a. **Armscor**. During the ASSS, Armscor is responsible for:
 - i. Executing the ASSS with the object of determining the manner in which and under the control of which main contractor the Products will be manufactured, tested, accepted and integrated to supply an acceptable Products System in accordance with the DODs requirement. This is based on the solicitation of firm proposals from the authorised shortlist of possible contenders by means of the prescribed RFB process. A detailed financial plan is drawn up, indicating extent and phasing of funds required, milestones, time-scales, counter-trade requirements and updated LCCs.
 - ii. Providing the DOD with an updated MRI indicating configuration status of each of the applicable documents.
 - iii. Receiving and evaluating the logistic proposals contained in the Offers.
 - iv. Supplying the DT&E proposals on Products System Level.
 - v. IPR issues must be addressed in accordance with the DOD policy on Intangible Capital Assets Rights³⁷.
 - b. **The DOD**. The DOD, under the guidance of the DMD, is responsible for the following:

³⁷ Refer to DODI/00027 2014 (Edition 1) Policy on the Management of Defence Intangible Capital Assets

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- i. Launching a LS, by which the requirement from and interaction with contracted industry is determined to enable industry to draw up the ISP in accordance with the requirements of the DOD. A further object of the study is to generate the IPTs ILSP inputs, which in turn will direct the activities in the Production Phase
- ii. Organising the tracking of POSTEDFIT elements not provided by Armscor in order to ensure that the acquisition thereof does not become out of step with the Products Systems acquired by Armscor.
- iii. Preparing the TT&E documentation for those tests that will be conducted under complete management of the IPT. This task can be started in this phase and will spill over into the Production Phase. These tests can be seen as Products System Certification and must not be confused with DT&E and Products System qualification, the object of which is to prove a Products System acceptable for delivery.

19. **Approvals.** The ASSS is not presented to the Military Recommendation and Acquisition Governance Forums for approval.

FUNCTION 10: ACQUISITION PLAN (AP)

20. **Aim.** The aim of the AP is to obtain approval for the Acquisition Decision.

21. **Description.** The AP is basically the summary of the results of the ASSD or ASSS. The Acquisition Decision is documented and confirms that

- a. the requirements contained in the SR and the solution set out in the PSR will satisfy the client's current operational requirement,
- b. the production data package as reflected in the specifications (Product, Process and Material Specifications) and the drawings is complete and correct to produce the required Products System,
- c. the proposed manufacturer is acceptable,
- d. the ILS requirements have been detailed fully to satisfy the required operational requirements,
- e. the operating part (cost of ownership) of the LCC is compatible with the planned available operating budget, and
- f. that the proposed financial and schedule aspects are acceptable.

22. For the management of multiple production phases during the Production Phase, refer to Chapter 6 for guidelines in this respect.

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23. **Scope.** The AP contains at least the following:
- a. **Introduction.** Confirmation that the DP, PSR and the requirements contained in the FURS and LURS are still valid with reference to the configuration status of the valid document and that the test and evaluation, in terms of the requirements of the System and Development Specifications has been carried out satisfactorily. Restrictions or project constraints, if applicable, are provided as well as a short description of all the Products Systems that are to be manufactured including the number and possible variants to be manufactured.
 - b. **Technical Requirements.** Specifications for the whole Product/Products System must be available, and includes the technical requirements as reflected in the Product, Process and Material Specifications. These specifications are to be attached to this plan, or referred to with the correct configuration status. The objectives of any outstanding design/development work that is to be done during the Production or Transition Phases, as well as estimated costs and time-scales, are to be included. For control purposes, an updated MRI is included in all cases where the title and status of all relevant documentation is included, as well as a list consisting of items that comprise the Product/Products System that are to be acquired, manufactured or purchased.
 - c. **Logistic Plans (ILSP and ISP).** Logistic results of the completed phase are included or referred to as ISP and ILSP. The IPTs technical and management requirements dictating the logistics of the next phase are included and referred to as ILSP. For POSTEDFIT elements that are not allocated to Armscor such as buildings that are due for erection/upgrading by DPW, confirmation is to be given that the time-scales for the acquisition thereof have been integrated with that of the project.
 - d. **PM Req.** The PM Req provides a projection of the future course of the project and includes aspects such as background, requirements and instructions to manage the project effectively. A confirmation of the short list of preferred suppliers that conforms to the critical criteria is provided, as well as the preferred bidder in terms of the tender adjudication process. The approach for the next phase is described, tasking of internal and external organisations, number of sub-projects, a broad WBS, responsibility matrix, milestones, deliverables and a graphic representation of the PM plan with an exposition of activities coupled to time-scales and finances are included. All financial and time-scale aspects must be included, as well IPR³⁸, Security and Media Plans and a MOU between the DMD, Services/Divisions and Armscor and any other stakeholders, such as DPW.

³⁸ Refer to DODI/00027 2014 (Edition 1) Policy on the Management of Defence Intangible Capital Assets

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- e. **Requirements.** Requirements during the Production and Transition Phase as well as the costs involved are to be determined. The total requirement as identified in the SR and PSR is also to be reflected here for inclusion in the equipment acquisition plan so as to obtain a complete picture.

24. **Format.** An example of the format for an AP is contained in Appendix L-6. The AP is submitted for approval under a submission.

NOTE 54: Submission for APs. A submission as per the Appendix B-1 to Chapter 5 of the CSW (2012) is to be prepared as an executive summary of the AP. This submission has as its primary reference the AP and is the document that is submitted to the Military Recommendation and Acquisition Governance Forums for approval.

25. **Procedure.** The AP is compiled by the IPT which is led by the PO and represents Milestone 6, the Acquisition Decision.

26. **Approvals.** Like the ST, the AP is one of the mandatory documents for all projects. As the largest portion of the project funds is usually tied up with this decision, this milestone document, as a matter of principle, is approved by the AAC (Cardinal projects) and the AASB (non-Cardinal projects).

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CHAPTER 8F: PRODUCTION PHASE**PRODUCTION PHASE - GENERAL**

1. **Aim** During the Production Phase there is a differentiation between the aim at Level 6 and Level 5.
 - a. The aim of Industrialisation on Level 5 is to establish the baseline documentation, in terms of which Industry prepares itself for production (eg tooling up).
 - b. The aim of the Production Phase on Level 6 is to establish the documentation, products and services for the User System in terms of which the DOD can accept the Products System (Level 5) for Transition at the User System Level (Level 6).
 - c. The aim of the Production Phase on Level 5 is to establish the baseline documentation, products and services, for the Products System (Level 5), in terms of which Armscor and Industry can qualify the Products System to be delivered for acceptance at the Products System (Level 5) and lower.
2. The Production Phase formally commences when Milestone 6 (AP approved) and ends when Contractual Hand-over is attained.
3. **The Manufacturing Baseline (MBL)**. The MBL on Level 5 must be established, confirmed and approved during the Production Phase, in cases where Industrialisation is warranted. Achievement of the MBL lies within the Armscor domain.
4. **The Final Product Baseline (FPBL)**. The FPBL on Level 5 must be established, confirmed and approved after the as-built configuration has been confirmed, accepted and approved. Achievement of the FPBL lies within the Armscor domain.
5. **Contractual Hand-over**. Commensurate with the Contractual Hand-over, adequate and appropriate support must be available for the Transition Phase. Therefore, at the start of the Transition Phase, Interim Support must be contracted by the IPT to ensure that the support capability is progressively matured to the point where a robust authenticated and duly qualified IOBL is handed-over to the User.

PRODUCTION PHASE - FUNCTIONS

6. **Scope**. The Production Phase includes all activities from AP to Contractual Hand-over. These activities are grouped into Functions 11, 12 and 13 as detailed below.

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FUNCTION 11: TRANSITION PLAN

7. **Aim.** The aim of the Transition Plan is to describe the logic, structure, methodology and processes by which management responsibility for the acquired Products System is transferred during the Transition Phase of a project.

8. **Description.** Transition occurs between DMD (IPT), System Manager and the End-User across Levels 5 and 6 of the Systems Hierarchy. The objectives of the Transition Plan are to:

- a. Define and agree on the process that will be followed to execute transition of the Products System into the User organisation.
- b. Identify tasks to be completed to ensure that Products System is integrated into the User organisation and management structures.
- c. Identify tasks to be completed to ensure that the Products System is handed-over in accordance with policies and procedures, and usable in the operational environment.
- d. Identify tasks to be completed to ensure that the Products System is commissioned as an operational entity within the User organisation before Management Responsibility Transfer (MRT – D448 in SAN terms) occur.
- e. Allocate and assign responsibilities to transition tasks, entities and propose actions.
- f. Maintain visibility on the transition process and progress.
- g. To indicate that the budgeting responsibility shifts from the project to the System Manager.

9. **Scope.** The Transition Phase consists of a number of distinct sub-phases, some of which may take place in parallel, and others that need to follow in series. To properly execute this phase, a detailed Transition Plan addressing four major activities is required as indicated below (Refer to Appendix A-11 for a schematic breakdown):

- a. **User Environment Preparation/Establishment.** In order to successfully integrate the Products System within the Level 6 User organisation, it is paramount that User organisation preparation/establishment takes place. The preparation/establishment of all organisations (System Management and Units) as well as System Management functions must be planned to address all aspects of POSTEDFIT.
- b. **Products System Integration.** Products System integration is the process of formally transferring the entire Products System from the acquisition environment to the User account. Integration of a Products System must ensure that all elements are codified, accounted for and distributed. The plan must make provision to ensure that the following Products/Products Systems and support elements are integrated:

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- i. Products and Support Systems.
 - (1) PME.
 - (2) Mission Support Equipment (eg Mission Planning System).
 - (3) Role/Multi Mission Equipment (eg Recce Pods).
 - (4) Maintenance Systems (eg Maintenance Ground Support System).
- ii. Engineering Elements
 - (1) Design Expertise and Interface.
 - (2) System Expertise.
 - (3) Configuration Management.
 - (4) Supportability.
 - (5) RAM.
 - (6) LCC.
 - (7) LSP.
- iii. Logistic Elements
 - (1) Manpower and Personnel.
 - (2) Training, Training Equipment and Packages.
 - (3) Facilities.
 - (4) S&TE.
 - (5) Supply Support (Sparing).
 - (6) Maintenance.
 - (7) Technical Publications and Manuals.
 - (8) PHS&T.
 - (9) Computer Resources.
 - (10) Operational Support and Information System (OSIS or CALMIS).

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- c. **Products System Hand-over.** Products System Hand-over is the progressive process followed during Products System integration to facilitate acceptance of the Products System within the User organisation. The process is phased over the period from first item delivery up to the point of final MRT (D448 in SAN terms) of the Products System, and must be planned accordingly. During Products System Hand-over, the IPT verifies that the Integration of the Products System into the User organisation has been concluded successfully and that the Products/Products Systems are ready to be certified.
- d. **User System Commissioning.** User System Commissioning is the process where the User completes the system qualification (Level 6) by means of FOT&E and validates that the integration of the Products System into the User organisation has been concluded. Planning is to be included indicating how and when the ED is to be finalised and submitted for approval within the Services/Divisions.
10. **Format.** An example of the format for a Transition Plan is contained in Appendix L-7.
11. **Procedure.** The Transition Plan is developed by the System Manager in conjunction with the IPT and executed by the System Manager in close interaction with DMD (IPT). In certain cases the System Manager may appoint a Transition Team that will form part of the IPT, with its only focus being the Transition of the Products System. The Service/Division may elect to establish an independent Transition Steering Committee if required. The responsibilities of the various parties are as follows:
- a. **IPT**
- i. Assist in the planning and development of the Transition Plan in conjunction with the APM and System Manager.
- b. **System Manager**
- i. Primarily responsible for the development of the Transition Plan, in conjunction with the relevant stakeholders.
- ii. Present the Transition Plan for approval.
- iii. Promulgate appropriate Orders and Instructions for participation in and execution of the Transition Plan.
12. **Approvals.** The Transition Plan is jointly approved by the DMD (Director Army/Air Force/Naval/Common Weapons Acquisition) and the General Officer Commanding (GOC) of the Formation/System Group Director.
13. The approved Transition Plan provides the mandate to proceed with the Transition.
14. Products Systems may only be delivered for integration once the Transition Plan has been approved.

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FUNCTION 12: INDUSTRIALISATION

15. **Aim**. The aim of Industrialisation is for Industry to develop and qualify their manufacturing processes.
16. **Description**. During Industrialisation, the MBL for matériel against which the Industry can manufacture, is established so that a Product/Products System is produced that is in accordance with the stated user requirements.
17. **Scope**. During Industrialisation the following activities are carried out:
- a. The manufacturing process and production lines are established and qualified.
 - b. Acceptance processes are agreed upon.
 - c. The ED is updated by the User.
 - d. LCC are updated.
18. **Format**. No milestone documentation is generated during Industrialisation.
19. **Procedure**. Industrialisation is carried out mainly by Industry in close interaction with the DOD and Armscor. The responsibilities of the different parties are as follows:
- a. **Industry**. The contracted Industry is responsible for the following:
 - i. Design/Development of the Product/Products System with concurrent drawing up the Process and Material Specifications for all levels of the Products System.
 - ii. Development of the manufacturing processes, production line, process control and quality control by which the manufacturing process is qualified.
 - iii. Manufacture of the PPMs to qualify the factory control processes stated above, and to make final adjustments based on the operational impact to the User of changes to form, fit and function (in extreme cases) during Industrialisation.
 - iv. Acceptance of the manufacturing contract as drawn up by Armscor and approved by the DOD.
 - v. Preparing test documentation against which ILS element will be qualified for those responsibilities for which Industry has been contracted.
 - vi. Preparing the factory test (FAT) documentation against which mainly products and product sub-systems will be accepted.

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- b. Armcor. Armcor is responsible for the following:
- i. Ensuring that the manufacturing process is developed and qualified by the selected manufacturer.
 - ii. Drawing up a manufacturing contract and having it accepted by the DOD and the manufacturer.
 - iii. Establishing criteria, procedures and tests for factory (FAT) and Product/Products System acceptance at all the relevant system levels and to reach agreement with the manufacturer. The sole purpose of this is for the manufacturer to prove to Armcor that the Products/Products System supplied complies with the contracted specifications in all respects.
 - iv. Determining the costs of ownership for the Products/Products System in as far as Armcor and Industry is responsible for executing life-cycle activities.
- c. The DOD. The DOD is responsible for the following:
- i. Although the ED is taken into account throughout the acquisition process, it is again updated by the User.
 - ii. Executing TT&E.
 - iii. Initiate the writing by the IPT/User of the POT&E plan for the Products System. These tests place emphasis on human factors rather than on equipment and can also be seen as part of the force preparation activity of the specific User System and must not be confused with the TT&E, the object of which is primarily equipment orientated rather than human orientated, ie to prove a Products System's compliance to contractual specifications.
 - iv. Updating the LCCs of the User System, ie. cost of ownership.

NOTE 55: POT&E. POT&E has as its objective the verification of operational effectiveness, operational survival, reliability and maintainability in order to make final adjustments to the MBL while FOT&E is aimed rather at evaluating modifications, logistic supportability to adapt the organisation and to streamline doctrine and tactics.

20. Approvals. No milestone documentation is generated during industrialisation for approval.

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FUNCTION 13: MANUFACTURING

21. **Aim.** The aim of Manufacturing is to manufacture and provide Products Systems to the DOD that complies with stated user requirements.

22. **Description.** During Manufacturing the Products System (Level 5) is manufactured/erected/established by Industry and Armscor, and the User System (Level 6) established by the DOD supported by the contracted parties. The Products (Level 4) and Products System (Level 5) is subject to acceptance tests (eg FATs) by Industry in accordance with the requirements contained in the technical specifications, and after proper acceptance is supplied to Armscor, while Armscor in turn supplies the Products System(s) to the DOD for POT&E, which is measured against the FURS.

23. **Scope.** During Manufacturing the following activities are carried out:

- a. The Products System is built, verified, delivered and accepted by the IPT.
- b. POT&E is executed.
- c. User System qualification commences.
- d. The User System LCC are updated and finally delivered.

24. **Format.** No milestone documentation is generated for Manufacturing.

25. **Procedure.** Manufacturing is executed mainly by Industry in close interaction with Armscor and the DOD. The responsibilities of the various parties are as follows:

- a. **The Industry.** The contracted Industry is responsible for the following:
 - i. Manufacture and procurement by sub-contractors of all matériel representative of the products and Products System(s) as contracted by Armscor.
 - ii. Integration of the Products System components.
 - iii. Providing the ILS as contracted by Armscor.
 - iv. Keeping the MRI up to date for all relevant documents that need to be supplied as contracted.
 - v. Executing FATs in accordance with the approved acceptance procedures, and properly documenting the results obtained.
- b. **Armscor.** Armscor is responsible for the following:
 - i. Ensuring that Manufacturing is carried out fully by Industry in accordance with the contract, and that the acquisition activity is managed in accordance with the MOU established between Armscor and the DOD.

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- ii. Verification of demonstrated performance at all required system levels against contracted specifications.
 - iii. Performing required administrative functions related to PHS&T and accepting into inventory of delivered matériel.
 - iv. Ensuring that the formal process for Engineering Change Proposals (ECPs) is adhered to.
 - v. Integrating the personnel and matériel interests of the three main parties, viz the DOD, Amiscom and Industry, relating to manufacture and change control.
 - vi. Accepting qualified Products System(s) against the technical specifications and supply of the Products System(s) to the DOD against the requirements contained in the FURS and LURS.
 - vii. Reporting to DMD on the attainment of contractual milestones and spending of funds as determined in the AP and contracts.
 - viii. Delivery of the final MRI that is to include, inter alia, the final LCCs update of the Products System.
 - ix. Supplying a proposed list of strategic matériel for stockpiling purposes.
- c. The DOD. The DOD is responsible for the following:
- i. Execute POT&E in conjunction with IPT.
 - ii. Finalisation of the FOT&E plan by the User in order to determine precisely in which way the User System, including the ILS, will be qualified. This consists of a complete plan with time-scales, persons/organisations involved, qualification norms, etc. The FOT&E is aimed to confirm compliance with the requirements set in the FURS and LURS at User System Level, and to make adjustments to the ED to be finalised in the Transition Phase.
 - iii. Updating the LCCs of the User System.

26. Approvals. No milestone documentation is generated during Manufacturing for approval.

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CHAPTER 8G: TRANSITION PHASE**TRANSITION PHASE - GENERAL**

1. **Aim.** The aim of the Transition Phase on Level 6 is to establish the documentation required to set up the iOBL and vOBL for the User System. The Transition Phase on Level 6 formally commences when the fPBL is established and ends when Milestone 7 (PCR approved) is attained.

2. **Milestone 7.** During the execution of the Transition Phase, after the achievement of the iOBL and vOBL, a PCR is developed with the aim of concluding the project, and once approved, represents the Completion Decision (Milestone 7).

3. **The Initial Operational Baseline (iOBL).** The iOBL must be established, confirmed and approved before the start of User System Commissioning, during the Transition Phase. Achievement of the iOBL lies within the Armscor/IPT domain. An iOBL is established when all documentation and information required to operate and support the system throughout its life-cycle is delivered. The Product/Products System would then be adequately supportable and ready for commissioning as part of the Transition Phase.

4. **The Validated Operational Baseline (vOBL).** The vOBL must be established, confirmed and approved before project closure, during the Transition Phase. Achievement of the vOBL lies within the IPT domain. A vOBL is established on completion of the commissioning of the User System, and when all documentation and information required to prove compliance to the SR is complete. The User System would then be adequately supportable and ready for Release to Service. The vOBL should be presented by the IPT to an User Acceptance Committee, and consists of the following documentation:

- a. Armscor Order Statement of Compliance and Completion to indicate that all order lines on the contract is complete and closed.
- b. URS Compliance Matrix to indicate compliance to the SR.
- c. Approved FOT&E Report to indicate user validation of the SR.
- d. Signed Hand-over Certificates to indicate user acceptance of all project deliverables.

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NOTE 56: The iOBL and vOBL. The most important pre-requisite for the Operational Deployment and Maintenance Phase is a vOBL. A clear and important distinction should be made between the terms iOBL and vOBL.

Authentication of the iOBL involves verifying, firstly that the process which has resulted in the iOBL has had integrity. Secondly, that the results of this process as captured in the iOBL accurately and completely reflects the total configuration of the Products System. In other words, authentication answers the question: "have we done things right?"

Validation of the vOBL involves confirming that the User System (including System Management), as captured in the vOBL, meets the requirements of the ROC as refined and specified in the SR, and that the Products System can be successfully managed during the Operational Deployment and Maintenance Phase. Validation therefore answers the question "have we done the right thing?"

TRANSITION PHASE - FUNCTIONS

5. **Scope.** The Transition Phase includes all activities from the Contractual Hand-over (Level 5) to the PCR (Level 6), as set out in Function 14 and 15. An approved Interim Support Contract for a period not exceeding 24 months from the contractual delivery of the first Products System, must also be in place.

FUNCTION 14: TRANSITION

6. **Aim.** The aim of Transition is to achieve iOBL, vOBL and Project Closure.

7. **Description.** During Transition the User environment is prepared for Products System Transition and the Products System is Integrated, Handed-over and Commissioned between DMD (IPT) and the System Manager across Levels 5 and 6 of the Systems Hierarchy. The objectives of Transition of the Products System is to:

- a. Finalise the preparation of the User environment in anticipation of the delivery of the Products System to the User organisation.
- b. Integrate and Hand-over the Products System into the User organisation, and Commission the User System to the System Manager.
- c. Evaluate modifications, and to streamline doctrines and tactics.
- d. Ensure that the PME conforms to the user requirement under conditions that are operationally as realistic as possible.
- e. Close the project.

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8. **Scope.** The Transition Phase consists of a number of distinct sub-phases, some of which can take place in parallel and others that need to follow one another in series. To properly execute this phase the following sub-phases must be executed according to the Transition Plan:

- a. User Environment Preparation/Establishment. In order to successfully integrate the Products System within the Level 6 User organisation, it is paramount that environment preparation/establishment takes place. All policies must be analysed and reviewed to establish baselines and definitions of responsibilities.
 - i. System Management Preparation/Establishment. System Management must be prepared/established. All Products System support functions must be identified, existing or new organisation and resource structures must be created, staffing must be completed and facilities must be available and ready.
 - ii. Unit Preparation/Establishment. Operational units must be prepared/established. All operational functions and requirements must be identified, existing or new organisation and resource structures must be created, Products/Products Systems placement must be identified, staffing must be completed and facilities must be available and ready.
- b. Products System Integration. Products System Integration is the process of formally transferring the entire Products System from the acquisition environment to the User account. At this point, the User organisation must be established and ready to accept and participate in the integration of the Products System. Integration of a Products System must ensure that all Products/Products Systems and elements are codified, accounted for and distributed.
 - i. Codification. The Products System must be codified in accordance with the DOD codification policy and according to the process as captured in the Supply Support Plan of the Project.
 - ii. Accounting. The Products System must be brought onto account in accordance with the DOD accounting and supply support policy and according to the process as captured in the Supply Support Plan of the Project. The System Manager is responsible to comply with the DOD Asset Management Policy.
 - iii. Distribution. The Products System must be distributed to pre-determined locations with all relevant and required baseline information.
- c. Products System Hand-over. Products System Hand-over is the progressive process followed during Integration to facilitate acceptance of the Products System within the User organisation. The Products System will be formally handed-over from the acquisition environment (DMD) to operations and support (User), culminating into a signed certificate at each level. The process is phased over the period from first item delivery up to the point of final MRT (D448 in SAN terms) of the Products System.

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- i. Hand-over of Products System. When all actions on a Product or Products System are integrated, the Product/Products System is officially handed-over to the User by means of a Hand-over certificate to indicate acceptance of each sub-system and later the complete Products System. The following terms and conditions for Hand-over must be adhered to:
- (1) The System Management office is well established and staffed.
 - (2) The operational units are well established and staffed.
 - (3) All Products and Support Systems have been integrated and commissioned.
 - (4) All Engineering Support elements have been integrated and commissioned.
 - (5) All ILS elements have been integrated and commissioned.
 - (6) Where items will be delayed beyond project closure, it must be accompanied by a management package containing a risk breakdown, completion schedule and resource allocation and responsibility tables.
- ii. Verification by IPT. The Hand-over process is completed when the IPT verifies that the Integration of the Products System have been concluded successfully into the User organisation at Level 5 and 6 of the Systems Hierarchy.
- iii. Products System Certification. For Products System Certification the User certifies that the Products, Products System and Support Systems can be used for service-regulated operations in a safe and efficient manner. Each Service/Division has a different and approved process for System Certification that must be applied.
- d. User System Commissioning. User System Commissioning is the process where the IPT verifies that the Integration and Hand-over of the Products System into the User organisation has been concluded successfully and that the User Systems have been qualified (Level 6). Commissioning is a systematic roll-up of sub-system integrity and performance, each measured against the URS, to the top level of the User System where it culminates in the realisation of the specified operational capability. It should validate and confirm or reject the integrity of the Products/Products Systems at each defined level and ultimately at the highest level of the Products System.

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- i. User System Qualification. For User System Qualification, the User verifies that all operational and support systems at Level 5 and 6 of the Systems Hierarchy, comply with the SR. FOT&E is used as method for User System Qualification. FOT&E is essentially a quantification of a User System's operational effectiveness (the degree of overall mission accomplishment of a Product/Products System when used by representative personnel in a representative environment) and operational suitability (the degree to which a Product/Products System can satisfactorily be placed in the field), and to identify any further modifications that are required. The ED is evaluated as part of FOT&E and the final update is done prior to presentation for final approval by the Services/Divisions.
- ii. Validation by System Manager. Validation is used to provide objective evidence that they User System acquired satisfies the user requirements when used as intended. The System Manager will be responsible to validate each Product/Products System delivered to evaluate whether or not the Product/Products System complies with regulations or specifications, before the Product/Products System is accepted. Once the Product/Products System has been validated for acceptance, final MRT takes place.
- iii. Management Responsibility Transfer (MRT). MRT is a progressive process followed during Products System Hand-over to facilitate the transfer of management of the Products System into the User organisation, up until the complete Products System is Transitioned. Final MRT is the date agreed upon between the IPT and the System Manager when the System Manager will accept total management responsibility for the User System. Where aspects of the project are still outstanding that prevent final MRT, a Delayed Item Process will be followed to ensure MRT conclusion. The System Manager takes over management responsibility of the iOBL once the baseline is authenticated. Until then, the IPT remains responsible for the baseline integrity. After final MRT and the acceptance of the vOBL, concessions and deviations are managed by the Systems Manager.

9. **Format**. No milestone documentation is developed during Transition.

10. **Procedure**. The execution of Transition is the responsibility of the System Manager and entails the application and execution of the Transition Plan. The responsibilities of the parties involved with the Transition Phase are as follows:

- a. IPT
 - i. Participate in the execution of the Transition Plan in support of the System Manager.
 - ii. To manage the interim support contract and to monitor warranty claims and OEM support.
 - iii. Support the APM in presenting the iOBL for authentication.

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- iv. On completion of Transition, the IPT must present the vOBL for acceptance to the User Acceptance Committee.
 - v. To finalise and deliver to the System Manager the life-cycle cost prediction for the User System (actual data in respect of the Acquisition Phase and data provided in respect of the Operational Deployment and Maintenance Phase).
 - vi. To progressively transfer all logistic products and capabilities to the System Manager.
 - vii. Support the System Manager and End-User in the finalisation of the doctrine.
 - viii. Accept and evaluate the FOT&E report (In the case of the SAAF this is accepted by the System Group and Certification Authority).
 - ix. Assist in the execution of the transition in conjunction with all the relevant stakeholders and recipients.
 - x. Request that the Project be audited.
 - xi. Compile and present the PCR for approval.
- b. System Manager
- i. To ensure supportability of the Products System by validating all the LURS and ILS elements.
 - ii. Is primarily responsible for the execution of the Transition Plan which includes the execution of FOT&E by the User.
 - iii. Ensure compliance to the relevant Orders and Instructions during Transition.
 - iv. Ensure that the POSTEDFIT elements as applicable are properly transferred and managed.
 - v. Confirm the authenticity of the iOBL.
 - vi. Accept transfer of management responsibility from the IPT.
 - vii. Update the User System Management plan.
 - viii. Plan for appropriate (MTEF) budget to ensure support of the User System when commissioned into service.
 - ix. Ensure that System Management is appropriately established.
 - x. Evaluate and accept the transfer of data to the relevant Information System (eg OSIS, CALMIS).
 - xi. Verify the integrity of the transition processes, results and conclusions.

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xii. Establish, in conjunction with all the stakeholders an effective FRACAS.

11. **Approvals.** No milestone documentation is submitted for approval during Transition.

FUNCTION 15: PROJECT CLOSURE REPORT

12. **Aim.** The aim is to obtain approval to finally close the project.

13. **Description.** The PCR is a summary of the results produced by the project.

14. **Scope.** The PCR contains at least the following:

- a. **Product Background.** The project background consists of a project overview, product description, project duration, approved milestone documents and status and lessons learned.
- b. **Products System.** The contracting, deliverables and status of orders are discussed.
- c. **User System.** The MRT and System Hand-over, and URS Compliance is discussed in detail.
- d. **Project Financial Status.** The project financial baseline, expenditure, financial status and any fruitless expenditure as discussed.
- e. **Identified Problems and Shortfalls.** Delivery control problems and incidents, and technology shortfalls are described.
- f. **Project Closure.** The results of the IG audit, any outstanding activities, and generations of the Products System are described. Authority to deregister the project, to archive the project documentation and to finally close the project is requested.

15. **Format.** An example of the format for a PCR is contained in Appendix L-8.

16. **Procedure.** The PCR is compiled by the IPT which is led by the PO and represents DOD Milestone 7, the Completion Decision.

17. **Approval.** The PCR is mandatory for all projects and is approved by the AACB.

PROJECT CLOSURE PROCESS

18. The PO is to ensure that all activities/transaction relating to the project are finalised, and the vOBL accepted by the User. Once this is done the PO informs IG via the Acquisition Director that the project is ready for the Project Closure Audit. IG then executes the Project Closure Audit and confirms the following:

- a. that Armscor has delivered the required deliverables,

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- b. that no further expenditure is required,
 - c. the actual expenditure on the project, and
 - d. that the Service/Division has received the deliverables.
19. Upon receipt of the Project Closure Audit Report, the PCR and the Project Closure Audit Report are presented to the AACB for approval that the project may be closed, deregistered and archived.
27. The PO then sends a request to DI to initiate the deregistration of the project on the FMS using the Code Word Registration form which is found on the DI Intranet Website. It is important to note that this form is "CONFIDENTIAL" once it has been completed. Code word deregistration forms may not be faxed to Directorate Counter Intelligence Overt Collection (SDCI) as it would constitute a breach of security. All forms must be sent via the normal DOD administrative postal system or delivered by hand to SDCI.
28. DI will then instruct Director Budget Control to de-register the project on the FMS.
29. Upon receipt of the deregistration instruction from DI, DBC will change the status of the project on the FMS from "Active" to "Blocked" and removes the project from the "Red Lights" programme.
30. The PO then archives all the project documentation.
31. The Acquisition Director will then ensure that all project personnel are re-appointed and that the Project Post Establishment is de-activated by DIMS.

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CHAPTER 8H: OPERATIONAL DEPLOYMENT AND MAINTENANCE PHASE

OPERATIONAL DEPLOYMENT AND MAINTENANCE PHASE - GENERAL

1. **Aim.** The aim of the Operational Deployment and Maintenance Phase is to employ the User System operationally in accordance with the set requirements contained in the FURS. In order to be able to do so, the Product/Products System must be fully logistically supportable during its operational life in accordance with the LURS. The Operational Deployment and Maintenance Phase formally commences when Milestone 7 (PCR approved) on Level 6 is attained and continues until Product/Products System is decommissioned and disposed of. During this phase it is the responsibility of the System Manager to achieve Milestone 8 (fOBL) after which the Product/Products System is declared a User System and may be operationally deployed/utilised.
2. **Milestone 8.** During the execution of the Operational Deployment and Maintenance Phase, the achievement of the fOBL on Level 6 represents the Operational Decision (Milestone 8).
3. **The Final Operational Baseline (fOBL).** The fOBL on Level 6 must be established, confirmed and approved during the Operational Deployment and Maintenance Phase. Achievement of the fOBL lies within the User domain.

OPERATIONAL DEPLOYMENT AND MAINTENANCE PHASE - FUNCTIONS

4. **Scope.** The Operational Deployment and Maintenance Phase, in as far as the Acquisition Process is concerned, only includes those support activities that will ensure that the User System will be kept operational to the required level of Operational Capability.

FUNCTION 16: OPERATIONAL DEPLOYMENT AND MAINTENANCE

5. **Aim.** The aim of Operational Deployment and Maintenance is to achieve fOBL in order to employ the User System.
6. **Description.** During Operational Deployment and Maintenance, the User System is employed by the DOD and logistically supported by System Management through the Industry and Armscor.
7. **Scope.** During Operational Deployment and Maintenance the User System is employed in accordance with the ED and supported by the Services/Divisions, Armscor and Industry. During this phase the ED may be updated. Final Operational Force integration is completed and fOBL is declared.
8. **Format.** No project milestone documentation is generated during Operational Deployment and Maintenance. However, the System Manager will declare fOBL in accordance with an internal format as prescribed by the Services/Divisions.

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9. **Procedure.** The responsibilities of the different parties are as follows:
- a. **Industry**
 - i. Supplying the spare parts as contracted.
 - ii. Maintaining the Product/Products System, mainly at depot level, as contracted.
 - iii. Giving advice regarding reliability growth.
 - iv. Keeping the configuration status of documentation up to date in respect of changes initiated by the Product/Products System supplier/Product/Products System house as contracted.
 - v. Acting as the Products/Products System DA.
 - b. **Armcor.** Contracting of Industry, as required, and with associated legal, financial, and QA support.
 - c. **DOD.** The final integration at Level 6 must be completed and FOBL declared. The System Manager has full responsibility for the support of the Products/Products System.
10. **Approvals.** No project milestone documentation is approved during Operational Deployment and Maintenance.

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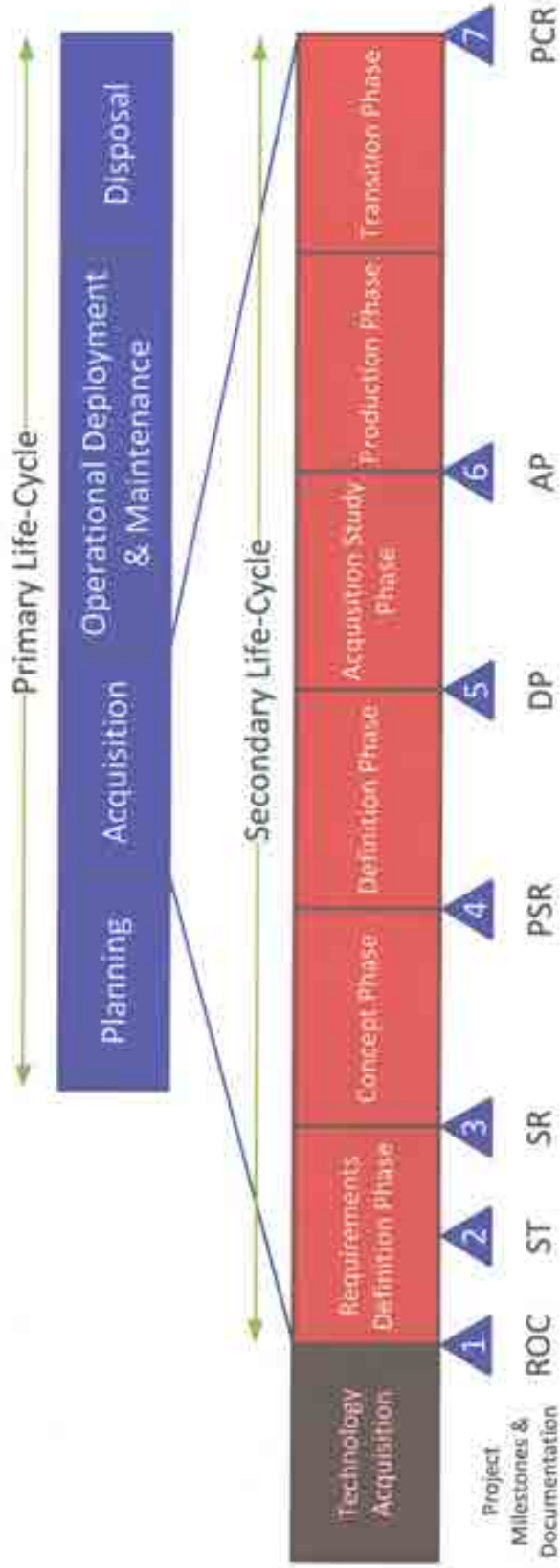
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SYSTEMS HIERARCHY









LIFE-CYCLE PHASES



POSTEDFIT

P		Personnel
O		Organisation
S		Support
T		Training
E		Equipment
D		Doctrine
F		Facilities
I		Intelligence
T		Technology

Level 6

	Physical Product
	Training and Training Equipment & Systems
	Technical Publications
	Spares
	Packaging, Handling, Storage and Transportation Equipment
	Support & Test Equipment

Level 5

APPENDIX A-5
TO DAHB 1000/
No 000121/2015

TEST AND EVALUATION

	Requirements Definition Phase	Concept Phase	Definition Phase	Acquisition Study Phase	Production Phase (Industrialisation)	Production Phase (Manufacturing)	Transition Phase
Support Execution Plan Level 5 Level 6						POT&E	FOT&E
				DT&E	TT&E	FATs (as part of TT&E)	
				Contractor	IPT	IPT	User
Support Execution Plan Level 5 Level 6				Contractor	IPT	IPT/User	User
				Contractor	IPT	IPT	User
				Contractor	IPT	IPT	User
Support Execution Plan Level 5 Level 6				Conducted in Contractor Environment to assist in engineering design and development	Post development as part of overall certification requirements and to verify an audit function	Conducted under operational conditions using production or production representative test articles	Carried out in the user environment and includes the logistic support system as well as the System Management system
Support Execution Plan Level 5 Level 6				Verify that Products System meets technical specifications. Verify that design meets design requirements	Verify that Products System meets contractual specifications. Verify that design meets safety requirements	Validate that Products System meets operational requirements	Validate that Products System meets operational and logistic requirements
Support Execution Plan Level 5 Level 6				Products System Qualification	Products System Certification	User System Qualification	

APPENDIX A-8
TO DAHB 1000/
No 000121/2015

MILITARY RECOMMENDATION AND ACQUISITION GOVERNANCE FORUMS

Cabinet				▲											▲		
Min Com				▲											▲		
AAC				●▲											●▲		
AASB (Sec Def)				●▲			●▲								●▲		
AACS (C Def Mat Div)				●▲			●▲								●▲		
MCC (C SANDE)				●▲											●▲		
ASC (C JPS)				●▲													
SANDE (Services/Division)				●▲											●▲		
Level / Doc																	
● Cardinal				■ Non-Cardinal											▲ Strategic Defense Acquisition		

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APPENDIX A-7
TO DAHB 1000/
No 000121/2015

MILITARY RECOMMENDATION AND ACQUISITION GOVERNANCE FORUMS FOR EXPEDITED ARMAMENTS ACQUISITION

	Cabinet							
Min Com								
AAC			●	●				
AASB (Sec Staff)			■	■				
AACB (C Dkt Mgt Div)			■	■			■	■
MCC (C SANDF)				●				
OSC (C JOPS)				■				
SANDF (Service/Division)			■	■	■		■	■
Level \ Doc			TL	RS	AP	PCI		
Cardinal	●			■	■	■	■	■
Non-Cardinal				■				

DAHB 1000

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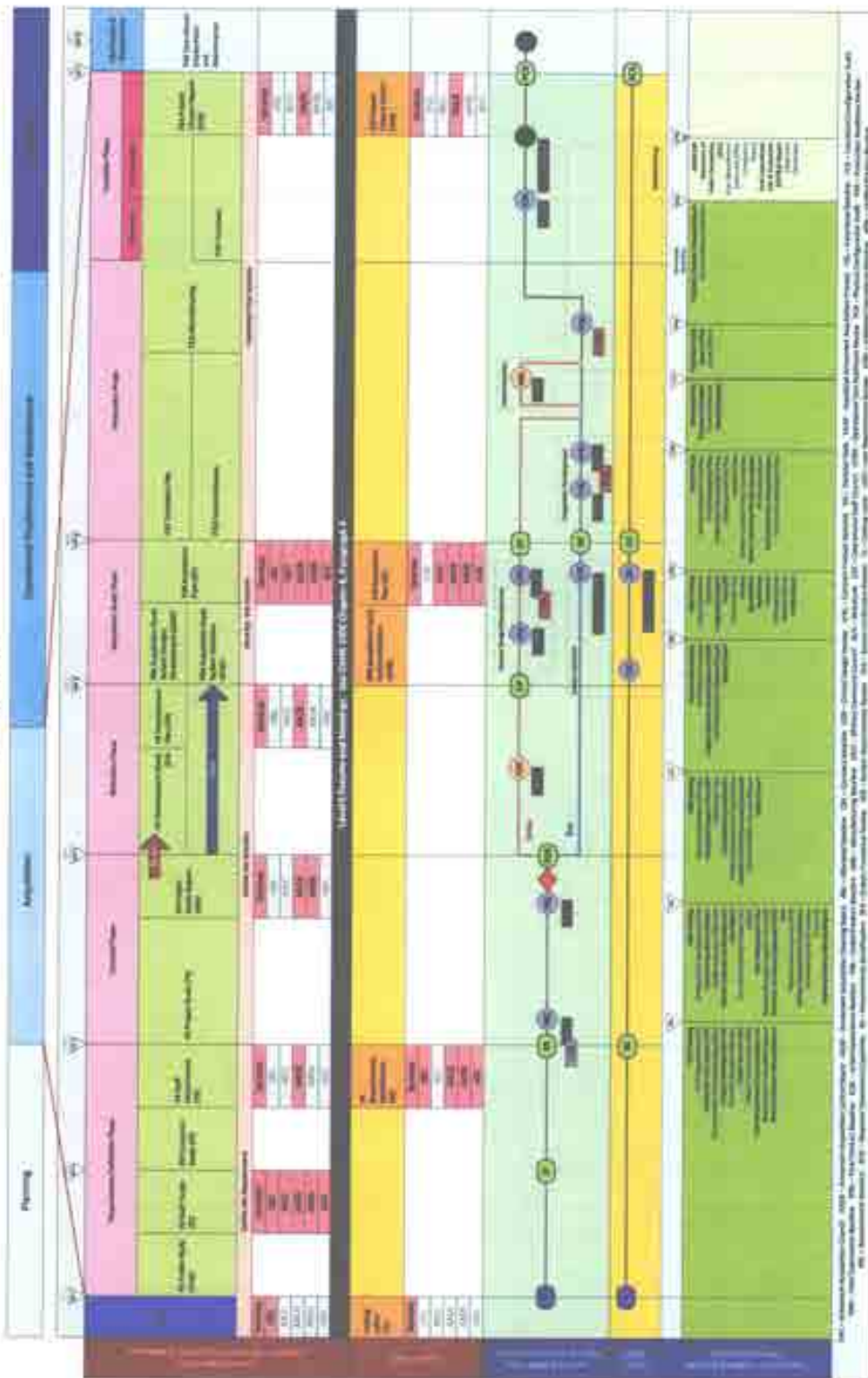
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APPENDIX A-8
TO DAHB 1000/
No 000121/2015

DEPARTMENTAL BUDGET EXECUTION PROCESS



DAPMAP

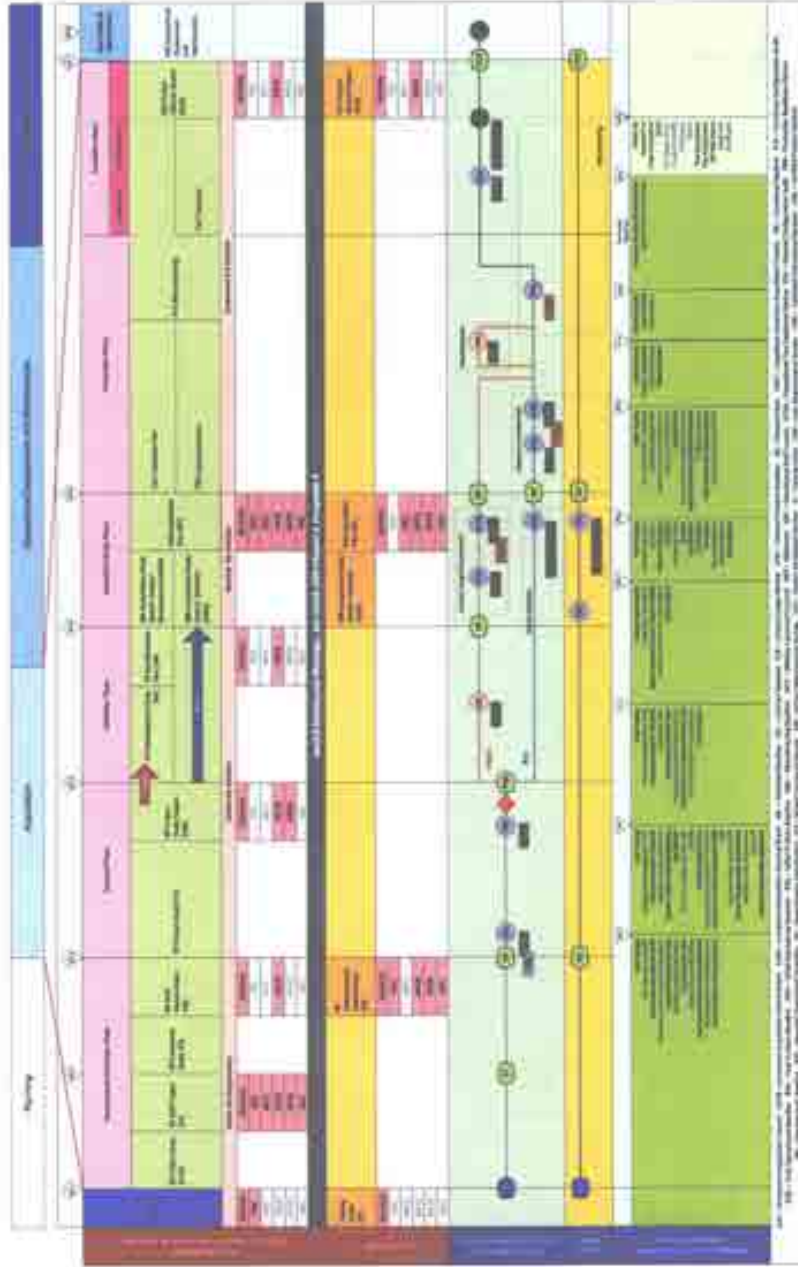


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APPENDIX A-9
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DAPMAP

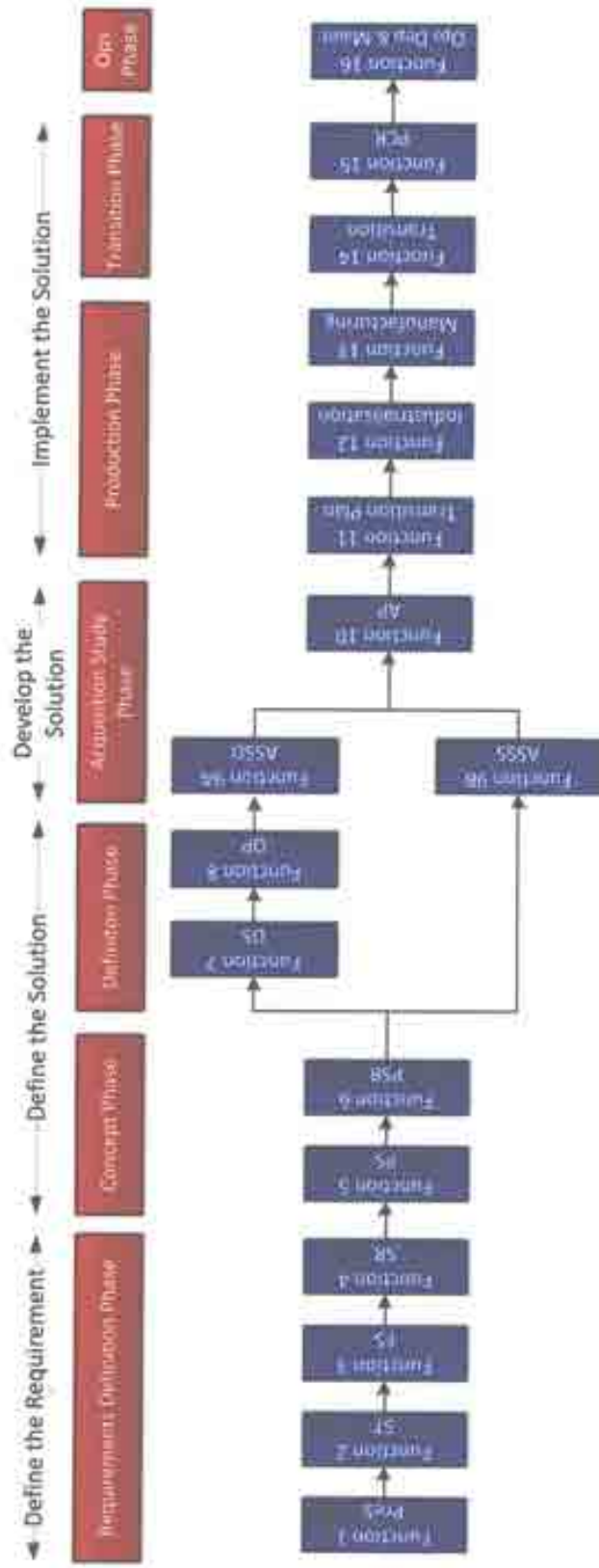


DAHB 1000

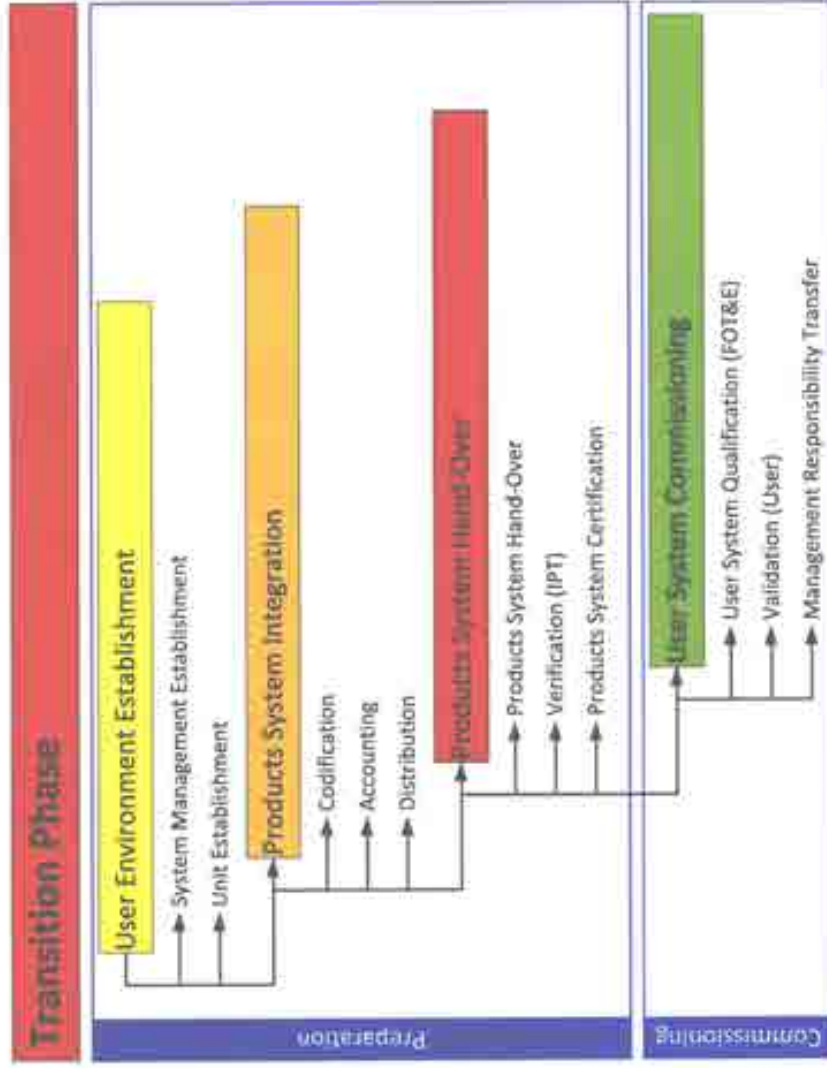
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PROCESS FLOW DIAGRAM



TRANSITION PROCESS DIAGRAM



APPENDIX B
TO DAHB 1000/
No 000121/2015

GUIDELINES FOR THE COMPOSITION OF A MEMORANDUM OF UNDERSTANDING (MOU)

GENERAL

1. A Memorandum of Understanding (MOU) is that document whereby the DMD contracts all internal (Services/Divisions) and external parties with management interfaces to the project, such as Armscor for the Products System, DPW for certain logistic support elements such as buildings and facilities, HRSC (DMPU) for manpower, and State Information Technology Agency (SITA) for Information Technology (IT) requirements. MOU's are to be included in all milestone documents so as to contract the foregoing parties for the following phase.

AIM

2. The aim of the MOU is to detail the roles and responsibilities, interactions and tangible outputs of the participating parties.

SCOPE

3. A MOU consists primarily of a scope of agreement, organisations and role definitions, responsibilities, committees and boards, financial management and matters, security and media.

4. Any point of contention arising with the interpretation of the agreement, is to be clarified immediately and the results are to be recorded.

5. Although an example is provided it should not be rigidly applied. The MOU should reflect the particular conditions and environment relating to the specific project. Therefore, the MOU should be tailored to the specific requirements of the parties involved and of the project.

6. The example contains both guidelines and examples of possible content.

7. The actual MOU should be a negotiated document indicating what has been agreed to between the Parties with respect to the execution of a specific project.

8. The following example of a MOU provides guidelines in Arial 11 font, and examples in Arial 11 Italic font.

EXAMPLE OF A MEMORANDUM OF UNDERSTANDING

SECURITY CLASSIFICATION

MEMORANDUM OF UNDERSTANDING

		[File Reference]
Telephone :	428-1234	[Address Line 1]
Facsimile :	428-4321	[Address Line 2]
Enquiries :	Lt Col I.M. Admino	[Address Line 3]
Project Officer :	Lt Col I.M. Projo	[Address Line 4]
System Manager :	Lt Col I.M. Mainteno	
		[Date]

MEMORANDUM OF UNDERSTANDING BETWEEN THE DEFENCE MATÉRIEL DIVISION (DMD), SERVICE/DIVISION AND ARMSCOR FOR THE EXECUTION OF PROJECT (CODE WORD)/SUB-PROJECT (CODE WORD)

Appendix A: Glossary of Terms and Definitions

B: Responsibility Matrix

SCOPE OF AGREEMENT

1. This scope of agreement should address the interaction, procedures and responsibilities for the parties involved in this agreement, eg, between the DMD, Service/Division, Armscor (department) and any other entity, for the execution of the project or a specific phase of the project.
2. *[In pursuance of the decision by the AAC/AASB of [date] to proceed with the acquisition of [capability] for the Service/Division, the Parties agree as follows:*
3. *The acquisition program will be a joint effort between the following Parties.*
 - a. *The Defence Matériel Division (DMD). [Acquisition Directorate] will, by issuing a management directive to the Project Officer (PO), manage the acquisition of the [capability], including related sub-projects if appropriate, on behalf of the Department of Defence (DOD), in accordance with the relevant SA Statutes and Defence Policy.*
 - b. *Services/Division. The [Service/Division] will appoint the PO, and manage all intra-[Service/Division] integration work required, which does not form part of the Scope of Supply, to introduce the new [capability] into service. Intra-Service integration will be controlled by means of the appointment of Services/*

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Divisional representatives to the Integrated Project Team (IPT), where and when appropriate, joint participation in user workgroups, membership of the Project [NAME] Project Steering Committee (PSC), and the Project Control Board (PCB). The [Service/Division] will make such appointments.

- c. *Armcor. Armcor is the Acquisition Agency on behalf of the DOD, in accordance with the relevant SA Statutes and Defence Policy.*

4. *This Memorandum of Understanding (MOU) will govern the relationship between The Parties for the acquisition of the [capability] for use by the [Service/Division], together with logistic support, products, services, and equipment as detailed in the Project's Agreements, and the Acquisition Plan.]*

SCOPE OF THE PROJECT

5. The scope of the project should include:
- a. A concise description of the identified operational shortcoming in terms of the approved force structure plan.
 - b. Provide an overview of the project inclusive of the deliverables eg Prime Mission Equipment, Integrated Logistic Support and any other Mission Support Equipment.
 - c. Provide an overview of the objectives of the project across Levels 7, 6 and 5.
 - d. Identify the specific phase and milestone documentation in which the project presently finds itself, represented by [document], (eg, DS/C ACQ/C/302/6/A123 dd XX Sep 03) approved by [party], (eg, AASB). State that the foregoing authority, inclusive of restrictions, eg, financial, time-scale or activity, authorises the initiation and execution of the following phase.

INTER-RELATIONSHIPS BETWEEN PARTIES

6. The organisations and individuals involved in the execution of the project are identified, and their respective responsibilities delineated. A detailed responsibility matrix indicating at least the lead responsibility and supporting roles should be attached as an Appendix.

ACQUISITION RESPONSIBILITIES OF THE PARTIES

7. The different Parties have different focus areas and operate at different levels within the acquisition hierarchy, and should be described in detail.

8. *[Contractor]. The Contractor must supply integrated and qualified Products Systems and Products as defined in the Contract.*

9. Armcor

- a. *Armcor will manage the acquisition of the Level 5 Products System and services as required within the Level 6 User System and as determined by the Supply Terms.*
- b. *Armcor manages the Contractor according to the Contract to ensure the Level 5 Products Systems and Products are accepted to specification, on time and within cost. These Products Systems and Products are then delivered to DMD for hand-over to the Services/Divisions.*
- c. *Armcor must consult and collaborate with DMD to ensure that the contracted Products Systems and Products comply with the functional and logistic requirements of the DOD and can be integrated into the Level 6 User System.*
- d. *The following general and specific responsibilities are applicable:*
 - i. General Responsibilities. *The following serve as examples of aspects that should be addressed (specific detail of how each one will be addressed is to be given):*
 - (1) *Management of the presently contracted technical baseline up to the following technical baseline to the satisfaction of the approved milestone documentation.*
 - (2) *Control of the Project Plan in terms of planning and time-scales.*
 - (3) *Placing of contracts and report back.*
 - (4) *Control of Contract Variation Orders (CVO's).*
 - (5) *Quality Assurance (QA), at Level 5.*
 - (6) *Configuration- and interface specification control.*
 - (7) *Joint authorisation of acceptance test procedures against the technical specifications.*
 - (8) *Joint signatory on acceptance certificates.*
 - (9) *Shipping and delivery control.*
 - (10) *Joint reporting to Armcor/DMD management.*
 - (11) *Liaison with Armcor technical divisions.*
 - (12) *Corrective actions for deviations from Project Plan.*
 - (13) *Monthly reporting to the DMD with regard to technical-, cost- and schedule progress.*
 - (14) *Joint control of overseas visits.*

- (15) *Control of project security with regard to the industry.*
- (16) *Baseline Management.*
- (17) Finances
 - (i) *Joint budget and allocation of funds.*
 - (ii) *Composition and submission of "White sheets".*
 - (iii) *Audits of financial reports.*
 - (iv) *Maintenance of financial records.*
 - (v) *Certification of invoices and escalation for payment.*
 - (vi) *Design to cost objectives.*
 - (vii) *Detail pertaining to processes, Financial Authority (FA) Requirements, credit FA's and FA extensions.*
 - (viii) *Compilation and control of planned cash flow and report back.*
 - (ix) *Deliverables, delivery control and ownership.*
 - (x) *Certification that the costs of the delivered products and/or services are realistic and competitive.*

ii. Specific Responsibilities. *Below is a list of responsibilities applicable typically to Armscor during specific phases of the acquisition. This is purely an example and is to be adapted in accordance with the requirements of the parties and the project.*

- (1) *During the execution of the Development Study as the run-up to the Development Plan, Armscor is responsible to:*
 - (i) *Carry out a Development Study to determine how each of the Configuration Items (CIs) will be handled during the design/development.*
 - (ii) *Delivery of an updated Master Record Index (MRI) to the DMD with the correct configuration of each of the applicable documents.*
 - (iii) *An updated risk analysis of the CI's that are intended for design/development.*
 - (iv) *Creation of a QA plan for the Development Phase.*
 - (v) *Creation of a relevant logistic plan.*

- (2) *During the Acquisition Study in the run-up to the Acquisition Plan, Armscor is responsible for:*
- (i) *Determination of the manner and by which party, the Products System is to be manufactured, tested, accepted and integrated for delivery.*
 - (ii) *Delivery of an updated MRI to the Service/Division with the correct configuration of each of the applicable documents*
 - (iii) *Delivery of the logistical results of the design/development.*
 - (iv) *Delivery of the Development Test and Evaluation (DT&E) results of the design/development.*
- (3) *During Industrialisation Armscor is responsible to:*
- (i) *Ensure that the manufacturing process is qualified.*
 - (ii) *Compile a manufacturing contract for acceptance by DMD and Industry.*
 - (iii) *Laying down criteria, procedures and tests for factory and system acceptance at all system levels.*
 - (iv) *Determine the cost of ownership of the Products System.*
- (4) *During the Production Phase, Armscor is responsible to:*
- (i) *Ensure that the phase is executed in accordance with a contract.*
 - (ii) *Ensure that the DODs interests enjoy priority.*
 - (iii) *Integrate all parties' and interests during manufacturing and change control.*
- (5) *During the Transition Phase Armscor is responsible for:*
- (i) *Acceptance of the qualified Products System(s) against the technical specifications and delivery to the Service/Division.*
 - (ii) *Correct and complete finalisation of the acquisition contract.*
 - (iii) *Delivery of the final MRI that is to include, inter alia, the final life-cycle cost update for the Products System(s).*
 - (iv) *Delivery of a suggested list of strategic materials for purposes of stockpiling.*

- (6) *During the Operational Support and Maintenance Phase Armscor is responsible for:*
- (i) *Provision of Logistics.*
 - (ii) *Maintenance of a database as agreed upon in with the Service/Division.*

10. DMD

- a. *DMD has overall acquisition responsibility for the acquired User System, including management and control of the specific Project acquisition budget.*
- b. *DMD (and Armscor) will manage the acquisition of the Products System in accordance with legislation and departmental policy. The Chief of Defence Matériel (C Def Mat) is accountable to the Secretary for Defence for the execution of this task.*
- c. *DMD must ensure that the Service/Division operational requirement for a Level 6 Enabled User System is correctly interpreted, captured in a Functional Baseline (Level 5) description and fully reflected in the Level 5 Products Systems and Products specified in the Contract. As operational requirements can change, DMD must consult and collaborate with the Service/Division to ensure that the Functional Baseline remains relevant.*
- d. *DMD must verify that the Products Systems and Products delivered by Armscor comply with the functional and logistic requirement when applied within the intended Level 6 User System's operating environment.*
- e. *DMD must initiate the establishment of an IPT. The team will consist of personnel from the DOD and Armscor. The IPT will be augmented by representatives of the Services/Divisions as required. The PO, who will be an appropriately qualified Service/Division officer, will manage the IPT jointly with an Armscor Project Manager (APM), who similarly will be suitably qualified and experienced. The PO of the project will be accountable to the Director Acquisition for introducing the acquired Products System into service, whilst the System Manager will be responsible to integrate the Products System into the Service/Division to achieve a Level 6 User System. The APM will be accountable to the Armscor Senior Manager for executing the Level 5 (contracted) acquisition project. These officials will be authorised to expend effort and funds to achieve the objectives of the project according to their delegated authority. The responsibilities of the IPT should be indicated as described in the DAHB 1000. In the execution of the contracted requirements and allocated project management responsibilities, the appointed Service/Division and Armscor members to the IPT shall be responsible for the following:*
 - i. *Executing project management responsibilities in accordance with policy through a formally promulgated responsibility matrix, and as delegated by Acquisition Director.*
 - ii. *Developing an Integrated project plan.*

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- iii. *Developing and management of a Customer Furnished Equipment (CFE) Plan.*
- iv. *Executing functional control over allocated financial responsibilities.*
- v. *Executing studies for mission equipment to meet approved functionality and subsequently contracted installed performance criteria.*
- vi. *Participating in/leading Products System functional work groups and oversight forums.*
- vii. *Participating in design/development, and manufacturing of contracted operational elements of the Products System to meet contracted installed performance parameters.*
- viii. *Participating in the design/development, and manufacturing of Products System logistic support elements.*
- ix. *Participating in engineering design/development and implementation of qualification and certification activities of the Products System.*
- x. *Co-ordinating authorised attendance of the contractor, DOD and Armscor representatives at functional forums; created to support Products System design/development, manufacturing, qualification, certification and transition into service.*
- xi. *Participating in infrastructure planning and the contracting processes for the establishment of approved Products System infrastructure requirements.*
- xii. *Participating in contractual acceptance milestones to verify functional and logistic compliance to contracted performance criteria and parameters defined in approved acquisition documentation.*
- xiii. *Participating in functional reviews scheduled to consider changes to contracted specifications that have been authorised through a formal engineering change control process.*
- xiv. *Participating in functional reviews to develop derived System Specifications after approval of the Staff Requirement.*
- xv. *Participating in contractual negotiations that may be necessitated to accommodate approved changes to Functional and Logistic User Requirement Statements or contractual terms and conditions affecting functionality, delivery schedules, or cost.*
- xvi. *Liaising with the Services/Division and DOD client base with respect to operational and logistical matters that may impact on their areas of responsibility.*
- xvii. *Participating in briefings to/negotiations with potential local support industries in establishing an optimised logistic support concept for the capability.*

- xviii. *Participating in the OT&E planning and execution phases in support of certification, qualification and release to service objectives.*
- xix. *Managing the system certification process in collaboration with the appropriate Service/Division authority.*
- xx. *The principles of acceptance are that the IPT, supported by the Service/Division (and specifically the System Manager) will conduct acceptance from the contractor of all contractual deliverables, up to the delivery of the Level-6 User System. Thereafter the Service/Division, supported by the IPT, shall conduct acceptance of the User System and all contractual deliverables. Acceptance of the Level-5 Product System shall be executed in accordance with the project's Acceptance Test Procedures, which shall be detailed in the Test and Evaluation Master Plan (TEMP).*
- xxi. *In enabling the User System, the acquisition process will integrate, Hand-Over And Commission the Products System into a Level 6 User System environment in order to ensure full compliance to all contracted obligations. Armscor is responsible to achieve the Initial Operational Baseline (IOBL), the IPT the validated Operational Baseline (vOBL) and the System Manager is responsible to achieve final Operational Baseline (fOBL).*
- xxii. *Participating in transition workgroups to ensure the creation of:*
 - (1) *Transition Plan.*
 - (2) *Transition workgroups to ensure the creation of:*
 - (i) *A competent pool of crew and technical personnel.*
 - (ii) *Operating procedures.*
 - (iii) *Certified facilities and personnel presented for training.*
 - (iv) *An enabled user environment prior to delivery of the Products System, associated support systems, and contracted in-country support capabilities.*
 - (v) *A system Employment Doctrine (ED), operational doctrine and tactics.*
 - (vi) *A logistic/engineering capacity to ensure continued "as-built" performance of the capability, inclusive of stakeholder interfaces impacting on "as built" performance.*
- xxiii. *Participating in strategic planning process to ensure sustainability of the capability.*
- xxiv. *Identifying and managing project risks.*
- xxv. *Jointly briefing, control and functional forums, on project performance, contractual progress, deviations and risks impacting the acceptance of the contracted capability into operational service on time.*

- xxvi. *Executing day-to-day management responsibility within the project office as agreed with the APM through a formally promulgated responsibility matrix.*
- xxvii. *Exercising functional control over allocated human, physical as well as financial resources.*
- xxviii. *Co-ordinating contractual training opportunities. Training will be executed at three levels. The Service/Division shall be responsible for preparatory and/or bridging training to the required project entry level. The IPT shall provide initial training of instructors and conduct/ manage all initial training courses for the Products System crews in respect of the project/contract baselines. Instruction staff, curricula and training material shall thereafter be handed over to the Service/Division as part of the iOBL and the Service/Division shall execute all follow-on training. The IPT shall therefore include an instructor component that will transfer to the Service/Division as part of the handover; envisaged to be after the acceptance of the first Product System/Product.*
- xxix. *Exercising functional control over trainees during contractual training courses at contractor/user facilities.*

11. Services/Divisions. *The Services/Divisions are responsible to:*

- a. *Participate in and validating functional and logistic user requirement statements and updating requirements formally, if required.*
- b. *Provide qualified personnel for approved military posts in the IPT.*
- c. *Provide qualified personnel to exploit negotiated training opportunities within the contract.*
- d. *Provide qualified personnel for participation in mandated user forums and specialist workgroups.*
- e. *Provide support, equipment and/or services timeously, and in the required condition of serviceability, configuration and requisite logistic support as documented in the agreed CFE Control Plan.*
- f. *Participate in project control forums to monitor project execution and provide guidelines to the IPT in terms of operational/logistic support aspects.*
- g. *Lead infrastructure planning, definition and subsequently participating in contracting processes for the establishment of approved infrastructure requirements.*
- h. *Lead implementation of agreed infrastructure upgrades to accommodate the capability at the selected main base and/or stations.*
- i. *Participate in contractually binding qualification/certification activities and formal release to service process.*

- j. *Participate in Operational Test and Evaluation (OT&E) activities up to and including the Production Phase and Leading OT&E activities in the Transition Phase.*
- k. *Prepare the user environment to accept the Products System into operational service, inclusive of operational doctrine and subsequent tactics and procedural documentation.*
- l. *Participate in the hand-over process.*
- m. *Ensure that DMD has suitably verified that the new Level 6 User System will satisfy the operational requirements, before accepting it into service.*
- n. *Integrate, hand-over and commission the delivered Level 5 Product System into the Service/Division's Level 6 User System environment.*
- o. *Accept and Commission the system as it is delivered by DMD and take ownership of the Products System as soon as it is in a position to do so; according to a structured Transition Plan. The General Officer Commanding (GOC) of the end User will assume full command of the Products Systems from contractual acceptance (in the case of naval projects) or Products System Hand-over (in the case of SA Army/SAAF/Common Weapons projects). The PO will retain Functional Authority over Products System until the completion of Training, Integration, Hand-over (to the End User) and Commissioning, until final Management Responsibility Transfer (MRT) of the Products System.*
- p. *Lead transition workgroups to ensure the creation of the following:*
 - i. *Transition Plan.*
 - ii. *The ED, operational doctrine and tactics.*
 - iii. *Certified facilities and personnel presented for training.*
 - iv. *Enabled user environment prior to delivery of the Prime Mission Equipment (PME), associated support systems, and contracted in-country support capabilities.*
 - v. *Logistic/engineering capacity to ensure continued "as-built" performance of the capability, inclusive of stakeholder interfaces impacting on "as-built" performance.*
 - vi. *Competent pool of crew and technical personnel.*
 - vii. *Operating procedures.]*

PROJECT OFFICE

12. The terms of reference to establish a joint PO should be described here.

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ACQUISITION MANAGEMENT COMMITTEES AND BOARDS

13. Project Control. The project control institutions should be describe here.
- a. Project Control Board (PCB). A PCB will be constituted for all Cardinal projects with the aim of directing higher order activities relevant to the project execution. The Chairperson of the PCB will be the C Def Mat. Membership of the PCB will be limited to management of DMD, relevant Services/Divisions and Armscor. The Board's aim, functions, composition and rules are contained in its constitution.
 - b. Project Steering Committee (PSC). A PSC will be constituted for all projects with the aim of directing activities relevant to the project execution. The Chairman of a PSC will be the relevant DMD director with involved Services/Divisions represented at Director level. Armscor should be represented at Senior Manager level. The Committee's aim, functions, composition and rules are contained in its constitution.
 - c. Service/Division Forums. Project status will be a standing item on the agenda of all appropriate Service/Division Forums.
 - d. Armscor Board. The Armscor Board serves as a decision-making board for tender adjudication and ensures that all contractual obligations of project management are in accordance with national procurement legislation, and that these decisions are made in the best interest of the State.
 - e. Integrated Logistic Support Management Team (US-ILS-MT)
 - i. A project US-ILS-MT Committee will be established for the purposes of ensuring the successful and cost-effective environment establishment, integration, hand-over and commissioning of the Products System into the Service/Division as a fully operational entity.
 - ii. The agenda of the meeting will focus on the environment establishment, integration, hand-over and commissioning aspects of personnel, organisation, support, training, equipment, doctrine, facilities, information, technology, and their related budgetary implications.] Chairmanship of this committee should be mutually agreed.

PERSONNEL MATTERS

14. All personnel matters that are relevant to a project should be described.
15. Staffing. The Service/Division shall provide the personnel to staff the IPT, the Products System crews and their support staff. They will be provided in accordance with the project time-scales and at the quality and level of entry behaviour, including security clearance required by the project staffing and training specifications and plans. Staffing pertaining to the IPT shall be done in conjunction with the Director Acquisition, whilst staffing related to posts for the Products System shall be executed as per standard Service/Division staffing practices and shall be executed in conjunction with the End User. The preparation of personnel to the requisite entry level and the staffing of the project shall enjoy priority within

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the Service/Division. The Service/Division shall ensure continuity of project personnel during the human resource development process.

16. Post Establishment Tables. The Service/Division will develop formal post establishment tables in co-operation with the project, which will be authorised by the necessary authority and controlled by the Service/Division once established. The Service/Division Personnel Directorate shall consider and recommend any amendments to project posts.

17. Training. Services/Divisions should timeously prepare and provide personnel according to requirements as provided by the IPT to complete relevant training courses.

18. Personnel Administration and Discipline. All Service/Division members under training or assisting the project with the acceptance of the Products System or any other aspect of the project will be attached to the project office for the duration of their stay. These members will not be seconded to Armscor, and shall fall under the PO for the purpose of military discipline. The Service/Division will administer such Service/Division members.]

PROJECT FINANCIAL MANAGEMENT

19. The way that all financial, budgeting and expenditure procedures should be described at a high level.

20. Financial Management. Financial Management will be executed strictly in accordance with the Public Finance Management Act No 1 of 1999 as amended.

21. Finance Requirement. The financial requirements are submitted through the project management channel and in accordance with departmental regulations. Once authorised by the appropriate authorities within the Defence Secretariat, C Def Mat may authorise expenditure in accordance with the acquisition plans.

22. Folio 2 Expenditure Authorisation. C Def Mat and the CEO of Armscor will establish a hierarchy of delegated authorities for the purpose of assessing and authorising requests for expenditure for the project within the financial management rules, and project management expenses. The Project Executive is to process requests for expenditure authorisation through the established hierarchy in accordance with departmental rules. Armscor will commit and expend funds as determined by the Armscor Authorisation Committees and delegations.

23. Folio 2 Expenditure Control. Funds may not be committed without prior financial authority. Therefore, the Project Executive is to ensure that financial authority exists before orders are placed. The APM will establish an administration system that will ensure that Products Systems are delivered and conform to the order specifications before payment is authorised. A financial officer from the DOD Finance Department will be allocated to the IPT.

24. Folio 2 Audit. Inspector General DOD will audit the project to confirm compliance to the authorised baselines and the financial record of the project bi-annually. The IPT is to schedule and budget for the audit team's visits if so required. Armscor internal audit authority will audit the project and processes as required within its delegations.

25. Folio 1 Project Management Funds. Detailed financial plans will be developed for management requirements outside of the capital budget allocated to the Project.

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26. Folio 1 Personnel Costs (Item 10). All members at the Satellite Project Office will remain on the strength of the Service/Division. Therefore all Item 10 budgeting is the responsibility of the Service/Division. This includes budgeting for merit performance awards.

27. Folio 1 Project Administrative Costs (Item 15). All administration costs associated with the Project Office(s), with the exception of the following will be the responsibility of the GOC:

- a. Item 150303 – Telephone costs.
- b. Item 150308 – Cell phone costs.
- c. Item 151210 – Vehicle hire.
- d. Item 151214 – Internal flights.
- e. Item 1651216 – Foreign flights.
- f. Item 152002 – Local S&T.
- g. Item 152015 – Foreign S&T.

52. Annual Project Budget. The annual Project Budget is to be presented to the PSC by the PO and the APM and be approved annually. The budget will then be allocated to, and be jointly managed by the PO and APM, within the authorisation levels for expenditure control.

53. Annual Project Budget Responsibilities. The APM is responsible for compiling the detailed Folio 02 budget, phased monthly. The PO is responsible for compiling the Folio 01 budget. The PO and APM will jointly compile the in budget in a Cost Analysis Sheet format for recommendation by the PO and approval by the relevant authorities.

54. Project Office Expenditure and Control. Project office expenditure within the approved budget is delegated jointly to the PO and APM. The PO and APM shall certify expenditure on a monthly basis. The "rolled up" detail of this expenditure will be included in the monthly report.

55. Accounting Procedures. Accounting procedures shall be in accordance with procedures as laid down by the Chief Financial Officer (of the DOD), and Armscor financial control policy.

SECURITY AND MEDIA

56. [An updated Security and Media Plan must be maintained by the IPT on a continuous basis for each phase of the project in conjunction with the Services/Divisions.]

MILESTONES AND CEREMONIAL

28. Progress through the acquisition process is marked by a number of major milestones. Achievement of each milestone constitutes a contractual hold point, denoting that further progress cannot be made until the milestone is achieved. These milestones include for example the first delivery of materials, commencement of construction, roll-out, completion of contractor's trials and commissioning.

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29. The PO will establish a list of major milestones for the project and arrange the ceremonial aspects surrounding achievement of the milestones in accordance with military practice.

CONTROL OVER THE MOU

57. The way that configuration control of the MOU will be maintained, must be described.

58. *[This document is under configuration control of the relevant Acquisition Director (DAA/DAFA/DNA/DCWA). Changes to the document will be tabled at a PCB and may only be made on the authority of all parties on a consensus basis. Suggested changes are to be submitted to the Acquisition Director through normal service channels. The Acquisition Director will promote the suggestions through the project management channel. The Acquisition Director will issue changes in the form of a new revision to this document.]*

DISPUTES

59. A Dispute Resolution Mechanism should be described here.

AGREEMENT

60. *[This document reflects the agreement that roles, delegations and responsibilities are valid with effect from date of signing. And will remain effective until superseded by a new revision or withdrawn by the Parties.]*

MEMORANDUM OF UNDERSTANDING BETWEEN THE DEFENCE MATÉRIEL DIVISION (DMD), SERVICE/DIVISION AND ARMSCOR FOR THE EXECUTION OF PROJECT (CODE WORD)/SUB-PROJECT (CODE WORD)

APPROVAL

In pursuance of the decision by the Minister of Defence at the AAC of XXX 10 to proceed with the acquisition of a [capability], the Parties agree that this Memorandum of Understanding (MOU) will govern the relationship between the Parties for the acquisition of the [capability] for use by the Service/Division, together with the deliverables as detailed in the Project Contract, and the Acquisition Plan.

This done and signed in PRETORIA on thisday of

For the
South African Service/Division

CHIEF OF THE [SERVICE/DIVISION]: LT GEN

For the
Defence Materiel Division

CHIEF DEFENCE MATERIEL: DEP DIR GEN

For the
Armaments Corporation of
South Africa (Ltd)

CHIEF EXECUTIVE OFFICER

APPENDIX
TO [FILE REFERENCE]
DATED [DATE]

[GLOSSARY OF TERMS AND DEFINITIONS]

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CONTRACT – The Main Agreement between Armscor and the selected Prime Contractor, defining the Scope of Supply and containing all the associated contractual terms, conditions and provisions.

ARMAMENTS ACQUISITION COUNCIL (AAC) – The AAC is the highest project approval forum in the DOD.

DELIVERABLES – Shall have the meaning as described in the Contract.

DEPARTMENT OF DEFENCE (DOD) – Those Services/Divisions that will support the DMD in the acquisition process.

USER SYSTEM – A Level-6 User System in which the personnel, organization, sustainment, training, equipment, doctrine, appropriate facilities, information, and other appropriate processes, have been tailored and qualified in terms of compatibility, affordability and sustainable application of the Products System. In enabling the User System, the acquisition process will thus have to carry out project integration; transforming Level-5 Product Systems into a Level-6 User System thereby ensuring full compliance to specific contracted obligations.

END USER – Shall mean the Service/Division.

EXECUTIVE COMMITTEE – The Acquisition Director and the Armscor Senior Manager form the Executive Committee of the PSC, responsible for directing lower order activities.

INITIAL OPERATIONAL BASELINE (IOBL) – The IOBL specifies the milestone achieved when the IPT hands-over, to the Service/Division System Manager, a completely functional and certified Products System, inclusive of the support required to ensure operational availability.

OPERATIONAL TEST AND EVALUATION (OT&E) – OT&E is carried out in order to verify operational affectivity, survivability, logistic supportability, reliability and maintainability. From this tactics and doctrine can be formulated. (RSA-Mil-Std 4)

FINAL OPERATIONAL BASELINE (FOBL) – The FOBL is defined as the milestone achieved when all agreed-to support, as demonstrated to and accepted by the Services/Divisions System Manager. At this milestone the Level-6 User System can be declared operationally available.

PARTIES – The parties shall mean:

- a. Service/Division. The Service/Division that will receive the Level-6 User System.
- b. DMD. The DOD agency responsible for the management of the acquisition of defence matériel.
- c. Armscor. The acquisition agency responsible for project and contract management. Armscor will appoint an APM to the project executive in order to manage the project.

PROJECT EXECUTIVE – The PO: Project XXXX (PO PX) and the APM: Project XXXX (APM PX) form the Project Executive; responsible for the project execution.

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SCOPE OF SUPPLY – The scope of supply refers to the contractual deliverables that will be mutually agreed to at contracting. The detail of which will be as documented in the Contract and its associated annexures and related agreements between Armscor and the Prime Contractor.]

VALIDATED OPERATIONAL BASELINE (vOBL) – A vOBL is established when commissioning of the User System and all documentation and information required to proof compliance to the SR is complete. The User System would then be adequately supportable and ready for Release to Service.

APPENDIX A
TO [FILE REFERENCE]
DATED [DATE]

[LIST OF ABBREVIATIONS]

AAC	<i>Armaments Acquisition Council</i>
APM	<i>Armcor Project Manager</i>
<i>C Def Mat</i>	<i>Chief Defence Matériel</i>
CEO	<i>Chief Executive Officer</i>
CFE	<i>Customer Furnished Equipment</i>
DMD	<i>Defence Matériel Division</i>
DOD	<i>Department of Defence</i>
FURS	<i>Functional User Requirement Statement</i>
ILS	<i>Integrated Logistic Support</i>
IPT	<i>Integrated Project Team</i>
LURS	<i>Logistic User Requirement Statement</i>
MOU	<i>Memorandum of Understanding</i>
SR	<i>Staff Requirement</i>
OBL	<i>Operational Baseline</i>
OT&E	<i>Operational Test and Evaluation</i>
PCB	<i>Project Control Board</i>
PSC	<i>Project Steering Committee</i>
PO	<i>Project Officer]</i>

Ecl

GUIDELINES FOR THE COMPOSITION OF A FUNCTIONAL VALUE SYSTEM (FVS)

GENERAL

1. The FVS is compiled by the User (represented by the User Specialist).
2. A Value System is a set of weighted criteria with associated rules and processes used as a framework in rationalising a decision-making process.
3. The User provides inputs in the form of a FVS as part of the requirement statement in order to establish project values. The FVS is thus compiled during the FS in consort with the FURS and LURS, as derived from the underlying studies and documents that supports the URS, eg Concept of Operations, Mission Profile (Concept of Use, Concept of Maintenance, Mission Analysis) etc.
4. The FVS provide the military performance part of the TVS to be used for the assessment of responses received in response to the RFI and will be used as a basis for the adjudication of the RFB against the CVS.
5. It is essential to do a value analysis to establish the FVS where required performances/functions are set against each other to determine and stipulate relative importance. The FVS should be based on operational analysis view of the URS, and as a result, qualitative factors should be assessed and judged, typically mission performance, availability, Cost of Ownership etc. Too low level criteria should be avoided as it may be restrictive and may constrain the thinking during the Concept Phase.

AIM

6. The aim of the FVS is to determine and stipulate relative importance of operational and functional requirements so as to conduct trade-off studies during the PS.

SCOPE

7. The FVS consists primarily of a Project Background, Establishment of the FVS, Precedence of Characteristics and Conclusion. The FVS should be incorporated as part of the URS.

EXAMPLE OF A FUNCTIONAL VALUE SYSTEM

SECURITY CLASSIFICATION

MEMORANDUM

File Reference

Telephone : 986-1234
 Telefax : 986-4321
 Enquiries : Lt Col I.M. Specialist

Date

PROJECT (CODE WORD)/SUB-PROJECT (CODE WORD): FUNCTIONAL VALUE
 SYSTEM: THE ACQUISITION OF A

Reference A: Staff Target No XX/XX dd (date)

B: Functional User Requirement Statement (FURS)

C: Logistic User Requirement Statement (LURS)

D: Concept of Operations

E: DODI/ACQ/00005/2003 Ed 4 (DAP1000)

F: RSA-Mil-Std 3 Issue 5 as approved on 21 September 2007

G: RSA-Mil-Std 4 Issue 3 as approved on 28 August 2003

H: RSA-Mil-Std 175

Appendix A: Precedence of Characteristics (POC)

B: Pair Wise Analysis of Discriminating Criteria

C: Explanation of Analysis Method

PART I: PROJECT BACKGROUND

1. Project Overview. A short overview with respect to the aim and scope of the project must be provided.

2. Project Confirmation. The following is to be confirmed here:

- a. Confirmation that Staff Target (ST) no ... was approved on (date) ... by ... (authorising authority) ... and that this document is still valid. If applicable, indicate the guidelines/restrictions provided when ST was approved.

PART II: ESTABLISHMENT OF THE FUNCTIONAL VALUE SYSTEM

3. FVS Establishment Concept. This FVS is developed by the [Service/Division] to provide guidance to the IPT and Ammscor with respect to the relative importance of the established requirements. This FVS indicates the criteria which the [Service/Division] considers being critical along with an indication of the level of importance attached to each criteria.

4. FVS Establishment Team. The following members were involved in the value analysis to establish the FVS:

a. [List members]

5. FVS Criteria Establishment Process. The POC were derived through analysis of reference documents A to E. The criteria were discussed and subjected to a validity test. The criteria were confirmed as valid and agreed upon by a full consensus with all members of the team.

PART III: PRECEDENCE OF CHARACTERISTICS

6. The following criteria will result in the successful operations and missions:

a. [List and discussion of criteria, such as local production, proven design and technology, physical dimensions, etc.]

NOTE 1: It is recommended that a Pair Wise Analysis (or similar method) be used for analysis of criteria.

7. The resultant weights are derived through analysis. A consistency check should be done on the analysis to ensure that the argument followed during the course of the analysis is consistent and that no circular arguments are present.

PART V: CONCLUSION

8. The SR, FURS and LURS describe the [Service/Division's] requirements in detail. This FVS highlights the criteria to be applied and to which non-compliance shall result in disqualification. The criteria contain those very important aspects which should be evaluated and to which the best compliance in accordance with the level of importance will, from a functional point of view, best satisfy the [Service/Division's] requirement for [new capability].

(I.M. SPECIALIST)

USER SPECIALIST: LT COL

Date: _____

PROJECT XXX FUNCTIONAL VALUE SYSTEM

APPROVAL BY THE SERVICE/DIVISION

APPROVED / NOT APPROVED

(I.M. USER)

GOC SERVICES/DIVISION FMN: BRIG GEN

Date: _____

PROJECT XXX FUNCTIONAL VALUE SYSTEM

ACCEPTANCE BY THE XXX ACQUISITION DIRECTORATE

ACCEPTED / NOT ACCEPTED

9. This Functional Value System is to be used as the basis for the Technical and Contract Value System of Project XXX.

**(I.M. ACQUISITION)
DIRECTOR XXX ACQUISITION: BRIG GEN**

Date: _____

GUIDELINES FOR THE COMPOSITION OF A TECHNICAL VALUE SYSTEM (TVS)

GENERAL

1. The TVS is compiled by the IPT and is a set of technical criteria (POC, major, minor) that focuses on the engineering effort during the PS. The TVS is embedded in the System Specification and accentuates certain important requirements. The TVS is supported by a standalone document as decided by the IPT under guidance of the APM. These TVS requirements are then used as the basis from which the CVS is developed.
2. The process followed and high level results should be reported in the PSR (as done for the Option Analysis).
3. In keeping with the requirement for traceability and consistency of engineering decisions, the value criteria of the FVS are tested for relevance and utility. Where deviations occur, these are analysed and noted with sound reasons.
4. It is essential to establish a TVS where required attributes are set against each other to determine and stipulate their relative importance. Inputs to this value system are provided by the Service/Division through the SR and the FVS.

AIM

5. The aim is to determine and stipulate relative importance and precedence of requirements during the PS and the reasoning of the Option Analysis in the PSR.

SCOPE

6. The TVS is a result of on-going and evolving technical discussions and decisions that ultimately result in a specification, guided and supported by A-PRAC-1010, Option Analysis, etc.

**APPENDIX D
TO DAHB 1000/
No 000121/2015**

**PROCEDURE FOR HANDING AND TAKING OVER OF A CAPITAL ACQUISITION
PROJECT BETWEEN PROJECT OFFICERS**

- Reference A: DAHB 1000/No 00005/2015 Edition 1 Handbook for the Acquisition of Armaments in the Department of Defence – DAHB 1000
B: Project Officer (PO) Delegation of Responsibilities

INTRODUCTION

1. Handing and Taking (H&TO) over of a capital acquisition project is a formal process between Project Officers (POs), Armscor and the Contractor(s). It is a systematic process and the duration of H&TO over depend on the complexity of the project, availability of the involved parties and the level of competency of the incoming PO, ie does the incoming PO have any formal training and/or experience in Project Management prior to his/her transfer?
2. During H&TO over of a project there are mainly three issues that need to be addressed:
 - a. Finances.
 - b. Time-Scales.
 - c. Technical Performance.

AIM

3. The aim of this procedure is to formalise the H&TO over procedure between the incoming and outgoing POs.

SCOPE

4. This procedure addresses the following:
 - a. Part 1: Handing-over between the outgoing and incoming POs.
 - b. Part 2: Handing-over between Armscor and the incoming PO.
 - c. Part 3: Handing-over between the Main Contractor and the incoming PO.

PART 1: HANDING OVER BETWEEN PROJECT OFFICERS

5. **General.** On arrival of the new PO there are certain general activities that need to take place. The purpose being to meet counterparts that could assist in project management, to obtain telephone numbers, determining the supportive functionaries and their location. An Integrated Project Team (IPT) and name list with contact numbers must be included. The PO should be briefed on:
 - a. Other POs that interface with the project.
 - b. The Defence Industries in the immediate vicinity.

- c. Dates, roles & functions of all scheduled meetings and the roles thereof.
- d. The H&TO of official military vehicles, Information Technology (IT) systems, office equipment and inventories.

6. **SANDF Acquisition Process**. It is advisable to give the incoming PO an overview of the acquisition process as described in References A and to explain to him/her where exactly (in what phase) the project is.

7. **Documents**. Based on the above-mentioned phase, certain documents need to be handed over to the PO. This will give the PO a fair idea of the history of the project, but most importantly it will spell out what has been approved in terms of finances, time-scales and functional performance. The types of documents can be categorised in terms of milestone, baseline and operational documents. Ensure that the incoming PO receives a copy of the following documents, as applicable, depending on the phase that the project is in:

- a. **Milestone Documents**. Milestone documents represent the achievement of the Level 6 User System at a predetermined point and are established by means of consolidating, documenting and approving the results of the preceding phase at Level 6 as well as the planning for the next phase. These documents also provide a clear indication with regard to the status of the project and where it fits in the bigger picture.
 - i. Required Operational Capability (ROC).
 - ii. Staff Target (ST).
 - iii. Staff Requirement (SR), consisting of Functional User Requirement Statement (FURS) and Logistic User Requirement Statement (LURS).
 - iv. Project Study Report (PSR).
 - v. Development Plan (DP).
 - vi. Acquisition Plan (AP).
 - vii. Transition Plan (TP).
 - viii. Project Closure Report (PCR).

NOTE 1: If a project has been deferred or terminated, make sure that the Deferment Report or Termination Report is handed-over.

b. **Logistic and Operational Documents**

- i. Services/Divisions Master Plan (if applicable) and SANDF Force Employment Strategy.
- ii. Employment Doctrine.
- iii. Concept of Operations.
- iv. Mission Analysis.
- v. Support Policy.

- vi. Support Concept.
- vii. Integrated Logistic Support Plan Level-6 (ILSP).
- viii. Phasing-out Plan (If applicable).

8. **Project History** When giving an overview of the project's history it would be wise to convey the following:

- a. Tailoring of the Process and any influences that necessitate changing the course of development/acquisition.
- b. Origin of the ROC.
- c. Origin of the Functional and Logistic User Requirements as they are specified in the FURS and LURS of the SR.
- d. Risks experienced in the past with regard to
 - i. Financing the project.
 - ii. Technology development.
 - iii. Keeping to time-scales.
- e. Interfaces with any Technology projects.
- f. Past baseline (Level 5) authorisations.
- g. Financial ceiling adjustment certificates.

9. **Financial Management** A comprehensive financial management briefing would be required as this is a most important and complex system in both the SANDF and Armscor. The following aspects should at least be covered:

- a. **Financial Authorities (FA's)**
 - i. Purpose of a FA.
 - ii. The proper drafting of a FA.
 - iii. Process and approval levels.
- b. **Financial Statements/Printouts** Ensure that the latest printout of each of the following are obtained and discussed with the PO:
 - i. SANDF Capital Acquisition Master Plan (SCAMP).
 - ii. Red-light Report.
 - iii. FBVUB030 and FBVBB029.
- c. Monthly Reports/Cash Flow plans versus expenditure.
- d. Budget Format and Cost Analysis Sheet.

10. **Budgeting** The procedure for placing funds on budget and the means of obtaining additional funds must be explained. The current Business Plan for the project including Cost Analysis Sheets covering both Folio 01 and 02 funds with regard to Items 10, 15, 20, 25, 30, 40, 35 and 60 should be addressed.

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11. **Transferring of Funds** Explain the procedure to transfer funds between different series.
12. **Internal Audit** An internal audit is one of the best means of determining the financial status of the projects. It is recommended to request an internal audit during handing-over of a project. On completion of each phase, or at least every two to three years, an internal audit should also be performed.
13. **Time-Scales** Managing time-scales and achieving milestones/objectives within a given budget is of great importance. Every phase of acquisition has an approved time-scale and should this time-scale be exceeded, formal approval of a new time-scale is required. This is usually a Class 1 change (see Reference A). The level of approval of a new time-scale is at the Armaments Acquisition Control Board (AACB) level.
14. **Red Lights and Risks** It is important to realise the financial, time-scale and technical related risks and their implications.
15. **Management Directive** Signing of the Management Directive (Appendix E to Reference A) is the last activity to take place.

PART 2: HANDING OVER BETWEEN POs AND ARMSCOR

16. **Role of Armscor** The Armscor Project Manager (APM) must explain the role that Armscor plays in the acquisition of armament process and what support could be expected from Armscor.
17. **Request For Information (RFI) /Request For Offer (RFO)** The following should be conveyed to the PO:
- a. The purpose of an RFI and RFP.
 - b. RFI/RFPs presently circulating.
 - c. Content of current RFI/RFPs.
18. **Contract Negotiations** The PO should be informed of:
- a. The protocol during negotiating contracts.
 - b. The role of the PO during negotiations and his mandate.
19. **Contracts** The following should be covered with the PO:
- a. Copies of all contracts presently being managed as well as the Contract Variation Order (CVO) should be handed to the PO.
 - b. Detail with regard to the content of each order its financial implications, time-scales, Statement of Work (SOW) and deliverables.
 - c. New contracts being negotiated or being envisaged.
20. **System Specification** Armscor is responsible for transforming the FURS and LURS into technical terms by means of a System Specification. The APM must cover the following aspects with the PO:
- a. The layout of a System Specification in terms of RSA-MIL-STD 490 A.

- b. The applicable System Specification with regard to the approved SR (Part 2 and 3).
21. **Financial Status**. The following should be conveyed and where applicable also handed to the PO:
- a. The latest printout per serial no (report D21V12A) of the project's monthly cash flow. This printout should be compared with the FBVUB030 and its purpose should be explained.
 - b. The type of financial management information available at Armscor.
22. **Technical Performance**. Based on the System Specification and work that has been performed, the PO should be informed about the following:
- a. The System Breakdown Structure.
 - b. The technical status with regard to the Configuration Items (CI's) being developed.
23. **Risks and Red Lights**. The following are typical risks and red lights that could be applicable:
- a. **Financial Risks**. Roll over of funds, delayed/deferred payments, shortages, cutbacks, moratoria, cash flow and penalties.
 - b. **Time-Scale Risks**. Delivery dates, not meeting deadlines.
 - c. **Technical Risks**. Any problem being experienced with regard to meeting the FURS and LURS.
24. **Quality Assurance (QA)**. The PO should meet the QA member and be informed wrt the procedures/standards against which QA is performed, the closing of tasks and payments.
25. **Asset Register Audit**. Armscor should request that an asset register audit be performed on all assets designed/developed and/or procured on the project.
26. **Service Level Agreements and MOU's**. The incoming PO should be explained the detail status and Composition of Service Level Agreements and MOU's in terms of Appendix B.
27. **Committees and Meetings**. The detail of the following project management forums in terms of aim, functions, composition, rules and status should be explained to the PO:
- a. Technical Review Board (TRB).
 - b. Technical Committee (TC).
 - c. Logistical Committee (LC).
 - d. Project Management Meetings (PM).
 - e. Project Control Board (PCB).
 - f. Project Steering Committee (PSC).

PART 3: HANDING AND TAKING OVER BETWEEN THE PO AND CONTRACTOR

28. **Overview.** The PO should receive an overview of the company and its structure, its business and the Products/Products System being designed/developed by the company as well as a briefing on the historical background of the project.
29. **Company Tour and Hardware Design/Development.** The PO should receive a tour of the company and its various business areas, view the physical Products being designed/developed and meet the members working on the project.
30. **Contracts.** Each contract presently in place should be discussed with the incoming PO.
31. **Specification Tree, Developmental Specifications and CIs.** The PO should view each CI and the applicable Developmental Specification should be handed to him.
32. **Configuration Management/User Level Master Record Index (MRI).** The following should be discussed and/or handed to the PO:
- How Configuration Management is performed.
 - Which documents are under Configuration Management.
 - Receive a printout of the applicable MRI.
 - How to obtain document numbers, should he wish to place a document under configuration management.
33. **Quality Assurance (QA).** The following should be discussed with the PO:
- How QA is performed.
 - The process used to give feedback on QA.
34. **Sub-Contractors.** The PO should be taken to the sub-contractors designing/developing or manufacturing the various CIs.
35. **Data Pack.** The PO should view the data pack and observe the manner in which it is managed.
36. **Financial Status.** The PO should receive a briefing on the following:
- Planned cash flow for the applicable Financial Year (FY).
 - Cash flow per line item.
 - Work still to be performed and the financial implications thereof.

CONCLUSION

37. The H&TO certificate is the final proof of successful H&TO between the outgoing and incoming POs. The next document to be signed will be the Management Directive.
38. The Handing-and-Taking-Over process was concluded to the satisfaction of the incoming project officer, the outgoing project officer, the Armscor Programme Manager and Director Acquisition.

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39. The Handing-and-Taking-Over-Certificate on the next page is the final proof of successful Handing-and-Taking-Over between the two project officers. The next document to be signed will be the Management Directive.

CERTIFICATE FOR HANDING AND TAKING OVER OF A CAPITAL ACQUISITION PROJECT

HANDING-OVER (OUTGOING) PROJECT OFFICER

I, (no) _____ (rank) _____ (name) _____ hereby declare that the under mentioned project has been handed over to the incoming Project Officer in accordance with Acquisition of Armaments Policy and Handbook. All the applicable item/activities as specified in DAHB 1000/No 00005/2015 Edition 4 Handbook for the Acquisition of Armaments in the Department of Defence – DAHB 1000 Ed 4 Appendix D, have been covered by myself, Armscor and the Contractor to the best of our abilities in the available time to our disposal and that the outstanding items/activities have been duly recorded.

TAKING-OVER (INCOMING) PROJECT OFFICER

1. I, (no) _____ (rank) _____ (name) _____ hereby declare that the under mentioned project has been taken over from the above-mentioned Project Officer in accordance with DOD! Acq/No 00005/2003 (Edition 4) Appendix D. I accept the outstanding item/activities of the project as recorded below.

2. I forthwith accept full responsibility for the financial, time-scales and technical management of the project and accept the duty assignment sheet for future management.

3. Project Name: _____

4. Project Description: _____

5. Signatories:

(COL P. TAKEOVER)
INCOMING PROJECT OFFICER

[Date]

(COL H. HANDOVER)
OUTGOING PROJECT OFFICER

[Date]

LIST OF OUTSTANDING ITEMS/ACTIVITIES

1.

2.

3.

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GUIDELINES FOR THE LETTER OF APPOINTMENT FOR A PROJECT OFFICER

1. The acquisition of material is handled as an approved acquisition project. By definition, a project is a planned undertaking of a unique nature over a limited time-scale that is with a circumscribed beginning and ending to achieve a specific objective. In the case of armaments projects, this aim is to supply a complete armaments system that will satisfy a specific operational requirement as specified by a User. The execution of a project involves the co-ordinated co-operation of a number of organisations, disciplines and people within the SANDF, Armscor and the Industry.
2. For reasons mentioned above, it is vital that:
 - a. A PO is appointed after acceptance of the operational requirement.
 - b. Each PO has the necessary qualifications and applicable experience.
 - c. Every PO has the capability to carry out effective project management. He/she must therefore be fully seconded to DMD for the duration of the project.
 - d. Where possible, only one PO will be utilised from the beginning to the end of a project to ensure continuity with regard to liaison, co-ordination and feedback.
 - e. When POs have to be replaced, and, depending on the complexity of the project, the necessary overlap and handing and taking over is to be effected.
 - f. The PO is the integrative point of accountability for the project and, as such, is authorised to act accordingly. He must thus receive the applicable delegations in writing.
 - g. All pertinent and relevant documentation is to be retained on the project filing system by the PO.
 - h. The PO has the applicable security clearance.
3. The appointment of capable and trained PO will ensure that :
 - a. The User's participation is promoted and maintained during the progress of the project.
 - b. Valuable knowledge and expertise will be exchanged between the manufacturer and User.
 - c. A high degree of co-ordination and liaison is achieved.
 - d. Continuity is effectively achieved during all phases of the project.
 - e. Knowledge that the PO acquires can be used advantageously during his further career.

4. To provide more officers with the opportunity to acquire experience in project management, and to ensure the required continuity during all phases of the project, an officer should not be tasked with more than two consecutive projects.
5. Notwithstanding the proceeding and irrespective of whether Armscor or the SANDF (User) is responsible for the management of the project at any particular stage, the eventual accountability for the effective satisfaction of a requirement rests with the User.

EXAMPLE OF A LETTER OF APPOINTMENT FOR A PROJECT OFFICER

File Reference

Telephone : 986-1234
 Telefax : 986-4321
 Enquiries : Lt Col I.M. Admino

Date

APPOINTMENT AS PROJECT OFFICER: NO: RANK: NAME:**SERVICE/DIVISION:**

Reference A : DODI/00121 Edition 4 Policy on the Acquisition of Armaments in the Department of Defence – DAP1000
 B : DS/ACQ/R/401/1/P Edition 1 Handbook for the Acquisition of Armaments in the Department of Defence and in Armscor – DAHB 1000

APPOINTMENT

1. You are hereby appointed as Project Officer (PO) for Project (name) with effect of (date). You will fill this post until you are relieved of your duties in writing.

FUNCTIONS PER PHASE OF THE ACQUISITION PROCESS

2. Your task involves the effective management and control of the project, through all phases of the acquisition process.
3. You must professionally carry out the activities as laid down in the acquisition policy, read together with relevant supporting handbook, or have them so carried out.
4. You must provide professional advice and guidance on relevant military matters to Armscor and the contracted Industry.
5. You must maintain and promote good relations between all participating parties as outlined below.

PRIMARY FUNCTIONS

6. Your primary functions are
 - a. To appraise yourself of the considerations pertaining to the Preliminary Study (PreS) and the relevant matters giving rise to the resultant Staff Target (ST).
 - b. Facilitate the execution of the Functional Study (FS), in co-operation with the Armscor Project Manager (APM) and other organisations involved, and drawing up the Staff Requirement (SR) for submission to the relevant acquisition director.
 - c. Coordinating all User System (Level 6 and higher) activities as well as all User System/Products System (Level 6/5) interface.

- d. Handing-over all project deliverables to the System Manager as soon as you are in a position to prove to the designated System Manager of the supportability of the Product/Products Systems, in accordance with a pre-arranged, written Transition Plan (TP).
- e. Serving as the project's primary point of contact with the DOD top management as well as with Armscor's management.
- f. Providing advice and guidance to the APM on all relevant military aspects during the design/development of the Product/Products System.
- g. Determining military requirements in respect of functionality, logistics and doctrine requirements for inclusion in the relevant documentation
- h. The professional handling of all aspects regarding project finances, including logistic and operational activities, insofar as it concerns the DOD.
- i. To provide guidance to the Integrated Project Team (IPT) on military protocol matters.

REQUIREMENTS DEFINITION PHASE

7. Function 1: Preliminary Study (PreS)
 - a. Description. Assist the Service/Division/Formation with the execution of an in-house clarification exercise with regard to the operational requirement.
 - b. Tasks. As part of the team, you are responsible for the tasks as described in Chapter 8.
8. Function 2: Staff Target (ST)
 - a. Description. Assist Service/Division/Formation with the compilation of the ST and the subsequent submission thereof for approval.
 - b. Tasks. As part of the team, you are responsible for the tasks as described in Chapter 8. The ST is classified and submitted to the Military Recommendation and Acquisition Governance Forums for either recommendation and/or approval according to policy. Approvals are granted on Sec Def (AASB) or Ministerial (AAC) level to the project's classification, being Cardinal or non-Cardinal. When approved/not approved, you must inform the User of the result for action, and the parties submitting inputs, for information.
9. Function 3: Functional Study (FS)
 - a. Description
 - i. In this study, functional requirements are generated for the User System level (Level 6), and where necessary, for the Products System level (Level 5).
 - ii. This study results in the SR which includes the Functional User Requirements Specification (FURS), the Logistic User Requirements Specification (LURS), Project Management Requirements (PMR) and Memoranda Of Understanding (MOU) whereby the SANDF aims to contract Armscor for the Product System, the Department of Public Works (DPW)

for elements of logistic support such as buildings and facilities, and for manpower. The FS also includes an executive summary containing a higher-level User System description of that which is to be acquired, choices made, financial- and time-constraints and approvals required.

- b. Tasks. As leader of the Integrated Project Team (IPT), you are responsible for the tasks as described in Chapter 8.
10. Function 4: Staff Requirement (SR)
- a. Description. The SR is a summary of the results of the FS as deduced from the aspects investigated. It includes a submission of this SR for approval.
 - b. Tasks. You are responsible for the tasks as described in Chapter 8.

CONCEPT PHASE

11. Function 5: Project Study (PS)
- a. Description. The determination of the most appropriate way forward in order to satisfy the SR by weighing up/comparing various options against one another and documenting them in a System Specification(s).
 - b. Tasks. You are responsible for tasks as described in Chapter 8.
12. Function 6: Project Study Report (PSR)
- a. Description. The drafting of a PSR as a summary of the results of the aspects investigated in the PS to establish a mandate to pursue the most efficient and cost effective solution in order to satisfy the SR.
 - b. Tasks. You are responsible for tasks as described in Chapter 8.

DEFINITION PHASE

13. Function 7: Development Study (DS)
- a. Description. Analysis of the selected concept solution as reflected in the System Specification and, where necessary, to further define Configuration Items (CIs) by way of design/development activities in Developmental Specification, and then to produce these specifications.
 - b. Tasks. You are responsible for tasks as described in Chapter 8.
14. Function 8: Development Plan (DP)
- a. Description. The DP is a summary of the results of the DS (on User System Level) and DS as deduced from the aspects investigated. The Development Decision is to confirm the CIs identified for design/development of Developmental Specifications, the identified contractor responsible for the design/development, as well as the choice of existing system elements that are to be integrated into the Products System.
 - b. Tasks. You are responsible for tasks as described in Chapter 8.

ACQUISITION STUDY PHASE

15. Function 9a: Acquisition Study System Design/Development (ASSD)
 - a. Description. The further definition of the selected Products System(s) based on the System and Developmental Specifications.
 - b. Tasks. You are responsible for tasks as described in Chapter 8.
16. Function 9b: Acquisition Study System Selection (ASSS)
 - a. Description. The identification of the best suited supplier.
 - b. Tasks. You are responsible for tasks as described in Chapter 8.
17. Function 10: Acquisition Plan (AP)
 - a. Description. To obtain the Acquisition Decision.
 - b. Tasks. You are responsible for tasks as described in Chapter 8.

PRODUCTION PHASE

18. Function 11: Transition Plan
 - a. Description. The Transition Plan is developed to describe the logic, structure, methodology and processes by which management responsibility for the acquired Products System is transferred during the Transition Phase of a project.
 - b. Tasks. You are responsible for tasks as described in Chapter 8.
19. Function 12: Industrialisation
 - a. Description. During Industrialisation the manufacturing processes of the Industry are developed and qualified.
 - b. Tasks. You are responsible for tasks as described in Chapter 8.
20. Function 13: Manufacturing
 - a. Description. During Manufacturing the Products System is manufactured that complies with stated user requirements by Industry and Armscor, and the User System by the SANDF and the contracted parties.
 - b. Tasks. You are responsible for tasks as described in Chapter 8.

TRANSITION PHASE

21. Function 14: Transition
 - a. Description. During this phase the initial Operational Baseline (iOBL) and validated Operational Baseline (vOBL) is achieved and the project is finalised for closure.
 - b. Tasks. You are responsible for tasks as described in Chapter 8.

22. Function 15: Project Closure Report (PCR)
- a. Description. The PCR is developed to obtain approval for final project closure.
 - b. Tasks. You are responsible for tasks as described in Chapter 8.

OPERATIONAL DEPLOYMENT AND MAINTENANCE PHASE

23. Function 16: Operational Deployment and Maintenance Phase
- a. Description. During this phase the final Operational Baseline (fOBL) is achieved in order to employ the User System.
 - b. Tasks. You are responsible to ensure the soonest provision of outstanding logistics.

SECONDARY FUNCTIONS

24. You are responsible for all relevant secondary functions.

DUTIES AND RESPONSIBILITIES

25. All other duties and responsibilities unique to the acquisition directorate.

GENERAL

26. Your diligence, enthusiasm, attitude and professional behaviour will contribute greatly to the successful execution of the project within the planned technical, financial and time-scale limitations. It is expected of you to bring any occurrence that causes a deviation from your mission to my attention.

(I.M. SSO)
SENIOR STAFF OFFICER XXX: COL

ACKNOWLEDGEMENT

I, (Force Number, Rank, Name), acknowledge receipt of this letter of appointment and confirm that I understand and accept the responsibilities contained within it.

(I.M. PROJECTOFF)
PROJECT OFFICER PROJECT XXX: LT COL

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GUIDELINES FOR THE LETTER OF APPOINTMENT FOR AN INTEGRATED LOGISTIC SUPPORT OFFICER

1. The acquisition of material is handled as an approved acquisition project. By definition, a project is a planned undertaking of a unique nature over a limited time-scale that is with a circumscribed beginning and ending to achieve a specific objective. In the case of armaments projects, this aim is to supply a complete armaments system that will satisfy a specific operational requirement as specified by a User. The execution of a project involves the co-ordinated co-operation of a number of organisations, disciplines and people within the SANDF, Armscor and the Industry.
2. For reasons mentioned above, it is vital that:
 - a. An Integrated Logistic Support (ILS) Officer is appointed after acceptance of the operational requirement.
 - b. Each ILS Officer has the necessary qualifications and applicable experience.
 - c. Every ILS Officer has the capability to carry out effective logistic management. He/she must therefore be fully seconded to DMD for the duration of the project.
 - d. Where possible, only one ILS Officer will be utilised from the beginning to the end of a project to ensure continuity with regard to liaison, co-ordination and feedback.
 - e. When ILS Officer have to be replaced, and, depending on the complexity of the project, the necessary overlap and handing and taking over is to be effected.
 - f. The ILS Officer has the applicable security clearance.
3. The appointment of capable and trained ILS Officer will ensure that :
 - a. The User's participation is promoted and maintained during the progress of the project.
 - b. Valuable logistic knowledge and expertise will be exchanged between the manufacturer and User.
 - c. A high degree of logistic co-ordination and liaison is achieved.
 - d. Continuity is effectively achieved during all phases of the project.
 - e. Knowledge that the ILS Officer acquires can be used advantageously during his further career.
4. To provide more logistic officers with the opportunity to acquire experience in project logistic management, and to ensure the required continuity during all phases of the project, an ILS Officer should not be tasked with more than two consecutive projects.

5. Notwithstanding the proceeding and irrespective of whether Armscor or the SANDF (User) is responsible for the management of the project at any particular stage, the eventual accountability for the effective satisfaction of a requirement rests with the User.

EXAMPLE OF A LETTER OF APPOINTMENT FOR AN INTEGRATED LOGISTIC SUPPORT OFFICER

File Reference

Telephone : 986-1234
 Telefax : 986-4321
 Enquiries : Lt Col I.M. Admino

Date

APPOINTMENT AS INTEGRATED LOGISTIC SUPPORT OFFICER: NO: RANK: NAME:

SERVICE/DIVISION:

Reference A : DODI/00121 Edition 4 Policy on the Acquisition of Armaments in the Department of Defence – DAP1000
 B : DS/ACQ/R/401/1/P Edition 1 Handbook for the Acquisition of Armaments in the Department of Defence and in Armscor – DAHB 1000

APPOINTMENT

1. You are hereby appointed as Integrated Logistics Support (ILS) Officer for Project (name) with effect of (date). You will fill this post until you are relieved of your duties in writing.

2. As per appointment, you now form an integral part of the Project XXX Integrated Project Team (IPT). As such, your actions, duties and responsibilities in your particular appointment, will focus on achieving the overall project milestones. Your responsibilities (might overlap) with the Armscor Logistic Manager, and together with the Project Officer (PO), you will lead and manage the Level 6 logistic aspects and integration, leading up to hand-over of the Products System to the Service/Division. Your responsibilities, as part of the Logistic Team within the IPT, will be focused to a greater extent on the end-user environment (User System).

FUNCTIONS PER PHASE OF THE ACQUISITION PROCESS

3. Your task comprises the effective management and control of the project ILS aspects through all phases of the acquisition process as detailed below. As ILS Officer, you represent the PO of Project XXX in the execution of your functions and are responsible for the planning, execution and control of the ILS processes.

4. Your task will entail focused assistance to the PO, which in turn will entail the execution of, the management of, control of and conducting of a pre-defined and structured approach, as per the systems engineering processes, for the development and implementation of an optimum Support Concept. The Support Concept should ensure that the delivered Products System is available, maintainable, reliable and cost-effectively supportable over its entire life-cycle.

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5. You are also to acquaint yourself with extant Department of Defence (DOD), Chief Logistics and Service/Division specific logistic policies and procedures.
6. Your primary function is to ensure close management and technical interaction between the Service/Division, Armscor, Projects XXX, XXX, and XXX, as well as the Industry. You will assist the PO with the supplying of all the relevant and required ILS user inputs to enable the execution of a support analysis to define the required logistic support system and processes. Feedback to the user should also be provided to ensure that the correct logistic concepts and strategies are formulated for transition, and to enable the user to plan for the correct decisions regarding the certification (Level 5) and qualification (Level 6) of the User System against the Logistic User Requirement Statement (LURS).

REQUIREMENTS DEFINITION PHASE

7. During the Requirements Definition Phase, the logistic support concept and LURS are developed. You will be responsible for the following activities:
- a. Assist in the development of the broad logistic implications to ensure compliance with the latest Service/Division Logistic Philosophy and Strategy.
 - b. Ensure that the broad logistic implications are well defined and valid.
 - c. Assist in the development of overall restrictions within which solutions are to be investigated (standardisation and technology).
 - d. Ensure that estimated logistic cost is included by means of justifiable analysis (e.g. comparative study).
 - e. Assist in the identification of possible interaction/overlap with active projects within the acquisition environment.
 - f. Assist in the development of the Staff Target (ST) with regard to:
 - i. Logistic philosophy.
 - ii. Broad logistic implications.
 - iii. Estimated logistic costs.
 - g. Ensure that logistic management requirements are included in the project management requirements.
 - h. Provide logistic input into the LURS, including logistic management cost, logistic support cost and life-cycle cost.
 - i. Ensure that all logistic strategic guidelines are addressed in the Support Concept.
 - j. Assist the PO & Project Engineer in the development of the Functional Value System (FVS).
 - k. Ensure the co-ordination of the User System Integrated Logistics Management Team (US-ILSMT) meeting.
 - l. Development of the US-ILSMT constitution.

CONCEPT PHASE

8. During the Concept Phase, the logistic support concept and LURS are reviewed. You will be responsible for the following activities:

- a. Act as logistic expert to IPT as required during the Project Study (PS).
- b. Monitor progress and scope of PS (assist PO), according to RSA MIL-STD 3.
- c. Assist IPT with the establishment and evaluation of the Request for Information (RFI).
- d. Assist the IPT in the development of the Technical Value System (TVS).
- e. Assist with the development of the System Specification, if not available.
- f. Assist with the development of the Project Study Report (PSR), and ensure that the logistic implications of the preferred option are described.
- g. Assist with the compilation of a Compliance Matrix for all logistic elements (LURS & System Specification).
- h. Assist and provide input to all Level 5 logistic documents.
- i. Support PO in the development and identification of POSTEDFIT elements for (e.g. facilities) not provided by Armscor.
- j. Assist in the development of a Customer Furnished Equipment (CFE) Plan.
- k. Assist IPT with the establishment of the Request for Proposal (RFP) support documentation.

DEFINITION PHASE

9. During the Definition Phase, the Development Plan is developed. You will be responsible for the following activities:

- a. Ensure that a Logistic Study is launched through interaction with Armscor and Industry.
- b. Assist with development of Development Plan (DP), if applicable.

ACQUISITION STUDY PHASE

10. During the Acquisition Study Phase, the Acquisition Plan (AP) is developed and confirmation is given that the ILS requirements have been detailed fully to satisfy the required operational requirements. You will be responsible for the following activities:

- a. Assist with the development of the AP.
- b. Assist with the development of a Test and Evaluation Master Plan (TEMP).
- c. Facilitate the approval of the various ILS development baselines.
- d. Assist and provide input to all Level 5 logistic documents.
- e. Confirm that the operating part (cost of ownership) of the Life Cycle Cost (LCC) is compatible with the planned available operating budget.
- f. Confirm that the timescales for the acquisition of POSTEDFIT elements that are not allocated to Armscor [such as buildings that are due for construction/upgrading by the Department of Public Works (DPW)], have been integrated with the timescales of the project.

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- g. Participate (if required) in Development Test and Evaluation (DT&E).

PRODUCTION PHASE

11. During the development of the Transition Plan you will be responsible to assist the System Manager in the development of the Transition Plan.
12. During Industrialisation, Industry develops and qualifies their manufacturing processes. You will be responsible for the following activities:
- Assist in the execution of Technical Test and Evaluation (TT&E).
 - Confirm that the IPT includes all ILS aspects during the development of the Final Operational Test and Evaluation (FOT&E) plan.
 - Assist and provide input to all Level 5 logistic documents.
13. During Manufacturing, Products/Products Systems are manufactured and provide to the DOD that complies with stated user requirements. You will be responsible for the following activities:
- Ensure higher-level ILS issues/aspects are addressed at ILS and Project Management Reviews (PMR) Meetings.
 - Assist with codification and accounting requirements.
 - Provide ILS support during the certification and qualification process.
 - Ensure all contracted services [Quality Assurance (QA), transportation etc.] are provided in accordance with agreed terms.
 - Assist with the completion of the Compliance Matrix.
 - Ensure that the Integrated Logistic Support Plan (ILSP Level 6) is developed.
 - Assist in the development of Logistic Doctrine.
 - Assist with the development of a Transition Plan.
 - Assist and provide input to all Level 5 logistic documents.

TRANSITION PHASE

14. During the Transition Phase, the user environment is prepared for Products System transition and the Products System is integrated, handed-over and commissioned between DMD (IPT) and the System Manager across Levels 5 and 6 of the Systems Hierarchy. You will be responsible for the following activities:
- Transition of all ILS elements.
 - Ensure successful execution of FOT&E Plan (logistic), and monitor the outcome against the contract (complete Compliance Matrix).
 - Manage any ILS non-compliance aspects of FOT&E.
 - Assist in development of Project Closure Report (PCR).
 - Ensure all contracted services [QA, transportation etc.] are provided in accordance with agreed terms.
 - Assist and provide input to all Level 5 logistic documents.
 - Ensure that all Logistic Doctrine are finalised.

- h. Ensure that all ILS deliverables are accounted for.

THE OPERATIONAL DEPLOYMENT AND MAINTENANCE PHASE

15. During the Operational Deployment and Maintenance phase, the User System is employed operationally in accordance with the set requirements contained in the Functional User Requirement Statement (FURS). In order to be able to do so, the Product/Products System must be fully logistically supportable during its operational life in accordance with the LURS. You will further be responsible for the transition of the outstanding ILS aspects.

GENERAL ILS RESPONSIBILITIES AND OTHER PROJECT SUPPORT ACTIVITIES

16. You are responsible for the following general ILS related activities:
- a. Update and management of ILS requirements throughout the acquisition process.
 - b. Assist the user with the identification of competent technical personnel for the support and maintenance of the Products System during the Operational Deployment and Maintenance phase.
 - c. Ensure that ILS objectives and milestones are achieved.
 - d. Timely co-opting and involvement of additional ILS personnel to ensure the execution of ILS actions on the project.
 - e. Ensure strict application and adherence to safety regulations as promulgated by relevant policies. This will include co-ordination with regard to Products System certification, User System qualification and Safety Board (SBs).
 - f. Be constantly prepared to brief higher management at short notice to support sound decision making with regard to ILS.
 - g. Ensure the completion and thorough retention of ILS records and correspondence that is relevant to the project (over and above the configuration status of milestone documents).
 - h. Monitor and maintain various technical and ILS documentation for the project.
 - i. Manage all financial matters arising from technical and ILS activities in conjunction with the PO.
 - j. Execute the day-to-day ILS administrative tasks necessary for the effective management of the technical and ILS matters of the project.
 - k. Ensure that, in conjunction with PO XXX, that all Products Systems developed or acquired under the auspices of Project XXX are fully integrated into the Service/Division.
 - l. Maintain involvement in all aspects of project to ensure that the delivered Products Systems meet the LURS and to report any deviations, shortcomings or improvements timeously to the PO.
 - m. Convene and attend meetings, forums, work sessions and investigations in order to assist with the ILS processes, ensuring that all relevant user inputs are available as and when required.
 - n. Assist with the compilation and evaluation of ILS reports deemed necessary on a particular aspect.
 - o. Through continual contact with the Service/Division ILS specialists, ascertain and ensure ILS actions taken are in line with Service/Division policies.

- p. Remain abreast of current trends in the logistic environment by perusal of technical journals covering the ILS environment, and attendance of suitable conferences and seminars when possible.
- q. Ensure that all deliverables for the Service/Division inventory are correctly codified.
- r. Constant monitoring of the logistic critical paths followed by the project to ensure that any ILS deviations, delays or uncertainties with regard to technical, financial and/or timescales are detected early enough to ensure remedial action.
- s. Close and careful liaison as well as strict maintenance of service and command channels.
- t. Co-ordinate with other users with regard to logistic equipment and support processes that are used collectively.
- u. The continuous use of correct and acceptable terminology and definitions to ensure clarity and eliminate confusion.
- v. Assist the PO to compile and present a detailed monthly report on all aspect of Project XXX to SSO Project Control (PC).
- w. Assist the PO to ensure that all project quarterly reports are submitted to SSO PC timeously in accordance with specified requirements.
- x. Assist the PO to ensure that all submissions with regard to the project milestone documentation are submitted to SSO PC timeously.
- y. Assist with the co-ordination of Inter-Services/Divisions and DOD Staff Divisions/Technical/Logistic related technology activities.
- z. Assist with the co-ordination of all amendments to logistic specifications, which may lead to contractual changes to the project.
- aa. Assist the PO in ensuring that all logistic resources made available to the PO for the execution of project tasks are effectively utilised and managed.
- bb. Assist the PO in ensuring that all contracts placed by Armscor on behalf of the project, are output based (value for money).
- cc. Assist in the development of a test and evaluation plans such as Technical Test and Evaluation (TT&E), Preliminary Operational Test and Evaluation (POT&E) and Final Operational Test and Evaluation (FOT&E).

FORUMS AND MEETINGS

17. Different forums and meetings are required to ensure proper guidance, support, monitoring and evaluation of Systems Engineering & ILS actions. You are responsible to arrange and/or attend the following forums and meetings:

- a. User System ILS Management Team (US-ILSMT) meetings. The aim of the meeting is to provide for a single point of entry to co-ordinate all ILS and SE inputs during the acquisition phase of a project.
- b. Project Configuration Control Board (PCCB). The aim of the PCCB is to control all changes on the Product/Products System after a PBL has been approved.
- c. Integrated Logistic Support (ILS) Review. The aim of the ILS Review is to provide for a single point of entry to review all contracted logistic and engineering aspects during the acquisition phase of a project.

- d. Project Management Review (PMR). The aim of the PMR Review is to provide for a single point of entry to review all project management aspects during the acquisition phase of a project.
- e. Maintenance Policy (MPol) Workgroup. The aim of the MPol Workgroup is to provide for a single point of entry to co-ordinate all maintenance inputs during the development of Maintenance Policies for all logistic support elements of the project.
- f. Training Workgroup. The aim of the Training Workgroup is to provide for a single point of entry to co-ordinate the scaling and selection of all training material, equipment and Products/Products Systems.
- g. Support and Test Equipment (S&TE) Workgroup. The aim of the S&TE Workgroup is to provide for a single point of entry to co-ordinate the scaling and selection of all S&TE.
- h. Document Workgroup. The aim of the Document Workgroup is to provide for a single point of entry to co-ordinate the scaling and selection of all documentation.
- i. Spares Workgroup. The aim of the Spares Workgroup is to provide for a single point of entry to co-ordinate the scaling and selection of all spares.
- j. Technical Qualification Workgroup (TQW). The aim of the TQW is twofold namely to:
 - i. Aid the PO in determining the minimum requirements/deliverables for certification at the beginning of the project.
 - ii. Advise the SB on the acceptability of:
 - (1) Certification Basis and Qualification (related) plans proposed for the related Product/Products Systems. This includes software development plans and certification/qualification documents (e.g. plan for Software Aspects of Certification, Software Accomplishment Summary, Software Configuration Index, etc.).
 - (2) Acceptability of criticality levels for Line Repairable Units (LRU) and corresponding design/development assurance levels for software.
 - (3) System Safety Plan and Safety Cases.
 - (4) Engineering Test Requirements
 - (5) Qualification evidence (Qualification Compliance Matrix), which includes qualification status of software.
 - (6) Test Evidence presented with regards to DT&E, TT&E and OT&E.
 - (7) Solutions as alternatives to specified Certification Requirements.
 - (8) Concessions/Waiver, Nonconformity and Deviations Permits.
- k. Safety Board (SB). The aim of the SB is to certify that all Products/Products Systems are able to fulfil its missions without significant hazard.

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- l. Level 6 Transition. The aim of the Level 6 Transition is to provide for a single point of entry to co-ordinate all transition activities during the Transition Phase of a project.
- m. Reliability and Maintainability (R&M) Review. The aim of the R&M Review is to provide for a single point of entry to evaluate R&M of the Product/Products System to ensure that contractual requirements are satisfied.
- n. Information System Populating Workgroup. The aim of the Information System Populating Workgroup is to ensure that the relevant Information System (OSIS) is populated prior to commencement of implementation.
- o. Failure Review Board (FRB). The aim of the FRB is to consolidate and summarise the performance of the Product/Products System to identify technical and logistic related issues which has an impact on the operational usage of a Product/Products System. The main focus area is on R&M parameters in order to define and implement suitable corrective actions, to optimise the operational availability of the Product/Products System.
- p. Maintenance Review Board (MRB). The aim of the MRB is to review the equipment, components and parts to determine technical and logistic related issues which has an impact on the operational usage of a Product/Products System in order to define and implement suitable corrective actions (repair, recondition, dispose), and to ensure spares optimisation.
- q. Product System Management (PSM) Meeting. The aim of PSM meeting is to ensure that system management structures are established to ensure that transition can be executed efficiently.
- r. Warranty Review. The aim of the Warranty Review is to provide for a single point to ensure effective, efficient and properly co-ordinated administration and management of all warranty matters.

POLICY DIRECTIVES

18. It is your duty to be completely conversant with the acquisition process as described in the DAHB1000 (Reference A) and Department of Defence Instruction (DODI) (Reference B) and to carry out these duties conscientiously and professionally in accordance with the functions detailed above.

19. In the execution of your duties, you will be supported by the functional specialists:

- a. SSO Project ILS & SE (applicable Acquisition Directorate) and relevant logistic SSO at Service/Division for all logistic aspects.
- b. Armscor, Budget Manager, SSO PC as the project financial specialists, for all financial aspects.

20. You are directly responsible to the PO for all logistic aspects of the project. Problems of a serious nature that may have a detrimental effect on, or effect project objectives, are to be put into writing immediately and submitted to the PO.

SECURITY

21. It is your responsibility to continuously apply adequate security management during the acquisition process in a realistic and practical manner within the guidelines of C NDF Directive 2/38 dd 19 Sep 86 (Reference C) and the general security guidelines. The supplier's security regulations are also to be adhered to.

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AMENDMENTS

22. All amendments to the project milestone documentation will be communicated to you in order to be knowledgeable and conversant with all project related issues.

GENERAL

23. Your diligence, enthusiasm, attitude and professional behaviour will contribute greatly to the successful execution of the project within the planned technical, financial and time-scale limitations. It is expected of you to bring any occurrence that causes a deviation from your mission to my attention.

(I.M. SSO)

SENIOR STAFF OFFICER XXX: COL

ACKNOWLEDGEMENT

I, (Force Number, Rank, Name), acknowledge receipt of this letter of appointment and confirm that I understand and accept the responsibilities contained within it.

(I.M. LOGISTICS)

INTEGRATED LOGISTIC SUPPORT OFFICER PROJECT XXX: LT COL

**APPENDIX F
TO DAHB 1000/
No 000121/2015**

**GUIDELINES FOR PREPARING AND SUBMITTING A
CABINET MEMORANDUM**

1. The format of the Cabinet Memorandum together with the covering letters is provided below. Please note that when drafting a Cabinet Memorandum the Conventions of Service Writing do not apply. The framework as set out below forms the basis of a Cabinet Memorandum. Although subheadings are permissible, the prescribed main headings and the order in which they appear should be adhered to. Additional main headings should be avoided.
2. The length of a Cabinet Memorandum should be restricted to seven typed pages, typed in a 12-point font with one and a half line spacing.
3. For further policy guidelines regarding the handling of a Cabinet Memorandum refer to DOD/Pol & Plan/64/2000 – Policy on the Procedures for the Management of Cabinet Memoranda in the DOD (Reference X).

EXAMPLE OF A CABINET MEMORANDUM

SECURITY CLASSIFICATION (AT LEAST "SECRET")

MEMORANDUM

File Reference

Telephone : 988-1234
Telefax : 988-4321
Enquiries : Brig Gen I.M. Admino

November 2009

From: Chief of Defence Matériel Division**To :** Secretary for Defence**SUBMISSION OF CABINET MEMORANDA – PROJECT X:**

1. Refer to the relevant Armaments Acquisition Council meeting or other origin of the requirement for a Cabinet Memorandum.
2. During the discussion on Project X the Minister instructed that a Cabinet Memorandum be drawn up and distributed as soon as possible to ensure a Cabinet decision on.....
3. As per instruction and procedure, a hard copy of the document as well as an electronic copy is provided for your further attention.

(I.M. CHIEF)
CHIEF OF DEFENCE MATÉRIEL: DDG

Enclosure : Cabinet Memorandum for Project X:

MEMORANDUM

File Reference

Telephone : 986-1234
Telefax : 986-4321
Enquiries : Brig Gen I.M. Admino

November 2009

From: Secretary for Defence

To : Office of the Minister of Defence – Attention: (Head of Ministerial Services)

SUBMISSION OF CABINET MEMORANDA – PROJECT X:

1. Refer to the relevant Armaments Acquisition Council meeting or other origin of the requirement for a Cabinet Memorandum.
2. During the discussion on Project X the Minister instructed that a Cabinet Memorandum be drawn up and distributed as soon as possible to ensure a Cabinet decision on.....
3. As per instruction and procedure, a hard copy of the document as well as a copy on disk is provided for your further attention.

(I.M. SECDEF)

SECRETARY FOR DEFENCE: DIRECTOR-GENERAL

CABINET MEMORANDUM NO : of 2007 (*no handwritten numbering and dates*)

DATE : 2007

FILE NUMBER : **MOD** :

: **DMD** : CDMD/C/302/6/U3008

1. SUBJECT

1.1 The subject of a Cabinet Memorandum is the title under which the matter will be dealt with on the agenda and in the minutes of the Cabinet and of a committee. A brief description of the theme is required.

2. PURPOSE

2.1 The aim of this Memorandum is to present to Cabinet.....

NOTE 1: Never use any bullet points in submissions to the Cabinet.

3. SUMMARY

3.1 The summary should contain the essence of the motivation in the memorandum and should not be longer than half a typed page.

4. STRATEGIC FOCUS OF THE MEMORANDUM

4.1 Strategic focus of the memorandum as it relates to Government policy and programmes such as the Programme of Action.

5. DISCUSSION

5.1 Background

If the matter has already served before the Cabinet or working committee, reference should briefly be made to this. Quoting a previous resolution (if applicable) is essential. If the historical run of events is of any importance it should also be dealt with here.

NOTE 2: Sub-paragraphs may be used:
--

5.1.1

(a)

(b)

(i)

5.2 Formulation of the Problem

If the problem that has given rise to the memorandum cannot be clearly deduced from the Purpose it should be discussed briefly.

5.3. Discussion of Alternatives

Where applicable, alternative solutions to the problem should be mentioned and the pros and cons of each be discussed briefly.

5.4. Motivation

The recommendations, which will follow later in the memorandum, should be motivated.

6. IMPLEMENTATION PLAN

- 6.1 An Implementation Plan relating to the subject matter should be reflected and costed where this is applicable.

7. ORGANISATIONAL AND PERSONNEL IMPLICATIONS

- 7.1 Should the proposed Cabinet decision imply that –

- (a) a department undertake new functions;
- (b) existing allocated functions are re-assigned to other department, institution or body;
- (c) a new institution or body which is not a department comes into being; or
- (d) improvements in the service conditions of any group of civil-service have been introduced.

it should be indicated whether the public service commission was consulted and what its view of the matter is.

- 7.2 Details of the nett increase/decrease in numbers should be furnished if the proposed Cabinet decision implies a nett increase/decrease in numbers, with an indication of the categories, such as "Management Echelon", "Other Schooled" and "General Assistants".
- 7.3 Details of the nett increase/decrease in equipment should be furnished if the proposed Cabinet decision implies a nett increase/decrease in equipment, with an indication of the impact on the Military Strategy and Force Employment Strategy.

8. FINANCIAL IMPLICATIONS

- 8.1 The effect that the revenue and expenditure flowing from the recommendations will have on the State in the current financial year must be indicated.
- 8.2 Costs carried forward to the next financial year should be indicated.
- 8.3 Proposed funding of the expenditure must be indicated.

9. COMMUNICATION IMPLICATIONS

- 9.1 Here it should be indicated whether the -
- (a) communication/media-implications of the matter were considered;
 - (b) implications require a communication/media plan; and

- (c) the Government Communication and Information System (GCIS) has been or should be consulted with regard to the communication implications.

10. CONSTITUTIONAL IMPLICATIONS

- 10.1 When submitting certain recommendations for consideration a Department should specifically consider whether the recommendations are consistent with the Constitution. "Depending on the nature" of the recommendations the opinion expressed may vary from a general opinion to that of a formal legal opinion(s). It would also be preferable if the said opinion could be annexed to the memorandum for the benefit of those Members of the Cabinet who would be interested to study the opinion(s).

11. IMPLICATIONS FOR VULNERABLE GROUPS

- 11.1 Implications for the Status of Women. Ensure that consideration is drawn to the implications of the substance of memoranda to the rights of women, children or disabled people.

12. SECURITY IMPLICATIONS

- 12.1 Consideration should be given the possible security implications for the State.

13. DEPARTMENTS AND PARTIES CONSULTED, RESPONSES AND COMMENTS

- 13.1 The memorandum was/was not finalised in consultation with the Cluster because

NOTE 3: This paragraph must be appropriately adapted and appear in all memorandum submitted to Cabinet.

- 13.2 An indication must be given as to whether the memorandum under consideration resulted from or followed processes related to the relevant Cluster of Directors General in keeping with the Cabinet's approach to integrated decision making. If not, it should briefly be indicated why not, and

- 13.3 Prior clearance should be obtained from all departments and bodies concerned for the recommendations contained in a cabinet memorandum. Under this heading, the names of the department/bodies consulted are mentioned. Should any of the bodies concerned disagree fundamentally with the recommendation, it should be briefly mentioned here or annexed to the memorandum. (This paragraph lies at the heart of integrated decision making and must be appropriately adapted and appear in all memoranda submitted to Cabinet. If not, it will be returned.)

14. RECOMMENDATIONS

It is recommended that -

- 14.1 Here, the desired decision should be accurately stated. The wording should correspond, as far as possible, with the wording of the Cabinet resolution required. In cases in which a memorandum merely serves for information purposes, the recommendations may read: "That the Cabinet note".

NOTE 4: Do not exceed 7 pages (excluding paragraphs 15 to 17).

15. OFFICIAL RESPONSIBLE FOR THE MEMORANDUM

I declare that the memorandum adheres to the guidelines provided by the Cabinet for the drafting of memoranda.

Name:

Designation:

Contact details:

Telephone:

Cellular:

As it is sometimes necessary to obtain more detail or clarify some aspects of a memorandum in a relative short period of time, the name, rank and telephone number of a person that could be contacted (preferably the author of the memorandum) should be provided.

16. HEAD OF THE DEPARTMENT

16.1 The Head of the Department sponsoring the memorandum.

17. AUTHORISATION FOR PROCESSING THE MEMORANDUM

17.1 The name and designation of the person authorised by the Minister to distribute the cabinet memorandum should be included. It should preferably be limited to either the Minister, Head of the Ministry or the Administrative Secretary.

17.2 Is there a need for an electronic presentation to be given in addition to the memorandum?
Yes or No

NOTE 5: If the answer is yes, kindly note that the maximum time allowed for an electronic presentation is 20 minutes ± 12 slides.

NOTE 6: Refer to the guidelines for electronic presentations to Cabinet.

**ARMAMENT ACQUISITION COUNCIL (AAC): PROPOSED
CONSTITUTION & RULES****ROLE**

1. The role of the AAC is to act as the highest joint level (Level 1) Acquisition Governance Forum on armaments acquisition. The AAC ensures that armaments acquisition is carried out in terms of policies and procedures and oversees the lower level activities.

MANDATE

2. The AAC is mandated to perform the following armament acquisition functions:
- Approval of armament acquisition policy.
 - Approval of armament acquisition budgets.
 - Approval of Cardinal projects.

COMPOSITION

3. **Members.** The AAC consists of the following permanent members:
- Chairperson:** Minister of Defence & Military Veterans
 - Ministry of Defence:** Deputy Minister of Defence
 - Defence Secretariat:** Secretary for Defence
 - National Defence Force:** Chief of the SANDF
 - Armcor:** Chief Executive Officer
 - Secretary:** Secretarial services to be supplied by the Head of Ministerial Services.
4. **Top Secret/Sensitive Projects.** Sensitive projects (so defined by the chairperson) will be managed on a need to know basis only. Transparency and audit trails must however be ensured without compromising security.
5. **Security Clearances.** Members attending the meeting should be in possession of at least a Confidential security clearance. Should documentation with a security clearance of Secret or Top Secret be considered, only members with relevant security clearances would be allowed to witness the proceedings as prescribed in Departmental Security Policy.

6. **Declaration of Interest** Before the meeting commences, each member present must in terms of JDP/ACQ/00002/04 (Edition 1) Section 1 Chapter 6 declare that his/her presence does not constitute a conflict of interest.
7. **Representation** The permanent members of the AAC may appoint a co-opted member when the permanent member is unable to attend the AAC meeting. The co-opted member should be of an appropriate seniority with delegated authority to participate in the decision making process of the AAC at the same level as that of the permanent member.

FUNCTIONS

8. The functions of the AAC are the following:
- a. Annual review and approval of the Acquisition Master Plan.
 - b. Review and approval of submissions regarding major milestones on Cardinal programmes.
 - c. Yearly progress reviews on all Cardinal acquisition and technology programmes.
 - d. Review and ratification of the minutes of Level 2 (AASB) meetings.
 - e. Review of draft submissions to be made to the Cabinet on request of Minister of Defence & Military Veterans.
 - f. Annual review and approval of the Technology Development Master Plan.
 - g. Annual review of the Defence Industry status.

CHAIRMANSHIP IN THE ABSENCE OF THE MINISTER OF DEFENCE

9. In the absence of the Minister, the Deputy Minister of Defence will act as chairperson.

SECUNDI WHEN COUNCIL MEMBERS CANNOT ATTEND

10. Secundi can be appointed by Secretary for Defence, Chief of the SANDF and Chief Executive Officer of Armscor.

FREQUENCY

11. AAC meetings will normally be scheduled to coincide with COD meetings. Dates of COD meetings are communicated by the Head of Ministerial Services.

VENUE

12. The AAC will normally convene in Pretoria in the Ministerial Conference Room no 5:4:525.

DOCUMENTATION

13. Distribution. The agenda, minutes of the previous meeting and minutes of the AASB meeting and submissions will be distributed by the secretariat three (3) working days prior to the meeting¹. The council will assess submissions against a standardised list of criteria.

14. Submissions. Submissions for acquisition and technology programmes will be submitted in the standard format, as per CSW 2012 Chapter 5, six (6) working days prior to the AAC meeting.

VERBAL PRESENTATIONS

15. With prior notice to the secretary, submissions can be supported by concise verbal presentations by the Integrated Project Team.

16. The chairperson will rule whether a verbal presentation is required or not. These should in no way deviate from the submitted documentation on the agenda, but if so, the latter will constitute the basis of traceability of decisions taken.

AUTHORITY

17. The Minister of Defence & Military Veterans has the final authority on all acquisition matters and has the right to refer decision on acquisition programmes to Cabinet level.

DECISIONS

18. The chairperson on advice of the members makes decisions. The chairperson will account for such decisions. The chairperson must therefore be satisfied that the meeting is adequately constituted allowing the chairperson to make informed decisions. A member whose advice is not taken into account may insist that the advice given be recorded in the minutes.

SPECIAL AAC MEETINGS

19. Special AAC meetings may be convened on an ad hoc basis to handle urgent matters. All AAC members will be informed of Special AAC meetings. Decisions taken during Special AAC meetings must be ratified during the following scheduled AAC meeting.

¹ In certain cases, NCACC approval should be included as part of the agenda.

SECRETARIAL RESPONSIBILITIES

20. The secretary shall be responsible for:
- a. Ensuring that the chairperson signs documents immediately upon approval during the course of the meeting.
 - b. Maintaining records of all proceedings and decisions.
 - c. Liaise with members and ensure that documentation is distributed timeously.
 - d. Distributing minutes of the meeting within seven (7) working days after the meeting took place.
 - e. Returning documentation to the DMD within seven (7) days of the meeting where such documentation was presented.

MINISTER FOR DEFENCE AND MILITARY VETERANS

Date: _____

**ARMAMENT ACQUISITION STEERING BOARD (AASB): PROPOSED
CONSTITUTION AND RULES****ROLE**

1. The role of the AASB is to act as the joint level (Level 2) Acquisition Governance Forum delegated for approval and phasing-out of armaments. The AASB ensures acquisition accountability, confirms the business case of the project, that armaments acquisition and phasing-out is carried out in terms of policies and procedures, has oversight of lower level activities and recommends approvals at Ministerial level (Armament Acquisition Council (AAC)). The focus of the AASB will be on acquisition accountability.

MANDATE

2. The AASB is mandated to perform the following armament acquisition functions:
- a. Approve Cardinal armament acquisition project submissions for Project Study Reports (PSRs) and non-Cardinal Expedited Armaments Acquisition Process (EAAP) Staff Targets (STs).
 - b. Review all Cardinal armament acquisition and technology project submissions for STs, and Acquisition Plans (APs).
 - c. Screen Cardinal armament acquisition project submissions for STs and APs to the AAC.
 - d. Screen all phasing-out target submissions prior to recommending them to the AAC.
 - e. Confirm or reclassify projects during approval or screening of submissions.

COMPOSITION

3. **Members** The AASB consists of the following permanent and ad hoc members:

- a. Chairperson: Secretary for Defence
- b. Defence Secretariat: Chief of Defence Policy, Strategy and Planning
Chief Financial Officer
Chief of Defence Matériel
Head of Defence Supply Chain Integration

Chief of Joint Operations

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- c. Chiefs of Services/Divisions: Chief of the Service/Division or his *secundi*
 - d. Arm Scor: General Manager Acquisition
General Manager Finance
 - e. Secretary: Secretarial services to be supplied by the DMD
 - f. Ad Hoc Member: Organised Defence Industry: Representative of AMD¹
4. **Top Secret/Sensitive Projects** Sensitive projects (so defined by the chairperson) will be managed on a need to know basis only. Transparency and audit trails must however be ensured without compromising security. For Top Secret projects the composition of the AASB will be the following:
- a. Chairperson: Secretary for Defence
 - b. Department of Defence: Chief of Defence Matériel (DS)
CDPSP (Chairperson in absence of Sec Def)
Chief Financial Officer (DS)
Chief Director Ops Development (J Ops Div)
Chiefs of Services/Divisions
Chief Director Defence Acquisition Management
(DS – C Def Mat)
Counter Intelligence Representative (DI)
 - c. Arm Scor: General Manager Acquisition
 - d. Secretary: Secretarial services to be supplied by AASB Secretariat
5. **Security Clearances** Members attending the meeting should be in possession of at least a Confidential security clearance. Should documentation with a security clearance of Secret or Top Secret be considered, only members with relevant security clearances would be allowed to attend the proceedings as prescribed in Departmental Security Policy.
6. **Declaration of Interest** Before the meeting commences, each member present must in terms of JDP/ACQ/00002/04 (Edition 1) Section 1 Chapter 6 declare that his/her presence does not constitute a conflict of interest.
7. **Representation** The permanent members of the AASB may appoint a co-opted member when the permanent member is unable to attend the AASB meeting. The co-opted member should be of an appropriate seniority with delegated authority to participate in the decision making process of the AASB at the same level as that of the permanent member.

FUNCTIONS

¹ Ad hoc on request by the Chairman of the AASB for marketing discussions only

8. **General Functions.** The general functions to be performed by the AASB include the following:

- a. Review and approve all programmes in terms of the financial delegation afforded to the AASB.
- b. Screen (acquisition and technology) programme submissions to the AAC.
- c. Review (and ratify) the minutes of the AACB and Defence Research and Development Board meetings.
- d. On an annual basis (within the first quarter), review, comment, amend and promote armament Acquisition and Technology Development Master Plans.
- e. Communicate with organised defence Industry (AMD) at a bi-annual forum with the objectives:
 - i. To present to organised defence Industry the broad outline with regard to the Acquisition Master Plan and Technology Development Master Plan.
 - ii. To obtain the views of organised defence Industry regarding the impact on the Industry.
 - iii. To discuss international marketing policy issues as well as defence matériel marketing and co-development opportunities.
- f. Review and approve the PSRs for Cardinal Projects.
- g. Review and approve the ST for non-Cardinal Projects following the EAAP.
- h. Review and refer recommendations to the AAC pertaining to the phasing-out of operational capabilities and industrial capabilities previously established using DOD resources, inclusive of specific disposal proposals.

9. **Technology Acquisition.** The technology acquisition functions to be performed by the AASB entails the overview of the major Research and Development activities including approval of Cardinal technology acquisition projects and the Technology Operational Plan as well as recommending the Technology Development Master Plan to the AAC for approval.

CHAIRPERSONSHIP IN THE ABSENCE OF THE SECRETARY FOR DEFENCE

10. In the absence of the Secretary for Defence, the acting Secretary for Defence or a person designated by the Secretary for Defence will act as chairperson. As the C Def Mat is the chairperson of the AACB, he/she shall not chair the AASB on behalf of the Secretary for Defence.

SECUNDI WHEN COUNCIL MEMBERS CANNOT ATTEND

11. The permanent members of the AASB may appoint representatives in writing. The representative should be of an appropriate seniority with delegated authority to participate in the decision making process of the AASB at the same level as that of the permanent

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member. No representatives are however allowed to attend Top Secret/Sensitive submissions.

FREQUENCY

12. The AASB meetings should preferably take place monthly, not greater intervals than three months.

VENUE

13. The AASB will normally convene in the Defence Secretariat Conference Room no 5:4.606.

DOCUMENTATION

14. Distribution. The secretary will distribute the agenda and enclosed submissions five (5) working days prior to the meeting.

15. Submissions. Submissions for armament acquisition projects will be submitted to the secretary in the format contained in the CSW 2012 Chapter 5, at least six (6) working days prior to the AASB meeting. Compliance with this format would ensure accurate information and an audit trail of decisions taken.

VERBAL PRESENTATIONS

16. With prior notice to the secretary, submissions can be supported by concise verbal presentations by the Integrated Project Team.

17. The chairperson will rule whether a verbal presentation is required or not. These should in no way deviate from the submitted documentation on the agenda, but if so, the latter will constitute the basis of trace ability of decisions taken.

AUTHORITY

18. The Secretary for Defence has the final authority on all acquisition matters and has the right to refer decision on acquisition programmes to the AAC.

DECISIONS

19. The chairperson, on the advice of the members, makes decisions. The chairperson will account for such decisions. The chairperson must therefore be satisfied that the meeting is adequately constituted allowing the chairperson to make informed decisions. A member whose advice is not taken into account may insist that the advice given be recorded in the minutes.

SPECIAL AASB MEETINGS

20. Special AASB meetings may be convened on an ad hoc basis to handle urgent matters. All AASB members will be informed of Special AASB meetings. Decisions taken

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during Special AASB meetings must be ratified during the following scheduled AASB meeting.

SECRETARIAL RESPONSIBILITIES

21. The secretary shall be responsible for

- a. compiling, producing and distributing the agenda to reach members five (5) working days before the scheduled AASB meeting;
- b. maintaining records of all proceedings;
- c. liaising with members to ensure that documentation is distributed timeously;
- d. distributing the minutes of the meeting within seven (7) working days after conclusion of the meeting and
- e. obtaining authorising signatures of documentation that served at the AASB during the course of the meeting.

SECRETARY FOR DEFENCE: DG

Date: _____

**ARMAMENT ACQUISITION CONTROL BOARD (AACB): PROPOSED
CONSTITUTION AND RULES**

- Reference A: The MODAC Investigation of Technology and Armament Acquisition in the
DOD
B: SA Defence Review 2015

ROLE

1. The role of the AACB is to act as the lowest-tier level (Level 3) Acquisition Governance Forum, as delegated, for the processing of defence acquisition requirements and phase-out submissions. The AACB supports the AASB and higher authority in the management and control of armament acquisition by facilitating approval of armament acquisition project submissions in accordance with policy, while exercising approval of acquisition and associated milestone documentation within delegation.
2. The AACB ensures that armaments acquisition and phase-out processes are complied with; ensures the integrity of acquisition milestone documentation, has oversight of project execution and recommends acquisition approvals to the Departmental level (AASB). The focus of the AACB will be to evaluate the business case of the project, thereby enhancing civil oversight and equally important, facilitating the armaments acquisition process in terms of the acquisition policy ie adherence to the Systems Engineering Process as defined in DAHB1000.

MANDATE

3. The AACB functions under Chief of Defence Matériel Division as the lowest level Acquisition Governance Forums, directly responsible to the AASB. Chief of Defence Matériel Division is the chairperson of the AACB in accordance with his delegation from the Secretary for Defence.
4. The AACB may only deal with matters about which prescribed documentation has been submitted by an originating authority. The AACB authorises all armament acquisition submissions leading to option selection and procurement. The AACB authorises Staff Requirements (SRs), Project Study Reports (PSRs) (non-Cardinal projects), Development Plans (DPs) and Acquisition Plans (APs) (for non-cardinal EAAPs). The AACB recommends PSRs (Cardinal projects) or APs (Cardinal projects) .

COMPOSITION

5. **Members.** The permanent membership of the AACB reflects the partnership in armament acquisition management at least at the level of Brig Gen, Director and Senior Manager (SM) respectively in the Services/Divisions, Defence Secretariat (DS) and Armscor. The nature of items on the agenda would dictate which ad hoc members are required to attend the meeting.

- a. Chairperson : Chief of Defence Matériel Division (DS)
- b. Permanent Member : Chief Director Defence Acquisition Management (DS – C Def Mat)
 - : Chief Director Ops Development (J Ops Div)
 - : Director Mil Strategy (CCS – CMPSP)
 - : Director Budgeting (DS – CFO)
 - : Director Regulatory Audit (Def Insp Div DOD)
 - : Director Info Communication Tech (CCMI)
 - : Director Enterprise Info Sys Arch (DS - GITO)
 - : Director Vetting (DI – CDI)
 - : Director Engineering Support Services (C Log)
 - : Director Army Acquisition (C Def Mat)
 - : Director Army Force Structure(C Army)
 - : Director Air Force Acquisition (C Def Mat)
 - : Director Air Capability Plan (CAF)
 - : Director Naval Acquisition (C Def Mat)
 - : Director Maritime Warfare (C Navy)
 - : Director Plan (SG)
 - : Director Technology Development (C Def Mat)
 - : Director Common Weapon Systems (C Def Mat)
 - : Assistant General Manager Acquisition (Armscor)
 - : SM Landward Systems (Armscor)
 - : SM Aero Systems (Armscor)
 - : SM Naval Systems (Armscor)
 - : SM Systems Engineering (Armscor)
 - : SM Log Engineering (Armscor)
- c. Ad Hoc Members : Director Defence Policy (DS-CPSP)

6. **Top Secret/Sensitive Projects.** Top Secret/Sensitive projects (so defined by the chairperson) will be managed on a need to know basis only. Transparency and audit trails must however be ensured without compromising security. The composition of the AACB will entail at least the following members:

- a. Chairperson : Chief of Defence Matériel Division (DS)
- b. Permanent Members : Chief Director Defence Acquisition Management Man (DS – C Def Mat)
- c. Co-opted Members : Director of Acquisition Directorate
- d. Project Officer.

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7. **Security Clearances.** Members attending the meeting should be in possession of at least a Confidential security clearance. Should documentation with a security clearance of Secret or Top Secret be considered, only members with relevant security clearances would be allowed to attend the proceedings as prescribed in Departmental Security Policy. Management of Top Secret/Sensitive projects are handled as described under the heading, "COMPOSITION".

8. **Declaration of Interest.** Before the meeting commences, each member present must in terms of JDP/ACQ/00002/04 (Edition 1) Section 1 Chapter 6 declare that his/her presence does not constitute a conflict of interest.

9. **Representation.** The permanent members of the AACB may appoint a co-opted member when the permanent member is unable to attend the AACB meeting. The co-opted member should be of an appropriate seniority with delegated authority to participate in the decision making process of the AACB at the same level as that of the permanent member.

FUNCTIONS

10. The functions of the AACB basically consist of armament acquisition administrative and audit activities in support of the requisite approvals by higher authority and processing of delegated approval mandates, as follows:

- a. The AACB screens the Acquisition Project Financial Plan for alignment with the SCAMP and recommends its approval to the AASB annually during the first quarter (Jan – Mar).
- b. Staff Requirements (SRs), Development Plans (DPs) and Project Closure Reports (PCRs) are screened and approved by the AACB. The AACB approvals are reported to the first AASB meeting following such approvals.
- c. Staff Targets (STs), PSRs and APs are screened for classification (Cardinal/non-Cardinal) and after successful review recommended to the AASB with relevant comment and for approval at the appropriate level.
- d. All armament acquisition project milestone submissions are reviewed for conformance to policy, programmes, plans, finances and previous decisions/resolutions of audit findings.
- e. Ensuring compliance to acquisition milestone documentation configuration management.

CHAIRPERSONSHIP IN THE ABSENCE OF THE CHIEF OF DEFENCE MATÉRIEL

11. In the absence of the Chief of Defence Matériel, the acting Chief of Defence Matériel or a person designated by the Chief of Defence Matériel will act as chairperson.

SECUNDI WHEN COUNCIL MEMBERS CANNOT ATTEND

12. The permanent members of the AACB may appoint representatives in writing. The representative should be of an appropriate seniority with delegated authority to participate in the decision making process of the AACB at the same level as that of the permanent member. No representatives are however allowed to attend Top Secret/Sensitive submissions.

FREQUENCY

13. The AACB meeting will be held once a month on the second Wednesday of the month, provided that the required items warrant the convention of the meeting. This will be decided by the chairperson of the meeting five working days before the meeting and members will be advised of such cancellation/postponement telephonically or by fax. During months coinciding with AASB meetings, the AACB meeting will be held on the first Wednesday of that month.

VENUE

14. The meeting has a standard start time of 09:00 at a location as stipulated in the agenda.

DOCUMENTATION

15. Distribution. The secretary will distribute the agenda and enclosed submissions five (5) working days prior to the meeting. This distribution will be based on copying of original submissions that must be delivered to the secretary of the AACB for administration through the recommending and approval hierarchy of the acquisition management system.

16. Submissions. Given the defence character of armament acquisition, the prescribed documentation for armament acquisition decisions by the acquisition management systems must conform to the CSW. Armament acquisition milestone documents must conform to the CSW prescriptions for a submission (CSW 2012 Chapter 5). The content of the submission is to be adapted to the particular armament acquisition authority being sought in accordance with the DAHB 1000/No 00005/2015 Ed 4.

VERBAL PRESENTATIONS

17. With prior notice to the secretary, submissions can be supported by concise verbal presentations by the Integrated Project Team.

18. The chairperson will rule whether a verbal presentation is required or not. These should in no way deviate from the submitted documentation on the agenda, but if so, the latter will constitute the basis of trace ability of decisions taken.

AUTHORITY

19. The Secretary for Defence has the final authority on all acquisition matters and has the right to refer decision on acquisition programmes to the AAC.

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DECISIONS

20. The chairperson, on the advice of the members, makes decisions. The chairperson will account for such decisions. The chairperson must therefore be satisfied that the meeting is adequately constituted allowing the chairperson to make informed decisions. A member whose advice is not taken into account may insist that the advice given be recorded in the minutes.

SPECIAL AACB MEETINGS

21. Special AACB meetings may be convened on an ad hoc basis to handle urgent matters. Although all AACB members are welcome to attend Special AACB meetings, normally only the stake holders that would allow the chairperson to make informed decisions will be required to attend the meeting. Decisions taken during Special AACB meetings must however be ratified during the following scheduled AACB meeting.

SECRETARIAL RESPONSIBILITIES

22. The secretary for the AACB will be provided by the Acquisition Division. The duties of the secretary include the following:

- a. Compilation, production and distribution of the agenda to reach members five (5) working days before the scheduled AACB meeting. Items for the agenda in prescribed format must reach the secretary eight (8) working days before the meeting. Late submission of items for the agenda will be handled as additional items proposed by a member at the meeting. Additional items requiring a decision must be accompanied by a submission in the prescribed format, distributed to relevant members timely by the initiator upon advice from the secretary.
- b. Recording of the salient discussion and decisions of the AACB, and production and distribution of the minutes of the AACB with the agenda of the next AACB meeting, with the proviso that such minutes will be completed for consultation by members within ten working days of the completion of the relevant meeting.
- c. The formally approved record of AACB meetings and submissions will be kept by the secretary for consultation by members as and when required. The secretary will administer the submissions through the three-tier recommending and approval hierarchy of acquisition management, as required, in conjunction with the secretaries of the AASB and the AAC, and will distribute a copy of the finally authorised original submissions to originating authorities, once duly completed.
- d. Configuration control of the project milestone status database.

- e. Ensure that the chairperson signs documents presented at the meeting during the course of the meeting.

CHAIRPERSON OF THE AACB: DDG

Date: _____

PROJECT CONTROL BOARD (PCB): PROPOSED CONSTITUTION AND RULES**ROLE**

1. The role of the PCB is to enable the Department of Defence and Armscor to direct higher order joint acquisition activities relevant to the project execution of all Cardinal projects.

2. The PCB acts as a directing forum instituted for the directing and coordination of extensive and complex multi-disciplinary projects. This forum has no additional powers than those residing within each of the individual members in their own rights and delegations.

MANDATE

3. The PCB is constituted in terms of DODI No 1/98 and may make decisions on those matters as described in its Constitution.

COMPOSITION

4. **Members.** Membership of the PCB will be limited to management of DMD, relevant Services/Divisions and Armscor. The members of the PCB are:

- a. Chairperson : Chief of Defence Matériel Division (DS)
- b. Permanent Member :
 - : Chiefs of Services/Divisions – as applicable
 - : Acquisition Director (C Def Mat) – as applicable
 - : Chief Executive Officer (Armscor)
 - : General Manager Acquisition (Armscor)
 - : Senior Manager (Armscor) – as applicable
- c. Ad Hoc Members : Additional members may, with the approval of the Chairman, be co-opted when this is considered necessary.

5. **Top Secret/Sensitive Projects.** Top Secret/Sensitive projects (so defined by the chairperson) will be managed on a need to know basis only. Transparency and audit trails must however be ensured without compromising security.

6. **Security Clearances**. Members attending the meeting should be in possession of at least a Confidential security clearance. Should documentation with a security clearance of Secret or Top Secret be considered, only members with relevant security clearances would be allowed to attend the proceedings as prescribed in Departmental Security Policy.
7. **Declaration of Interest**. Before the meeting commences, each member present must in terms of JDP/ACQ/00002/04 (Edition 1) Section 1 Chapter 8 declare that his/her presence does not constitute a conflict of interest.
8. **Representation**. The permanent members of the PCB may appoint a co-opted member when the permanent member is unable to attend the PCB meeting. The co-opted member should be of an appropriate seniority with delegated authority to participate in the decision making process of the PCB at the same level as that of the permanent member.
9. **Executive Committee**. An Executive Committee shall be established to manage the day-to-day issues that require immediate attention. The PCB shall endorse decisions made by the Executive Committee at the next PCB meeting.

FUNCTIONS

10. The functions of the PCB include:
 - a. Direct the overall project acquisition strategy.
 - b. Determine or clarify high level policy as it may impact the projects.
 - c. Provide guidance and direction to the Integrated Project Teams (IPT).
 - d. Monitor milestone decisions.
 - e. Make decisions or obtain higher level authorisation concerning matters outside of the responsibility of the IPT.
 - f. Act as the interface between the IPT and the Armaments Acquisition Steering Board (AASB) and any other inter-departmental committee as required.
 - g. Overall control of the activities of the IPT.

CHAIRPERSONSHIP IN THE ABSENCE OF THE CHIEF OF DEFENCE MATÉRIEL

11. In the absence of the Chief of Defence Matériel, the acting Chief of Defence Matériel or a person designated by the Chief of Defence Matériel will act as chairperson.

SECUNDI WHEN BOARD MEMBERS CANNOT ATTEND

12. The permanent members of the PCB may appoint representatives in writing. The representative should be of an appropriate seniority with delegated authority to participate in the decision-making process of the PCB at the same level as that of the permanent member. No representatives are however allowed to attend Top Secret/Sensitive submissions.

FREQUENCY

13. The PCB meeting will be held as required.

VENUE

14. The venue and time will be determined before each meeting.

DOCUMENTATION

15. The secretary will distribute the agenda five (5) working days prior to the meeting.

AUTHORITY

16. The PCB authority is equivalent to the level of authority of the individual permanent members.

17. The PCB does not replace existing staff procedures and communication channels.

18. The PCB can only amend the constitution itself, with a quorum including at least the most senior permanent members present per organisation represented on the Board.

DECISIONS

19. The chairperson, on the advice of the members, makes decisions. The chairperson will account for such decisions. The chairperson must therefore be satisfied that the meeting is adequately constituted allowing the chairperson to make informed decisions. A member whose advice is not taken into account may insist that the advice given be recorded in the minutes.

SPECIAL PCB MEETINGS

20. Special PCB meetings may be convened on an ad hoc basis to handle urgent matters. Any permanent member may request a special meeting, which will be co-ordinated by the secretary. Decisions taken during Special PCB meetings must however be ratified during the following scheduled PCB meeting.

SECRETARIAL RESPONSIBILITIES

21. The secretary for the PCB will be provided by the Defence Materiel Division. The duties of the secretary include the following:

- a. Compilation, production and distribution of the agenda to reach members five (5) working days before the scheduled PCB meeting. Items for the agenda in prescribed format must reach the secretary eight (8) working days before the meeting. Late submission of items for the agenda will be handled as additional items proposed by a member at the meeting.
- b. Recording of the salient discussion and decisions of the PCB, and production and distribution of the minutes of the PCB with the agenda of the next PCB meeting; with the proviso that such minutes will be completed for consultation by members within ten working days of the completion of the relevant meeting. Classification of minutes shall be as appropriate to the sensitivity of the matters recorded.
- c. The formally approved record of PCB meetings and submissions will be kept by the secretary for consultation by members as and when required.

AGENDA FORMAT

22. The following standard agenda will apply:

- a. Welcome.
- b. Additional Items.
- c. Approval of Previous Minutes.
- d. Matters Arising.
- e. Reporting.
 - i. Technical Progress.
 - ii. Financial Status.
 - iii. Schedule.
 - iv. Specific Highlights and Risk Areas.
- f. Project Strategy.
- g. Security and Media.

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h. New Matters

i. Next Meeting

CHAIRPERSON OF THE PCB:

Date: _____

PROJECT STEERING COMMITTEE (PSC): PROPOSED CONSTITUTION AND RULES**ROLE**

1. The purpose of the PSC is to direct the acquisition activities of projects within approved acquisition authorisations.

MANDATE

2. The PSC is constituted in terms of the Handbook for the Acquisition of Armaments in the Department of Defence and in Armscor – DAHB1000 (Ed1.1).

COMPOSITION

3. **Members** Membership of the PSC will be limited to management of DMD, relevant Services/Divisions and Armscor. The members of the PSC are:

- a. Chairperson : The duties of Chairperson of the PSC shall be rotated between the members of the Executive Committee
- b. Permanent Member : DMD Acquisition Director (Co-Chairperson)
: Other DMD Acquisition Directors – as applicable
: Acquisition Directorate SSOs – as applicable
: Project Officer – as applicable
: Project Integrated Logistic Support (ILS) Officer – as applicable
: Project Engineer – as applicable
: Budget Manager – as applicable
: General Officer Commanding (GOC) of the Formation/System Group Director – as applicable
: Formation/System Group SSOs – as applicable
: System Managers – as applicable
: Divisional Manager (Armscor) (Co-Chairperson)
: Armscor Project Manager (APM) – as applicable
: Armscor Quality Assurance (QA) manager – as applicable
- c. Ad Hoc Members : Additional members may, with the approval of the Chairperson, be co-opted when this is considered necessary.

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4. **Top Secret/Sensitive Projects**. Top Secret/Sensitive projects (so defined by the chairperson) will be managed on a need to know basis only. Transparency and audit trails must however be ensured without compromising security.
5. **Security Clearances**. Members attending the meeting should be in possession of at least a Restricted security clearance. Should documentation with a security clearance of Confidential, Secret or Top Secret be considered, only members with relevant security clearances would be allowed to attend the proceedings as prescribed in Departmental Security Policy.
6. **Declaration of Interest**. Before the meeting commences, each member present must in terms of JDP/ACQ/00002/04 (Edition 1) Section 1 Chapter 6 declare that his/her presence does not constitute a conflict of interest.
7. **Representation**. The permanent members of the PSC may appoint a co-opted member when the permanent member is unable to attend the PSC meeting. The co-opted member should be of an appropriate seniority with delegated authority to participate in the decision making process of the PSC at the same level as that of the permanent member.
8. **Executive Committee**. The Executive Committee will comprise of the Acquisition Director and the appropriate Armscor Divisional Manager(s). The EXCOM is authorised to manage day-to-day issues that require immediate attention. The PSC shall consider the decisions made and tabled by the EXCOM for ratification, at its next meeting.

FUNCTIONS

1. In respect of the Contract Baseline, the PSC is one of the authoritative bodies¹ for any Class 2 changes and deviations².
2. In respect of the Requirements and Functional Baselines, the PSC is the authoritative body for any Class 2 changes and deviations³ relating to the acquisition process and functionality issues respectively.
3. The functions of the PSC include the following:
 - a. Interpret policy as it may impact the projects, and recommend changes as required.
 - b. Provide guidance and direction to the Integrated Project Teams (IPT).
 - c. Provide oversight of the performance of the projects and related matters.
 - d. Report to higher-level statutory bodies on the performance of the projects.

¹ The others being the Maritime and Aeronautical Acquisition Authorisation Committee, the Armscor Acquisition Authorisation Committee, and the Armscor Board of Directors

² Class 1 changes are higher-level changes that affect the configuration to such an extent that functional requirements are adjusted, and agreed financial limits exceeded and must be dealt with at the appropriate higher level, eg. The Project Steering Committee or the Project Control Board.

³ Class 2 changes do not affect higher-level functional requirements or exceed financial restrictions.

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- e. Make decisions or obtain higher-level authorisation concerning matters outside of the mandate of the Project Executives; comprising the Project Officer and Armscor Programme Manager.
- f. Act as the interface between the IPT and the Project Control Board (PCB).
- g. Register baseline variations/deviations, and make recommendations to the appropriate higher-level approval fora.
- h. Monitor the risk management activities of the IPT.
- i. Maintain a proper audit trail of the decisions made by the PSC.
- j. Take cognisance of disputes and recommend the appropriate dispute resolution process.

CHAIRPERSONSHIP IN THE ABSENCE OF THE ACQUISITION DIRECTOR

9. In the absence of the Acquisition Director, the acting Acquisition Director or a person designated by the Acquisition Director will act as Chairperson.

SECUNDI WHEN BOARD MEMBERS CANNOT ATTEND

10. The permanent members of the PSC may appoint representatives in writing. The representative should be of an appropriate seniority with delegated authority to participate in the decision-making process of the PSC at the same level as that of the permanent member. No representatives are however allowed to attend Top Secret/Sensitive submissions.

FREQUENCY

11. Meetings shall be held at least four times per year, or more often as required. Meeting dates will be determined annually and confirmed at each meeting.

VENUE

12. The venue and time will be determined before each meeting.

DOCUMENTATION

13. The secretary will distribute the agenda five (5) working days prior to the meeting.

AUTHORITY

14. The PSC authority is equivalent to the level of authority of the authority of the Co-Chairs.
15. The PSC does not replace existing staff procedures and communication channels.

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16. The PSC can only amend the constitution itself, with a quorum including at least the most senior permanent members present per organisation represented on the Board⁴.

DECISIONS

17. The Chairperson, on the advice of the members, makes decisions. The Chairperson will account for such decisions. The Chairperson must therefore be satisfied that the meeting is adequately constituted allowing the Chairperson to make informed decisions. A member whose advice is not taken into account may insist that the advice given be recorded in the minutes.

SPECIAL PSC MEETINGS

18. Special PSC meetings may be convened on an ad hoc basis to handle urgent matters. Any permanent member may request a special meeting, which will be co-ordinated by the secretary. Decisions taken during Special PSC meetings must however be ratified during the following scheduled PSC meeting.

SECRETARIAL RESPONSIBILITIES

19. The secretary for the PSC will be determined by the Acquisition Director. The duties of the secretary include the following:

- a. Compilation, production and distribution of the agenda to reach members ten (10) working days before the scheduled PSC meeting. Items for the agenda in prescribed format must reach the secretary eight (8) working days before the meeting. Late submission of items for the agenda will be handled as additional items proposed by a member at the meeting.
- b. Recording of the salient discussion and decisions of the PSC, and production and distribution of the minutes of the PSC with the agenda of the next PSC meeting; with the proviso that such minutes will be completed for consultation by members within ten (10) working days of the completion of the relevant meeting. Classification of minutes shall be as appropriate to the sensitivity of the matters recorded.
- c. The formally approved record of PSC meetings and submissions will be kept by the secretary for consultation by members as and when required.
- d. The classification of the minutes shall be at least RESTRICTED or higher, as appropriate to the sensitivity of the matters recorded.

⁴ The constitution of the PSC may be tailored as deemed necessary by the members of the committee.

AGENDA FORMAT

20. Documents and written reports to be discussed must be distributed to members at least five working days prior to the PSC.

21. A copy of the presentation to the PSC must be distributed in MS Office Powerpoint (.ppt or .pptx format) to the Secretary at least two (2) working days prior to the PSC.

22. The following agenda will apply:

- a. Welcome.
- b. Attendance List and Apologies.
- c. Declaration of Interest.
- d. Confirmation of Previous Minutes.
- e. Additional Items.
- f. Matters Arising from the Previous Minutes.
- g. Progress on previously reported problems.
- h. Highlights for the reporting period.
- i. Feedback on Parliamentary Activities (when applicable).
- j. Business Plan/updated Business Plan, including projected activities for next quarter.
- k. Performance against Schedule
- l. Performance.
 - i. Technical Matters.
 - ii. Logistic Matters.
 - iii. Personnel and Training Matters
 - iv. Contractual Matters.
 - v. Financial Matters
 - vi. Quality Matters.
 - vii. Baselines.
 - viii. Deviations.
 - ix. Utilisation of Consultants.
- m. Level 6 Transition, including operational matters, qualification and acceptance matters.

- n. Transition Committee/Transition Plan Matters.
- o. Security and Media (when applicable).
- p. Industrial Participation and Technology Transfer.
- q. Ceremonial Matters (when applicable).
- r. Defence Diplomacy (when applicable).
- s. Foreign Aid and Assistance to the SANDF (when applicable).
- t. Travel Requirements and Reports (Local and Foreign) (when applicable).
- u. Service delivery improvements (when applicable).
- v. Gift Register (when applicable).
- w. Risk Management, including progress on previously reported problems, feedback on audit findings/reports, and early warning.
- x. Feedback on Audit Reports and Findings (when applicable).
- y. Projected Activities for the next Quarter.
- z. Early Warning.
- aa. Lessons Learnt.
- bb. New Matters.
- cc. Conclusion.
- dd. Next Meeting and Future Dates.
- ee. Closure.

(T.H.E. DIRECTOR)
ACQUISITION DIRECTOR: RANK

(D.I.V. MANAGER)
DIVISIONAL MANAGER [XXXXX] DIVISION

Date: _____

Date: _____

EXAMPLE OF A FINANCIAL BASELINE ADJUSTMENT

SECURITY CLASSIFICATION

MEMORANDUM

File Reference

Telephone : 986-1234 Date
 Telefax : 986-4321
 Enquiries : Lt Col I.M. Admino

From:

To:

SUBMISSION: PROJECT WARTHOG: FINANCIAL BASELINE ADJUSTMENT: ANTI-RUNWAY WEAPON

AIM

1. The aim of this submission is to obtain approval for adjustment of Project WARTHOG'S Financial Baseline.

FINANCIAL REQUIREMENTS

2. Current Project Financial Ceiling. The project has an authorised financial baseline ceiling of Rxx,xxx million (2001 Rand Value), as approved in the Staff Target on 23 April 2001. The amount must also be written in words in staff documentation (excluding tables) throughout.

3. The attached Red-light report indicates (2003 Rand Value) that the project has expended Rx,xxx million of the adjusted baseline of Rxx,xxx million leaving a balance of Rx,xxx million.

4. Project (Definition etc.) Phase Financial Ceiling. The project has an authorised phase baseline ceiling of Rxx,xxx million (2013 Rand Value), as approved in the Staff Target on 23 April 2013.

5. A total of Rxx,xxx million of the project phase ceiling of Rx,xxx million has been expended, leaving a balance of Rx,xxx million (2013Rand Value).

6. In order to utilise the above-mentioned financial baselines, the SCAMP (refer to date and version no) scheduled the following funds for the project:

2013/14(R'000)	2014/15(R'000)	2015/16(R'000)	2016/17(R'000)
x,xxx	x,xxx	x,xxx	x,xxx

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NEW REQUIREMENTS

- 7. State reason(s) giving rise to the new requirement/change in financial baseline
- 8. Give new financial requirements in rand as well as how it will be phased in.
- 9. State future new financial phasing in financial years and rand values

RECOMMENDATION

- 10. It is recommended that the following be approved:
 - a. The project financial ceiling be increased/decreased from the current Rxx,xxx million (2009 Rand Value) to Rxx,xxx million (2009 Rand Value).
 - b. The project phase financial ceiling be increased/decreased from the current Rxx,xxx million (2009 Rand Value) to Rxx,xxx million (2009 Rand Value).
 - c. Commencement of the next phase of the project, etc.

APPROVED/REFERRED BACK

REMARKS:

(I.M. CHAIRPERSON)
CHAIRPERSON OF THE AASB: DIRECTOR-GENERAL

DATE: _____

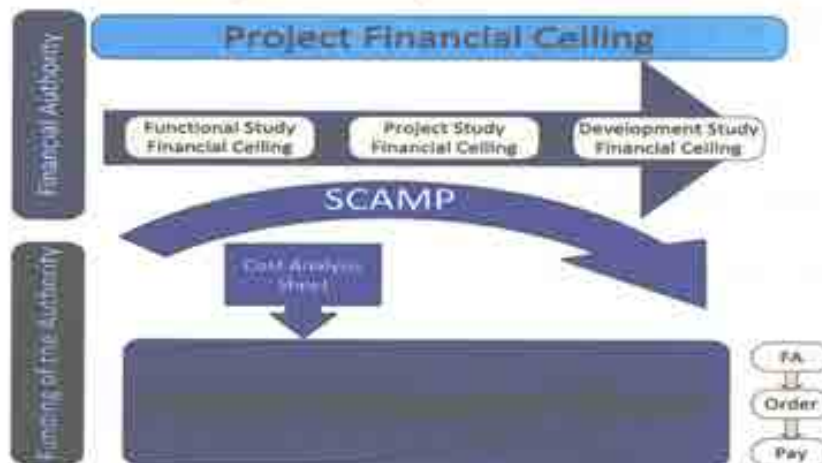
PROJECT FINANCIAL BASELINE MANAGEMENT

DOCUMENTATION

1. To provide some guidelines with regard to the financial baselines of armament acquisition projects, the following are relevant:

- a. A project can only realize expenditure/commitment once a financial ceiling has been allocated by the appropriate authority, eg AACB, AASB or AAC.
- b. Expenditure/commitment within the project financial ceiling can be restricted by "project phase" financial ceilings.
- c. A project can only realize expenditure/commitment once funding has been scheduled on the SCAMP.
- d. The allocation of funding on the SCAMP is no authority per se, for commitments/expenditures.
- e. A project can only realize expenditure/commitment once funding is made available on the FMS and then only after an appropriate Financial Authority has been approved.

2. The process to follow would thus be to obtain a financial ceiling for the project based on the planned full project cost. In addition to the authority for expenditure, total project and/or project phase, funding must also be secured on the SCAMP. The funding on the SCAMP is used as the official allocation per project that is annually captured on the Financial Management System. Expenditure can now proceed for the in-year and commitment for the in-year plus three subsequent years. The following diagram indicates the difference between Financial Authority and Funding of the Authority:



3. A project financial ceiling as approved by the appropriate authority is monitored on the Red Light report. The Red Light report enables the authorised project financial ceiling and all project expenditure over time to be measured, managed and utilised in current Rand values.

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4. To assist in the clarification of the project financial ceiling and subsequent audits, it is recommended that when requesting an amendment to a project's financial ceiling the following detail, as a minimum requirement, be submitted in a submission format:
- a. The reason for the increase/decrease of a project financial ceiling must be motivated, clearly indicating if the increase was due to increased/amended project activities or due to changed financial indicators.
 - b. A high level table indicating a breakdown of the proposed expenditure. This financial data table must allow sufficient information to allow authorising authority to apply its mind.
 - c. Confirmation of funding provision on the SCAMP.
 - d. The Red Light report status. Confirm the project financial ceiling, expenditure and available status as indicated on the SCAMP.
 - e. When a project's expenditure has exceeded its authorised project financial ceiling, the over-expenditure must be motivated in detail and condoned by the appropriate authority.

FINANCIAL DATA FORMAT

5. Text. All amounts quoted in sentences must be written as follows:
- a. Whole numbers smaller than ten should be spelled out.
 - b. Write out one-word numbers, ie twelve and twenty. Two-word numbers should be expressed in figures, ie 24.
 - c. Do not start a sentence with a numeral.
 - d. When a risk exists that figures could be interpreted incorrectly, the amounts should be repeated in words.
 - e. When numbers are used to indicate dimension, eg '9mm round', or when they form part of the title of a squadron or unit, eg '44 Squadron', they are written in numerals.
 - f. If adjacent numbers indicate quantity and dimension, the first number is written in words, eg 'twelve 10-ton trucks', or the adjacent numbers are separated by a multiplication sign, eg '12 x 10-ton trucks'.
 - g. The writing principles illustrated in the following examples must be applied throughout. Generic rules for writing numbers:
 - i. Space to make larger numbers easier to read, ie RM1 292 or RB1,292.
 - ii. Comma to indicate decimals, ie R1 292 311 000.00 or RM1 292,311 or RB1,292.
 - iii. A space is used as a thousand separator.
 - iv. Period is used as a cents indicator, ie R292 310 665.00.

h. The following would serve as examples:

i. Millions: The following writing conventions must be used to denote one million rand (R1 000 000) and one billion rand (R1 000 000 000): RM1 and RB1. An alternative method is to write R1 million or R1 billion.

ii. Thousands: R292 310.00 or rounded off in terms of millions, RM0,292.

i. **When figures are written in a sentence and a specific format (ie rounded, written out, et al) is used, continue with that format throughout the document.** The use of different formats could cause confusion.

j. For the purpose of submissions, it is preferable to indicate financial figures in words followed by the financial figures in numerals, when used in a sentence/paragraph as used in par h.i above.

6. Tables. In a table the above mentioned examples will be indicated as follows:

FY 10/11
292,310
292,3
292

CFE PROCESS

Action 1: Identification of CFE Requirements

Scope	Inputs	Execution	Outputs
<p>1. Definition by the User of the CFE that will be used by the Services/Divisions project for acquisition and maintenance, as well as constraints/prescripts applicable to the use of the CFE.</p> <p>2. Identification of availability of CFE during the specific Acquisition Phase.</p> <p>3. Identification of the required data for specified items to Contractors.</p> <p>4. Armscor RFB must include the identified CFE list with cost of maintaining the equipment.</p>	<p>1. The Services/Divisions and Armscor's preferences for utilising existing Services/Divisions stores to reduce the acquisition cost, LCC and risk of new User Systems for the Services/Divisions.</p> <p>2. Item identification, engineering, and ILS data held by Services/Divisions.</p> <p>3. Items already identified in ST/SR.</p>	<p>1. State CFE requirements in terms of Products Systems, Products or Product Sub-systems currently in use by the Services/Divisions with which compatibility, possible upgrade and standardisation are sought and for the specific items of supply already identified at this stage.</p> <p>2. Assemble, certify and supply identification, engineering and ILS data for specified items.</p> <p>3. Identify the locations and authority institute from where the CFE has to be obtained and returned to.</p>	<p>1. Possible CFE list and provisions and conditions included in the RFB to be taken into consideration by the Contractor.</p>

Action 2: Clarification with Contractor regarding CFE elements in RFB

Scope	Inputs	Execution	Outputs
<p>During clarification the following aspects are important and should be agreed to with the parties involved</p> <ol style="list-style-type: none"> 1. Who is responsible for the service & maintenance of the CFE. 2. When is the CFE required? 3. Where is the CFE to be delivered? 4. What is the duration of the loan period? 5. In what status/ configuration will the CFE be handed back (current versus future configuration modifications or upgrades). 6. Who is responsible for inspection of the CFE equipment from the Service's/Divisions side? 7. What must the serviceability be of the CFE on acceptance by the contractor and when handed back? 8. List all special conditions applicable such as packaging, transport, transit, storage and insurance. 	<ol style="list-style-type: none"> 1. CFE list included in the RFB. 2. Item identification and modification status, engineering and ILS data provided by the client (including existing Acceptance Test requirements and procedures). 	<ol style="list-style-type: none"> 1. Identify the comprehensive supply requirements for CFE items, item data, services/facilities and, as required, for the application and support of the CFE during full period of issue. 2. Determine the Acceptance Test requirements and procedures to be applied for acceptance of CFE. 3. Schedule the supply of the CFE to meet the scheduling requirements of the Products System/Product/Product Sub-system to be in line with acquisition projects. 4. Define the maintenance concept and planning applicable to the CFE, in collaboration with the applicable Service/Division System Manager and Contractor involved. Obtain agreement on the scheduling and execution of preventative and corrective maintenance requirements. 	<ol style="list-style-type: none"> 1. Products System/Product/Product Sub-system CFE Supply Requirements Lists for items, data, service/facilities. 2. Products System/Product/Product Sub-system CFE Supply Schedules. 3. The Acceptance Test requirements and procedures to be applied for acceptance of CFE by the project and Contractor/Armscor.

Action 2: Clarification with Contractor regarding CFE elements in RFB

Scope	Inputs	Execution	Outputs
<p>9. Who will be responsible for quality control from the SANDF & Armscor?</p> <p>10. Who will give feedback on the status of the CFE and at what time intervals?</p> <p>11. All data of CFE must be maintained and channel through to the System Manager for the maintenance of the Products Systems data.</p>		<p>5. Establish the project store and dedicated procedures associated with the administration of the store.</p>	

Action 3: Compile CFE Management Plan and determine cost of CFE elements not available to the project from Services/Divisions			
Scope	Inputs	Execution	Outputs
<ol style="list-style-type: none"> 1. Formalised consolidated agreed to CFE Action List into CFE Management Plan. 2. Determine cost implications for the project on CFE elements not available. 3. Include cost implications into baseline approval documents. 4. Approval of CFE Management Plan by all relevant stakeholders. 	<ol style="list-style-type: none"> 1. Products System/Product/Product system CFE requirements list. 2. Products System/Product/Product system CFE supply schedules. 3. Availability list from System Manager. 	<ol style="list-style-type: none"> 1. Liaison with stakeholders to ensure availability of relevant CFE elements. 2. Integrate & consolidate CFE supply requirements, schedules and supply locations for the project. 3. Validation and completion of CFE item identification data by the client. 4. CFE supply requirements shall be screened and fixed as input to acquisition and operating contracts. 5. Integrate & consolidate CFE supply requirements, schedules and supply locations for the project. 6. Validate and complete the identification data of items on the CFE requirements list 7. Classify and declare requested CFE as for rework or upgrade, loan account, permanent issue or loan account and for future possible permanent issue, and request rejected. 	<ol style="list-style-type: none"> 1. CFE Management Plan. 2. CFE Action List. 3. Available funds on SCAMP and Operating funds.

Scope	Inputs	Execution	Outputs
		<p>8. Determine lead times and availability of stock and initiate any required acquisition of CFE for the project.</p> <p>9. Generate the schedule sourcing CFE and to plan CFE Acceptance Tests.</p> <p>10. Revise Products System/Product/Product Sub-system contractor's CFE supply requirements lists and supply schedules to reflect the approved CFE and supply lead-times determined by the SANDF. Incorporate the approved CFE supply lists and planning within the respective acquisition and operating contracts in collaboration with the applicable contractors.</p> <p>11. Compile of a MOU between the SANDF, Armscor and Contractor.</p>	

Action 4: Approval of CFE Management Plan and MOU

Scope	Inputs	Execution	Outputs
<ol style="list-style-type: none"> 1. Approval of CFE Management Plan. 2. Preparation and planning by the client for the supply, release and control of CFE to Armscor/Contractors on the project. 3. CFE Management Plan as input to contract from Armscor. 	<ol style="list-style-type: none"> 1. CFE Management Plan. 2. Available funds on SCAMP and Operating funds. 	<ol style="list-style-type: none"> 1. Consolidate MOU between all the relevant parties. 2. Adjust budget of programme according to the approved CFE list. 	<ol style="list-style-type: none"> 1. Approved consolidated project CFE list and CFE Management Plan. 2. Consolidated project schedule for sourcing and Acceptance Testing of CFE items. 3. System Manager plans for the supply of applicable CFE data and services/facilities to contractors, and for staging and participating in Acceptance Testing of CFE items. 4. Approved CFE supply schedules incorporated in the Products System/Product/Product Sub-system acquisition operating contracts. 5. CFE maintenance concepts and planning, as agreed by the applicable Service/Divisions System Manager, Armscor & Contractor. 6. Implementation of a Programme Asset register. 7. CFE items, reserved for the project and packaged preserved and under control of the project store.

Action 5: Preparation for supply, deliver and release of CFE according to MOU

Scope	Inputs	Execution	Outputs
<p>1. Unpacking and preparation of CFE in the User store for acceptance by Armscor and Contractors.</p> <p>2. Release of accepted CFE from the client store.</p> <p>3. Control of the day-to-day supply of CFE to Contractors through the duration of the project. (Some items will be released in accordance with CFE supply schedules, whilst others, such as spares, may be released on demand.</p>	<p>1. Consolidated project supply requirements lists for approved CFE.</p> <p>2. Consolidated project schedule for sourcing, Acceptance Testing and release of CFE to Contractors</p> <p>3. System Manager CFE supply plans for supply of CFE data and services/facilities to Contractors and for staging and participating in Acceptance Tests of CFE items.</p> <p>4. Approved CFE requirements lists and CFE supply schedules incorporated in the Products System/Product/ Product Sub-system acquisition and operating contracts.</p> <p>5. Operational System Store, CFE items, reserved for the project and packaged, preserved and under control of the client store.</p> <p>6. Agreed Acceptance Test specifications and procedures for CFE</p> <p>7. PPPM Specifications.</p>	<p>1. Unpack and prepare the CFE item and the required acceptance environment for acceptance of the CFE by Armscor and its Contractors</p> <p>2. Conduct a Physical Configuration Audit of the CFE against the data pack for completeness. This includes the qualification and any necessary completion of the item as-built record.</p> <p>3. Training of personnel regarding the facilities, equipment, consumables etc.</p> <p>4. Ensure unit/environment preparation in time.</p>	<p>1. Requested CFE items prepared for acceptance, re-packaging and removal by Contractors, in accordance with agreed CFE supply schedule.</p> <p>2. CFE as inspected and tested as per requirement from the project.</p> <p>3. Issue Vouchers/DD12.</p>

Action 6: Acceptance & Receipt of Supplied CFE

Scope	Inputs	Execution	Outputs
<p>1. Transfer of accountability for CFE items according to CFE Action List. Removal of issued CFE from the designated project store. (This includes packaging and transport of the CFE by the contractor).</p>	<p>1. Requested CFE items, prepared for acceptance and removal by contractors. 2. CFE Acceptance Test specifications and procedures.</p>	<p>1. Conduct Acceptance Test procedures for CFE and generate Acceptance Test reports. 2. Record accepted items onto Armcor's loan account and the applicable project Asset Register. 3. Package and preserve CFE for transport from the project store. 4. Transport and deliver CFE to the installation/integration site. 5. IPT and Armcor to request the applicable SANDF depot for the supply of CFE data and services/facilities.</p>	<p>1. CFE delivered at the installation/integration site. 2. CFE issue and loan records, recording the items used and loaned by the Services/Divisions to Armcor. 3. CFE project Asset Register and controlling CFE allocated by Armcor to its contractors. 4. Classification of issued CFE as serviceable/unserviceable. 5. CFE routine/preventative maintenance logs. 6. Updated User Asset Register.</p>

Action 7: Utilization, Application, Preservation and Maintenance of CFE

Scope	Inputs	Execution	Outputs
<ol style="list-style-type: none"> 1. Management of ownership and loan of the supplied CFE items. 2. Management of ownership of the CFE item design. 3. Maintenance and utilisation management of CFE by the Contractor, in conjunction with the applicable System Manager. 4. Manage deployment of CFE. 	<ol style="list-style-type: none"> 1. CFE loan records and CFE project Asset Register. 2. Issued CFE as-built record. 3. Agreed maintenance concept. 4. PPM Specifications. 	<ol style="list-style-type: none"> 1. Generate and maintain the applicable project Asset Register. 2. Maintain the build state history of issued CFE. 3. Perform configuration status accounting. 4. Renew loan accounts with the Services/Divisions. 5. Update utilisation data by means of OSIS/CALMIS trip sheet. 6. Capture failure and maintenance data by means of OSIS/CALMIS Depot Level Repair Procedures. 	<ol style="list-style-type: none"> 1. Up to date CFE build state histories. 2. Up to date project Asset Register. 3. Codification data for modified items. 4. Report to Project Management in terms of project Asset Register.

Action 8: Return of Released CFE			
Scope	Inputs	Execution	Outputs
<p>1. Packaging, transportation and delivery of CFE for return to designated client storage area.</p>	<p>1. Identified locations for the return of released CFE. 2. CFE Acceptance Test specification, procedures and inspection results reports generated at the time of receipt of the CFE form the Services/Divisions by Armscor and the Contractor. 3. CFE build state histories and stock transfer records.</p>	<p>1. Deliver returned CFE to the User store 2. Unpack and demonstrate acceptance test for the returned CFE to obtain acceptance from the Services/Divisions, only on loan items. 3. Conduct physical configuration audits on CFE. 4. Complete the necessary terms and conditions actions of the returned CFE. 5. Complete the damage reports of damaged CFE.</p>	<p>1. CFE items delivered to the Service/Division project store or agreed alternative destination. 2. CFE unpacked, where applicable, and demonstrated for acceptance by Armscor and the Services/Division. 3. Initiate disposal of non-returnable elements.</p>

Action 9: Acceptance and Receipt of Returned CFE			
Scope	Inputs	Execution	Outputs
<p>1. Packaging, transportation and delivery of CFE for return to designated User storage area.</p>	<p>1. Return CFE. 2. Build state histories for returned CFE. 3. Physical Configuration Audit reports. 4. Loan issue records and project Asset Register. 5. Codification data for modified CFE. 6. Updated CFE data products.</p>	<p>1. Cancel accepted items from Armscor's loan account and the applicable project Asset Register. 2. Where required, packaged serviceable CFE for return to Service/Division stores depot, or agreed alternative destination. 3. Integrate the accepted and up-to-date CFE data products.</p>	<p>1. CFE accepted and returned to Service/Division depot or applicable agreed destination. 2. CFE data products accepted and integrated into a consolidated sheet/database. 3. Update project Asset Register.</p>

**APPENDIX J
TO DAHB 1000/
No 000121/2015**

**GUIDELINES FOR THE COMPILATION OF A SECURITY AND
MEDIA PLAN**

1. When applicable, a project Security and Media Plan must be compiled in accordance with Chapter 6 and submitted with the appropriate milestone documentation. Following is an example of Security and Media Plan that can be used as a guideline.

EXAMPLE OF A PROJECT SECURITY AND MEDIA PLAN

SECURITY CLASSIFICATION

PROJECT SECURITY AND MEDIA PLAN: PROJECT XXXXX

Appendix A: Media Plan

PROGRAMME SECURITY MANAGEMENT TEAM

1. SANDF Project Officer.

a. Project Officer.

Force Number :
 ID Number :
 Surname :
 Initials :
 Rank :
 Telephone :
 Security Clearance :

b. Armscor Programme Manager.

Control Number :
 ID Number :
 Surname :
 Initials :
 Rank :
 Telephone :
 Security Clearance :

c. Armscor Project Security Consultant

Control Number :
 ID Number :
 Surname :
 Initials :
 Rank :
 Telephone :
 Security Clearance :

AIM

2. The aim of this project Security and Media Plan is to implement and maintain security guidelines to protect project activities during the entire life-cycle of Project XXXXX and to contribute to the successful Transition of the Products System.

PROJECT DESCRIPTION

3. Project XXXXXX addresses the acquisition of a XXXXX, for use by (Service/Division), comprising of together with associated logistic support and training.

SECURITY CLASSIFICATION

4. Project XXXXXX is a Cardinal/non-Cardinal project which is classified as **CONFIDENTIAL/SECRET** etc.

5. The following matters will be classified as **RESTRICTED**:

- a. The invitation of tenders, including the advertisement of the tenders.
- b. Tender documentation.
- c. Contract and order documentation.

6. The following matters will be classified as **CONFIDENTIAL**:

- a. Financial aspects.
- b. Numbers.
- c. Time-scale.
- d. Tender information.
- e. Liaison with the successful contenders who passed the critical criteria evaluation.
- f. Contract with the successful contender.

7. The following matters will be classified as **SECRET**:

- a. The mission profiles.
- b. Employment of the Products System.
- c. The scope of the operational capabilities.
- d. The technological capabilities of local Components and Product Sub-systems that might be integrated with Products/Products Systems from abroad.

PROJECT STATUS

8. The project XXXXX Project Study Report (PSR) dated was approved by the AASB on, and presently the project is in the Phase.

SCOPE OF PROJECT

9. The future scope of Project XXXXXX entails the following:
- a. Completion of the Acquisition Plan (AP) for Project XXXXXX.
 - b. Procurement/Integration of a variety of Products/Products Sub-systems as a complete Products System.
 - c. Integration of this Products System into Service/Division as part of the operational User System and capability.

PARTIES INVOLVED

10. State the organisations involved.
11. The scope of the whole project shall only be known to the project management team.

THREAT

12. This Security Plan is based on the promotion of regional security as stated in the Minister's Directive to Secretary for Defence and Chief of the SANDF, dated 08 Sep 02 and the Military Strategy.

AREAS OF PROTECTION

13. In order to ensure sound security management and protection of the Department of Defence's interests, the following shall be protected as classified SECRET as part of Project XXXXX.

- a. The scope of the operational capabilities of the
- b. The technological capabilities of local Components and Product Sub-systems that might be integrated with Products Systems from abroad.

SECURITY GUIDELINES

14. A security workgroup shall be established to manage the security elements classified higher than Confidential of the project. The SANDF/Armcor Security Committee (SASC) shall formulate industrial security policy and/or be the final decision making body if any work is performed locally by industry.

APPLICABLE DOCUMENTS

15. The following documents will apply:
- a. SANDFO/INT DIV/2/97.
 - b. A-POL-9000 dated 19 January 1999.
 - c. Armcor Security Manual dated September 2001 (A-UMAN-014).
 - d. Minimum Information Security Standards (MISS) as approved by Cabinet on 4 December 1996.

BREACHES OF SECURITY

16. All known or suspected breaches of security, acts endangering security or non-compliance with security procedures shall be reported to Armscor Security Division (ASD) or Defence Intelligence (DI).

INFORMATION SECURITY

17. Information security shall be applied in accordance with chapter five (5) of A-POL-9000 and chapter four (4) of the Armscor Security Manual (ASM).

18. Documentation security shall include the following:

- a. Classified documents shall be identified, marked, protected, securely communicated, distributed and destroyed in a controlled manner.
- b. Classified photographs and models of the project may not be displayed in offices and/or work areas without the approval of the project management team.
- c. Taking of photographs may only take place after written approval by the project management team.
- d. Storage and development of photographs and videos shall take place in accordance with the policy for handling and storage of classified documentation.
- e. No pamphlets or brochures with reference to the project may be published and/or circulated without written approval of the project management team.
- f. All programme documentation shall be sent along the formal channels. Only approved communication channels, e.g. encrypted telex, telephone, fax and computers may be used. In exceptional cases documentation may be taken along when travelling, but in such cases the documents shall go through the prescribed registration process and with the explicit approval of the Armscor Project Security Consultant.
- g. If redundant all documentation relevant to the project shall be destroyed by means of the prescribed shredding method. Redundant documents classified SECRET and higher, shall be treated in one of the following ways:
 - i. Be sent back to the compiler
 - ii. Be destroyed after which a certificate in this regard shall be sent to the compiler.

SECURITY

19. Security procedures shall be applied in accordance with Chapter 6 of the ASM and chapter 5 of A-POL-9000. This entails the following:

- a. Security clearances of employees shall be in accordance with current policies.
- b. Those who cannot obtain the necessary security clearance in terms of Chapter 6 of the ASM, shall be placed/employed in such a way that they will not be exposed to the whole project or sensitive parts thereof. However, in exceptional cases the contractor may, in conjunction with Armscor, accept responsibility for the security aspect of such a person. ASD will, on completion of the vetting process, advise on the desirability of responsibility acceptance.

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- c. Companies rendering technical support from abroad shall ensure and confirm that all involved in the project shall not pose any security risk.
- d. In case of resignation/transfers/retrenchments of any, the prescribed procedure shall be followed to de-sensitise that/those person(s).
- e. The need-to-know principle shall be strictly adhered to.
- f. Any aspect that may influence a person's security competency shall be reported immediately.
- g. The security awareness of the project shall be maintained throughout.

INFORMATION SYSTEMS SECURITY

20. Information System Security shall be applied in accordance with chapter five (5) of A-POL-9000 and chapter four (4) of the ASM. The following shall be adhered to in this respect:

- a. No Wide Area Network/Local Area Network - linked workstations on which Armscor related information is stored may be connected to Internet or Intranet facilities. (Local Area Networks containing classified defence related information shall be operated separately). The exception to the above will be the Armscor Head Office network.
- b. Classified data shall be identified, controlled, stored, distributed and destroyed in a secure manner. All transmitted data shall be protected against disruption and unauthorised access.
- c. Access to computer systems and classified information shall be controlled by passwords and directory rights.

PHYSICAL SECURITY

21. Physical security measures shall be applied in accordance with chapter five (5) of A-POL-9000 and chapter five (5) of the ASM. When managing physical security at local facilities, the following shall be kept in mind:

- a. The strategic importance of the facility.
- b. The replacement value of the Product that is produced at the facility.
- c. Vulnerability.
- d. Possible threats (internal and external).
- e. The security classification of the service that is being rendered.

22. Command and Control procedures shall be implemented to ensure physical security of Products for the whole life-cycle of the project.

ZONING

23. Zoning shall be applied in areas where work is classified as **SECRET**, specifically at
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CONTRACTOR SECURITY

24. The following shall be adhered to with regard to contracts:
- a. Each classified contract shall have a non-disclosure clause, which amongst other things, states that no third party may be supplied with information without the approval of both parties.
 - b. Provision shall be made in the contracts for the security requirements as described in the ASM and K-STD-0020 issue one (1) dated 15 August 1997.
 - c. Provision shall be made in contracts for the withdrawal of contract/project documentation after completion of the contract. The Integrated Project Team (IPT) in cooperation with the contractor shall decide which documents and when they shall be withdrawn. Industrial security shall be asked to monitor these aspects and report regularly.
 - d. All security related matters/issues experienced by contractors shall be communicated to ASD.

TRAVEL AND MOVEMENT SECURITY

25. Official visits to countries with whom security agreements are in place shall conform to procedures as laid down in chapter seven (7) of the ASM.
26. The Armscor Project Security Consultant shall confirm the security clearance status of Armscor and Defence Industry prior to any visit to a foreign country with whom a Memorandum of Understanding (MOU) has been signed.
27. No unauthorised foreign visitor shall be permitted where a classified Armscor contract is being executed.
28. Visits by foreign nationals to SANDF premises or South African Defence Industry facilities shall be processed through Armscor.

MARKETING AND MEDIA ENQUIRIES

29. Reclassification for releases/marketing, shall be motivated by means of a total security management process.
- a. Approval for reclassification shall be given by the General Officer Commanding, and
 - b. be ratified by Chief of
30. No marketing shall be done without the approval of the project management team. Once the Products System is operational and in service, media enquiries will be directed to the SANDF (Chief Director Corporate Communications).
31. Enquiries by the media shall be handled in accordance with Appendix A.

**APPENDIX A
TO SECURITY PLAN****ENQUIRIES BY THE MEDIA**

1. Media shall mean any newspaper, magazine, journal, book or publication, or any member, agent, representative, photographer or a staff member connected with it or any author, publisher, photographer or writer, or any member of a publishing company, film company, television company or broadcasting company, or any person in any way connected with any of these companies or activities.
2. When enquiries from the media are received, the following guidelines shall be adhered to:
 - a. When facilities are provided for the media, which must in all cases is approved by ASD, particular care shall be taken to prevent any information classified Confidential or higher from being disclosed.
 - b. During the acquisition and marketing phases, it is the responsibility of Armscor to provide answers to the media. The DOD shall provide answers during the Operational Deployment and Maintenance Phase.
 - c. Co-ordinated releases of information to the media may only take place with approval/knowledge of the project management team.
 - d. All media inquiries must be referred to either Armscor Corporate Communications Department or Director Corporate Communications (SANDF) to provide answers on behalf of Armscor and the DOD respectively.
 - e. Under no circumstances shall contractors, without the prior approval of the Armscor Project Manager or ASD, provide the media access to areas where work is being done on classified matter.
 - f. Should a contractor become aware of the fact that the media have published anything regarding a classified contract, it shall be brought to ASD's attention immediately.
 - g. If any person is approached by the media for project information, this shall be conveyed in writing to the project security consultant/officer.
 - h. No information shall be released as far as the project budget is concerned. The same applies for the status of the project (approved baselines). The latter may only be released by the project management team.
 - i. Photographs related to classified contracts may only be released for publication purposes by the Armscor Project Manager. Applications from the media to obtain such material shall be referred to the Armscor Project Manager or ASD.
 - j. Once the Products System is delivered to the SANDF, the liaison with the media becomes the responsibility of the SANDF.
 - k. The contractor may not release any information on the delivery of the Products System to the media and must refer any enquiries to the Armscor Project Manager during the Acquisition Phase and to the SANDF during the Operational Deployment and Maintenance Phase.

GUIDELINES FOR THE DEVELOPMENT OF AN EMPLOYMENT DOCTRINE (ED)

1. The Policy, Process and Procedure for the Acquisition of Armaments in the Department of Defence – DAHB 1000: Department of Defence Instruction ACQ NO 05/2003 (Edition 4), requires that, during the FS of an acquisition project, an ED is developed by the User and referenced in the SR.

2. The ED is a document set which initially draws from the Military Strategy and Capability Master Plan at Level 7/8. It is a user-oriented document that describes the characteristics of the User System to be acquired from the viewpoint of the organisational entities that will employ the system. In other words, the ED is used to communicate the User System's overall characteristics to the mission managers, capability managers, operational and mission support commanders, tactical users and other organizational elements.

3. Issue 1 of the ED should be completed after the ST is approved and should lead to the Concept of Operations and the Mission Profiles that form part of the SR. Issue 1 of the ED should contain the following:

- a. A set of assumptions on which the ED is based.
- b. An overview of the operational, support and physical environments in which the User System will be employed.
- c. A set of scenarios within which the User System is intended to be deployed.
- d. The system boundaries within which the User Systems will operate.
- e. The personnel, organisational, sustainment, training, equipment, doctrine, facilities information/intelligence and technology elements (POSTEDFIT) required to operate the system.
- f. A mission and safety critical equipment matrix relating to the User System's mission set.

4. Issue 2 is an update of Issue 1 and should include the references to original equipment manufacturers operation, maintenance and training manuals as delivered. The project should provide these documents to the End-User and the System Manager at the commencement of the Transition Phase.

5. Issue 3 shall be formalised by the End-User once the User System is employed in the intended environment, and will include internal Level 5 processes required to operate the system. Issue 3 should be completed in order to achieve the OBL, provides the standing orders and instructions, and becomes part of the force preparation process in order to achieve employability and combat readiness.

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APPENDIX K-1
TO DAHB 1000/
No 000121/2015

6. The ED should be approved by the OSC upon consideration of the Military strategic objectives and intent.

GUIDELINES FOR THE COMPOSITION OF A CONCEPT OF OPERATIONS (COO)

GENERAL

1. The Concept of Operations (COO) is compiled by the User (represented by the PO). The Chief of the Service/Division approves the COO within the Service/Division whilst the OSC will approve the COO.

AIM

2. The aim is to establish how this envisaged system will be utilised.

SCOPE

3. The COO consists primarily of a General Particulars, Primary and Secondary Roles, Attributes and Physical Characteristics, Survivability, Environment, Operating Philosophy, Maintenance and Disposal Philosophy and, Standards and Authorities.

EXAMPLE OF A CONCEPT OF OPERATIONS
SECURITY CLASSIFICATION

CONCEPT OF OPERATIONS: XXX CAPABILITY

Reference A: Staff Target No XX/XX dd (date)

PART I: GENERAL PARTICULARS

1. Name. The name (and Project Code) of the project and associated capability.
2. Owner. The owner that defined the details, roles and extreme threat survivability and agrees to the foreseeable damage survivability, maintenance philosophy, standards and environmental conditions.

PART II: PRIMARY AND SECONDARY ROLES

3. Primary Role. A high level overview of the primary role in sufficient detail for standards to be selected and the design to be completed.
4. Secondary Roles. A high level overview of the secondary roles in sufficient detail for standards to be selected and the design to be completed.

NOTE 1: In general Products Systems/Products are designed with the primary role in mind. The secondary roles are provided for through the inherent capability and characteristics contained in the design for the primary role.
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PART III: ATTRIBUTES AND PHYSICAL CHARACTERISTICS

5. Design Life. The foreseeable number of years the capability will be operated.
6. Structural. The overall structural requirements of the physical product eg length, width, wingspan, breadth overall, displacement etc.
7. Speed. The maximum speed, cruise speed etc.
8. Range. The maximum range requirements.
9. Payload. The minimum payload requirements, eg cargo and/or personnel.
10. Endurance. The number of days required for independent operations.
11. Essential Systems. The minimum essential systems that will be required to safely conduct the associated missions.
12. Accommodation (if applicable). Description and number of accommodation that will be required.

PART IV: SURVIVABILITY

13. Scenarios are described that will influence the survivability of the Prime Mission Equipment (PME). Where possible, refer to applicable standards. The following table can be used as a guideline.

Scenario Reference Number	Damage Extent	Damage Location	Vulnerability	Post-Damage Capability	Recovery Philosophy	Supplementary Notes
	DEL Limited DEM Moderate DES Severe	DLI Internal DLSI Specific Internal DLE External DLS Side DLOB Outer Bottom	VB Basic VM Moderate	PC1 Safe Abandonment PC2 Float and Move PC3 Operational	RPB Basic RPI Intermediate RPA Advanced	
	a	b	c	d	e	f
1						
2						
3						
4						
5						
6						

Table 1: Survivability

PART V: ENVIRONMENT

14. Meteorology and Climatology. All meteorological and climatological environmental conditions are described, eg wind, precipitation, air temperature, humidity, visibility, atmospheric pressure, solar radiation, electro-magnetic discharge, air quality etc.

15. Terrain. Terrain refers to the physical attributes.

16. Sea Surface Interface (if applicable). All sea surface interface are describes such as waves, tides, green seas and spray, ice navigation, sea surface quality, motion, vibration etc.

17. Bathymetry and Oceanography (if applicable). All bathymetric and oceanographic environmental conditions are described such as pressure, ocean currents, water quality, sea temperature, flora and fauna etc.

18. Geotechnical (if applicable). All geotechnical conditions are specified eg bottom/ground conditions, banks, strata etc.

19. Human Caused Environment. All human caused environmental conditions are described such as berthing, docking, towing and salvage, acoustic fields, electro-magnetic fields, launching, noise and vibration, runways, roads, bridges etc.

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PART VI: OPERATING PHILOSOPHY

20. Manning Numbers. The quantity, type and level of expertise are indicated.
21. Operating Hours. An estimation of the total number of operating hours per year are indicated.
22. Deployment. The location of each Products System, and associated support systems, as well as the percentage of time the Products System will operate from each location. Indicate the number of Products required for deployments, and the time the Products System might be deployment outside the borders of South Africa.
23. Mission Utilisation. Give a break-down of each Products' expected mission utilisation (number of missions against time). Also indicate the percentage of time the missions will be training/collateral missions with associated speeds, time, level, load factors etc.
24. Performance and Utilisation Requirements. Indicate the performance and utilisation requirements of the Products System.
25. Restrictions and Limitations. Include all restrictions and limitations that are acceptable under the role of the capability.
26. Other Philosophies. Other philosophies as applicable per Service/Division such as management, buoyancy and stability, machinery, electrical supply, fire safety, escape, evacuation, rescue, radio communications, carriage of dangerous goods etc.

PART VII: MAINTENANCE AND DISPOSAL PHILOSPHY

27. Maintenance Philosophy. An overview of the maintenance philosophy is described.
28. Maintenance Schedule. An overview of the required maintenance schedule is described in terms of maintenance cycles and depth of planned maintenance (level).
29. Disposal Philosophy. An overview of the disposal philosophy is described.
30. Survey Philosophy (if applicable). An overview of the survey and inspection philosophy is described.
31. Survey Schedule (if applicable). The survey cycle and scope of survey is described.

PART VIII: STANDARDS AND AUTHORITIES

32. An overview of all applicable standards and authorities are provided.

GENERAL REMARKS REGARDING GUIDELINES FOR PROJECT OFFICERS

1. **Contents.** In order to standardize project related documentation and to provide handy guidelines for POs the following aspects are addressed in this section:

- a. Required Operational Capability (ROC) (Appendix L-1).
- b. Staff Target (ST) (Appendix L-2).
- c. Staff Requirement (SR) (Appendix L-3).
- d. Project Study Report (PSR) (Appendix L-4).
- e. Development Plan (DP) (Appendix L-5).
- f. Acquisition Plan (AP) (Appendix L-6).
- g. Transition Plan (Appendix L-7).
- h. Project Closure Report (PCR) (Appendix L-8).
- i. Deferment Report (Appendix L-9).
- j. Termination Report (Appendix L-10).
- k. Milestone Authorisation and/or Validity Extension (Appendix L-11).
- l. Tasking Letter (Appendix L-12).
- m. Requirement Specification (L-13).

2. **Submission Format.** Please note that the format for a submission is addressed in Appendix B-1 to Chapter 5 of the CSW (2012) and should be regarded as an executive summary of the main document. Also note that the submission is addressed from the chairperson of the highest recommending forum to the chairperson of the approving forum. Both the main document and the submission must be handed to the secretary of the AACB when agenda points are due. If the main document is not lengthy, it can be submitted in the submission format only. Refer to Appendix A-6 and A-7 in order to determine which approval pages are applicable.

3. The ST is normally written as a submission with the recommendation and approval pages attached. However, for certain projects the ST may be a substantial document that would be submitted for approval under a separate submission.

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4. When the submission is a summary of the main document (normally in the case of a SR, RS, PSR, DP or AP) the following statement should be made in the introduction, "It is confirmed that this submission is a true reflection of the SR etc. and does not contain any additional or conflicting data".

GUIDELINES FOR THE COMPOSITION OF A REQUIRED OPERATIONAL CAPABILITY SUBMISSION

1. Refer to Chapter 8A.
2. Although the ROC approval process falls outside the scope of this policy, an example of a ROC submission is included in an attempt to standardise ROC submissions in the DOD.
3. ROCs are concerned with the statement of a required operational capability and at this stage, the funding of a required capability is not yet considered. Funding is considered for the first time when the ST is initiated.
4. During the development of the ROC, consideration should be given to the following dimensions: military effectiveness, strategic independence, strategic sovereignty, commercial benefits, interoperability and defence policy compliance. Additionally the establishment of a local technology/industrial base to support future acquisition projects should be considered¹.
5. It is of fundamental importance that approved ROCs are available at least two years prior to the year in which finances are allocated on the SCAMP. This will allow the Staff Target to be compiled and approved in good time so that scheduled funds may be released on time for expenditure during the Functional Study.

SUBMISSION FOR APPROVAL

6. When the ROC is submitted for approval, it is submitted under a submission as per Appendix B-1 to Chapter 5 of the CSW (2012). The submission is prepared as an executive summary of the ROC. This submission has as its primary reference the ROC and is the document that is submitted to the Military Recommendation and Governance Acquisition Forums for approval. In the case of simple ROCs, the ROC may be written in a submission format only.
7. Recommendation and approval pages in the submission should be in accordance with the approval paths indicated in Appendices A-6 or A-7. Each recommendation and approval page must include the title and configuration status of the document to be approved.
8. ROC's are normally approved by the OSC but in exceptional cases, can be referred to the MCC for approval.

¹ Defence Review 2015 Ch 15 par 14 through 17.

EXAMPLE OF A REQUIRED OPERATIONAL CAPABILITY

SECURITY CLASSIFICATION		File Reference
Telephone :	986-1234	Date
Telefax :	986-4321	
Enquiries :	Lt Col K.L. Explosive	

[SERVICE/DIVISION] REQUIRED OPERATIONAL CAPABILITY: NO..... [YEAR IN WHICH ROC IS PRESENTED, EG, 1998/CONSECUTIVE NUMBER OF ROC (03)]: TITLE [WHAT THE CAPABILITY MUST BE]

ORIGIN

1. Originator: (Command – not the author, originating the ROC).
2. Sponsor Service/Division: (Service/Division sponsoring the ROC).
3. Related Statement(s): (Correspondence, if any, which has reference to the ROC/other capabilities influencing the ROC).
4. File Reference(s): (Originator's file reference).
5. Priority: (Routine/Urgent).
6. Review Date: (Normally annually)
7. Amendments: (Original document or sequential amendment number).

CONCEPT

8. The originator of the ROC must state why this ROC is necessary/needed, how it fits into the overall capability of the SANDF, and addresses the Force Design and Structure. The ROC should be linked to specific Defence Milestones².

STATEMENT OF THE PROBLEM

9. Problem Scenario. Briefly describe the problem in operational capability terms, e.g., age, quality, quantity, standard, repair, support and maintenance costs, available funds for facility, etc. It must also be stated how the capability functions at present. A description of the problematic existing capability is thus necessary.

SECURITY CLASSIFICATION

² Refer to Defence Review 2015

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10. Capability Shortfall. The capability shortfall should be stated as measured against the Capability Master Plan, Capability List and/or the approved Force Design and Structure (define the present situation and the deficiencies in the existing capability).

11. Requirement. State the required capability in operational capability terms at Level 8/7 and not in mission, functional or physical terms, e.g., what capability is required; not how it should be achieved, as the solution is not yet known, nor is it to be dictated. Provide an indication of the capacity and specific/unique competency of the required capacity. The Capability List should be considered in this regard. The requirement should be positioned in relation to the role of major powers, by indicating reliance on capabilities that the SANDF may probably not have at the assumed levels of SANDF funding/milestones. The required capability should be defined in terms of international standards/level of ambition.

12. Minimum Capability. Indicate what constitutes a minimum capability (Less than this minimum will lead to substantial risk of fruitless expenditure). A minimum capability must be deployable in the field.

13. Application. State the Level 8/7 application of the required capability.

14. Restrictions. Name restrictions if any, otherwise, omit this point.

OPERATIONAL ENVIRONMENT

15. Operational Environment Description. The intended operational environment must be depicted in terms of the following:

- a. The relevant Employment Doctrine, Concept of Operations and envisaged high level Mission Profiles. The appropriate military doctrine and the age of the doctrine that is being applied must be indicated.
- b. The assumed attributes of the operational environment.
- c. The attributes of the physical environment (geography, surface conditions, sub-surface conditions, weather, sea state, temperature, humidity, dust, mud, etc).
- d. The primary utility of the proposed future capability (Intelligence, C2, Mobility, Firepower, Protection or Sustainment).
- e. How the future capability relates to the five functional areas (as in par d above) as a client or as an effector.
- f. Describe the utility of the capability in relation to specific battle space objects. Describe the intended effects/outputs of the required capability. Provide variables for the battle space objects or measures of effectiveness/performance for the required capability.
- g. Indicate all capabilities that can provide similar effects across all Services/Divisions, where available from the private sector. Indicate whether these capabilities are from the Legacy Force or intended for the Next Force. Provide the timings and capacity of the indicated capability.

PROPOSED CAPABILITY SOLUTION

16. Primary Output. The ROC must be positioned on the continuum of conflict by mapping its primary output to the Defence Missions³.

17. Capability Solution. The proposed capability solution is to be given in generic terms. It should be described in terms of attributes and guidelines but never be prescriptive. It should also refer to the required levels of integration, interoperability and standardisation at Levels 8/7. The proposed capability solution should encapsulate the associated required logistic support capability in the context of the Concept of Operations. The proposed capability solution must be a complete capability and not sub-sets of a capability.

18. Integration. Specify other users in the Services/Divisions and elsewhere which might have an interest in making use of the operational capability (this statement will facilitate early Level 8/7 integration and standardisation). Also indicate with which other operational capabilities this new operational capability will have to be integrated. Indicate with which authorities' integrative consultation was done with respect to the required operational capability. Those authorities' support for the required capability is to be noted.

19. Level 6 Capability. Describe the solution at Level 6 across all POSTEDFIT elements. Indicate required changes to the current Service/Division approach and cost/time implications where relevant.

20. Level 5 Capability. Indicate the current perceptions of possible solutions at Level 5 (optional for standard acquisition, prescriptive for expedited armaments acquisition) and motivate briefly why it is considered the best solution.

21. Route to Satisfy the Capability Requirement. The proposed capability solution must indicate which route is to be followed to achieve the capability (e.g. Capacity Enhancement, Training, Engineering Change Proposal, Doctrine Change, Procurement, Internal Services Project or Acquisition Project). Where a non-acquisition route is selected, the originating Service/Division is responsible to satisfy the capability gap through internal processes and should therefore formulate such processes.

DATE CAPABILITY REQUIRED IN SERVICE

22. The ROC must be positioned in time by indicating the date when the capability is required in service [indicate a realistic date] and the expected life-cycle of the capability.

23. An indication must also be provided of the end of the life-cycle of the existing capability (if it exists or if a capability gap will open up or be filled).

USER SPECIALIST

24. The proposed User Specialist Unit/Command that is the specialist authority in the particular field must be indicated, not a person.

³ Advice may be obtained from the Defence Decision Support Institute in this regards.

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RECOMMENDATION

25. Recommendation. It is requested that the following be recommended for approval by the Operational Staff Council (OSC) (and in certain cases the Military Command Council (MCC)).

- a. The Required Operational Capability (ROC)(name the capability)
- b. The ROC to be registered.
- c. To follow the Engineering Change Proposal, Doctrine Change, Procurement, Internal Services Project or Acquisition Project route to achieve the required capability.
- d. Where the Acquisition route is recommended, authority is requested to commence with the Preliminary Study (PreS) and to draft the Staff Target (ST) for approval by [date].

(K.L. EXPLOSIVE)

GOC SERVICES/DIVISION FMN: BRIG GEN

Date: _____

GUIDELINES FOR THE COMPOSITION OF A STAFF TARGET (ST)

GENERAL

1. The ST is compiled by the User and represents Milestone 2, the Project Decision, which is regarded as the most important milestone of any project. The ST is mandatory for all projects and is in principle approved by the AAC (Cardinal projects) or the AASB (Non-Cardinal projects).

NOTE 1: All aspects contained in Chapter 8A, Function 1 & 2 must be addressed in the ST. Therefore, the compilers of a ST should draw on the Defence Review 2015, Capability Master Plan¹ and the Capability List² as well as the approved Force Structure Plan. The example that follows serves as an example that may be used by POs as a guide.

AIM

2. The aim of the ST is to establish a project to satisfy a capability requirement.

SCOPE

3. Financial figures are to be indicated in current Rand values (base year) in the format prescribed in Appendix H-2.

4. The project ceiling indicated at ST level is an estimate value based on extremely limited information available to the project at the time the ST is compiled and cannot be considered to be valid for the duration of the project. It is given a level of confidence, shown as a percentage, indicating its expected accuracy. This ceiling is reviewed during all subsequent phases as more information becomes available and the confidence in the estimated ceiling grows. The level of confidence is then adjusted accordingly. This may result in the need to adjust the project ceiling from time to time. The final project ceiling will only be confirmed during the AS and will be included in the AP submitted for approval before contracting.

5. The ST is the end-product of a PreS and should be based on evidence collected by the Services/Divisions. This evidence should be documented so that it may be interrogated (if required) when the ST is submitted for approval. Detail evidence must be provided with respect to:

¹ CI Ops as the process owner of the Joint Capability Master Plan manages this on behalf of C SANDF.

² CI Ops as the process owner of the Capability List manages this on behalf of C SANDF.

- a. Possible solutions that may be achieved without investing in equipment.
 - b. Why or how solutions can/cannot be achieved with equipment in a Service/Division other than the Service/Division that proposed the ROC.
 - c. If the ROC is registered in the context of life cycle management, exactly why the old equipment will not provide an operational solution for the next decade.
 - d. Provide an indication of the probability that the Products System will be affordable in the Operational Deployment and Maintenance Phase.
6. STs must be ratified by the Chief of the Service/Division personally.
7. Confirmation is required of the following:
- a. That the code word has been registered by the Military Intelligence Division.
 - b. That the project is registered on the Financial Management System (FMS).
 - c. That the project is registered on an operational support information system (OSIS or CALMIS).
 - d. That the project is registered on the SANDF Capital Acquisition Master Plan (SCAMP) with funding and an indication of the extent of the funding.
 - e. That the project is registered on the Joint Operations Division Capability Master Plan.
8. It is of fundamental importance that STs are approved prior to the year in which finances are allocated on the SCAMP. Failure to achieve this will put the project in a situation where it will be unable to expend funds allocated on the SCAMP and budget with the ensuing risk of losing such funds.
9. STs must be classified at least Confidential as the project code, name and description is contained in the same document.

SUBMISSION FOR APPROVAL

10. When the ST is submitted for approval, it is submitted under a submission as per Appendix B-1 to Chapter 5 of the CSW (2012). The submission is prepared as an executive summary of the ST. This submission has as its primary reference the ST and is the document that is submitted to the Military Recommendation and Governance Acquisition Forums for approval. In the case of simple STs, the ST may be written in a submission format only.

11. Recommendation and approval pages in the submission should be in accordance with the approval paths indicated in Appendices A-6 or A-7. Each recommendation and approval page must include the title and configuration status of the document to be approved.

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EXAMPLE OF A STAFF TARGET

SECURITY CLASSIFICATION		File Reference
Telephone :	986-1234	Date
Telefax :	986-4321	
Enquiries :	Lt Col K.L. Explosive	

STAFF TARGET NO 1/94: PROJECT WARTHOG: ANTI-RUNWAY CAPABILITY

NOTE 2: The operational capability that is to be achieved and not hardware, is to be referred to after the project name, eg, Anti-Runway Capability as opposed to Stand-off 250 Kg Laser Guided Bomb.

Reference A: Reference to the appropriate ROC

Appendix A: A detailed breakdown of the funds required for the Functional Study.

AIM

1. The aim of this submission is to obtain approval for the Staff Target of Project WARTHOG.

SUMMARY

2. It is recommended that the following be approved:
- a. The Staff Target.
 - b. To commence with the Functional Study.
 - c. The expenditure of funds during the Functional Study in accordance with policy.
 - i. Folio 01 Funds.
 - ii. Folio 02 Funds.
 - d. The project financial ceiling (confidence level in %) to be updated when the Staff Requirement (SR) is submitted for approval.
 - e. The projected time-scales for the Functional Study and estimated timescales for the total project.
 - f. The SR to be submitted for approval by [date].

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- f. If the following phases in terms of the policy are to be omitted, approval for, along with the motivation, must be requested here (see Note 2).
- g. The creation of the following project posts (if required) and the appointment of a Project Officer (PO), Project Engineer, Integrated Logistic Support (ILS) Officer, Technical Support Officer (TSO), Systems Managers, etc. Indicate the rank levels and whether a post must be created.

NOTE 3: An example referred to in sub-par 2.f. is when off-the-shelf items can be acquired to satisfy the requirement. Authority is then requested to proceed directly from the ST to the Acquisition Study and indicate that the following document that will be submitted for approval will be the Acquisition Plan (AP) by date.

ORIGIN

- 3. Initiator, eg Chief of the Service/Division
- 4. Supporting Division, eg, CJ Ops, C Log.
- 5. Correspondence/file reference, eg Required Operational Capability (ROC), or, Force Structure Plan, Item no xxx CAF/S/123/2/1 dd19.....
- 6. Security classification of the project.
- 7. Project codename, eg, WARTHOG, and code number, eg, W 01234.
- 8. Matériel category, eg, Cat 1 (See Ch 1 Note 3).
- 9. Cost category, eg, Capital SDA Folio 02 (See Ch 1 Fig 1).
- 10. Project classification, eg, Cardinal and non-Cardinal (See Ch 6 par 31 and 32 – Criteria for the Classification and Approval of Projects). This classification is left blank and is assigned by the AACB.
- 11. Planned Date in Service
 - a. Two dates are to be indicated here, namely, the date that the first systems are to be employed operationally/organisationally, and secondly, when the total requirement in terms of numbers, is to be in operational service.
 - b. If phased acquisition is being planned, (eg, lots authorised as partial acquisition plans any applicable restrictions are to be indicated.
 - c. If the *in service* dates are not in accordance with the force structure plan, these are to be motivated.

OPERATIONAL CAPABILITY

12. User System Delineation. Provide a broad description of the existing User System (if it exists), what it comprises (ie, a breakdown of the User System). It must also be stated which associated supporting systems of the existing User System would form part of the Products System to be acquired and which supporting systems would not. Possible interfaces between the new Products System and those supporting systems outside the Products System to be acquired must be stipulated as well.

13. Shortcomings of the Existing User System. The operational capability related shortcomings of the existing User System and/or the inability of existing systems/equipment that has contributed to the present operational deficiency, must be stipulated here. These shortcomings must be related to the Defence Capability Renewal Priorities³ and should be described in terms of age, quality, quantity, standard repair support and maintenance costs, available funds for facilities, etc. Indicate why the existing equipment will not provide an operational solution for the next decade.

14. Reference to Higher Order Concepts. Reference to higher level ED, Concept of Operations and a Mission Profile (ie the missions of the system at Level 8/7).

15. Operational Environment. A brief description of the intended operational environment in which the User System is to be deployed. Applicable Concept of Operations and military doctrine considerations must also be taken into account (the basis of operational scope, mostly at organisational level and frequency from which quantities of Level 4 Product can be determined during subsequent milestones of the project).

16. Physical Environment. A brief description of the intended physical environment in which the User System is to be deployed.

17. Operational Guidelines. Provide broad operational performance guidelines (if necessary).

18. Logistic Guidelines. Provide broad logistic guidelines and give an indication of the expected logistic implications of the project.

19. Infrastructure Implications and Guidelines. Provide an indication of any expected infrastructure implications with the accompanying requirement time-scales.

20. Restrictions. Any restrictions within which the project is to be executed should be indicated here. First order general restrictions within which solutions for the problem is to be sought, particularly with regard to time, finances, technology and the logistical environment, are to be indicated here. This includes areas where the End-User has no interest in considering solutions, and as such must be kept out of contention during the entire project (eg nuclear power or amphibious related solutions). Possible legal constraints regarding the capability must be considered.

³ Defence Review 2015 Chairperson's Overview Par 49 to 53.

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21. Required Operational Capability. Provide a concise exposition of the required operational capability to be performed by the User System.
- a. A short explanation of the operational aim.
 - b. A brief description of the intended missions (broad and qualitative but not on tactical level).
 - c. A brief explanation of functions to be performed.
 - d. Indicate whether it is considered to be a totally new requirement (ie a force expansion).
 - e. Indicate the estimated quantities. Where the estimated number of Products Systems required is obvious and cannot be influenced by a possible technical solution, these are indicated here.
 - f. Provide an indication of the capacity and specific/unique competencies required.
 - g. Where necessary an indication is to be provided as to the Force Structure Elements that will have to be equipped (this is particularly relevant in modernisation and upgrade projects).
 - h. Provide a provisional indication of the expected system level against which the requirement will be satisfied. Use may be made only of the accepted system levels, namely, Combat Grouping (7), User System (6), Products System (5), Product (4), Product Sub-System (3), Component (2) and Material/Characteristics (see Appendix A-2).
22. Alternative Solutions. The following should be indicated:
- a. Why or how solutions can/cannot be achieved with equipment in a Service/Division other than the Service/Division that proposed the ROC.
 - b. Possible solutions that may be achieved without investing in equipment.
23. Minimum Capability. Indicate what constitutes a minimum operational capability (less than this minimum will lead to substantial risks of fruitless expenditure). A minimum capability must be deployable in the field. The acquisition of less than the minimum capability makes no sense and should not be entertained, eg acquiring a single tank does not constitute a capability.
24. Integration into Organisational Structure. Indicate how the required Products System is to be integrated into existing/intended equipment/systems in own or other Services/Divisions and what interfaces the project should establish.
25. Integration with other Capabilities/User Systems/Projects. Any integration requirements with other Capabilities/User Systems/Projects are to be indicated here.

26. Choice of Technology Refer to relevant technology master plan(s) that may have an effect on the project. Furthermore, specifically indicate technology programmes and established capabilities that can/will be utilised by the project.

27. Motivations Briefly state the reasons that gave rise to the new requirement for the new User System, including new technological threats if applicable.

FINANCES

28. Affordability Provide an indication of the probability that the future solution will be affordable during the Operational Deployment and Maintenance Phase with-in the planned Service/Division operating budget.

29. Project Financial Ceiling Provide an estimated ceiling within which a solution is to be sought and indicate whether the ceiling is a restriction. It is important to provide an indication of the expected escalation that will be experienced until the AP is approved. Provide a level of confidence and an indication that when better information is obtained, the level of confidence will improve and consequently the ceiling may have to be adjusted.

30. Broad Annual Financial Requirements Schedule Provide an indication of the annual financial requirements in tabular form. See the example below.

	F/Y 2020 (RM)	F/Y 2021 (RM)	F/Y 2022 (RM)	F/Y 2023 (RM)	F/Y 2024 (RM)	Total (RM)
Cost Category Capital SDA Folio 02	10,000	20,000	30,000	40,000	10,000	110,000
Cost Category Capital GDA Folio 01	0,100	0,200	0,300	0,400	0,100	1,100
Total	10,100	20,200	30,300	40,400	10,100	111,100

Table 1: Broad Annual Financial Requirements Schedule

31. Funds required to execute the Forthcoming Phase Provide a breakdown of the expenditure required to achieve the following approval milestone. A detailed cost breakdown must be included (in tabular format). See the example below.

	F/Y 2020 (RM)	F/Y 2021 (RM)	Total (RM)
Functional Study	7,000	2,000	9,000
Logistic Study	2,000	0,500	2,500
Project Management Cost	1,000	0,250	1,250
Travel Costs	0,100	0,030	0,130
Total	10,100	2,780	12,880

Table 2: Funds required to execute the Following Phase

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32. SCAMP Scheduling. Indicate the funding as allocated on the latest approved SCAMP and make reference to SCAMP issue status. This may be done in tabular format similar to the examples above.

33. Life-Cycle Cost. Provide an indication of the life-cycle cost requirements applicable to the project.

PERSONNEL

34. First Order Operational and Logistic Personnel Implications. If the solution/system/equipment is obvious, the first order expected numbers regarding operational and logistical personnel required must be provided.

35. Project Posts and Staffing. The submitted ST should include a statement indicating the posts and rank level required to be approved and filled in order to execute the FS. This would typically include the following posts:

- i. PO
- ii. Project Engineer.
- iii. ILS Officer (if required).
- iv. TSO (if required).
- v. System Managers (if required).

NOTE 4: This will require a delegation to the Sec Def to approve project posts.

RECOMMENDATION

36. It is recommended that the following be approved:

- a. The Staff Target.
- b. To commence with the Functional Study.
- c. The expenditure of funds during the Functional Study in accordance with policy.
 - i. Folio 01 Funds.
 - ii. Folio 02 Funds.
- d. The project financial ceiling (confidence level in %) to be updated when the Staff Requirement (SR) is submitted for approval.
- e. The projected time-scales for the Functional Study and the total project.
- f. The SR to be submitted for approval by [date].

- h. If the following phases in terms of the policy are to be omitted, approval for, along with the motivation, must be requested here (see Note 2).
- i. The creation of the following project posts and rank levels (if required) and the appointment of a Project Officer (PO), Project Engineer, Integrated Logistic Support (ILS) Officer, Technical Support Officer (TSO), Product Systems Manager, User System Manager, etc. Indicate the rank levels and whether a post must be created.

(K.L. EXPLOSIVE)

GOC SERVICES/DIVISION FMN: BRIG GEN

Date: _____

NOTE 5: The AACB recommendation on the ST is to include the proposed project classification, Cardinal or non-Cardinal. This is added in writing by the Chairman of the AACB in the space provided for comments/remarks. The classification of the project is approved by the AASB.

GUIDELINES FOR THE COMPOSITION OF A STAFF REQUIREMENT (SR)

GENERAL

1. The SR is compiled by the User (represented by the PO) and is basically a summary of the Functional Study (FS). Approval of the SR, namely, Milestone 3 represents the Concept Decision.

NOTE 1: Aspects contained in Chapter 8B, Function 3 & 4 must be addressed in this document. The example below serves as a comprehensive example that may be used by PO as a guide.

AIM

2. The aim of the SR is to establish the User System requirements of the system in unambiguous terms in order to satisfy the capability requirement as defined in the preceding ST.

SCOPE

3. The SR comprises primarily of an introduction and background as to the origin of the requirement, summary of FURS, summary of LURS, PM Req, and a MOU between the Service/Division, DMD, Armscor etc. (all internally and externally involved parties, whether they be Armscor, DPW or other projects that may be producing suitable sub-systems). Both the FURS and LURS are subject to change during the course of the project.

NOTE 2: When appointing a PO and System Manager (where applicable), a letter of appointment containing complete instructions and the mandate with regard to the envisaged project as well as interaction between individuals and Services/Divisions, is to be handed to him/her so that the detail does not appear in the SR.

4. In principle, changes to the management approach with respect to the project, missions, time-scales, quantities of User System, finances and logistical support philosophy, are regarded as Class 1 changes and need to be authorised within this context (see Chapter 6, par 81 for detail).

The SR is to be compiled in such a manner that the design/development parameters and technical requirements can be derived for the compilation of System Specifications in terms of MIL-STD-691 (preferred) or MIL-STD-490A (DI-C MAN-80008).

SUBMISSION FOR APPROVAL

5. SRs are generally substantial documents. When submitted for approval, the SR is signed by the PO and submitted as an appendix to a submission as per Appendix B-1 to Chapter 5 of the CSW (2012). The submission is prepared as an executive summary of the SR. This submission has as its primary reference the SR and is the document that is submitted to the Military Recommendation and Governance Acquisition Forums for approval.

6. Recommendation and approval pages in the submission should be in accordance with the approval paths indicated in Appendices A-6 or A-7. Each recommendation and approval page must include the title and configuration status of the document to be approved.

EXAMPLE OF A STAFF REQUIREMENT

SECURITY CLASSIFICATION

File Reference

Telephone : 986-1234
 Telefax : 986-4321
 Enquiries : Lt Col K.L. Explosive

Date

PROJECT (CODE WORD)/SUB-PROJECT (CODE WORD): SERVICE STAFF
 REQUIREMENT NO 1/94 (AMENDMENT NO): THE ACQUISITION OF
 A.....

Reference A: Employment Doctrine
 B: Functional Value System

Appendix A: Concept of Operations (compulsory to be attached)
 B: Mission Profile (compulsory to be attached)

PART 1: INTRODUCTION

1. During the introduction, certain statuses and confirmations have to be given that will serve as departure point for the compilation of the SR. These embrace the following:

- a. Confirmation that Staff Target no ..., was approved on (date) ... by ... (authorising authority) ... and that this document is still valid. If applicable, indicate the guidelines/restrictions provided when ST was approved.
- b. Confirmation that this requirement is still valid as well as the operational necessity thereof in terms of the required capability, threat analysis as well as Force Design.
- c. Confirmation that funds are on budget, on which account, and if not, from where, when and in what manner it is intended to secure such funds.
- d. Confirmation that funds expended in the preceding phase did not exceed the authorised amount.
- e. Confirmation that the intended in-service date is reconcilable with the requirement for this operational capability.

2. Origin of the Requirement. Aspects that require attention here are:

- a. The shortfall/deficiency in the existing capability with specific reference to existing equipment, obsolescence, necessary replacement/replenishment and possible phasing in/out.

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- b. A description of the system concept on at least User System level (even when a Products System or lower system level is being acquired, the implications on the User System must be spelled out). Provide an indication how the required system contributes to satisfying the required capability.
 - c. Design/Development/Utilisation of new technologies.
 - d. A brief description of unacceptable system concepts that were considered and must not enjoy further attention.
 - e. System boundaries, by the identification of at least concept Products Systems that form part of the User System. However, this concept must not be viewed as restrictive on choices during the PS. The boundaries should include all elements of POSTEDFIT. For purposes of clarity, Products/Products Systems and interfaces not being provided by the project, should also be indicated.
3. Operational Environment and Employment. A clear description of the broad operational environment in which the new operational capability is to be used, is to be presented here. It is essential to spell out the role and mission, potential targets and enemy weapon capabilities as well as the interaction between this capability and existing operational capabilities in the field. The Concept of Operations and Mission Profile should be provided in detail.
4. Logistical Environment. A clear description of the logistic environment within which the new operational capability will be operated and maintained is to be provided here. It is thus essential to briefly indicate interaction with existing Products/Products Systems, facilities, infrastructure, information systems, etc.
5. Interfaces with other Projects. If there are interfaces to other projects internal and external of the DOD, these interactions, interoperability, integration, information flow, standardisation and other associated tasks are to be clearly defined. Where applicable, the detail technical specifications pertaining to this project external interface (physical) is to be provided by the user.
6. Influence on Existing Products/Products Systems. Where the ED or life expectancy of the new Products/Products Systems influences existing Products/Products Systems, an indication is to be given of intended use/disposal of such Products/Products Systems

PART II: FUNCTIONAL USER REQUIREMENT STATEMENT (FURS)

7. Background. Describe the origin of the Functional Requirement Statement. Describe the validated threat to be countered as well as the projected threat environment. Which operational capability is needed? Describe why existing Products/Products Systems and their operational capabilities cannot meet these threats. The link between the requirement, the Defence Review Milestones and the Capability Master Plan¹ should be indicated here.

¹ In the absence of an approved Capability Master Plan, existing capabilities are compared against the approved Force Structure Plan.

Comment on the timing of this requirement and on the general priority of this requirement relative to other related requirements. Care must be taken to ensure that the required performance of the capability is specified and not its appearance. A Functional Requirement Statement typically originates as follows:

- a. A current or projected deficiency in operational capability has arisen, for instance from an escalation in a threat.
- b. An opportunity to enhance an existing operational capability using new technologies has emerged.
- c. An opportunity to reduce the operating and support costs of an existing operational capability using technological innovation has arisen. Inform the reader of this origin.

8. Minimum Capability. The minimum capability required as defined in the ST is described in detail. Indicate what constitutes a minimum operational capability (less than this minimum will lead to substantial risks of fruitless expenditure). A minimum capability must be deployable in the field. The acquisition of less than the minimum capability makes no sense and should not be entertained, eg acquiring a single tank does not constitute a capability.

9. Requirements. Provide an overview of the ED and the Concept of Operations. Define the mission requirements of the operational capability defined by this Functional Requirement Statement. Prioritise these missions in terms of primary and secondary missions (there is a vast difference between a role and a mission. An aircraft's role could be Reconnaissance. Its mission could be "perform photographic reconnaissance at 1000 ft above ground level of a SA-10 site at co-ordinates xx at 08h00 local time on date xx". Other people might use the term sortie for such a mission description and add additional details such as from which Air Force Base to operate. The Functional Requirement Statement should contain more details than the role outlined above, but less than the sortie. It should not be concerned with dates, times and target location. The term mission is used for the information needed in the Functional Requirement Statement).

- a. Missions². State which missions are to be performed by the User System. Missions shall always be stated starting with a verb. Uniquely number each mission. Generally, a distinction is made between Primary and Secondary Missions.

Example 1. Missions to be performed by a Helicopter System; Transport Passengers, Transport Containerised Cargo & Transport Slung Cargo.

Example 2. Legitimate missions; "Provide advanced Air Combat Training for Fighter Pilots" is a legitimate mission, but "Training" is not specific enough. If the mission description contains a verb upfront, problems with meaningless generalities are usually prevented.

² The missions are normally defined in doctrine.

NOTE 3: After each mission has been defined, it may be referred to by its number and an abbreviated title, for instance "Training Mission". In principle the Product/Products System should be designed/developed for the Primary Missions with the Secondary Missions drawing on the collateral value of the Primary Missions.

- i. Primary Missions. Primary Missions are those which are absolutely essential. If any of the Primary Missions cannot be performed, the User System is useless. Systems are generally designed/developed to achieve the Primary Missions.
- ii. Secondary Missions. Secondary Missions are those which are nice to have. If there is a conflict between a Primary and a Secondary Mission and they need to be traded-off against each other, then the Primary Mission always has priority. In other words, the Primary Mission requirements shall always be satisfied in full, but at the same time provide as much as possible of the Secondary Mission. In principle, Secondary Missions are achieved through the co-lateral utility of the design/developed for the Primary Mission. Therefore, Products/Products Systems are not designed/developed specifically to achieve the Secondary Missions.

Example 3. Primary and Secondary Missions for an Advanced Fighter Trainer system. The mission: "Provide advanced Air Combat Training for Fighter Pilots" should always have priority over the mission: "Provide real-time aerial reconnaissance for strategic targets at high altitudes and at long ranges". In other words, "Training" would be a Primary Mission but "Reconnaissance" would be a Secondary Mission. If necessary, elaborate on the Primary and Secondary Missions in a detailed scenario description. Also, distinguish between mission requirements during normal peacetime conditions and wartime conditions if relevant.

- b. Functions. Define all functions needed to accomplish each mission. Functions are abstract verb-noun descriptions that must be performed to achieve the operational capability. Conversely, a Product/Products System is merely the embodiment of a set of functions implemented by equipment, software, and supporting procedural data and facilities. A function is a further breakdown of a mission and should be numbered accordingly. Use an active verb and a measurable noun to define a function. Don't embed a function's implementation in its description that unnecessarily constrains the designer. Quantify and characterise each function by elaborating its measurable noun (Example 4). Distinguish between a minimum acceptable value (threshold) and the desired value (Example 5).

Example 4. Mission: "Provide advanced Air Combat Training for Fighter Pilots". Function: "Score the student's performance in the simulated combat environment".

Example 5. Function: "Score the students' performance in the simulated combat environment". Characteristics: "Provide the score within 5 minutes after the encounter's completion. Indicate the student's total integrated score out of 10, where 0 is very poor and 10 is excellent. Justify the score by video illustrations of the student's weak and good points as observed during the simulated combat".

- c. Prioritisation. Prioritise each function and its associated characteristics using the failure modes, effects and criticality analysis (FMECA) approach or the classification of characteristics approach. The priorities should be linked to the Defence Review 2015 milestones.
- d. Non-Functional Requirements. Non-functional requirements relate to aspects such as physical dimensions, availability, reliability, standardisation, maintainability, logistic supportability, capacity, security, etc.
- i. Physical Dimensions. Characteristics that are addressed here include weight limitations, measurements and spatial restrictions, crew area, layout of control centres, durability factors, command and control, vulnerability factors (NBC, fire, electromagnetic radiation, etc.) as well as length, width, height, diameter, stability, carrying capability and any other that influence physical configuration (the fore-mentioned can be stated as guidelines or as design/development requirements, depending on the situation).
 - ii. Operational Availability. The required degree of availability with regard to single systems or groupings of systems is to be indicated by means of, eg, a percentage. When availability in excess of 95% is required, the logistic implications and costs increase significantly.
 - iii. Reliability. As far as possible, reliability requirements are to be stated in quantitative terms so as to understand the degree of reliability, eg, the allocation of reliability values to functional areas as part of their attainment of Products System reliability (for detail refer to RSA-MIL-STD-105). Additionally, criteria such as accuracy, interpretation of tests and accuracy levels, and any other guaranties that the user requires, are to be stated.
 - iv. Standardisation. These may include the following:
 - (1) Design/Development restrictions and standards that are required to ensure Product/Products System hardware compatibility.
 - (2) The definition of the main interfaces between the Products/Products System that is required and other Products/Products Systems with which it is to be compatible.
- e. States. The dynamic behaviour of a Product/Products System is defined by its states. At any time a dynamic Product/Products System may be in one and only one state. In a given state only a specified set of functions are available. Various functions may be available in a state, and one function may be available in more than one state. The transition from one state to any other is defined by its state transition diagram. The user interface with the Product/Products System is determined by the state of the Product/Products System.

Example 6. A tracking radar may be in one of the following states: "Dormant", "Self-test", "Autonomous search: Search for targets in all azimuths up to elevation angle 45", "Designated Search: Search around coordinates designated by an external surveillance radar", "Tracking", "Track on jam". The linkage of functions to states could be illustrated in a suitable format ie tabular format.

- f. **Modes.** Some Product/Products System have different modes. Two modes exist when the characteristics of a given function may have one of two different values, but the function itself remains the same.

Example 7. A radio may have a high-power and a low-power mode. In the high-power mode it transmits 1 kW and in the low power mode only 100 W. However, the functionality in the two modes is exactly the same.

10. **Environment.** Describe the existing and current planned environment within which the operational capability is to operate and be supported throughout its entire life-cycle. The environment may include desired characteristics in the form of applicable policies to be implemented, constraints imposed by the environment, and those requirements the operational capability will impose on the environment.

- a. **Operating Environment.** Define the operating environment. Define how the operational capability will be integrated into the command, control, communications and intelligence architecture that are forecasted to exist at the time of transition. Include database support requirements needed for target and mission planning activities. Identify the basing requirements. Define the nuclear, biological and chemical warfare environments. Describe the electromagnetic environment within which the mission is expected to be accomplished, including frequency spectrum congestion and electromagnetic warfare issues. If reduced mission success is acceptable in certain environments, define that level of desired mission capability. Identify cartographic, mapping and charting needs during operations. Describe interoperability requirements imposed by a need for joint operations with other forces or organisations that could be encountered during peace keeping or law enforcement operations. Interoperability requirements could include cross-servicing, and fuel and electrical power standardisation. Data interoperability must be defined in the following context:
- i. The degree of interoperability of the new Product/Products System must be specified in terms of Systems Level, Open Standard Interface (OSI) Layer (if required), DICTA domain.
 - ii. Protocol standards at all levels must be defined.
 - iii. All functional software elements should be coupled to the CMI Systems application portfolio in terms of unique application, common application, common enabling components & transversal Product/Products System.

- b. Physical Environment Define the physical environment within which the operational capability is to operate and be supported, as dictated by geographic deployment. Include the ambient, induced and platform physical environments, created by for instance meteorological conditions, geographic conditions, oceanographic conditions, terrain, etc. Environmental factors from the natural- as well as induced environment (temperature, pressure, shock, radiation, vibration, moisture, atmosphere, noise, dust, pollution, terrain, liquid chemical matter, interference from the electromagnetic spectrum, etc.) as well as the exposure times are to be stated.
- c. Physical Security Requirements
- i. Safety Factors Safety factors that are fundamental to the design/development of the Product/Products System are specified here. Examples include characteristics of the Product/Products System, method of operation and environmental factors, safety of/and the influence of natural aging and wear and tear of the equipment. Refer to OHS Act (Reference W) & Chapter 6, Project Constraints.
 - ii. Precaution Measures Precautions with regard to health criteria, statutory regulations and legal aspects, radioactive radiation, pollution, RADHAZ etc., may be included here. (Refer to Reference W, and Chapter 6, Project Constraints).
- d. Boundaries Define the boundary of the Product/Products System which will implement the Functional Requirement Statement. Where do the Product/Products System stop and the environment begin? This boundary may be defined by means of a Context Diagram. A Product/Products System's context diagram only shows the elements in its environment and the external interfaces between the Product/Products System and its environment. The internal structure of the Product/Products System is not shown, since it has not yet been designed/developed. Define the interfaces which will need to exist at this boundary between the operational capability and relevant Product/Products System in its environment. Indicate specific exclusions if applicable.
11. Constraints Describe the key boundary conditions imposed on the acquisition of this operational capability.
- a. Quantities Estimate the number of Product/Products System needed, including spares, test benches, simulators, and training units, etc. Also define the rate of commissioning these Product/Products System. Include decommissioning and phase-out considerations of the existing Product/Products System. If the Product/Products System is to be installed onto platforms, identify those platforms and their quantities. The reasoning behind the estimated quantities must be indicated.

- b. Schedule Constraints. Define what actions, when complete, will constitute attainment of initial and of full operational capability. Clearly specify the operational capability or level of performance necessary to declare initial and full operational capability. Define the number of operational Product/Products System, operational and support, facilities, and support level elements (typically at the organisational, intermediate and depot levels) that must be in place for initial and full operational capability. Specify a date for the initial operational capability or identify a window of acceptability. Describe the impact if this date were not to be achieved. Care should be taken that realistic dates are specified so that the acquisition process is allowed to take its due course.
- c. Financial Constraints. Include pertinent financial constraints, for instance budget and cash flow constraints. (Refer to Chapter 6, Project Constraints).

12. Measures of Effectiveness. Define a measure of effectiveness, also known as figure of merit, for each mission which defines the desirability of alternative Product/Products System. A measure of effectiveness is a metric which quantifies the utility of a Product/Products System against its Functional Requirement Statement. It is used to assess the desirability of a particular Product/Products System alternative and is thus indispensable in deciding which alternative is best. Measures of Effectiveness should encompass both effectiveness and cost. The figure of merit should be linked to the mission, not to a Product/Products System, since it is to be used to select the most desirable Product/Products System.

Example 8. A figure of merit for an operational capability concerning cargo transport could be the cost per kg/km transported. The cost would be the LCC over say twenty years on a per-year basis. That cost is also known as the annual equivalent amount. A measure of effectiveness for maritime reconnaissance could be the probability of detecting and identifying a standard target (say a submarine at periscope depth in sea state 5) per hour on target per annual equivalent amount.

13. Integration and Information Flow Requirements. Provide an indication of the integration and information flow requirements between Products Systems.

14. Notes. Describe any general information which may aid the reader in better understanding the Functional Requirement Statement. Examples include a list of acronyms and abbreviations, a glossary of specialised terminology, and the author's name and telephone number. If the Notes become too voluminous, use a separate appendix for some of its parts, for instance a glossary.

15. Appendices. Incorporate supplemental information which expands this document, for instance charts and tables, in an appendix. Use separate appendices to assist in document maintenance, for example: glossary of acronyms, abbreviations and terminology.

PART III: LOGISTIC USER REQUIREMENT STATEMENT (LURS)

16. Integrated Logistic Support (ILS) Strategy for New Products System. The required ILS Strategy for the new Products System should be described. High level guidance and requirements should be provided with regard to maintenance philosophies, logistic management of the system, in-country support and investment, and logistic system flexibility to support strategic objectives.

17. ILS Management. The requirements to enable effective ILS management should be indicated, including the logistic support environment.

18. Products System Management Requirements. Requirements that might influence the effective management of the Products System should be indicated. Requirements for User System management, through-life support, management enabling resources as well as the appointed System Managers should be described.

19. Requirements for Logistic Elements. Requirements, restrictions, standards and guidelines for each logistic element should be described in detail. Requirements, restrictions and guidelines for the following logistic elements are essential:

- a. Manpower and Personnel. The Manpower and Personnel requirements, restrictions, standards and guidelines should be described in detail. Aspects such as how the User System will be operated in terms of personnel, calibre of persons required, minimum qualifications, proficiency levels, specialties, post structures and competencies should be discussed.
- b. Training, Training Equipment and Packages. The Training, Training Equipment and Packages requirements, restrictions, standards and guidelines should be described in detail. Aspects such as Training Needs Analysis (TNA), initial and continuation training and training equipment, simulators and computer based training systems, experience levels, training curricula and aids, training development process and training accreditation should be discussed.
- c. Facilities. The Facilities requirements, restrictions, standards and guidelines should be described in detail. Aspects such as existing versus new facilities, RSA legislation, regulations, standards and acts, unique and special facility requirements, and facilities and infrastructure survey should be discussed.
- d. Support and Test Equipment (S&TE). The S&TE requirements, restrictions, standards and guidelines should be described in detail. Aspects such as standardisation, selection of maintenance expertise areas, types and quantities at various maintenance levels, the use of Built-In Test Equipment, test benches, diagnostics and measurements, the use of Commercial-of-the-Shelf (COTS) recovery equipment and tools, maintenance, calibration, training and manuals, power supply (mobile and fixed) and the accuracy of test equipment should be discussed.
- e. Supply Support (Sparing). The Supply Support requirements, restrictions, standards and guidelines should be described in detail. Aspects such as supportability analysis, initial and replenishment provisioning, accounting and distribution, scope of sparing and components, means of supply, material support, holding store/s identification, obsolescence management and planning, traceability documentation (Certificate of Conformance, shelf life, curing dates, purchase cost etc.), life limit spares and consumables remaining life, warranties and turn-around-times should be discussed. Delivery requirements should be defined here, eg delivery into store, bond-store, contractor, workshop, etc. Acceptance requirements for spares prior to delivery should be indicated.

- f. Maintenance. The Maintenance requirements, restrictions, standards and guidelines should be described in detail. Aspects such as maintenance analysis, maintenance programs, plans and cycles, User-Original Equipment Manufacturer (OEM) relationship, maintenance levels, maintenance organisation levels, local versus foreign maintenance organisations, maintenance optimisation, major components maintenance times and requirements, and disposal should be discussed.
 - g. Technical Publications and Manuals. The Technical Publications and Manuals requirements, restrictions, standards and guidelines should be described in detail. Aspects such as levels of documentation, format of documentation (hard-copy, interactive electronic media), fault finding diagrams, language, content requirements, and Support Analysis (SA) data should be discussed.
 - h. Packaging, Handling, Storage and Transportation (PHS&T). The PHS&T requirements, restrictions, standards and guidelines should be described in detail. Aspects such as transportability, preservation for short and long term storage and transport, containers for storage and transport, container specifications (markings, handling, environmental protection), and deployment containers should be discussed.
 - i. Computer Resources. The Computer Resource requirements, restrictions, standards and guidelines should be described in detail. Aspects such as integration with DOD infrastructure and systems, hardware and software availability and support, support requirements, operating systems, database management systems, data elements, graphical user interfaces, and source code should be discussed.
 - j. Operational Support and Information System. The Operational Support and Information Systems requirements, restrictions, standards and guidelines should be described in detail. Aspects such as operating system specification (OSIS/CALMIS) and data requirements and format should be discussed.
20. Requirements for Engineering Elements. Requirements, restrictions, standards and guidelines for all engineering elements should be described in detail. Requirements, restrictions and guidelines for the following engineering elements are essential:
- a. Design Expertise and Interface. The Design Expertise requirements, restrictions, standards and guidelines and Interfaces should be described in detail. Aspects such as OEM support for the duration of the Products System life-cycle, Design Expertise training and transfer, design/development data and data packs, and provision of design/development, certification and safety information and certificates should be discussed.
 - b. System Expertise. The System Expertise requirements, restrictions, standards and guidelines should be described in detail. Aspects such as training of system experts, provision of Field Service Engineers (FSEs), and the transfer of knowledge and training should be discussed.

- c. Configuration Management. The Configuration Management requirements, restrictions, standards and guidelines should be described in detail. Aspects such as configuration control responsibilities, configuration status accounting, baseline management and responsibilities, supporting documentation, codification responsibility, codification information, bulletins, and Customer Furnished Equipment (CFE) should be discussed.
- d. Supportability. The Supportability requirements, restrictions, standards and guidelines should be described in detail. Aspects such as the supportability objectives, supportability process and supportability data should be discussed.
- e. Reliability, Availability and Maintainability (RAM). The RAM requirements, restrictions, standards and guidelines should be described in detail. Aspects such as identification/selection of maintenance tasks based on RAM, usage of Health and Utilisation Monitoring System (HUMS), RAM during design/development, proven technical solutions, Mean Time Between Failures (MTBFs), Meant Time to Repair (MTTR), scheduled maintenance, preventive maintenance, corrective maintenance, maintenance-free operations, through-life RAM, corrosion and erosion, redundancies, inherent availability, mission generation, and system safety case should be discussed.
- f. Life Cycle Cost (LCC). The LCC requirements, restrictions, standards and guidelines should be described in detail. Aspects such as LCC models, LCC breakdown (acquisition, operation and phase-out), LCC delivery and maintenance, obsolescence, life-cycle, and cost saving measures should be discussed.
- g. Integrated Logistic Support Plan Level-6 (ILSP-6). The ILSP-6 requirements, restrictions, standards and guidelines should be described in detail. Aspects such as preparation and delivery of ILSP-6, context, delivery date and responsibility should be discussed.

21. Requirements for POSTEDFIT Elements. All POSTEDFIT requirements and restrictions that have not been addressed under the Logistic Elements should be described in detail.

22. Post Production Support. The requirements, restrictions, standards and guidelines for Post Production Support should be described. Requirements for the provision of an Interim Support Contract and related time period should be indicated.

NOTE 4: It is also imperative to acquire logistic support related inputs from the Systems Managers and Systems Owner before the LURS is finalised.

NOTE 5: If necessary, a distinction between interim logistic support and full logistic support should be made. Logistic support infrastructure and logistic operations during both peacetime and wartime conditions should be considered. Battle damage repair requirements should be defined.

PART IV: PROJECT MANAGEMENT REQUIREMENTS (PMR)

23. General Requirements. All project management information including background, requirements, instructions and programme plans needed for the execution of the next phase. These include:

- a. Approach for the progress of the project, eg, approvals needed for specific requirements, approval for any deviations from laid down policy and authorizing levels, etc. When determining the approach, Armscor and the Industries inputs are to be considered.
- b. Internal and external organisations that are to be tasked, including requirements for which they will be tasked.
- c. Confirmation that the Industry identified to be contracted in the next phase, is the optimum one and that all such intended contracts have been reviewed by the User to determine acceptability.
- d. Number of sub-projects with interfaces.
- e. Broad Work Breakdown Structure (WBS).
- f. Responsibility Matrix.
- g. Project objectives to be achieved during the Concept Phase.
- h. Envisaged deliverables for the Concept Phase.
- i. State the test and evaluation requirements.

24. Financial Requirements. As far as possible, the following is to be included here:

- a. Estimated acquisition costs (with a level of confidence in percentage) of the User System and if possible, of the Products System.
- b. Estimated unit cost (with a level of confidence in percentage) of the Prime Mission Equipment.
- c. Estimated logistic support costs (with a level of confidence in percentage) for non-recurrent and running costs (current rand values).
- d. Project management costs (with a level of confidence in percentage) for the Concept and Definition Phases (Project Study costs) as attribute to the project (these costs should include studies, travel, S&T, administrative, office equipment, contingencies, etc.) A full breakdown is required.
- e. Financial objective, estimated ceiling (with a level of confidence in percentage) and any other restrictions with regard to unit costs or logistic support cost.

- f. Estimated phasing-out costs (with a level of confidence in percentage) if special phasing-out measures, precautions or procedures are required.
- g. The sensitivity of the project to cost escalation through the project phases should be indicated.
- h. LCCs Requirements. Refer to Chapter 4 for guidelines on LCC determination methods.

NOTE 6: Where estimates are made a confidence level in percentage are to be provided along with an indication that these estimates will be updated during the PS and AS.

25. Estimated Quantities. Gauging from the operational scope of the requirement (eg, number of theatres), identified missions and recurrence, system concept and financial restrictions, an estimate is made of the number of Products required within the main Products System with emphasis on the Prime Mission Equipment.

26. Time-Scales. Indications with regard to the following are to be provided:

- a. Planned In-Service Date. This serves as a revision/update of the dates proposed in the Staff Target, ie, the date on which the first Products/Products Systems can be organisationally employed and the date when the requirement is expected to be satisfied.
- b. Expected time-scales and realistic dates for the different phases (macro project milestones with expected maximum duration).

27. Security and Media. A Security and Media Plan in accordance with Appendix J is to be compiled.

28. Restrictions/Constraints. An identification is to be given of any restrictions/constraints under which the project is to be executed, whether political, strategic, technical, time-scale or financial. Human and legal restrictions/constraints should also be considered. Refer to Chapter 6 for further detail.

29. Functional Value System (FVS). By using a FVS, the User must analyse stated user performances against one another (especially the more important ones) to determine and stipulate relative importance so as to enable a Technical Value System (TVS) to be developed and trade-off studies to be conducted during the Project Study, prior to submission of options to the User for selection of the optimum one. The approved FVS should be a reference document to the Staff Requirement. An example of a FVS is provided in Appendix C-1.

NOTE 7: During the definition of functional requirements, a broad brush analysis is conducted to determine the balance between industrial-, technical-, and financial capabilities and that of the functional requirements. However, the objective remains the definition of functional requirements that can, with the aid of a FVS, be made feasible.

PART V: MEMORANDUM OF UNDERSTANDING (MOU)

30. Memorandum of Understanding (MOU) The MOU are developed by the IPT and are high level agreements on the roles and responsibilities of the participating parties (Service/Division, DMD, Armscor, etc.) for the execution of the project. A MOU is based on requirements emanating from the PM Req. A number of MOUs are negotiated with other parties involved that, eg DPW to deliver logistic elements, the HR support division that have to eventually provide the day-to-day operating support, or C Log to provide codification support. A summary of the MOUs entered into, or to be entered into, must be provided here. An example of an MOU is provided in Appendix B.

RECOMMENDATION

31. It is recommended that the following be approved:
- a. The Staff Requirement.
 - b. To commence with the Project Study/Acquisition Study of the project.
 - c. The expenditure of funds during the Project Study/Acquisition Study in accordance with policy. This expenditure should be broken down into Folio 01 and Folio 02 Expenditure and provide a clear high level indication what the funds will be expended on.
 - d. The project financial ceiling (confidence level in %) to be updated when the next milestone document is submitted for approval.
 - e. The projected time-scales of the Project Study/Acquisition Study and total project.
 - f. The Project Study Report/Acquisition Plan to be submitted for approval by [date].
 - g. If phases in terms of the policy wish to be omitted, approval for, along with the motivation, must be requested here.
 - h. Any peculiar aspects that may require approval.

(K.L. EXPLOSIVE)

PROJECT OFFICER PROJECT (CODE WORD): LT COL

Date: _____

GUIDELINES FOR THE COMPOSITION OF A PROJECT STUDY REPORT (PSR)

GENERAL

1. The PSR is compiled by the IPT which is led by the PO and is a summary of the PS. Approval of the PSR represents the Make/Buy Decision. This decision is taken in conjunction with other stakeholders, in particular with Armscor.

NOTE 1: Aspects contained in Chapter 8C, Function 5 & 6 must be addressed in this document. The example below serves as a comprehensive example that may be used by PO as a guide.

AIM

2. The aim of the PSR is to establish a mandate to pursue the most efficient and cost effective solution in order to satisfy the SR by weighing up/comparing the various options against one another against the FVS. The preferred option is then documented in a System Specification(s).

SCOPE

3. The PSR consists of an introduction, option selection, technical-, logistic-, project management- and any other implications of the preferred option, as well as marketing opportunities.

SUBMISSION FOR APPROVAL

4. PSRs are generally substantial documents. When submitted for approval, the PSR is signed by the PO and submitted as an appendix to a submission as per Appendix B-1 to Chapter 5 of the CSW (2012). The submission is prepared as an executive summary of the PSR. This submission has as its primary reference the PSR and is the document that is submitted to the Military Recommendation and Governance Acquisition Forums for approval.

5. Recommendation and approval pages in the submission should be in accordance with the approval paths indicated in Appendices A-6 or A-7. Each recommendation and approval page must include the title and configuration status of the document to be approved.

6. If the PSR is not recommended/approved or referred back, the chairperson must indicate the reasons in writing and under his/her signature. The secretary shall then return the PSR to the relevant acquisition director for further action.

EXAMPLE OF A PROJECT STUDY REPORT

SECURITY CLASSIFICATION

File Reference

Telephone : 986-1234
 Telefax : 986-4321
 Enquiries : Lt Col K.L. Explosive

Date

**PROJECT (CODE WORD)/SUB-PROJECT (CODE WORD): PROJECT STUDY REPORT
 (AMENDMENT NO): THE ACQUISITION OF A.....**

PART 1: INTRODUCTION

1. The following is to be confirmed here
 - a. Confirmation that Staff Target no was approved on (date) ... by ... (authorising authority) ... and that this document is still valid. If applicable, indicate the guidelines/restrictions provided when ST was approved.
 - b. Confirmation that Staff Requirement no ... was approved on (date) ... by ... (authorising authority) ... and that this document is still valid. If applicable, mention any guidelines/restrictions provided when the SR was approved.
 - c. Confirmation that the preferred option meets the user requirements as specified in the SR.
 - d. Confirmation that the restrictions with regard to administrative, logistic, financial, time-scale, manpower, quantities, technological, human constraints, legal constraints or any other aspect as contained in the SR are taken into account.
 - e. Confirmation that the contractual deliverables of the preceding phase have been completed.
 - f. Confirmation that the technology (especially with regard to the higher level at this stage) has been established to such an extent that the design/development time-scales are reasonably accurate and predictable and that the risk levels are acceptably low enough to bridge any outstanding technological gap within reasonable time.
 - g. Confirmation that the project is still progressing according to plan, and if not, reasons for the accelerator or slip.
 - h. Confirmation that the approved financial ceiling (of RM XXX.XX) of the preceding phase has not been exceeded.

- i. A short description of the extent of the Products System, options investigated and Products/Products Systems houses investigated.
- j. A short description of possible options not analysed (with reasons) and possible suppliers not investigated (with reasons).

PART II: OPTION SELECTION

NOTE 2: When Products System options are being investigated during the PS, it may become necessary to carry out concept designs on Product level or Product Sub-system level to justify options. Some of the Products Systems options may thus vary with regard to Product or Product Sub-systems only.

NOTE 3: Existing equipment in the SANDF is in all cases to be considered as one of the possible options, whether in modified or upgraded form. Here the cost, time scale and technical implications must be evaluated. If existing equipment is not suitable for further employment, the reasons must be indicated and disposal actions are to be initiated. A Disposal Plan is therefore required with the PSR if there is no intention to upgrade existing equipment.

2. A detail exposition of all the options considered with a clear explanation of advantages and disadvantages of all important factors such as:
 - a. Operational capability and the extent to which the set requirements are met.
 - b. Quantities of the Products System.
 - c. Performance and the extent to which the set requirements are met.
 - d. Time-scales required for each option measured against the threat term.
 - e. Total cost estimate (acquisition and life-cycle) and annual cash flow set against budgetary ceiling, (confidence level in %) to be updated when the next document is to be submitted for approval.
 - f. The quantity and quality of manpower required for operation and maintenance.
 - g. Logistic/POSTEDFIT requirements such as the use of existing facilities for training, accommodation, repair and maintenance.
 - h. Local or foreign production measured in terms of the availability of complete Products Systems, Products, Product Sub-systems or Components owing to the Missile Technology Control Regime (MTCR) restrictions or any other similar considerations.
 - i. Technological and practical feasibility and risks with the available design/development and industrial capability.

- j. Proven skills with regard to involved parties and standardisation with regard to items
- k. Political and other risks as well as security considerations.

NOTE 4: Results presented in tabular form with values allocated to each entry can be very helpful.

3. From the appreciation contained in par 2 above, the preferred option is motivated based on the outcome of the Option Analysis, and described as set out below. The preferred option, ie to either buy an existing Products System, to make (ie develop) a new Products System, or to upgrade the existing Products System, or combination of the options is presented together with the proposed shortlist of potential suppliers for the specific recommendation. The preferred supplier of the authorised option will only be identified in the following phase, based on a process of RFB solicitation, adjudication of the results and authorisation thereof in accordance with the provisions of this handbook.

4. The results of the Option Analysis, should be presented in a graphical format.

PART III: TECHNICAL IMPLICATIONS OF THE PREFERRED OPTION

5. The technical implications of the preferred option must be described. The System Specification (in accordance with appropriate standards) for the preferred Products System(s) with correct configuration status must be attached/available or referred to in the PSR.

PART IV: LOGISTIC IMPLICATIONS OF THE PREFERRED OPTION

6. The logistic implications of the preferred option must be described. The System Specification for each and every support element outside the scope of the Armscor PS is to be available. Each Logistic and Engineering Element should be addressed and considered.

7. Where the construction/upgrading/restoration of facilities by DPW is required, the following aspects should be indicated:

- a. Particulars and costs of structures, where such construction does not qualify as a turn-key project, must be considered in accordance with the following:
 - i. Purchase of ground and site preparation.
 - ii. Expansion of base facilities.
 - iii. Technical buildings such as, eg, hangars, stores, workshops, magazines, stop-walls, security fences, telephones and services.
 - iv. Administrative buildings such as, eg, offices, operation rooms and guard rooms and associated equipment.
 - v. Domestic buildings such as, eg, quarters, amenities, recreational and sporting facilities, telephones, water, electricity and sanitation services.

- b. Confirm that the time-scales for the construction/upgrading/restoration of the buildings and facilities are reconcilable with the delivery of the Products System.
- c. In conjunction with C Log (D Facilities), confirm that no suitable existing facilities are at the disposal of or adaptable for the Products System.

PART V: OTHER IMPLICATIONS FOR THE PREFERRED OPTION

8. The total requirement identified in the SR must be confirmed or adapted here, as well as any deviations. This should include the POSTEDFIT elements not addressed in the technical and logistic implications. The under mentioned can serve as guide-lines.

a. Staffing

- i. The number and type of operational crews and maintenance staff required for each deployment method for normal- and emergency cases is to be indicated.
- ii. Provision must also be made for the training of instructors (number and type) who will manage further training.
- iii. The description of the type of training is to include the following entry requirements:
 - (1) Educational qualifications.
 - (2) Training requirements.
 - (3) Physical- and medical requirements (including psychological selection profile if applicable).
- iv. Any additional CMIS support required with an indication of their function, tasks and training levels.

b. Training

- i. Contractor's- or state responsibility for training requirements that arise with the inception of new Products Systems, including the concept of how the training is to be conducted, eg, school-, unit- or contractor's training.
- ii. Training time, facilities and instructional for effective training programmes.
- iii. Quantitative and qualitative requirements for course material and training aids to support the specified training.

c. Training Equipment. The following is of importance:

- i. Estimates of the number of equipment to be developed exclusively for training purposes.

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- ii. The need for the design/development of simulators including requirements and characteristics.

PART VI: MARKETING

9. The PSR that is submitted for approval, is to make recommendations pertaining to the following:

- a. South African name for the armament.
- b. Foreign marketing (commercial) name.
- c. Marketing of items or parts of the Products System/Products.
- d. Marketing of Technology.

10. Pertaining to the above-mentioned recommendations, the IPT is to complete all the staff work, eg, clarify names with the DI in terms of policy, prior to submission.

PART VII: PROJECT MANAGEMENT IMPLICATIONS OF THE PREFERRED OPTION

11. Management Approach. The following should be included here:

- a. All background, requirements and instructions to, or required by any individual, department or party to manage the project effectively or to ensure smooth progress.
- b. Tactics for the Definition Phase, eg, approvals needed for specific requirements, approval for any deviations from laid down policy and authorising levels, etc. (See Note 5).
- c. Internal and external organisations that are to be tasked, including requirements for which they will be tasked.
- d. Confirmation that the selected Products System supplier and/or Products System house identified to be contracted for the execution of the Definition Phase (this choice is confirmed again during the design/development) and where possible for the Production Phase (the latter is finalised in the AP) is the optimum one and that all such intended contracts have been reviewed by the User to determine acceptability.
- e. Number of sub-projects with interfaces and financial allocations.
- f. Broad work breakdown structure.
- g. Responsibility matrix.
- h. Programme plan for the Development Study and project milestones for inter alia the system- and logistic study as well as deliverables such as Developmental Specifications, ISP, etc.

- i. Envisaged deliverables for the Definition Phase.
- j. A graphic representation of the project management plan with an exposition of activities coupled to time-scales and finances. Examples of activities that can be addressed here are design/development, industrialisation, manufacturing, acceptance and transition from the PO to the System Manager, etc.

NOTE 5: Depending on the results of the PS and, in terms of, the circumstances contained in Chapter 8D, Function 7, it is possible to proceed directly to the AP for the Products System or to PAPs for Products or even special Materials. Note that an AP can be compiled only if the equipment DT&E is compiled.

12. Financial Requirements. As far as possible, the following is to be included here:

- a. Estimated acquisition costs of the User System and if possible, of the Products System.
- b. Estimated LCC as per South African National Defence Force Manual for Products System Management Document No 05727-800-008¹.
- c. Estimated unit costs (confidence level in %) of the PME excluding royalties for licensed production.
- d. Project management costs (confidence level in %) for the Definition and Acquisition Study Phases.
- e. Estimated logistic support costs (confidence level in %) for non-recurrent and running costs (current R values) for the Definition and Acquisition Study Phases.
- f. Financial objective, absolute ceiling and any other restrictions with regard to unit costs (confidence level in %) or LCC.
- g. Indicate the financial sensitivity of the project in terms of escalation and rate of exchange fluctuations over the life-cycle of the project.
- h. Confirmation that the funds are on budget and on which account, and if not, from where, when and how the funding is to be transferred. This must include funds pertaining to the operating, maintenance and support costs that the End-User must have on the budget.
- i. The costs (confidence level in %) of diverse items also have to be addressed by the person responsible for the budget, whether through the project or by another party. Examples include:

¹This document is not yet promulgated. In its absence Armscor Logistics and Systems Engineering Division should be consulted for guidance.

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- i. Optional and additional on board equipment such as radios, rescue equipment, etc.
- ii. Additional operational support equipment such as cranes, tractors, fire tenders, boats, etc.
- iii. Weapons and mobilisation ammunition.
- iv. Initial spares, reserve motors, etc.
- v. Special tools, maintenance- and test equipment.
- vi. Communications equipment, including link-ups to existing static facilities such as radio- or radar stations or the establishment of such new facilities.
- vii. Possible adaptation cost of existing Information System required allowing new system pass data.
- viii. Possible adaptation of protocol standards to accommodate the requirements of the new Products System.
- ix. Training equipment and simulators.
- x. Technical publications including inspection- and maintenance schedules.
- xi. Initial adaptive training (if overseas).
- xii. Translations.
- xiii. Codification and cataloguing.
- xiv. Installations and modifications.
- xv. Supervision and inspections.
- xvi. Bank guaranties, price escalations and interest.
- xvii. Evaluation- and transition costs.
- xviii. Special clothing.
- xix. Delivery costs (packaging, shipping, insurance).
- xx. Travel and subsistence for special missions.
- xxi. Capital investments.
- xxii. Documentation.

- xxiii. Additional costs (operational, technical and administrative).
 - xxiv. Additional maintenance spares.
 - xxv. Maintenance by private contractors.
 - xxvi. Acquisition- and transition costs of computerised Information Systems.
13. Quantities and Allocations. This serves as confirmation or adjustment of quantities required and organisational allocation of the Products System as determined in the SR.
14. Time-Scales. Indications for the following are to be given:
- a. Time-scales and milestones for the Definition Phase. Projected time-scales and milestones for the Acquisition Study Phase.
 - b. Planned date of Transition. This serves as a revision/update of the dates proposed in the SR, ie, the date on which the first Products System(s) can be organisationally employed and the date when the requirement is expected to be satisfied.
 - c. Operational life expectancy of the User System and projected first upgrade.
15. Intellectual Property Rights (IPR). IPR issues must be addressed in accordance with the DOD policy on Intangible Capital Assets DODI/00027 2014 (Edition 1) Policy on the management of Defence Intangible Capital Assets.
16. Security and Media Plan. An updated Security and Media Plan in terms of Appendix J must be attached.
17. Memorandum of Understanding (MOU). A MOU between DMD, Services/Divisions and Armscor and any other stakeholders, such as DPW MOU between DMD, Services/Divisions and Armscor and any other stakeholders, such as DPW.

RECOMMENDATION

18. It is recommended that the following be approved:
- a. The Project Study Report.
 - b. To commence with the Development Study/Acquisition Study of the project.
 - c. The expenditure of funds during the Development Study/Acquisition Study in accordance with policy. This expenditure should be broken down into Folio 01 and Folio 02 Expenditure and provide a clear high level indication what the funds will be expended on.
 - d. The project financial ceiling (confidence level in %) to be updated when the next milestone document is submitted for approval.

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- e. The projected time-scales of the Development Study/Acquisition Study and total project.
- f. The Development Plan/Acquisition Plan to be submitted for approval by [date].
- g. Any peculiar aspects that may require approval.

(K.L. EXPLOSIVE)

PROJECT OFFICER PROJECT (CODE WORD): LT COL

Date: _____

GUIDELINES FOR THE COMPOSITION OF A DEVELOPMENT PLAN (DP)

GENERAL

1. The DP is compiled by the IPT which is led by the PO, and is the output of the Development Study (DS). Approval of the DP, namely Milestone 4, represents the Development Decision.

NOTE 1: Aspects contained in Chapter 8D, Function 7 & 8 must be addressed in this document. The example below serves as a comprehensive example that may be used by PO as a guide.

AIM

2. The aim of the DP is to obtain approval for the execution of the Acquisition Study Phase by confirming the decisions reached during the Development Study. The Development Decision is to confirm the CIs identified for development of Developmental Specifications, the identified contractor responsible for the development, as well as the choice of existing system elements that are to be integrated into the Products System.

SCOPE

3. The DP consists of an introduction, financial-, technical-, logistic- and project management requirements.

4. Aspects contained in Chapter 8D, Function 7 & 8 must be addressed in this document. The example below serves as a comprehensive example that may be used by project officers at their own discretion.

5. It needs to be noted that the DP overlaps previous documentation to a large degree in so far as content is concerned. The differences are primarily in the refinement of detail, eg, smaller tolerances, uncertainties, etc.

SUBMISSION FOR APPROVAL

6. DPs are generally substantial documents. When submitted for approval, the DP is signed by the PO and submitted as an appendix to a submission as per Appendix B-1 to Chapter 5 of the CSW (2012). The submission is prepared as an executive summary of the DP. This submission has as its primary reference the DP and is the document that is submitted to the Military Recommendation and Governance Acquisition Forums for approval.

7. Recommendation and approval pages in the submission should be in accordance with the approval paths indicated in Appendices A-6 or A-7. Each recommendation and approval page must include the title and configuration status of the document to be approved.

EXAMPLE OF A DEVELOPMENT PLAN

SECURITY CLASSIFICATION

File Reference

Telephone : 986-1234
 Telefax : 986-4321
 Enquiries : Lt Col K.L. Explosive

Date

**PROJECT (CODE WORD)/SUB-PROJECT (CODE WORD): DEVELOPMENT PLAN
 (AMENDMENT NO): THE ACQUISITION OF A**

List of References

List of Appendices

PART I: INTRODUCTION

1. Aspects that must get attention here include:
 - a. Confirmation that PSR no was approved on (date) ... by ... (authorizing authority) ... and that this document is still valid.
 - b. A description of the Products/Products System envisaged.
 - c. A description of the main Products already in existence and that has been selected as part of the Products System solution is also to be included.
 - d. A short description of all the Configuration Items (CI's) that are to be developed, with reasons as well as an evaluation of the technological, financial and time-scale risks attached to each.
 - e. Confirmation that the technology has been established to such an extent that the risk is acceptably low.
 - f. Confirmation that the approved financial limits of the preceding phase has not been exceeded.
 - g. Confirmation that the Industry selected by Amscor to accept responsibility for the development of the various CIs, is supported as the optimum choice. In the case where a single source supplier for the development of any CI is recommended, this recommendation has to be properly motivated.

PART II: TECHNICAL REQUIREMENTS

2. The following is addressed here:
 - a. The technical requirements are reflected in the Developmental Specifications of the CIs and are to be included or referred to with the assurance that the correct configuration status is quoted.
 - b. For control purposes, an updated MRI reflecting the title and status of all project relevant documentation is to be included in all cases.

NOTE 2: CFE Where CFE is applicable, a list of the items is to be provided with valid configuration status, especially those to be used by Products System developers during the design/development for integration purposes. Certification is also required that the CFE is serviceable.

PART III: LOGISTIC REQUIREMENTS (ILSP AND SP)

3. Logistic results of the completed phase are included and referred to as Support Plans (SP). Each Logistic and Engineering Element should be addressed and considered.
4. The IPTs technical and management requirements for ILS of the next phase are included and referred to in the ILSP.
5. For ILS elements that are not allocated to Armscor such as buildings that are due for construction/upgrading/restoration by DPW, confirmation is to be given that the time-scales for the acquisition thereof have been integrated with the project.

PART IV: PROJECT MANAGEMENT REQUIREMENTS (PMR)

6. Project Management Information. All project management information including background, requirements, instructions and programme plans required by any individual, department or party to manage the Acquisition Study Phase of the project effectively. These include:
 - a. Approach for the Acquisition Study Phase. Approach for the Acquisition Study Phase, eg, approvals needed for specific requirements, approval for any deviations from laid down policy and authorising levels, etc.
 - b. Tasking of Internal and External Organisations. Internal and external organisations that are to be tasked, including the requirements for which they will be tasked.
 - c. Industry Selection. Confirmation that the Industry selected for the development of the individual CI's during the Acquisition Study Phase is the optimum one and that all such intended contracts have been reviewed by the User to determine acceptability.
 - d. Factory and Technical Test and Evaluation (TT&E). Involvement with factory test and evaluations as well as the requirement for involvement with TT&E.

- e. Preliminary Operational Tests and Evaluations (POT&E). Tests that the User will conduct to determine if the developed Product/Products System meets the defined operational requirements.
- f. Testing Plan for interoperability.
- g. Number of sub-projects with interfaces and financial allocations.
- h. Broad WBS.
- i. Responsibility matrix.
- j. Macro project milestones as well as provisional interim milestones for the Acquisition Study Phase which are typically interdependent with the planning of the various development models. Quantities and time-scales for specific development models are specified in the development contract.
- k. Envisaged deliverables for the Acquisition Study Phase.
- l. Risk Management Plan.
- m. Financial Aspects. As far as possible, the following is to be included here:
 - i. Preliminary estimation of development costs per development model that also includes development logistics (confidence level in %).
 - ii. Estimated acquisition costs of the User System and if possible, of the Products System (confidence level in %).
 - iii. Estimated LCC (confidence level in %).
 - iv. Estimated unit cost of the PME (confidence level in %).
 - v. Project management costs for the Acquisition Study Phase (confidence level in %).
 - vi. Estimated logistic support costs for non-recurrent and running costs (current R value) the Acquisition Study Phase confidence level in %).
 - vii. Financial objective, absolute ceiling and any other restrictions with regard to unit costs or LCC. These represent the design to cost objectives.
 - viii. Confirmation that the funds are on budget and on which account, and if not, from where, when and how is the funding to be transferred.

- n. Time-Scales. Indications for the following are to be given:
- i. Time-Scales and Milestones for the Acquisition Study Phase. These milestones are coupled to risk reduction, technical performance measurement, preliminary design review, DT&E and where possible, POT&E for the envisaged individual development models.
 - ii. Planning Time-Scales. Updated planning time-scales for design/development and industrialisation.
 - iii. Planned date of Transition. This serves as a revision/update of the dates proposed in the PS, ie, the date on which the first Products System/s can be organisationally employed and the date when the requirement is expected to be satisfied.
 - iv. Objective Dates. Update of the objective dates and expected duration of the various phases with emphasis on the AP.
7. Intellectual Property Rights (IPR). IPR issues must be addressed in accordance with the DOD policy on Intangible Capital Assets DODI/00027 2014 (Edition 1) Policy on the management of Defence Intangible Capital Assets.
8. Security and Media Plan. An updated Security and Media Plan (Appendix J) must be attached.
9. Memorandum of Understanding (MOU). A MOU between DMD, Services/Divisions and Armscor and any other stakeholders, such as DPW MOU between DMD, Services/Divisions and Armscor and any other stakeholders, such as DPW.

RECOMMENDATION

10. It is recommended that the following be approved:
- a. The Development Plan.
 - b. To commence with the Acquisition Study of the project.
 - c. The expenditure of funds during the Acquisition Study in accordance with policy. This expenditure should be broken down into Folio 01 and Folio 02 Expenditure and provide a clear high level indication what the funds will be expended on.
 - d. The project financial ceiling (confidence level in %) to be updated when the next milestone document is submitted for approval.
 - e. The projected time-scales of the Acquisition Study and total project.
 - f. The Acquisition Plan to be submitted for approval by [date].

- g. Any peculiar aspects that may require approval.

(K.L. EXPLOSIVE)

PROJECT OFFICER PROJECT (CODE WORD): LT COL

Date: _____

NOTE 3: Should the classification change, the new classification should be added in writing by the Chairman of the AACB in the space provided for comments/remarks. When the DP or AP is submitted to the AASB, the new classification should be presented to the AASB for final review and approval.

GUIDELINES FOR THE COMPOSITION OF AN ACQUISITION PLAN (AP)

GENERAL

1. The AP is compiled by the IPT which is led by the PO representing the User and is basically a summary of the ASSD or ASSS. Approval of the AP, namely Milestone 6, represents the Acquisition Decision. The AP is mandatory for all projects and is approved by the AAC (Cardinal projects) or the AASB (non-Cardinal projects).

NOTE 1: Aspects contained in Chapter 8E, Function 9A/9B and 10 must be addressed in this document. The example below serves as a comprehensive example that may be used by PO as a guide.

AIM

2. The aim of the AP is to obtain approval for the Acquisition Decision. This decision confirms that the requirements stated in the SR, the option selection contained in the PSR and as technically circumscribed in the various specifications, will satisfy the client's operational requirement.

SCOPE

3. The AP consists primarily of an introduction, technical requirement, logistic plans, project management- and other requirements.

NOTE 2: Where certain aspects have remained unchanged and have already been addressed in the SR or PSR, they only have to be referred to in this document.

4. When contemplating a multiple phased acquisition or long time-scale acquisition project, a PAP is submitted for approval when only a portion of the total requirement is addressed.

5. When a PAP is submitted for approval it must be confirmed that a minimum operational capability (less than this minimum will lead to substantial risks of fruitless expenditure) will be delivered as defined in the ST. A minimum capability must be deployable in the field. The acquisition of less than the minimum capability makes no sense and should not be entertained, eg acquiring a single tank does not constitute a capability.

SUBMISSION FOR APPROVAL

6. APs are generally substantial documents. When submitted for approval, the AP is signed by the PO and submitted as an appendix to a submission as per Appendix B-1 to Chapter 5 of the CSW (2012). The submission is prepared as an executive summary of the AP. This submission has as its primary reference the AP and is the document that is submitted to the Military Recommendation and Governance Acquisition Forums for approval.

7. Recommendation and approval pages in the submission should be in accordance with the approval paths indicated in Appendices A-6 or A-7. Each recommendation and approval page must include the title and configuration status of the document to be approved.

EXAMPLE OF AN ACQUISITION PLAN

SECURITY CLASSIFICATION

File Reference

Telephone : 986-1234
 Telefax : 986-4321
 Enquiries : Lt Col K.L. Explosive

Date

PROJECT (CODE WORD)/SUB-PROJECT (CODE WORD): ACQUISITION PLAN
 (AMENDMENT NO): THE ACQUISITION OF A

Reference A: Staff Target
 B: Staff Requirement
 C: Project Study Report
 D: System Specification (as to be acquired)
 E: Project Management Plan
 F: Defence Review 2014
 G: Capability Master Plan
 H: Force Structure Plan
 I: Master Record Index
 J: Latest SCAMP
 K: Memorandum of Understanding
 F: Security and Media Plan

Appendix A: Product and Cost Breakdown Structure
 B: Breakdown of the Project Budget
 C: Project Red Lights Report
 D: Cardinal Date Plan
 E: Responsibility Matrix

PART I: INTRODUCTION

1. The introduction gives an overview of the project up to and including the product baseline. The following is to be confirmed here:

- a. Confirmation that Project Study Report no ... was approved on (date) ... by ... (authorising authority) ... and that this document is still valid.
- b. Confirmation that the requirements stated in the Functional User Requirement and Logistic User Requirement of the Staff Requirement no ... was approved on (date) ... by ... (authorising authority) ... and that this document is still valid.
- c. Confirmation that the Staff Target no ... was approved on (date) ... by ... (authorising authority) ... and that this document is still valid.

- d. Confirmation that the configuration status of the documentation is valid for acquisition.
 - e. Confirmation that the tests and evaluation (if applicable) have been carried out satisfactorily and documented in the requirements of the System and Developmental Specifications.
 - f. Restrictions or project constraints (if applicable).
 - g. Confirmation that this project is a Cardinal or non-Cardinal Project.
2. Provide an indication how this acquisition fits into the Capability Master Plan, Force Structure Plan and the Defence Review 2015.
3. The Introduction is also to include a description of the Products System to be manufactured as well as the numbers to be produced and possible generations/variants to be manufactured in phases.

PART II: TECHNICAL REQUIREMENTS

4. The following aspects are of importance:
- a. Specifications must be available for the whole Product/Products System. These specifications are to include the necessary quality requirements as well as the agreed acceptance norms and procedures. These specifications are to be suitable for the RFB or initiation of contract negotiations.
 - b. If applicable, the technical requirements as reflected in the Product, Process and Material Specifications are to be attached to this plan, or referred to with the assurance that the correct configuration status is quoted and should be suitable for the RFB or initiation of contract negotiations.
 - c. The objectives of any outstanding design/development work that is to be done during the Production or Transition Phases, as well as estimated costs and time-scales, are to be included.
 - d. An updated Master Record Index (MRI) reflecting the title and status of all relevant project documentation is to be included.
 - e. A list consisting of items that comprises the Product/Products System that are to be acquired, manufactured or purchased as complete assemblies or as CFE, is to be attached. A graphic representation of the Products System and its links should be provided.

PART III: LOGISTIC REQUIREMENTS

5. The ILS/POSTEDFIT results of the completed phase are included or referred to as ISP or ILSP. The IPTs technical and management requirements dictating the logistics of the next phase are included and referred to as an ILSP. Each ILS/POSTEDFIT element should be addressed and considered.

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6. For ILS/POSTEDFIT elements that are not allocated to Armscor such as buildings that are due for construction/upgrading by DPW, confirmation is to be given that the time-scales for the acquisition thereof have been integrated with that of the project. The aspects should be indicated:

- a. Particulars and costs of structures, where such construction does not qualify as a turn-key project, must be considered in accordance with the under-mentioned:
 - i. Purchase of ground and site preparation
 - ii. Expansion of base facilities
 - iii. Technical buildings such as, eg, hangars, stores, workshops, magazines, stop-walls, security fences and systems, telephones and services.
 - iv. Administrative buildings such as, eg, offices, operations rooms and guard rooms and associated equipment.
 - v. Domestic buildings such as, eg, quarters, amenities, recreational- and sporting facilities, telephones, water, electricity and sanitation services.
- b. In conjunction with C Log (D Facilities), confirm that no suitable existing facilities are at the disposal of or adaptable for the Products System.

PART IV: PROJECT MANAGEMENT REQUIREMENTS (PMR)

7. The PMR provides a projection of the future course of the project. The following must be included here:

- a. All background, requirements and instructions to manage the project effectively.
- b. Confirmation of the short list of preferred suppliers that conform to the critical criteria and which can therefore be contracted to meet the stated SR. Also indicate the preferred bidder in terms of the tender adjudication process. It should be noted that final tender adjudication would be carried out by the Armscor Tender Board on approval of the AP and subsequent issuing of the FA.
- c. The approach for the next phase
- d. The tasking of internal and external organisations that are to be tasked, including requirements for which they will be tasked.
- e. Number of sub-projects with interface and financial allocations.
- f. Broad WBS.
- g. Responsibility matrix.
- h. Project milestones.

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- i. Envisaged deliverables for the next phase

8. A graphic representation of the project management plan with an exposition of activities coupled to time-scales and finances. Examples of activities that can be addressed here are design/development, industrialisation, manufacturing, acceptance and transition of the Products System from the PO to the System Manager, etc.

9. Risk Management Plan. The Risk Management Plan should be summarised here.

10. Financial Requirements. As far as possible, the following that are applicable to the Production, Transition and Operational Deployment and Maintenance Phases are to be included here:

- a. Acquisition costs (confidence level in %) of the User System and of the Products System.
- b. Estimated LCC.
- c. Confirmation that the User System would be supported by means of the operating budget throughout the User System life-cycle. An estimate of the required operating budget (confidence level in %) should be provided.
- d. Unit cost of the PME (confidence level in %).
- e. Project management costs (confidence level in %).
- f. Estimated logistic support costs (confidence level in %) for non-recurrent and running costs (current R values) for all three of the abovementioned phases.
- g. Financial objective, absolute ceiling and any other restrictions with regard to unit costs or LCC.
- h. Confirmation that the funds are on budget and on which account and how it is phased, and if not, from where, when and how the funding is to be transferred. This applies to all the phases mentioned in par 10.
- i. Confirmation that the funds expended in the preceding phase did not exceed the financial authority and were used exclusively for the objectives of that phase.
- j. The costs of diverse items (confidence level in %) also have to be addressed by the officer responsible for the budget, whether through the project or by another party. Examples include:
 - i. Optional and additional on board equipment such as radios, rescue equipment, etc.
 - ii. Additional operational support equipment such as cranes, tractors, fire tenders, boats, etc.

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- iii. Weapons and mobilisation ammunition.
 - iv. Codification and cataloguing.
 - v. Installations and modifications.
 - vi. Supervision and inspections.
 - vii. Bank guaranties, price escalations and interest.
 - viii. Evaluation and commissioning costs.
 - ix. Special clothing.
 - x. Delivery costs (packaging, shipping, insurance).
 - xi. Travel and subsistence for special missions.
 - xii. Capital investments.
 - xiii. Technical documentation and data.
- k. How and when the transfer from Folio 02 to Folio 01 funding will take place (if required).
- l. Financial Sensitivity. Provide an indication of the financial sensitivities and their impact on the project over the time frame of the project to the following:
- i. Exchange Rate Fluctuations.
 - ii. Escalation.
 - iii. Inflation.
11. Time-Scales. Indications for the following are to be given:
- a. Time-scales and milestones for the Production Phases.
 - b. Time-scale for Production Phases if more than one generation of the Products System is to be built.
 - c. The time-scales of associated, linked and other projects that integrate with this project or upon which this project may be reliant or projects that are reliant upon this project. Any critical aspects must be highlighted.
 - d. Indicate by when the System Managers should have their budgets, to operate and support the Products System to be delivered, in place.
 - e. Planned date of Transition and when the Products System will be fully operationally tested and accepted.

- f. Operational life expectancy of the User System and projected first big modernisation.
- g. Time-scale for the finalisation of ED.

12. Intellectual Property Rights (IPR). IPR issues must be addressed in accordance with the DOD policy on Intangible Capital Assets DODI/00027 2014 (Edition 1) Policy on the management of Defence Intangible Capital Assets.

13. Security and Media. An updated Security and Media Plan in accordance with Appendix J is to be included.

14. Memorandum of Understanding. A MOU between the DMD, Services/Divisions and Armscor and any other stakeholders, such as DPW is to be attached.

PART V: OTHER REQUIREMENTS

15. Requirements during the Production and Transition Phases as well as the costs involved, are to be determined. The total requirement as identified in the SR and PSR is also to be reflected here for inclusion in the Acquisition Plan so as to obtain a complete picture.

16. Any peculiar requirements that require specific approval should be described here.

RECOMMENDATION

17. It is recommended that the following be approved:
- a. The Acquisition Plan.
 - b. To commence with the Production and Transition Phases of the project.
 - c. The expenditure of funds during the Production and Transition Phases in accordance with policy. This expenditure should be broken down into Folio 01 and Folio 02 Expenditure and provide a clear high level indication what the funds will be expended on. The project financial ceiling (confidence level in %).
 - d. The projected time-scales of the Production and Transition Phases and total project.
 - e. The Project Closure Report to be submitted for approval by [date].
 - f. Any peculiar aspects that may require approval.

(K.L. EXPLOSIVE)

PROJECT OFFICER PROJECT (CODE WORD): LT COL

Date: _____

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NOTE 3: Should the classification change, the new classification should be added in writing by the Chairman of the AACB in the space provided for comments/remarks. When the DP or AP is submitted to the AASB, the new classification should be presented to the AASB for final review and approval.

GUIDELINES FOR THE COMPOSITION OF A TRANSITION PLAN (TP)

GENERAL

1. Transition occurs between DMD (IPT), System Manager and the End-User across Levels 5 and 6 of the Systems Hierarchy. The Transition Plan is developed by the System Manager in conjunction with the IPT and executed by the System Manager in close interaction with DMD (IPT). In certain cases the System Manager may appoint a Transition Team that will form part of the IPT, with its only focus being the Transition of the Products System from the IPT to the System Manager and into the Operational Deployment and Maintenance Phase. The Service/Division may elect to establish an independent Transition Steering Committee if required.
2. The objectives of the Transition Plan are to:
 - a. Define and agree on the process that will be followed to execute transition of the Products System into the User environment.
 - b. Identify tasks to be completed to ensure that Products System is integrated into the User organisation and management structures.
 - c. Identify tasks to be completed to ensure that the Products System is handed-over in accordance with policies and procedures, and is usable in the operational environment.
 - d. Identify tasks to be completed to ensure that the Products System is commissioned as an operational entity within the User environment and SANDF before Management Responsibility Transfer (MRT – D448 in SAN terms) occurs.
 - e. Allocate and assign responsibilities to transition tasks, entities and propose actions.
 - f. Maintain visibility on the transition process and progress.
 - g. To indicate that the budgeting responsibility shifts from the project to the System Manager.
 - h. Aspects contained in the Chapter 8F, Function 11 must be addressed in this document. The example below serves as a comprehensive example that should be used by project officers.

AIM

3. The aim of the Transition Plan is to describe the logic, structure, methodology and processes by which management responsibility for the acquired Products System is transferred during the Transition Phase of a project. (In the SA Navy's Case the D448 Process is utilised)

SCOPE

4. The Transition Phase consists of a number of distinct sub-phases, some of which may take place in parallel, and others that need to follow in series. To properly execute this phase, a detailed Transition Plan addressing the following four sub-phases is required:

- a. User Environment Preparation/Establishment.
- b. Products System Integration.
- c. Products System Hand-over.
- d. User System Commissioning.

APPROVAL

5. The Transition Plan is jointly approved by the DMD (Director Army/Air Force/Naval/Common Weapons Acquisition) and the General Officer Commanding (GOC) of the Formation/System Group Director.

EXAMPLE OF A TRANSITION PLAN

SECURITY CLASSIFICATION

File Reference

Telephone : 986-1234
 Telefax : 986-4321
 Enquiries : Lt Col S. Manager

Date

PROJECT (CODE WORD)/SUB-PROJECT (CODE WORD): TRANSITION PLAN
 (AMENDMENT NO): THE ACQUISITION OF A

Appendix A: Transition Master Schedule
 B: Hand-Over Matrix
 C: FOT&E Schedule

PART I: INTRODUCTION

BACKGROUND AND PURPOSE

INTRODUCTION

1. Provide a concise description of the Products System to be transferred from the IPT to the User organisation.
2. The finite life-span of an acquisition project dictates that there should be a particular point in the life-cycle of the acquired Products System when ownership and responsibility is transferred from the Integrated Project Team (IPT) (DMD) to the operational and support organisation (User). Fundamental to this transfer of ownership, is the exchange of management responsibility where the User accepts the Products System against a known baseline, to which it will be operated and supported for the remainder of the Products System life-cycle.
3. As a logical extension to the structured methodology related to sophisticated acquisition projects, the transfer of ownership calls for a formal process. Transition should thus not be thought of as simply delivering equipment. It is necessary to consider all Integrated Logistic Support (ILS)/POSTEDEFIT elements, scheduling, and finance.
4. While many detail aspects of such a hand-over are generic in nature, each Products System requires a plan which documents the intentions of both the IPT and the new Products System owner to ensure the seamless integration of the Products System into the User organisation.

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5. For this reason a Transition Plan is developed to describe the logic, structure and methodology by which management responsibility for the Products System is transferred from the IPT to the designated Products System owner. It represents the exclusive baseline agreed-to between these two parties in terms of which management responsibility will be transferred. After Transition, the new Products System owner must be able to

- a. provide the functional operational performance specified in the operational requirement;
- b. provide a logistic support system capable of sustaining the specified Force Preparation and Force Utilisation demands; and
- c. provide a fully integrated User System in the Department of Defence (DOD), specifically in terms of logistic support and operational utilisation.

AIM

6. The aim of this Transition Plan is to develop detailed transition structures and processes to ensure a seamless Transition of the Products System(s), into the User organisation.

OBJECTIVES

7. The objectives of this Transition Plan are to:

- a. Define and agree on the process to be followed during the Transition Phase.
- b. Identify tasks to be completed to ensure that the Products Systems are
 - i. integrated into the User organisation and management structures;
 - ii. handed-over in accordance with User policies, procedures and is deployable in the operational environment; and
 - iii. commissioned as an operational entity within the South African National Defence Force (SANDF).
- c. Allocate and assign tasks and responsibilities for Transition to specific entities.
- d. Ensure transparency during the Transition process and progress.
- e. Indicate that the budgeting responsibility shifts from the acquisition directorate to the System Manager.

TRANSITION METHODOLOGY

8. The Transition of a Products System into a User organisation consists of distinct sub-phases, some of which can take place in parallel, and others in series:

- a. User Environment Preparation/Establishment. In order to successfully integrate the Products System within the User organisation, it is paramount that environment preparation/establishment takes place. The preparation/establishment of all organisations (System Management and Units) as well as System Management Functions must be planned to ensure that all POSTEDFIT elements are addressed.
- b. Products System Integration. Products System Integration is the process of formally transferring the entire Products System from the acquisition organisation to the User account. Integration of a Products System must ensure that all elements are codified, accounted for and distributed.
- c. Products System Hand-Over. Products System Hand-over is the process followed during Products System Integration to facilitate acceptance of the Products System within the User organisation. The process is phased over the period from first item delivery up to the point of Management Responsibility Transfer (MRT) of the Products System. During the Products System Hand-over, the IPT verifies that the Integration of the Products System into the User organisation has been concluded successfully and that the systems are ready to be certified.
- d. User System Commissioning. User System Commissioning is the process where the User completes the system qualification (Level B) by means of Final Operational Test and Evaluation (FOT&E) and validates that the Integration of the Products System into the User organisation has been concluded.

TRANSITION RESPONSIBILITIES AND MANAGEMENT

INTRODUCTION

9. The development of a Transition Plan is a pre-requisite for each acquisition project and shall be delivered and used to effectively manage, document and execute the transition effort.

MANDATE

10. The Transition Plan is developed and executed by the User (System Manager) in conjunction with the IPT and jointly approved by the Acquisition Directorate and the System Group Director.

TRANSITION TEAM ORGANISATIONAL STRUCTURE

11. A diagram showing the transition team organisational structure should be inserted here and described.

TRANSITION TEAM

12. The User (System Manager), supported by the IPT will be responsible for the Transition of project deliverables into the User organisation. The following assistance from System Group Directors and bases will be required:

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- a. XXX.
- b. XXX.
- c. XXX.

TRANSITION RESPONSIBILITIES

13. The Transition responsibilities are defined in a responsibility matrix as indicated in the table below.

		Task	IPT	System Manager	Safety Board (SB)	Bases	Servicing Unit
S/N		a	b	c	d	e	f
1		Transition Plan	Participate	Accountable	-	-	-
2	Environment Establishment	User Environment Preparation/ Establishment	Participate	Accountable	-	-	-
3	Integration	Codification	Accountable	Participate	-	Participate	Participate
4		Accounting	Participate	Accountable	-	Participate	Participate
5		Distribution	Participate	Accountable	-	Participate	Participate
6	Hand-over	Hand-over	Accountable	Participate	-	Participate	Participate
7		Verification	Accountable	Approve	-	Participate	Participate
8		Certification	Participate	Participate	Accountable	Participate	Participate
9	Commissioning	Qualification	Participate	Accountable	Approve	Participate	Participate
10		Validation	Participate	Accountable	-	Participate	Participate
11		MRT	Accountable	Approve	-	Participate	Participate

Table 1: Transition Responsibilities

TRANSITION CONTROL, MECHANISMS AND FORUMS

14. This Transition Plan will be the management document to establish and control the Transition Process.

15. Monthly progress Transition meetings will be conducted between the various role-players (role-player attendance depending on phase of transition).

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16. Transition meetings will take place between (Acquisition Directorate) and (System Group Directorate), as deemed necessary by (Acquisition Directorate), to provide feedback on the Transition progress.

TRANSITION RISK MANAGEMENT

17. It is necessary to ensure that risks to Transition are identified and mitigated.

18. In order to ensure that all parties responsible for the Products System Transition recognise, agree and take ownership of the tasks and risks identified with respect to Transition, a Transition Risk Register will be maintained by the IPT.

19. The Transition Risk Register will form an integral part of the IPT activities and will be managed by the IPT during the Transition Phase. Those risks not able to be mitigated/abated will be elevated to the appropriate authority until the risk is mitigated/abated or accepted.

20. The IPT and User representatives will contribute to the Risk Register and take responsibility for risks as indicated in the Transition Risk Register.

TRANSITION MASTER SCHEDULE

TRANSITION MASTER SCHEDULE

21. A Transition Master Schedule should be attached at Appendix A.

22. The Transition Master Schedule consists of the following main tasks:

- a. User Environment Establishment (Part 2)
- b. Products System Integration (Part 3).
- c. Products System Hand-over (Part 4).
- d. User System Commissioning (Part 5).

PART 2: USER ENVIRONMENT PREPARATION/ESTABLISHMENT**SYSTEM MANAGEMENT PREPARATION/ ESTABLISHMENT****INTRODUCTION**

1. In order to successfully integrate the Products System into the User organisation, it is necessary to prepare/establish the User environment. The preparation/establishment of all organisations (System Management and Units) as well as System Management Functions must be planned to address all aspects of POSTEDFIT.

SYSTEM MANAGEMENT FUNCTIONS

2. The following System Management functions should be performed by the User System Owner:

- a. ILS Management.
- b. Engineering Support Management.
- c. Configuration Management.
- d. Quality Assurance.
- e. Financial Planning and Budgeting.
- f. Contracting and Interfaces.
- g. Risk Management.
- h. Obsolescence Management.

EXISTING ORGANISATION/RESOURCES

3. The System Management consist of two levels:

- a. User System Manager (USM).
- b. Products System Manager (PSM).

4. The existing System Management organisation and resource structure (USM & PSM) is depicted in the figure below:

[Insert Organisational Diagram of USM/PSM]

INTEGRATION/ESTABLISHMENT OF ORGANISATION/RESOURCES

5. The existing System Management organisation and resources structure must be adapted to include the following resources:

[Insert Organisational Diagram of USM/PSM]

LOCATION

6. The placement of System Management Resources will be at the following locations:

	System Management Level	Location
S/N	a	b
1	User System Manager	
2	Product System Manager	

Table 2: System Management Location

STAFFING

7. Staffing of post in the System Management organisation will be the responsibility of the User.

FACILITIES

8. The following facilities are required to enhance proper System Management:

	Facility Requirement	System Management Level	Location
S/N	a	b	c
1			
2			

Table 3: Facility Requirements for System Management

UNIT ESTABLISHMENT**INTRODUCTION**

9. In order to successfully integrate the Products System into the User organisation, it is necessary to prepare/establish the User organisation at Unit Level.

UNIT FUNCTIONS

10. The Operational Unit/s will perform the following functions:
- a. XXX
 - b. XXX
 - c. XXX

EXISTING ORGANISATION/RESOURCES

11. The existing organisation and resources structure (Units) is depicted in the figure below:

[Insert Organisational Diagram of Units]

INTEGRATION/ESTABLISHMENT OF ORGANISATION/RESOURCES

12. The existing organisation and resources structure must be adapted to include the following resources:

[Insert Organisational Diagram of Units]

UNIT LOCATION AND SYSTEM PLACEMENT

13. The placement of Unit/s and Products Systems will be at the following locations:

	Unit Name	Location	Quantity of Products Systems
S/N	a	b	c
1			
2			

Table 4: Unit Location and Products System Placement

STAFFING

14. Staffing of posts in the Unit organisation will be the responsibility of the User.

FACILITIES

15. The following facilities are required to enhance proper Products System utilisation:

	Facility Requirement	For Products System	Location
S/N	a	b	c
1			
2			

Table 5: Facility Requirements for Products Systems

PART 3: PRODUCTS SYSTEM INTEGRATION

INTEGRATION CONCEPTS

INTRODUCTION

1. Products System Integration is the process of formally transferring the entire Products System (and related logistic support) from the acquisition organisation to the User organisation.

INTEGRATION METHODOLOGY

2. At this point the User organisation must be established and ready to accept and participate in the integration of the Products System. Integration of the Products System must ensure that all systems and elements are codified, accounted for, distributed and registered on OSIS/CALMIS

- a. Codification. The Products System must be codified in accordance with the DOD Codification Policy and according to the process as captured in the Supply Support Plan of the project.
- b. Accounting. The Products System must be brought onto account in accordance with the DOD Accounting and Supply Support Policy and according to the process as captured in the Supply Support Plan of the project. The System Manager is responsible to comply with DOD Asset Management Policy (Log Instruction 34 of 2014 (Procedures for the management of noncurrent moveable capital) for those items indicated as assets.
- c. Distribution. The Products System must be distributed to pre-determined locations with all relevant and required baseline information.
- d. Registration on OSIS/CALMIS. All the element of the Products System including spares, documentation, maintenance planning, etc. must be registered on OSIS/CALMIS.

PRODUCTS AND SUPPORT SYSTEMS INTEGRATION

PRODUCTS AND SUPPORT SYSTEMS INTEGRATION RESPONSIBILITIES

3. Products and Support Systems Integration is the responsibility of the User (System Manager), supported by the IPT. The System Manager must ensure that the User organisation is ready for full participation in the integration of Products and Support Systems into the User organisation.

PRIME MISSION EQUIPMENT INTEGRATION

4. Prime Mission Equipment (PME) integration entails the formal transfer of PME (on Product Level) to the User organisation.

5. The following PME will be integrated:

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	PME Equipment	ICN Number	User Account	Distribution Account	Transfer Date
S/N	a	b	c	D	e
1					
2					

Table 6: PME Integration

6. The following PME requirements will be complied to:
- All PME will be codified in accordance with the DOD Codification Policy and according to the process as captured in the Supply Support Plan [enter reference].
 - All PME will be brought onto account in accordance with the DOD Accounting and Supply Support Policy and according to the process as captured in the Supply Support Plan [enter reference].
 - All PME will be delivered with a Maintenance, Configuration and Serial Number Baseline.
 - All PME will be registered on OSIS/CALMIS.
7. The following PME Operators Manuals will be integrated:

	PME Operator Manuals	Reference	ICN Number	User Account	Distribution Account	Nr of Copies	Transfer Date
S/N	a	b	c	d	e	f	g
1							
2							

Table 7: PME Operator Manual Integration

8. The following PME Operator Manuals requirements will be complied to:
- All PME Operator Manuals will be delivered to the Publication Service Centre (PSC).
 - All PME Operator Manuals will be codified in accordance with the DOD Codification Policy and according to the process as captured in the Documentation Plan [enter reference].
 - All PME Operator Manuals will be brought onto account in accordance with the DOD Accounting and Supply Support Policy and according to the process as captured in the Documentation Plan [enter reference].
 - All PME Operator Manuals will be distributed according to Documentation Plan [enter reference].

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- e. All PME Operator Manuals will be registered on OSIS/CALMIS.

MISSION SUPPORT EQUIPMENT INTEGRATION

9. Mission Support Integration encompasses the formal transfer of all Mission Support equipment (and related logistics) for the successful execution of missions, operations and support.

10. The following Mission Support Equipment (eg *Digital Map Generating System, Mission Planning System, Engineering Test Bed, Circult Breaker Test Bed, etc.*) will be integrated:

	Mission Support Equipment	ICN Number	User Account	Distribution Account	Transfer Date
S/N	a	b	c	d	e
1					
2					

Table 8: Mission Support Equipment Integration

- 11. The following Mission Support Equipment requirements will be complied to:
 - a. All Mission Support Equipment will be codified in accordance with the DOD Codification Policy and according to the process as captured in the Supply Support Plan [enter reference].
 - b. All Mission Support Equipment will be brought onto account in accordance with the DOD Accounting and Supply Support Policy and according to the process as captured in the Supply Support Plan [enter reference].
 - c. All Mission Support Equipment will be delivered with a Maintenance, Configuration and Serial Number Baseline.
 - d. All Mission Support Equipment will be registered on OSIS/CALMIS.

12. The following Mission Support Equipment Operators Manuals will be integrated:

	Mission Support Equipment Operator Manuals	Reference	ICN Number	User Account	Distribution Account	Nr of Copies	Transfer Date
S/N	a	b	c	d	e	f	g
1							
2							

Table 9: Mission Support Equipment Operator Manual Integration

13. The following Mission Support Equipment Operator Manuals requirements will be complied to:

- a. All Mission Support Equipment Operator Manuals will be delivered to the PSC.
- b. All Mission Support Equipment Operator Manuals will be codified in accordance with the DOD Codification Policy and according to the process as captured in the Documentation Plan [enter reference].
- c. All Mission Support Equipment Operator Manuals will be brought onto account in accordance with the DOD Accounting and Supply Support Policy and according to the process as captured in the Documentation Plan [enter reference].
- d. All Mission Support Equipment Operator Manuals will be distributed according to Documentation Plan [enter reference].
- e. All Mission Support Equipment Operators Manuals will be registered on OSIS/CALMIS.

ROLE EQUIPMENT INTEGRATION

14. Role Equipment Integration encompasses the formal transfer of all Role Equipment (and related logistics) for the successful execution of different roles and functions of the Products System.

15. The following Role Equipment (*eg Recce Pods, Drop Tanks*) will be integrated:

	Role Equipment	ICN Number	User Account	Distribution Account	Transfer Date
S/N	a	b	c	D	e
1					
2					

Table 10: Role Equipment Integration

16. The following Role Equipment requirements will be complied to:

- a. All Role Equipment will be codified in accordance with the DOD Codification Policy and according to the process as captured in the Supply Support Plan [enter reference].
- b. All Role Equipment will be brought onto account in accordance with the DOD Accounting and Supply Support Policy and according to the process as captured in the Supply Support Plan [enter reference].
- c. All Role Equipment will be delivered with a Maintenance, Configuration and Serial Number Baseline.
- d. All Role Equipment will be registered on OSIS/CALMIS.

17. The following Role Equipment Operator Manuals will be integrated:

	Role Equipment Operator Manuals	Reference	ICN Number	User Account	Distribution Account	Nr of Copies	Transfer Date
S/N	a	b	c	d	e	f	g
1							
2							

Table 11: Role Equipment Operator Manual Integration

18. The following Role Equipment Operator Manuals requirements will be complied to:

- a. All Role Equipment Operator Manuals will be delivered to the PSC.
- b. All Role Equipment Operator Manuals will be codified in accordance with the DOD Codification Policy and according to the process as captured in the Documentation Plan [enter reference].
- c. All Role Equipment Operator Manuals will be brought onto account in accordance with the DOD Accounting and Supply Support Policy and according to the process as captured in the Documentation Plan [enter reference].
- d. All Role Equipment Operator Manuals will be distributed according to Documentation Plan [enter reference].
- e. All Role Equipment Operator Manuals will be registered on OSIS/CALMIS

MAINTENANCE SYSTEM INTEGRATION

19. Maintenance System Integration encompasses the formal transfer of all Maintenance Systems (and related logistics) for the successful execution of different Products System related maintenance.

20. The following Maintenance Systems (eg *Electronic Warfare System, Maintenance Ground Support System*) will be integrated:

	Maintenance Systems	ICN Number	User Account	Distribution Account	Transfer Date
S/N	a	b	c	D	e
1					
2					

Table 12: Maintenance System Integration

21. The following Maintenance Systems requirements will be complied to:

- a. All Maintenance Systems will be codified in accordance with the DOD Codification Policy and according to the process as captured in the Supply Support Plan [enter reference].

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- b. All Maintenance Systems will be brought onto account in accordance with the DOD Accounting and Supply Support Policy and according to the process as captured in the Supply Support Plan [enter reference].
- c. All Maintenance Systems will be delivered with a Maintenance, Configuration and Serial Number Baseline.
- d. All Maintenance Systems will be registered on OSIS/CALMIS.

22. The following Maintenance Systems Operators Manuals will be integrated:

	Maintenance Systems Operator Manuals	Reference	ICN Number	User Account	Distribution Account	Nr of Copies	Transfer Date
S/N	a	b	c	d	e	f	g
1							
2							

Table 13: Maintenance Systems Operator Manual Integration

23. The following Maintenance Systems Operator Manuals Requirements will be complied to:
- a. All Maintenance Systems Operator Manuals will be delivered to the PSC.
 - b. All Maintenance Systems Operator Manuals will be codified in accordance with the DOD Codification Policy and according to the process as captured in the Documentation Plan [enter reference].
 - c. All Maintenance Systems Operator Manuals will be brought onto account in accordance with the DOD Accounting and Supply Support Policy and according to the process as captured in the Documentation Plan [enter reference].
 - d. All Maintenance Systems Operator Manuals will be registered on OSIS/CALMIS.

ENGINEERING SUPPORT ELEMENTS INTEGRATION

INTRODUCTION

24. Integration planning and execution is very important to ensure that a Products System can be fully integrated over all Engineering Support elements into the User organisation.

25. Engineering Support element Integration entails the formal establishment of all Engineering related elements in the User organisation.

ENGINEERING SUPPORT ELEMENTS INTEGRATION RESPONSIBILITIES

26. Engineering Support element Integration is the responsibility of the User (System Manager), supported by the IPT. The System Manager must ensure that the User organisation is ready for full participation in the Integration of Engineering Support elements into the User organisation.

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ENGINEERING SUPPORT ELEMENTS INTEGRATION**27. Design Expertise and Interfaces**

- a. Design Expertise and Interfaces is one of the traditional elements of engineering support and one of the functions of logistics. It involves the relationship of logistics-related design/development parameters, such as reliability and maintainability, to readiness and support resource requirements.
- b. The following Design Expertise and Interfaces have been identified for Integration:
 - i. An Interim Support Contract (Contract Nr. XXX) to assist with requests of design changes between the User and the Original Equipment Manufacturer (OEM).

28. Systems Expertise

- a. Systems Expertise Integration involves the establishment of System Engineers and Specialists who are involved and familiar with the Products System and its supporting functions, and are capable of improving either the system as a whole or its supporting functions, infrastructure and logistics.
- b. The following System Expertise has been identified for Integration:
 - i. A Field Service Representative (FSR) will be supplied during the Interim Support Contract to assist the User with the following tasks:
 - (1) Ensure that quality standards are met.
 - (2) Perform Operational/Intermediate-level maintenance and support tasks.
 - (3) Attend weekly meetings with System Manager.
 - (4) Assist in system performance monitoring.
 - (5) Provide Systems Engineering capabilities.
 - (6) Support the User with mission functionality problems.
 - (7) Provide technical assistance.
 - (8) Ensure technical assistance visits to base for field engineering.
 - ii. Engineering Support Office to support the System Manager with the following activities:
 - (1) Failure Recording and Corrective Action System (FRACAS).
 - (2) Reliability, Availability and Maintainability (RAM) Analysis.
 - (3) Engineering Change Proposal (ECP) Process Management.
 - (4) Warranty Management.

- (5) Engineering Queries
- (6) Engineering Investigations.
- (7) Life Cycle Cost (LCC).

29. Configuration Management

- a. Configuration Management (CM) Integration involves the precise application of technical and administrative practices intended to achieve:
 - i. Identification and documentation of physical and functional characteristics of Configuration Items (CIs).
 - ii. Control of the changes in above-mentioned characteristics.
 - iii. Recording, auditing and reporting with respect to the implementation status of approved changes to CI's. This includes configuration identification, change control and recording, status accounting and audits.
- b. The following CM Integration functions have been identified for Integration:
 - i. Master Record Index (MRI) Management.
 - ii. Maintenance, Configuration and Serial Number baseline for the entire Products System.
 - iii. Configuration Control Section to manage all CM processes to fulfil the four functions of CM namely configuration identification, change control and recording, status accounting, and audits.
 - iv. A Configuration Control Board (CCB) to manage all design changes OSIS/CALMIS through an ECP process, which includes Failure Review Boards (FRBs) and Material Review Boards (MRBs).
 - v. All items under configuration and their configuration status will be registered on OSIS/CALMIS.

30. Supportability

- a. To identify Supportability recommendations, a Support Analysis (SA), or similar process, is developed in order to comply with supportability requirements and all other ILS objectives. Supportability recommendation Integration involves the transfer of supportability requirements to the User organisation.
- b. The following Supportability recommendation integration functions have been identified for Integration:

	Supportability Documentation	Reference	ICN Number	User Account	Distribution Account	Nr of Copies	Transfer Date
S/N	a	b	c	d	e	f	g
1	Approved Supportability Recommendations						
2	Logistic Support Analysis Record (LSAR), or similar record, that supplies logistics data for cost analysis. *						

*This LSAR must include data on reliability, maintainability, training, S&TE, provisioning, PHS&T and facilities.

Table 14: Supportability Integration

- c. The following Supportability requirements will be complied with:
- i. All Supportability documents will be delivered to PSC.
 - ii. All Supportability documents will be codified in accordance with the DOD Codification Policy and according to the process as captured in the Documentation Plan [enter reference].
 - iii. All Supportability documents will be brought onto account in accordance with the DOD Accounting and Supply Support Policy and according to the process as captured in the Documentation Plan [enter reference].
 - iv. All Supportability documents will be distributed according to Documentation Plan [enter reference].
 - v. All Supportability Documents will be registered on OSIS/CALMIS.

31. Reliability, Availability and Maintainability (RAM)

- a. RAM Integration involves the transfer of developed RAM system requirements based on the operational and support requirements, and total operational cost considerations, to support the User Systems readiness objectives.
- b. The following RAM Integration functions have been identified:
 - i. The establishment of a FRACAS system to capture failure data to enable the Engineering Office to perform RAM analysis.
 - ii. A process whereby corrective action measures on non-compliances can be addressed.
 - iii. A RAM review board.

32. Life Cycle Cost

- a. LCC Integration involves the transfer of LCC estimates, which includes estimates on Operating and Support costs for the Products System over its remaining life-cycle.
- b. The following LCC Integration functions have been identified for Integration:

	LCC Documentation	Reference	ICN Number	User Account	Distribution Account	Nr of Copies	Transfer Date
SN	a	b	c	d	e	f	g
1	LCC Model which includes Operating and Support costs for the Product System over it's remaining life-cycle.						

Table 15: LCC Integration

- c. The following LCC requirements will be complied with:
- i. All LCC documentation will be delivered to PSC
 - ii. All LCC documentation will be codified in accordance with the DOD Codification Policy and according to the process as captured in the Documentation Plan [enter reference].
 - iii. All LCC documentation will be brought onto account in accordance with the DOD Accounting and Supply Support Policy And According to the process as captured in the Documentation Plan [enter reference].
 - iv. All LCC documentation will be distributed according to Documentation Plan [enter reference].
 - v. All LCC documentation will be registered on OSIS/CALMIS.

33. Logistic Support Plan (LSP)

- a. LSP Integration involves the transfer of the LSP to the User organisation. The LSP integrates ILS elements with the mission elements of a system throughout its life-cycle and describes the concepts, resource requirements, tasks, schedules and sub-ordinate plans associated with each ILS element.
- b. The LSP will be used by the System Manager to manage and achieve ILS objectives.
- c. The following LSP integration functions have been identified for Integration:

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	LSP Documentation	Reference	ICN Number	User Account	Distribution Account	Nr of Copies	Transfer Date
S/N	a	b	c	d	e	f	g
1	LSP (Level 6) that focuses on the operations and support of the User System.						

Table 16: LSP Integration

- d. The following LSP requirements will be complied with:
- i. All LSP documentation will be delivered to PSC.
 - ii. All LSP documentation will be codified in accordance with the DOD Codification Policy and according to the process as captured in the Documentation Plan [enter reference].
 - iii. All LSP documentation will be brought onto account in accordance with the DOD Accounting and Supply Support Policy and according to the process as captured in the Documentation Plan [enter reference].
 - iv. All LSP documentation will be distributed according to Documentation Plan [enter reference].
 - v. All LSP documentation will be registered on OSIS/CALMIS.

ILS ELEMENTS INTEGRATION

INTRODUCTION

34. Integration planning and execution is very important to ensure that a Products System can be fully integrated over all ILS elements into a User organisation.

35. ILS element Integration entails the formal transfer of all ILS elements from the acquisition organisation to the User organisation.

ILS INTEGRATION RESPONSIBILITIES

36. ILS element Integration is the responsibility of the User (System Manager), supported by the IPT. The System Manager must ensure that the User organisation is ready for full participation in the Integration of ILS elements into the User organisation.

ILS ELEMENTS INTEGRATION**37. Manpower and Personnel**

- a. Manpower and Personnel Integration consist of defining and describing the number and skill level of personnel needed to operate and sustain the operationally deployed system.
- b. The following number and skill level of personnel is recommended to manage the Products System (PSM Level):

Personnel Skill Level		Quantity
S/N	a	b
1		
2		

Table 17: PSM Office Personnel

- c. The following number and skill level of personnel is recommended to operate the Products System:

Personnel Skill Level		Quantity
S/N	a	b
1		
2		

Table 18: Operational Personnel

- d. The following number and skill level of personnel is recommended to maintain the system:

Personnel Skill Level		Quantity
S/N	a	b
1		
2		

Table 19: Maintenance Personnel**38. Training and Training Equipment**

- a. Training and Training Equipment integration consists of the identification of processes, procedures, techniques, devices, equipment and materials required to develop a level of competence for personnel to effectively operate and maintain the system.
- b. The following Training Equipment (eg Simulators, Computer Based Training Systems) will be integrated:

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	Training Equipment	ICN Number	User Account	Distribution Account	Transfer Date
S/N	a	b	c	d	e
1					
2					

Table 20: Training Equipment Integration

- c. The following Training Equipment requirements will be complied with:
- i. All Training Equipment will be codified in accordance with the DOD Codification Policy and according to the process as captured in the Supply Support Plan [enter reference].
 - ii. All Training Equipment will be brought onto account in accordance with the DOD Accounting and Supply Support Policy and according to the process as captured in the Supply Support Plan [enter reference].
 - iii. All Training Equipment will be delivered with a Maintenance, Configuration and Serial Number Baseline.
 - iv. All Training Equipment will be registered on OSIS/CALMIS.
- d. The following Training Course Materials have been identified to be integrated:

	Training Course Material	Reference	ICN Number	User Account	Distribution Account	Nr of Copies	Transfer Date
S/N	a	b	c	d	e	f	g
1	LSP (Level 6) that focuses on the operations and support of the User System.						

Table 21: Training Course Materials Integration

- e. The following Training Course Materials requirements will be complied to:
- i. All Training Course Materials will be delivered to PSC.
 - ii. All Training Course Materials will be codified in accordance with the DOD Codification Policy and according to the process as captured in the Training Plan [enter reference].
 - iii. All Training Course Materials will be brought onto account in accordance with the DOD Accounting and Supply Support Policy and according to the process as captured in the Training Plan [enter reference].

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- iv. All Training Course Materials will be distributed according to Training Plan [enter reference].
- v. All Training Course Materials will be registered on OSIS/CALMIS.
- f. The following Training Courses have been identified to be presented to the User:

	Training Course	Course Date	Nr of Students
S/N	a	b	c
1			
2			

Table 22: Training Courses Integration

- g. The following Training Course requirements will be complied with:
 - i. A competency baseline will be maintained and delivered.

39. Facilities

- a. Facilities Integration consists of identifying permanent or semi-permanent real property assets required to support the Products System, including the conducting of studies to define types of facilities or facility improvements, locations, space needs, environmental requirements and equipment.
- b. The following new Facilities have been identified:

	Facility Description	Date to be Commissioned	Location
S/N	a	b	c
1			
2			

Table 23: New Facility Integration

- c. The following Facilities have been identified to be upgraded:

	Facility Description	Date to be Commissioned	Location
S/N	a	b	c
1			
2			

Table 24: Facility Upgrade Integration

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- d. All Facilities and associated documents and drawings have been registered on OSIS/CALMIS.

40. Maintenance Planning

- a. Maintenance Planning Integration is the process conducted to develop and establish maintenance and support concepts and requirements for the lifetime of the Products System.
- b. The following Maintenance Planning documents (other than the LSP and LCC Model) has been identified to be integrated:

	Maintenance Planning Document	Maintenance Planning Document Reference	ICN Number	User Account	Distribution Account	Nr of Copies	Transfer Date
S/N	a	b	c	d	e	f	g
1	Obsolescence Plan						
2	Support/ Maintenance Concept Plan						
3	Warranty Management System						

Table 25: Maintenance Planning Integration

- c. The following Maintenance Planning requirements will be complied to:
 - i. All Maintenance Planning documents will be delivered to PSC.
 - ii. All Maintenance Planning documents will be codified in accordance with the DOD Codification Policy and according to the process as captured in the Documentation Plan [enter reference].
 - iii. All Maintenance Planning documents will be brought onto account in accordance with the DOD Accounting and Supply Support Policy and according to the process as captured in the Documentation Plan [enter reference].
 - iv. All Maintenance Planning documents will be distributed according to Documentation Plan [enter reference].
 - v. All Maintenance Planning Documents will be registered on OSIS/CALMIS.

41. Technical Data and Publications

- a. Technical Data and Publications Integration is the identification of all technical documentation that will be required to operate and maintain the Products System.

- b. The following Technical Data and Publications have been identified to be integrated:

	Technical Data and Publications	Document Reference	ICN Number	User Account	Distribution Account	Nr of Copies	Transfer Date
S/N	a	b	c	d	e	f	g
1							
2							
3							
4							
5							

Table 26: Technical Data and Publications Integration

- c. The following Technical Data and Publications requirements will be complied with:
 - i. All Technical Data and Publications will be delivered to PSC.
 - ii. All Technical Data and Publications will be codified in accordance with the DOD Codification Policy and according to the process as captured in the Documentation Plan [enter reference].
 - iii. All Technical Data and Publications will be brought onto account in accordance with the DOD Accounting and Supply Support Policy and according to the process as captured in the Documentation Plan [enter reference].
 - iv. All Technical Data and Publications will be distributed according to Documentation Plan [enter reference].
 - v. All Technical Data and Publications will be registered on OSIS/CALMIS.

42. Support and Test Equipment (S&TE)

- a. S&TE integration is all equipment (mobile or fixed) required to support the operation and maintenance (corrective and preventive) of a Products System. This includes associated multi-use end items, ground handling and maintenance equipment, tools and calibration equipment, test equipment and automatic test equipment.
- b. The following S&TE has been identified to be integrated:

	S&TE	ICN Number	User Account	Distribution Account	Transfer Date
S/N	a	b	c	d	e
1					
2					

Table 27: S&TE Integration

- c. The following S&TE requirements will be complied to:
- i. All S&TE will be codified in accordance with the DOD Codification Policy and according to the process as captured in the Supply Support Plan [enter reference].
 - ii. All S&TE will be brought onto account in accordance with the DOD Accounting and Supply Support Policy and according to the process as captured in the Supply Support Plan [enter reference].
 - iii. All S&TE will be distributed according to S&TE Plan [enter reference].
 - iv. All S&TE will be delivered with a calibration certificate.
 - v. All S&TE will be delivered with a maintenance manual.
 - vi. All S&TE will be delivered with a Maintenance, Configuration and Serial Number Baseline.
 - vii. All S&TE will be registered on OSIS/CALMIS.
43. Supply Support
- a. Supply Support Integration is the process of cataloguing, codification, receipt, storage, issue and disposal of spare parts, including formal provisioning actions.
 - b. A spares recommendation list, provided by the Contractor, was screened by the IPT for approval. The configuration and quantities of spares recommended was reviewed and checked against current (surplus) stock, before final approval and procurement. An Initial Provisioning (IP) Package of spares was then issued.
 - c. This IP Package of spares will be delivered and will provide the initial assortment of spares predicted to be sufficient to support the operational and maintenance needs for the initial support period based on the proposed maintenance concept and assumptions.
 - d. This will consist of spares to support the Product (repairable, expendable and consumable items), spares for S&TE, spares for Mission Support Equipment, spares for Role Equipment, spares for Maintenance Systems and spares for Training Systems.

- e. In general, the spares package shall contain the expendable and consumable items to cover the required operational and maintenance activities during an initial period of X years after acceptance of the first Products System or X hours for the fleet, whichever occurs first.
- f. The following spares requirements will be complied to:
 - i. All spares will be codified in accordance with the DOD Codification Policy and according to the process as captured in the Supply Support Plan [enter reference].
 - ii. All spares will be brought onto account in accordance with the DOD Accounting and Supply Support Policy and according to the process as captured in the Supply Support Plan [enter reference].
 - iii. All spares will be distributed according to Supply Support Plan [enter reference].
 - iv. All spares will be delivered with details on:
 - (1) Hazardous Materials
 - (2) Handling Requirements
 - (3) Specialised Packaging, Handling, Storage and Transportation (PHS&T) Needs
 - (4) Mobility Requirements of air, rail, land and ship transportability.
 - (5) Long term storage and handling, including periodic inspection and maintenance requirements.
 - (6) Specialised preservation requirements.
 - (7) Specialised equipment for movement and storage.
 - (8) Specialised storage requirements.
 - v. All spares will be registered on OSIS/CALMIS.

44. Packaging, Handling, Storage and Transportation (PHS&T)

- a. PHS&T Integration is all the resources, processes, designs, methods and techniques to assure that all system and equipment items, including support and training equipment, are adequately protected during movement and storage.
- b. The following PHS&T has been identified to be integrated:

	PHS&T	ICN Number	User Account	Distribution Account	Transfer Date
S/N	a	b	c	d	e
1					
2					

Table 28: PHS&T Integration

- c. The following PHS&T requirements will be complied to:
 - i. All PHS&T will be codified in accordance with the DOD Codification Policy and according to the process as captured in the Supply Support Plan [enter reference].
 - ii. All PHS&T will be brought onto account in accordance with the DOD Accounting and Supply Support Policy and according to the process as captured in the Supply Support Plan [enter reference].
 - iii. All PHS&T will be distributed according to PHS&T Plan [enter reference].
 - iv. All PHS&T will be delivered with a Maintenance, Configuration and Serial Number Baseline.
 - v. All PHS&T will be registered on OSIS/CALMIS.

45. Computer Resources

- a. Computer Resource Integration consists of all facilities, equipment, procedures and personnel required to operate and support/sustain software embedded systems.
- b. The following Computer Resources have been identified to be integrated:

	Computer Resources	ICN Number	User Account	Distribution Account	Transfer Date
S/N	a	b	c	d	e
1					
2					

Table 29: Computer Resources Integration

- c. The following Computer Resource requirements will be complied to:
 - i. All Computer Resources will be codified in accordance with the DOD Codification Policy and according to the process as captured in the Supply Support Plan [enter reference].

- ii. All Computer Resources will be brought onto account in accordance with the DOD Accounting and Supply Support Policy and according to the process as captured in the Supply Support Plan [enter reference].
- iii. All Computer Resources will be distributed according to Computer Resource Plan [enter reference].
- iv. All Computer Resources will be delivered with a Maintenance, Configuration and Serial Number Baseline.
- v. All Computer Resources will be delivered with valid Software Licenses.
- vi. All Computer Resources will be registered on OSIS/CALMIS.

46. Operations and Support Information System Management

- a. Operations and Support Information System (e.g. OSIS/CALMIS) integration consists of population of Maintenance, Configuration and Serial Number baselines of all Products, S&TE, Mission Support Equipment, Role Equipment, Maintenance Systems and Training Systems.
- b. The following OSIS/CALMIS Baselines have been identified to be developed:

	OSIS/CALMIS Baselines	Transfer Date	User Account
S/N	a	b	c
1			
2			
3			
4			
5			

Table 30: OSIS/CALMIS Integration

PART 4: PRODUCTS SYSTEM HAND-OVER**HAND-OVER CONCEPT****INTRODUCTION**

1. Products System Hand-over is the progressive process followed during the Integration to facilitate acceptance of the Products System within the User organisation.
2. The Products System will be formally handed-over from the acquisition organisation (Dev Mat Div) to operations and support (User), culminating in a signed certificate at each level.
3. The Hand-over process is phased over the period from first item delivery up to the point of MRT of the Products System.

HAND-OVER METHODOLOGY

4. The following Hand-over methodology will be followed:
 - a. System Breakdown. The system will be broken down into its main Product deliverables. For each of these Products, a further breakdown of the following logistic elements will be completed in a Hand-over Matrix:
 - i. Training. Training courses presented, with the quantity of personnel that must be trained.
 - ii. Facilities. The facilities that must be completed to operate & maintain the Product.
 - iii. S&TE. The S&TE, with their relevant publications that are required to operate and maintain the Product.
 - iv. Spares. The initial spares that will be delivered to maintain the Product.
 - v. Publications. The publications that must be delivered for the maintenance and support of the Product.
 - vi. PHS&T. The special-to-type containers required to package, handle, store and transport the Product.
 - vii. Computer Resources. The Computer Resources, including software licenses that are required (eg on LRUs/S&TE) to operate the Product.
 - viii. OSIS/CALMIS. The OSIS/CALMIS baselines that must be completed to operate and maintain the Product or Support System on OSIS/CALMIS.
 - b. System Handover. When all actions on a Product are integrated, the Product is officially handed-over to the User by means of a Hand-over certificate (D448 in the SA Navy's case) signed by the PO and the User to indicate acceptance of Products and its related logistic elements.

TERMS AND CONDITIONS FOR HAND-OVER

5. The following terms and conditions for Hand-over must be adhered to:
- The PSM office is well established and staffed.
 - The operational unit is well established and staffed.
 - All Products and Support Systems have been integrated.
 - All Engineering Support elements have been integrated.
 - All ILS elements have been integrated.

ITEMS FOR HAND-OVER

6. The following Products Systems will be handed-over:

	Product Systems	Quantity	Final Hand-over Date
S/N	a	b	c
1			
2			

Table 31: Products System Hand-over

7. The following Engineering Support elements will be handed-over:

	Engineering Support Elements	Final Hand-over Date
S/N	a	b
1		
2		

Table 32: Engineering Support Elements Hand-over

8. The following ILS elements will be handed-over:

	ILS Elements	Final Hand-over Date
S/N	a	b
1		
2		

Table 33: ILS Elements Hand-over

9. The following POSTEDFIT elements will be handed-over:

	POSTEDFIT Elements	Final Hand-over Date
S/N	a	b
1		
2		

Table 34: POSTEDFIT Elements Hand-over

HAND-OVER MATRIX

10. The Hand-over Matrix (s) can be seen in Appendix B.

VERIFICATION

INTRODUCTION

11. The Hand-over process is completed when the IPT verifies that the Integration of the Products System have been concluded successfully into the User organisation.

12. The purpose of the verification process is to provide objective evidence that all elements of a Products System has been integrated and handed-over.

13. The IPT will be responsible to verify each item delivered by confirming Integration and acceptance by the User through Hand-over certificates signed by the System Manager and/or User to indicate acceptance of the Product and its related logistic elements.

14. Once the item has been verified for acceptance, the items will be handed-over to the User.

MAIN EQUIPMENT VERIFICATION

15. Verification of the Main Equipment entails the initialisation of the utilisation and application schedule for initial User System usage.

16. The IPT will complete the following Main Equipment Verification functions:

- a. Verify successful Main Equipment Integration in to the User organisation.

MISSION SUPPORT SYSTEM VERIFICATION

17. The IPT will complete the following Mission Support System Verification functions:

- a. Verify successful Mission Support Equipment Integration in to the User organisation.

ROLE EQUIPMENT VERIFICATION

18. The IPT will complete the following Role Equipment Verification functions:

- a. Verify successful Role Equipment Integration in to the User organisation.

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MAINTENANCE SYSTEM VERIFICATION

19. The IPT will complete the following Maintenance System Verification functions:
- a. Verify successful Maintenance System Integration in to the User organisation.

ENGINEERING SUPPORT ELEMENTS VERIFICATION**20. Design Expertise and Interfaces**

- a. The IPT will complete the following Design Expertise and Interfaces Verification functions:
 - i. Verify the establishment of an Interim Support Contract and its effectiveness.

21. System Expertise

- a. The IPT will complete the following System Expertise Verification functions:
 - i. Verify that the FSR is available and complies with the contract and additional in-service requirements, as applicable.
 - ii. Verify that an Engineering Support office has been established.

22. Configuration Management

- a. The IPT will complete the following Configuration Management Verification functions:
 - i. Verify that all Maintenance, Configuration and Serial Number baselines for the entire Products System, have been established.
 - ii. Verify that a Configuration Control Section has been established.
 - iii. Verify that a CCB, FRB and MRB have been established.

23. Supportability

- a. The IPT will complete the following Supportability Verification functions:
 - i. Verify the Integration and Hand-over of the following Supportability documents:
 - (1) Approved Supportability Recommendations.
 - (2) Supportability Analysis Record, or similar record.

24. Reliability, Availability and Maintainability

- a. The IPT will complete the following RAM Verification functions:
- i. Verify the establishment of a FRACAS system to capture failure data to enable the Engineering Office to perform RAM analysis
 - ii. Verify that a corrective action process for non-compliances has been established.
 - iii. Verify the establishment of RAM review board.

25. Life Cycle Cost

- a. The IPT will complete the following LCC Verification functions:
- i. Verify the Integration and Hand-over of the LCC Model into the User organisation.

26. Logistic Support Plan

- a. The IPT will complete the following LSP Verification functions:
- i. Verify the Integration and Hand-over of the LSP into the User organisation.

ILS ELEMENTS VERIFICATION

27. Manpower and Personnel

- a. The IPT will complete the following Manpower and Personnel Verification functions:
- i. Verify allocated personnel quantities and skills to ensure compliance to requirements and pre-requisite standards.
 - ii. Verify availability of number and skill level of personnel recommended. Personnel shortages should be communicated with Directorate Personnel Services, as well as functional Directorates by the User.

28. Training and Training Equipment

- a. The IPT will complete the following Training and Training Equipment Verification functions:
- i. Verify the establishment of the training capability for compliance with the URS.
 - ii. Verify training courses scheduling and delivery.
 - iii. Verify pre-requisite training was carried out to meet with entry level skills for the Products System training programmes.

- iv. Verify compliance of initial trained personnel and co-ordinate continuation training.
- v. Verify personnel training Hand-over requirements, ie competencies.
- vi. Verify the Integration and Hand-over of the Training Equipment into the User organisation.
- vii. Verify the Integration and Hand-over of the Training Course Materials into the User organisation.
- viii. Verify that Training Equipment and Course Material Maintenance, Configuration and Serial Number Baselines have been established on OSIS/CALMIS.

29. Facilities

- a. The IPT will complete the following Facilities Verification functions:
 - i. Verify facilities requirements in terms of space, volume, capital equipment and utilities necessary for Products System operation and maintenance.
 - ii. Verify environmental system requirements (eg temperature, humidity, dust control) associated with operations, maintenance and storage facilities.
 - iii. Verify facilities for compliance with Occupational Health and Safety Act requirements.
 - iv. Verify facilities for compliance with Hazardous Materials processes and control requirements.

30. Maintenance Planning

- a. The IPT will complete the following Maintenance Planning Verification functions:
 - i. Verify proper assignment of maintenance tasks to maintenance levels.
 - ii. Verify appropriate selection of support equipment to perform maintenance tasks.
 - iii. Verify appropriate selection of personnel to perform maintenance tasks.
 - iv. Verify the Integration and Hand-over of the following Maintenance Planning documents:
 - (1) Obsolescence Plan.
 - (2) Support/Maintenance Concept.
 - (3) Warranty Management System.

31. Technical Data and Publications

- a. The IPT will complete the following Technical Data and Publications Verification functions:
 - i. Verify that Technical Data was tested and evaluated to ensure that the data is accurate, understandable and complete, as well as able to satisfy maintenance requirements at projected skill levels.
 - ii. Verify the usage and applicability of Technical Data and Publications during the logistic/maintainability demonstration.
 - iii. Verify the Integration and Hand-over of all Technical Data and Publications.

32. Support and Test Equipment

- a. The IPT will complete the following S&TE Verification functions:
 - i. Verify that S&TE is fully integrated and handed-over within the existing and newly established User S&TE organisations.
 - ii. Verify that support mechanism and channels for deeper level S&TE support has been established.
 - iii. Verify that all S&TE was delivered with a calibration certificate.
 - iv. Verify that all S&TE was delivered with a maintenance manual.
 - v. Verify that all S&TE Maintenance, Configuration and Serial Number Baselines have been established on OSIS/CALMIS.

33. Supply Support

- a. The IPT will complete the following Supply Support Verification functions:
 - i. Verify initial spares Integration and Hand-over according to the contracted schedule.
 - ii. Verify that spares were integrated with special requirements (PHS&T).

34. Packaging, Handling, Storage and Transportation

- a. The IPT will complete the following PHS&T Verification functions:
 - i. Verify that PHS&T is fully integrated and handed-over within the existing and newly established User organisation.
 - ii. Verify that all PHS&T Maintenance, Configuration and Serial Number Baselines have been established on OSIS/CALMIS.
 - iii. Verify if special PHS&T instructions are adequate.

- iv. Verify if special PHS&T material and material provisioning are available and adequate.
- v. Verify if conventional types of lifting, loading and handling equipment is capable and sufficient to support the Products System.
- vi. Verify if the Products System is adaptable to the prescribed forms of transport (road, rail, sea and air).
- vii. Verify if special instructions for transportation requirements are applicable, available and compliant.
- viii. Verify if lifting and tie-down points conform to the appropriate size, strength and markings standards as per specification.

35. Computer Resources

- a. The IPT will complete the following Computer Resource Verification functions:
 - i. Verify that Computer Resources are fully integrated and handed-over within the existing and newly established User organisation.
 - ii. Verify that all Computer Resource Maintenance, Configuration and Serial Number Baselines have been established on OSIS/CALMIS.
 - iii. Verify that all Computer Resources were delivered with valid Software Licenses.

36. Operational Support Management System

- a. The IPT will complete the following OSIS/CALMIS Verification functions:
 - i. Verify that all OSIS/CALMIS baselines have been developed and implemented.

SYSTEM CERTIFICATION

INTRODUCTION

37. For Products System Certification, the User certifies that the Products System can be used for service-regulated operations in a safe and efficient manner.

CERTIFICATION PROCESS

38. To get a Products System released for operational use is a complex process, which requires thorough understanding and management.

39. [Each Service/Division has its own Certification process that should be adhered to.]

CERTIFICATION RESPONSIBILITY

40. The Certification Authority is responsible to ensure the implementation and management of the entire Certification process, with the assistance of the IPT.

PART 5: USER SYSTEM COMMISSIONING**USER SYSTEM QUALIFICATION****INTRODUCTION**

41. FOT&E is a test carried out in the User organisations against the URS to achieve User System qualification before release for use is authorised.
42. FOT&E is also used to evaluate changes and verify correction of deficiencies made during POT&E, and to re-evaluate the User System to ensure that it meets operational needs.
43. FOT&E includes the logistic support system as well as the System Management System and falls within the responsibility domain of the End-User.
44. FOT&E is conducted under conditions that are operationally as realistic as possible to:
- a. Verify if stated User requirements (consisting of the Functional User Requirements Statement [FURS] and Logistical User Requirements Statement [LURS]) are met.
 - b. Demonstrate the total system in terms of its operational capability and logistical supportability under representative operational conditions.
 - c. Qualify that the User System is suitable and effective to carry out the intended mission.
 - d. Identify any FURS/LURS deviations.
45. FOT&E is essentially an estimate of:
- a. a User Systems operational effectiveness (The degree of overall mission accomplishment of a User System when used by representative personnel in a representative environment); and
 - b. a User Systems operational suitability (The degree to which a User System can satisfactorily be placed in the field), and to identify any further modifications that are required.
 - c. This implies that all Products and logistic elements should be qualified (on Level 5) and Integrated prior to FOT&E.

USER SYSTEM QUALIFICATION (FOT&E) RESPONSIBILITY

46. During FOT&E, the End-User is fully responsible for the planning, execution, management and reporting of FOT&E programs. FOT&E must be independent of the developing, procuring, and using commands. An independent mandate/structure for the FOT&E of a User System is the only way to succeed without undue interference.

47. System Group Directors must ensure that FOT&E personnel are trained to a level commensurate with that of personnel who will be able to manage the test program and perform these functions under peacetime and wartime conditions.

48. The IPT will be responsible to ensure that the FOT&E Plan is established and approved, but is not responsible to generate and execute the plan.

49. The IPT must also provide support in terms of the contractual obligations with the supplier to resolve operational matters (data, spares, etc.) and also manage corrections of all identified Products/Products System deficiencies or deviations, whether of a technical nature or not.

50. The Certification authority will participate to ensure that all safety-related matter or a technical/logistic shortcoming that will endanger the future integrity of the User System is identified.

51. The FOT&E responsibilities are summarised in the following diagram:

	TASK	IPT	SYSTEM MANAGER	QUALIFICATION AUTHORITY	SAFETY BOARD
S/N	a	b	c	d	e
1	FOT&E Plan	Participate	Accountable	Participate	Approve
2	FOT&E Execution	Participate	Accountable	Participate	-
3	FOT&E Reporting	Participate	Accountable	Participate	Approve
4	Release to Service	Participate	Participate	Accountable	Approve

Table 35: OT&E Responsibilities

USER SYSTEM QUALIFICATION (FOT&E) PLAN

52. Test Planning (well before the FOT&E event) must be pursued in a deliberate, comprehensive, and structured manner, by the appointed FOT&E Team.

53. A FOT&E Plan is only as good as the execution of that plan. The FOT&E Manager must direct and control the test resources and collect the data required for presentation. The FOT&E Manager must prepare for testing, activate, and train the test team, develop test procedures and operating instructions, control data management, conduct FOT&E, plan revisions, and manage each of the test trials. The IPT and Certification Authority will play important roles in the overall FOT&E planning and execution process.

54. The FOT&E Plan will include, but not necessarily limited, to the following areas:

- a. Verification of operational effectiveness and operational suitability compliance and identify deviations.
- b. Verify mission support structures and functions, and identify deviations.

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- c. Verify operational training environments effectiveness in accordance with the Training Plan and FURS and LURS requirements.
- d. Verify User unit operational organisation structures and operational execution of tasks.
- e. Evaluate doctrine and tactics within the User operational environment.
- f. Verify command and control interfaces and identify deviations.
- g. Verify intelligence interfaces and identify deviations.
- h. Verify operational personnel structures and personnel skill levels.
- i. Verify logistic organisational structures for all the ILS elements for compliance with the LSP organisational requirements.
- j. Verify engineering organisational structures for Engineering Support, Design Expertise, System Expertise, Configuration Management, SA, RAM, LCC and LSP for compliance with the LSP engineering organisational requirements.
- k. Verify the ILS elements for compliance in accordance with the LSP and identify deviations.
- l. Verify the Engineering Support elements for compliance in accordance with the LSP and identify deviations.
- m. Verify safety specifications and identify deviations.
- n. Verify User System compliance and integration with FURS and LURS requirements for MRT.

USER SYSTEM QUALIFICATION (FOT&E) SCHEDULE

55. The FOT&E Schedule can be seen in Appendix C.

USER SYSTEM QUALIFICATION (FOT&E) REPORT

56. The FOT&E Report is a very important document. It will communicate the results of the FOT&E in a timely, factual, concise, comprehensive, and accurate manner.

57. The FOT&E Report will be used to populate the User Requirement Statement (URS) Compliance Matrix to prove that the IPT delivered a Products System that meets the requirements as specified in the FURS and LURS.

VALIDATION**INTRODUCTION**

58. Validation is used to provide objective evidence that User System acquired satisfies the User requirements when used as intended.

59. The purpose of the validation process is to validate the objective evidence (from the FOT&E) that the User System, when in use, fulfils its mission objectives and stakeholder requirements, and achieves its intended use in its intended operational environment.

60. The System Manager will be responsible to validate the User System to evaluate whether or not the User System complies with regulations or specifications, before the User System is accepted.

61. Once the item has been validated for acceptance, MRT takes place.

MANAGEMENT RESPONSIBILITY TRANSFER**INTRODUCTION**

62. MRT is a progressive process followed during Products System Hand-over to facilitate the transfer of management of the Products System into the User organisation, up until the complete Products System is Transitioned. The final MRT is the date agreed upon between the IPT and the System Manager and where the System Manager will accept total management responsibility for the User System.

63. Where aspects of the acquisition project are still outstanding that prevent final MRT, a Delayed Item Process will be followed to ensure MRT conclusion.

64. The System Manager takes over management responsibility of the initial Operational Baseline (iOBL) once the baseline is authenticated. Until then, the IPT remains responsible for baseline integrity. After final MRT, and the acceptance of the validated Operational Baseline (vOBL), concessions and deviations are managed by the System Manager.

MANAGEMENT RESPONSIBILITY TRANSFER

65. Final MRT for the following Products Systems are planned for on the following dates:

	Product System	Final MRT Date
S/N	a	b
1		
2		

Table 36: Product System MRT

66. Final MRT for following Engineering Support elements are planned for on the following dates

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	Engineering Support Elements	Final MRT Date
S/N	a	b
1		
2		

Table 37: Engineering Support Elements MRT

67. Final MRT for following ILS elements are planned for on the following dates:

	ILS Elements	Final MRT Date
S/N	a	b
1		
2		

Table 38: ILS Elements MRT

PROCEDURE FOR ITEMS DELAYED BEYOND PROJECT CLOSURE

68. The IPT will aim to conclude all its acquisition activities before the Products System's MRT to the System Manager is done. This will ensure that the latter is not burdened with design/development or acquisition activities for which he/she would typically not be equipped, especially where engineering risks are associated with the remainder of the work.

69. In order to facilitate a timely and orderly Products System MRT, the project will adopt the concept of delayed items, being those of which the acquisition time scale extend beyond the final planned Products System MRT date.

70. If an item complies with any of the following four primary causes, the item will be awarded delayed item status:

- a. The originally planned acquisition schedule for the item extends beyond the final planned MRT date.
- b. The originally planned schedule for the item ends before the final planned Products System MRT date, but due to a slip in acquisition time scales, now extends beyond the planned Products System Hand-over date.
- c. The originally planned schedule for the item ends before the final planned Products System MRT date, but the item does not conform to the required standards for MRT in terms of performance, completeness or general fitness for purpose.
- d. The required fix involves time scales which extend beyond the final planned Products System MRT date.

71. On the condition that the entire matter remains within reasonable limits, delayed items are not necessarily indicative of an incompetent acquisition project, nor do they automatically pose reason for delaying MRT. The basic premise is that the System Manager will assume management responsibility for all MRT items, and finally the total Products System.

72. In all events, and regardless of its complexity, the IPT will deliver an accompanying management package containing a risk breakdown, completion schedule and resource allocation tables for items with a DELAYED ITEM status. On the basis of this, the System Manager must determine if he can manage the completion of the item autonomously with his own resources, or assume management responsibility with a sub-contract on the original acquisition agency to bring the item to maturity.

73. Where items will be delayed beyond project closure, it must be accompanied by a management package containing a risk breakdown, completion schedule and resource allocation tables.

ITEMS DELAYED BEYOND PROJECT CLOSURE

74. The following items are foreseen to be delayed beyond project closure:

	Items Delayed Beyond Project Closure	Expected Completion Date
S/N	a	b
1		
2		

Table 39: Items Delayed Beyond Project Closure

RECOMMENDATION

75. It is recommended that the following be approved:

- a. The Transition Plan.
- b. To commence with the Transition of the project.
- c. Any peculiar aspects that may require approval.

(S. MANAGER)
SYSTEM MANAGER: LT COL

Date: _____

PROJECT (CODE WORD)/SUB-PROJECT (CODE WORD): ACQUISITION PLAN
(AMENDMENT NO): THE ACQUISITION OF A

APPROVED BY ACQUISITION DIRECTOR

76. The following is approved:

- a. The Transition Plan.
- b. To commence with the Transition of the project.
- c. Any peculiar aspects that may require approval.

APPROVED/NOT APPROVED

REMARKS:

(I.M. DIRECTOR)
ACQUISITION DIRECTOR: BRIG GEN

Date: _____

PROJECT (CODE WORD)/SUB-PROJECT (CODE WORD): ACQUISITION PLAN
(AMENDMENT NO): THE ACQUISITION OF A

APPROVED BY GENERAL OFFICER COMMANDING/FORMATION/SYSTEM GROUP
DIRECTOR

77. The following is approved:

- d. The Transition Plan.
- e. To commence with the Transition of the project.
- f. Any peculiar aspects that may require approval.

APPROVED/NOT APPROVED

REMARKS:

(S.G. DIRECTOR)
GENERAL OFFICER COMMANDING/FORMATION/SYSTEM GROUP DIRECTOR: BRIG
GEN

Date: _____

GUIDELINES FOR THE COMPOSITION OF A PROJECT CLOSURE REPORT (PCR)

GENERAL

1. The PCR is compiled by IPT led by the PO. Approval of the PCR, namely Milestone 7, represents the Completion Decision.
2. The PCR is a summary of the results produced by the project.

NOTE 1: Aspects contained in Chapter 8G, Function 15 must be addressed in this document. The example below serves as a comprehensive example that may be used by PO as they see fit.

AIM

3. The aim is to obtain approval to finally close the project.

SCOPE

4. The PCR consists primarily of a project background, Products System description, User System description, project financial status, identified problems and shortfalls and project closure authorisation.

SUBMISSION FOR APPROVAL

5. PCR could become a substantial document. When submitted for approval, the PCR is signed by the PO and submitted as an appendix to a submission as per Appendix B-1 to Chapter 5 of the CSW (2012). The submission is prepared as an executive summary of the PCR. This submission has as its primary reference the PCR and is the document that is submitted to the Military Recommendation and Governance Acquisition Forums for approval.
6. Recommendation and approval pages in the submission should be in accordance with the approval paths indicated in Appendices A-6 or A-7. Each recommendation and approval page must include the title and configuration status of the document to be approved.

EXAMPLE OF A PROJECT CLOSURE REPORT

SECURITY CLASSIFICATION		File Reference
Telephone :	986-1234	Date
Telefax :	986-4321	
Enquiries :	Lt Col K.L. Explosive	
PROJECT (CODE WORD)/SUB-PROJECT (CODE WORD):		PROJECT CLOSURE
REPORT: THE ACQUISITION OF A		

Reference A: Staff Target No XX/XX dd (date)

B: Staff Requirement No XX/XX dd (date)

C: Project Study Report XX/XX (date)

D: Acquisition Plan XX/XX dd (date)

Appendix A: Letter/Certificate: Closure of Project (CODE WORD) (KTXXXXXX) –
ARMSCOR Statement of Order Completion

B: Handover Certificates for Project (CODE WORD)

C: Letter/Certificate: Release to Service of XXX Systems as defined in Project
(CODE WORD)

D: URS Compliance Matrix for Project (CODE WORD)

E: Report Financial Baseline Monitoring (Redlight) Report for Project (CODE
WORD) (and if applicable the SCAMP)

F: IG Audit Report for Project (CODE WORD)

G: Letter/Certificate: Cancellation of Code Words for Project (CODE WORD) – DI

PART I: PROJECT BACKGROUND

1. Project Overview A short overview with respect to the aim, scope and historical progress of the project must be provided.
2. Product Description A summary description with respect to the Products and User System must be provided.
3. Project Duration An indication of the project commencement and last delivery dates must be provided. *[The project commenced during (date) and was completed with the last deliverables during (date).]*

4. Approval Milestone Documents and Status. All approved milestone documents with the date approved must be indicated. *[The following milestone documentation provided authorisation for the Project:*

- a. *Staff Target XX/XX dated (date).*
- b. *Staff Requirement XX/XX dated (date).*
- c. *Project Study Report XX/XX dated (date).*
- d. *Acquisition Plan XX/XX dated (date). The Acquisition Plan (Reference D) authorised the acquisition of the following Products System:*

i. *The Primary Mission Equipment consisting of the following sub-systems:*

(1) *XXX.*

(2) *XXX.*

(3) *XXX.*

ii. *Support and Test Equipment.*

iii. *Associated Documentation and Training Material.*

iv. *Logistics Support System.]*

5. Lessons Learned. Lessons learned and useful recommendations that may be used on future projects are to be included.

PART II: PRODUCTS SYSTEM

6. Contracting. Main contractor as well as sub-contractors must be indicated.

7. Deliverables. Deliverables (baseline quantities) must be indicated. Indicate where the deliverables are available for audit purposes.

8. Status of Orders. Confirmation that Products System as contracted with ARMSCOR in accordance with MOU, has been finalised satisfactorily. *[All orders on the project have been finalised, audited and closed (Appendix A). All transactions on the Financial Management System are concluded and archived.]*

PART III: USER SYSTEM

9. Management Responsibility Transfer and System Handover. Confirmation that a person or organisation has been tasked with the responsibility for the overall management of the User System during the Operational Deployment and Maintenance Phase (Appendix B) and that this User System can be/are Released To Service (Appendix C). Indicate if any Products System Support (PSS) contracts are in place.

10. URS Compliance. The extent to which the system complies with URS (Appendix D) must be indicated.

PART IV: PROJECT FINANCIAL STATUS

11. Project Financial Baseline. The project financial baseline must be indicated.
12. Project Expenditure. A comprehensive financial report including completed activities, unspent money still on budget and an exposition of activities per phase planned for these funds must be indicated.
13. Summary of Financial Status. A summary of the financial status of the project must be given. *[The project financial status according to the Financial Baseline Monitoring Report (Appendix E) is as follows (20XX Rand Value):*

a.	<i>Allocated Real Baseline:</i>	<i>RMXXX.XXX</i>
b.	<i>Real Expenditure:</i>	<i>RMYYY.YYY</i>
c.	<i>Balance:</i>	<i>RMZ.ZZZ</i>

14. Fruitless Expenditure. Details of fruitless expenditure (if applicable) must be reflected.

PART V: IDENTIFIED PROBLEMS AND SHORTFALLS

15. Delivery Control Problems and Incidents. Detail pertaining to delivery control problems and incidents must be listed.
16. Technology Shortfalls. Any recommendations with regard to technology short-falls that occurred during the project or wider application of technology developed during the project must be listed.

PART VI: PROJECT CLOSURE

17. IG Confirmation Audit. Confirmation that the audit of the project has been completed and that all activities and funding during the acquisition life-cycle were authorised and completed (Appendix F).
18. Outstanding Activities. Outstanding activities, delayed items and estimated timescales must be indicated.
19. Project Deregistration. Request authority for Defence Intelligence to deregistered the Project (CODE WORD) (Appendix G).
20. Archiving of Project Documentation. Request authority to archive all project documentation. Indicate where project documentation will be archived (Administrative [User System Level] and Technical [Product System Level]).
21. Closing of Project. Request authority to close Project (CODE WORD).

RECOMMENDATION

22. It is recommended that the following be approved:
- a. The Project Closure Report.

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- b. Authority to deregister the project.
- c. To archive the project documentation.
- d. To finally close the project.

(K.L. EXPLOSIVE)

PROJECT OFFICER PROJECT (CODE WORD): LT COL

Date: _____

GUIDELINES FOR THE COMPOSITION OF A DEFERMENT REPORT

GENERAL

1. A Deferment Report is compiled by PO when a project is considered to be deferred when it is temporarily stopped before the objectives have been achieved, with the intention to continue with the project at a later stage.

NOTE 1: Aspects contained in Chapter 6, must be addressed in this document. The example below serves as a comprehensive example that may be used by PO as they see fit.

AIM

2. The aim is to obtain approval to defer the project.

SCOPE

3. The Deferment Report consists primarily of a project background, Products System description, project financial status, and project deferment authorisation.

SUBMISSION FOR APPROVAL

4. The Deferment Report could become a substantial document. When submitted for approval, the Deferment Report is signed by the PO and submitted as an appendix to a submission as per Appendix B-1 to Chapter 5 of the CSW (2012). The submission is prepared as an executive summary of the Deferment Report. This submission has as its primary reference the Deferment Report and is the document that is submitted to the Military Recommendation and Governance Acquisition Forums for approval.

5. Recommendation and approval pages in the submission should be in accordance with the approval paths indicated in Appendices A-6 or A-7. Each recommendation and approval page must include the title and configuration status of the document to be approved.

EXAMPLE OF A DEFERMENT REPORT

SECURITY CLASSIFICATION

File Reference

Telephone : 988-1234
 Telefax : 988-4321
 Enquiries : Lt Col K.L. Explosive

Date

PROJECT (CODE WORD)/SUB-PROJECT (CODE WORD): DEFERMENT REPORT: THE ACQUISITION OF A

Reference A: Staff Target No XX/XX dd (date)

B: Staff Requirement No XX/XX dd (date)

C: Project Study Report XX/XX (date)

D: Acquisition Plan XX/XX dd (date)

Appendix A: URS Compliance Matrix for Project (CODE WORD)

B: Report Financial Baseline Monitoring (Redlight) Report for Project (CODE WORD) (and if applicable the SCAMP)

C: IG Audit Report for Project (CODE WORD)

PART I: PROJECT BACKGROUND

1. Project Overview. A short overview with respect to the aim, scope and historical progress of the project must be provided.

2. Product Description. A summary description with respect to the Products and User System must be provided.

3. Project Duration. An indication of the project commencement and last delivery dates must be provided. *[The project commenced during (date) and the last deliverables during (date).]*

4. Approval Milestone Documents and Status. All approved milestone documents with the date approved must be indicated. *[The following milestone documentation provided authorisation for the Project:*

- a. *Staff Target XX/XX dated (date).*
- b. *Staff Requirement XX/XX dated (date).*
- c. *Project Study Report XX/XX dated (date).*
- d. *Acquisition Plan XX/XX dated (date). The Acquisition Plan (Reference D) authorised the acquisition of the following Products System:*

- i. *The Primary Mission Equipment consisting of the following sub-systems:*
 - (1) XXX.
 - (2) XXX.
 - (3) XXX.
- ii. *Support and Test Equipment.*
- iii. *Associated Documentation and Training Material.*
- iv. *Logistics Support System.]*

5. Reason for the Deferment of the Project. The conditions that gave rise to the deferment of the project should be described (eg inability to perform in accordance with the stipulated contract by one of the involved parties, shortage of suitable funding or critical resources, change in the threat scenario, change in the political scenario, priority with respect to hardware requirement diminished etc.).

6. Implications of the Deferment. The following implications should be indicated:

- a. The non-compliance of its commitments by the SANDF on either Armscor and/or contractors.
- b. Loss of expertise and technical capability by all involved parties, whether it be people no longer being employed in the particular field, or people who leave the service.
- c. Problems as a result of delays and the costs involved in re-starting work at a later stage (recruitment, and/or re-allotment, training, facilities that have been used for other purposes in the interim, deterioration of material, information that goes missing, capital equipment that lies unutilised, time value of money, etc.).
- d. The impact on other projects in all of the Services/Divisions and how this will be administered.

PART II: PRODUCTS SYSTEM

7. Contracting. Main contractor as well as sub-contractors must be indicated.
8. Deliverables. Deliverables (delivered and baseline quantities) must be indicated. Indicate where the deliverables are available for audit purposes.
9. Status of Orders. Confirmation that Products System as contracted with ARMSCOR in accordance with MOU, has been deferred.
10. Management Responsibility. Confirmation that a person or organisation has been tasked with the responsibility for the safe-keeping or disposal of already acquired matériel, including storage fees, preservation, stores control expenditure, security etc.

11. URS Compliance. The extent to which the system complies with URS (Appendix A) must be indicated.

PART III: PROJECT FINANCIAL STATUS

12. Project Financial Baseline. The project financial baseline must be indicated.
13. Project Expenditure. A comprehensive financial report including completed activities, unspent money still on budget and an exposition of activities per phase planned for these funds must be indicated.
14. Summary of Financial Status. A summary of the financial status of the project must be given. *[The project financial status according to the Financial Baseline Monitoring Report (Appendix B) is as follows (20XX Rand Value):*

a.	<i>Allocated Real Baseline:</i>	<i>RMXXX.XXX</i>
b.	<i>Real Expenditure:</i>	<i>RMYYY.YYY</i>
c.	<i>Balance:</i>	<i>RMZ.ZZZ</i>

15. Fruitless Expenditure. Details of fruitless expenditure (if applicable) must be reflected.
16. Contractor Compensation. Compensation to be paid to the Contractor as a result of deferment of the project.

PART IV: PROJECT DEFERMENT

17. IG Confirmation Audit. Confirmation that the audit of the delivered items has been completed and that all activities and funding during the acquisition life-cycle were authorised and completed (Appendix C).
18. Marketing Possibilities. Indicate marketing possibilities of components in an advanced stage of development.
19. Conditions when Deferment can be Lifted. Indicate under what conditions the project will be continued.
20. Project Feasibility. Indicate when the project documentation and work completed becomes out of date resulting in the project no longer being feasible.
21. Termination of Project. Indicate when the project should be terminated.
22. Deferment of Project. Request authority to defer Project (CODE WORD).

RECOMMENDATION

23. It is recommended that the following be approved:
- The Deferment Report.
 - The conditions under which the deferment may be lifted.

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RESTRICTED

L-9-5

- c. The project must be terminated by [date] if the deferment has not been lifted.

(K.L. EXPLOSIVE)

PROJECT OFFICER PROJECT (CODE WORD): LT COL

Date: _____

GUIDELINES FOR THE COMPOSITION OF A TERMINATION REPORT

GENERAL

1. A Termination Report is compiled by PO when a project is cancelled before the objectives are achieved, and there is no intention to continue with the project activities at a later stage.

NOTE 1: Aspects contained in Chapter 6, must be addressed in this document. The example below serves as a comprehensive example that may be used by PO as they see fit.

AIM

2. The aim is to obtain approval to terminate the project.

SCOPE

3. The Termination Report consists primarily of a project background, Products System description, project financial status, and project termination authorisation.

SUBMISSION FOR APPROVAL

4. The Termination Report could become a substantial document. When submitted for approval, the Termination Report is signed by the PO and submitted as an appendix to a submission as per Appendix B-1 to Chapter 5 of the CSW (2012). The submission is prepared as an executive summary of the Termination Report. This submission has as its primary reference the Termination Report and is the document that is submitted to the Military Recommendation and Governance Acquisition Forums for approval.

5. Recommendation and approval pages in the submission should be in accordance with the approval paths indicated in Appendices A-6 or A-7. Each recommendation and approval page must include the title and configuration status of the document to be approved.

EXAMPLE OF A TERMINATION REPORT

SECURITY CLASSIFICATION		File Reference
Telephone :	986-1234	Date
Telefax :	986-4321	
Enquiries :	Lt Col K.L. Explosive	

**PROJECT (CODE WORD)/SUB-PROJECT (CODE WORD); TERMINATION REPORT:
THE ACQUISITION OF A**

Reference A: Staff Target No XX/XX dd (date)

B: Staff Requirement No XX/XX dd (date)

C: Project Study Report XX/XX (date)

D: Acquisition Plan XX/XX dd (date)

Appendix A: URS Compliance Matrix for Project (CODE WORD)

B: Report Financial Baseline Monitoring (Redlight) Report for Project (CODE WORD) (and if applicable the SCAMP)

C: IG Audit Report for Project (CODE WORD)

D: Letter/Certificate: Cancellation of Code Words for Project (CODE WORD) – DI

PART I: PROJECT BACKGROUND

1. Project Overview. A short overview with respect to the aim, scope and historical progress of the project must be provided.

2. Product Description. A summary description with respect to the Products and User System must be provided.

3. Project Duration. An indication of the project commencement and last delivery dates must be provided. *[The project commenced during (date) and the last deliverables during (date).]*

4. Approval Milestone Documents and Status. All approved milestone documents with the date approved must be indicated. *[The following milestone documentation provided authorisation for the Project:*

- a. *Staff Target XX/XX dated (date).*
- b. *Staff Requirement XX/XX dated (date).*
- c. *Project Study Report XX/XX dated (date).*
- d. *Acquisition Plan XX/XX dated (date). The Acquisition Plan (Reference D) authorised the acquisition of the following Products System:*

- i. *The Primary Mission Equipment consisting of the following sub-systems:*
 - (1) XXX.
 - (2) XXX.
 - (3) XXX.
- ii. *Support and Test Equipment.*
- iii. *Associated Documentation and Training Material.*
- iv. *Logistics Support System.]*

5. Reason for the Termination of the Project. The conditions that gave rise to the termination of the project should be described (eg when a situation arises as discussed in the second case above, it may be decided not to continue with the project, when the requirement for a capability is incorporated or included in a similar requirement statement such that both requirements are satisfied, or where it may be sensible to combine two requirements into one requirement statement, when it is determined that the requirement no longer exists, for example when there is a change in the threat environment that no longer justifies the existence of the project, when it is determined that the objectives cannot be achieved or is unattainable, for technical or financial reasons, when political, strategic or financial considerations enforce termination or when a deferred project becomes so out of date that it no longer makes any sense to continue with the project.)

6. Implications of the Termination. The following implications should be indicated:
- a. The effect on Armscor and the contracted Industry through the non-fulfilment of its project responsibilities by the SANDF.
 - b. Loss of expertise and technical capability by all involved parties, whether it be people no longer being employed in the particular field, or people who leave the service.
 - c. Loss of confidence and dwindling morale.
 - d. Loss of operational capability.
 - e. The impact on other projects in all of the Services/Divisions and how this will be administered.
 - f. The re-deployment of project personnel.

PART II: PRODUCTS SYSTEM

7. Contracting. Main contractor as well as sub-contractors must be indicated.
8. Deliverables. Deliverables (delivered and baseline quantities) must be indicated. Indicate where the deliverables are available for audit purposes.

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9. Status of Orders. Confirmation that Products System as contracted with ARMSCOR in accordance with MOU, has been terminated.
10. Management Responsibility. Confirmation that a person or organisation has been tasked with the responsibility for employment, storage or disposal of equipment and material that has already been acquired, including storage fees, equipment control expenditures, security etc.
11. URS Compliance. The extent to which the system complies with URS (Appendix A) must be indicated.

PART III: PROJECT FINANCIAL STATUS

12. Project Financial Baseline. The project financial baseline must be indicated.
13. Project Expenditure. A comprehensive financial report including completed activities, unspent money still on budget and an exposition of activities per phase planned for these funds must be indicated.
14. Summary of Financial Status. A summary of the financial status of the project must be given. *[The project financial status according to the Financial Baseline Monitoring Report (Appendix B) is as follows (20XX Rand Value):*

a.	<i>Allocated Real Baseline:</i>	<i>RMXXX.XXX</i>
b.	<i>Real Expenditure:</i>	<i>RMYYY.YYY</i>
c.	<i>Balance:</i>	<i>RMZ.ZZZ</i>

15. Fruitless Expenditure. Details of fruitless expenditure (if applicable) must be reflected.
16. Contractor Compensation. Compensation to be paid to the Contractor as a result of breach of contract.

PART IV: PROJECT TERMINATION

17. IG Confirmation Audit. Confirmation that the audit of the delivered items has been completed and that all activities and funding during the acquisition life-cycle were authorised and completed (Appendix C).
18. Marketing Possibilities. Indicate marketing possibilities of components in an advanced stage of development.
19. Project Deregistration. Request authority for Defence Intelligence to deregister the Project (CODE WORD) (Appendix D).
20. Archiving of Project Documentation. Request authority to archive all project documentation. Indicate where project documentation will be archived (Administrative [User System Level] and Technical [Product System Level]).
21. Termination of Project. Request authority to terminate Project (CODE WORD).

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RECOMMENDATION

22. It is recommended that the following be approved:
- a. The Termination Report.
 - b. Authority to deregister the project.
 - c. To archive the project documentation.
 - d. To finally close the project.

(K.L. EXPLOSIVE)
PROJECT OFFICER PROJECT (CODE WORD): LT COL

Date: _____

GUIDELINES FOR THE COMPOSITION OF A MILESTONE AUTHORISATION AND/OR VALIDITY EXTENSION

GENERAL

1. A submission is used to request the extension of an approved Milestone Authorisation and/or the Milestone Document Validity.
2. Milestone Authorisation relates to the objective to be achieved, the time-scales in which these objectives are to be achieved and the financial limits within which these objectives are to be achieved. Milestone Authorisation is granted at the approval of the milestone document and is valid for the time-scales as requested and approved in the milestone document. If any of the approved time-scales or financial limits are foreseen to change, an extension of the Milestone Authorisation has to be approved.
3. The validity of project milestone documentation also has to be confirmed periodically to confirm that the requirements stated are still valid.
4. It must be noted that project Milestone Documentation Validity is not directly related to the project Milestone Authorisation in terms of authority to expend funds and authorised project time scales. However, when it becomes necessary to extend the project Milestone Authorisation, the Milestone Documentation Validity of the project milestone documentation should be reconfirmed at the same time.

AIM

5. The aim of this submission is to obtain approval for the extension of the approved Milestone Authorisation and/or Milestone Document Validity.

SCOPE

6. The submission should be in the format as per Appendix B-1 to Chapter 5 of the CSW (2012).

APPROVAL

7. When the submission for a Class 1 change (higher-level changes that affect the configuration to such an extent that functional requirements are adjusted, and agreed financial limits exceeded) is submitted for approval, the submission is signed by the PO and submitted for further recommendation and approval by the same authorisation authority that authorised the original milestone document. Refer to Chapter 4 Note 7 for a definition of Class 1 and 2 changes.
8. When the submission for a Class 2 change (changes that fall within the delegation and responsibility of the IPT and thus do not affect higher-level functional requirements or exceed financial limits) is submitted for approval, the submission is signed by the PO and submitted

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for further recommendation by the relevant Acquisition Director and Chief of Service/Division, where after it is presented to the AACB for approval.

9. Each recommendation and approval page must include the title and configuration status of the document to be approved.

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EXAMPLE OF A MILESTONE AUTHORISATION AND/OR VALIDITY EXTENSION

SECURITY CLASSIFICATION

MEMORANDUM

File Reference

Telephone : 986-1234
Telefax : 986-4321
Enquiries : Lt Col K.L. Explosive

Date

From: Acquisition Director

To: Chairperson of the AACB

SUBMISSION ON THE MILESTONE AUTHORISATION (AND/OR VALIDITY) EXTENSION OF THE PROJECT (CODE WORD) (MILESTONE DOCUMENT) FROM (DATE) TO (DATE): ACQUISITION OF

- Reference A: Project (CODE WORD) [*Milestone Document*]
- B: [*Previous Submissions*]

AIM

1. The aim of this submission is to obtain approval for the Milestone Authorisation (and/or Validity) Extension of Project (CODE WORD) (Milestone Document).

SUMMARY

- 2. It is recommended that the following be approved:
 - a. The extension of the Milestone Authorisation of Project (CODE WORD) (Milestone Document) from (date) until (date) with/without additional financial implications (of Rm XXX)
 - b. [*and/or*] The extension of the Validity of the (Milestone Document) until (date).
 - c. Condonement (if required).

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INTRODUCTION AND SITUATION

3. *[Short background on the project]*
4. **Approvals.** The (Milestone Document) for Project (CODE NAME) was approved on (date).
5. The following submissions was approved:
 - a. *[Submission, reason, date]*
 - b. *[Submission, reason, date]*
6. **Outstanding Actions.** The following are the outstanding actions to complete before the (next Milestone Document) can be submitted for approval:
 - a. *[Action 1]*
 - b. *[Action 2]*
 - c. *[Action 3]*

DISCUSSION

7. *[Provide sufficient reasons why milestone authorisation and/or validity should be extended].*
8. *[Provide reasons if condonement is required].*

FINANCIAL IMPLICATIONS

9. The Milestone Authorisation extension will require the following additional expenditure to be approved:
 - a. *[Rm XXX for (specify for what)]*
 - b. *[Rm XXX for (specify for what)]*
10. *[or.]* There are no financial implications and there will be no additional expenditure on the project.

SUBMISSION ON THE MILESTONE AUTHORISATION (AND/OR VALIDITY) EXTENSION OF THE PROJECT (CODE WORD) (MILESTONE DOCUMENT) FROM (DATE) TO (DATE): ACQUISITION OF

RECOMMENDATION

- 11. It is recommended that the following be approved:
 - a. The extension of the Milestone Authorisation of Project (CODE WORD) (Milestone Document) from (date) until (date) with/without additional financial implications (of Rm XXX).
 - b. The extension of the Validity of the (Milestone Document) from (date) until (date).
 - c. Condonement (if applicable) from (date of expiry) until (date of new approval).

**(K.L. EXPLOSIVE)
PROJECT OFFICER PROJECT (CODE WORD): LT COL**

Date: _____

SUBMISSION ON THE MILESTONE AUTHORISATION (AND/OR VALIDITY) EXTENSION OF THE PROJECT (CODE WORD) (MILESTONE DOCUMENT) FROM (DATE) TO (DATE): ACQUISITION OF

ACQUISITION DIRECTOR RECOMMENDATION

- 12. It is recommended that the following be approved:
 - a. The extension of the Milestone Authorisation of Project (CODE WORD) (Milestone Document) from (date) until (date) with/without additional financial implications (of Rm XXX).
 - b. The extension of the Validity of the (Milestone Document) from (date) until (date).
 - c. Condonement (if applicable) from (date of expiry) until (date of new approval).

RECOMMENDED/REFERRED BACK

Remarks:

**(A. DIRECTOR)
DIRECTOR (ACQUISITION DIRECTORATE): BRIG GEN**

Date: _____

SUBMISSION ON THE MILESTONE AUTHORISATION (AND/OR VALIDITY) EXTENSION OF THE PROJECT (CODE WORD) (MILESTONE DOCUMENT) FROM (DATE) TO (DATE): ACQUISITION OF

AACB APPROVAL

- 13 The following are approved:
 - a. The extension of the Milestone Authorisation of Project (CODE WORD) (Milestone Document) from (date) until (date) with/without additional financial implications (of Rm XXX).
 - b. The extension of the Validity of the (Milestone Document) from (date) until (date).
 - c. Condonement (if applicable) from (date of expiry) until (date of new approval).

APPROVED/NOT APPROVED

Remarks:

**(I.M. CHAIRPERSON)
CHAIRPERSON OF THE AACB: DEPUTY DIRECTOR GENERAL**

Date: _____

GUIDELINES FOR THE COMPOSITION OF A TASKING LETTER (TL) TO PURSUE AN URGENT REQUIREMENT THROUGH THE EAAP

GENERAL

1. An example of a TL is included in order to standardise TLs in the DOD to pursue urgent requirements through the EAAP.
2. TLs are concerned with the statement of a requirement and should include the funding for the requirement.

AIM

3. The aim of the TL is to establish the requirement for a RS in order to satisfy an urgent requirement using the EAAP.

SCOPE

4. The TL comprises primarily of a problem statement concerning an urgent requirement. It is a document in which the Chief of the Service/Division tasks the DMD to develop a RS for an urgent solution to the problem.
5. In tasking the DMD, the Chief of the Service/Division shall indicate the available funding for the acquisition, project management and support contract.
6. The TL shall include the reason for the urgent acquisition.

AUTHORITY

7. Through the TL the Chief of the Service/Division instructs the DMD to develop the RS, and upon completion, to submit the RS for approval via the Military Recommendation and Governance Acquisition Forums as indicated in Appendix A-7.
8. The TL alone does not constitute an authority to execute an acquisition. Such authority is obtained via the Military Recommendation and Governance Acquisition Forums when the RS is submitted for approval.

VALIDITY OF TASKING LETTER

9. The TL shall only be considered valid if accompanied by the following:
 - a. Concept of Operations, inclusive of a Mission Profile.
 - b. Operational Support Concept.

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EXAMPLE OF A TASKING LETTER

SECURITY CLASSIFICATION

Telephone : 986-1234
 Telefax : 986-4321
 Enquiries : Lt Gen K.L. Explosive

File Reference
 Address Block
 Date

[SERVICE/DIVISION] TASKING LETTER: NO..... [YEAR IN WHICH TL IS PRESENTED, EG, 2019/CONSECUTIVE NUMBER OF TL (03)]: TITLE

Appendix A: Concept of Operations, inclusive of Mission Profile
 B: Operational Support Concept

TASKING

1. Chief of Defence Matériel is tasked to:
 - a. Facilitate the development of a RS to satisfy the urgent operational requirement defined in this document.
 - b. To pursue the EAAP.
 - c. To submit the RS for approval by *[date]*.

ORIGIN

2. Originator: (Command – not the author, originating the TL).
3. Sponsor Service/Division: (Service/Division sponsoring the TL).
4. Related Statement(s): (Correspondence, if any, which has reference to the TL/other capabilities influencing the TL).
5. File Reference(s): (Originator's file reference).
6. Priority: *[Urgent]*.

CONCEPT

7. The TL should address an urgent operational requirement. This requirement shall address a shortfall in the capability framework of the DOD.
8. The urgency of the requirement shall be clearly stated.

SECURITY CLASSIFICATION

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STATEMENT OF THE PROBLEM

9. Problem Scenario. Briefly describe the problem in operational terms.
10. Capability Shortfall. The capability shortfall shall be stated in terms of the current operational environment (define the present situation and the operational deficiencies in the existing capability).
11. Requirement. State the required capability in operational terms at Level 5/4/3 of the Systems Hierarchy.
12. Minimum Capability. Indicate what constitutes a minimum capability (less than this minimum will lead to substantial risk of fruitless expenditure). A minimum capability must be deployable in the field.
13. Application. State the Level 5/4/3 (Systems Hierarchy) application of the required capability.
14. Restrictions. List any restrictions, otherwise, omit this point.

CONCEPTS OF OPERATIONS AND MISSION PROFILE

15. The Concept of Operations and Mission Profile shall be provided in detail.

OPERATIONAL ENVIRONMENT

16. Operational Environment Description. The intended operational environment must be depicted in terms of the following:
- The relevant Employment Doctrine, Concept of Operations and Mission Profiles.
 - The assumed attributes of the operational environment.
 - The primary utility of the proposed future capability (Intelligence, C2, Mobility, Firepower, Protection or Sustainment).
 - How the future capability relates to the five functional areas (as in par c above) as a client or as an effector.
 - Describe the utility of the capability in relation to specific battle space objects. Describe the intended effects/outputs of the required capability.

PROPOSED CAPABILITY SOLUTION

17. Primary Output. The TL must be positioned on the continuum of conflict by mapping its primary output in terms of the prioritisation of the prevailing Defence Missions¹.

¹ Advice may be obtained from the Defence Decision Support Institute in this regards.

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18. Capability Solution. The proposed capability solution is to be given in generic terms. It should be described in terms of attributes and guidelines. The solution shall be a qualified Commercial-of-the-Shelf (COTS)/Military-of-the-Shelf (MOTS) solution complete with its Industry defined support.
19. Quantity of Units. An indication must be provided of the quantity of units to be acquired.
20. Integration. *[No integration into the user environment will be required from the project].*
21. Logistic Engineering. *[No Logistic Engineering will be required from the project].*
22. Systems Engineering. *[No Systems Engineering will be required from the project].*
23. Modifications/Engineering Changes. *[No modification/engineering changes of the COTS/MOTS equipment will be required from the project. The qualified COTS/MOTS configuration as provided by Industry will be accepted].*
24. Support. *[No support in the user environment will be required from the project. The qualified support as provided by Industry will be accepted. Budgetary provision has been made by the Service/Division for the support of the solution through its life-cycle].*
25. Level 6 Capability. *[Due to the urgency of the requirement the solution will not be integrated at Level 6].*
26. Level 5 Capability. *[The solution will be utilised as a Level 5 capability].*
27. Route to Satisfy the Capability Requirement. *[The proposed capability solution must follow the Expedited Armaments Acquisition Process (EAAP)].*

RISK

28. Indicate the risks associated with the acquisition of the solution through the EAAP and the acceptance of these risks by the Service/Division.

DATE CAPABILITY REQUIRED IN SERVICE

29. The TL must be positioned in time by indicating the date when the capability is required in service (indicate a realistic date) and the expected life-cycle of the capability.
30. An indication must also be provided of the end of the life-cycle of the intended capability and the intention to dispose at the end of the life-cycle.

FUNDING

31. The following shall be included here:
- a. Available Folio 02 funding.
 - b. Available Folio 01 funding.
 - c. Estimated acquisition costs (with a level of confidence in percentage) of the Products System.

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- d. Estimated unit cost (with a level of confidence in percentage) of the Prime Mission Equipment.
- e. Estimated support costs (with a level of confidence in percentage) for non-recurrent and operating costs (current rand values).
- f. Estimated project management costs (with a level of confidence in percentage) as attributed to the project (these costs should include studies, travel, S&T, administrative, contingencies, etc).

RESOURCES

32. In order to pursue the rapid development of the RS the following personnel are made available to the DMD to develop the RS:

- a. Project Officer: *[Name]*.
- b. User Specialist: *[Name]*.

TASKING

33. Chief of Defence Matériel is tasked to:

- a. Facilitate the development of a RS to satisfy the urgent operational requirement defined in this document.
- b. To pursue the EAAP.
- a. To submit the RS for approval by *[date]*.

(K.L. EXPLOSIVE)

CHIEF OF SERVICES/DIVISION: LT GEN

Date: _____

[SERVICE/DIVISION] TASKING LETTER: NO..... [YEAR IN WHICH TL IS PRESENTED, EG, 2019/CONSECUTIVE NUMBER OF TL (03)]: TITLE

ACCEPTANCE OF TASKING

34. Chief Defence Matériel accepts/do not accept the tasking.

COMMENTS

(I.M. CDM)

CHIEF OF DEFENCE MATÉRIEL: DDG

APPENDIX L-13

TO DAHB 1000/
No 000121/2015**GUIDELINES FOR THE COMPOSITION OF A REQUIREMENT SPECIFICATION (RS) TO PURSUE AN URGENT REQUIREMENT THROUGH THE EAAP****GENERAL**

1. The RS is compiled by the User (represented by the PO) and Armscor. Approval of the RS, namely, Milestone 3 represents a combined Project and Concept Decision.

AIM

2. The aim of the RS is to specify the requirements to be satisfied by a Products/Products System in unambiguous terms in order to satisfy an urgent requirement as defined in the preceding TL.

SCOPE

3. The RS comprises primarily of an introduction and background as to the origin of the urgent requirement, summary of RS, Logistic Requirements, PM Req, and a MOU between the Service/Division, DMD and Armscor.

NOTE 1: When appointing a PO and System Manager (where applicable), a letter of appointment containing complete instructions and the mandate with regard to the envisaged project as well as interaction between individuals and Services/Divisions, is to be handed to him/her so that the detail does not appear in the RS.

4. In principle, changes to the management approach with respect to the project, missions, time-scales, quantities of User System, finances and logistical support philosophy, are regarded as Class 1 changes and need to be authorised within this context (see Chapter 6, par 81 for detail).

5. The RS is to be compiled in such a manner that the technical requirements are clear and can be used for the purposes of the RFB. The RS is written in functional terms with sufficient reference to existing national and international standards so that acceptance can be done against the RS. No FURS and LURS are required.

6. In order to further reduce time-scales, Armscor is to be approached to appoint a suitable APM and specialists to participate in the development of the RS.

SUBMISSION FOR APPROVAL

7. RSs are generally substantial documents. When submitted for approval, the RS is signed by the PO and submitted as an appendix to a submission as per Appendix B-1 to Chapter 5 of the CSW (2012). The submission is prepared as an executive summary of the RS. This submission has as its primary reference the RS and is the document that is submitted to the Military Recommendation and Governance Acquisition Forums for approval.

8. Recommendation and approval pages in the submission should be in accordance with the approval paths indicated in Appendix A-7. Each recommendation and approval page must include the title and configuration status of the document to be approved.

EXAMPLE OF A REQUIREMENTS SPECIFICATION

SECURITY CLASSIFICATION

File Reference

Telephone : 986-1234
 Telefax : 986-4321
 Enquiries : Lt Col K.L. Explosive

Date

PROJECT (CODE WORD)/SUB-PROJECT (CODE WORD): REQUIREMENT SPECIFICATION NO 1/19 (AMENDMENT NO): THE ACQUISITION OF A

Reference A: Employment Doctrine
 B: Contract Value System
 C: References to National Standards
 D: References to International Standards

PART 1: INTRODUCTION

1. During the introduction, certain statuses and confirmations have to be given that will serve as departure point for the compilation of the Requirements Specification (RS). These includes the following:

- a. Confirmation that Tasking Letter (TL) no was accepted on (date) ... by Chief of Defence Matériel and that the requirement contained in the TL is valid. If applicable, indicate the guidelines/restrictions provided when TL was approved.
- b. Confirmation that funds are on budget in Folio 01 and Folio 02 (Cost Category Capital) for the intended acquisition, and on Folio 01 or Folio 02 (Cost Category Operating) for a support contract to be placed by the user, indicating the amounts and in which accounts.
- c. Confirmation that the intended in-service date is reconcilable with the requirement for this operational capability.
- d. State the classification (Cardinal or non-Cardinal) of the project in accordance with criteria for classification and approval of projects.

2. Origin of the Requirement. Aspects that require attention here are:

- a. The capability shortfall shall be stated in terms of the current operational environment (define the present situation and the operational deficiencies in the existing capability).

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- b. A description of the system concept on at least Products System level (even when a lower system level is required). Provide an indication how the required Product/Products System contributes to satisfying the urgent requirement.
 - c. Confirmation that the system concept is regarded as a validated solution.
 - d. Utilisation of mature technologies (design/development of new technologies may not be pursued under the Expedited Armaments Acquisition Process (EAAP)).
 - e. A brief description of unacceptable Products/Products Systems concepts that were considered and must not enjoy further attention.
 - f. The boundaries of the required system shall be clearly defined and limited to Products/Products Systems, Operational level logistics (for usage in the operational area), training (operator and basic Operational level repair training) and a support contract (for existing support as provided by Industry). For purposes of clarity, the system boundaries shall exclude design/development, Systems Engineering, Logistics Engineering, User System Level 6 Support and Integration, Interim Support, any military specifications other than the existing Military-off-the Shelf (MOTS)/Commercial-off-the-Shelf (COTS) specifications, and shall exclude modifications to either the Products/Products System, associated logistics or the Industry support concept.
3. Operational Environment and Employment. A clear and concise description of the operational environment in which the solution will be used, is to be presented here in quantitative terms. It is essential to spell out the role and mission, potential targets and enemy weapon capabilities as well as the interaction between this capability and existing operational capabilities in the field.
4. Logistical Environment. A clear description of the logistic environment within which the solution will be operated and supported is to be provided here. It is thus essential to indicate that only an Operational level repair capability will be delivered and that any other support required will be provided by means of a Support Contract placed on the Industry by the user, not the project.
5. System Environmental Requirements. Specify the environmental conditions that the Product/Products System must withstand during transportation, storage and operation, such as conditions in the natural environment (terrain, wind, rain, fog, temperature, humidity, pressure, driven dust, geographic location, magnetic field, ambient light level, ionospheric conditions), the induced environment (motion, shock, noise, electromagnetic radiation, ambient light level) and for military systems environments due to enemy action or threat (explosions, radiation).
6. Interfaces with other Projects. If there are interfaces to other projects internal and external of the DOD, these interfaces should be clearly defined. Where applicable, the detail technical specifications pertaining to the external interface is to be provided.
7. Life-Cycle. An indication must also be provided of the end of the life-cycle of the intended capability and the intention to dispose at the end of the life-cycle.

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PART II: REQUIREMENTS SPECIFICATION**SCOPE**

8. **Background.** Describe the origin of the TL. Describe the validated threat to be countered as well as the projected threat environment. Describe why existing Products/Products Systems and their operational capabilities cannot meet these threats. Describe the urgency and priority of the requirement. Describe the required solution and define the performance in quantitative terms.

9. **Identification.** A full identification of the Products/Products Systems to which the RS applies, including, as applicable, identification number(s), title(s), abbreviation(s), version number(s) and release number(s). Where the Product/Products System includes variants of the Product/Products System, the above information should be provided for each variant. Where variants apply, this paragraph should establish nomenclature for the variants, and any rules for applicability of requirements to variants.

10. **Intended Use.** The intended users and uses of the Product/Products System to which the RS applies, referring to a Concept of Operations and Mission Profile.

11. **System Overview.** Provide an overview of the Product/Products System and its application in its intended operational environment. Identify any current and planned operating sites of parts of the Product/Products System, and list any major sub-systems and which have endues significance. Where a Product/Products System is required to be configurable (able to be assembled/reassembled into two (2) or more configurations by the user), this paragraph should so state, and should also state the nature of the configurability. Where configurations apply, this paragraph should establish nomenclature for the configurations, and any rules for applicability of requirements to configurations.

12. **Minimum Capability.** The minimum capability required as defined in the TL is described in detail. Indicate what constitutes a minimum operational capability (less than this minimum will lead to substantial risks of fruitless expenditure). A minimum capability must be deployable in the field. The acquisition of less than the minimum capability makes no sense and should not be entertained, eg acquiring a single tank does not constitute a capability.

REQUIREMENTS

13. **System Interface Requirements (if any).** This paragraph should be divided into sub-paragraphs to specify the requirements, if any, for each of the system's required interfaces taking into account the system's boundary limitations.

14. Characteristics

- a. **Performance Characteristics.** This paragraph should be divided into sub-paragraphs to specify each function required to be performed by the system, together with associated required performance characteristics. Each requirement may reference as necessary any external interfaces, configurations, states or modes (or sub-modes), National and International standards.

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- b. Physical Characteristics. Specify the physical requirements as well as requirements which represent constraints on the physical characteristics of the Product/Products System as a whole.
- c. System Characteristics. Specify the requirements, if any, pertaining to other system characteristics required of the Product/Products System as a whole. Other system characteristics include Reliability, Maintainability, Availability, Reusability, Testability, Usability, Interchangeability, Transportability, Expandability, Flexibility, Interoperability and Durability.
15. Design and Construction. Refer to National and International Standards to be complied with.

16. Precedence of Requirements. State whether all requirements have equal precedence in the event of conflict between requirements. If all requirements are not to be of equal precedence in the event of conflict, this paragraph should state the precedence of requirements.

VERIFICATION

17. Verification. Define how objective evidence (through testing, inspection, analysis, demonstration, test and evaluation) will be obtained to prove that the Product/Products System or elements fulfils its specified requirements and characteristics.

18. Acceptance Requirements. Define how acceptance will be conducted.

PART III: LOGISTIC REQUIREMENT

19. The logistic requirement is to be limited to sufficient spares in order to effect Operational level repairs and maintenance in the operational environment, and contractor support under a Support Contract. The logistic requirement shall include provision for operator and training and Operational level repair and maintenance training.

20. Due to the urgency of the requirement, time from order placement to delivery is critical and therefore Logistics Engineering is excluded.

21. The existing logistic support system for the MOTS/COTS Product/Products System as supplied by Industry are acceptable and will be utilised without modification.

22. The Product/Products System will not be registered on OSIS/CALMIS by the project. If required, the System Manager will have to ensure that the Product/Products System is registered on OSIS/CALMIS.

23. The OEM will be responsible to provide Design and System Expertise, as well as any other support by means of a Support Contract.

24. Disposal requirements should be defined in terms of National and International Standards.

25. Refer also to par 1.f.

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PART IV: PROJECT MANAGEMENT REQUIREMENTS (PM REQ)

26. General Requirements. The Project Management Requirements (PM Req) are to be tailored to facilitate the rapid execution of the project. The PM Req are limited to the essential elements (background, requirements, instructions and project plans etc) needed to execute the next phase. These include:

- a. Approach for the progress of the project, eg, approvals needed for specific requirements. When determining the approach, Armscor inputs are to be considered.
- b. Internal and external organisations that are to be tasked, including requirements for which they will be tasked.
- c. Broad Work Breakdown Structure (WBS).
- d. Responsibility Matrix.
- e. Project objectives to be achieved during the Acquisition Study Phase.
- f. Envisaged deliverables for the Acquisition Study Phase.

27. Financial Requirements. As far as possible, the following is to be included here:

- a. Estimated acquisition costs (with a level of confidence in percentage) of the Product/Products System.
- b. Estimated unit cost (with a level of confidence in percentage) of the Prime Mission Equipment.
- c. Estimated logistic support costs (with a level of confidence in percentage) for non-recurrent and operating costs (current rand values).
- d. Estimated project management costs (with a level of confidence in percentage) as attributed to the project (these costs should include studies, travel, S&T, administrative, contingencies, etc). A full breakdown is required.
- e. Estimated phasing-out costs (with a level of confidence in percentage) if special phasing-out measures, precautions or procedures are required.
- f. Confirmation that funds are on budget in Folio 01 and Folio 02 (Cost Category Capital) for the intended acquisition and on Folio 01 or Folio 02 (Cost Category Operating) for a support contract to be placed by the user, indicating the amounts and in which accounts.
- g. Financial objective, estimated ceiling (with a level of confidence in percentage) and any other restrictions with regard to unit costs or logistic support cost.
- h. The sensitivity of the project to cost escalation should be indicated.

NOTE 6: Where estimates are made a confidence level in percentage are to be provided along with an indication that these estimates will be updated during the Acquisition Study System Selection (ASSS).

28. Estimated Quantities: Gauging from the operational scope of the requirement, identified missions and recurrence, system concept and financial restrictions, an estimate is made of the number of Products required within the main Products System with emphasis on the Prime Mission Equipment.

29. Time-Scales: Indications with regard to the following are to be provided:

- a. Planned In-Service Date: This serves as a revision/update of the dates proposed in the TL, ie, the date on which the first Products/Products Systems can be organisationally employed.
- b. Time-Scales for the next Phase: Expected time-scales and realistic dates for the next phases (macro project milestones with expected maximum duration).
- c. Required Delivery Date: The date when the Product/Products System is required to be delivered. Due to the urgency of the requirement the delivery date shall be a critical criteria.

30. Security and Media: A Security and Media Plan in accordance with Appendix J is to be compiled.

31. Restrictions/Constraints: An identification is to be given of any restrictions/constraints under which the project is to be executed, whether political, strategic, technical, time-scale or financial. Human and legal restrictions/constraints should also be considered. Refer to Chapter 6 for further detail.

32. Contract Value System (CVS): Armscor develop a CVS in parallel with the RS highlighting only the most critical elements needed to satisfy the urgent requirement.

PART V: MEMORANDUM OF UNDERSTANDING (MOU)

33. Memorandum of Understanding (MOU): The MOU is developed by the IPT and comprises high level agreements defining the roles and responsibilities of the participating parties (Service/Division, DMD, Armscor) for the urgent execution of the project. A MOU is based on requirements emanating from the PM Req. A summary of the MOU entered into is provided here. An example of an MOU is provided in Appendix B.

RECOMMENDATION

34. It is recommended that the following be approved:

- a. The use of the EAAP for the acquisition of the urgent requirement.
- b. The Requirement Specification.
- c. Armscor to continue with Request for Bids (RFBs).

- d. To commence with the Acquisition Study of the project.
- e. The expenditure of funds during the Acquisition Study in accordance with policy. This expenditure should be broken down into Folio 01 and Folio 02 expenditure and provide a clear high level indication what the funds will be expended on.
- f. The project financial ceiling (confidence level in %) to be updated when the next milestone document is submitted for approval.
- g. The projected time-scales of the Acquisition Study and total project.
- h. The Acquisition Plan to be submitted for approval by [date].
- i. Any peculiar aspects that may require approval.

(K.L. EXPLOSIVE)
PROJECT OFFICER PROJECT (CODE WORD): LT COL

Date: _____

**APPENDIX M
TO DAHB 1000/
No 000121/2015****A**

AAC	Armaments Acquisition Council
AACB	Armaments Acquisition Control Board
AASB	Armament Acquisition Steering Board
ADM	Advanced Development Model
AGSA	Auditor-General of South Africa
AP	Acquisition Plan
APM	Armcor Project Manager
AS	Acquisition Study
ASSS	Acquisition Study System Selection
ASST	Acquisition Study System Design/Development

B

BTPSCom	Baseline and Technical Progress Screening Committee
BoC	Basis of Certification

C

C ²	Command and Control
C CMIS	Chief of Command Management Information Systems
CD DAM	Chief Director Defence Acquisition Management
CD Ops Dev	Chief Director Operations Development
CEO	Chief Executive Officer
CFE	Customer Furnished Equipment
CFI	Customer Furnished Item
CFS	Customer Furnished Support

CI	Configuration Item
C JOPS	Chief of Joint Operations
C Log	Chief of Logistics
CM	Configuration Management
CMI	Command Management Information
CMIS	Command Management Information Systems
COO	Concept of Operations
COTS	Commercial-off-the-Shelf
CR	Closure Report
C SANDF	Chief of the South African National Defence force
cPBL	Contracted Product Baseline
CVO	Contract Variation Order
CVS	Contract Value System

D

D448	SA Navy Acceptance Process
DA	Design Authority
DAHB	Defence Acquisition Handbook
DAM	Defence Acquisition Management
DAPMAP	Defence Acquisition Policy Map
DBC	Director Budget Control
D Bud	Director Budget
DMD	Defence Matériel Division
DESS	Director Engineering Support Services
DG	Decision Gate
DI	Defence Intelligence

DICI	Defence Information & Communication Infrastructure
DICTA	Defence Information & Communications Technology Architecture
DIMS	Directorate Internal Management Systems
DIP	Defence Industrial Participation
DOD	Department of Defence
DODI	Department of Defence Instruction
DP	Development Plan
DPBEC	Departmental Planning and Budgeting Evaluation Committee
DPW	Department of Public Works
DRDB	Defence Research and Development Board
DSC	Defence Staff Council
DTI	Department of Trade and Industry
DT&E	Development Test and Evaluation

E

ECPs	Engineering Change Proposals
ED	Employment Doctrine
EDM	Engineering Development Model
EoE	Estimates of Expenditure
EUC	End-User Certificate
EW	Electronic Warfare

F

FA	Financial Authority
FAI	First Article Inspection
FAT'S	Factory Acceptance Trials
FBL	Functional Baseline

FCA	Functional Configuration Audit
FFF	Form, Fit and Function
FMECA	Failure Modes Effects and Criticality Analysis
FMD	Financial Management Division
FMS	Financial Management System
fOBL	final Operational Baseline
FOT&E	Final Operational Test and Evaluation
fPBL	final Product Baseline
FRACAS	Failure Review, Analysis and Corrective Action System
FRB	Failure Review Board
FS	Functional Study
FSP	Force Structure Plan
FSR	Field Service Reprehensive
FURS	Functional User Requirement Statement
FVS	Functional Value System
FY	Financial Year

G

GDA	General Defence Account
GOC	General Officer Commanding

H

HATS	Harbour Acceptance Tests
HR	Human Resources
H&TO	Handing and Tacking Over

I

ICT	Information Communication Technology
IG	Inspector-General
ILS	Integrated Logistic Support
ILSP	Integrated Logistic Support Plan (Prepared the IPT)
iOBL	Initial Operational Baseline
iPBL	Initial Product Baseline
IP	Initial Provisioning
IP	Intellectual Property
IPR	Intellectual Property Rights
IPT	Integrated Project Team
IS	Information System
ISP	Integrated Support Plan (Prepared by the Contractor)
IT	Information Technology
ITAR	International Traffic in Arms Regulations

J

JCSC	Junior Command and Staff Course
JPOC	Joint Project Officers Course
JSCSP	Joint Senior Command and Staff Programme
J Ops Div	Joint Operations Division
JWOP	Joint Warrant Officers Programme

K

L

LCC	Life Cycle Cost
LSA	Logistic Support Analysis

LSAR Logistic Support Analysis Report
LURS Logistic User Requirement Statement

M

MBL Manufacturing Base Line
MRT Management Responsibility Transfer
MCC Military Command Council
MinComBud Ministers Committee on the Budget
MISS Minimum Information Security Standards
MOD Ministry of Defence
MOTS Military-off-the Shelf
MOU Memorandum of Understanding
MPol Maintenance Policy
MRB Maintenance Review Board
MRI Master Record Index
MRT Management Responsibility Transfer
MS Model Study
MTBF Mean Time Between Failure
MTCR Missile Technology Control Regime
MTEA Medium Term Expenditure Allocation
MTEC Medium Term Expenditure Committee
MTEF Medium Term Expenditure Framework
MTSF Medium Term Strategic Framework
MTTR Mean Time To Repair

N

NIP	National Industrial Participation
NCACC	National Conventional Arms Control Committee
NCS	National Codification System
NDIC	National Defence Industry Council
NT	National Treasury

O

OEM	Original Equipment Manufacturer
OBL	Operational Base Line
OM	Obsolescence Management
OR	Operational Research
OSC	Operations Staff Council
OSI	Open Standard Interface
OT&E	Operational Test and Evaluation
OMP	Obsolescence Management Plan

P

PAP	Partial Acquisition Plan
PBL	Product Base Line
PCA	Physical Configuration Audit
PCCB	Project Configuration Control Board
PFMA	Public Finance Management Act
PINT	Project Information Navigation Tool
PM	Project Management
PMR	Project Management Review
PM Req	Project Management Requirements

PO	Project Officer
POC	Precedence of Characteristics
POT&E	Preliminary Operational Test and Evaluation
PPM	Pre-Production Model
PPFA	Preferential Procurement Policy Framework Act
PRR	Production Readiness Review
PS	Project Study
PreS	Preliminary Study
PSM	Product System Manager
PSS	Product Support Supplier
PSR	Project Study Report

Q

QA	Quality Assurance
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R

R&M	Reliability and Maintainability
RAM	Reliability, Availability and Maintainability
RBL	Requirements Base Line
RFB	Request for Bid
RFI	Request for Information
ROC	Required Operational Capability
RoE	Rate of Exchange
RS	Requirements Specification

S

SA	South Africa
SA	Supportability Analysis

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SAAF	South African Air Force
SAMHS	South African Medical Health Services
SAN	South African Navy
SANDF	South African National Defence Force
SATS	Site Acceptance Tests
SB	Safety Board
SCAMP	Strategic Capital Acquisition Master Plan
SD	Strategic Direction
SDA	Special Defence Account
SDCI	Sub Division Counter Intelligence
Sec Def	Secretary for Defence
SFR	System Functional Review
SITA	State Information Technology Agency
SLA	Service level Agreement
SMA	Specialised Military Assets
SOC	Statement of Order Completion
SR	Staff Requirement
SRR	System Requirements Review
SSO	Senior Staff Officer
ST	Staff Target
S&T	Subsistence and Travel
S&TE	Support and Test Equipment
SVR	System Verification Review

T

TEMP	Test and Evaluation Master Plan
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TL	Tasking Letter
TNA	Training Needs Analysis
TR	Technical Review
TRL	Technology Readiness Level
TSO	Technical Support Officer
TSR	Technical Status Report
TT&E	Technical Test and Evaluation
TVS	Technical Value System
TQW	Technical Qualification Workgroup

U

URR	User Requirements Review
URS	User Requirement Statement
USM	User System Manager

V

VAT	Value Added Tax
vOBL	validated Operational Baseline
vPBL	verified Product Baseline
V&V	Verification and Validation

W

WBS	Work Breakdown Structure
WG	Workgroup

X**Y****Z**

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