

Appendix D – Glossary Of Terms

The notational style used in this glossary is to begin the definition of each defined term with a new paragraph beginning with the term in UPPERCASE. Any word or phrase used in a definition may appear in *UPPERCASE ITALICS* to call attention to the fact that a definition of the word or phrase is included elsewhere in the glossary.

ACTUAL COST (AC or ACWP) – The costs actually incurred and recorded in accomplishing the work performed within a given time period. Also known as the *ACTUAL COST OF WORK PERFORMED*.

ACTUAL COST OF WORK PERFORMED (ACWP or AC) – See *ACTUAL COST*.

AUTHORIZED WORK – Effort (scope of work) on a contract or assigned by management; work that is within the scope of the applicable statement of work or contract.

BUDGET AT COMPLETION (BAC) – The total budget planned to accomplish the work defined for a work package or project. For a project, the BAC includes any *UNDISTRIBUTED BUDGET* but does not include any *MANAGEMENT RESERVE*.

BUDGETED COST OF WORK PERFORMED (BCWP) – A measure of the work completed expressed as the planned cost or budgeted amount the work was supposed to have cost. As an example, if an activity were planned to have cost ten dollars, when the activity is complete, we attribute to the activity a *BUDGETED COST OF WORK COMPLETED* amount equal to ten dollars. The BCWP is also known as “*EARNED VALUE*.”

BUDGETED COST OF WORK REMAINING (BCWR) – The difference between the *BUDGET AT COMPLETION* and the cumulative *EARNED VALUE* for a project or *WORK PACKAGE*. (More informally, it is the *PLANNED VALUE* that remains to be earned while completing the project or the *WORK PACKAGE*.) This value must be computed to properly close an incomplete *WORK PACKAGE*.

BUDGETED COST OF WORK SCHEDULED (BCWS) – For a project, the sum of the budgets for all *WORK PACKAGES* and *PLANNING PACKAGES* scheduled to be accomplished (including in-process and completed *WORK PACKAGES*), plus the amount of *LEVEL OF EFFORT* and *APPORTIONED* effort scheduled to be accomplished within a given time period. For a *WORK PACKAGE* or *PLANNING PACKAGE*, the BCWS is the budgeted amount for the package. The BCWS is also referred to as the *PLANNED VALUE (PV)*.

CONTRACT PERFORMANCE REPORT (CPR) - a common format for reporting performance information; originated as a *DoD* form (DD Form 2734/1 through 2734/5).

CONTRACT WORK BREAKDOWN STRUCTURE (CWBS) – A portion of the *WORK BREAKDOWN STRUCTURE* for the project developed and maintained by a seller contracting to provide a subproject or a project component.

CONTRACTING OFFICER (CO) - A Federal government employee who has been delegated the authority to enter into, modify, administer, and/or terminate contracts.

CONTRACTING OFFICER'S TECHNICAL REPRESENTATIVE (COTR) - A Federal employee to whom a *CO* has delegated limited authority in writing to make specified contract-related decisions, usually related to the technical requirements of the *SOW*.

CONTROL ACCOUNT (CA) – A management control entity (aggregation of work to be managed) at which budgets (resource plans) and actual costs are accumulated and compared to *EARNED VALUE* for management control purposes. A *CONTROL ACCOUNT* is a natural management point for planning and control since it represents the work assigned to one responsible organizational element for one program work breakdown structure element. A control account is managed by a *CONTROL ACCOUNT MANAGER (CAM)*. A *CONTROL ACCOUNT* may contain multiple *WORK PACKAGES*, *PLANNING PACKAGES*, and *CONTROL ACCOUNTS*.

CONTROL ACCOUNT MANAGER (CAM) – The manager responsible for management of a *CONTROL ACCOUNT*.

CONTROL ACCOUNT PLAN (CAP) – A consolidated, time-phased budget for accomplishing all of the work defined in the scope of the *CONTROL ACCOUNT*, including the measures of *EARNED VALUE* to be used for each *WORK PACKAGE* as well as the budgets for those *WORK PACKAGES*, any *PLANNING PACKAGES*, and any lower level *CONTROL ACCOUNTS*.

COST ACCOUNT – An outdated name for a *CONTROL ACCOUNT*.

COST PERFORMANCE INDEX (CPI) – An indicator of the cost efficiency of the work accomplished for a specific period of time as derived by the formula: $CPI = BCWP / ACWP$, e.g., *EARNED VALUE* divided by *ACTUAL COST*.

COST PERFORMANCE REPORT (CPR) – A report defined by the Department of Defense also used by other organizations for reporting EVM results. Five specific forms of report are defined, known as Format 1 through Format 5.

COST/SCHEDULE STATUS REPORT (C/SSR) – A performance measurement report established for reporting on smaller contracts not subject to reporting full, *ANSI/EIA 748-A Standard for Earned Value Management System* results.

COST VARIANCE (CV) – A measure of project (or work package) performance relative to the project's (or *WORK PACKAGE'S*) budget baseline. It is the difference between *EARNED VALUE* and *ACTUAL COST* ($COST VARIANCE = EARNED VALUE - ACTUAL COST$.) A positive value indicates a favorable condition and a negative value indicates an unfavorable condition.

CRITICAL PATH – The path through a network of dependant tasks within a project resulting in the longest elapsed time from the start of the first task to the completion of the last task such that this path determines the shortest possible duration of the project. Any delay in the completion of a single task in this *CRITICAL PATH* would result in the same delay in completion of the project. *CRITICAL PATH* analysis is the action required to determine the *CRITICAL PATH* or

paths. The *CRITICAL PATH* method is the management discipline of performing *CRITICAL PATH* analysis.

DHHS - U.S. Department of Health & Human Services; the Centers for Medicare & Medicaid Services is an operating division (OPDIV) of DHHS.

DID - Data item description; explains what data is to be entered into each field of a blank form; the *CPR DID* is DI-MGMT-81466A.

DIRECT COST - Costs attributable to a single *WORK PACKAGE*.

DME - Development, maintenance, and enhancement; a category of investment; see *STEADY STATE*.

DoD - U.S. Department of Defense.

EARNED VALUE (EV or BCWP) – A measure of completed work that is equal to the budget planned for that work. See also “*BUDGETED COST OF WORK PERFORMED*.”

EARNED VALUE MANAGEMENT SYSTEM (EVMS) – A management control system that integrates the work scope of a program with the schedule and cost elements for optimum program planning and control, unlike a simple planned cost vs. actual cost comparison. A key characteristic of an EVMS is that work accomplished is measured in terms of the cost budgeted for that work. In Federal government contractual terms, an EVMS must conform to the guidelines for such systems defined in ANSI/EIA 748 Standard, *Earned Value Management Systems*.

ESTIMATE AT COMPLETION (EAC) – The current expected cost of the project. The EAC is ordinarily computed as the *ACTUAL COST* to-date plus the current *ESTIMATE TO COMPLETE*. At project inception, the EAC should be identical to the BAC. As project work is accomplished, it is very likely that the EAC will vary from the BAC.

ESTIMATE TO COMPLETE (ETC) – The current anticipated remaining cost of the project. There are frequently multiple *ESTIMATES TO COMPLETE* at any point in time. One or more may be developed by the project manager or *CONTROL ACCOUNT MANAGER* using any reasonable estimating technique. Other estimates may be computed using formulae incorporating cost and schedule trends realized to-date. These formula-based estimates are frequently referred to as “independent estimates.”

EXECUTIVE STEERING COMMITTEE (ESC) - Each CMS ESC reviews all IT investments in its functional areas from an enterprise perspective, prioritize IT investment requests using scoring criteria approved by the ITIRB, and prepare recommendations for the ITIRB.

FEDERAL ACQUISITION REGULATION (FAR) - Title 48 U.S.C.; The FAR is the primary regulation used by Federal agencies in acquisition of supplies and services. It is issued by the General Services Administration, the *DoD*, and the National Aeronautics and Space Administration under guidelines of the Office of Management and Budget.

GENERAL & ADMINISTRATIVE COST - *INDIRECT COSTS* associated with the overall management of the company.

GFP - Government-furnished property; furnished to a contractor, according to a contract.

HHS - See *DHHS*.

INDIRECT COST – The shared costs that cannot be attributed to only one program or activity. These costs are sometimes referred to as burden or overhead. If burden, may include *GENERAL AND ADMINISTRATIVE COSTS*.

INTEGRATED BASELINE REVIEW (IBR) – A joint customer-*RESPONSIBLE ORGANIZATION* meeting customarily held promptly after the EVM baseline plan has been established and following significant changes to the baseline. The objectives are to ascertain that: there is a common understanding of work scope; the EVM plan is adequate and, particularly, that the work packages and measures of EV are reasonable; the project risks are recognized and planned for; and, adequate resources are available for the project.

INTEGRATED MASTER SCHEDULE (IMS) - A schedule that integrates any component (or contractor's or subcontractor's) schedules into one, overall schedule for the program, investment, or project.

INTERNAL REPLANNING – Replanning actions for remaining (i.e., future) work scope. This is a normal, discretionary project management action accomplished within the scope, schedule, and cost objectives of the project and is not considered an inappropriate change to the *PERFORMANCE MEASUREMENT BASELINE*.

LATEST REVISED ESTIMATE (LRE) – The LRE is the most recent estimate of cost at completion for a project or *CONTROL ACCOUNT* approved by the project manager. While this estimate is informal and developed as the project manager sees fit, it should be substantiated with supporting information.

LEVEL OF EFFORT (LOE) – A method (the use of which should be minimized) of measuring *EARNED VALUE* for activities of a general or supportive nature that do not lend themselves to a discrete measure of *EARNED VALUE*. This work is usually characterized as being without a deliverable end product. Examples are supervision, project management, and contract administration.

MANAGEMENT RESERVE (MR) – An amount of the total allocated project budget withheld for management control purposes (e.g., the management of risks) rather than being designated for the accomplishment of a specific task or set of tasks. The *MANAGEMENT RESERVE* amount is not included as part of the *PERFORMANCE MEASUREMENT BASELINE* or *BUDGET AT COMPLETION*.

MEASURES FOR EARNING VALUE - The project team will select an appropriate measure of earning value for each work package.

MILESTONE – A scheduled event marking the due date for the accomplishment of a specified effort (work scope) or objective. A *MILESTONE* may mark the start, an interim step, or the end of one or more activities.

ORGANIZATIONAL BREAKDOWN STRUCTURE (OBS) – The hierarchy of the management organization for a project, often graphically depicting the reporting relationships of the management and organizations responsible for accomplishing the work of a project. The OBS is sometimes referred to as the organizational structure. Every assigned item in the *WBS* should have a corresponding assignment in the OBS, and *vice versa*.

OTHER DIRECT COSTS – Direct costs, other than labor and materiel—such as travel, information technology, materials, and incidental supplies—that are allowed to be attributed and charged to a single work package.

OVER TARGET BASELINE (OTB) – A baseline resulting from formal reprogramming of an overrun. An OTB may be used only with the approval of the customer.

PERFORMANCE – An informal term meaning the same as *EARNED VALUE*.

PERFORMANCE BASELINE MANAGEMENT (PBM) - A term coined by the *DHHS* to encompass the employment of [cost and schedule] performance measurement mechanisms to assess each information technology investment’s progress against a defined baseline in achieving benefits and continued viability over the information technology investment’s entire lifecycle.

PERFORMANCE MEASUREMENT BASELINE (PMB) – The total, time-phased budget plan for a project against which *PERFORMANCE* is measured. It is the time-phased plan for expenditures allocated to accomplish the project objectives. It consists of the budgets for *CONTROL ACCOUNTS* and any applicable *INDIRECT COST* budgets. The PMB also includes budget for *SUMMARY LEVEL PLANNING PACKAGES* and any *UNDISTRIBUTED BUDGET*. *MANAGEMENT RESERVE* is not included in the PMB.

PERFORMING ORGANIZATION – is the organizational unit whose resources accomplish the work of a project, *CONTROL ACCOUNT*, or *WORK PACKAGE*.

PLANNING PACKAGE (PP) – A logical aggregation of work, usually for future efforts, that is identified and budgeted but not yet planned in the same detail as one or more *WORK PACKAGES*.

PLANNED VALUE (PV) – See *BUDGETED COST OF WORK SCHEDULED (BCWS)*.

PMT - Portfolio management tool; a term coined by *DHHS* to avoid mentioning any specific product.

PROGRAM – In the context of EVM, a *PROGRAM* or *PROJECT* is the endeavor to which EVM is being applied. Some organizations may make a significant distinction between *PROGRAMS* and *PROJECTS* though, with respect to EVM, no difference should be inferred.

PROGRAM BUDGET – This amount is the total budget for the program including all allocated budget, *UNDISTRIBUTED BUDGET*, and *MANAGEMENT RESERVE*. It is the same amount as *TOTAL ALLOCATED BUDGET*.

PROJECT – In the context of EVM, a *PROJECT* or *PROGRAM* is the endeavor to which EVM is being applied. Some organizations may make a significant distinction between *PROGRAMS* and *PROJECTS* though, with respect to EVM, no difference should be inferred.

PROJECT OFFICER (PO) - A PO may be designated to assist the *CO* throughout an acquisition life cycle to ensure satisfactory performance and timely delivery of acceptable products or services.

RESPONSIBILITY ASSIGNMENT MATRIX (RAM) – A matrix formed by aligning the WBS on either the horizontal or vertical axis with the OBS aligned on the other axis and completed by marking the intersection of each WBS element with the OBS element which has been assigned responsibility for performing that WBS element. A RAM is properly formed for EVM purposes when each WBS element has been assigned to one and only one OBS element. A *CONTROL ACCOUNT* is identified at each such marked intersection of a properly formed RAM.

RESPONSIBLE ORGANIZATION – The organizational unit responsible for the accomplishment of assigned work scope.

SCHEDULE – A plan that defines when specified work must be done to accomplish program objectives on time. The *SCHEDULE* used in conjunction with an earned value management system must incorporate all dependencies among and between tasks such that critical path analysis may be performed for the project.

SCHEDULE PERFORMANCE INDEX (SPI) – An indicator of the schedule efficiency at which work accomplished for a specific period of time as derived by the formula: $SPI = BCWP / BCWS$, e.g., *EARNED VALUE* divided by *PLANNED VALUE*.

SCHEDULE VARIANCE (SV) – A measure of project (or work package) performance relative to the project's (or *WORK PACKAGE'S*) schedule baseline. It is computed as the difference between *EARNED VALUE* and the budget or *PLANNED VALUE* ($SCHEDULE VARIANCE = EARNED VALUE - PLANNED VALUE$) for the same time interval. A positive value is favorable while a negative value is unfavorable.

STATEMENT OF WORK (SOW) – The document that defines the work scope requirements for a project, or a subset of a project.

STEADY STATE (SS) - A DHHS term indicating that an investment or project is in the operations and maintenance phase of its life cycle; a category of investment; see *DME*.

SUMMARY LEVEL PLANNING PACKAGE (SLPP) – An aggregation of work for far-term efforts, not assigned to a *CONTROL ACCOUNT*, but which can be assigned to higher level WBS elements (and is therefore not *UNDISTRIBUTED BUDGET*). In other respects, such as having a time-phased budget and being part of the PMB, an SLPP is similar to a *PLANNING PACKAGE*.

TOTAL ALLOCATED BUDGET (TAB) – The sum of all budgets allocated to the project. *TOTAL ALLOCATED BUDGET* consists of the *PERFORMANCE MEASUREMENT BASELINE* and all *MANAGEMENT RESERVE*. The *TOTAL ALLOCATED BUDGET* may be referred to alternatively as the *PROGRAM BUDGET*.

UNDEFINITIZED WORK – Authorized work for which a firm contract value has not been agreed to or otherwise determined.

UNDISTRIBUTED BUDGET (UB) – Budget that is part of the *PERFORMANCE MEASUREMENT BASELINE* and has not been allocated to a *CONTROL ACCOUNT* or *SUMMARY LEVEL PLANNING PACKAGE*. Amounts are normally held in *UNDISTRIBUTED BUDGET* only for the duration required to complete planning, after which those amounts would be allocated to specific work in a *CONTROL ACCOUNT* or to a *SUMMARY LEVEL PLANNING PACKAGE*.

VARIANCE AT COMPLETION (VAC) – The VAC is computed by subtracting the *ESTIMATE AT COMPLETION* (EAC) from the *BUDGET AT COMPLETION* (BAC).

WORK AUTHORIZATION DOCUMENT (WAD) – The document that assigns responsibility and authority for completing a defined task within a WAD-specified budget, schedule, and work statement.

WORK BREAKDOWN STRUCTURE (WBS) – A hierarchical, product-oriented decomposition of project activities showing the breakdown of the work necessary to achieve the project objectives. The WBS for earned value management purposes must include activities for all labor and the sourcing of all items of material such that the sum of the costs for all WBS elements will equal the total costs to be incurred for the project. The WBS is used for purposes of work authorization, tracking, and reporting. See also *ORGANIZATIONAL BREAKDOWN STRUCTURE*.

WORK BREAKDOWN STRUCTURE (WBS) DICTIONARY – A listing of *WORK BREAKDOWN STRUCTURE* elements with a description of the work scope for each element. The work descriptions are normally at a summary level and provide for clear segregation of work for purposes of work authorization and accounting.

WORK PACKAGE (WP) – A task or set of tasks performed within a *CONTROL ACCOUNT*. A WP has a defined work scope, a scheduled beginning and end, a time-phased budget, and a documented method of measuring *EARNED VALUE*.