Glossary of Terms
PCP-AI

The Body of Knowledge's global glossary — every key term, defined once

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PROJECT CONTROLS INSTITUTE GLOBAL

AI proposes. The professional disposes.

How to use this glossary. Each term is defined once, attributed to the Knowledge Area where it is first taught; the same definitions govern everywhere in the Body of Knowledge, the examination and the Institute's publications.

Consolidated from every domain's key-terms box — **255 terms**, each shown with the KA where it is first defined. Where a term recurs across domains, the first definition governs (Style Spine §3).

Term	Definition	First defined
100 % rule	The WBS captures all of the scope and only the scope.	8.2
`CPI` **/** `SPI`	Cost / schedule performance index (`EV/AC`, `EV/PV`).	3.4
`CV` **/** `SV`	Cost variance (`EV − AC`) / schedule variance (`EV − PV`).	6.2
`EAC` **/** `ETC`	Estimate at completion / to complete; `EAC = AC + ETC`.	3.4
`SPI` **convergence**	The tendency of `SPI` → 1 at completion regardless of lateness.	6.4
`TCPI`	To-complete performance index — the efficiency remaining work must achieve for a target.	6.2
`VAC`	Variance at completion (`BAC − EAC`).	3.4
Accounting equation	`Assets = Liabilities + Equity`; holds after every transaction.	1.1
Accrual	Liability for goods/services received, amount/timing reasonably certain.	1.4
Accrual basis	Recognise economic events when they occur, not when cash moves.	1.3
Accrued expense / income	Recognised before the cash is paid / received.	1.3
Accuracy range	The expected low/high band around a point estimate for its class.	3.2
Activity	The unit of work sequenced and durated, traceable to the WBS.	10.1
Actual	Cost booked once the invoice is processed.	5.2
Actual Cost (`AC`**)**	Cost actually incurred (incl. accruals) for the work performed.	6.1
Agent	Arranges for another to provide; recognises net fee/ commission.	2.3
Agile audit trail	Backlog/Sprint/Increment records providing contemporaneous evidence.	9.6
Agile contracting	T&M, capped T&M, target cost — forms that fit variable scope.	9.6
Agile mindset / Manifesto	Valuing working outcomes, collaboration, value and responsiveness to change.	9.1
AgileEVM	Earned value applied to variable-scope adaptive delivery (Domain 9).	6.4
AI / ML / GenAI	The field / learning-from-data subset / content-generating subset (nested).	13.1
AI proposes, professional disposes	AI drafts/predicts; a qualified professional decides and is accountable.	13.6
AI-assisted disclosure/ forecast	AI-drafted output the professional verifies and signs off.	13.5
AI-maturity model	Ad-hoc → piloting → standardised → integrated → governed/ optimised.	13.7
AI-use policy / verification checklist	The governance document and the operational assurance step.	13.6
Amount due	Net certified value less previous payments.	7.4
Analogous / parametric / bottom-up	Top-down scaling / rate × parameter / work-package build-up.	3.2
Articulation	The way the statements interlock through shared figures (profit, cash, working capital).	1.2
Audit trail	The verifiable record of who did what, when, with what authorisation.	11.3
Auditability / sign-off	Keeping the trail of what AI produced, who approved it, what changed and why.	13.6
Auto-coding / reconciliation	AI coding cost and matching it to the ledger.	13.5
Baseline comparison	Current vs baseline milestones and critical path.	10.4

Term	Definition	First defined
Baselines (scope/schedule/cost)	The approved, integrated plans control measures against.	8.2
Basis of estimate (BoE)	The auditable record of scope, assumptions, rates, exclusions and class.	3.2
Bill of quantities (BoQ)	Itemised measured quantities priced at rates.	7.3
Billing vs revenue	Contract payment mechanism vs IFRS 15 performance-based recognition.	7.5
Budget at Completion (BAC)	The total value of the cost baseline.	3.1
Bundle	Multiple promises in one contract, allocated by SSP and recognised on their own patterns.	2.3
Burndown / burnup	Remaining work down to zero / completed scope up to a (moving) total.	9.3
Business case	The benefits-vs-cost-and-risk justification for the project.	8.1
Cadence	The reporting frequency matched to audience and decision rhythm.	4.3
Carrying amount	Cost less accumulated depreciation (and impairment).	1.3
Cash application	Matching cash received to invoices.	11.1
Cash-flow forecast	A time-phased projection of cash in and out, separate from profit.	3.5
Category-to-task fit	Matching the task and governance need to the right category.	13.4
Certification	The client's agreement of the amount payable.	7.4
Change control	The process to identify, assess, approve/reject and baseline change.	5.4
Change log	The record reconciling current baseline to original, by change.	5.4
Change management	Bringing people with you; honest about limits, resistant to hype.	13.7
Chart of accounts (CoA)	The structured list of all ledger accounts, coded by class.	1.5
Chart-to-question fit	Choosing the chart type that answers the actual question.	4.4
Claim	A notified, substantiated assertion of entitlement to time/money.	7.2
Closing	Formal completion — acceptance, contract closure, demobilisation, archiving.	8.5
Commercial-to-accounting loop	Scope → cost → EV → billing → revenue → statements → reporting.	7.5
Commitment	Cost the organisation is bound to once a PO/subcontract is raised.	5.2
Constraint trade-offs	Scope/schedule/cost/quality/risk balanced against each other.	8.4
Contingency reserve	For identified risks; inside the baseline; PM-controlled.	3.1
Contingent liability / asset	A possible obligation/inflow — disclosed, not recognised (subject to probability).	1.4
Contract asset / liability	Revenue recognised vs amounts billed — under-billing (asset) vs over-billing (liability).	2.2
Control account (CA)	The WBS×OBS intersection where scope, budget, cost and schedule integrate.	1.5
Controls dashboard	An integrated cost/schedule/forecast/risk view with RAG status and trend.	4.3
Cost baseline / PMB	The approved, time-phased budget; source of Planned Value; total = BAC.	3.1
Cost breakdown structure (CBS)	Decomposition of cost by element/type.	1.5

Term	Definition	First defined
Cost code	A segmented code pinning a posting to project, scope, cost element and resource.	1.5
Cost driver	The factor that causes a cost to change.	5.1
Cost extraction / reconciliation	Pulling cost from source systems and tying it back to the ledger.	1.5
Cost-plus (CPFF/CPIF/CPAF)	Reimburse cost plus a fixed/incentive/award fee; client bears cost risk.	7.1
Cost-schedule integration	Measuring both from one `EV` so they cannot contradict.	6.4
Cost-to-date (control)	Actuals + accruals — the figure `AC` should reflect.	5.2
Crashing	Add resources to critical activities (cost for time).	10.3
Credit control	Assessing/limiting customer credit before committing.	11.1
Critical path	The longest, zero-float chain; sets the project duration.	10.2
Cumulative flow / throughput / cycle time	Work-state bands / items per period / start-to-done time.	9.3
Current vs non-current	The IAS 1 split by expected realisation/settlement within ~12 months.	1.2
Cut-off	Recording each transaction in the correct period.	1.3
Data integrity	Ongoing correctness of the cost data (coding, commitments, accruals, one source).	5.2
Data quality dimensions	Accuracy, completeness, consistency, timeliness, validity, uniqueness.	13.2
Debit / Credit	Left/right sides of an account; effect depends on account type.	1.1
Dependency (FS/SS/FF/SF)	The four logical relationships between activities.	10.1
Depreciation	Systematic spreading of a long-lived asset's cost over its useful life.	1.3
Direct / indirect cost	Traceable to one cost object / supporting many (overhead).	5.1
Discount unwind	The increase in a discounted provision as settlement nears, charged as finance cost.	1.4
Double-entry	Recording every transaction with `Σ Dr = Σ Cr`.	1.1
Draw-down / re-baselining	Consuming contingency as risks occur / escalating beyond it as a baseline change.	12.3
Driver analysis	AI explanation of *why* a metric is moving (e.g. an EAC).	13.5
EAC (a)–(d)	Budgeted-rate / current-CPI / CPI×SPI / bottom-up methods, each an assumption.	6.3
Earned schedule (`ES`)	Earned value expressed as a point on the time axis; gives `SV(t)`, `SPI(t)`.	6.4
Earned Value (`EV`)	Budgeted cost of work performed — progress valued at budget.	6.1
Earning rule / measurement method	The rule converting physical progress to `EV` (0/100, 50/50, % complete, units, milestones).	6.1
Embedded AI	AI features within the platforms controls already uses.	13.4
Empirical process control	Decisions from observation via transparency, inspection, adaptation.	9.1
Enhancing characteristics	Comparability, verifiability, timeliness, understandability.	2.1
Entity concept	The business is accounted for as separate from its owners.	1.1
EPC / turnkey	Single-contractor delivery of the whole asset.	7.1
Estimate class (AACE 5–1)	Maturity-based classification driving expected accuracy range.	3.2
Exception report	Only the out-of-tolerance items, with cause, impact and action.	4.3

Term	Definition	First defined
Executing	Performing the work packages and producing deliverables.	8.3
Expected monetary value (EMV)	`probability × impact`; summed as a contingency basis.	12.2
Expected value	Probability-weighted average of outcomes (for large populations).	1.4
Faithful representation	Complete, neutral, error-free; substance over form.	2.1
Fast-tracking	Overlap sequential activities (time for risk).	10.3
Final account	The definitive commercial settlement of the project.	8.5
Fixed / variable cost	Independent of / changing with activity volume.	5.1
Flexed budget	The budget adjusted to the actual output level before comparison.	4.2
Forward / backward pass	Compute early dates (`ES/EF`) / late dates (`LS/LF`).	10.2
Free float (`FF`)	Slack without delaying any successor.	10.2
Garbage in, garbage out	AI outcomes are dominated by input-data quality.	13.2
Going concern	The assumption the entity continues in operation.	2.1
Governance / lineage	Ownership/definitions/access / traceability of a data point to source.	13.2
Gross vs net revenue	Whole consideration vs only the entity's margin/fee.	2.3
Guardrails	Rules of safe use (confidentiality, verification, disclosure, audit trail).	13.3
Hallucination	Confidently producing false content.	13.1
Hallucination / bias / confidentiality	The three principal AI risks and their mitigations.	13.6
Hybrid	Combining predictive governance with adaptive execution (predictive stage-gates around agile delivery).	8.6
IAS 11 (legacy)	Former construction-contract standard, superseded by IFRS 15.	2.4
IAS 16 / capitalise	PPE recognised at cost and depreciated; capitalise vs expense judgement.	2.4
IAS 2 / NRV	Inventories at the lower of cost and net realisable value.	2.4
IAS 23 / qualifying asset	Capitalise borrowing costs directly attributable to a qualifying asset.	2.4
IFRS / local GAAP	The global standards / national frameworks.	2.1
IFRS 16 / right-of-use	Most leases on balance sheet as a right-of-use asset and lease liability.	2.4
Incremental	Building the product in usable slices — adding parts to the whole.	8.6
Input (cost-to-cost) / output method	Ways of measuring progress toward complete satisfaction.	2.2
Integrated change control	Assessing every change across all constraints before approval.	8.4
Integration / upskilling	Embedding AI in the workflow / building data, prompting, verification, governance skills.	13.7
Interim valuation / application	Periodic assessment of value done, less retention and prior payments.	7.4
Internal control	Policies/procedures giving assurance over reporting, operations, compliance.	11.3
Inverted iron triangle	Fixed time & cost, variable scope.	9.3
ISO 31000	Principles/process for integrated, proportionate risk management.	12.1
Issue	A risk that has already occurred.	12.1

Term	Definition	First defined
Iterative	Refining the same product over repeated passes.	8.6
Iterative refinement	Prompt → review → refine.	13.3
Kanban	Visualise flow, limit WIP, manage/measure flow, improve.	9.4
KPI	A measure chosen to reflect progress toward an objective.	4.1
Lagging indicator	Measures an outcome already realised (e.g. `CPI`).	4.1
Lead / lag	An overlap / a delay on a dependency.	10.1
Leading indicator	Measures a predictor of a future outcome (e.g. productivity trend).	4.1
Lean / waste	Maximise value, minimise non-value work.	9.4
Ledger / T-account	The set of accounts; each account drawn with debits left, credits right.	1.1
Lessons learned	Captured experience and performance data feeding future projects.	8.5
Liquidated damages (LDs)	A pre-agreed sum for a defined breach (usually late completion).	7.2
Little's Law	Cycle time ≈ WIP ÷ throughput (conceptually).	9.4
Lump sum / fixed price	Fixed price for defined scope; contractor bears cost risk.	7.1
Management by exception	Focusing on items outside tolerance.	4.1
Management report	A decision-support document, structured by the work and the audience.	4.3
Management reporting	Internal, flexible, timely, forward-looking reporting.	2.5
Management reserve	For unforeseen scope/risk; outside the baseline; management-controlled.	3.1
Matching principle	Recognise expenses in the same period as the income they help earn.	1.3
Measurement	Deriving quantities from design under a standard method.	7.3
Milestone-to-Sprint mapping	Translating Sprints/releases into gate milestones.	9.6
Monitoring & controlling	Measuring against baselines and acting to correct — parallel to executing.	8.4
Normal balance	The side on which an account type increases.	1.1
Offsetting	Netting assets/liabilities or income/expenses — generally prohibited.	2.1
Onerous contract	Unavoidable costs exceed expected benefits; the loss is provided immediately.	1.4
Open PO / GRNI	Commitment / goods-received-not-invoiced (accrual driver).	11.2
Order-to-cash (O2C)	Order → credit → fulfil → invoice → collect → apply cash.	11.1
Over time vs point in time	Whether an obligation is satisfied progressively or at a moment of control transfer.	2.2
Over/under-absorption	Overhead absorbed minus overhead actually incurred.	5.1
Overhead absorption rate (OAR)	Budgeted overhead ÷ budgeted activity base.	5.1
Overview-first, detail-on-demand	Summary on one view, drill-down to the detail behind any red.	4.3
P80 contingency	Contingency set at an 80 %-confidence outcome from a risk model.	12.3
Payment terms	The lag between billing and collection (and between receipt and paying suppliers).	3.5
Peak funding requirement	The deepest point of cumulative cash — the finance to arrange.	3.5
	Third-party security instruments.	7.2

Term	Definition	First defined
Performance / advance-payment / retention bond		
Performance obligation	A promise to transfer a distinct good or service.	2.2
PERT (three-point)	`tE = (O + 4M + P)/6`; `σ = (P − O)/6`.	10.1
Planned Value (`PV`/BCWS)	Cumulative planned spend to date — the cost-baseline curve; the budgeted cost of work scheduled by the data date.	3.3
Planning package	Future work within a CA not yet detailed into work packages.	5.3
Power/interest grid	A tool to classify stakeholders and tailor engagement.	8.1
Predictive / adaptive	Plan-driven (fixed scope) / change-driven (evolving scope).	8.6
Preliminaries	Project-wide, often time-related costs not tied to a measured item.	7.3
Prepayment / deferred income	Cash paid / received before the expense / income is recognised.	1.3
Present obligation	A legal or constructive duty arising from a past event.	1.4
Preventive / detective control	Stops an error occurring / detects it afterwards.	11.3
Price/rate variance	`(Actual price − Standard price) × Actual quantity`.	4.2
Principal	Controls the good/service before transfer; recognises gross revenue.	2.3
Process mining	Reconstructing actual process flows from ERP event logs.	11.3
Procure-to-pay (P2P)	Requisition → PO → receipt → invoice → three-way match → pay.	11.2
Procurement execution	Placing and managing orders/subcontracts (commitments).	8.3
Product / Sprint Backlog, Increment	The three artefacts.	9.2
Product Goal / Sprint Goal / Definition of Done	Their respective commitments.	9.2
Product Owner / Scrum Master / Developers	Value / effectiveness / doing-the-work accountabilities.	9.2
Progress reconciliation	Tying `EV` (cost), BoQ valuation (billing) and IFRS 15 revenue.	7.4
Progress reconciliation (agile)	Tying AgileEVM %, cost-to-cost %, and billing basis.	9.5
Progressing / data date	Recording actuals and remaining durations, then recalculating.	10.4
Project charter	The document authorising the project and the project manager.	8.1
Prompt	The instruction/context/data given to a GenAI model.	13.3
Prompt patterns	Reusable shapes: extraction, analysis, drafting, summarisation, transformation.	13.3
Propose → verify → own	The universal AI-in-controls workflow shape.	13.5
Provision (IAS 37)	Liability of uncertain timing or amount, meeting the three recognition tests.	1.4
Qualitative analysis	Probability × impact rating on a matrix.	12.2
Quality assurance	Building quality into the process (vs inspecting it out).	8.3
Quantity/efficiency variance	`(Actual quantity − Standard quantity) × Standard price`.	4.2
Rate	Price per unit (labour, materials, plant, overhead, profit).	7.3
Rebaselining	Transparently resetting scope/`BAC` when scope is deliberately flexed.	9.5
Receivables ageing	The overdue profile of amounts owed — a cash/revenue leading indicator.	11.1
Reconciliation	Explaining the tie between the two views from one ledger.	2.5
Relevance / materiality	Capable of influencing decisions; material if its omission/ misstatement would.	2.1

Term	Definition	First defined
Remeasurement (contract form) / unit-rate	Priced at rates against re-measured actual quantities.	7.1
Remeasurement (of a BoQ)	Re-pricing at actual quantities.	7.3
Resource levelling / smoothing	Respect resource limits (may extend) / even peaks within float (no extension).	10.3
Response strategies	Avoid/transfer/mitigate/accept (threats); exploit/share/enhance/accept (opportunities).	12.2
Retention	Cash withheld from payments until completion/defects periods pass.	3.5
Risk	An uncertain event/condition affecting objectives — threat or opportunity.	12.1
Risk appetite / tolerance	Risk willingly accepted / acceptable variation around it.	12.1
Risk register	The living record: cause-event-effect, owner, assessment, response.	12.2
Rolling forecast	A forecast re-produced each period over a fixed forward horizon.	3.4
Rolling wave	Detailed near-term planning, outline further out.	9.1
Run-rate / capacity funding	Cost = cost per Sprint × Sprints; `ETC` from Sprints remaining.	9.5
S-curve	The characteristic cumulative-spend shape: slow–fast–slow.	3.3
SAFe / LeSS / Scrum-of-Scrums / release train	Scaling approaches (awareness level).	9.4
Schedule increment	A Sprint/release as a time-phased unit mapped to milestones.	10.4
Schedule-risk analysis	Model duration uncertainty (Monte Carlo) for a completion distribution.	10.3
Scope	What will be delivered.	8.2
Scope creep	Uncontrolled accumulation of unmanaged change.	5.4
Segregation of duties (SoD)	No single person controls a whole transaction.	11.3
Small multiples	Repeated small charts — must share consistent scales.	4.4
SOCE	Statement of changes in equity — reconciles opening to closing equity.	1.2
SOFP	Statement of financial position — assets, liabilities, equity at a point in time.	1.2
SOPL & OCI	Statement of profit or loss and other comprehensive income — performance over a period.	1.2
Sprint	The fixed short cycle containing all other events; produces a usable Increment.	9.2
Stakeholder	Anyone who affects or is affected by the project.	8.1
Standalone selling price (SSP)	The price of a good/service sold separately; the basis for allocation.	2.2
Statement of cash flows	Change in cash split into operating, investing and financing.	1.2
Statutory reporting	Standards-compliant, audited external reporting.	2.5
Story point / velocity	Relative size unit / average points completed per Sprint.	9.3
Storytelling	Ordering true facts (status → cause → forecast → action) to drive a decision.	4.4
Structured / unstructured	Tabular (ML) vs free-form (GenAI/RAG) data.	13.2
Subsidiary plans	Quality, resource, risk, procurement, communications, integration.	8.2
Success criteria	The definition of doing well — beyond scope/time/cost to benefit and quality.	8.1
Supervised / unsupervised / reinforcement	Learn from labels / structure / trial-and-reward.	13.1

Term	Definition	First defined
Tailoring	Adapting the approach to the specific project.	8.6
Target / threshold / tolerance	The aim / the attention boundary / the allowable deviation.	4.1
Target cost / pain-gain	Shared cost risk against a target, within a cap/collar.	7.1
Three-way match	Matching invoice to PO and goods-receipt note before payment.	11.2
Time-phased budget	The `BAC` spread across the schedule by period.	3.3
Token / context window / temperature	Text unit / how much the model considers / randomness setting.	13.1
Tool category	A class of AI tool (assistant, RAG, analysis, BI, PM-suite, ML, RPA, CLM, meeting, coding).	13.4
Total float (`TF`)	Slack without delaying the project (`LS − ES`).	10.2
Training / inference / fine-tuning / RAG	Learn parameters / use the model / specialise it / ground it in your documents.	13.1
Transaction price	Consideration the entity expects to be entitled to (incl. variable consideration).	2.2
Trend	An early warning of a potential change.	5.4
Trend analysis	Reading the direction of indices/cost over successive periods.	3.4
Trial balance	A list of all account balances proving `Σ Dr = Σ Cr` (not correctness).	1.1
Truncated axis	A non-zero-based axis that exaggerates differences.	4.4
User story / acceptance criteria / INVEST	A value-framed backlog item, its "done" tests, and quality heuristics.	9.3
Value measurement	Honest measurement of time/error/warning/accuracy gains vs cost and risk.	13.7
Variable consideration / constraint	Estimated by expected value or most-likely amount; included only to the extent a significant reversal is highly improbable.	2.2
Variance	Planned minus actual; favourable (F) improves profit, adverse (A) worsens it.	4.2
Variance bridge	A waterfall walking budget to actual by variance component.	4.2
Variation / change order	A formal, priced, agreed change to contract scope/price.	5.4
Verification	Checking every AI output against source before use.	13.3
WIP limit	A cap on concurrent work-in-progress that speeds completion.	9.4
Work breakdown structure (WBS)	Decomposition of scope into deliverables/work packages.	1.5
Work package	A defined, schedulable, costable unit of work beneath a CA.	5.3
Zero-based budgeting	Justifying every cost from zero each cycle.	3.1