

Cost Management: Key Definitions

Cost Control

The systematic restraint on expenditure in order to secure completion within pre-determined budgets or targets.

Approved Budget

The funds approved and set aside as the authorised target for project achievement or part of project, usually expressed in terms of quantities, man hours and costs.

Expenditure phasing

This is a time-based report, usually shown as a graph, indicating when expenditure has been made.

Commitment

The total value of all orders and contracts placed to date, including letters of intent, but not including any allowances for anticipated additional costs in respect of such orders and contracts.

VOWD

The value of work done (VOWD) is a project management technique for measuring and estimating the project cost at a point in time. It is mainly used in project environments and is defined as the value of goods and services progressed, regardless of whether or not they have been paid for or received. The primary purpose of determining VOWD is to get an accurate and comprehensive as possible estimate of cost for a project at a point in time.

Anticipated Final Cost (AFC)

Also Estimated Final Cost (EFC): This is the forecast at a point in time taking into account expended costs, productivity, forecast remaining costs and any pending changes.