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# NAVAL POSTGRADUATE SCHOOL Monterey, California



## THESIS

A Dictionary of Acquisition and Contracting Terms

by

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June 1992

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A Dictionary of Acquisition and Contracting Terms

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of the requirements for the degree of

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**ABSTRACT**

This thesis is a continuation of research initiated by Lieutenant Commander Daniel F. Ryan, SC, USN to establish a basis for defining words and terms used in the field of contracting. Concurrent research in this area is being conducted by students at the Naval Postgraduate School, Monterey, CA and the Air Force Institute of Technology, Wright-Patterson Air Force Base, Dayton, OH. Published definitions of twenty five terms presently used in Government contracting were reviewed and a synthesized definition was developed for each term. The synthesized definitions were then scrutinized by a selected group of contracting professionals. Their feedback was used to develop a revised definition based upon consensus.



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## I. INTRODUCTION

### A. BACKGROUND

This thesis is part of a series of continuing research studies being conducted by students at the Naval Postgraduate School (NPS), Monterey, California, and the Air Force Institute of Technology (AFIT), Wright-Patterson Air Force Base, Dayton, Ohio. Lieutenant Commander Daniel F. Ryan, SC, USN initiated this study as his thesis in 1988, and produced a thesis entitled A Dictionary of Acquisition and Contracting Terms. The purpose of the study, which is supported by the National Contract Management Association (NCMA), is to establish standard working definitions for words and phrases commonly used in the field of acquisition and contracting. When the study is completed, the consolidated list of terms and phrases will be published as a dictionary of acquisition and contracting terminology.

It is imperative in the field of acquisition and contracting that a common language or standard terminology be developed. Various individuals and organizations have attempted to develop such a language, with varying degrees of success. This research effort, however, utilizes an extremely broad base of previously published definitions, graduate student synthesis, as well as constructive criticism from procurement professionals in which to develop a common,

unified language. In addition, with the support of NCMA, this study has the best opportunity of any previously undertaken to meet with the approval of the professional procurement community. As Lieutenant Commander Ryan stated in his thesis conclusion:

Through the auspices of NCMA, a dictionary of acquisition and contracting terms can be developed and given wide dissemination to all those people involved in Federal Government contracting. [Ref. 1: p. 81]

The objective of this thesis is to provide part of that common language by researching definitions and presenting the findings to procurement professionals for clarification and validation. The ultimate goal of the combined research study is the development of a common acquisition and contracting language.

## **B. SCOPE AND ASSUMPTIONS**

The scope of this thesis is to develop proposed definitions to twenty five terms used in the acquisition and contracting field. The terms studied in this thesis were selected from a master list of terms that had been developed by students at NPS and AFIT. The overall assumption of this thesis is that sufficient agreement on the specific meanings of terms as they apply to acquisition and contracting does not exist. In addition, it was assumed that no single authoritative source of acquisition and contracting definitions exists. As was determined by Ryan and the previous researchers in this area, consensus is the most



effective method for establishing an acceptable definition. Any other method would result in an arguably biased product.

[Ref. 1:p. 7-8]

### C. RESEARCH QUESTIONS AND BENEFITS

Since this is a continuation of the previous research efforts, the same research questions will be used. The primary research question studied in this thesis is: To what extent can standard meanings be arrived at in the evolving field of contracting in which words are used with various meanings? [Ref. 1: p. 8]

The following are supporting subsidiary research questions:

- What are the current published definitions?
- What agreement can be reached from professionals in the field?
- What definition of terms can be concluded from research and feedback?
- What is the present usage in current contract texts?

[Ref. 2:p. 3]

The researcher, along with those previously involved in this effort, believe that the benefits of this research are difficult to measure. However, three obvious benefits include:

- It is moving closer to the ultimate goal of developing a comprehensive contracting dictionary.

- A completed comprehensive dictionary will be a valuable tool to help train new contracting personnel.
- A completed comprehensive dictionary will serve as a valuable reference tool for those in the acquisition and contracting field. [Ref. 4:p. 3]

#### **D. RESEARCH METHODOLOGY**

The same qualitative approach used by previous researchers was used in this thesis. It included a literature review, personal observations, a questionnaire as well as the researcher's own personal experience in the field of contracting. [Ref. 4:p. 4]

The following methodology was utilized:

1. Select twenty five candidate terms from a master list generated from previous research in this area.
2. Research contracting literature and regulations to identify published definitions and common usage of candidate terms.
3. Synthesize the researched published definitions into one single working definition. Prepare five separate questionnaires, each containing five different definitions.
4. Mail each questionnaire to one hundred Certified Professional Contract Managers (CPCM) and Certified Associate Contracts Managers (CACM), for a total of five hundred questionnaires.

5. Analyze the responses to the questionnaires and formulate final proposed definitions for the candidate terms.

The twenty five terms selected for analysis from the master list were:

- Accounting
- Actual (Costs)
- Amortization
- Bill of Lading
- Breakeven Analysis
- Cost Accounting
- Depreciation
- Discount
- Expenditure
- Expense
- Fixed Costs
- Imprest Fund
- Inspection
- Learning Curve
- Multiple Award
- Performance Bond
- Random Sampling
- Real Property
- Royalty
- Standard
- Surety

- Validation
- Verification
- Voucher
- Yield

Five separate questionnaires containing five definitions each were distributed. This is the same procedure utilized by Lieutenant Michael Robinson. [Ref. 4:p. 6] Robinson modified the procedure used by the initial researchers of sending out the entire twenty five terms on one questionnaire. This change was made in the belief that by reducing the time required to complete the questionnaire, the response rate would improve. The new methodology proved quite successful for Robinson, who achieved a response rate of 54%. The aggregate response rate attained in this research was 28%. Individual questionnaire response rates of 30%, 21%, 36%, 23% and 30% were achieved. One possible explanation of this variance in response rates is that the researcher sent one initial questionnaire cover letter which included a "required return date". Robinson did not include a return date in his initial questionnaire cover letter. Subsequently, he included the return date as part of a second, follow up letter which he mailed approximately two weeks later. This may have provided a reminder to some respondents and in turn increased the response rate. While the response rate achieved on this research was less than Robinson's, the researcher considered

the responses received to contain excellent, high quality information and therefore adequate to complete the research effort.

#### **E. THESIS ORGANIZATION**

Lieutenant Robinson's thesis was used as the format for this research effort. Chapter I contained an introduction and the background of this effort. It discussed the need for a standard acquisition and contracting language. Chapter I also identified the twenty five terms which would be studied in the research effort along with the methodology employed. Chapters II and III discuss the definition synthesis processes exercised to arrive at the questionnaire definitions, as well as the results of those questionnaires. Chapter II explores those terms which were considered "controversial" by the researcher. The researcher considered a term controversial if more than twenty percent of those responding to the questionnaire disagreed with the researcher's synthesized definition. Chapter III analyzes the remaining terms. Chapter IV contains conclusions, recommendations, answers to the research questions, as well as suggestions for further examination.

## II. ANALYSIS OF CONTROVERSIAL TERMS

### A. INTRODUCTION

This chapter is the first of two chapters that deal with the results of the questionnaire. The results are divided into two chapters in order to facilitate analysis and follow the format which was established by Ryan and utilized by the other researchers. This chapter contains the three terms which were considered controversial. The researcher considered a term controversial if more than twenty percent of those responding to a particular term on the questionnaire stated that the proposed definition was unacceptable and made either minor revisions or completely revised the proposed definition.

Each subsection of the following two chapters is formatted the same way. Section "a" investigates the definition synthesis process. Section "b" examines the results of the questionnaire, including selected respondent input concerning the synthesized definitions. Section "c" offers a proposed definition revision as well as recommended synonyms and antonyms to be included in a dictionary of contracting terms based upon consensus.

## B. TERM ANALYSIS

### 1. AMORTIZATION

#### a. *Definition synthesis:*

The definition was not difficult to synthesize. The researcher found seven different references on which to base his synthesized definition, all of which were consistent with the researcher's understanding of the term and presented in much the same way. The definition was synthesized as:

**AMORTIZATION:** The gradual reduction of any amount over a period of time by periodic payments to a creditor or charges to an expense.

Synonyms: Writeoff.

Antonyms: None.

#### b. *Results:*

The researcher was rather surprised by the responses generated by this proposed definition, which was considered short and concise. While twenty three of the thirty respondents agreed with the definition as written or offered only minor comments for clarification, seven respondents disagreed, with several major revisions. Two of the respondents suggested that the researcher simply use currently published definitions from Barrons Law Dictionary or NCMA's Desktop Guide to Basic Contracting Terms. Other respondents remarked that the definition required more detail. Comments on the synthesized definition included:

- Add to the end of proposed definition, "or by allocating to specific other direct costs incurred for identifiable task(s)."

- Insert "specific" before "period of time" and add to the end, "in accordance with generally recognized accounting procedures/principles."
- Add "of debt" after "of any amount".
- You're not reducing an amount, but rather spreading its impact. Revise to read "To write off over a period of time in accordance with generally accepted accounting procedures."
- Delete "any" and insert "an indebtedness or recorded asset value".
- Delete "gradual" and insert "systematic".
- Insert "in a logical, justifiable manner" after "reduction".
- Revise to read, "The liquidation of any amount which results in the proration of that amount over units of time or over some quantity of units."

It can be seen that there was a wide variation of suggestions for the revision of the proposed synthesized definition. The researcher concurs that a more detailed definition is required. The definition should contain words to the effect that amortization must be systematic, done over a specific time period, and in accordance with generally accepted accounting principles. Revising "any amount" to "an indebtedness or recorded asset value" also improves the clarity of the definition. Comments received were utilized to



prepare the revised definition, which should serve as a baseline from which additional research on this term could be accomplished.

*c. Proposed definition based upon responses:*

**AMORTIZATION**

*The systematic reduction of an indebtedness or recorded asset value over a specific period of time by periodic payments to a creditor or charges to an expense, in accordance with generally accepted accounting procedures or principles.*

- **Synonyms:** *Liquidation, allocation, writeoff.*
- **Antonyms:** *Direct charge.*

**2. EXPENSE**

*a. Definition synthesis:*

The term "expense" was not difficult to synthesize. The researcher found seven published definitions during his literature review, three of which read essentially the same. The researcher did, however, anticipate controversy in attempting to reach a consensus on this broad term. The definition was synthesized as:

**EXPENSE:** Costs of operation and maintenance of activities on the accrual basis for a fiscal period, as distinguished from costs of acquisition of property.

**Synonyms:** Cost.

**Antonyms:** Revenue.

*b. Results:*

Sixteen of the twenty one respondents agreed with the proposed definition as written or with minor revisions. The other five respondents, however, disagreed with the definition as proposed. The negative responses provided little insight with which to revise the definition. The

researcher received one complete revision which was considered to be very close to the one proposed. Another individual proposed a very short, basic definition. The comments included:

- An expense need not necessarily be on the accrual basis, but could be an out of pocket or period cost.
- Revise definition to read, "Costs of operation and maintenance of activities on the accrual basis for a fiscal period, to be written off in one year, as distinguished from capital costs that will be depreciated over their approximate service life."
- Revise definition to read, "A cost of doing business or conducting some activity."
- The proposed definition implies that depreciation is not an expense.
- Stick with the generally accepted accounting definition that states that an "expense" is a cost discussed in retrospect.

The researcher understands that an expense need not be on the accrual basis, yet feels that the phrase "on the accrual basis" is an important part of the definition, since most businesses practice this method of accounting. It is also felt that nothing in the proposed definition implies that depreciation is not an expense. Finally, the researcher disagrees with the respondent that stated that expenses must be "written off in one year". The recommendation regarding

the difference from writing off capital costs was accepted. The definition was modified slightly in an effort to enhance clarity.

*c. Proposed definition based upon responses:*

**EXPENSE**

*Costs of operation and maintenance of activities on the accrual basis for a fiscal period, as distinguished from capital costs that will be depreciated over their approximate service life.*

- **Synonyms:** Cost.
- **Antonyms:** Revenue, income.

**3. ROYALTY**

*a. Definition synthesis:*

The nine published definitions the researcher used in the synthesis of the term "royalty" all had the same general theme, and four of the definitions were almost identical. This made the synthesis process fairly direct. The definition as synthesized was:

**ROYALTY:** Compensation paid to the owner, vendor or lessor for the use of land, equipment, or process. Usually a percentage of the selling price of goods or services, production of which employs the land, equipment, or process.

**Synonyms:** License fee.

**Antonyms:** None.

*b. Results:*

The researcher was surprised by the number of comments generated by this questionnaire term. Five of the twenty-three individuals responding disagreed with the proposed definition. Six other respondents, while agreeing with the proposed definition, made minor comments or

modifications. The respondents also provided additional synonyms as well as an antonym. The comments included:

- Add "design" before "or process".
- Revise definition to read, "Compensation paid to the owner of an invention, trade secret or other proprietary right or intellectual property for the right to use, practice or duplicate."
- Unclear terminology has been used. Revise to read, "Percentage based compensation paid to the holder of land, equipment, patent and/or process rights by a contracted user."
- Modify the definition to read, "Compensation paid to the owner, vendor or lessor of personal, real, tangible or intangible property for the use of that property. Usually a percentage of the selling price of goods or services, production of which employs the property."
- "License fee" is a specific application to an item of use by the user, and cannot be used as a synonym as a broad generic term.
- Respondent had never seen "land" involved in a royalty arrangement. Insert the term "technology" as something for which a royalty could be paid.
- Add to the end of the first sentence, "or item for which a patent has been granted."
- Add, "name, design or software" to things for which a royalty could be paid.

While twelve of the respondents concurred with the definition without comment, the number of comments received indicates that there is a certain amount of controversy regarding this term's meaning in the field. It does appear, however, that the comments do not vary widely from the main theme of the proposed definition. The researcher concurs with the idea of using the phrase "personal, real, tangible or intangible property" because it encompasses anything for which a royalty could be paid. The researcher also concurs with the respondent who commented that "license fee" was too narrow for use as a synonym, and deleted it. A patent need not have been granted for a royalty to be paid, so that comment was rejected. The revised definition of one respondent, which varied slightly from the researcher's initially synthesized definition, was utilized as the proposed definition.

*c. Proposed definition based upon responses:*

**ROYALTY**

*Compensation paid to the owner, vendor or lessor of personal, real, tangible or intangible property for the use of that property. Usually a percentage of the selling price of goods or services, production of which employs the property.*

- **Synonyms:** *Commission payment, use fee.*
- **Antonyms:** *Royalty free use.*

**C. SUMMARY**

This chapter included a discussion of the definition synthesis process, data collection and analysis, as well as the proposed revised definitions for the three controversial

terms included in this research. A summary of all the proposed definitions along with synonyms and antonyms can be found in Appendix C. The following chapter will present the remaining twenty-two terms in the same fashion.

### III. ANALYSIS OF ALL REMAINING TERMS

#### A. INTRODUCTION

This chapter is the second of two chapters that deal with the results of the questionnaire. The terms in this chapter represent the remaining twenty two terms which were not covered in the previous chapter. These terms produced a consensus among the respondents, in that at least eighty percent of those responding to each term either agreed with the definition as written or with minor comments or revisions. The revisions that the researcher made as a result of the questionnaires were made to further refine the definition. Therefore, they did not alter the consensus because the basic meanings of the proposed synthesized definitions were not changed.

The format remains unchanged from the previous chapter. Section "a" investigates the definition synthesis process. Section "b" examines the results of the questionnaire, including selected respondent input concerning the synthesized definitions. Section "c" offers a proposed definition revision as well as recommended synonyms and antonyms.

## B. TERM ANALYSIS

### 1. ACCOUNTING

#### a. *Definition synthesis:*

The researcher found four published definitions for the term "accounting". While all four followed the same general theme, the researcher used a minor revision to the definition found in the Compendium of Authenticated Systems and Logistics Terms, Definitions, and Acronyms [Ref. 7:p. 6] because it was felt to provide the most detailed definition. The definition was synthesized as:

**ACCOUNTING:** The recording, classifying, reporting, verifying, analyzing and interpreting of the financial data of a business, governmental or other organization for the purpose of establishing and maintaining effective control and administration.

Synonyms: None.

Antonyms: None.

#### b. *Results:*

Of the thirty responses received, twenty six individuals or eighty seven percent agreed with the definition as proposed or with minor changes. The four individuals who disagreed with the proposed definition felt that it was too broad or simply that a previously published dictionary definition should be used. The comments included:

- Add, "maintaining, auditing" after "verifying".
- Revise "governmental or other organization" to read, "governmental, commercial or non-profit organization".



- Change "financial data" to "financial cost data" and "effective control" to "effective cost control".
- The proposed definition portrays the "big picture", but the immediate purpose is for preparing statements concerning the financial condition and operating results of a company.
- Revise definition to read, "The application of a system for recording, classifying, reporting, verifying, analyzing and interpreting financial and performance data for the purpose of control and administration."

The researcher felt that the definition for the term "accounting" should be purposely broad, since there are separate definitions for particular types of accounting functions. It was felt that "maintaining and auditing" were in essence covered in the functions already listed in the proposed definition. Also, the recommendation to insert the word "cost" in "financial data" and "effective control" was rejected as too narrow. The synthesized definition was not modified since the comments received from the respondents did not improve the understanding of the term.

*c. Proposed definition based upon responses:*

**ACCOUNTING**

*The recording, classifying, reporting, verifying, analyzing and interpreting of the financial data of a business, governmental or other organization for the purpose of establishing and maintaining effective control and administration.*

- **Synonyms:** None.
- **Antonyms:** None.

## 2. ACTUAL (COSTS)

### a. *Definition synthesis:*

This term was not difficult to synthesize. The researcher found seven published definitions that all centered around the researcher's understanding of the term, that of actual or historical costs as opposed to estimated costs. The definition as synthesized was:

**ACTUAL (COSTS):** All direct and indirect costs incurred in fact for services, supplies or construction as distinguished from forecasted or estimated costs.

Synonyms: None.

Antonyms: Estimated costs.

### b. *Results:*

Seventeen of the thirty respondents concurred with the definition as it was synthesized. Eight others concurred with minor comment. Five individuals did not agree with the proposed definition. The comments included:

- Revise definition to read, "All direct and indirect costs incurred in fact and allocable to a particular cost objective."
- Because not all costs are permitted under the FAR, modify, "direct and indirect costs" to read "allowable direct and indirect costs".
- Delete, "in fact".
- The phrase, "services, supplies or construction as distinguished from" is too limiting. Revise to read, "costs incurred in the performance of a specific task as distinguished from".

- No need to mention both direct and indirect costs since both must be sustained.
- Delete, "in fact for" and insert "to acquire".
- Modify "costs incurred in fact" to read "costs actually incurred".
- Add "and are verifiable" after "incurred in fact".

The respondent comment regarding the insertion of the term "allowable" into the definition was rejected by the researcher. While a cost may be unallowable to a specific Government or industry situation, it still may be an actual cost. It is also felt that since there are both direct and indirect actual costs that it is an important part of the definition. The comments of the respondents were considered during the proposed definition revision effort.

*c. Proposed definition based upon responses:*

**ACTUAL (COSTS)**

*All direct and indirect costs actually incurred in the performance of a specific task as distinguished from forecasted or estimated costs.*

- **Synonyms:** *Incurred costs.*
- **Antonyms:** *Estimated costs, anticipated costs, projected costs.*

**3. BILL OF LADING**

*a. Definition synthesis:*

The synthesized definition closely followed the eight published definitions located during the literature review. The synthesis was primarily the incorporation of the

common elements found in the definitions. The definition as synthesized was:

**BILL OF LADING:** A written receipt or contract for goods by which a carrier agrees to transport from one place to another and to deliver to a designated person or assignee for compensation based upon conditions stated therein.

Synonyms: None.

Antonyms: None.

**b. Results:**

Eighty three percent of the thirty individuals who responded concurred with the researcher's proposed definition, either without comment or with minor changes. Of the five individuals who disagreed with the proposed definition, two recommended using previously published definitions. The revisions proposed by the other three individuals not in agreement did not significantly change the basic meaning of the term. The researcher concurred with one respondent, who offered the term "manifest" as a synonym. Some of the comments included:

- Delete "or contract for" and insert "of".
- Modify to read, "A written receipt or contract specifying the terms under which a designated carrier will deliver goods to a designated consignee for compensation."
- Revise to read, "A written contract between a shipper and a carrier, wherein the carrier acknowledges receipt of identified goods and agrees to deliver those goods to a specific designee or location upon the terms and conditions contained therein."

- Insert "consignee" after "designated person".
- Modify to read, "A document which constitutes a receipt for goods and a contract to transport and deliver the goods to a designated person or assignee for compensation based upon conditions stated therein."

The high concurrence percentage combined with recommended revisions that did not change the general meaning of the term indicated that only revisions to improve ease of reading were necessary to the synthesized definition.

*c. Proposed definition based upon responses:*

**BILL OF LADING**

*A written receipt or contract specifying the terms under which a carrier agrees to transport and deliver goods to a designated person or consignee for compensation based upon conditions stated therein.*

- **Synonyms:** Manifest.
- **Antonyms:** None.

**4. BREAKEVEN ANALYSIS**

*a. Definition synthesis:*

This term was somewhat difficult to synthesize. The researcher found only two published definitions, both of which were new, rather unexpected procurement definitions of the term. The researcher's thesis advisor recommended the inclusion of two definitions for this term in the questionnaire, a general or standard definition and a procurement related definition. The development of the general definition was rather straightforward and consistent

with the researcher's previous understanding of the term. The definitions as synthesized were:

**BREAKEVEN ANALYSIS:** (1) In a general sense, computing different production volumes to determine the point at which costs equal revenues.

(2) In a procurement sense, analysis of all potential costs of establishing one or more additional sources as compared to the potential savings or benefits received from the establishment of the additional source(s).

Synonyms: None.

Antonyms: None.

**b. Results:**

The researcher expected this term to generate considerable controversy. However, twenty four of the thirty respondents concurred with the definitions either as written or with minor revisions. Of the six respondents who did not concur, two stated that they disapproved of the second procurement related definition. Some of the responses included:

- Modify definition (2) to read, "The analysis of a proposed expenditure to determine at what point in time or at what quantity such an expenditure would be recovered."
- Favor one general definition like, "Computing the point where cost equals revenue/benefit."
- In definition (1), change "different production volumes" to "different projected production volumes".
- In definition (2), modify "potential costs of establishing" to "potential costs to establish".

- Sales generate revenues, not production. Revise definition (1) to read, "comparing fixed and variable costs for different sales volumes to determine the point at which costs equal revenues."

The results of the questionnaires convinced the researcher that two different definitions were appropriate for this term. The proposed definitions did not change significantly from the synthesized definition as a result of the questionnaire process. Both definitions were refined slightly to improve their clarity, and "production volumes" in definition (1) was modified to "production or sales volumes."

*c. Proposed definitions based upon responses:*

**BREAKEVEN ANALYSIS**

(1) *In a general sense, computing different projected production or sales volumes to determine the point at which costs equal revenues.*

(2) *In a procurement sense, analysis of all potential costs to establish one or more additional sources as compared to the potential savings or benefits received from the establishment of the additional source(s).*

- **Synonyms:** None.
- **Antonyms:** None.

**5. COST ACCOUNTING**

*a. Definition synthesis:*

This term was not difficult to synthesize. Of the nine published definitions located during the literature review, five were virtually identical. The definition as synthesized was:

**COST ACCOUNTING:** A system of accounting analysis and reporting on costs of producing goods or services, or of operating programs, activities, functions, or organizational units. The system also may embrace cost estimating, determination of cost standards based on engineering data, and comparison of actual and standard costs for the purpose of aiding cost control.

Synonyms: None.

Antonyms: None.

**b. Results:**

Only a few comments were generated by the twenty one respondents to this definition questionnaire. One respondent who did not concur with the proposed definition felt that it should be limited to only the first sentence.

Some of the comments included:

- Revise "system also may embrace" to read "system may relate to or interface with".
- After "engineering data" insert "manufacturing, material, data processing, etc.".

The changes above would do little to improve this definition. Since eighty six percent of the respondents agreed with the definition as synthesized, the proposed definition is the same as the initially synthesized definition.



*c. Proposed definition based upon responses:*

**COST ACCOUNTING**

A system of accounting analysis and reporting on costs of producing goods or services, or of operating programs, activities, functions, or organizational units. The system also may embrace cost estimating, determination of cost standards based on engineering data, and comparison of actual and standard costs for the purpose of aiding cost control.

- **Synonyms:** None.
- **Antonyms:** None.

**6. DEPRECIATION**

*a. Definition synthesis:*

The researcher located ten published definitions for this term during the literature review. The decrease or decline in value theme of the majority of the definitions made the term rather easy to synthesize. The major difference was the level of detail the definitions addressed. The definition as synthesized was:

**DEPRECIATION:** The actual or declared decrease in value of tangible property (without loss of property) due to causes such as wear, tear, age, and obsolescence.  
**Synonyms:** Devaluation.  
**Antonyms:** Appreciation.

*b. Results:*

Eighty one percent of the respondents concurred with the definition as synthesized or with minor revisions. Some of the comments received follow:

- Insert the word "market" before "value".

- Modify to read, "The actual or declared decrease in economic potential of tangible property (without loss of property) due to causes such as wear, tear, age, and obsolescence."
- Revise end of definition to read, "based on actual wear, tear, age, and obsolescence or a formula that approximates the decrease in value."
- Revise definition to read, "An allowable expense that approximately represents the decline in value in the asset's service life."
- Modify "decrease in value" to read "decrease in assigned value or cost basis".
- The definition should reflect that these are predictable decreases in value rather than acts of nature.

The researcher disagrees with the modification to "market value." An asset could be fully depreciated and maintain a high market value. The researcher concurs that the definition should include a reference to a systematic or predictable decrease in value. The synthesized definition was modified to incorporate some of the comments received from the respondents in arriving at the proposed definition.

*c. Proposed definition based upon responses:*

**DEPRECIATION**

*The actual or declared decrease in assigned value of tangible property (without loss of property) based on actual wear, tear, age, and obsolescence or a formula that systematically approximates the decrease in value.*

- **Synonyms:** *Devaluation.*
- **Antonyms:** *Appreciation.*

## 7. DISCOUNT

### a. *Definition synthesis:*

This term was not difficult to synthesize. "Discount" had many published definitions, all of which were consistent with the researcher's understanding of the term. The definition as synthesized was:

**DISCOUNT:** An allowance or deduction, by the seller, of a specified sum or percentage from the selling price of an item, usually when certain stipulated conditions are met by the buyer, which reduces the cost of the goods or services purchased.

**Synonyms:** Rebate.

**Antonyms:** Premium.

### b. *Results:*

Nineteen of the twenty one questionnaires returned indicated agreement with the synthesized definition. Five respondents offered comments and observations, some of which follow:

- Two respondents felt that a rebate made after full payment is not a deduction from the price, and therefore is not an acceptable synonym.
- Modify to read, "which reduces the price of the goods".
- Revise definition to, "An allowance or deduction of a specified sum or percentage from the selling price of an item, usually when certain stipulated conditions are met by the buyer."

The researcher concurs with the comments that the term "rebate" is an unacceptable synonym. The phrase "cost of the goods" will be revised to read "price of the goods" to maintain consistency with the earlier phrase "from the selling price of an item". The above definition proposed by one respondent is shorter, but is considered less precise than the synthesized definition.

*c. Proposed definition based upon responses:*

**DISCOUNT**

*An allowance or deduction, by the seller, of a specified sum or percentage from the selling price of an item, usually when certain stipulated conditions are met by the buyer, which reduces the price of the goods or services purchased.*

- **Synonyms:** None.
- **Antonyms:** Premium, surcharge.

**8. EXPENDITURE**

*a. Definition synthesis:*

The researcher located seven published definitions for the term "expenditure" during the literature review. This term was somewhat difficult to synthesize. Three of the published definitions reflected that the incurring of a liability could be an expenditure, while the other four did not. The researcher decided that including the "incurring of a liability" phrase in the synthesized definition would make it more complete. The definition as synthesized was:

**EXPENDITURE:** The incurring of a liability, the actual payment of funds, or the transfer of property for some benefit, item, or service received. It is evidenced by voucher, claim, or other document approved by competent authority.

Synonyms: Payment.

Antonyms: Savings.

**b. Results:**

A total of eighteen of twenty one respondents agreed with the definition as it was synthesized or with minor comments. As expected, the comments received centered on whether incurring a liability constituted an expenditure. Comments received included:

- Three respondents did not feel that incurring a liability was an expenditure at the time it was incurred.
- One can expend effort as well as money or materials. Therefore, revise to read, "the actual payment of funds, the application of effort, or the transfer of property".

The comment regarding "the application of effort" was rejected because the researcher was attempting to synthesize a procurement definition for the term, not one for general use. Just as there was not total agreement on the applicability of incurring a liability among the seven published definitions, it was unlikely that the researcher would arrive at a total consensus on the questionnaires. However, based on the overwhelming positive responses

received, the research concluded that the definition was acceptable as originally synthesized.

*c. Proposed definition based upon responses:*

**EXPENDITURE**

*The incurring of a liability, the actual payment of funds, or the transfer of property for some benefit, item, or service received. It is evidenced by voucher, claim, or other document approved by competent authority.*

- **Synonyms:** *Payment.*
- **Antonyms:** *Savings.*

**9. FIXED COSTS**

*a. Definition synthesis:*

The term "fixed costs" was not difficult to synthesize. There were numerous published definitions available to reference, all of which shared the common idea of costs that do not fluctuate with business volume. The definition as synthesized was:

**FIXED COSTS:** Costs which tend to remain relatively constant, despite changes in output or sales volume.  
**Synonyms:** Period costs.  
**Antonyms:** Variable costs.

*b. Results:*

Twenty nine of thirty six respondents concurred with the definition as synthesized. Another three individuals agreed after minor revisions. Most of the comments generated centered on the phrase "tend to remain relatively", and that a range or period of time should be included in the definition. Some of the comments were:

- Delete "tends to". Change "despite" to "regardless of", because despite has a presumption inherent in it that the costs should change.
- Over the long term, fixed costs do not exist (all costs become variable). Modify to read, "despite changes in activity, output or sales volume, over the short term."
- Two individuals commented that the term "period costs" is used to distinguish costs that are not able to be inventoried and is not synonymous with fixed costs.
- Costs are constant only over a certain range.
- The word "relatively" is questioned in the definition. Revise to read, "A cost for which the total amount of the cost per period is independent of the volume of operations, within a relevant range of operations."
- The definition should include a reference to time.

The respondents' comments prompted some changes to the synthesized definition. The researcher deleted the phrase "tend to remain relatively", and included a reference to time or relative range in the proposed definition. The researcher did not concur with the comments regarding the unacceptability of the "period costs" synonym. Also, since only two of the thirty six respondents disagreed with the term as a synonym, it will be included in the proposed definition.

*c. Proposed definition based upon responses:*

**FIXED COSTS**

*Costs which remain constant, regardless of changes in activity, output or sales volume over a specified range or period of time.*

- **Synonyms:** *Period costs.*
- **Antonyms:** *Variable costs.*

**10. IMPREST FUND**

*a. Definition synthesis:*

This term was not difficult to synthesize. The researcher found seven published definitions, consistent with his understanding of the term, which were utilized to synthesize the definition as follows:

**IMPREST FUND:** A cash fund, usually of a fixed amount, in the form of currency, a bank checking account, or both, established through an advance of funds to an authorized cashier, to effect immediate cash payments for relatively small purchases.

**Synonyms:** Petty cash fund.

**Antonyms:** None.

*b. Results:*

Thirty one of the thirty six respondents agreed with the proposed definition, either without comment or with minor changes. Some of the comments and recommendations received include:

- The fact that the fund is regularly replenished should be part of the definition.
- Modify the end of the definition to read, "to effect immediate cash payments and or reimbursements for small purchases within prescribed dollar limits."



- Revise "fixed amount" to read "fixed or not to exceed amount". Modify to read, "in the form of currency, a bank checking account, credit card, or combination thereof".
- Change "A cash fund" to simply "a fund." The fund need not be a fixed amount.
- Change "cashier" to "purchasing agent".
- Revise "effect immediate cash payments" to read "expedite contractual actions". Disagree with the reference to a checking account as a form of a petty cash fund.
- Definition should reflect that with an imprest fund, delivery is made at time of purchase.

The researcher had not previously considered, but concurred with the use of a credit card as an imprest fund device. Given that, the change from "cash fund" to simply "fund" appeared logical. The researcher did not concur with the change from "cashier" to "purchasing agent" or that delivery must be made at time of purchase. Also, the comment regarding the requirement to be within prescribed dollar limits was rejected. Unlike Government purchasing, some firms in industry may have no such limit. Several of the respondents' comments were incorporated into the proposed definition.

*c. Proposed definition based upon responses:*

**IMPREST FUND**

A fund, usually of a regularly replenished fixed or not to exceed amount, in the form of currency, a bank checking account, credit card, or combination thereof, established through an advance to an authorized cashier, to effect immediate payments for relatively small purchases.

- **Synonyms:** Petty cash fund.
- **Antonyms:** None.

**11. INSPECTION**

*a. Definition synthesis:*

The term "inspection" was not difficult to synthesize. The researcher located eight published definitions for the term, five of which read essentially the same. The researcher's synthesis follows these definitions closely:

**INSPECTION:** The examination and testing of supplies and services (including, when appropriate, raw materials, components, and intermediate assemblies) to determine whether they conform to contract requirements.

**Synonyms:** Examination.

**Antonyms:** None.

*b. Results:*

While eighty one percent of the respondents agreed with the researcher's synthesized definition, the term generated considerable comment. Several of these comments follow:

- Revise end of definition to, "determine conformance to contract requirements."
- Add "and processes" after "intermediate assemblies".

- Two respondents recommended changing "contract requirements" to "contract specifications".
- Examination may not be of supplies, but of data relating to supplies.
- Add second sentence to definition, "Inspection may be performed by a contracting officer or his/her duly appointed representative."
- Add "systems and procedures" after "services".

It is possible that industry inspection may be performed by other than the contracting officer or his representative. For this reason the addition of a second sentence to that effect was rejected. The above comments were considered valid and used in preparation of the proposed definition. Inspection could be made for something not in a specification.

*c. Proposed definition based upon responses:*

**INSPECTION**

*The examination and testing of supplies and services (including, when appropriate, raw materials, components, intermediate assemblies, systems, procedures and data) to determine conformance to contract requirements.*

- **Synonyms:** Examination, review.
- **Antonyms:** None.

**12. LEARNING CURVE**

*a. Definition synthesis:*

The term "learning curve" was somewhat difficult to synthesize. The six published definitions that the researcher located for this term ranged from those that were

relatively short to detailed, lengthy definitions. The researcher decided upon a rather detailed synthesized definition in an effort to improve understanding and maximize consensus. A considerable number of comments and recommendations were anticipated. The definition as synthesized was:

**LEARNING CURVE:** A graphic representation of a mathematical calculation tool used primarily to project resource requirements in terms of direct manufacturing labor hours or the quantity of material required for a production run. The learning curve concept was adopted from the observation that individuals who perform repetitive tasks exhibit a rate of improvement due to increased manual or mental dexterity.

Synonyms: Improvement curve, experience curve.

Antonyms: None.

**b. Results:**

The researcher was rather surprised with the questionnaire results. Of the thirty six questionnaires returned, only nine contained comments. Eighty three percent of respondents agreed with the synthesized definition. Some of the comments included:

- Revise "primarily to project resource requirements in terms of" to "to predict". Change "a rate" to "a predictable rate", and "dexterity" to "familiarity".
- Change "calculation tool" to "function," and delete the phrase, "resource requirements in terms of".
- There are many factors which effect improvement, not just manual or mental dexterity. Revise end of definition to read, "due to increased efficiency."

- Revise beginning of definition to read, "A table of values for a" vice "A graphic representation of a".
- Delete the phrase, "or the quantity of material".
- A learning curve does not have to be a graphic representation.

The researcher concurs that there are methods other than a graphic representation or table of values which could be used to present the results of a learning curve. The comments above were considered when revising the definition.

*c. Proposed definition based upon responses:*

**LEARNING CURVE**

*A quantitative method for projecting resource requirements, typically expressed as labor hours or material quantities, based on the observation that as an effort is repetitively performed there is a constant percentage decrease in the resources required.*

- **Synonyms:** *Improvement curve, experience curve, learner's curve.*
- **Antonyms:** *None.*

**13. MULTIPLE AWARD**

*a. Definition synthesis:*

Only two published definitions of the term "multiple award" were located during the literature review. The researcher felt that a slightly modified version of the definition found in The National Institute of Governmental Purchasing Incorporated's The Dictionary of Purchasing Terms [Ref. 8:p. 20] best embodied that definition. The definition was synthesized as follows:

**MULTIPLE AWARD:** Contracts awarded to more than one supplier for comparable supplies and services. Awards are made for the same generic types of items at various prices where the award to a single supplier would be impractical or fail to satisfy the total contract requirement.

Synonyms: None.

Antonyms: Single award.

**b. Results:**

A total of twenty respondents agreed with the definition as written. Another eleven agreed with minor modifications. Five respondents did not agree with the synthesized definition. Some of the comments and recommendations received are as follows:

- Change the second sentence to read, "Multiple awards are made when the award to a single supplier would be impractical or fail to satisfy the total contract requirement."
- Modify the second sentence to read, "would be impractical, fail to satisfy the total contract requirement, or assure retention of more than one source for continuing competition."
- Revise phrase, "for comparable supplies" to read "for the same or comparable supplies".
- Modify the second sentence to read, "would be impractical, fail to satisfy the total contract requirement, or where dual sourcing is used to retain technical competition and supplier base."
- Revise the first sentence to begin, "Contracts awarded under one bid or solicitation".

- Revise the definition to read, "The award of contracts to more than one supplier from a single solicitation. Awards are made for the same generic types of items or services at various prices where the award to a single supplier would be impractical, fail to satisfy the total contract requirement or not support the industrial base or future requirements for competition."

The comments received centered on two areas. First, that the definition should reflect that a multiple award is made from a single bid or solicitation. Second, that maintaining competition or the supplier base could be a reason for a multiple award. The researcher concurred with these comments and revised the definition to reflect those ideas.

*c. Proposed definition based upon responses:*

**MULTIPLE AWARD**

*Contracts awarded to more than one supplier from a single bid or solicitation. Awards are made for the same or comparable generic types of items or services at various prices where the award to a single supplier would be impractical, fail to satisfy the total contract requirement or would not support the industrial base or future requirements for competition.*

- **Synonyms:** *Split award.*
- **Antonyms:** *Single award.*

**14. PERFORMANCE BOND**

*a. Definition synthesis:*

The term "performance bond" was somewhat difficult to synthesize. Seven published definitions were located by the researcher during the literature review. Four

of the definitions maintained that a performance bond secures or guarantees contractor performance of a contract. The other three definitions centered around the thought that rather than providing a guarantee of actual performance, a performance bond would provide a buyer protection against the contractor's inability to fulfill the requirements of the contract. The researcher made the decision to base his definition on the general theme of securing or the guarantee of contractor performance. The definition as synthesized was:

**PERFORMANCE BOND:** A bond which is executed in connection with a contract which secures the performance and fulfillment of the contractor's obligations under the contract.

Synonyms: Surety bond, bid bond.

Antonyms: None.

**b. Results:**

Although ninety one percent of all respondents agreed with the synthesized definition, considerable comments were generated. As anticipated, many of the comments involved the question of contract performance or indemnification. Some of the comments included:

- Three respondents disagreed with the term "bid bond" as a synonym. They stated that a bid bond secures procurement cost if the low responsive, responsible bidder refuses to accept or perform the contract.
- Replace the word "secures" with "guarantees".
- Replace the word "bond" with "financial guarantee".
- Replace the word "secures" with "ensures".



- A performance bond doesn't secure performance. It merely indemnifies the buyer for a contractor's failure to perform.
- Delete the phrase, "and fulfillment".
- Revise definition to read, "A financial instrument provided in connection with a contract, which provides a monetary reimbursement to the buyer in the event a contractor fails to perform or fulfill all the obligations under the contract."

The researcher concurs with the comments regarding the bid bond as an unacceptable synonym. The researcher maintains that since failure to perform would have a negative impact on a contractor, a performance bond does in essence secure contractor performance. However, it is also agreed that buyer financial indemnification should be reflected in the definition.

*c. Proposed definition based upon responses:*

**PERFORMANCE BOND**

*A financial guarantee indemnifying the buyer, executed in connection with a contract, which secures the performance and fulfillment of the contractor's obligations under the contract.*

- **Synonyms:** Surety bond.
- **Antonyms:** None.

**15. RANDOM SAMPLING**

*a. Definition synthesis:*

Three published definitions for the term "random sampling" were located during the literature review. The term

was not difficult to synthesize since the researcher concurred with the definition published in The National Institute of Governmental Purchasing Incorporated's The Dictionary of Purchasing Terms. [Ref. 8:p. 25] This definition was used as the proposed definition in the questionnaires.

**RANDOM SAMPLING:** The procedure used to select items from an inspection lot so each item in the lot has an equal chance of being included in the sample.

Synonyms: None.

Antonyms: None.

**b. Results:**

Eighteen of the twenty three respondents concurred with the proposed definition as written. Three concurred with minor comment. Only two respondents did not concur with the definition and offered revisions. Some of the comments received include:

- Revise definition to read, "The statistically sound procedure used to select items from an inspection lot resulting in a representative sample of the lot."
- Revise the definition to read, "The procedure used to ensure that each item in a lot has an equal chance of being selected for a limited inspection group."
- Random sampling is accomplished via a sampling plan and is normally performed by a quality assurance evaluator or inspector.
- The term "procedure" sounds too organized. Change "the procedure used to select items from" to "a chance selection of items from".

It is not felt that the above revisions or comments would contribute to a more understandable term. Based on the extremely high concurrence rate, the definition was not modified. An antonym provided by one respondent was accepted.

*c. Proposed definition based upon responses:*

**RANDOM SAMPLING**

*The procedure used to select items from an inspection lot so each item in the lot has an equal chance of being included in the sample.*

- **Synonyms:** None.
- **Antonyms:** Ordered sampling.

**16. REAL PROPERTY**

*a. Definition synthesis:*

This term was not difficult to synthesize.

The researcher located six published definitions during the literature review, three of which were essentially the same. These definitions were used as the basis for the synthesized definition. The definition as synthesized was:

**REAL PROPERTY:** All fixed, permanent, immovable property such as land, land improvements, buildings, structures and utility distribution systems.

**Synonyms:** Real estate.

**Antonyms:** Personal property.

*b. Results:*

Sixteen of the twenty three respondents concurred with the definition as written. Another three concurred but offered minor comments. Four respondents disagreed with the definition. Some of the comments included:

- Buildings and structures are in fact movable, albeit not easily.
- The inclusion of land and land improvements in the definition is not necessary.
- There is no relevance in including utility distribution systems in the definition. Revise to read, "all land including improvement such as buildings, structures, roads and the like."
- Add to end of the definition, "excluding installations intended to be temporary and as mutually agreed between the parties."

The researcher disagrees with the recommendations regarding the deletion of the land and land improvements phrase in the definition, as well as the relevance of including utility distribution systems. The researcher did, however, agree with the comment that real property could be moveable in some instances. For this reason the definition was revised to begin, "All relatively fixed".

*c. Proposed definition based upon responses:*

**REAL PROPERTY**

*All relatively fixed, permanent, immovable property such as land, land improvements, buildings, structures and utility distribution systems.*

- **Synonyms:** Real estate.
- **Antonyms:** Personal property.

## 17. STANDARD

### a. *Definition synthesis:*

The term "standard" was not difficult to synthesize. The published definitions carried a common theme. The synthesis was primarily a matter of incorporating common elements found in the definitions. The definition as synthesized was:

**STANDARD:** An established or accepted rule, measure, or model by which the degree of acceptability of a product or act is made.

**Synonyms:** Criterion.

**Antonyms:** None.

### b. *Results:*

Nineteen of the twenty three respondents agreed with the definition, either as written or with minor modifications. Four individuals disagreed with the definition, however, their revisions did not vary significantly with the one proposed. Some of the comments included:

- Change last word in definition from "made" to "measured".
- Modify "accepted rule, measure, or model" to read, "accepted rule, measure, design, specification or model". Change last word in definition from "made" to "determined".
- Change "act" to "service".

- Revise definition to read, "An established or accepted measure, or model by which acceptability of a product is determined."
- Proposed definition is too wordy. Revise to read, "An established practice of judging anything against the norm."
- Revise definition to read, "An established and accepted rule, measure, criterion or practice against which the degree of acceptability of a product or act is established."

The proposed definition was modified slightly to incorporate some minor changes mentioned in the comments.

*c. Proposed definition based upon responses:*

**STANDARD**

*An established or accepted rule, measure, or model by which the degree of acceptability of a product or service is determined.*

- **Synonyms:** *Criterion.*
- **Antonyms:** *None.*

**18. SURETY**

*a. Definition synthesis:*

The definition for "surety" was not difficult to synthesize. The researcher located five published definitions for the term, consistent with his understanding of the meaning, which were used to prepare the synthesized definition. The definition as synthesized was:

**SURETY:** An individual or corporation who agrees, usually in writing, to be legally liable for the debt, default, or failure of a principal to satisfy a contractual obligation.

Synonyms: Guarantor.

Antonyms: None.

**b. Results:**

This term did not generate much comment. Twenty two of the thirty respondents concurred with the definition as written. Another six individuals concurred with minor comment. Only two individuals did not agree with the definition. Some of the comments included:

- Six of the respondents stated that a surety had to be in writing.
- Revise to "An individual, group or corporation".
- Revise "individual or corporation" to "individual, corporation or third party". Also, change "for the debt" to "all or part of the debt".
- Revise definition to read, "An individual or corporation who agrees, usually in the same instrument executed at the same time as the obligation of the principal, to pay money or perform an action for the principal."

The above respondent's revised definition does little to improve the understanding of the term. Also, the researcher feels that the general phrase "liable for the debt" in the synthesized definition implies all or part of the debt. The researcher modified the definition slightly to incorporate the other comments from the questionnaire respondents.

*c. Proposed definition based upon responses:*

**SURETY**

An individual, group or corporation who agrees in writing to be legally liable for the debt, default, or failure of a principal to satisfy a contractual obligation.

- **Synonyms:** Guarantor.
- **Antonyms:** None.

**19. VALIDATION**

*a. Definition synthesis:*

Four published definitions for the term "validation" were located during the literature review. Two of the definitions were determined to be too specific to Department of Defense procurement to develop a general definition for the term, so the synthesis consisted mainly of reviewing the other two definitions. While he considered his synthesized definition acceptable, due to the small resource base used in its preparation, the researcher anticipated considerable comment as a result of the questionnaire. The definition as synthesized was:

**VALIDATION:** Proof or confirmation of whether a test yields desired results with sufficient accuracy, precision, reliability and relevance to confirm or give legal support to a claim or contract.

**Synonyms:** Certification.

**Antonyms:** None.

*b. Results:*

The researcher was rather surprised to discover that the proposed definition generated little comment. Twenty four of the thirty respondents agreed with the definition as



written. Another four respondents agreed with minor modifications. Some of the comments received include:

- Two respondents felt that the term "certification" was not a good synonym. One of the individuals stated that a test yields results. A certification is a signed statement attesting to the belief of a person, but that it was not necessarily correct.
- Delete "legal" from the definition.
- Change "desired results" to "anticipated results", since "desired" tends to question the objectivity of the test.
- Revise "desired results" to "predicted results", since you are proving what you predicted, not what you desire.
- Change "confirmation of whether" to read "confirmation that".
- Modify "test yields" to "measuring device gives the".

Two respondents offered the synonym "verification", which the researcher concurs is a more accurate synonym than "certification". The researcher does not agree with deleting the term "legal", since a validation may well be used in legal proceedings. The other comments were considered when preparing the revised definition.

*c. Proposed definition based upon responses:*

**VALIDATION**

*Proof or confirmation that a test or measurement yields predicted results with sufficient accuracy, precision, reliability and relevance to confirm or give legal support to a claim or contract.*

- **Synonyms:** Verification.
- **Antonyms:** None.

**20. VERIFICATION**

*a. Definition synthesis:*

Synthesizing this definition was rather direct and did not prove difficult. The researcher kept the definition short and concise, consistent with his understanding of the term. The definition as synthesized was:

**VERIFICATION:** The procedure or process by which correctness, adequacy or validity is ascertained.  
**Synonyms:** Confirmation.  
**Antonyms:** None.

*b. Results:*

As expected, the definition generated little comment. Twenty seven of the thirty respondents agreed with the definition as written or with minor modification. Some of the comments included:

- Revise the beginning of the definition to read, "The procedure, process or documentation".
- Verification is a result, not a procedure or process. Also, verification does not necessarily mean that it is valid.
- Change "ascertained" to "established".
- Revise "procedure or process" to "act or process".

Two respondents also offered the term "substantiation" as a synonym. The researcher disagrees with the respondent who stated that verification was a result, not a procedure or process. Also, the inclusion of documentation into the definition was rejected. The procedure or process of reviewing documentation could be considered verification, but not simply the documentation itself. Based on the overwhelming concurrence rate and the absence of any comments that markedly improved the understanding of the term, the proposed definition was not changed.

*c. Proposed definitions based upon responses:*

**VERIFICATION**

*The procedure or process by which correctness, adequacy or validity is ascertained.*

- **Synonyms:** Confirmation, substantiation.
- **Antonyms:** None.

**21. VOUCHER**

*a. Definition synthesis:*

The term "voucher" was not difficult to synthesize. The researcher located seven published definitions during the literature review, all of which centered around the idea of documentation which provides evidence or authorization for payment. The definition as synthesized was:

**VOUCHER:** A written instrument showing that services have been performed or goods purchased, and generally requests and/or authorizes payment to be made to the vendor.

**Synonyms:** Receipt.

**Antonyms:** None.

**b. Results:**

Twenty three of the thirty questionnaire respondents agreed with the synthesized definition as proposed. Another five respondents agreed with minor comments. Two respondents did not concur with the definition.

A sample of the comments received include:

- Change "showing" to "stating", and "generally requests and/or authorizes" to "may request and/or authorize".
- Change "goods purchased" to "goods delivered", and "vendor" to "submitter".
- Revise "showing" to "proving".
- After "goods purchased", add "and delivered".
- Add phrase "instrument created by vendor", which identifies the party that creates this document.
- Revise definition as follows to make it easier to read:  
"A written instrument showing services have been performed or goods purchased that requests and/or authorizes payment be made to the vendor."

The definition was modified slightly, considering the comments received.

**c. Proposed definition based upon responses:**

**VOUCHER**

*A written instrument stating that services have been performed or goods purchased and delivered, and generally requests and/or authorizes payment to be made to the vendor.*

- **Synonyms:** Receipt.
- **Antonyms:** None.

## 22. YIELD

### a. *Definition synthesis:*

The term "yield" was somewhat difficult to synthesize. While four published definitions were located during the literature review, what was considered a "procurement" definition could not be located by the researcher. The two themes thought important to incorporate into a definition were effective rate of return and output achieved as compared with the input expended. The following definition was synthesized for the term:

**YIELD:** The actual or effective rate of return on an investment or the output achieved versus the input expended.

**Synonyms:** Rate of return, realization rate, efficiency rate.

**Antonyms:** None.

### b. *Results:*

The researcher was somewhat surprised by the results. Twenty six of the thirty respondents concurred with the definition without comment. Another three respondents concurred with minor comment. Only one individual disagreed with the proposed definition. The comments received follow:

- Revise "versus" to "in comparison to".
- Modify to read only, "The output achieved versus the input expended."
- Revise the definition to read, "The actual or effective rate of return on an investment or the acceptable output achieved as a result of the total input."

- Should this definition cover more than one contract area, for instance to yield a point or yield a position during negotiations?

The researcher disagrees with the recommendation of "acceptable output achieved", since the actual yield or output achieved very well may not be acceptable. It is possible that the term "yield" could be used another way, as was questioned. However, since only one respondent in thirty thought that it could be defined in this manner, the proposal is considered unlikely to obtain wide support. Due to the high concurrence rate and the fact that no major modifications of the term had been proposed, the definition was not further modified.

*c. Proposed definitions based upon responses:*

**YIELD**

*The actual or effective rate of return on an investment or the output achieved versus the input expended.*

- **Synonyms:** *Rate of return, realization rate, efficiency rate.*
- **Antonyms:** *None.*

**C. SUMMARY**

This chapter offered an analysis of the remaining twenty two terms which the researcher studied. The chapter included a discussion of the process of definition synthesis, analysis of questionnaire comments and recommendations, as well as the preparation of proposed definitions based on those comments.

A summary of all proposed definitions, synonyms and antonyms are included as Appendix C. The final chapter presents conclusions and recommendations.

#### IV. CONCLUSIONS AND RECOMMENDATIONS

##### A. INTRODUCTION

This chapter offers conclusions and recommendations generated as a result of this research effort. The chapter also includes an answer to the primary research question presented in Chapter I of this thesis.

##### B. CONCLUSIONS

As did the latest researcher in this area, Lieutenant Commander Russell G. Roe, this researcher concurs with the conclusions made by the previous researchers with one exception. Three previous researchers came to the conclusion that the synonyms and antonyms that had been included in the questionnaires had been generally ignored by the respondents and had added little value to the thesis. [Ref. 2:p. 53] [Ref. 3:p. 59] [Ref. 4:p. 66] Roe stated that "...there were several cases where the same synonyms and antonyms were recommended by different respondents." [Ref. 21:p. 71] This researcher also found the respondents input in these areas helpful, either by proposing terms that had not been previously considered or commenting on why a synonym or antonym listed by the researcher was not acceptable. In fact, in twelve instances during his analysis, comments or recommendations by respondents caused him to change a synonym



or antonym in the final proposed definition. The conclusions drawn by the research are as follows:

1. The product of this thesis will add to the body of knowledge which makes up the contracting discipline.

[Ref. 1:p. 79] [Ref. 2:p. 51] [Ref. 3:p. 58] [Ref. 4:p. 64] [Ref. 21:p. 72]

The twenty five definitions proposed by this thesis, incorporated with those developed by the previous researchers in this area, will provide a foundation on which a dictionary of acquisition and contracting terms can be built.

2. The observations of questionnaire respondents reflected a concern for the continued development of the contracting discipline.

[Ref. 1:p. 79] [Ref. 2:p. 52] [Ref. 3:p. 59] [Ref. 4:p. 65] [Ref. 21:p. 72]

While this researcher did not enjoy as high a response rate as did several of the previous researchers, the questionnaires provided many positive comments which will contribute to the body of contracting knowledge. A few comments regarding the importance of the overall dictionary research effort were also received.

3. There is not universal agreement concerning the meaning of most contracting terms.

[Ref. 1:p. 80] [Ref. 2:p. 52] [Ref. 3:p. 59] [Ref. 4:p. 65] [Ref. 21:p. 72]

Even in the questionnaire terms which resulted in the highest concurrence rates, valid comments and recommendations

were provided by the respondents. This is further evidence for the need for development of a standard dictionary of contracting terms.

4. The procedure used in this thesis to achieve consensus on term definitions as used in contracting is valid.

[Ref. 1:p. 80] [Ref. 2:p. 52] [Ref. 3:p. 59] [Ref. 4:p. 65] [Ref. 21:p. 73]

Each of the twenty five synthesized definitions were prepared after a review of several definitions that had been previously published by experts in the field. The term was then presented to a large number of contracting professionals for their concurrence or comments. The number of excellent comments and recommendations received as a result indicate that this procedure is a valid method of obtaining term definition consensus.

### C. RECOMMENDATIONS

1. The definitions for the twenty two non-controversial terms analyzed in Chapter III should be included in the dictionary of acquisition and contracting terminology.

At least eighty percent of the individuals who responded to each one of these terms agreed with the definition as written or with minor comment. Based upon this high concurrence rate, the definition is considered acceptable and ready to be published in a dictionary of acquisition and contracting terms.

2. The definitions for the three controversial terms analyzed in Chapter II should be further reviewed, resynthesized and subjected to another round of consensus review by contracting professionals.

The fact that at least twenty percent of all respondents disagreed with the synthesized definitions indicates a need for further study. Subsequent to a review of additional literature on each term, the definitions should be resynthesized. This resynthesized definition should then be subjected to a thorough analysis by contracting professionals in the form of a second questionnaire.

3. Continue to use five separate questionnaires which contain five terms each and mail each questionnaire to one hundred CPCMs/CACMs.

This procedure was initiated by Robinson, and produced a significantly higher response rate than those researchers who included all twenty five terms in each questionnaire. In addition, by soliciting comments from only CPCMs and CACMs, the researcher should experience a higher questionnaire response rate and receive more professional comments.

4. Future research questionnaires should be followed up with a reminder letter.

The questionnaire mailed as part of this research effort, which did not utilize a reminder letter, resulted in an aggregate response rate of 28%. Lieutenant Commander Russell Roe, who used that same methodology experienced a 36%

return rate on his questionnaires. However, Lieutenant Michael Robinson, who sent out reminder letters to all those individuals who had initially been mailed a questionnaire, garnered an aggregate response rate of 54%. These figures indicate that the use of a followup or reminder letter can significantly increase the aggregate response rate.

#### D. RESEARCH QUESTION ANSWER

The primary research question was: To what extent can standard meanings be arrived at in the evolving field of contracting in which words are used with various meanings?

Lieutenant Commander Ryan's answer to the same thesis question is still valid:

A 100 percent agreement on an exact definition for any given contracting term is not likely to occur, but a definition which represents a consensus can occur with success as demonstrated by the results of this thesis. Definition consensus is realistically achievable in a fixed amount of time utilizing published definitions and glossary "explanations" as the basis for synthesized definitions which can be subjected to criticism of a representative body of practitioners. [Ref. 1:p. 83]

It is possible for contracting professionals to develop a consensus working definition for acquisition and contracting terms. This is indicated by the excellent comments and recommendations that the questionnaire terms generated, as well as the numerous positive comments received on the overall research effort. However, as the previous researchers in this area discovered, the study met with some skepticism from the questionnaire respondents. The development of a standardized dictionary of acquisition and contracting terms may be

possible, but the general acceptance and enforcement may prove more difficult.

#### **E. GENERAL COMMENTS**

This research effort will prove beneficial to the continuing combined research project. It has also been an excellent learning experience for the researcher in terms of his review of published contracting literature, the definition synthesis process, as well as the opportunity to review comments and recommendations from numerous procurement professionals.

#### **F. SUMMARY**

This chapter offered conclusions and recommendations regarding this research effort. A standard dictionary of acquisition and contracting terms would be a major contribution to the procurement community. Hopefully, the results of this thesis brings the dictionary a step closer to becoming a reality.

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## APPENDIX A: PUBLISHED DEFINITIONS

This appendix presents the published definitions of the twenty five terms which were used in the development of the questionnaire. The following terms were researched:

- Accounting
- Amortization
- Breakeven Analysis
- Depreciation
- Expenditure
- Fixed Costs
- Inspection
- Multiple Award
- Random Sampling
- Royalty
- Surety
- Verification
- Yield
- Actual (Costs)
- Bill of Lading
- Cost Accounting
- Discount
- Expense
- Imprest Fund
- Learning Curve
- Performance Bond
- Real Property
- Standard
- Validation
- Voucher



## ACCOUNTING

- "The striking of a balance between debits and credits, showing a balance due, if any." [Ref. 6:p. 5]
- "The science of recording, classifying, summarizing (reporting), verifying, analyzing, and interpreting the economic data of a business, governmental, or other social-group enterprise or undertaking for the purpose of promoting effective control and administration." [Ref. 7:p. 6]
- "The recording and reporting of transactions." [Ref. 15:p. 8]
- "Principles and procedures of recording financial transactions. Also an instance of applying those principles and procedures." [Ref. 18:p. 4]

## ACTUAL (COSTS)

- "Amounts determined on the basis of costs incurred as distinguished from forecasted costs." [Ref. 6:p. 7]
- "An amount determined on the basis of cost incurred as distinguished from estimated cost." [Ref. 7:p. 16]
- "All direct and indirect costs incurred for services, supplies or construction, as distinguished from allowable costs." [Ref. 8:p. 1]
- "A cost sustained in fact, on the basis of costs incurred, as distinguished from projected or estimated costs." [Ref. 10:p. 2]
- "...amounts determined on the basis of costs incurred, as distinguished from forecasted costs." [Ref. 11:Part 31.001]
- "A cost sustained in fact, on the basis of costs incurred, as distinguished from forecasted or estimated costs." [Ref. 12:p.2]
- "A cost sustained in fact, on the basis of costs incurred, as distinguished from projected or estimated costs." [Ref. 13:p. B-1]
- "Cost, as of acquisition or production, the former net of discounts and allowances but including transportation and storage, and often averaged for internal-transfer or inventory purposes; the latter consisting of direct material, labor, and variable overhead." [Ref. 15:p. 22]

## AMORTIZATION

- "The allocation (and charge to expense) of the cost or other basis of an intangible asset over its estimated useful life." [Ref. 5:p. 76]
- "The gradual extinguishment of any amount over a period of time: as, the retirement of a debt by serial payments to the creditor or into a sinking fund; the periodic writedown of an insurance premium or a bond premium." [Ref. 15:p. 28]

- "A reduction of the book value of a fixed asset: a generic term for the depreciation, depletion, writedown, or writeoff of a limited-life asset or group of such assets, an acquired intangible asset such as goodwill, or a prepaid expense, either by a direct credit or through the medium of a valuation account; hence, the amount of such a reduction." [Ref. 15:p. 28]
- "Accounting procedure that gradually reduces the cost value of a limited life or intangible asset through periodic charges to income." [Ref. 17:p. 16]
- "...the reduction of debt by regular payments of interest and principal sufficient to pay off a loan by maturity." [Ref. 17:p. 16]
- "The gradual reduction of a debt by means of equal periodic payments sufficient to meet current interest and to liquidate the debt at maturity." [Ref. 19:p. 22]

#### BILL OF LADING

- "Document evidencing receipt of goods for shipment issued by person engaged in business of transporting or forwarding goods and it includes airbill." [Ref. 5:p. 152]
- "A document evidencing the receipt of goods for shipment issued by a person engaged in the business of transporting or forwarding goods, and includes an airbill." [Ref. 6:p.30]
- "The acknowledgement of the receipt of goods for movement by the carrier and the contract for the movement." [Ref. 7:p. 96]
- "A written receipt or contract, given by a carrier, showing a list of goods delivered to it for transportation." [Ref 8:p. 3]
- "A carrier's contract and receipt for goods by which he agrees to transport from one place to another and to deliver to a designated person or assigns for compensation and upon such conditions as are stated therein." [Ref. 9:p. 31-4]
- "A carrier's contract and receipt for goods that the carrier agrees to transport from one place to another and to deliver to a designated person or assignee for compensation upon such conditions as are stated therein." [Ref. 14:p. 165]
- "A written acknowledgment issued by a carrier as bailee constituting both a receipt of goods and a contract undertaking to deliver the goods at a specified place to a named person or to his order." [Ref. 15:p. 62]
- "A receipt issued by a carrier, as bailee, certifying that it has received the therein described goods from the within-named consignor, for transportation to specified destination, to a specified consignee or to the order of any person." [Ref. 16:p. 128]

- "A statement whereby the carrier acknowledges receipt of freight, identifies the freight, and sets forth a contract of carriage." [Ref. 19:p. 49]

#### BREAKEVEN ANALYSIS

- "Analysis of proposed procurement and facilitization to compare potential cost of establishing a second source with potential savings due to competitive pressure from the second source." [Ref. 10:p. 7]
- "Analysis of proposed procurement and facilitization to compare potential cost of establishing a second source with potential savings due to competitive pressure from the second source." [Ref. 12:p. 9]
- "Computing costs and revenues for different volumes of production in order to determine the break-even point." [Ref. 18:p. 46]

#### COST ACCOUNTING

- "A system of accounting analysis and reporting on costs of production of goods or services, or of operation of programs, activities, functions, or organizational units. The system also may embrace cost estimating, determination of cost standards based on engineering data, and comparison of actual and standard costs for the purpose of aiding cost control. The system may deal in non-financial (statistical) measures in lieu of or to augment financial measures." [Ref. 7:p. 7]
- "A system of accounting analysis and reporting on costs of production of goods and services, or of operation of programs, activities, functions, or organizational units. The system may also embrace cost estimating, determination of cost standards based on engineering data, and comparison of actual and standard costs for the purpose of aiding cost control." [Ref. 9:p. 31-10]
- "A system of accounting analysis and reporting on costs of production of goods or services or of operating programs, activities, functions, or organizational units. The system may also embrace cost estimating, determination of cost standards based on engineering data, and comparison of actual and standard costs to aid cost control." [Ref. 10:p. 13]
- "A system of accounting analysis and reporting on costs of production of goods or services, or of operation of programs, activities, functions or organizational units. The system may also embrace cost estimating, determination of cost standards based on engineering data, and comparison of actual and standard costs for the purpose of aiding cost control." [Ref. 12:p. 15]

- "A system of accounting analysis and reporting on costs of producing goods or services, or of operating programs, activities, functions, or organizational units. The system also may embrace memorandum records, cost estimating, determination of cost standards based on engineering data, and comparison of actual and standard costs for the purpose of aiding cost control." [Ref. 13:p. B-3]
- "That branch of accounting dealing with the classification, recording, allocation, summarization, and reporting of current and prospective costs." [Ref. 15:p. 142]
- "Branch of accounting concerned with providing the information that enables the management of a firm to evaluate production costs." [Ref. 17:p. 80]
- "Systematic measurement, analysis and recording of the costs incurred by a firm or by particular activities, processes, or departments of a firm and estimation of costs to be incurred in the future or the costs that would be incurred in given circumstances." [Ref. 18:p. 103]
- "A branch of accounting dealing with the classification, recording, allocation, summarization, and reporting of current and prospective costs. It provides the means by which management can control manufacturing costs." [Ref. 19:p. 108]

#### DEPRECIATION

- "A fall in value; reduction of worth. The deterioration, or the loss or lessening in value, arising from age, use, and improvements, due to better methods. A decline in value of property caused by wear or obsolescence and is usually measured by a set formula which reflects these elements over a given period of useful life of property." [Ref. 5:p. 39]
- "The decrease in value of tangible property (without loss of property) due to causes such as wear, tear, age, and obsolescence." [Ref. 7:p. 218]
- "A decrease in value because of use, time, deterioration, inadequacy or obsolescence." [Ref. 8:p. 10]
- "Actual or declared decline in value of a capital asset through wear and tear, age, inadequacy, or obsolescence without loss of substance." [Ref. 9:p. 31-11]
- "...a charge to current operations which distributes the cost of a tangible capital asset, less estimated residual value, over the estimated useful life of the asset in a systematic and logical manner." [Ref. 11:Part 31.205-11]
- "Decline in value of a capital asset through wear and tear, age, inadequacy, and obsolescence, without loss of substance." [Ref. 14:p. 173]

- "An accounting term to denote the shrinkage in value of an asset due to (1) physical deterioration or wear and tear; (2) obsolescence; and (3) passage of time, inadequacy, and action of the elements." [Ref. 16:p. 269]
- "Amortization of fixed assets, such as plant and equipment, so as to allocate the cost over their depreciable life." [Ref. 17:p. 96]
- "Normally, charges against earnings to write off the cost, less salvage value, of an asset over its estimated useful life." [Ref. 19:p. 130]
- "The systematic and rational allocation of the costs of equipment and buildings (having a life of more than 1 year) over their useful lives." [Ref. 20:p. 86]

#### DISCOUNT

- "...a deduction from an original price or debt, allowed for paying promptly or in cash." [Ref. 5:p. 418]
- "The deduction, by a seller, of a specified sum or percentage from the selling price of an item, usually accompanied by a cost-reducing condition; e.g. prompt payment, etc." [Ref. 8:p. 10]
- "An allowance or deduction granted by the seller to the buyer, usually when certain stipulated conditions are met by the buyer, which reduces the cost of the goods purchased. However, discounts may be granted by the seller without reference to stipulated conditions." [Ref. 9:p. 31-11]
- "An allowance or deduction granted by the seller to the buyer which reduces the cost of the goods purchased. Discounts usually are granted when certain stipulated conditions are met by the buyer. However, discounts may be granted without reference to stipulated conditions." [Ref. 14:p. 173]
- "An allowance given for the settlement of a debt before it is due." [Ref. 15:p. 180]
- "To reduce the price of something; to give a discount to a purchaser." [Ref. 18:p. 132]
- "The selling of an item or service at a price reduced below the normal list price." [Ref. 19:p. 135]

#### EXPENDITURE

- "Spending or payment of money; the act of expending, disbursing, or laying out of money; payment." [Ref. 5:p. 518]
- "The amount of expenditure checks issued, reimbursement 1080 billings, and cash payments made, net of refunds received." [Ref. 7:p. 275]
- "A charge against available funds. It is evidenced by voucher, claim, or other document approved by competent authority. Expenditure represents the actual payment of funds." [Ref. 10:p. 22]

- "A charge against available funds. It is evidenced by voucher, claim, or other document approved by competent authority. Expenditure represents the actual payment of funds." [Ref. 12:p. 28]
- "The incurring of a liability, the payment of cash, or the transfer of property for the purpose of acquiring an asset or service or settling a loss." [Ref. 15:p. 201]
- "A relinquishment by a firm of money or some other asset or an incurrance of a liability in exchange for a benefit received or to be received." [Ref. 18:p. 161]
- "An actual payment, or the creation of an obligation to make a future payment, for some benefit, item, or service received." [Ref. 19:p. 162]

#### EXPENSE

- "That which is expended, laid out or consumed. An outlay; charge; cost; price. The expenditure of money, time, labor, resources, and thought." [Ref. 5:p. 518]
- "Costs of operation and maintenance of activities on the accrual basis for a fiscal period, as distinguished from costs of acquisition of property." [Ref. 7:p. 276]
- "Cost of operation and maintenance of activities on the accrual basis over time, as distinguished from cost of acquisition of property." [Ref. 10:p. 22]
- "Cost of operation and maintenance of activities on the accrual basis over time, as distinguished from costs of acquisition of property." [Ref. 12:p. 29]
- "A measurement, for the purposes of accounting, of the cash value of whatever a firm has parted with (or is liable to part with) in making an expenditure in exchange for specified goods, services of labour that have been used by the firm in any way that has assisted the firm in acquiring revenue." [Ref. 18:p. 161]
- "The cost of resources used to create revenue." [Ref. 19:p. 162]

#### FIXED COSTS

- "The expenses that have to be borne whether any business is done or not." [Ref. 5:p. 574]
- "Those cost which tend to remain relatively constant, despite changes in output." [Ref. 7:p. 295]
- "Costs that do not vary with the volume of business, such as property taxes, insurance, depreciation, security, and minimum water and utility fees. Cost that does not fluctuate with variable outputs in the relevant range." [Ref. 10:p. 24]
- "Costs that do not vary with the volume of business, such as property taxes, insurance, depreciation, security, and minimum water and utility fees." [Ref. 12:p. 31]

- "An operating expense, or operating expense as a class, that does not vary with business volume." [Ref. 15:p. 217]
- "Cost that remains constant regardless of sales volume." [Ref. 17:p. 137]
- "A cost that is incurred during the production of goods by a firm and is the same whatever quantity is produced over a wide range of quantities (for example the rent paid for a factory). [Ref. 18:p. 172]
- "A cost of expense, for a fixed period and a range of activity, that does not change in total but becomes progressively smaller per unit as volume increases." [Ref. 19:p. 179]

#### IMPREST FUND

- "Petty cash fund used by business for small, routine expenses." [Ref. 5:p. 681]
- "A fixed cash or petty cash fund in the form of currency, coin, or Government check which has been advanced by an official Government disbursing office, without charge to a Government appropriation or fund account, to a duly authorized cashier for cash payment or other cash requirement purposes as specified in his designation or authorization. The fund may be of a revolving type, replenished to a fixed amount as spent or used, or of a stationary nature such as a change making fund." [Ref. 6:p. 148]
- "A cash fund of a fixed amount, established through an advance of funds to an authorized cashier, to effect immediate cash payment of small amounts for purchases of supplies and nonpersonal services." [Ref. 7:p. 337]
- "Money from public funds used under certain rules to carry out some public business; petty cash. Such funds usually are allowed to build up during periods in which no expenditures are made. [Ref. 8:p. 15]
- "...a cash fund of a fixed amount established by an advance of funds, without charge to an appropriation, from an agency finance or disbursing officer to a duly appointed cashier, for disbursement as needed from time to time in making payment in cash for relatively small purchases." [Ref. 11:Part 13.401]
- "A fixed cash fund or petty cash fund in the form of currency, a bank checking account, or both, maintained for expenditures that must be made in cash, and from time to time restored to its original amount by a transfer from general cash of a sum equal to the aggregate of disbursements: a form of working fund." [Ref. 15:p.248]
- "A fund of a designated amount out of which payments for expenses of small amounts are made; a system commonly employed in business." [Ref. 19:p. 216]

## INSPECTION

- "To examine; scrutinize; investigate; look into; check over; or view for the purpose of ascertaining the quality, authenticity or conditions of an item, product, document, residence, business, etc." [Ref. 5:p. 716]
- "The examination (including testing) of supplies and services (including, when appropriate, raw materials, components, and intermediate assemblies) to determine whether the supplies and services conform to contract requirements." [Ref. 6:p. 153]
- "Examination and testing of supplies and services (including, when appropriate, raw materials, components and intermediate assemblies) to determine whether the supplies and services conform to contract requirements." [Ref. 7:p. 351]
- "Examining and testing supplies or services (raw materials, components, intermediate assemblies) to determine conformance to contract requirement." [Ref. 8:p. 16]
- "...examining and testing supplies or services (including, when appropriate, raw materials, components, and intermediate assemblies) to determine whether they conform to contract requirements." [Ref. 11:Part 46.101]
- "The examination and testing of supplies and services (including, when appropriate, raw materials, components, and intermediate assemblies) to determine whether they conform to specified requirements." [Ref. 12:p. 40]
- "Comparison with a specification." [Ref. 18:p. 218]
- "The process of examining units or goods to determine acceptability against a standard and to accumulate information about product quality." [Ref. 19:p. 226]

## LEARNING CURVE

- "A tool of calculation used primarily to project resource requirements, in terms of direct manufacturing labor-hours or the quantity of material (for this purpose, usually referred to as an improvement curve) required for a production run. Used interchangeably with the term improvement curve, the concept of a learner's curve was adopted from the observation that individuals who performs repetitive tasks exhibit a rate of improvement due to increased manual dexterity." [Ref. 9:p. 31-18]



- "A tool of calculation used primarily to project resource requirements in terms of direct manufacturing labor hours or the quantity of material (for this purpose, usually referred to as an improvement curve) required for a production run. Used interchangeably with the term "improvement curve," the concept of a learner's curve was adopted from the observation that individuals who perform repetitive tasks exhibit a rate of improvement due to increased manual or mental dexterity." [Ref. 10:p. 32]
- "A mathematical way to explain and measure the rate of change of cost (in hours or dollars) as a function of quantity. [Ref. 12:p. 44]
- "A tool of calculation used primarily to project resource requirements, in terms of direct manufacturing labor hours or the quantity of material (for this purpose, usually referred to as an improvement curve) required for a production run. Used interchangeably with the term improvement curve, the concept of a learner's curve was adopted from the observation that individuals who perform repetitive tasks exhibit a rate of improvement due to increased manual dexterity." [Ref. 13:p. B-6]
- "A graph that shows improvement in the performance of a task, by an individual or a group, as it is repeated and more is learned about it." [Ref. 18:p. 247]
- "A graphic representation of the measured changes at successive units of practice." [Ref. 19:p. 252]

#### MULTIPLE AWARD

- "Contracts which provide for a minimum and a maximum amount to be purchased, either to satisfy certain legal requirements or to establish a base for unit pricing. Such contracts are essentially indefinite quantity pricing agreements which may be written with several contractors by brand-name for the same types of items." [Ref. 6:p. 180]
- "Contracts awarded to more than one supplier for comparable supplies and services. Awards are made for the same generic types of items at various prices where the award to a single supplier would be impractical or fail to satisfy the total requirements of comparison or evaluation." [Ref. 8:p. 20]

#### PERFORMANCE BOND

- "A bond executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract. [Ref. 6:p. 201]
- "A bond which is executed in connection with a contract and which secures the performance and fulfillment of all the undertakings, covenants, terms, conditions, and agreements contained in the contract." [Ref. 7:p. 517]

- "A contract of guarantee, executed subsequent to award by a successful bidder to protect the buyer from loss due to the bidder's inability to complete the contract as agreed." [Ref. 8:p. 22]
- "A performance bond secures performance and fulfillment of the contractor's obligations under the contract." [Ref. 11:Part 28.001]
- "A bond executed in connection with a contract, which secures the performance and fulfillment of all the undertakings, covenants, terms, conditions, and agreements contained in the contract." [Ref. 14:p. 166]
- "Surety bond given by one party to another, protecting the second party against loss in the event the terms of a contract are not fulfilled." [Ref. 17:p. 288]
- "A bond supplied by one party to another protecting the second party against loss in the event of improper performance or completion of the terms of an existing contract." [Ref. 19:p. 331]

#### RANDOM SAMPLING

- "The procedure used to select items from the inspection lot so each item in the lot has an equal chance of being included in the sample." [Ref. 8:p. 25]
- "A procedure for selecting a sample of arbitrary size n with preassigned probability from a given universe; exemplified by the use of random numbers. The universe may be finite or infinite." [Ref. 15:p. 393]
- "Sampling in such a way that a random sample is chosen." [Ref. 18: p. 361]

#### REAL PROPERTY

- "Lands, buildings, structures, utilities systems, improvements and appurtenances thereto. Includes equipment attached to and made part of buildings and structures (such as heating systems) but not movable equipment such as plant equipment. [Ref. 7:p. 568]
- "Any property which is not personal property." [Ref. 8:p. 25]
- "...land and rights in land, ground improvements, utility distribution systems, and buildings and other structures. It does not include foundations and other work necessary for installing special tooling, special testing equipment, or plant equipment." [Ref. 11:Part 45.101]
- "Land and land improvements, including buildings and appurtenances; also, standing timber and orchard trees." [Ref. 15:p. 396]
- "A right of ownership, for an indefinite period, of land or something that is annexed to or affixed to land (such as buildings, minerals or trees) or of a benefit deriving from land (such as a right of way)." [Ref. 18:p. 363]

- "The property that is devised by will to a party known as the devisee; or all fixed, permanent, immovable property, such as land and tenements." [Ref. 19:p. 368]

#### ROYALTY

- "Compensation for the use of property, usually copyrighted material or natural resources, expressed as a percentage of receipts from using the property or as an account per unit produced. [Ref. 5:p. 1195]
- "Compensation for the use of land, equipment, or process payable to the owner. Usually a percentage of the selling price of goods or services, production of which employs the land, equipment, or process." [Ref. 8:p. 27]
- "...any cost or charges in the nature of royalties, license fees, patent or license amortization costs, or the like for the use of or rights in patents or patent applications." [Ref. 11:Part 52.227-8]
- "Compensation paid to the owner, vendor, or lessor for the use of land, equipment, or process. Royalty payments are usually calculated as a percentage of the income derived by the user from the property or process, as a stated sum per unit produced therefrom, or as a stated sum per period, such as per month or year. [Ref. 14:p. 182]
- "Compensation for the use of property based on an agreed portion of the income arising from such use; as, the periodic payment to the owner of land for oil, coal, or minerals extracted; to an author for sales of his book; to a manufacturer for use of his processing equipment in the production operations of another person." [Ref. 15:p. 413]
- "A payment made to an inventor or to an author respectively by a manufacturer or publisher in return for the exclusive right to manufacture and sell the inventor's or author's product. The royalty is usually based on a certain percentage of the sales, or a specified return on each sale, of the patented article or copyrighted book, etc." [Ref. 16:p. 808]
- "Payment to the holder for the right to use property such as a patent, copyrighted material, or natural resources." [Ref. 17:p. 350]
- "Money paid to someone in return for being allowed to exercise, but not take over entirely, specified rights of his--especially the right to work a mine, or the right to publish a copyright work. The amount of a royalty is almost invariably related to the benefit from exercising the specified right." [Ref. 18:p. 379]

- "Compensation for the use of a person's property based on an agreed percentage of the income arising from its use (e.g., to an author on sales of his book, to a manufacturer for use of his machinery in the factory of another person, to a composer or performer, etc.)." [Ref. 19:p. 388]

#### STANDARD

- "Stability, general recognition, and conformity to established practice." [Ref. 5:p. 1259]
- "Descriptions which establish engineering or technical limitations and applications for materials, processes, methods, designs, or drafting room and other engineering practices or criteria deemed essential to achieve the highest practical degree of uniformity in materials or products, or interchangeability of parts used in those products." [Ref. 6:p. 256]
- "An established or accepted rule, measure, or model by which the degree of satisfactoriness of a product or act is determined." [Ref. 7:p. 647]
- "A term applied, in work measurement, to any established or accepted rule, model, or criterion against which comparisons are made." [Ref. 10:p. 52]
- "...a document that establishes engineering and technical limitations and applications of items, materials, processes, methods, designs, and engineering practices. It includes any related criteria deemed essential to achieve the highest practical degree of uniformity in materials or products, or interchangeability of parts used in those products." [Ref. 11:Part 10.001]
- "A term applied, in work measurement, to any established or accepted rule, model, or criterion against which comparisons are made." [Ref. 12:p. 77]

#### SURETY

- "One who undertakes to pay money or to do any other act in event that his principal fails therein. One bound with his principal for the payment of a sum of money or for the performance of some duty or some one who ought to have paid or performed if payment or performance be enforced against him." [Ref. 5:p. 1293]
- "...an individual or corporation legally liable for the debt, default, or failure of a principal to satisfy a contractual obligation." [Ref. 11:Part 28.001]
- "One who guarantees the performance or faithfulness of another; he differs from a guarantor in that he is a promisor or debtor under the original agreement and is primarily liable with his principal for every default. The guarantor's obligation is a contingent one, and is a separate undertaking." [Ref. 15:p. 462]

- "A guarantor; a person or company that agrees to answer for the debt or performance of another in case of default." [Ref. 16:p. 881]
- "An individual who agrees, usually in writing, to be responsible for the performance of another on a contract, or for a certain debt or debts of another individual." [Ref. 19:p. 427]

#### VALIDATION

- "...the process by which the contractor tests TOs for technical accuracy and adequacy. This is accomplished by testing the maintenance and operating instructions on the equipment/systems for which the TO was written. Validation is conducted at the contractor facility or at the operational site." [Ref. 7:p. 732]
- "The process by which the contractor (or as otherwise directed by the DOD component procuring activity) tests a TM for technical accuracy and adequacy." [Ref. 7:p. 732]
- "The determination of whether a test yields desired results with the necessary elements of accuracy, precision, reliability, and relevance." [Ref. 15:p. 486]
- "Proof or confirmation; an instrument or other evidence to confirm or give legal support to a claim or contract (e.g., factual data from an experiment)." [Ref. 19:p. 462]

#### VERIFICATION

- "Confirmation of correctness, truth, or authenticity, by affidavit, oath, or deposition. Affidavit of truth of matter stated and object of verification is to assure good faith in averments or statements of party." [Ref. 5:p. 1400]
- "...the process by which preliminary TOs are tested and proven under Air Force cognizance to be adequate for operation and maintenance of equipment procured for operational units." [Ref. 7:p. 735]
- "The process by which a TM is tested and proved (under DOD component jurisdiction) to be adequate for operation and maintenance of equipment/systems procured for operational units." [Ref. 7:p. 735]
- "The procedure by which validity is ascertained. The thoroughness with which evidence is sought and investigated and strictness is observed in applying rules of evidence ordinarily varies in accordance with the importance of the item and the cost involved." [Ref. 15:p. 490]

### VOUCHER

- "A receipt, acquittance, or release, which may serve as evidence of payment or discharge of a debt, or to certify the correctness of accounts." [Ref. 5:p. 1414]
- "A written instrument showing that services have been performed, or goods purchased, and authorizes payment to be made to the vendor." [Ref. 8:p. 32]
- "A written instrument that bears witness or "vouches" for something. Generally, a voucher authorizes payment to the vendor and shows that services were performed or that goods were purchased." [Ref. 14:p. 184]
- "A document serving as evidence of the authority to disburse cash." [Ref. 15:p. 491]
- "A receipt; a receipted bill or statement; any paper evidencing a money expenditure or payment of a debt." [Ref. 16:p. 931]
- "A document which explains why a payment was made." [Ref. 18:p. 456]
- "A written statement that bears witness or vouches for something (e.g., a voucher showing that services have been rendered or goods bought)." [Ref. 19:p. 467]

### YIELD

- "The actual, as distinct from the nominal, rate of return on an investment; the effective rate." [Ref. 15:p. 498]
- "Investment income; investment rate of return, as distinguished from a speculative or temporary rate of return; the net income from property, but particularly applied to bonds bought as investments to be held to maturity." [Ref. 16:p. 948]
- "Return on an investor's capital investment." [Ref. 17:p. 478]
- "Synonym for rate of return. "Yield" is usually used with reference to investments in securities while "rate of return" is used when referring to investments in capital goods or fixed assets." [Ref. 18:p. 468]

**APPENDIX B: COVER LETTER AND QUESTIONNAIRES**

This appendix contains the cover letter and five separate questionnaires sent to 500 CPCM\CACM members. The questionnaires were sent out in five separate mailings of one hundred each.

## A. COVER LETTER

Dear NCMA Professional,

The purpose of this questionnaire is to obtain feedback from contracting professionals in an effort to refine the definitions listed below.

Graduate students at the Naval Postgraduate School, Monterey, California, and the Air Force Institute of Technology, Wright-Patterson Air Force Base, Ohio, are conducting an ongoing research effort to establish working definitions for commonly used acquisition words and phrases. When the project is completed, the definitions will be published in a professional dictionary of acquisition and contracting terminology. The dictionary has two purposes. First, to be used as an educational tool for those unfamiliar with the acquisition process. Second, to act as a reference document for those working in the field.

The researcher has provided an initial definition derived from current literature. The definitions were synthesized into a narrative that reflects the meanings conveyed in the published material.

Please review each of the five definitions. Indicate whether or not you feel it is a viable working definition. Please feel free to make changes you deem necessary. This may be done in any way that will be legible to the researcher, such as lining out words, or rewriting parts of or the entire definition. Also, please include a short explanation for the change in the comments section; this will help the researcher to understand your reasoning when reviewing the proposed definition. Finally, any terms that can be related as synonyms or antonyms should be annotated in the spaces provided.

Your participation in this research effort is greatly appreciated. I urge you to respond to this questionnaire by 15 November 1991 or as soon as possible thereafter. Your perspective is very important to the research.

If you need any additional details, I can be contacted by telephone at (408) 647-9820, or by writing to:

LCDR Mark A. Brown, SC, USN  
SMC 1125  
Naval Postgraduate School  
Monterey, CA 9394



**B. QUESTIONNAIRE (A)**

**ACCOUNTING**

The recording, classifying, reporting, verifying, analyzing and interpreting of the financial data of a business, governmental or other organization for the purpose of establishing and maintaining effective control and administration.

Is this an acceptable working definition?    Yes    No  
If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**ACTUAL (COSTS)**

All direct and indirect costs incurred in fact for services, supplies or construction as distinguished from forecasted or estimated costs.

ANTONYM: ESTIMATED COSTS.

Is this an acceptable working definition?    Yes    No  
If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**AMORTIZATION**

The gradual reduction of any amount over a period of time by periodic payments to a creditor or charges to an expense.

SYNONYM: WRITEOFF.

Is this an acceptable working definition?    Yes    No  
If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**BILL OF LADING**

A written receipt or contract for goods by which a carrier agrees to transport from one place to another and to deliver to a designated person or assignee for compensation based upon conditions stated therein.

Is this an acceptable working definition?    Yes    No  
If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_  
\_\_\_\_\_

SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**BREAKEVEN ANALYSIS**

(1) In a general sense, computing different production volumes to determine the point at which costs equal revenues.

(2) In a procurement sense, analysis of all potential costs of establishing one or more additional sources as compared to the potential savings or benefits received from the establishment of the additional source(s).

Is this an acceptable working definition?    Yes    No  
If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_  
\_\_\_\_\_

SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**C. QUESTIONNAIRE (B)**

**COST ACCOUNTING**

A system of accounting analysis and reporting on costs of producing goods or services, or of operating programs, activities, functions, or organizational units. The system also may embrace cost estimating, determination of cost standards based on engineering data, and comparison of actual and standard costs for the purpose of aiding cost control.

Is this an acceptable working definition?    Yes    No  
If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**DEPRECIATION**

The actual or declared decrease in value of tangible property (without loss of property) due to causes such as wear, tear, age, and obsolescence.

SYNONYM: DEVALUATION.  
ANTONYM: APPRECIATION.

Is this an acceptable working definition?    Yes    No  
If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**DISCOUNT**

An allowance or deduction, by the seller, of a specified sum or percentage from the selling price of an item, usually when certain stipulated conditions are met by the buyer, which reduces the cost of the goods or services purchased.

SYNONYM: REBATE.

ANTONYM: PREMIUM.

Is this an acceptable working definition?      Yes      No

If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**EXPENDITURE**

The incurring of a liability, the actual payment of funds, or the transfer of property for some benefit, item, or service received. It is evidenced by voucher, claim, or other document approved by competent authority.

SYNONYM: PAYMENT.

ANTONYM: SAVINGS.

Is this an acceptable working definition?      Yes      No

If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**EXPENSE**

Costs of operation and maintenance of activities on the accrual basis for a fiscal period, as distinguished from costs of acquisition of property.

SYNONYM: COST.

ANTONYM: REVENUE.

Is this an acceptable working definition?      Yes      No

If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**D. QUESTIONNAIRE (C)**

**FIXED COSTS**

Costs which tend to remain relatively constant, despite changes in output or sales volume.

SYNONYM: PERIOD COSTS.

ANTONYM: VARIABLE COSTS.

Is this an acceptable working definition?    Yes    No

If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

\_\_\_\_\_  
SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**IMPREST FUND**

A cash fund, usually of a fixed amount, in the form of currency, a bank checking account, or both, established through an advance of funds to an authorized cashier, to effect immediate cash payments for relatively small purchases.

SYNONYM: PETTY CASH FUND.

Is this an acceptable working definition?    Yes    No

If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

\_\_\_\_\_  
SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**INSPECTION**

The examination and testing of supplies and services (including, when appropriate, raw materials, components, and intermediate assemblies) to determine whether they conform to contract requirements.

SYNONYM: EXAMINATION.

Is this an acceptable working definition?    Yes    No

If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

\_\_\_\_\_  
SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**LEARNING CURVE**

A graphic representation of a mathematical calculation tool used primarily to project resource requirements in terms of direct manufacturing labor hours or the quantity of material required for a production run. The learning curve concept was adopted from the observation that individuals who perform repetitive tasks exhibit a rate of improvement due to increased manual or mental dexterity.

**SYNONYM:** IMPROVEMENT CURVE, EXPERIENCE CURVE.

Is this an acceptable working definition?    Yes    No

If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

\_\_\_\_\_  
**SYNONYMS:** \_\_\_\_\_

**ANTONYMS:** \_\_\_\_\_

**MULTIPLE AWARD**

Contracts awarded to more than one supplier for comparable supplies and services. Awards are made for the same generic types of items at various prices where the award to a single supplier would be impractical or fail to satisfy the total contract requirement.

**ANTONYM:** SINGLE AWARD.

Is this an acceptable working definition?    Yes    No

If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

\_\_\_\_\_  
**SYNONYMS:** \_\_\_\_\_

**ANTONYMS:** \_\_\_\_\_

**E. QUESTIONNAIRE (D)**

**PERFORMANCE BOND**

A bond which is executed in connection with a contract which secures the performance and fulfillment of the contractor's obligations under the contract.

SYNONYM: SURETY BOND, BID BOND.

Is this an acceptable working definition?    Yes    No

If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

\_\_\_\_\_  
SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**RANDOM SAMPLING**

The procedure used to select items from an inspection lot so each item in the lot has an equal chance of being included in the sample.

Is this an acceptable working definition?    Yes    No

If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

\_\_\_\_\_  
SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**REAL PROPERTY**

All fixed, permanent, immovable property such as land, land improvements, buildings, structures and utility distribution systems.

SYNONYM: REAL ESTATE.

ANTONYM: PERSONAL PROPERTY.

Is this an acceptable working definition?    Yes    No

If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

\_\_\_\_\_  
SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**ROYALTY**

Compensation paid to the owner, vendor or lessor for the use of land, equipment, or process. Usually a percentage of the selling price of goods or services, production of which employs the land, equipment, or process.

SYNONYM: LICENSE FEE.

Is this an acceptable working definition?    Yes    No

If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

\_\_\_\_\_  
SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**STANDARD**

An established or accepted rule, measure, or model by which the degree of acceptability of a product or act is made.

SYNONYM: CRITERION.

Is this an acceptable working definition?    Yes    No

If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

\_\_\_\_\_  
SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_



**F. QUESTIONNAIRE (E)**

**SURETY**

An individual or corporation who agrees, usually in writing, to be legally liable for the debt, default, or failure of a principal to satisfy a contractual obligation.

**SYNONYM:** GUARANTOR.

Is this an acceptable working definition?    Yes    No

If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**VALIDATION**

Proof or confirmation of whether a test yields desired results with sufficient accuracy, precision, reliability and relevance to confirm or give legal support to a claim or contract.

**SYNONYM:** CERTIFICATION.

Is this an acceptable working definition?    Yes    No

If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**VERIFICATION**

The procedure or process by which correctness, adequacy or validity is ascertained.

**SYNONYM:** CONFIRMATION.

Is this an acceptable working definition?    Yes    No

If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**VOUCHER**

A written instrument showing that services have been performed or goods purchased, and generally requests and/or authorizes payment to be made to the vendor.

**SYNONYM:** RECEIPT.

Is this an acceptable working definition?    Yes    No

If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

\_\_\_\_\_  
**SYNONYMS:** \_\_\_\_\_

**ANTONYMS:** \_\_\_\_\_

**YIELD**

The actual or effective rate of return on an investment or the output achieved versus the input expended.

**SYNONYM:** RATE OF RETURN, REALIZATION RATE, EFFICIENCY RATE.

Is this an acceptable working definition?    Yes    No

If no, please explain: \_\_\_\_\_

Revised definition/comments: \_\_\_\_\_

\_\_\_\_\_  
**SYNONYMS:** \_\_\_\_\_

**ANTONYMS:** \_\_\_\_\_

**APPENDIX C: PROPOSED DEFINITIONS BASED UPON THE  
CONSENSUS PROCEDURE**

This appendix contains the definitions of all the researched terms developed through the consensus procedure.

### **ACCOUNTING**

The recording, classifying, reporting, verifying, analyzing and interpreting of the financial data of a business, governmental or other organization for the purpose of establishing and maintaining effective control and administration.

- **Synonyms:** None.
- **Antonyms:** None.

### **ACTUAL (COSTS)**

All direct and indirect costs actually incurred in the performance of a specific task as distinguished from forecasted or estimated costs.

- **Synonyms:** Incurred costs.
- **Antonyms:** Estimated costs, anticipated costs, projected costs.

### **AMORTIZATION**

The systematic reduction of an indebtedness or recorded asset value over a specific period of time by periodic payments to a creditor or charges to an expense, in accordance with generally accepted accounting procedures or principles.

- **Synonyms:** Liquidation, allocation, writeoff.
- **Antonyms:** Direct charge.

### **BILL OF LADING**

A written receipt or contract specifying the terms under which a carrier agrees to transport and deliver goods to a designated person or consignee for compensation based upon conditions stated therein.

- **Synonyms:** Manifest.
- **Antonyms:** None.

### **BREAKEVEN ANALYSIS**

(1) In a general sense, computing different projected production or sales volumes to determine the point at which costs equal revenues.

(2) In a procurement sense, analysis of all potential costs to establish one or more additional sources as compared to the potential savings or benefits received from the establishment of the additional source(s).

● **Synonyms:** None.

● **Antonyms:** None.

### **COST ACCOUNTING**

A system of accounting analysis and reporting on costs of producing goods or services, or of operating programs, activities, functions, or organizational units. The system also may embrace cost estimating, determination of cost standards based on engineering data, and comparison of actual and standard costs for the purpose of aiding cost control.

● **Synonyms:** None.

● **Antonyms:** None.

### **DEPRECIATION**

The actual or declared decrease in assigned value of tangible property (without loss of property) based on actual wear, tear, age, and obsolescence or a formula that systematically approximates the decrease in value.

● **Synonyms:** Devaluation.

● **Antonyms:** Appreciation.

### **DISCOUNT**

An allowance or deduction, by the seller, of a specified sum or percentage from the selling price of an item, usually when certain stipulated conditions are met by the buyer, which reduces the price of the goods or services purchased.

● **Synonyms:** None.

● **Antonyms:** Premium, surcharge.

**EXPENDITURE**

The incurring of a liability, the actual payment of funds, or the transfer of property for some benefit, item, or service received. It is evidenced by voucher, claim, or other document approved by competent authority.

- **Synonyms:** Payment.
- **Antonyms:** Savings.

**EXPENSE**

Costs of operation and maintenance of activities on the accrual basis for a fiscal period, as distinguished from capital costs that will be depreciated over their approximate service life.

- **Synonyms:** Costs.
- **Antonyms:** Revenue, income.

**FIXED COSTS**

Costs which remain constant, regardless of changes in activity, output or sales volume over a specified range or period of time.

- **Synonyms:** Period costs.
- **Antonyms:** Variable costs.

**IMPREST FUND**

A fund, usually of a regularly replenished fixed or not to exceed amount, in the form of currency, a bank checking account, credit card, or combination thereof, established through an advance to an authorized cashier, to effect immediate payments for relatively small purchases.

- **Synonyms:** Petty cash fund.
- **Antonyms:** None.

**INSPECTION**

The examination and testing of supplies and services (including, when appropriate, raw materials, components, intermediate assemblies, systems, procedures and data) to determine conformance to contract requirements.

- **Synonyms:** Examination, review.
- **Antonyms:** None.

**LEARNING CURVE**

A quantitative method for projecting resource requirements, typically expressed as labor hours or material quantities, based on the observation that as an effort is repetitively performed there is a constant percentage decrease in the resources required.

- **Synonyms:** Improvement curve, experience curve, learner's curve.
- **Antonyms:** None.

**MULTIPLE AWARD**

Contracts awarded to more than one supplier from a single bid or solicitation. Awards are made for the same or comparable generic types of items or services at various prices where the award to a single supplier would be impractical, fail to satisfy the total contract requirement or would not support the industrial base or future requirements for competition.

- **Synonyms:** Split award.
- **Antonyms:** Single award.

**PERFORMANCE BOND**

A financial guarantee indemnifying the buyer, executed in connection with a contract, which secures the performance and fulfillment of the contractor's obligations under the contract.

- **Synonyms:** Surety bond.
- **Antonyms:** None.

**RANDOM SAMPLING**

The procedure used to select items from an inspection lot so each item in the lot has an equal chance of being included in the sample.

- **Synonyms:** None.
- **Antonyms:** Ordered sampling.

**REAL PROPERTY**

All relatively fixed, permanent, immovable property such as land, land improvements, buildings, structures and utility distribution systems.

- **Synonyms:** Real estate.
- **Antonyms:** Personal property.

**ROYALTY**

Compensation paid to the owner, vendor or lessor of personal, real, tangible or intangible property for the use of that property. Usually a percentage of the selling price of goods or services, production of which employs the property.

- **Synonyms:** Commission payment, use fee.
- **Antonyms:** Royalty free use.

**STANDARD**

An established or accepted rule, measure, or model by which the degree of acceptability of a product or service is determined.

- **Synonyms:** Criterion.
- **Antonyms:** None.

**SURETY**

An individual, group or corporation who agrees in writing to be legally liable for the debt, default, or failure of a principal to satisfy a contractual obligation.

- **Synonyms:** Guarantor.
- **Antonyms:** None.

**VALIDATION**

Proof or confirmation that a test or measurement yields predicted results with sufficient accuracy, precision, reliability and relevance to confirm or give legal support to a claim or contract.

- **Synonyms:** Verification.
- **Antonyms:** None.



**VERIFICATION**

The procedure or process by which correctness, adequacy or validity is ascertained.

- **Synonyms:** Confirmation, substantiation.
- **Antonyms:** None.

**VOUCHER**

A written instrument stating that services have been performed or goods purchased and delivered, and generally requests and/or authorizes payment to be made to the vendor.

- **Synonyms:** Receipt.
- **Antonyms:** None.

**YIELD**

The actual or effective rate of return on an investment or the output achieved versus the input expended.

- **Synonyms:** Rate of return, realization rate, efficiency rate.
- **Antonyms:** None.

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