

OCE Suppl 1 to AR 5-4

DEPARTMENT OF THE ARMY  
Office of the Chief of Engineers  
Washington, D.C. 20314

DAEN-RMI

OCE Supplement 1  
to AR 5-4

25 July 1980

Management  
DEPARTMENT OF THE ARMY  
PRODUCTIVITY IMPROVEMENT PROGRAM

Issue of further supplements to this regulation by commanders FOA is permitted but is not required. If supplements are issued DIVENGR and CDR, separate FOA will furnish one copy of each to HQDA (DAEN-RMI) and (DAEN-ASP-R) WASH DC 20314; DISTENGR will furnish required copies to appropriate DIVENGR.

AR 5-4, 18 August 76, is supplemented as follows:

Page 1-1, paragraph 1-1, Purpose. Add subparagraph e:

e. Establishes the Corps of Engineers Productivity Improvement Program.

Page 1-1, paragraph 1-3, Scope. At the end of the paragraph, add:

It also applies to the military and civil works funded activities of the Corps of Engineers (CE) and to work performed for others.

Page 1-1, paragraph 106, Concept. Add the following to subparagraph d:

See chapter 4, paragraph 4-15 for assignment of the Value Engineering function in the Corps of Engineers.

Page 1-2, paragraph 1-7, Policy. Add the following to subparagraph b(4):

Within the CE, it is anticipated that this program will continue to have limited application.

Page 1-2, paragraph 1-7, Policy. Add the following to subparagraph b(8):

This supplement supersedes OCE Suppl 1, 17 Dec 73 and C1, 22 Mar 74, including (RCS DAEN-MCC-26) to AR 5-4, 4 Sep 73

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Though cross-training is encouraged, no formal program for such training will be developed within CE. Employment of industrial engineers is limited in FOA minimizing opportunities in this area.

Page 1-2, paragraph 1-7, Policy. Add the following to subparagraph b(11):

Within the CE, these training requirements may be met by attendance at appropriate Civil Service Commission courses or supervision courses developed by local personnel offices (which include Management Practices as a subblock of instruction).

Page 1-2, paragraph 1-7, Policy. Add new subparagraph c after subparagraph b:

c. The CE system of controls, targets and formal structural reviews of program quality and effectiveness, including the CE Performance Measurement System (CEPMS, ER 11-1-5) is considered to meet the basic objectives of the Productivity Measurement and Evaluation Program, chapter 2, and the Methods and Standards Program, chapter 3. In preference to developing either detailed or summary level performance standards, field Management Analysis staffs should be utilized to the maximum extent possible for the conduct of studies and surveys of organizations, functions, procedures and operations. The improvement in program effectiveness, enhancement of quality of performance and the reduction of costs which result from studies and surveys are direct and measureable contributions to better management. Guidance on the conduct of Management Analysis studies and surveys is contained in ER 1-1-90.

Page 1-3, paragraph 1-8, Responsibilities. Add new subparagraph e after subparagraph d:

e. Within the CE, the Resource Management Office is the Program Manager of the CE Productivity Improvement Program.

Page 2-1, paragraph 2-3, Management Requirements. Add new subparagraph e after subparagraph d:

e. Within the CE, the above requirements (para 2-3 a-d) are considered partially met by participation in the Corps of Engineers Performance Measurement System (CEPMS). Separate actions by OCE elements or FOA to implement the PM&E Program are not required at this time. Active use of information generated by CEPMS Corps stratification meets the objectives of examining input/output trends for mission-related functions.

Page 2-2, paragraph 2-6, Structure. Add the following to subparagraph, a:

Reports required by this chapter apply only to the Real Property Maintenance Program under the guidance of the Directorate of Military Programs at OCE. For a related description, see paragraph 3-7, page 3-5 of AR 5-4.

Page 3-1, paragraph 3-1, General. Add the following to subparagraph g:

Within the Corps of Engineers, the Resource Management Office is responsible for the Methods and Standards Program, except that element conducted by the Directorate of Military Programs as further described in paragraph 3-7.

Page 3-2, paragraph 3-3, Objectives. Add new subparagraph f after subparagraph e as follows:

f. It is an objective of the CE to have all missions covered by some definite system for determining how effectively they are being performed in relation to a predetermined standard or target. A methods and standards program, appropriately applied, can constitute one technique for achieving this objective. Other techniques are mentioned in paragraph 3-5s.

Page 3-2, paragraph 3-5, Policies and Procedures. Add new subparagraph s after subparagraph r:

s. CE Implementation Policy.

(1) To determine the extent to which a methods and standards program should be applied, each division engineer (and district engineer if authority is delegated by the division) and commander/director of a separate field operating activity will review their activities against the following criteria and guidance:

(a) Methods and standards techniques are to be used only where economically advantageous. Expenditure of resources to develop and maintain new standards must be weighed against expected benefits.

(b) While the majority of total effort in CE field activities is represented by either staff activities or non-repetitive professional

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and technical work, there are some administrative and support functions and subfunctions of both advisory/administrative offices and technical divisions that contain elements of repetitive work. These latter functions should be reviewed thoroughly for new and continued methods and standards applications.

(c) CE activities do not normally lend themselves to measurement by engineered standards. Non-engineered standards (i.e, statistically derived standards and technical estimates) are usable in the CE on a selective basis when criteria at (a) and (b) above are met. Man-hour allowances, derived from staffing guides or other sources, may be used in functional areas where standards cannot be established or would not be economical to develop and maintain. (Although the term "man-hour allowances" is used in AR 5-4, this category also covers allowances that are stated in man-years or numbers of positions required.)

(2) Staffing guides, which provide one type of allowance, are considered an adjunct to the methods and standards program as they serve to extend total coverage of functions and staffing into otherwise unmeasured areas of work. Where analysts in different organizational elements are working to develop standards and staffing guides, respectively, the activity commander will insure that their efforts are coordinated to preclude overlap and duplication. Talent in this area is scarce and each agency must see that all time devoted to measurement type work is fully productive.

(3) Functions not measurable by standards will be evaluated by other means. This may be done in divisions and districts by including nonmeasured functions in overall performance evaluation methods which cover the entire organization or major segments of it. Currently, the basis approach to overall evaluation of performance is by comparison of actual costs to established cost limits/targets/indicators. This does not preclude the use of other techniques, including statistical analysis of Corps Stratification and comparable data to establish historical correlations, to measure overall performance or the effectiveness of individual functions.

(4) Before embarking on a new methods and standards program or substantially increasing the scope of a present one, field activities will insure that staff is available to develop and maintain standards and allowances in accordance with paragraph 3-5. Ratios shown in paragraph 3-5o are approximate, but will be used as a guide. OCE has no pool of personnel or spaces to provide. Thus, FOA will have to generate needed additional staff internally or justify added requirements to OCE in competition with the needs of other programs and functions. Training of methods and standards specialists and orientation of managers/supervisors should precede installation of any new or substantially expanded methods and standards program. Also, HQDA (DAEN- RMI) WASH DC

20314 should be informed well in advance of any plan to establish or expand a methods and standards program.

Page 3-6, paragraph 3-8, Reporting requirements. Add the following to subparagraph a:

All divisions and WES will prepare and forward an original and one copy of the Statistical Summary of Methods and Standards to HQDA (DAEN-RMI) WASH DC 20314 in the format shown in figure 3-1. (The above OCE address will be substituted for DACA-MP in the "to" block.) Reports will be submitted to OCE within 15 days after the end of the reporting period (i.e., 15 April and 15 October, annually).

Page 3-6, paragraph 3-8, Reporting requirements. In subparagraph b add the following at the end of the entry, "Note":

Field operating activities performing both military and civil works functions will show separate figures for each function under each applicable line entry, for example:

9a Mil Pers		9b Civilians	
MF	CF	MF	CF
7	12	220	350

Column categories apply to funding of personnel, not types of personnel. Items 9, 10 and 11 refer to personnel actually or potentially under man-hour standards. This excludes personnel covered by man-year and other broad allowances, including staffing guides, cost targets, performance indicator, etc. However, figures in items 3 and 4 should include any personnel and time at the field operating activity devoted to work on "Other Standards" (Item 12) Examples of "other" standards for item 12 are the Corps of Engineers Performance Measurement System (CEPMS) and Corps-developed staffing guides.

Page 4-1, Paragraph 4-2. Scope. Add the following:

The Corps of Engineers performs work for all DOD services and occasionally for other Executive Branch Agencies; therefore, VE will be applied to all work by selecting VE projects that yield the maximum cost or performance benefits for the expended effort. The VE Officer will exercise independent judgment for planning and directing the VE program.

Page 4-1, Paragraph 4-5. Policy. Add new subparagraphs o and p after subparagraph n:

o. Studies shall adhere to the COE VE job plan and shall complement the analysis of alternatives that is part of normal or design procedures.

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Each in-house VE study will be identified in advance and the resultant VE study will describe the original and proposed means of performing the study, together with the basis for lower overall cost. Reports of in-house actions required by paragraph 4-11, subparagraph a, will be used to provide validation evidence that the VE study was a supplement to normal design procedures. Follow-up documentation shall be in the form of a properly executed VE Workbook and Proposal Summary Book or equivalent (EP 11-1-3, Appendixes B and C)."

p. Available manpower should be utilized for VE effort to increase savings and to reduce E&D and S&A costs. The latter can be accomplished by placing personnel, who are normally chargeable to E&D or S&A, on VE teams where their effort is a direct VE charge. Personnel may be appointed to VE teams as a positive and effective means of accomplishing VE studies.

Page 4-3, Paragraph 4-6. Objectives. Add new subparagraph c after subparagraph b:

c. The following objectives apply specifically to the Corps of Engineers:

- (1) Value engineering will be an integral part of Corps activities.
- (2) Value engineering activity by contractors will be stressed as an important method for reducing construction costs.
- (3) Value engineering methodology will be applied to achieve a maximum number of alternative design solutions to obtain maximum value to the user.

Page 4-5, Paragraph 4-8. Precepts. Add to subparagraph d (1), (2), and (3):

(1) Military Programs. VE methodology may be applied as soon as approved criteria or concept exists that satisfies the functional requirements of the project. From this point, ~~VE application, including~~ ~~VE effort performed concurrently with preliminary and final design~~ ~~reviews, and during construction, may generate reportable VE savings.~~ To qualify for reporting, VE must be applied to Government-developed and approved criteria, concept, or design. Approval of Government-developed criteria or concept must be obtained from the originating using agency or the Corps of Engineers. Approval of a Government-developed preliminary or final design must be made by the approval authority in a design office or at a higher echelon. VE may be applied to criteria or design developed by an Architect-Engineer contractor when the criteria or design satisfies the functional requirements of the responsible Government office.

(2) Civil Works. ~~VE may be applied as soon as a definitive concept or design has been approved in the Phase I general design memorandum (GDM).~~ The concept or design must be described in sufficient detail in the GDM to establish the parameters changed by the VE study. In some cases, ~~VE may be performed on GDM designs prior to OCE approval by contacting the VE Staff (DAEN-RMV) to obtain an opinion on feasibility and qualification of the VE action.~~ ~~VE will be performed from general and feature design through Contract Award, Construction and Operation and Maintenance.~~ Civil Works economic feasibility (cost-benefit) studies will not be construed as VE and VE will not be substituted for these studies. VE actions that change approved design details will be approved by the same authority who approved the original design (ER 1110-2-1200).

(3) Research and Development. VE can be applied during R&D in work involving product improvement. R&D of this type is conducted extensively in Corps laboratories and field operating activities. VE is encouraged in R&D activities as a potential source of large payoffs and multiple solutions to R&D problems. Since criteria and designs exist for establishing design to cost baselines, Corps R&D organizations should conduct VE studies concurrent with the search for product improvement.

Page 4-5, Paragraph 4-8, Precepts. Add subparagraphs k, l and m after subparagraph j:

k. Although the majority of VE savings will be accomplished in the Corps construction mission, VE opportunities should be exploited in such activities as procurement, supply, operation and maintenance. VE methodology, application and reporting in these activities will follow guidance in this regulation.

l. Contractor participation in the Corps of Engineers VE program shall be encouraged and informally assisted in responding to the VE incentive provisions in contracts. The Corps of Engineers booklet, "Value Engineering Benefits and the Construction Contractor" should be used to implement this guidance.

m. Contracting Officers will use the Value Engineering Incentive provision pertaining to the specific type of contract listed below:

(1) Fixed Price Construction or Demolition Contracts. Use the general provision for instant contract savings only in all contracts in excess of \$100,000 and in contracts of \$100,000 or less at the discretion of the Contracting Officer.

(2) Supply and Service Contracts. Use the general provision for instant contract, future acquisition, concurrent contract and collateral sharing in contracts in excess of \$100,000 and in contracts of \$100,000

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Page 4-5, Paragraph 4-10. Budget Procedures. Add subparagraphs c and d:

c. Value engineering costs will be accounted for as productive or nonproductive VE effort in accordance with provisions of ER 37-2-10 and ~~ER 37-2-10~~. Such costs will be deducted from gross VE cost reductions to show the net return to the Corps. In all programming and budgeting activities, it is important to note that overall project costs will be reduced, as a result of adopted VE proposals, only to the extent of the net cost savings after offsetting the cost of VE effort.

d. All VE costs (including Air Force) incurred prior to award of a construction contract will be charged to clearing account 436, "Value Engineering Costs" under the Revolving Fund or to clearing account 776 under the Military Carrier Fund. Separate subdivisions of account 436 will be maintained for Air Force, military and civil works VE costs. Costs will be accumulated by Air Force or military project or civil works project feature and charged to construction project or project feature upon contract award, or at a time when contract award is reasonably certain as determined by the district engineer. For items not awarded, ~~the VE costs will be distributed on an equitable basis to open items of construction work on which VE savings were effected and will be identified as nonproductive VE costs.~~ VE costs incurred subsequent to a construction contract award will be initially charged to the clearing account to identify gross costs, but will be immediately charged to appropriate projects. Value engineering includes costs of redesign resulting from the VE program. References for Military Programs are paragraphs 6-2e(3) and 6-3h and paragraph 7-22c, ER 37-2-10 and paragraph 7-22e; ER 37-2-10 for Civil Works.

Page 4-6, Paragraph 4-11. Reporting Requirements. Add the following to subparagraph a:

Engineer Divisions will consolidate and forward the original copy of the statistical summary of VE actions to HQDA (DAEN-RMV) WASH DC 20314, in the format shown in figure 4-1. Reports will be submitted to reach OCE within 15 days after the end of the reporting period (i.e., 15 April and 15 October, annually). No response will be required under column heading, "Prior to Initiation of Production" for items D., E. and F. Responses in column headed "After Initiation of Production" should reflect VE actions initiated prior to or during construction. Reporting elements having a civil/military mix should separately identify civil and military training figures in item C.

Page 4-6. Following paragraph 4-11 add new paragraphs 4-12, 4-13, 4-14, 4-15, 4-16, 4-17, 4-18 and 4-19 as follows:

4-12. Preparation and Disposition of ENG FORM 4607-R, Value/Management Improvement Action, (RCS DAEN-RMV-1).

a. Disposition. The original copy using the format in figure 4-2, ENG FORM 4607-R will be prepared and forwarded through the Division to reach HQDA (DAEN-RMV) WASH DC 20314 on or before 30 April and 31 October of each fiscal year for value improvements that have broad application beyond the originating office.

b. Preparation. Enter the following:

(1) Block 1. A short description of the action, for example: "Slope Pavement Modification," "Revised Roof Design."

(2) Block 2. Enter RMV in blank space provided.

(3) Block 3. The name, address, and zip code of the district office or field operating activity submitting the report.

(4) Block 4a. The abbreviated title of the Appropriation affected by the value improvement action (e.g., MCA, CG, O&M).

Block 4b. For all appropriations, enter The Army Management Structure (AMS) Code under which the savings were achieved.

Block 4c. The last two digits identifying the current year in the column heading and the savings for the current year.

NOTE: If an action produces savings in more than one AMS Code, show the savings separately for each appropriation; add the individual savings reported for the current year or the Life Cycle Effect.

The last two digits will identify the year in which life cycle savings have been achieved. Maximum life cycle savings reported shall be calculated utilizing procedures outlined for present value in AR 11-28. Discount factor tables shall be based on official investment interest rates published by the Treasury Department annually and one-half the design life of the major structure, facility, or component affected by the charge.

NOTE: Savings shall be claimed only as realized or life cycle savings, not both.

(5) Block 5. Number entered should include originating office designation, FY, and consecutive numbering (e.g., MRK-77-1).

(6) Block 6. Type of action being reported. Check the appropriate box.

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(7) Block 7. Type or print the name and organization of the individual reporting the action who will sign, and enter the date of signature.

(8) Block 8. Type or print the name and organization of the officer or supervisor responsible for the area in which the action was taken. The officer or supervisor will review the report, the description of the action and the savings calculation, and sign and enter the date of signature in the appropriate blocks. The manager's signature constitutes approval and verification of the value improvement action and that the monetary benefits are a reasonable estimate of the savings resulting from the action.

(9) Block 9. (See Para 4-14).

(a) For savings in Army appropriations, verification that the savings are accurate based on information available as of the date of the signature.

(b) For savings in funds of other DOD components or government agencies, verification that the savings and appropriation are accurate based on information available as of the date of signature.

(10) Block 10a. Give a concise description of the item, component, or facility prior to the value improvement.

Block 10b. Briefly describe the value improvement with a summary of before and after costs, savings, and implementation cost.

(11) Block 11. Check the space provided for the major discipline(s) affected by the value improvement action. Refer to the EP 5-1-1 Index for a listing of designated titles of "other" disciplines.

#### 4-13. Special Reports, RCS DAEN-RMV-1

a. To monitor in-house value engineering activity and provide for its timely dissemination to other offices, and to ascertain industry's response to the VE incentive, district and operating division offices will furnish:

(1) A quarterly summary of in-house value engineering actions in accordance with the format in Figure 4-3, ENG FORM 4518-R.

(2) A quarterly summary of VECF's submitted by contractors in accordance with the format in Figure 4-4, ENG FORM 4519-R. Reports Control Symbol, DAEN-RMV-1, formerly DAEN-MCE-6, is assigned to the above reports.

b. Preparation and disposition of "Summary of In-House Value Engineering Actions" (Figure 4-3).

(1) General. The original will be forwarded to reach DAEN-RMV by the 15th calendar day after the end of the fiscal quarter. Separate forms will be used to report military and civil works in-house VE action. Report only studies initiated, approved, or disapproved during report period. Do not submit "No Change" actions.

(2) Number. Enter a two-part number consisting of the last two digits of the fiscal year and the sequential number; e.g., the first item reported in fiscal year 1977 would be 77-01; the second 77-02, etc.

(3) Category. Enter as appropriate: Army, Air Force, Navy, etc., for military report. Civil Works VE studies will be submitted in a separate listing.

(4) Study Initiated. Enter date study initiated.

(5) Study Completed. Enter date study completed.

(6) Study Column. Indicate whether study is approved or disapproved and date.

(7) Current FY. If study is complete, enter estimated net savings to Government for current fiscal year.

(8) Total Effect. Enter total effect savings, i.e., sum of savings for current budget year or Life Cycle savings.

(9) Give brief description of each item studied in the open space of the first four columns. Indicate if study is considered applicable to other district or division offices.

c. Preparation and disposition of "Summary of Value Engineering Change Proposals Submitted by Contractors" (Figure 4-4).

(1) General. The original will be forwarded to reach DAEN-RMV by the 15th calendar day after the end of the fiscal quarter. Separate forms will be used to report military and civil works VECP's. Report only VECP's submitted, approved, rejected, withdrawn, or settled (modification to contract issued) during the report period. Do not report "No Change" actions.

(2) Number. Enter a two-part number consisting of the last two digits of the fiscal year and the sequential number.

(3) Contractor Data. Enter contractor's name. Those contractors submitting more than one VECP should have an entry for each submission.

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(4) Category. Enter as appropriate: Army, Air Force, etc., for military report. Civil Works VECP's will be submitted in a separate listing.

(5) Status. Indicate whether VECP was approved, rejected, or withdrawn during the report period, or if on hand at end of report period. Add asterisk (\*) to status column to indicate VECP was received during the report period.

(6) Value Savings - Proposed. Enter the total estimated net reduction in the cost of performing the contract as proposed by the contractor, including both the contractor's share and the Government's share of the net savings.

(7) Value Savings - Approved. Enter the total negotiated net reduction in the cost of performing the contract, including both the contractor's share and the Government's share of the net savings. Do not make an entry until negotiations are complete and sharing is definitely established. (Note: Usually, this will occur after the contract modification is signed).

(8) Government Share. Enter the Government's share of the net reduction in the cost of performing the contract. Indicate by note the contractual sharing arrangement if other than a 45/55 split. An entry in this column will indicate the item is closed-out for reporting purposes. Do not repeat the VECP in subsequent reports.

(9) On-Hand Over 60 Days. Enter "Yes" for proposals on-hand over 60 days at end of report period. Also, enter "Yes" for proposals on-hand over 60 days when approved, disapproved, or withdrawn.

(10) Under each entry, briefly describe the VECP. Include project identification and contract number; part, component or assembly affected; before and after summary of action. Do not repeat the description in future entries for the same item unless new information is added.

#### 4-14. Validation Procedure.

a. ~~Savings under \$500,000.~~ Signature in validation block (Item 9 of ENG FORM 4607-R) will not be required for cost reduction savings under \$500,000.

b. Savings of \$500,000 and Over. Validation: The Audit staff will have validation responsibility for all cost reduction actions with savings of \$500,000 or more. Cost reductions which are expected to result in a modification in excess of \$100,000 to a firm fixed price or fixed price with economic price adjustment contract are subject to the provisions of DAR 3-801.5.

4-15. Organization.

a. OCE organization consists of a Value Engineering staff in the Resource Management Office. Responsibility for Corps-wide management of the VE program is the responsibility of the Chief, Resource Management Office.

b. Field operating activities will appoint a full or part-time VEO depending on the amount of effort required to convert opportunities for value engineering into savings. The VEO will be a special assistant to and work under the general direction of the head of the field operating activity, (The VEO will be the activity consultant on all VE activities and will have entrance to any organizational element. Value Engineering Proposals pertaining to a division's activity will require coordination with the technical division chief. In area and resident engineer offices, the area/resident engineer will be the initial point of contact on all value engineering matters within his scope of responsibility. When a large work force exists within an area or resident office, the area/resident engineer shall appoint one of his subordinates as a VE point of contact.

4-16. Qualifications of the VEO. ~~The Value Engineering Officer will normally be educated or experienced in one of the engineering disciplines.~~ The VEO will have the capacity to accept delegated authority and operate a VE program that complies with the policy, objectives, and guidance of this regulation and its references. The Value Engineering Officer may utilize technical and administrative personnel other than engineers on value engineering teams to maximize program effectiveness.

4-17. Interchange of VE Information. ENG FORM 4607-R describing individual dual VE actions, submitted to OCE and determined by OCE to have Corps-wide applicability, will be assembled and published in EP 5-1-1. The Engineer Pamphlet, "Reducing Costs and Improving Operations," is distributed throughout the Corps and to other DOD and Government agencies. Request for information beyond that contained in EP 5-1-1 will be directed to the office originating the VE action.

4-18. Value Engineering Services. A capability is available in OCE to provide value engineering assistance in construction as well as other areas. The assistance is available to augment the existing field capability to conduct VE studies. Resultant savings will be credited to the activity requesting the assistance. Projects recommended for this service should be dispatched to HQDA (DAEN-RMV) WASH DC 20314, using the following guidelines:

a. Projects should be selected that offer maximum potential for design improvement of savings as determined by volume, unit cost, and susceptibility to analysis.

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b. Projects should fully explain those features that are essential and those that are merely desirable.

c. Each project should show name, title, and organizational location of individual who will be the contact point for preliminary project review and project effort if selected.

#### 4-19. Training.

a. OCE sponsors a construction oriented, 40-hour workshop in value engineering in each division or district area indicating a need. Courses will be scheduled annually based upon a survey by HND of division needs.

b. Upon request to DAEN-RMV, OCE will provide a two-hour (minimum) VE Seminar for Executives and a separate orientation course for other interested personnel.

c. VEO's will develop and conduct orientation courses (at least annually) to promote and maintain an effective VE program. Particular attention will be directed toward the training of personnel in Resident/Area Engineer Offices.

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<b>VALUE/MANAGEMENT IMPROVEMENT ACTION</b> For use of this form, see OCE Supplement 1 to AR 5-4.		<b>1. SHORT TITLE OF ACTION</b> ACS, DAEN-RMV-1	
<b>2. TO</b> HODA (DAEN- WASH DC 20314)		<b>3. FROM</b>	
<b>4. ESTIMATED SAVINGS (DOLLARS IN THOUSANDS)</b>			
<b>APPROPRIATION (TITLE)</b> e	<b>BUDGET ACTIVITY</b> b	<b>REALIZED FY 19__</b> c	<b>LIFE CYCLE EFFECT FY 19__</b> d
			<b>5. CONTROL NO.</b> <input type="checkbox"/> VECF <input type="checkbox"/> VEP <input type="checkbox"/> OTHER
<b>7. REPORTED BY:</b>	<i>(Typed Name, Title and Telephone to include AC)</i>	<i>(Signature)</i>	<i>(Date)</i>
<b>8. APPROVED BY</b>	<i>(Typed Name and Title)</i>	<i>(Signature)</i>	<i>(Date)</i>
<b>9. VALIDATED BY</b>	<i>(Typed Name and Title)</i>	<i>(Signature)</i>	<i>(Date)</i>
<b>10. BRIEF DESCRIPTION OF CHANGE (Show Savings and Implementation Costs)</b>			
<b>a. BEFORE:</b>			
<b>FOR ILLUSTRATION PURPOSES ONLY</b> (Local reproduction authorized - blank masters available from local FMO)			
<b>b. AFTER:</b>			
<b>11. IDEA INTERCHANGE:</b> <input type="checkbox"/> CIVIL <input type="checkbox"/> ARCHITECTURAL <input type="checkbox"/> MECHANICAL <input type="checkbox"/> STRUCTURAL <input type="checkbox"/> ELECTRICAL <input type="checkbox"/> OTHER DISCIPLINE/FUNCTION/State <input type="checkbox"/> SOILS & FOUNDATIONS <input type="checkbox"/> SANITARY			

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SUMMARY OF IN-HOUSE VALUE ENGINEERING ACTIONS (OCE Suppl 1 to AR 5-4)							RCS: DAEN-RMV-1	
REPORTING OFFICE			<input type="checkbox"/> MILITARY <input type="checkbox"/> OTHER ( <i>Specify</i> ) <input type="checkbox"/> CIVIL WORKS				FISCAL QUARTER ENDING	
NUMBER	CATEGORY	DATE		STUDY		ESTIMATED \$ SAVINGS		
		STUDY INITIATED	STUDY COMPLETED	APPR'D	DIS-APPR'D	DATE	CURRENT FY	TOTAL EFFECT
<p><b>FOR ILLUSTRATION PURPOSES ONLY</b>            (Local reproduction authorized - blank masters available from local FMO)</p>								

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SUMMARY OF VECP'S SUBMITTED BY CONTRACTORS (OCE Suppl 1 to AR 5-4)						RCS; DAEN-FMV-1			
REPORTING OFFICE			<input type="checkbox"/> MILITARY <input type="checkbox"/> OTHER (Specify) <input type="checkbox"/> CIVIL WORKS			FISCAL QUARTER ENDING			
NUMBER	CONTRACTOR'S NAME	CATEGORY	STATUS			\$ VALUE SAVINGS		GOVT SHARE	ON HAND OVER 60 DAYS
			APPROVED	REJECTED	WITHDRAWN	PROPOSED	APPROVED		
<p><i>FOR ILLUSTRATION PURPOSES ONLY</i>            (Local reproduction authorized - blank masters available from local FMO)</p>									

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Figure 4-4

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Page 5-1, paragraph 5-3, Scope. Add new subparagraph d after subparagraph c:

d. Within the CE, this chapter is applicable to OCE elements, and to divisions and separate field operating activities (FOA) which utilize OMA funds for a significant portion of their operations.

Page 5-1, paragraph 5-4, Policies. Add new subparagraphs i and j after subparagraph h:

i. Only those purchases which would have been made from OMA funds are eligible for consideration under the quick-return funding procedures.

j. Offices using Civil Works Revolving Fund for procurement of equipment, whether benefiting military, CW, or combined missions, should not use the procedures in this chapter to obtain quick return items. They will continue to use existing Corps procedures.

Page 5-3, paragraph 5-7, Procedures. Add new subparagraphs i and j after subparagraph h:

i. OCE Procedures.

(1) OCE elements contemplating use of the quick return procedure should coordinate their proposed purchase with the following before submitting DA Form 4477-R (3 copies) to DAEN-RMI: (a) OAS or other OCE elements which have a functional interest and responsibility for the equipment to be purchased; and (b) DAEN-RMU, if TDA changes are involved.

(2) The Resource Management Office (DAEN-RMI) will: review proposals, including waiver requests, submitted by OCE elements and FOA; accomplish or insure that necessary coordination has been completed with OCE and with the appropriate HQDA agency, when required for controlled or centrally procured items; recommend approval or disapproval of proposed purchases; provide necessary documentation to DAEN-RMB for the forwarding of requests for funds to USA TROSCOM; submit project reports to DACA-RPM; maintain records on each project; and accomplish or obtain independent validation of savings.

(3) Proposed purchases will normally be approved by the Chief, Resource Management Office (RMO). Purchases considered unusual or exceptionally large by the Chief, RMO and all purchases about which there is lack of agreement among responsible OCE elements, will be approved in the OCE Executive Office.

j. Field Procedures. Divisions and separate FOA are advised to develop their own procedures, similar to those described in subparagraph i above for OCE. Divisions and separate FOA, which have developed a purchase proposal that qualifies under the criteria set forth in AR 5-4, will submit DA Form 4477-R (3 copies) to DAEN-RMI. The form will serve as a review and approval vehicle in OCE. If the purchase is funded, the form will be the report (RCS CSCOA-10(RI)) required by paragraph 5-9 of AR 5-4.

Page 5-10, Instructions for completing DA Form 4477-R. Add the following instructions under appropriate items:

Item 6	Leave blank
Item 7	Leave blank
Item 19a	Enter initiator of proposal
Item 19b	Leave blank
Item 20	Leave blank

The above instructions apply whenever an OCE element or FOA submits this form. Item 19b is the signature of the person authorized approval authority in OCE.

Page 6-1, paragraph 6-1, Cost Reduction. Add the following:

OCE will not assign cost reduction goals to divisions and separate FOA. OCE will not require any cost reduction reports, except as specified in the VE area. However, since a system of recording significant improvements is required for Idea Interchange and is also supportive of the Management Improvement Awards Program, the additional workload to develop local cost reduction goals would impose only a minimal burden. Also, the motivational value associated with the establishment and attainment of such goals is recognized as a positive management tool. Therefore, establishment of goals by divisions and separate FOA, while not required by OCE, is encouraged.

Page 6-2, paragraph 6-3, Management Improvement Awards. Add the following to subparagraph b:

(4) OCE will request nominations of outstanding individuals and groups from divisions and separate FOA during the first quarter of each fiscal year. Personnel not selected for Presidential level recognition will be considered for the DA and COE Management Improvement Awards. Specific instructions for submitting nominations will be distributed by OCE at the time of the annual request.

Page 6-2, paragraph 6-5, Idea Interchange. Add subparagraph c as follows:

c. All non-VE management improvement actions considered to have

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broad application will be documented under the guidance issued in paragraph 4-12 of this supplement. Actions submitted will be reviewed at OCE for publication along with appropriate VE actions in EP 5-1-1. Exceptions to the guidance in paragraph 4-12 follow:

(1) Block 2. ENG Form 4607-R (RCS DAEN-RMV-1) is a dual purpose form for documenting both VE and non-VE improvement actions. To use the form for reporting management improvement actions, complete the address block with the symbols, RMI.

(2) Block 9. For non-VE management improvement actions with savings of less than \$500,000, validation will be performed by FOA Chief of Management Offices, who will sign attesting validation in Block 9. The procedure for those actions having more than \$500,000 in saving is identical to that described in paragraph 4-14b of this supplement.

NOTE: The proponent for this supplement is the Resource Management Office. Users are invited to send comments and recommended improvements to HQDA (DAEN-RMI) WASH DC 20314.

FOR THE CHIEF OF ENGINEERS:



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