

U.S. Army Corps of Engineers
Department of the Army
441 G. Street, NW
Washington, DC 20314-1000
28 October 2020

Civil Works/Military Programs Policy Notice – Value Engineering

Implementation of Engineer Inspector General (EIG) Inspection Recommendations and Corrective Actions Plans (CAPs) for the U.S. Army Corps of Engineers (USACE) Value Program

Applicability. This policy notice is applicable to all USACE Commands and all work performed by USACE. In accordance with Federal procurement law, all activities resulting in a procurement with a value of \$2 million or greater that are designed, managed, or executed by USACE, regardless of the degree of USACE involvement, must address the statutory and regulatory requirements for Value Engineering.

Proponent and exception authority. The proponent of this policy notice is Civil Works. The proponent has the authority to approve exceptions or waivers to this policy notice that are consistent with controlling law and regulations.

1. **Purpose.** The issues identified by the EIG have remained an uncorrected Significant Deficiency through seven (7) Managers Internal Control Program (MICP) evaluations. This DPM identifies corrective actions requiring active and immediate implementation, tracking, and progress by all Commanders and Senior Leaders.

2. **References.**

a. Public Law 111-350 (41 USC 1711). <https://www.govinfo.gov/content/pkg/PLAW-111publ350/html/PLAW-111publ350.htm>

b. USACE Project Management Business Process (PMBP) Manual, REF8023G, May 2009. https://www.usace.army.mil/Portals/2/docs/Value%20Engineering/PMBP_Manual_REF8023G.pdf

c. ER 11-1-321 (Change 1), Army Programs: Value Engineering, 01 January 2011. https://www.usace.army.mil/Portals/2/docs/Value%20Engineering/ER_11-1-321-Change1_Army_Program-VE.pdf

d. EIG Inspection: USACE Value Engineering Program, 08 December 2014. <https://intranet.usace.army.mil/hq/eig/Inspection%20Reports/3-FY%20Previous%20Years%20Inspection%20Reports/FY%202015%20Inspection%20Reports/Inspection%20of%20USACE%20Value%20Engineering%20Program.pdf>

e. EIG Follow-Up Inspection: USACE Value Engineering Program, 27 March 2018. https://intranet.usace.army.mil/hq/eig/Inspection%20Reports/2-FY%202019%20Inspection%20Reports/VEP_FU%20Insp%20Rpt_27Mar18.pdf

f. Civil Works Memorandum, Civil Works Directorate/Contingency Operations (CECW/CECO) Annual Statement of Assurance Required under the Federal Manager's Financial Integrity Act

(FMFIA). <https://cops.usace.army.mil/sites/RM/CERM-P/Shared%20Documents/Forms/AllItems.aspx?RootFolder=%2Fsites%2FRM%2FCERM%2DP%2FShared%20Documents%2FMICP%2DASOA%2F2020%2FHQUSACE%20Directorates%2FCECW%20and%20CECO%2FASOA%20Memo%20and%20Appendices&FolderCTID=0x01200079F1FB5E5859E34A901C8389B20F5354&View=%7BD379C7AC%2DA4B1%2D4E7B%2D8EDA%2DED4C86A9FF9%7D>

g. Memorandum For All MSC Value Engineering Program Managers/District VEOs, 13 February, 2013. <https://www.usace.army.mil/Portals/2/docs/Value%20Engineering/ChOVE-2Mil%20policy%20ltr-021313.pdf>

h. DTO 20-08-12, Director's Policy Memorandum- Military Programs 2020-04, Military Programs Sustainment, Restoration, and Modernization (SRM) Simplified Project Execution Using Risk-Informed Decisions, 3 August 2020.

[https://team.usace.army.mil/sites/HQ-CO/PDT/HQ-G33/Lists/Orders%20Log/Attachments/2881/Attachment%201%20to%20DTO%2020-08-12%20\(DPM%20MP%202020-04\).pdf](https://team.usace.army.mil/sites/HQ-CO/PDT/HQ-G33/Lists/Orders%20Log/Attachments/2881/Attachment%201%20to%20DTO%2020-08-12%20(DPM%20MP%202020-04).pdf)

i. COVE Policy Letter 2020-03, Value Program Warrant Authority. https://www.usace.army.mil/Portals/2/docs/Value%20Engineering/COVE_2020-03_Rev1_Warrant%20Authority.pdf

3. Distribution. This Policy Note applies to all Command levels for procurement acquisitions that are federally funded, managed, and/or executed by the U.S. Army Corps of Engineers.

4. Background.

a. An EIG inspection of USACE's adherence to Value Engineering (VE) requirements was conducted in 2014. On 22 December 2014, the Chief of Engineers (CoE) released the initial EIG Inspection Report and tasked all heads of Directorates and Separate Offices, Commanders/Directors, and Staff Office Chiefs. The EIG's findings, observations, and recommendations are identified in Reference d.

b. On 25 July 2017, LTG Todd Semonite, Commander of the U.S. Army Corps of Engineers issued AMBER SemoNOTE #6, "Value Engineering Focus," to "reinvigorate" the Command's Value Program; and concurrently initiated the EIG follow-up inspection to validate Commanders' implementation of Corrective Action Plans (ref. e). On 27 March 2018, the follow-up inspection report concluded that while some improvement had occurred, the systemic program management issues remain unaddressed from the initial inspection.

5. Records Management (Recordkeeping) Requirements. Records management requirements for all record numbers, associated forms and reports required by this regulation are included in the Army's Records Retention Schedule - Army. Detailed information for all record numbers, forms, and reports associated with this regulation are located in the Army's Records Retention Schedule - Army at <https://www.arims.army.mil/arims/default.aspx>.

6. Policy. The corrective actions identified in this Policy Notice shall be implemented at all levels of USACE command. Commanders and Senior Leaders will engage with District Value Officers (DVOs) and Regional Value Officers (RVOs) to ensure consistent understanding of and disciplined adherence with our existing policies and procedures (references b and c).

a. Senior Leaders are reminded of the existing flexibilities available to their qualified DVO/RVO (ref c, d & h) to determine the appropriate level of VE required for ALL procurements regardless of contract amount and associated approval authorities."

b. Project Managers (PMs) will engage the DVO at project initiation to ensure DVO analyzes the procurement using the screening process and documents in the required Value Management Plan (VMP). This step is critical to successfully "address" the statutory and regulatory requirements for VE.

c. Regardless of DVO's strategy determination (study or Low Opportunity), PMs will resource according to the requirements documented by the DVO in the VMP and enter proper data into P2 for upward compliance tracking.

d. Contracting will confirm that the PM has addressed the VE statutory and regulatory requirements (as validated by the DVO) prior to advertising contracts.

e. Value shall be a key element on Organizational and Senior Leader performance plans to maximize efficiency and effectiveness. Value and quality should be an emphasis area at all levels of the organization (references f and Enclosure 1).

f. Senior Leaders will advise all stakeholders that VE is a federal requirement and an integral part of the way we do business; addressing the VE requirement is not optional.

7. Implementation. Program improvement will be evaluated through MICP and associated Annual Statements of Assurance (ASOAs); with quarterly progress reported through Directorate Management Review (DMR) and Corporate Management Review (CMR).

8. Points of Contact. The proponent for this policy is the Chief Value Officer and Senior Accountable Official for VE, at (202)761-5533.

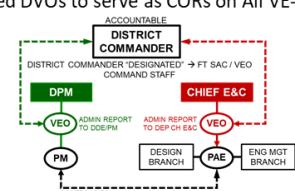

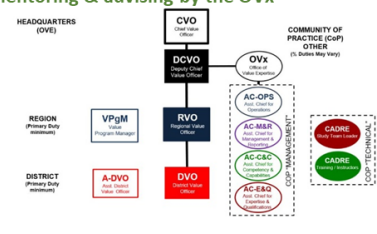
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2 Encls

1. Corrective Action Plans
2. EIG Recommendations & CAP Matrix

Enclosure 1: Corrective Action Plans

CAP 1: COMMAND ACCOUNTABILITY	CAP 2: ORGANIZATIONAL ALIGNMENT
<ul style="list-style-type: none"> ✓ Commanders “designate” their District Value Officer (DVO) as their Special Advisor (Min. of primary duties); Resourced to become/maintain qualifications (ie., Warrant) ▪ Value improvements for Efficiency/Effectiveness added to Organizational & Individual performance plans ▪ Disciplined adherence to our PMBP (and Ref 8023g) ▪ Track/report corrective actions progress within MICP/ASOA until improved ▪ UCG Outcome Performance Metrics continue to be monitored through DMR’s/CMR’s ▪ Senior Leaders convey that VE is a Federal requirement, integrated into how we do business; not an optional service (Value Concept-Business Case) ✓ ALL contracts must validate that VE Statutory/Regulatory requirements have been addressed before advertisement 	<ul style="list-style-type: none"> ✓ Elevate District Value Officer (DVO) position to member and advisor to the Command Staff; & Assign DVO administratively to the E&C Chief (i.e., OM 10-1) or DDE/PM ▪ Project Architects/Engineers (PAEs) shall include resourcing of VE in E&C budget at Project Initiation ▪ Shift DVO to a management focus vs. production focus (i.e., Eng Services or Professional Services Branch vs. Design Branch/Cost Engineering) ▪ Allow qualified DVOs to serve as CORs on All VE-only task orders 
CAP 3: ENTERPRISE VM OVERSIGHT	CAP 4: BUILD VM CAPABILITY & COMPETENCY
<ul style="list-style-type: none"> ✓ Officially identify the Office of Value Expertise (OVx) to provide Enterprise oversight & support to V-COP as SME/Cadre (i.e., policy/guidance, reporting/controls, QA, training/qualifications, etc.) ▪ Positions resourced as Enterprise level function ✓ Critical Oversight functions from MSC VPgMs to the OVx ✓ UCG Metric performance management to MSC (RPD/RBD). ▪ Alternative to Full Time MSC VPgMs 	<ul style="list-style-type: none"> ✓ ALL DVOs to be fully qualified through V-COP Apprenticeship program to earn/maintain warrant for legal authority (Experience + Training + Credential) ▪ Program/Project Management skillsets w/ additional KSAs in Facilitation, COR, ACQ/DAWIA, P2/PD2/EDW, etc. ✓ Active mentoring & advising by the OVx 

Enclosure 2: EIG Recommendations & CAP Matrix

EIG INSPECTION- 12 RECOMMENDATIONS & FINDINGS/OBSERVATIONS				
	CAP #1 - COMMAND ACCOUNTABILITY	CAP #2 - ORGANIZATIONAL ALIGNMENT	CAP #3 - ENTERPRISE VM OVERSIGHT	CAP #4 - BUILD VM CAPABILITY/ COMPETENCY
R1. Commanders and Directors ensure the assigned DVO is an individual qualified and willing to perform the VE duties and functions outlined ER 11-1-321 Change 1.	X			X
R2. DCG-CEO develop a training plan and program for the USACE Value Engineering Community of Practice.			X	
R3. Commanders and Directors ensure their commands complete all VE studies for projects that meet or exceed established VE dollar thresholds as required.	X	X		
R4. Commanders and Directors ensure that all command VE studies are led by a VE professional with the proper certification and completed in accordance with SAVE International® Methodology and standards as required.	X	X	X	X
R5. Commanders and Directors ensure that VE requirements in the USACE PMBP Manual and ECB 2013-21 are a part of every project as required.		X		
R6. DCG direct the DCG-MIO and DCG-CEO to develop a standard VE checklist, to include scheduling and resourcing VE efforts, which PMs and PDTs will apply to each USACE project to ensure VE requirements are met.			X	
R7. Commanders and Directors ensure the MSC VE Program Manager position is staffed by a qualified individual with the primary duty of performing the VE functions outlined in ER 11-1-321 Change 1.			X	X
R8. DCG direct the DCG-MIO and DCG-CEO to revise VE specific guidance, policies and manuals to clarify and update VE roles, responsibilities and requirements.			X	
R9. DCG direct revisions and updates to USACE policy and guidance to clarify VE roles, responsibilities and requirements across all mission areas.			X	
R10. DCG direct the DCG-MIO and DCG-CEO to meet with supported agencies, departments and commands to clarify VE requirements and responsibilities when USACE is the contract executing authority for their projects.	X			
R11. DCG direct the DCG-MIO and DCG-CEO to evaluate and validate VE metrics and measures to ensure VE performance is accurately assessed and captured at USACE commands.		X	X	
R12. Commanders and Directors consider including VE performance and metrics in Command Management Reviews.	X			