**US Army Corps
of Engineers** ®
Headquarters

COVE POLICY LETTER   # 2020-01   **October 31, 2019**

SUBJECT: FY20 USACE Value Program Command Staff Visits, Inspections, & Audits

1. **Purpose:** This policy letter is issued to announce the FY20 USACE Value Program Command Staff Visits (CSV), District Value Program Inspections and Audit of Claimed Cost Avoidance/Savings and to notify those MSC's/Districts involved.

2. **Background:** DoDI 4245.14, Value Engineering (26 Oct 2012) states "DoD Components shall implement a VE Program to improve military worth or reduce acquisition and ownership costs pursuant to [*Value Engineering, Section 1711 of title 41, United States Code*] and [*Office of Management and Budget Circular No A-131, Value Engineering*] wherever it is advantageous." ER 11-1-321 Change 1, 01 Jan 2011 states "HQUSACE, Chief, Office of the Value Engineer (OVE), is the Chief of Engineers, Senior Management Official for Value Engineering, and has sole responsibility for ensuring program meets the intent of statutory and regulatory requirements." The CSV, inspections, and audits are tools used to ensure these requirements are being met.

3. **Command Staff Visits and District Value Program Inspections:** The USACE Chief Value Officer, in coordination with team members from the Office of Value Expertise (OVx) and the appropriate Regional Major Subordinate Command (MSC) Value Program Manager (VPgM), will conduct a joint CSV and District Value Program Inspection of four (4) USACE District Offices per fiscal year.

   The following Districts have been identified for FY20:
   - Fort Worth (SWF)
   - Europe District (NAU)
   - Mobile District (SAM)
   - Vicksburg District (MVK)

   The intent of these visits is to conduct enterprise-level oversight while also offering support and guidance to ensure optimal performance of the District's Value Program in accordance with current policies, procedures, and best practices. Additionally, the Inspection team will seek feedback on the USACE Value Program from District personnel to address any concerns and provide recommendations on how the Value Program can best be applied to the District workload and to maximize our efficiency and effectiveness. The Inspection team will also review the District Value Officer's progress through the Value Management Apprenticeship program to ensure they are on track to become a fully trained and qualified District Value Officer.

   a. Goals of the Command Staff Visit:
      i. Brief leadership on the USACE Value Program and its benefits
      ii. Brief leadership on status of their District Value Program

    iii.   Discuss relevant findings, recommendations and CAPs from the 2014 EIG Audit and 2018 Follow-up Inspection.
    iv.   Solicit feedback from District leadership, workforce, and customers
    v.   Discuss any concerns with Value Program and offer solutions
    vi.   Educate District workforce on Value Program
    vii.   Conduct brown bag/lunch-and-learn session for District personnel in coordination with the District Value Officer

b. <u>Goals of the District Value Program Inspection</u>:
    i.   Review of 5-year trend analysis for District Value Program – (See enclosure 1 – QA Review Checklist)
- Enterprise Data Warehouse (EDW) analysis (to be completed by Inspection team in advance of visit)
- PD2 Contract award data
- Compliance with UCG Metrics (to be completed by Inspection team in advance of visit)
- Annual Plans & Annual Reports (to be provided to Inspection team by DVO in advance of visit)

    ii.   Provide Quality Assurance (QA) Review of District Value Program – (See enclosure 1 – QA Review Checklist)
- Spot check of up to 5 District procurements above the $2M threshold
- Value Management Plan (VMP)
- Value Workshop Report
- Value Engineering Reporting System (VERS) entries
- USACE Project Management Business Process (PMBP) – P2 milestones

    iii.   Gather and share Value Program management lessons learned/best practices to share with the Value Community of Practice (V-CoP)
- District Standard Operating Procedures
- Standard documents/templates
- Local file organization and record keeping
- Others

    iv.   Review of District Value Officer's Value Qualifications Record (VQR) and status in Apprenticeship program (See enclosure 1 – QA Review Checklist)

The Command Staff Visit and District Value Program Inspection will require a minimum duration of 3 days. An agenda covering the goals outlined above will be developed in coordination with the host District in advance of the visit. At the conclusion of the visit, the Audit team will present a summary level out brief to District leadership.

4. **Audit of Claimed Cost Avoidance/Savings:** Cost avoidance and cost savings are reported as both a USACE Command Guidance (UCG) metric as well as a key element on the Chief's Annual Report submitted to OSD and OMB. To validate reported amounts, the OVx will conduct an annual remote audit of claimed cost avoidance and/or cost savings after the close of the fiscal year.

The following District Projects have been selected for the FY19 Audit of Cost Avoidance/Cost Savings.

District	P2 Number	VE Study Number	Activity Title	Cost Avoidance Amount
MVN	330412	CEMVN-11-02	GNOA-HSDRRS Mitigation Plan (HPS-5)	$59,750,000
MVP	450390	CEMVP-FY15-07	Guidewall Crib Repair VE Study	$56,000,000
NAB	466822	NAB-FY18-016-M	ECB3 NSAW RECAP BLDG #3	$25,540,000
SAJ	114527	SAJ-FY13-008-C	HERBERT HOOVER DIKE, CULVERT C-8 (S-268) AND C-13 (S-272)	$13,168,000
SAS	113006	SAS-FY20-002-C	VES 17-13 SHEP INNER HARBOR DREDGING, STATIONS 70-103	$10,400,000
SWF	480606	SWF-FY19-050-I	CBP SWBBS RGV-10	$17,028,047

The DVO's for the District projects identified above will upload all relevant documentation to the following location in SharePoint no later than 30 November 2019.

https://cops.usace.army.mil/sites/VE/Portal/Audit%20of%20Claimed%20Cost%20Avoidance Savings/Forms/AllItems.aspx

The OVx will review all documentation provided, verify cost avoidance claimed and deliver a final report of Audit findings to the corresponding DVO.

5. Any questions should be directed to the undersigned through the Office of Value Expertise (OVx).

Jeffery T Hooghouse, RA, DBIA, CVS
Chief Value Officer
US Army Corps of Engineers, HQ

Encl

QA Review - 5 Year Trend Analysis of District Value Program

Audit Team

Audit Team Member(s):	
Date:	

District Value Program Information

District:	
District Value Officer:	
5-Year Range:	

EDW & PD2 Analysis	YES	NO	N/A	CLARIFICATIONS
Do EDW reports indicate presence of selected VE strategies appropriately or as applicable?				
Does EDW data (Compliance) line up well with PD2 award data?				
Were all contracts greater than $2M in PD2 addressed?				

UCG Metrics Compliance	YES	NO	N/A	CLARIFICATIONS
Metric #V1 - Cost Savings & Avoidance Green?				
Metric #V2 - Program Coverage Green?				
Metric #V3 - Statutory/Regulatory Compliance Green?				
Has there been a noticeable increase or decrease in the 5-year trend of metric compliance?				

Annual Plans & Annual Reports	YES	NO	N/A	CLARIFICATIONS
Do Annual Plans reflect consideration of previous years' performance?				
Were Annual Reports socialized with Commander, signed, and transmitted to the MSC?				
Did Annual Reports identify any "top 5" recommendations?				
Does the Annual Plan identify relevant needs for training, resourcing, or support?				

QA Review of District Project

Audit Team				
Audit Team Member(s):				
Date:				

PROJECT INFORMATION				
Project Name:				
P2 Number/PN (MILCON):				
Project Amount (PA):				
Project Type:				

VALUE MANAGEMENT PLAN (VMP)	YES	NO	N/A	CLARIFICATIONS
Value Management Plan created?				
Appropriate strategy, team, and study duration seleceted based on project type and size?				
Is funding request clearly identified on VMP for PM?				
Is funding requested appropriate for VE strategy identified and VE Management required?				
Does VMP have all required signatures based on PA and Strategy Selected?				
Approved VMP included in Project Management Plan (PMP)?				

VALUE WORKSHOP	YES	NO	N/A	CLARIFICATIONS
Workshop led by a qualified team leader with expertise in Value Methodology (CVS)?				
Did the actual workshop duration match what was called for on the VMP?				
VE Team consisted of a multidisciplinary team of subject matter experts?				
The effort was held in a workshop environment with all team members present for the full duration of the study?				
Workshop followed the 6-step industry standard Job Plan?				
Information Phase?				
Function Analysis Phase?				
Creativity Phase?				
Evaluation Phase?				
Development Phase?				
Presentation Phase?				
Was a consensus call held and decisions documented in the Final VE Report?				
Does the Final VE Report include certification statements as required by COVE 2019-02?				
Has Final VE Report been uploaded to the SharePoint Library?				

	YES	NO	N/A	CLARIFICATIONS
Was a Workshop Evaluation Completed (COVE 2015-02)?				
VALUE ENGINEERING REPORTING SYSTEM (VERS)	**YES**	**NO**	**N/A**	**CLARIFICATIONS**
Has a VERS entry been created for this project?				
Approved VMP uploaded?				
Final VE Report uploaded?				
BCOES/VE Certification uploaded?				
Has Contracting/Budget information been entered to ensure proper calculation of ROI?				
Have the study statistics from the Final VE Report been entered?				
Has implemented cost avoidance been claimed?				
Has project been considered as a potential top 5 best projects?				
Have any alternatives been considered as a top five alternative?				
P2 MILESTONES	**YES**	**NO**	**N/A**	**CLARIFICATIONS**
Have appropriate VE milestone dates been actualized in P2?				
If Low Opportunity, has a Low Opportunity date been added to the Contract Award (CC800) milestone?				

QA Review - District Value Officer - Value Qualification Record

Audit Team

Audit Team Member(s):	
Date:	

PROJECT INFORMATION

Division:	
District:	
District Value Officer:	
VQR#:	
% Duties VE:	

INITIATION OF VALUE QUALIFICATIONS RECORD	YES	NO	N/A	CLARIFICATIONS
Designation Letter signed by current District Commander?				
Value Management Mentor Identified on VQR?				
Up to date VQR approved by MSC VPgM?				
VQR approved by VQRB and VQR# assigned?				

Apprenticeship Year 1	YES	NO	N/A	CLARIFICATIONS
USACE Value Management Course completed?				
Value Methodology Fundamentals 1 (VMF1) completed?				
VMA Certification?				
Minimum 1,000 hours managing Value Program at end of year 1?				

Apprenticeship Year 2-4	YES	NO	N/A	CLARIFICATIONS
Value Methodology Fundamentals 2 (VMF 2) completed?				
Minimum 24 hr Facilitation Training completed?				
240 team contact hrs in Practice the Value Methodology (Value Workshops)?				
Co-Facilitated Evaluation Phase of a Value Workshop?				
Co-Facilitated Creativity Phase of a Value Workshop?				
Co-Facilitated a Function Analysis Phase of a Value Workshop?				
30 CPs of Learn the Value Methodology?				
10 CPs of Share the Value Methodology?				
CVS paper complete?				
CVS Application Approved by VQRB?				
Minimum 4,000 hours of managing Value Program at end of year 4?				