



**US Army Corps
of Engineers®
Headquarters**



COVE POLICY LETTER # 2022-01, Revision 1

19 January 2022

SUBJECT: FY22 Execution Guidance

1. **Purpose:** This policy letter summarizes FY21 Value Program performance and subsequently issues the FY22 execution guidance for the Value Community of Practice (VCoP). This letter includes information on planned activities to support CVO evaluation of the Value Program as well as lead into an Engineer Inspector General follow-up in FY22.
2. **Background:** As the Senior Accountable Official, the Chief Value Officer (CVO) has sole responsibility for ensuring the USACE Value Program meets the intent of statutory and regulatory requirements. Additionally, recent changes to the Risk Management and Internal Controls Program (RMICP) warrant alternative methods to evaluate internal controls. Command Staff Visits (CSVs), inspections, and audits listed below are a direct request from the CVO to the responsible Commander to support Program evaluation.
3. **Program Performance:** In FY21, USACE reported record highs in Cost Avoidance/Cost Savings (CA/CS) and Compliance metrics (see Enclosure 1 for more information). To ensure sustained success, we must continue to emphasize compliance, strive for fully qualified staff, and ensure studies (when deemed appropriate) are of a high quality.

Included in this COVE is a current rating and associated ranking of all District and MSC Value Programs as of the date of this issuance. This rating measures District, Center, and Division programs independently based on weighted comparisons of performance, qualifications, and adjusted for workload. See Enclosure 2 for ratings and details.

4. **Annual Plan and Training Opportunities.** The overall USACE VE Annual Plan was developed from information submitted by the field. This Plan supports prioritization of Value Program initiatives for the year. See Enclosure 3 for a summary of the FY22 Annual Plan and training opportunities to address needs identified by the Major Subordinate Command (MSCs) and the Office of Value Expertise (OVx).
5. **Command Staff Visits and Value Program Inspections:** The USACE Chief Value Officer, in coordination with team members from the OVx and the appropriate Regional Value Officer (RVO) or Division VE Point of Contact, will conduct a joint CSV and Value Program Inspection of the following Field Operating Activities (FOAs; Districts, Centers, or Divisions) this fiscal year:
 - Seattle District (NWS)
 - Norfolk District (NAO)
 - Charleston District (SAC)
 - Lakes and Rivers Division (LRD)
 - Memphis District (MVM)

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

a. Goals of the Command Staff Visit:

- i. Brief leadership on status of their Value Program
- ii. Discuss relevant findings, recommendations, and corrective actions from the 2014 EIG Audit and 2018 Follow-up Inspection
- iii. Solicit feedback from local leadership, workforce, and customers
- iv. Discuss any concerns with Value Program and offer solutions
- v. Conduct brown bag/lunch-and-learn session for local personnel in coordination with the local Value Officer

b. Goals of the Inspection: (see Enclosure 4 for checklists)

- i. Review of 5-year trend analysis for local Value Program
 - Data and documentation analysis (to be completed by Inspection team in advance)
 - PD2 Contract award data
 - Metric performance (to be completed by Inspection team in advance)
 - Annual Plans & Annual Reports (to be provided to Inspection team by DVO in advance)
- ii. Provide Quality Assurance (QA) review of local Value Program via spot check of up to five (5) executed procurements above the \$2M threshold (based on PD2 data). QA reviews confirm presence and quality of the following information:
 - Value Management Plan (VMPs)
 - Value Workshop Report, if applicable
 - Value Engineering Reporting System (VERS) record data
 - P2 milestones for reporting IAW USACE Command Guidance
- iii. Gather and share Value Program management lessons learned/best practices to share with the VCoP
 - District Standard Operating Procedures
 - Shareable success stories and opportunities for improvement
 - Requests for changes to tools, templates, policy, or guidance
- iv. Review of District Value Officer's Value Qualifications Record (VQR) and status in Apprenticeship program

The Command Staff Visit and Inspection will require a minimum duration of 3 days. The RVOs for FOAs identified above will work with the CVO to coordinate dates and join on the visit. An agenda covering the goals outlined above will be developed in coordination with

the host FOA in advance of the visit. At the conclusion of the visit, the Inspection team will present a summary level out brief to FOA leadership, if desired.

- 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 DoD and OMB. To validate reported amounts, the OVx will conduct an annual remote audit of a small number of CA/CS claims after the close of the fiscal year.

The following District Projects have been selected for audit of FY21 CA/CS claims:

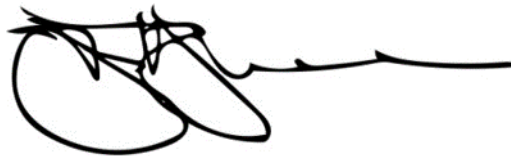
District	P2 Number	VERS Activity Number	Activity Title
MVK	107202	MVK-FY20-002-C	MISSISSIPPI RIVER REVETMENT
MVN	108861	CEMVN-VE-14-05	VALUE ENGINEERING UPDATE (SCAN) AND REPORT OF SAVINGS FOR SELA ST T PH W-14
MVP	370365	CEMVP-VE-FY12-01	FARGO MOORHEAD METRO AREA FLOOD RISK MGMT
NWK	354362	NWK-FY20-007-C	KC LEVEES ARMOURDALE & CID
SAM	111583	SAM-FY21-008	FY 21 O&M DREDGING
SWG	453360	SWG-FY18-009-C	SABINE-NECHES WATERWAY CHANNEL IMPROVEMENT PROJECT

RVOs will ensure all relevant documentation for the projects identified above is uploaded to the following location in SharePoint no later than 31 January 2022 and inform OVx when complete.

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

The OVx will review all documentation provided, verify the CA/CS amounts claimed and deliver a final report of audit findings to the corresponding Commander, DVO, and RVO.

- Any questions should be directed to the undersigned through the Office of Value Expertise at CDL-All-OVx@usace.army.mil.



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

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**US Army Corps
of Engineers®**

Headquarters



November 15, 2021

Information Paper

**SUBJECT: U.S. ARMY CORPS OF ENGINEERS (USACE)
VALUE ENGINEERING (VE) PROGRAM**

1. The Office of Federal Procurement Policy Act (41 U.S.C. 432, updated by 41 U.S.C. 1711, Jan 2011), requires each executive agency to establish and maintain cost-effective Value Engineering procedures and processes. The Office of Management and Budget (OMB) Circular A-131 requires Federal agencies to consider and integrate VE into programs, projects, activities, and contracts.
2. The USACE VE Program has been a leader in applying the Value Engineering Methodology to construction projects since 1964, solidly demonstrating Corps cost effectiveness. The program has resulted in construction of over \$11.3 billion in additional facilities, without additional funds requests.
3. The basic thrusts of the program are to increase project value by proactively searching for and resolving issues through very open, short-term workshops, and to stretch precious taxpayer resources by providing the required function(s), most amenities, and the highest quality project(s), at the lowest life cycle cost.
4. The Corps has used Value Engineering programmatically to: create and implement transformation in how the Corps executes all Military and Civil Works Programs workload; to shorten schedules significantly, and provide quality projects with reduced budgets; to ensure full project coordination with all stakeholders; to assist in preparing project scopes, negotiating environmental contracts, planning optimization, and project review; to provide planning assistance to states/communities; and to assist in program review. The results shown in paragraph 6 below are simply documented, auditable byproducts, used to build and/or enhance authorized projects or reduce reprogramming actions.
5. The Corps regularly helps others initiate VE programs by advising headquarters offices, exporting our established training workshop, and by furnishing appropriate Certified Value Specialist leadership and/or teams (consultants and in-house) to perform Value Engineering Workshops.
6. Through 30 September 2021, the Corps reported an investment of \$10.125 M (VE Study cost) and had a historical record high cost avoidance/cost savings of \$615.3 M resulting from 216 VE studies and 5 VECs with a return on investment of \$60.77 to every \$1 spent. In addition, in FY21 the VE Screening Process was applied to 760 current projects scheduled for future awards (222 VE Studies/538 Low Opportunity). The following are **NET** USACE VE savings and cost avoidance for the last five fiscal years as reported to the Departments of Army, Defense, and OMB:

<u>YEAR</u>	<u>MILITARY</u>	<u>CIVIL WORKS</u>	<u>TOTAL</u>
FY 17	\$ 120,551,000	\$ 223,006,000	\$ 343,557,000
FY 18	\$ 121,676,000	\$ 370,120,000	\$ 491,796,000
FY 19	\$ 208,716,000	\$ 353,445,000	\$ 562,161,000
FY 20	\$ 198,311,000	\$ 367,694,000	\$ 566,005,000
FY 21	\$ 318,619,000	\$ 296,670,000	\$ 615,289,000

Point of Contact: Mr. Jeffery T, Hooghouse, RA, DBIA, CVS
Chief Value Officer
Headquarters, US Army Corps of Engineers (CECW-CE)
202-761-5533 jeffery.t.hooghouse@usace.army.mil

POLICY LINKS:

Pub. L. 111–350, §3, Jan. 4, 2011, [Page 124 Stat. 3718] Sec. 1711. Value Engineering
<http://www.gpo.gov/fdsys/pkg/PLAW-111publ350/html/PLAW-111publ350.htm>

41 USC 1711 - Value engineering
<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title41-section1711&num=0&edition=prelim>

Office of Management and Budget (OMB) Circular A-131
<https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/circulars/A131/a131-122013.pdf>

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

OTHER RECENT POLICY DOCUMENTS:

OSD (Kendall Memo), Value Engineering (VE) and Obtaining Greater Efficiency and Productivity in Defense Spending, 06 DEC 2011
http://www.usace.army.mil/Portals/2/docs/Value%20Engineering/VEandEfficienciesMemo_Signed6Dec2011.pdf

Chief of Engineers (Commander's Intent), Greater Efficiency and Productivity through Value Engineering (VE), 25 APR 2012)
<http://www.usace.army.mil/Portals/2/docs/Value%20Engineering/Chief%20of%20Engineers%20Policy%20Letter%20on%20VE%20FY12.pdf>

2020 VE Requirements Narrative
https://www.usace.army.mil/Portals/2/docs/Value%20Engineering/VE_Requirements_Narrative-2020_v3.0.2.pdf

Contracting Policy Alert: USACE Alert 20-017: Reminder of USACE Value Engineering Guidance, Compliance, and Training, 29 April 2020
<https://cops.usace.army.mil/sites/CT/P/Policy%20Alerts/Reminder%20of%20USACE%20Value%20Engineering%20Guidance,%20Compliance,%20and%20Training.pdf#search=20%2D017>

PN-CW/MP-20-04 - Civil Works/Military Programs Policy Notice – Value Engineering, 30 October 2020
https://www.usace.army.mil/Portals/2/docs/Value%20Engineering/PN-CW_MP-20-04.pdf

USACE Value Engineering Website
<http://www.usace.army.mil/ValueEngineering.aspx>



USACE VALUE PROGRAM PERFORMANCE RATINGS

- A. **Background.** The information that follows is cursory analysis prepared for the CVO's evaluation of Command performance across the enterprise. The following information is being shared with the rest of the Program for awareness and, where necessary, to identify areas of improvement. The ratings shown below quantify the performance of District, Center, and Division Value Programs based on multiple categories. The intent of this approach is to measure each FOA's current actual performance versus expectations to identify when CSVs, audits, inspections, or other support may be necessary. Workload has been factored in the ratings to attempt to normalize and give a better comparison between large and small Districts.
- B. **Rationale.** Ratings measure four categories:
- a. Effort – level of effort of chosen to address VE (study, scan/bridge, low opportunity) versus expected strategy based on the dollar value of contracts awarded.
 - b. Outcomes – UCG metric performance, based on FY21 reported values.
 - c. Qualifications – the qualification level of the current DVO or RVO based on experience, training, credentials, and warrants.
 - d. Management – a factor to account for the CVO's current assessment of the management of the program beyond data, based on recent observed events or feedback from leadership, VCoP members, customers, etc.

	Rank	DVO	RATING
TOP 10 DISTRICTS	1	SAJ	94.4% A
	2	NAB	93.2% A-
	3	POJ	92.7% A-
	4	LRL	92.6% A-
	5	SAM	89.6% B+
	6	POH	89.2% B+
	7	SPL	89.0% B+
	8	MVN	88.8% B+
	9	LRP	87.8% B+
	10	TAM	87.3% B+
TOP 50%	11	POA	86.8% B
	12	SWF	85.9% B
	13	SWT	84.1% B
	14	SPA	83.4% B-
	15	HNC	82.0% B-
	16	SWL	81.5% B-
	17	MVK	81.2% B-
	18	SWG	80.8% B-
	19	NWW	80.5% B-
	20	SAW	80.5% B-
BOTTOM 50%	21	NAN	79.2% C+
	22	NWO	79.0% C+
	23	POF	78.1% C+
	24	LRH	77.1% C+
	25	LRB	74.0% C-
	26	SAS	73.9% C-
	27	NWP	73.4% C-
	28	MVS	73.3% C-
	29	NAE	72.3% C-
	30	NAP	71.1% C-
BOTTOM 10 DISTRICTS	31	LRN	70.7% C-
	32	NAU	68.1% D+
	33	MVP	66.3% D
	34	SPK	65.5% D
	35	MVM	65.0% D
	36	NWK	60.3% D-
	37	SAC	59.7% F
	38	TAE	57.7% F
	39	LRE	56.3% F
	40	MVR	54.9% F
41	LRC	54.5% F	
42	SPN	51.4% F	
43	NWS	48.6% F	
44	NAO	45.1% F	
45	SPB	43.7% F	
46	AGC	28.0% F	
47	HEC	24.0% F	
48	ERDC	4.0% F	

USACE 71.0% C-

Figure 1. District Ratings

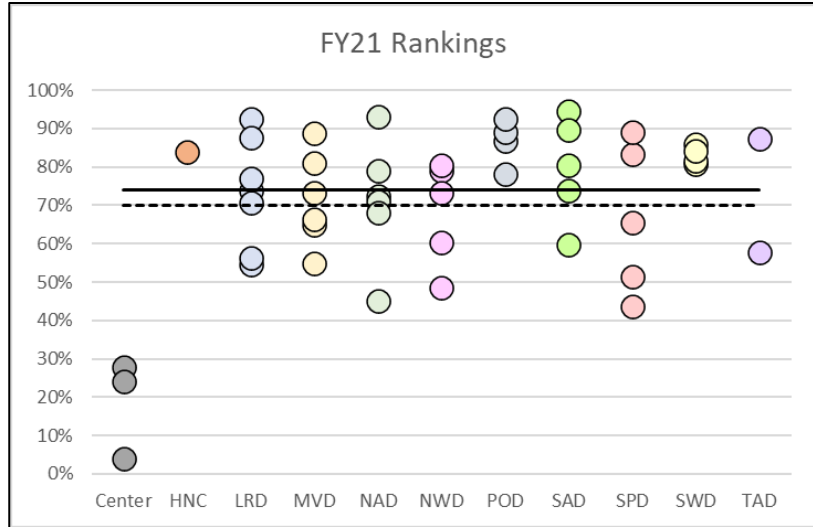


Figure 2. FOA Ratings, Grouped

Figure 1 shows the rating of each District as it pertains to the combined metrics stated above.

Figure 2 illustrates the range of District/Center ratings within each MSC with the solid and dashed lines indicating a C and C- rating, respectively.

Figure 3 shows the rating of each MSC based on the combined District scores from Figure 1 and the RVO's qualifications.

Rank	RVO	RATING
1	POD	83.6% B-
2	SWD	81.7% B-
3	TAD	81.4% B-
4	SAD	76.1% C
5	NWD	74.6% C
6	SPD	72.9% C-
7	LRD	71.7% C-
8	NAD	71.3% C-
9	MVD	69.1% D+

USACE 75.8% C

Figure 3. MSC Ratings



USACE VALUE PROGRAM FY22 ANNUAL PLAN

1. **Introduction.** OMB Circular A-131 and DoDI 4245.14 require USACE to prepare an Annual Plan each year. The purpose of this plan is to document the expected performance, staffing needs, and training needs for the Program. USACE requires each District, Center, and Division to submit their Annual Plans to support the development of the overall USACE Annual Plan. These plans should be inclusive of anticipated workload, projected staffing changes, and training both for local VCoP personnel as well as to be provided by VCoP personnel within the local office (Project Management, Construction, Contracting, etc.).

2. **Annual Plan.** With data submitted from all MSCs, the FY22 Annual Plan is as follows:
 - a. Personnel completing courses on Value Methodology and/or managing a Value Program: 53
 - b. Outreach events from DVOs to local staff: 120 events / 5,640 attendees
 - c. Planned number of value studies: 250
 - d. Estimated cost avoidance/savings: ~\$440M
 - e. Target staffing/capacity: 57 personnel / 57 FTEs
 - f. Estimated combined personnel capacity: 42 FTEs

3. **Training Opportunities.** Based on the needs projected by the field and analysis of current demographics, the following training opportunities will be available in FY22. The dates below are targeted; any changes to these dates will be posted on the VERS Home Page for VCoP personnel to stay informed. Unless otherwise noted, attendees can sign up for these courses by contacting the OVx Assistant Chief for Competency and Qualifications (Melissa Boyd).
 - a. Value Management Fundamentals 1 (via PROSPECT) – April 4-8, Huntsville, Alabama. *Sign up through local training coordinators.*
 - b. Value Management Course (VMC) – July 18-22, location TBD.
 - c. Value Management Fundamentals 2 – March 21-31, Virtual
 - d. Facilitation Training – February 14-17, Virtual
 - e. Function Analysis Fundamentals – May 16-20, location TBD. This course is not required for Apprenticeship Program requirements. Priority for enrollment goes to current CVS® exam candidates first, and then ranked based on ability to meet CVS® exam application requirements.

QA Review - 5 Year Trend Analysis of District Value Program

Audit Team				
Inspection Team Member(s):				
Date:				
District Value Program Information				
District:				
District Value Officer:				
5-Year Range:				
QlikSense & PD2 Analysis	YES	NO	N/A	CLARIFICATIONS
Do Qlik reports indicate presence of selected VE strategies appropriately or as applicable?				
Does Qlik 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 Avoidance/Cost Savings 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 performance?				
Annual Plans & Annual Reports	YES	NO	N/A	CLARIFICATIONS
Do Annual Plans demonstrate effort of workload planning?				
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				
Inspection Team Member(s):				
Date:				
PROJECT INFORMATION				
Project Name:				
P2 Number:				
Estimated Contract Amount:				
Project Type:				
VALUE MANAGEMENT PLAN (VMP)	YES	NO	N/A	CLARIFICATIONS
Value Management Plan created?				
Appropriate strategy, team, and study duration selected 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 estimated cost and strategy selected?				
Approved VMP included in Project Management Plan (PMP)?				
VALUE WORKSHOP	YES	NO	N/A	CLARIFICATIONS
Did the actual workshop duration match what was called for on the VMP?				
Did stakeholders (customer, users, partners) participate in the workshop, at least part-time?				
Adherence to the USACE VE Workshop Standard (per COVE 2015-02 unless otherwise noted)				
Facilitated by CVS (with adequate experience)				
Team of multidisciplinary subject matter experts				
Followed the Job Plan				
Duration at least 24 hours (COVE 2021-01)				
Held in a workshop environment, with team members together for the full duration				
Expanded the solution set / supplemented the knowledge base of the PDT				
Workshop Evaluation (i.e., Evaluation Tool) was completed (if YES, identify grade)				
Was a preliminary decisions 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?				

If virtual study, were requirements of COVE 2020-04 met?				
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?				
VE Certification (BCOES or similar) 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" project?				
Have any alternatives been considered as a "top 5" alternative?				
P2 MILESTONES	YES	NO	N/A	CLARIFICATIONS
Has a VMP milestone been populated for this project in P2?				
Have appropriate VE milestone dates been actualized in P2?				
If Low Opportunity, has a Low Opportunity date been added to the Contract Award (CC800 or similar) milestone?				

QA Review - District Value Officer - Value Qualification Record

Inspection Team				
Inspection 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 Years 2-4	YES	NO	N/A	CLARIFICATIONS
Value Methodology Fundamentals 2 (VMF 2) completed?				
Facilitation Training completed? (minimum: 24 hours)				
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 AC-Q&C?				
Minimum 4,000 hours of managing Value Program at end of year 4?				