

Approved: 1-7-04

**Subject:** VALUE ENGINEERING

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## **PURPOSE**

To establish Department of Energy (DOE) value engineering policy that meets the requirements of Public Law 104-106, Section 4306 as codified by 41 United States Code 432. This law states that each agency shall establish and maintain cost-effective value engineering (VE) procedures and processes. Additionally, Office of Management and Budget (OMB) Circular A-131, Value Engineering, requires that all Federal agencies use VE as a management tool, where appropriate and using a graded approach, to ensure realistic budgets, identify and remove nonessential capital and operating costs, and improve and maintain optimum quality of program and acquisition functions.

## **SCOPE**

This policy applies to all DOE Elements, including the National Nuclear Security Administration (NNSA).

## **POLICY**

It is the policy of the DOE that a VE program, that meets the intent and criteria set forth in Public Law 104-106 (Value Engineering) and OMB Circular A-131, dated May 21, 1993, be established and implemented for all Departmental Elements. It is the policy of the Department to adhere to the acquisition requirements of the Federal Acquisition Requirements (FAR), including the use of VE clauses as set forth in Parts 48 and 52, as modified in any DOE Acquisition Regulation requirements or other Departmental specific guidance.

DOE Order 413.3, Program and Project Management for the Acquisition of Capital Assets, and DOE Order 430.1B, Real Property Asset Management, provide specific requirements to implement this policy.

## **IMPLEMENTATION**

To implement this policy, the Deputy Secretary, the Under Secretary for Energy, Science and Environment and the Administrator, NNSA will:

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All Departmental Elements

**INITIATED BY:**  
Office of Management, Budget and  
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- Designate a senior management official(s) who has responsibility to establish, coordinate, maintain, and document a viable VE program for programs and projects under their cognizance, and who will develop criteria and guidelines for both in-house personnel and contractors to identify programs/projects with the greatest potential to yield savings from the application of VE techniques.

The designated official(s) will establish and maintain VE programs, procedures and processes that provide a systematic effort directed at analyzing the functional requirements, where appropriate and using a graded approach, of DOE and NNSA systems, equipment, facilities, procedures, and supplies for the purpose of achieving the essential functions at the lowest total cost, consistent with the needed performance, safety, security, reliability, quality assurance, and maintainability requirements. The designated official(s) will also provide a sound basis for identifying and reporting VE accomplishments in accordance with OMB Circular A-131.

To support these efforts, the Director, Office of Engineering and Construction Management (OECM), within the Office of Management, Budget and Evaluation/Chief Financial Officer (OMBE/CFO), will coordinate and compile the annual DOE VE progress report that is required by OMB Circular A-131. The DOE program offices have line responsibility and DOE functional offices such as management, budget, chief information officer, legal, safety, security, and contracting have staff responsibility for effective implementation and documentation of this policy.

## **CONTACT**

Questions concerning this policy should be addressed to the Office of Engineering and Construction Management, Office of Management, Budget and Evaluation, at (202) 586-1784.

BY ORDER OF THE SECRETARY OF ENERGY:



KYLE E. MCCLARROW  
Deputy Secretary