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United States of America DEPARTMENT OF COMMERCE	DEPARTMENT ADMINISTRATIVE ORDER 202-430	
DEPARTMENT ADMINISTRATIVE ORDER SERIES	DATE OF ISSUANCE October 13, 2005	EFFECTIVE DATE October 13, 2005

SUBJECT

PERFORMANCE MANAGEMENT SYSTEM

SECTION 1. PURPOSE.

.01 This Order establishes a performance management system which integrates performance, and awards systems to improve individual and organizational effectiveness in the accomplishment of the Department of Commerce's mission and goals. This system is designed to improve the Department's ability to build and sustain a results-oriented performance culture throughout the Department of Commerce.

.02 More detailed information on the specifics of the system may be found in the Performance Management Handbook, including additional definitions of terms used in this policy.

.03 This revision represents a complete update of the Order.

SECTION 2. DEFINITIONS.

.01 Appraisal is the act or process of evaluating the performance of an employee against the prescribed performance standard(s).

.02 Critical Element is a component of an employee's position consisting of one or more duties and responsibilities which contributes toward accomplishing organizational goals and objectives, and which is of such importance that unacceptable performance on the element would result in unacceptable performance in the position.

.03 Generic Performance Standards are performance standards that can be applied to all employees covered by the 5-level performance management system.

.04 Performance is an employee's accomplishment of assigned work as specified in the critical elements and as measured against standards of the employee's position.

.05 Performance Plans are the documentation of performance expectations communicated to employees by supervisors. Plans define the critical elements and the performance standards by which an employee's performance will be evaluated.

.06 Performance Standards are statements of the expectations or requirements established by management for a critical element at a particular rating level. A performance standard may include, but is not limited to, factors such as quality, quantity, timeliness, and manner of performance.

.07 Rating is the written record of the appraisal of the employee's performance in each critical element, and the assignment of a summary rating.

.08 Summary Rating (or Rating of Record) is the overall performance rating for the most recent performance year. This rating is established by combining the individual ratings on each element to arrive at an overall evaluation of an employee's performance for an appraisal period.

SECTION 3. LEGAL REQUIREMENTS AND AUTHORITIES.

.01 This Order details the performance management requirements of law and Office of Personnel Management (OPM) regulations. Department of Commerce performance management requirements are documented in OPM Form 1631, Performance Appraisal System Description.

.02 This document implements provisions of the following authorities:

a. Performance Appraisal, 5 U.S.C. Chapter 43; 5 CFR Part 430

b. Official Personnel Folder, 5 CFR Part 293, Subpart C

.03 The following citations are related to this document:

a. Agency Administrative Grievance System, 5 CFR Part 771

b. Federal Employees' Health and Counseling Programs, 5 CFR Part 792

c. Adverse Actions, 5 U.S.C. Chapter 75, 5 CFR Part 752

d. Incentive Awards, 5 U.S.C. Chapter 45; Awards, 5 CFR Part 451

e. Pay Rates and Systems, 5 U.S.C. Chapter 53; Pay Under the General Schedule, 5 CFR Part 531; Grade and Pay Retention, 5 CFR Part 536; Pay Administration (General), 5 CFR Part 550

f. Actions based on unacceptable performance, 5 U.S.C. 4303; and Performance Based Reduction in Grade and Removal Actions, 5 CFR Part 432

g. Probationary and Trial Periods, DAO 202-315

.04 The establishment and content of performance expectations set forth in individual Performance Plans are not negotiable under 5 U.S.C. 7106(a)(2)(A) and (B). Exclusive representatives of bargaining units may bargain on the impact and implementation of performance management systems under 5 U.S.C. 7106(b)(2) and (3).

SECTION 4. GENERAL POLICY.

.01 The Department of Commerce Performance Management System covers General Schedule employees (or equivalent), Wage Marines, and Federal Wage System employees. The system will be governed by the following general policies:

a. Critical elements will be established for each position covered by this system, which will, to the maximum extent feasible, permit the accurate evaluation of job performance on the basis of objective criteria related to the position.

b. Each covered employee will receive an annual rating based on the established critical elements and performance standards.

c. Critical elements will be developed by cascading organizational goals to individual performance plans.

d. Employees will be encouraged to participate in the development of their performance plans.

e. The results of performance appraisals may be used as a basis for training, rewarding, reassigning, promoting, reducing in grade, retaining, and removing employees.

f. Employees demonstrating a high level of performance may be recognized and rewarded for such performance.

g. Performance awards will be linked to overall performance based on accomplishment of organizational goals.

h. Employees will be given assistance in improving Level 1 (unacceptable) and Level 2 performance.

i. After an opportunity to improve, employees whose performance remains unacceptable (Level 1), will be reassigned, reduced in grade, or removed.

j. Ratings and awards recommended by rating officials are not considered final until approved by the responsible approving official.

k. In accordance with CFR 430.208(c), the method for deriving and assigning a summary level may not limit or require the use of particular summary levels (i.e., establish a forced distribution of summary levels).

SECTION 5. ROLES AND RESPONSIBILITIES.

.01 Performance management is an inherent responsibility for those in leadership positions. Those being rated, developed, and recognized through the performance management system also have significant roles. The individuals involved in the performance management process and their roles include:

a. Heads of Operating Units or Departmental Offices: Ensure fair and consistent application of this regulation in compliance with governing laws, rules, and regulations.

b. Approving Officials: Ensure that performance plans are linked to organizational goals; approve performance plans created by the rating officials; and approve final performance ratings and awards.

c. Rating Officials: Ensure that employees are informed of the Department's mission and the organization's goals and objectives; develop performance plans for individual employees; conduct progress reviews; conduct final appraisals and prepare the final ratings; provide copies of the rating of record at the end of the appraisal cycle to employees; and recommend recognition as appropriate.

d. Employees: Participate in development of performance plans; document work accomplishments for both the progress review(s) and the final appraisal; and participate in the progress review(s) and the final appraisal process.

e. Human Resources Offices: Communicate to supervisors, employees, and appropriate exclusive bargaining unit representatives the purpose and procedures of the performance management system and its relationship to the overall management of human capital.

SECTION 6. SYSTEM FEATURES.

.01 The Department's performance management system for covered employees consists of the following components.

a. Five rating levels will be used: Level 5, Level 4, Level 3, Level 2, and Level 1. Level 5 represents the highest level of performance and Level 1 represents performance that is unacceptable.

b. The system uses one of three annual appraisal cycles: October 1 through September 30, June 1 through May 31 (Office of Inspector General only), or November 1 through October 31 (Wage Marines only).

c. The minimum appraisal period is 120 days.

d. Performance plans must be established and approved and provided to the employee within 60 days of the beginning of the appraisal cycle or within 60 days of an employee entering a covered position.

e. Performance plans and ratings must be documented on Form CD-430, Performance Management Record.

f. Employees will have a mandatory element for Customer Service. In addition, all supervisory (or lead) employees will have a mandatory element for Leadership.

g. Each individual employee's performance plan will contain a minimum of three and a maximum of five elements.

h. Elements in the performance plan must be critical; noncritical elements are no longer used in the plan.

i. Elements will be linked to organizational goals.

j. Elements must be weighted; no element may be weighted less than 15 percent; and the sum of all elements must equal 100 percent.

k. One mandatory progress review will be conducted at approximately the midpoint of the appraisal cycle. Additional reviews are optional. Employees performing below Level 3 are expected to have additional progress reviews.

l. Employees will be asked to submit written documentation of accomplishments for both the progress review(s) and the final appraisal.

m. No fractional scores or weights may be used.

n. The generic performance standards are applicable to all performance elements. Supervisors may create supplemental performance standards that focus on results for individual elements.

o. Rating officials must provide either an overall narrative justification of the summary rating or a written justification for each element rating. They must do one or the other, and may do both. A written justification is required for any element rated below Level 3.

p. Employees are ratable if they occupy a covered position on the last day of the appraisal cycle and have served the minimum appraisal period.

q. Rating officials must conduct a final appraisal meeting. Rating officials will consider employee provided accomplishments/results achieved as tied to organizational goals and objectives.

r. Summary ratings must be derived by multiplying the rating level by the assigned element weight to achieve an element score. The element scores are added to achieve a summary rating score.

s. Performance awards are linked to the summary rating for the most recent appraisal cycle. Other awards may be granted throughout the year (e.g., Special Act Awards, Cash-in-Your-Account Awards).

t. Service credit for reduction in force purposes is linked to the rating level:

Level 5 = 20 years
Level 4 = 16 years
Level 3 = 12 years
Level 2 = 0 years
Level 1 = 0 years

u. When an employee has spent the minimum appraisal period in a covered position (120 days) and then moves to another covered position less than 120 days before the end of the appraisal cycle, an interim rating must be prepared.

v. There is no minimum required period during which a supervisor must be in place before completing an employee's appraisal, as long as that supervisor was in place on the last day of the appraisal cycle.

w. Departing supervisors must complete interim ratings for employees who have been under a performance plan for the minimum appraisal period (120 days).

x. A supervisor/manager's failure to meet performance appraisal deadlines and responsibilities will be reflected in his/her progress review and appraisal.

y. Employees are considered unratable if they did not work the minimum appraisal period (120 days) in one or more covered positions during the appraisal cycle or were placed on a Performance Improvement Plan. Examples of other situations in which employees may be deemed unratable may be found in the Performance Management Handbook.

z. An employee may request informal or formal reconsideration of his or her rating. An employee may request reconsideration of his or her rating by attempting to resolve the disagreement informally with the rating official. However, formal reconsideration requests must be processed under the appropriate negotiated grievance procedure, if applicable, or under the Department's Administrative Order 202-771, titled Administrative Grievance Procedures.

aa. The Head of the Operating Unit or Departmental Office will ensure that the Employee Performance File including the performance ratings of record and the performance plans on which those ratings were based, are retained for four years.

SECTION 7. APPLICABILITY OF OTHER LAWS AND ORDERS.

The provisions of this Order are subject to modification by changes in pertinent statutes and OPM regulations. In these cases, the applicable provision or provisions of this Order shall be considered automatically amended or superseded and effective on the dates specified in the statute or regulation.

SECTION 8. EFFECT ON OTHER ORDERS.

This Order supersedes Department Administrative Order 202-430, "Performance Appraisal," dated August 9, 1982.

Director for Human Resources Management

Approved:

Chief Financial Officer and
Assistant Secretary for Administration

Office of Primary Interest
Office of Human Resources Management