

PERFORMANCE MANAGEMENT SYSTEMS

- 1. REASON FOR ISSUE:** To revise Department of Veterans Affairs (VA) procedures regarding the Title 5 performance appraisal program.
- 2. SUMMARY OF CONTENTS/MAJOR CHANGES:** This handbook contains mandatory VA procedures on performance management systems. The pages in this handbook replace the corresponding page numbers in VA Handbook 5013, dated April 15, 2002. Pages II-A-12 through II-A-18 of Part II, Appendix A are deleted. These changes implement the 5-level performance appraisal program for employees covered under Part I of this handbook and will be incorporated into the electronic version of VA Handbook 5013 that is maintained on the [Office of Human Resources Management website](#).
- 3. RESPONSIBLE OFFICE:** The Human Resources Management Programs and Policies Service (051), Office of the Deputy Assistant Secretary for Human Resources Management.
- 4. RELATED DIRECTIVE:** VA Directive 5013, "Performance Management Systems."
- 5. RESCISSIONS:** None.

CERTIFIED BY:

/s/

Edward F. Meagher
Acting Assistant Secretary for
Information and Technology

**BY DIRECTION OF THE SECRETARY
OF VETERANS AFFAIRS:**

/s/

William H. Campbell
Acting Assistant Secretary for Human
Resources and Administration

[Electronic Distribution Only]

PERFORMANCE MANAGEMENT SYSTEMS

PART I. TITLE 5 PERFORMANCE APPRAISAL PROGRAM

CONTENTS

PARAGRAPH	PAGE
1. <u>COVERAGE</u>	I-1
2. <u>EXCLUSIONS</u>	I-1
3. <u>GENERAL PROVISIONS</u>	I-2
4. <u>EVALUATION</u>	I-2
5. <u>DEFINITIONS</u>	I-2
6. <u>PLANNING PERFORMANCE</u>	I-[3a]
7. <u>MONITORING PERFORMANCE</u>	I-[3c]
8. <u>APPRAISING PERFORMANCE</u>	I-[3c]
9. <u>PROCEDURES FOR DETAILS, TRANSFERS AND OTHER CIRCUMSTANCES</u>	I-[4]
10. <u>REWARDING PERFORMANCE</u>	I-[5]
11. <u>[GRIEVANCES AND APPEALS]</u>	I-6
12. <u>WITHIN-GRADE INCREASES – GENERAL SCHEDULE</u>	I-7
13. <u>WITHIN-GRADE INCREASES – PREVAILING RATE</u>	I-14
14. <u>FAILURE TO COMPLETE A SUPERVISORY PROBATIONARY</u> <u>PERIOD SATISFACTORILY</u>	I-15
15. <u>RECONSIDERATION REQUESTS</u>	I-17
16. <u>ADVERSE ACTIONS</u>	I-18
17. <u>APPEALS</u>	I-18

APPENDICES

I-A. <u>PERFORMANCE APPRAISAL SYSTEM APPROVED BY OPM</u>	I-A-1
I-B. <u>OPM APPROVAL OF VA PERFORMANCE APPRAISAL SYSTEM</u>	I-B-1
I-C. <u>SAMPLE PERFORMANCE IMPROVEMENT PLAN</u>	I-C-1
I-D. <u>APPRAISAL PROGRAM FOR VETERANS BENEFITS ADMINISTRATION</u> <u>NON-EXECUTIVE DIRECTORS</u>	I-D-1
I-E. <u>VBA NON-EXECUTIVE DIRECTOR COMMON MANAGERIAL ELEMENTS</u>	I-E-1
[I-F. <u>PERFORMANCE APPRAISAL PROGRAM FOR VHA EMPLOYEES IN THE</u> <u>EXECUTIVE CAREER FIELD</u>	I-F-1]

PART I. TITLE 5 PERFORMANCE APPRAISAL PROGRAM

1. COVERAGE. This part applies to the process used to appraise the performance of the following Department of Veterans Affairs employees:

- a. General Schedule employees, including employees covered by the Performance Management and Recognition System Termination Act of 1993.
- b. Federal Wage System employees.
- c. Scientific and Technical (Senior Level) employees paid under 5 U.S.C. 5376.
- d. Licensed physical therapists, registered or certified respiratory therapists, licensed practical or vocational nurses, pharmacists, and occupational therapists appointed under 38 U.S.C. 7401(3) or 7405.
- e. [] Veterans Canteen Service employees appointed under 38 U.S.C., chapter 78.
- f. Temporary and Term employees, except as specifically excluded.

2. EXCLUSIONS. This part excludes the following:

- a. Officers appointed by the President by and with the advice and consent of the Senate, or by the President alone, to positions for which rates of basic compensation may exceed the maximum rate provided in the General Schedule.
- b. Employees in the Senior Executive Service.
- c. [Full-time, part-time, and intermittent] physicians, dentists, nurses, [nurse anesthetists,] optometrists, podiatrists, physician assistants, expanded-function dental auxiliaries [appointed under 38 U.S.C. 7401(1), 7405(a)(1)(A), or 7406], and individuals appointed under 38 U.S.C. 7306 in the Office of the Under Secretary for Health.
- d. Non-U.S. citizens employed at the VA Regional Office, Manila, Republic of the Philippines, who are paid according to local prevailing wage rates.
- e. Temporary employees in the excepted service for which employment is not reasonably expected to exceed 90 days in a 12-month period.
- f. Members of the Board of Veterans' Appeals and the Board of Contract Appeals.
- g. Veterans Benefits Administration (VBA) non-executive directors.
- [h. Veterans Health Administration (VHA) Associated Health Trainees.
- i. Employees covered by the VHA Executive Career Field Program.]

PART I

3. GENERAL PROVISIONS

a. Performance will be rated for each element as [Exceptional, Fully] Successful, or [Less Than Fully Successful,] and at a summary level as [Outstanding, Excellent, Fully] Successful, [Minimally Satisfactory, or Unsatisfactory,] which correspond to Levels 1 [through 5]—Pattern [H]. (See VA Handbook 5013, Part I, Appendix A, subparagraph 5d.)

b. [The results of the performance appraisal are used as the basis for granting within-grade and quality step increases, and for determining performance awards, as well as training, rewarding, reassigning, promoting, reducing in grade, retaining and removing employees.

c.] The appraisal period is the one-year period that begins on [October 1] and ends on [September 30] unless otherwise designated by an [Under Secretary], Assistant Secretary, or Other Key Official. In the case where a change in rating cycle is being made, notification will be issued establishing and defining an alternative appraisal cycle.

[d.] The performance management program for VBA non-executive directors is contained in [VA Handbook 5013, Part I, Appendices D and E.

e. The performance management program for VHA employees in the Executive Career Field is contained in VA Handbook 5013, Part I, Appendix F].

4. EVALUATION. Under Secretaries, Assistant Secretaries and Other Key Officials will periodically evaluate the effectiveness of performance appraisal within their respective organizations. The Deputy Assistant Secretary for Human Resources Management will analyze and evaluate the overall effectiveness of VA's performance appraisal program and recommend modifications as necessary.

5. DEFINITIONS

a. [**Achievement Level.** The overall level of accomplishment for each element as measured against the pre-established performance standards. Achievement levels are defined as follows:

(1) **Exceptional.** All Fully Successful performance standards for the element are significantly surpassed. This level is reserved for employees whose performance in the element far exceeds normal expectations and results in significant contributions to the organization.

(2) **Fully Successful.** Performance standards for the particular element when taken as a whole are being met. This level is a positive indication of employee performance and means the employee is effectively meeting performance demands for this component of the job.

(3) **Less Than Fully Successful.** A level of performance that does not meet the standards established for the Fully Successful level. Assignment of this achievement level means that performance of the element is not acceptable.

b.] **Appraisal.** The process under which performance is reviewed and evaluated.

[c.] **Appraisal Cycle.** The specific dates that mark the beginning and ending of an appraisal period.

[d.] **Appraisal Period.** The established period of time for which performance will be reviewed and a rating of record will be prepared.

[e.] **Approval Official.** The [designated] official at a higher management level than the Rater who reviews and approves [all Minimally Satisfactory and Unsatisfactory ratings at the end of the appraisal period. Organizations may decide that Outstanding ratings are also subject to review by Approval Officials]. The Secretary [and the Inspector General are] the only official[s] who can serve as both the Rater and Approval Official [].

f. **Days.** Calendar days, unless otherwise specified.

g. **Element.** A component of a position sufficiently important to warrant appraisal. [The element may be either critical or noncritical and is defined as follows:

(1) **Critical Element.** [Any element that contributes toward the accomplishment of organizational goals and objectives, and is of such importance that Less Than Fully Successful performance of it would result in unacceptable performance in the position.

(2) **Noncritical Element.** Any element that does not meet the definition of critical element but is still of sufficient importance to warrant written appraisal.

(3) **Additional Element.** A dimension or aspect of individual, team or organizational performance that is not used in assigning a summary level but, like critical and noncritical elements, is useful for purposes such as communicating performance expectations and serving as the basis for granting awards. Such elements could be used as a means of communicating expected performance where the performance threshold is beyond the employee's immediate control in areas such as attainment of organizational goals, work plans, work objectives or program plans. Such elements may also be used to provide developmental feedback to an employee or in assessing progress in completing an Individual Development Plan.]

h. **Minimum Appraisal Period.** The 90- [] day period during which an employee must have performed under [communicated] performance elements and standards [that] may result in a performance rating.

i. **Performance Plan.** All written or otherwise recorded critical [and noncritical] performance elements and standards that identify expected performance. []

[j.] **Performance Standard.** The management approved expression of the performance threshold(s), requirement(s), or expectation(s) that must be met to be appraised at a particular level of performance. A performance standard may include, but is not limited to, [factors such as] quality, quantity, timeliness, and manner of performance. [They should also include specific recurring and nonrecurring goals, program plans, priority programs, etc., since accomplishment of organizational objectives should be reflected in performance plans when appropriate.]

[k.] **Progress Review.** Communication with employees, at least once during the appraisal period, about their performance.

[l.] **Rater.** The [official, usually the immediate supervisor, who is] responsible for developing performance plans, [providing feedback and progress reviews, appraising employee performance, and recommending a performance rating].

[m.] **Rating of Record.** The performance rating prepared at the end of an appraisal period for performance over the entire period and the assignment of a summary level. This constitutes the official rating of record.

[n.] **Summary Rating.** The [record of the appraisal of each critical element and the] assignment of an overall rating. [These ratings will be assigned in accordance with the following criteria:

(1) **Outstanding.** The achievement levels for all elements are designated as Exceptional.

(2) **Excellent.** The achievement levels for all critical elements are designated as Exceptional. Achievement levels for noncritical elements are designated as at least Fully Successful. Some, but not all, noncritical elements may be designated as Exceptional.

(3) **Fully Successful.** The achievement level for at least one critical element is designated as Fully Successful. Achievement levels for other critical and noncritical elements are designated as at least Fully Successful or higher.

(4) **Minimally Satisfactory.** The achievement levels for all critical elements are designated as at least Fully Successful. However, the achievement level(s) for one (or more) noncritical element(s) is (are) designated as Less Than Fully Successful.

(5) **Unsatisfactory.** The achievement level(s) for one (or more) critical elements is (are) designated as Less Than Fully Successful.]

6. PLANNING PERFORMANCE

a. A performance plan [] will be developed [to measure] the [performance] requirements of [each] employee's position.

(1) [Solicitation of input from] employees and employee representatives in the development and revision of performance plans is encouraged.

(2) [Performance plan input may be sought from multiple sources, including customers, peers and others involved in the supervision of the employee. Unless an employee is working more than one position, he/she will normally not have more than one supervisor.]

[(3)] Performance plans should be established in conjunction with the creation of and classification of new positions.

[(4)] Each performance plan must include all elements that will be used in assigning a summary level.

b. Performance plans must contain at least one critical element [and one non-critical element] that [address] individual performance [].

c. Performance plans may [] include [] additional elements. []

d. Performance plans must support organizational goals and objectives and be linked to overall program results.

e. Performance plans must include standard(s) that address customer service.

f. [Performance standards are required to be written only at the Fully Successful achievement level.]

[g.] Performance standards should be [understandable,] challenging, realistic and attainable, and sufficient to permit accurate measurement of the employee's performance. [They] should [] be [expressed] in terms that promote [an] understanding [of how the employee's individual performance links to organizational and/or strategic goals.

h. [While standards must, to the maximum extent possible, permit appraisals purely on the basis of objective criteria, they are not intended to replace supervisory judgment. A standard should be sufficiently precise and specific so as to invoke a general consensus as to the meaning and content; however, there is no requirement that standards contain numerical measurements. Raters should also consider the quality of work, efficiency, productivity, timeliness, and the accomplishment of goals as viable performance measures.

i. The appraisal process consists of assigning one achievement level for each element. While each element usually contains three to five performance standards, it is the overall performance for all these standards that establishes the one achievement level for each element. Supervisors may give added weight to some performance standards versus others[.] Employees [shall] be made aware of weighting differences up front.

j.] When a performance plan needs to be changed during the appraisal period due to changes in work assignments, achievement of group or team objectives, or other circumstances that render standards inappropriate, the employee and employee representative should be involved in revising and/or redefining element(s) and standard(s).

[k.] Raters will ensure each employee receives a performance plan [each rating cycle] and will obtain the employee's signature verifying receipt within [60] days from either the beginning of the appraisal period, appointment to a new position, or when a performance plan is changed.

[l. Each Rater will use VA Form 0750 for documenting the approved performance plan. Additional documentation may be attached to the form.]

PART I**7. MONITORING PERFORMANCE**

a. The minimum appraisal period is 90 calendar days under a performance plan.

b. Each employee must receive and have documented at least one progress review during the appraisal period. This progress review will be documented on VA Form [0750], Performance Appraisal, or its electronic equivalent. Additional informal communication about an employee's progress in meeting performance standards is encouraged and may be conducted as appropriate.

c. Employees whose performance is Less Than Fully Successful in one or more critical elements must be notified in writing and be given a reasonable opportunity to improve their performance to the [Fully] Successful level. See [VA Handbook 5013, Part I, Appendix C] for a sample performance improvement plan.

(1) Employees who improve their performance to the [Fully] Successful level during the opportunity period must sustain [Fully] Successful performance for 1 year in the critical element(s) on which they were provided an opportunity to improve. The 1-year time period starts from the beginning of their opportunity period. If, during that 1-year period, the employee's performance become Less Than Fully Successful again in the same critical elements, a performance-based adverse action may be proposed without the benefit of an additional opportunity to improve.

(2) Unless reassigned, employees whose performance is determined Unsatisfactory at the conclusion of the opportunity period shall be reduced in grade or removed. Sample letters may be found in VA Handbook 5021, Employee/Management Relations.

8. APPRAISING PERFORMANCE

a. Employees will be appraised at the end of the appraisal period using VA Form [0750] or its electronic equivalent.

b. Raters [will] consider feedback from multiple sources, including customers, peers or other appropriate sources, and [should] also consider improvements in efficiency, productivity, timeliness, quality of work or service, accomplishment of goals, as well as any other relevant information in appraising performance. [Employees should be advised to keep records and notes related to their accomplishments during the appraisal period and encouraged to submit a voluntary self-assessment that will also be considered in developing the employee's rating.]

c. Employees must receive a written or otherwise recorded rating of record no later than 60 days following the end of the appraisal period.

d. Performance may be determined at the Unsatisfactory level even though standards are not established at that level.

e. Higher level approval is required for [Minimally Satisfactory and Unsatisfactory ratings. In addition, organizations may choose to have higher-level approval required for Outstanding ratings].

f. [Within 10 workdays after the conclusion of the appraisal period, employees may submit to the Rater a self-assessment or other information related to their performance during the appraisal period. Such information will generally relate to the established performance plan. The Rater will consider this information, if submitted, and all other information relevant to the employee's performance that is available and assign one achievement level for each element.]

g. [An achievement level must be assigned for each critical and noncritical element of the performance plan on which the employee has had a chance to perform. If an employee submits a self-assessment and the Rater can verify its accuracy and completeness, the self-assessment can be used as the justification for an assigned rating. Otherwise, if an achievement level other than Fully Successful is assigned, specific examples supporting that level must be documented in the portion of the VA Form 0750 provided for this purpose. When an achievement level of Fully Successful is assigned, a description or documentation of performance is not required.]

h. [Ratings of record will be assigned in accordance with the following criteria:

(1) **Outstanding.** The achievement levels for all elements are designated as Exceptional.

(2) **Excellent.** The achievement levels for all critical elements are designated as Exceptional. Achievement levels for noncritical elements are designated as at least Fully Successful. Some, but not all, noncritical elements may be designated as Exceptional.

(3) **Fully Successful.** The achievement level for at least one critical element is designated as Fully Successful. Achievement levels for other critical and noncritical elements are designated as at least Fully Successful or higher.

(4) **Minimally Satisfactory.** The achievement levels for all critical elements are designated as at least Fully Successful. However, the achievement level(s) for one (or more) noncritical element(s) is (are) designated as Less Than Fully Successful.

(5) **Unsatisfactory.** The achievement level(s) for one (or more) critical elements is (are) designated as Less Than Fully Successful.

i. Following the assignment of performance ratings, the Rater will forward all appraisal forms to the Approval Official. A list of all Fully Successful and above ratings and recommendations for performance awards should be forwarded at the same time. Ratings and award recommendations will not be communicated to employees prior to final approval by the official with the authority to approve awards. The Approval Official will review all Unsatisfactory, Minimally Satisfactory and, if appropriate, Outstanding ratings, and either concur with those ratings or assign a different rating. He/she may discuss with or request additional justification for the recommended performance rating from the Rater. If a different rating is assigned by the Approval Official, the performance-based reason for the change must be explained on the form. This explanation should specify which achievement levels for which elements were changed and why. The appropriate ratings will be signed by the Approval Official and documented on VA Form 0750, no later than 4 weeks following completion of the appraisal period. This time requirement [will be met if possible, but may be extended for mission critical reasons.

PART I

j. Within 5 weeks from the end of the rating period, the Approval Official is responsible for forwarding rating information and award recommendations on a VA Performance Management Certification Form, through appropriate channels, to the Performance Awards budget official. This time requirement may be extended for good reasons.

k. Approval Officials will be informed when the final review and approval process for ratings and awards has been completed and certified. At this point, the Approval Officials and Raters will ensure that all ratings documented on the original VA Form 0750 are forwarded to the servicing Human Resources (HR) office and/or fiscal office for processing. The Approval Official is responsible for ensuring that the Rater provides the employee with a copy of the completed VA Form 0750 no later than 60 days following the end of the appraisal period, and discusses the basis for the rating with the employee. If the employee is dissatisfied with the appraisal/rating, he/she may informally discuss the matter with the Rater and/or Approval Official. If still dissatisfied, the employee may formally grieve the rating] (See VA Handbook 5013, Part I, paragraph 11).

l. The servicing HR office will code approved performance ratings and awards into the PAID system as soon as possible but not later 90 days following the end of the rating period.

[m.] Performance under critical [and noncritical] elements will be used in deriving a summary level.

[n.] The performance appraisal and rating of a disabled veteran may not be lowered because the veteran has been absent from work to seek medical treatment as provided in Executive Order 5396.

[o.] Forced distribution of performance ratings is prohibited.

9. PROCEDURES FOR DETAILS, TRANSFERS AND OTHER CIRCUMSTANCES. The intent of the performance appraisal is to appraise an employee's performance covering an entire rating period. To do so, the following procedures will be used to assure continuity throughout the appraisal process:

a. **Employee Position Changes.** When an employee changes positions within VA, a performance (summary) rating will be prepared by the Rater, shared with the employee, and forwarded to the servicing human resources office or to the gaining organization.

b. **Rater Leaves or Changes Positions.** Before a Rater leaves or changes positions, he or she will prepare a [] summary rating for each employee under his or her supervision, share the rating with their employees, and forward the completed VA Form [0750] to the servicing human resources office or higher level management official within the organization.

c. **Employee Transfers to Another Agency.** Before an employee transfers to another Federal agency, the Rater will complete a performance (summary) rating on VA Form [0750] and forward it to the servicing human resources office for inclusion in the employee's Employee Performance File.

d. **Employee Not Under Performance Plan for Minimum Appraisal Period.** When an employee has not served under a performance plan for his or her position of record for 90 days by the end of the appraisal period because of a position change, career promotion, appointment or any other reason, either:

(1) The appraisal period will be extended to provide for the minimum appraisal period and a rating of record will be prepared at that time. The Rater may take into consideration any [summary] ratings provided by the employee's previous Rater(s) in determining the rating of record; or

(2) The Rater may utilize any performance rating prepared by a previous Rater as the rating of record by concurring with it.

e. **[Employee Changes Performance Appraisal Programs in VHA.** When an employee changes performance appraisal programs in VHA, e.g., Executive Career Field (ECF), a performance (summary) rating will be prepared by the Rater, shared with employee and forwarded to the servicing human resources office.]

[f.] **Rater Not in Position for Minimum Appraisal Period.** As long as sufficient information is available on which to appraise an employee's performance that covers a 90-day minimum period, there is no requirement that a Rater occupy his or her position for a specific length of time. However, if a performance rating is not available or is not sufficiently developed to permit an appraisal, the appraisal period will be extended to provide for performance under the Rater for the minimum appraisal period.

[g.] **Employee Detailed or Temporarily Promoted.** When an employee is detailed or temporarily promoted, a performance plan [will] be provided for the position to which he or she is detailed or promoted. If the detail or temporary promotion lasts for [90 days or more], a performance rating will be prepared at the conclusion of the detail or temporary promotion that appraises the employee's performance while in the temporary position. This rating should be shared with the employee and then forwarded to the servicing human resources management office or employing organization for consideration at the end of the appraisal period. For employees temporarily assigned outside VA, every effort will be made to obtain similar information about the employee's performance.

[h.] **Employee Service on a Performance Improvement Plan (PIP).** Employees who have been given a notice of unacceptable performance and an opportunity to improve performance, will have their ratings of record postponed until the performance improvement period expires.

10. REWARDING PERFORMANCE. [Eligibility for] performance awards [and quality step increases will be] based on [annual] ratings] of record []. [These awards are described in] VA Handbook 5017, Employee Recognition and Awards.

[a. Performance appraisal information will be considered in merit promotions, reassignments, or other placement actions, to the extent that performance elements are related to the knowledge, skills, abilities and other characteristics of the position being filled.

b. Performance appraisal information can assist in the identification of specific training needs that, if met, can improve and enhance employee work skills. It can also be used by supervisors in formulating individual development plans for their employees.

c. Annual performance ratings of record are one of several factors that determine retention standing in an employee's competitive level in reduction in force (RIF) (see 5 CFR 351.504). Additional service

PART I

credit is granted for ratings of Fully Successful or better. Only ratings of record are creditable for the RIF process. Special ratings of record prepared in connection with an acceptable level of competence determination, and for other special circumstances, are not creditable for this purpose. No rating of record will be assigned for the sole purpose of affecting an employee's RIF retention standing (see 5 CFR 351.504).]

11. [GRIEVANCES AND APPEALS. This section contains the Administrative Grievance Procedure. An employee who is dissatisfied with an assigned performance rating may grieve the rating using the administrative or a negotiated grievance procedure, or use any other locally established alternative dispute resolution process. Negotiated grievance procedures are outlined in the grievance articles of appropriate collective bargaining agreements.]

[a.] **Administrative Grievance Procedure.** These procedures apply to performance ratings for individuals not covered by a negotiated procedure. []

[(1)] Informal Grievance Procedure

[(a)] Consistent with the principle that grievances should be resolved at the lowest level possible, an employee who is dissatisfied with an assigned performance rating may grieve the rating and/or elements at issue to the Approval Official (if used), otherwise to the Rater, within 15 calendar days after receipt of the rating. The employee and the employee representative, if any, will be provided the opportunity to explain the grievance.

[(b)] After exploring the grievance, the official to whom the matter was grieved should provide a written answer to the employee, through his/her representative, if any, within 10 calendar days. The response will include the decision on the grievance, supporting reasons, and the employee's right to present a formal grievance.

[(2)] Formal Grievance Procedure

[(a)] If the employee is not satisfied with the answer at the informal stage, within 10 calendar days from the receipt of the informal response, the employee may present the grievance in writing, through supervisory channels, to the management official at the next higher level in the organization.

[1.] The formal grievance will contain the date of the performance rating, the elements at issue and the reasons for seeking reconsideration for each element at issue, the performance rating desired, and the decision at the informal stage.

[2.] A grievance file will be established that will contain a copy of the performance rating, a copy of the formal grievance, a copy of the informal decision and related documentation, and any additional information that is appropriate for consideration in making a decision based on the record, but not any document that is not available to the employee and/or the employee's representative for review.

[(b)] The grievance file will be forwarded to the appropriate official to consider the grievance for a decision based on the record. A written decision will be forwarded through channels to the employee, through his/her representative, if any, usually within 10 work days.

[(c)] If the performance rating or narrative justification on the appraisal is changed as a result of the decision, all official records and personnel actions (e.g., within grades) will be changed, as applicable, with the employee being notified.

[(3). **Alternative Dispute Resolution (ADR).** In order to reduce the administrative burden associated with the grievance process and to minimize the loss of staff productivity while participating in that process, the utilization of existing ADR programs as a means to streamline appeals is highly encouraged.]

12. WITHIN-GRADE INCREASES – GENERAL SCHEDULE

a. Definitions

(1) **Acceptable Level of Competence.** Successful performance by an employee of the duties and responsibilities of his or her assigned position as evaluated against his or her performance plan which warrants advancement of the employee's rate of basic pay to the next higher step or the grade of his or her position, subject to the requirements in [VA Handbook 5013, Part I, subparagraph 12.b(2)].

(2) **Equivalent Increase.** [Unless otherwise excepted,] increase or increases in an employee's rate of basic pay equal to or greater than the difference between the rate of pay for the General Schedule grade and step rate occupied by an employee and the rate of pay for the next higher step rate of that grade.

(3) **Permanent Position.** A position filled by an employee whose appointment does not have a definite time limitation of 1 year or less. Permanent position includes competitive or excepted service term appointments of more than 1 year (5 CFR 316.305) and positions to which employees are promoted on a temporary or term basis of at least 1 year (see VA Handbook 5005).

b. General Policies and Principles

(1) To be awarded a within-grade increase, an employee must meet all the following requirements established by 5 U.S.C. 5335:

(a) The employee must have completed the required waiting period of advancement to the next higher step rate of the grade of his or her position (see VA Handbook 5007);

(b) The employee must not have received an equivalent increase during the waiting period;

(c) The employee's performance of the duties and responsibilities of his or her assigned position must be at an acceptable level of competence. To be determined at an acceptable level of competence, the employee's most recent rating of record must be at least "[Fully] Successful" (see [VA Handbook 5013, Part I, subparagraph 12c.]).

(2) Employees shall be informed of the specific performance requirements that constitute an acceptable level of competence by means of performance plans developed in accordance with the general procedures described in [VA Handbook 5013, Part I,] paragraph 6, which require written performance standards at the "[Fully Successful]" level of achievement.

(3) The effective date of within-grade increases will be as provided in VA Handbook 5007.

c. Acceptable Level of Competence Determinations

(1) **Responsibility.** Generally the Rater is responsible for determining if the employee is performing at an acceptable level of competence. However, if the determination is negative or requires a special rating of record, the [appropriate] Approval Official is responsible for the determination.

(2) Basis for Determination

(a) An acceptable level of competence determination shall be based on the current rating of record. The rating of record used as the basis for an acceptable level of competence determination must have been assigned no earlier than at the end of the most recently completed annual appraisal period. If the most recent rating of record is more than 90 days old, the Rater will review current performance to assure that the rating of record reflects current performance.

(b) When it is determined that current performance is not consistent with the employee's most recent rating of record, a special rating of record must be prepared to document current performance. Special ratings of record must be approved by the [appropriate] approval official.

(c) If an employee has been reduced in grade because of unacceptable performance and has served in one position at the lower grade under written performance standards for at least the minimum appraisal

[APPENDIX F. PERFORMANCE APPRAISAL PROGRAM
FOR VHA EMPLOYEES IN THE EXECUTIVE CAREER FIELD

1. BACKGROUND. This appendix establishes a performance management system that measures the contribution of employees in the Veterans Health Administration (VHA) Executive Career Field (ECF) to overall VHA organizational goals. The performance appraisal system for VHA employees in the ECF is consistent with the High Performance Development model, and for succession planning purposes, integrated with and similar to the performance appraisal system for employees in the Senior Executive Service.

2. SCOPE. This part contains mandatory procedures related to performance appraisal for employees covered by the ECF. Currently, the ECF covers senior management employees within VHA (Chiefs of Staff, Associate/Assistant Director(s), Associate Directors for Patient Care/Nursing Services or other Nurse Executives, and VISN and VHACO equivalent positions at GS-15 or the Title 38 equivalent). However, the Under Secretary for Health may extend the ECF to other VHA employees not covered by the Senior Executive Service performance appraisal system.

3. GENERAL

a. **Performance Appraisal Period.** The minimum performance appraisal period for employees covered by this appendix is 90 days. Generally, the ECF appraisal period will be October 1 through September 30.

(1) **Extension of Appraisal Period.** If an employee was initially appointed to the ECF after July 2, the appraisal period will be extended to December 31. The appraisal period may also be extended under the special circumstances described in VA Handbook 5013, Part I, Appendix F subparagraph 8c.

(2) **Curtailement of Appraisal Period.** In accordance with VA Handbook 5013, Part I, Appendix F, paragraph 11, the Rater may terminate the appraisal period and rate an employee's performance before the end of the appraisal period in any case in which the Rater determines an adequate basis exists on which to appraise and rate the employee's performance.

b. **Performance Appraisal Forms.** VA Form 3482e Veterans Health Administration (VHA) Executive Career Field (ECF) Performance Appraisal Program, will be used to document the performance plan approved for each employee and the appraisal and rating recommended by the Rater. VA Form 3482e or VA Form 3486a, Senior Executive Service Performance Rating/Award Authorization, will be used to document the annual summary rating of record authorized by the Approval Official.

4. EMPLOYEE PERFORMANCE FOLDER (EPF)

a. **Establishment and Maintenance.** Servicing human resources offices will establish and maintain an EPF (as defined in paragraph 16) for each employee covered by the ECF.

PART I

APPENDIX F

b. **Extension EPF.** Performance-related records required by the Rater or other officials directly involved in the processing of performance appraisals may be maintained in Extension Files located nearer the worksite. Extension Files may contain copies of documents filed in the EPF maintained by human resources. Other performance-related material needed to assist in evaluating employee performance may also be maintained in the extension file (individual production records, quality control records, performance counselings, etc.).

c. **Access to EPF.** Access to the EPF and the Extension File is limited to:

(1) VA operating and administrative officials when required by their official duties and responsibilities.

(2) Representatives of Government agencies when required in conjunction with their official responsibility for overseeing performance appraisal activities.

(3) The person to whom the EPF pertains.

(4) The employee's representative as designated in writing.

(5) Other requests for access to the EPF will be processed under either Privacy Act or Freedom of Information Act procedures, as appropriate.

d. **Content and Retention.** The documents described below will be filed in the EPF and/or the Extension File and will be disposed of by burning, shredding, or otherwise treating to destroy their legibility. Records may be retained beyond the following retention schedules for use in making statistical analyses. However, the records are not to be used in decisions affecting the employee after the prescribed destruction date.

(1) Performance plans, appraisals, and ratings documented in VA Form 3482e and VA Form 3486a will be retained for 4 years after date annual summary rating is approved.

(2) Any documents used to support the performance appraisal or rating will be attached to VA Form 3482e and retained for 4 years after date annual summary rating is approved. This includes self-assessments and written responses on recommended ratings.

(3) Performance-related records (e.g., performance-related notes or memoranda, production records, quality control records, performance counselings) whether maintained in the EPF or in an Extension File will be destroyed when no longer needed but not more than 60 days after a performance rating is authorized by the Approval Official.

(4) Recommendations, supporting documents, and the final agency decision on any personnel actions made in conjunction with the performance appraisal process will be retained for 5 years and then destroyed. This includes recommendations on pay adjustments, performance awards, reassignments, or removals.

NOTE: *Standard Form 52, Request for Personnel Action, and Standard Form 50B, Notification of Personnel Action, which document approved performance-related personnel actions, and similar documents for approved performance-related actions will be filed in the personnel folder. Copies of these documents may be retained in the EPF or Extension File.*

(5) Plans for employee development (including VHA Personal Development Plan), prepared in conjunction with the performance appraisal, will be retained for 4 years.

(6) Performance-related records needed in conjunction with an ongoing administrative, quasi-judicial, or judicial proceeding which are not part of another system of records (Grievance, EEO, Appeal, etc.) should be retained as long as necessary beyond the above retention schedules.

(7) General information about the employee, i.e., identification data, summary information on employment, training, pay adjustments and awards, may be maintained as deemed appropriate.

e. Disposition

(1) **Interagency Transfer and Departure From Federal Service.** When an employee transfers to another agency or leaves the Federal Service, VA Form 3486a documenting the rating of record for the latest 5 appraisal periods and VA Form 3482e on which the most recent rating is based will be forwarded with the personnel folder to the new agency or the National Personnel Records Center.

(2) **Extension File.** Extension Files will not be transferred when an employee moves to a position under a different supervisor or separates from the agency and will be destroyed 90 days after the change or separation has occurred.

5. PERFORMANCE PLAN

a. Basic Requirements

(1) Elements and requirements of each employee's performance plan will be communicated to the employee. The Rater is responsible for communicating proposed elements and requirements; consulting with the employee and, if appropriate, the higher level supervisory official, on the plan's content; and providing a written performance plan to the employee as soon as possible after the beginning of the appraisal period. Directors of Veterans Integrated Service Networks (VISNs) and Chief Officers will ensure that performance plans are in place for all ECF employees in accordance with the approved schedule for the rating period.

(2) The performance plan will be based on the duties and responsibilities established for the position and will reflect responsibility for accomplishment of agency goals and objectives. The performance plan will include:

(a) The elements of the job. Every position will have at least one element designated as a critical element and one other performance element.

PART I

APPENDIX F

(b) The individual and organizational performance requirements or results to be achieved for each element. Performance requirements must be written at the "Fully Successful" level of achievement. Absence of written requirements for the "Exceptional" or "Less Than Fully Successful" achievement levels shall not preclude assignment of those levels. To the extent possible, these performance requirements should be stated in objective and measurable terms.

b. Relationship of Elements to Performance Requirements. The performance appraisal process consists of assigning one achievement level for each element. While each element may have several performance requirements related to it, it is the overall performance of these requirements that establishes the one achievement level for each element. Supervisors may give added emphasis to some performance requirements versus others. When this is done, employees must be informed of the relative significance of the requirements when the performance plan is communicated.

c. Assignment to New Position. Whenever an employee is assigned to a new position through reassignment, transfer or appointment, performance elements and requirements will be promptly communicated. A written plan, developed in consultation with the employee, will be provided to the employee no later than 30 days after the beginning of the new assignment.

d. Details. If a detail or acting assignment is expected to last 120 days or longer, a written performance plan will be prepared. This written plan, developed in consultation with the employee, will be provided to the employee no later than 30 days after the beginning of the detail or acting assignment. Written performance plans are optional for details or acting assignments lasting less than 120 days.

e. Employee Participation. Raters may ask employees to submit proposed performance plans before the beginning of the appraisal period. When this is done, the supervisor will review the proposed plan, discuss any changes or modifications with the employee, and provide a written copy of the approved performance plan to the employee.

f. Continuing Review of Performance Plan. Both the employee and the Rater should review the performance plan during the appraisal period. Changes in program emphasis or other developments that would make the requirements inappropriate for the current situation may necessitate changes to the plan. The Rater will document in writing any revisions or deletions to the performance plan and communicate them to the employee. Normally, performance plans will not be changed within 90 days of the end of the appraisal period.

g. Special Summary Ratings. Employees moving to another performance appraisal program shall be given a special summary rating, provided they have been under an approved performance plan for the minimum performance appraisal period (90-days).

6. PROGRESS REVIEW. The Rater shall hold a progress review for each employee at least once during the appraisal period. At a minimum, an employee shall be informed of his or her level of performance by comparison with the elements and performance requirements established for his or her position. The progress review should also be used as an opportunity to review employee performance plans.

7. THE RATING PROCESS

a. General Requirements

(1) A rating is the written record of the appraisal of each critical and other performance element and the assignment of a summary rating level by the Rater. Ratings will be documented on VA Form 3482e or a copy thereof. The original performance appraisal form will be forwarded to Human Resources for inclusion in the employee's EPF and a copy will be provided to the employee.

(2) In accordance with VA Handbook 5013, Part I, Appendix F, paragraphs 9 and 10, annual summary ratings are generally prepared at the end of the appraisal period. Ratings are also required under the following circumstances:

(a) If the employee is reassigned to another employee position in VA or transferred to a new agency after serving in a covered position for more than 90 days during the appraisal period.

(b) If the employee was detailed to another position in VA or served in another employee position on an acting basis for 120 days or longer.

(c) If the employee's immediate supervisor is reassigned to another VA position within 90 days of the end of the appraisal period.

NOTE: *In the above circumstances, an annual summary rating will be prepared by the employee's immediate supervisor within 30 calendar days from the date of the reassignment, transfer, termination of detail or supervisory change; or if the change occurs after September 15, within 15 days of the end of the appraisal period.*

(3) Preparation of a written rating is not required in the following circumstances; however, it is strongly encouraged:

(a) Whenever an individual who has supervised an employee for more than 90 days during the appraisal period is reassigned to another VA position before July 3 or leaves the agency.

(b) When an employee was detailed to another position in VA or served in another employee position on an acting basis for less than 120 days.

(4) Employees may be asked to prepare or they may voluntarily submit a self-assessment of their performance as measured against the approved performance plan. Self-assessments should be submitted to the Rater in accordance with the established schedule for the performance appraisal period.

(5) All ratings prepared during the performance appraisal period will be considered by the Rater in deriving the initial summary rating that is forwarded to the Approval Official.

PART I

APPENDIX F

b. The Rating Process

(1) The Rater will assess the employee's accomplishment of each established performance requirement, consider the impact of the individual requirements on overall performance of the element, and assign one achievement level for each element. An achievement level must be assigned for each critical and other performance element of the performance plan unless the employee has had insufficient opportunity to demonstrate performance in the element. If an achievement level Less Than Fully Successful is assigned, actual accomplishments supporting that level must be documented in the portion of VA Form 3482e provided for this purpose. When an achievement level of Fully Successful or higher is assigned, the Rater should ensure that documentation of performance accomplishments contained in the individual's self-assessment adequately justify the rating or the Rater must provide supporting justification.

(2) Based on the achievement levels assigned, the Rater will assign one of the five summary rating levels described in paragraph 16 of this appendix.

8. ASSIGNMENT AND REVIEW OF INITIAL SUMMARY RATING

a. **Coverage.** All employees who occupied an ECF position at the end of the performance appraisal period will be rated in accordance with VA Handbook 5013, Part I, Appendix F, paragraphs 8 and 9. To the extent set forth in paragraph 10, these policies will be modified for employees appointed to an ECF or equivalent position after July 2.

b. **Standard Procedures for Assigning Initial Summary Rating.** The Rater will prepare a written rating for each employee who was supervised for at least 90 days prior to the end of the appraisal period. Unless the special circumstances described below in subparagraph c apply, this rating will be the initial rating forwarded to the Approval Official.

c. Special Circumstances

(1) **Supervisor for Less Than 90 Days.** If at the conclusion of the appraisal period, the Rater has served in his or her position for less than 90 days or if the employee being rated was reassigned or transferred to a position under a new supervisor within 90 days of the end of the appraisal period, one of the following procedures should be used to derive the initial rating.

(a) The rating prepared by the previous supervisor may be endorsed as the initial summary rating by the Rater.

(b) The appraisal period may be extended to provide for a minimum appraisal period under the new supervisor.

NOTE: *If within the last 90 days of the appraisal period an employee is reassigned to a different position under the same supervisor, the initial summary rating will be based on the rating for the previous position.*

(2) **Multiple Ratings.** The Rater must consider all ratings prepared for the employee during the performance appraisal period before assigning an initial summary rating. If multiple ratings were made, the following factors may be considered in deriving the initial summary rating:

- (a) Similarity of performance elements and requirements.
- (b) Length of time covered by the ratings.
- (c) Current nature of the ratings.

(3) **Details and Developmental Assignments.** When an employee is detailed or engaged in an employee development assignment outside the agency for a significant portion of the appraisal period, the Rater will make a reasonable effort to obtain relevant appraisal information from the agency or organization to which the employee is detailed or temporarily assigned for consideration in assignment of the initial summary rating. The employee must be rated if he or she served in VA at least 90 days during the appraisal period. If the employee did not serve in VA for at least 90 days, but has served for the minimum appraisal period outside VA, a reasonable effort will be made to prepare an initial summary rating using appraisal information obtained from the borrowing organization.

(4) **Movement to Other VA Appraisal Programs.** Employee moving to other VA appraisal programs are to receive a special summary rating provide they have been under an approved performance plan for the minimum performance appraisal period (90-days).

(5) **Assignment of Summary Rating.** In the above special circumstances, one of the following initial summary ratings will be assigned: Outstanding, Excellent, Fully Successful, Minimally Satisfactory, or Unsatisfactory. Only employees whose overall performance far exceeded normal expectations and reflected a major contribution to accomplishment of organizational goals and objectives may be rated above Fully Successful. The Rater will briefly describe the basis for deriving the initial summary rating in the narrative summary of the appraisal form.

d. Documentation and Review

(1) **Documentation.** The Rater will provide a copy of the performance appraisal and initial summary rating to the employee along with notification of the right to respond in writing and to request a higher level review before the initial summary rating is forwarded to the Approval Official.

(2) **Employee Review.** The employee must be given adequate time to review his or her appraisal and initial summary rating and provide written comments on it before it is forwarded to the Approval Official. Three workdays is considered an adequate period of time.

(3) **Optional Higher Level Review.** Before the initial summary rating is forwarded to the Approval Official, the employee or the immediate supervisor of the Rater (higher-level review official) may request review by the higher-level review official. The employee and the Rater will be provided any comments and changes recommended by the higher-level review official.

PART I**APPENDIX F**

9. APPROVAL OF ANNUAL SUMMARY RATING BY APPROVAL OFFICIAL. The Approval Official either concurs with the recommended rating, or after discussion with the Rater and other officials familiar with the employee's performance, assigns a different rating. If a different rating is assigned, the basis for the rating change will be documented on VA Form 3482e.

10. RATING NEWLY APPOINTED EMPLOYEES. The performance appraisal period for employees appointed after July 2 will extend to December 31. Unless modified below, the policies set forth in paragraphs 8 and 9 apply to the assignment, review, and approval of ratings for these employees.

a. By January 15, proposed performance appraisals and initial summary ratings, including written comments provided by the employee and/or higher-level review official will be forwarded to the appropriate Approval Official.

b. By February 1, the Approval Official will complete his or her review of the proposed ratings.

11. CURTAILMENT OF APPRAISAL PERIOD. In any case where there is an adequate basis to determine that an employee's performance is Less Than Fully Successful, the appraisal period can be terminated and the employee's performance can be appraised and rated. Typically, such action would be taken only in cases when the consequences of the employee's performance have an adverse impact on the efficient and effective management of critical agency programs and removal or reassignment of the employee is necessary.

a. The period of time on which such a performance appraisal and rating are based cannot be less than 90 days.

b. The procedures set forth in paragraph 8 of this appendix will be followed in the assignment and review of such ratings.

c. The Approval Official either concurs and approves the recommended rating, or after discussion with the Rater and other officials familiar with the employee's performance, assigns a different rating. If a different rating is assigned, the basis for the rating change will be documented on VA Form 3482.

d. An annual summary rating approved in accordance with this paragraph is the official rating of record.

12. PROCESSING AND REPORTING APPROVED PERFORMANCE RATINGS. The appropriate human resources office will coordinate the processing of approved performance appraisals and ratings and assure that all reporting requirements are met. This includes:

a. Assuring employees are provided a copy of the VA Form 3482e and VA Form 3486a.

b. Coding the rating into the PAID system (MP-6, pt. V, supp. No. 1.5).

c. Reporting ratings and awards to VHA Central Office.

13. RESULTS OF RATINGS

- a. **Fully Successful or Higher.** Employees rated Fully Successful or higher may be granted performance awards. Bonus pools for granting awards may be established and monies may be set aside prior to the general distribution of budgeted funds. Management officials at the VISN and facility level may also supplement these funds at their discretion out of local resources.
- b. **Less Than Fully Successful Ratings.** Any employee rated below the Fully Successful level shall be assisted in improving his or her performance. Such assistance may include but is not limited to formal training, on-the-job training, counseling, and closer supervision.
- c. **Unsatisfactory Ratings.** Any employee receiving an Unsatisfactory rating may be reassigned, changed to a lower grade, or removed from Federal service.

14. OTHER USES OF RATINGS AND RESULTS

- a. **Employee Development.** The performance appraisal process is one means of identifying employees' developmental needs. Each employee is to have a Personal Development Plan. This plan may be set forth in the narrative summary of the appraisal form.
- b. **Placement Actions.** Performance appraisals will be considered in placement actions to the extent that they demonstrate possession of the qualification requirements established for the position being filled.
- c. **Reduction-in-Force (RIF).** The competitive procedures that form the basis of a reduction-in-force include performance. VA RIF policies are set forth in VA Handbook 5005.

15. CHANGES IN RATINGS. When a regular appraisal period or an extended appraisal period ends and any established deadline for providing annual summary ratings a subsequent annual summary rating is issued, such ratings may only be changed as provided in 5 CFR 430.208(i). Grievances concerning performance appraisals or the overall rating assigned are to be processed under the provisions of paragraph 8 of Part I, in this handbook.

16. DEFINITIONS

- a. **Achievement Level.** The one overall level of accomplishment for each element as measured against the established performance requirements. Achievement levels are defined as follows:
 - (1) **Exceptional.** Fully Successful performance requirements for the element are being significantly surpassed. This level is reserved for employees whose performance in the element far exceeds normal expectations and results in major contributions to the organization.
 - (2) **Fully Successful.** Performance requirements for the particular element when taken as a whole are being met. This level is a positive indication of employee performance and means that the employee is effectively meeting performance demands for this component of the job.

PART I

APPENDIX F

(3) **Less Than Fully Successful.** A level of performance that does not meet the requirements established for the Fully Successful level. Assignment of this achievement level means that performance of the element is unacceptable.

b. **Annual Summary Rating (Rating of Record).** The Approval Official authorizes the rating.

c. **Approval Official.** The official who approves each employee's annual summary rating.

d. **Calendar Days.** Unless otherwise specified, references to "days" in this part refer to calendar days.

e. **Element.** A component of a position consisting of one or more duties and responsibilities that is sufficiently important to warrant written appraisal. An element may be classified as critical or other performance element as defined below.

(1) **Critical Element.** Any element which contributes toward accomplishing organizational goals and objectives, and which is of such importance that Less Than Fully Successful performance of it would result in unacceptable performance in the position.

(2) **Noncritical Element.** Any element which does not meet the definition of a critical element but is still of sufficient importance to warrant written appraisal.

f. **Employee.** An employee subject to the performance appraisal system described in this appendix.

g. **Initial Summary Rating.** The rating level assigned by a Rater at the end of the appraisal period and authorized by the Approval Official. Unless the special circumstances discussed in paragraph 8c apply, the initial rating shall be the same as the summary rating level.

h. **Performance Plan.** The aggregation of an employee's performance requirements outlining the written critical and other performance elements.

i. **Performance Requirements.** Statements of the expectations or requirements established by management for critical or other performance elements at a particular achievement level. Since accomplishment of organizational objectives must be reflected in performance plans, performance requirements should describe specific recurring and nonrecurring goals, program objectives, priority programs, etc. Factors such as quality, quantity, cost efficiency, timeliness, and manner of performance may also be reflected.

j. **Rater.** The official, usually the immediate supervisor, who is responsible for the development of performance plans and who appraises the employee's performance and recommends an initial summary rating.

k. **Supervisors.** Responsible for ensuring that the requirements of this part relating to the establishment and communication of performance plans and the processing of performance appraisals

and ratings are fulfilled. This includes ensuring that higher-level supervisory officials, such as Assistant Secretaries, are appropriately involved in the development of performance plans and appraisals.

l. **Appraisal.** The act or process of reviewing and evaluating the performance of an employee against the described performance requirements. It is the process by which an achievement level is established for each element and upon which a summary rating level is assigned.

m. **Progress Review.** A review of an employee's progress towards achieving his or her performance standards and is not in itself a rating.

n. **Rating.** The written record of the appraisal of each critical and other performance element and the assignment of an initial summary rating level. The Rater must prepare ratings at the end of the appraisal period or when an employee supervised for more than 90 days is reassigned or transferred. Ratings may also be appropriate under other circumstances discussed in paragraph 9.

o. **Initial Summary Rating Level.** The composite summary of an employee's performance based on the achievement levels assigned for each performance element. Summary rating levels are defined as follows:

(1) **Outstanding.** Achievement levels for all elements are designated as Exceptional. (An Outstanding rating reflects an extraordinary level of individual achievement and major contribution to accomplishment of organizational goals and objectives.)

(2) **Excellent.** Achievement levels for all critical elements are designated as Exceptional. Achievement levels for other performance elements are designated as at least Fully Successful. Some, but not all, other performance elements may be designated as Exceptional.

(3) **Fully Successful.** The achievement level(s) for one (or more) critical element(s) is (are) designated as Fully Successful. Achievement levels for other critical and other performance elements are designated as at least Fully Successful or higher.

(4) **Minimally Satisfactory.** Achievement levels for all critical elements are designated as at least Fully Successful. However, the achievement level(s) for one (or more) other performance element(s) is (are) designated as Less Than Fully Successful.

(5) **Unsatisfactory.** The achievement level(s) for one (or more) critical element(s) is (are) designated as Less Than Fully Successful.]

PERFORMANCE MANAGEMENT SYSTEMS

PART II. TITLE 38 PROFICIENCY RATING SYSTEM

CONTENTS

PARAGRAPH	PAGE
1. <u>SCOPE</u>	II-1
2. <u>REFERENCES</u>	II-1
3. <u>POLICY</u>	II-1
4. <u>PROCEDURES</u>	II-2
5. <u>DEFINITIONS</u>	II-2
6. <u>PURPOSE</u>	II-2
7. <u>AUTHORITY AND RESPONSIBILITY</u>	II-3
8. <u>PROFICIENCY REPORT</u>	II-3
9. <u>COUNSELING PROGRAM</u>	II-8
10. <u>PROCESSING UNSATISFACTORY PROFICIENCY REPORTS</u>	II-10
11. <u>ADVICE FROM EXPERT SOURCES</u>	II-11
12. <u>PERIODIC STEP INCREASES AND RATE ADJUSTMENTS</u>	II-11
 APPENDIX	
II-A. <u>INSTRUCTIONS FOR RATING AND PROCESSING VA FORMS 10-2623 [AND]</u> <u>10-2623a</u>	II-A-1

PART II. TITLE 38 PROFICIENCY RATING SYSTEM

1. SCOPE

a. This part implements the Proficiency Rating System used to appraise the performance of full-time, part-time, and intermittent Physicians, Dentists, Podiatrists, Optometrists, [] Nurses, Nurse Anesthetists, Physician Assistants, and Expanded-Function Dental Auxiliaries appointed under 38 U.S.C., chapter 73 or 74. []

b. This part excludes the following:

(1) The Under Secretary for Health

(2) Distinguished Physicians

(3) [Individuals at the Director grade] appointed under 38 U.S.C. 7401(1) [and individuals] appointed under 38 U.S.C. 7306.

(4) [Full-time, part-time and intermittent] certified respiratory therapists, registered respiratory therapists, licensed practical or vocational nurses, occupational therapists, licensed physical therapists, and pharmacists appointed under 38 U.S.C. 7401(3) or 7405.

[(5) Title 38 employees covered by the Veterans Health Administration Executive Career Field Program. See VA Handbook 5013, Part I, Appendix F.]

2. REFERENCES. Title 38 U.S.C., chapters 73 and 74.

3. POLICY

a. [The requirements for the Proficiency Rating System are regulations prescribed pursuant to section 7421 of Title 38, U.S. Code.] The Proficiency Rating System is designed to assure the effective and efficient utilization of the covered employees and to furnish bases for assistance and guidance to them in the performance of their assignments and the development of their skills and abilities.

b. The Proficiency Rating System provides for planned, continuous, and systematic review, analysis and evaluation by all supervisors of the effectiveness of employees in their assignments.

c. The proficiency rating of supervisors includes an evaluation of their performance in furthering equal employment opportunity, including employment of disabled veterans and other individuals with disabilities, minority groups, and women.

4. PROCEDURES. The Under Secretary for Health and designees will prescribe instructions for periodic counseling of employees, for regular annual proficiency ratings, for delays of these ratings, and for special ratings to be made as administratively required.

7. AUTHORITY AND RESPONSIBILITY

- a. The facility Director is responsible for the proper functioning of the Proficiency Rating System and for seeing that each subordinate supervisor is trained in the Proficiency Rating System and is aware that any pre-established distribution of levels of ratings for employees covered under this part is prohibited. For VA Central Office employees, this function is the responsibility of the Deputy Under Secretary for Health; for VISN employees, this function is the responsibility of the Network Director. This includes supervisory responsibility for furthering equal employment opportunity and, in the case of second or higher line officials, training in how to evaluate supervisory performance in this area. This training will be provided as soon as possible after the individual assumes supervisory responsibilities.
- b. Supervisors are responsible for evaluating the proficiency of employees they supervise, for counseling employees to improve the quality of service and to correct deficiencies, for taking action if performance does not improve, for explaining the Proficiency Rating System to employees, and for understanding and applying appropriate principles and techniques to ensure equitable and useful ratings.
- c. A Rating Official will carefully evaluate the performance of and prepare a proficiency rating for an employee and will be responsible for timely preparation of the Proficiency Report.
- d. An Approving Official will be responsible for reviewing, commenting on, and approving a report.
- e. A member of the Human Resources Management staff will be responsible for the administrative review of a report and for giving technical advice to rating and Approving Officials, including assuring timely completion of the report.

8. PROFICIENCY REPORT

- a. **Rating Form.** VA Form 10-2623, “Proficiency Report”, for Nurses [and] VA Form 10-2623a, “Proficiency Report”, for Physicians, Dentists, Podiatrists, Optometrists, Nurse Anesthetists, Physician Assistants and Expanded-Function Dental Auxiliaries [] will be the only rating forms used for these employees. See appendix A of this part for instructions on rating and processing these forms. A copy of the approved Proficiency Report will be provided for each employee as indicated in appendix A of this part. The last report on record will be considered the current report. (This may be either the last annual report or a subsequent official special report, if prepared in full.)
- b. **Discussion and Employee Comments.** After approval of the rating, the Rating Official will discuss the contents and conclusions of the report with the employee rated. The employee may further discuss the rating with the Approving Official. If, after discussions with the Rating Official and the Approving Official, the employee disagrees with a proficiency rating, the employee may submit concise comments concerning the Proficiency Report through the Rating and Approving Officials for filing in the personnel folder and/or Board Action folder.

PART II

c. **Proficiency Ratings.** (See subparagraph d for ratings for chiefs of staff and subparagraph e for nurse executives.)

(1) The employee will be rated on elements that provide for consideration of proficiency and performance in terms of pertinent personal, professional, administrative and supervisory attributes, characteristics, skills, and service to the public as applied to the duties and responsibilities of the assignment. The employee will be informed in advance which elements will be considered in the rating process.

(2) Proficiency ratings will be assigned to an employee based on an objective appraisal of overall competency in the performance of duties and responsibilities. Normally, the overall evaluation should reflect an average of the rated categories and the narrative summary. In some instances, one or more rated categories which are critical to successful performance may form the basis for the overall ratings because their significance outweighs that of other categories rated, or the aggregate of other categories. For example, when an unacceptable level of performance has been demonstrated in one or more rated categories in which Satisfactory performance is essential, an overall rating of Unsatisfactory may be assigned.

(3) For a nurse, proficiency ratings will be used to summarize how the employee meets the criteria in the Nurse Qualification Standard and the appropriate functional statement.

(4) The five adjective ratings defined below will be used:

(a) **Unsatisfactory.** The employee has not met reasonable expectations of performance.

(b) **Low Satisfactory.** The employee usually met reasonable expectations, but performance was sometimes marginal.

(c) **Satisfactory.** The employee fully met and sometimes exceeded expectations.

(d) **High Satisfactory.** The employee usually exceeded reasonable expectations by a substantial margin.

(e) **Outstanding.** The employee consistently exceeded reasonable expectations to an exceptional degree. []

[d.] **Annual Rating Dates**

(1) Except for chiefs of staff and nurse executives as provided above, due dates will be the anniversary date of grade, except that advancement of a nurse to a higher level within the grade will also establish a new date of grade.

(2) Due dates will not be affected by delayed annual ratings or special reports.

(3) The Human Resources Management Officer will send the Proficiency Report form to rating officials at least 110 days prior to the due date. Employees will normally receive their first and subsequent ratings at any time within the 90 days prior to the due date.

[e.] **Delayed Annual Rating.** Regular proficiency ratings will be made annually as indicated unless delayed under the following provisions:

(1) A regular rating may be delayed where there has been failure to meet counseling requirements or other procedural requirements of the Proficiency Rating System (see paragraph 9); or when an employee is absent from duty for an extended period; or pending the results of VACO and facility investigations or other actions that may affect the employment status of an employee. A delayed rating will not extend the employee's probationary period or expiration of temporary appointment.

(2) A regular rating may be delayed in 90-day increments beyond the due date with the approval of the health care facility Director for facility employees; by the Network Director for VISN employees and chiefs of staff; or, by the Deputy Under Secretary for Health, or designee, for VACO employees.

(3) The employee will be notified in writing by the Rating Official of the reasons for delaying the rating. The Human Resources Management Officer will review the notice prior to issuance to ensure that provisions of this paragraph have been met.

(4) The date of the subsequent regular proficiency rating will not be affected by a delayed rating, and the next rating period will be shortened accordingly.

[f.] **Special Report.** Any Proficiency Report other than the regular annual report is considered a special report. A special report will be prepared as follows:

(1) As soon as possible before a Professional Standards Board review or a Disciplinary Appeals Board hearing under the provisions of VA Handbook 5021, if more than 3 months have elapsed since the last annual report. The absence of a special Proficiency Report will not prevent the initiation or completion of Board proceedings.

(2) When the Rating Official is assigned to another position or transfers to another VA facility or separates from VA employment, when the assignment of the employee being rated changes, or when an employee in a probationary period transfers to another VA facility, and when more than 90 days have elapsed since the last Proficiency Report was completed; or when an employee has been detailed for 3 months or longer. These reports will be designated as "interim" ratings. After being incorporated in the regular annual rating, the "interim" rating will be destroyed. Since employees will normally receive their first and subsequent ratings at any time within the 90 days prior to the due date, if more than 9 months have elapsed since the last Proficiency Report, the regular annual report will be completed when the event occurs. (This will not affect the due date of subsequent annual proficiency ratings.)

(3) On an employee's separation, if more than 90 days have elapsed since the employee's appointment or last annual rating. The Approving Official, after consulting with the Rating official, will record the reason(s) for the separation, the employee's stated reason(s) if substantially different from the Approving Official's opinion, the effective date of separation, and a statement as to whether reemployment would be recommended. Human Resources Management staff will forward copies of the Proficiency Report and of the Standard Form (SF) 50B, Notification of Personnel Action, effecting the separation to the employee and will file copies in the personnel folder. It is preferable that the final

**APPENDIX A. INSTRUCTIONS FOR RATING AND PROCESSING
VA FORMS 10-2623 [AND] 10-2623a []**

1. GENERAL INSTRUCTIONS

a. Instructions for Rating and Approving Officials

(1) Unless otherwise indicated, the rating and approving officials will normally be an employee's immediate and higher level supervisors. Narrative evaluations and comments will be prepared by the rating and approving officials.

(2) VA Form 10-2623 and 10-2623a include a worksheet for the rating official.

(3) If the probationary review is due, the review will be completed in accordance with VA Handbook 5005, Staffing, part II, chapter 3, paragraph F. Section A, item 7, of VA Form 10-2623 and VA Form 10-2623a will be blank if the probationary review is not due.

(4) Rating and approving officials will be objective in rating the employee and will document in the narrative sections the reasons for the rating.

(5) The forms for submission should be completed from the worksheet. Type names and exact titles of rating and approving officials in appropriate spaces. Signatures should be in ink.

(6) When the rating is completed, the Rating Official will forward copies to the Approving Official as "FOR OFFICIAL USE ONLY" documents.

(7) The Approving Official will confer with the Rating Official to discuss any differences in the evaluation of the employee's performance, make a decision and record any changes in ink.

(8) On completion of the approved rating, the Proficiency Reports will be returned to the Rating Official as "FOR OFFICIAL USE ONLY" documents. The Rating Official will discuss the rating with the employee. Section F of VA Form 10-2623 or 10-2623a will be completed by the employee. If the employee refuses to complete this section, the Rating Official will so note on the form. The Rating Official will give a copy to the employee and then forward to the Human Resources Management office the personnel folder copy and the Board Action folder copy.

(9) An employee with a Low Satisfactory or Unsatisfactory rating will be counseled as described in paragraph 9 of part II, this handbook.

(10) An Unsatisfactory Proficiency Report will be processed under instructions contained in paragraph 10 of part II, this handbook

PART II

c. An adjective rating will be assigned for each appropriate category in Section B. Elements in each category should be evaluated both separately and on an overall basis, taking into consideration strong and weak points of performance and consistent with the employee's clinical privileges.

d. Overall evaluation, Section C, should reflect the total work performance. An overall Unsatisfactory rating will result when the employee's performance has not met reasonable expectations, or the overall appraisal indicates weaknesses that would impair quality patient care, or there is inadequate proficiency or weak performance in one or more elements critical to adequate performance of the assignment. (See paragraphs 8, 9, and 10 of part II, this handbook.) A Low Satisfactory rating will result when employee's performance usually met reasonable expectations, but performance was sometimes marginal.

e. The "Instruction Sheet" for the Proficiency Rating Form (included as part 6 of the interleaved fanfold of VA Form 10-2623a) contains specific instructions concerning the completion of the rating process, narrative summary, and overall evaluation. Special instructions concerning the rating process are included to assist in determining the overall adjective rating. []

[4.] SEQUENCE OF THE PROFICIENCY RATING PROCESS FOR POSITIONS WHICH GO ABOVE FACILITY LEVEL FOR RATING AND/OR APPROVING. Employees will be rated by their immediate and higher-level supervisors with the exceptions as follows:

a. If one of these supervisory assignments is vacant, the next higher-level supervisor will serve as the approving official. If both these supervisory assignments are vacant, the next two higher level supervisors will serve as the rating and approving officials.

b. If the facility Director serves as the rating official, the Network Director or higher level line official, after considering the comments of appropriate program officials, will serve as the approving official. Ratings forwarded for VA Central Office approval must be sent to the appropriate program office.

c. Facility directors will rate chiefs of staff and will approve ratings of service chiefs. They will also approve ratings of staff physicians and others when irregular situations place them in the normal line of supervision. Ratings of employees which go above the facility level for rating or approval will be routed through the facility Director for initials on the Proficiency Report Form to indicate review or for comments, as appropriate.