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Description of document: Four (4) Federal Retirement Thrift Investment Board (FRTIB) Performance Management Directives 1992-2012

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Source of document: FOIA Request
FOIA Officer
Federal Retirement Thrift Investment Board
77 K Street N.E., Suite 1000
Washington, DC 20002
Fax: (202) 942-1676 (Attn: FOIA Officer: FOIA Request)
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FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
77K Street, NE Washington, DC 20002

February 11, 2025

I am responding to your request received on November 28, 2024, in which you made a request for records to the Federal Retirement Thrift Investment Board (Agency) under the Freedom of Information Act (FOIA), 5 U.S.C. § 552, as amended. The Agency considered the foreseeable harm standard with any records relevant to your request and when applying any FOIA exemptions applicable to those records. Your request and our response are set forth below.

REQUEST

A copy of each of the following FRTIB Directives and related material: Directive 2 FRTIB Organization, Directive 4 Performance Management System, PMR Briefing January 11, 2007, Performance Appraisal Handbook, Directive 12A Procurement Policy, Directive 39 Retention Allowance Plan, Directive 63 Senior Executive Performance Management System.

RESPONSE

Your request is granted. Please see attached a copy of the above Directives, which are released in their entirety.

APPEAL

If you would like to appeal this decision, you may do so in writing within 90 days of receipt of this decision to the following address:

Federal Retirement Thrift Investment Board
77 K St., Suite 1000
NE, Washington, DC 20002

The appeal should be addressed to the Executive Director and labeled as a "Freedom of Information Act Appeal." Please also cite the FOIA request case number.

In addition to filing an appeal, you have the option to contact the Agency's FOIA Liaison at FRTIBFOIALIAISON@tsp.gov, if you have any concerns regarding your request.

The 2007 FOIA amendments created the Office of Government Information Services (OGIS) to offer mediation services to resolve disputes between FOIA

requesters and Federal agencies as a non-exclusive alternative to litigation. Using OGIS services does not affect your right to pursue litigation. You may contact OGIS in any of the following ways:

Office of Government Information Services
National Archives and Records Administration
8601 Adelphi Road - OGIS
College Park, MD 20740-6001
E-mail: ogis@nara.gov
Web: <https://www.archives.gov/ogis>
Telephone: 202-741-5770
Fax: 202-741-5769
Toll-free: 1-877-684-6448

If you have any further questions regarding this request, you may contact me at (202) 942-1660 or FOIAREQUEST@tsp.gov.

Sincerely,

AMANDA
HAAS

Digitally signed by
AMANDA HAAS
Date: 2025.02.11
16:51:27 -05'00'

Amanda Haas
FOIA Officer



Federal Retirement Thrift Investment Board Directive

Directive 2: FRTIB Organization

Date: 03/29/06

This directive describes the organizational structure of the Federal Retirement Thrift Investment Board (FRTIB, Agency) and the scope of responsibilities for each office within the Agency. All previous FRTIB Directives issued on this subject are cancelled.

The Executive Director is responsible for establishing the offices of the Agency.

References

Title 5, United States Code: Government Organization and Employees, Chapter 84, Federal Employees' Retirement System, Sections 8401 – 8479.

Title 5, Code of Federal Regulations, Administrative Personnel, Chapter VI.

FRTIB Mission

The mission of the FRTIB is to operate the Thrift Savings Plan (TSP, Plan) and manage the investments of the Thrift Savings Fund (Fund) solely in the interest of the Plan participants and beneficiaries.

Background Information

The FRTIB is an independent agency in the executive branch of the Federal Government, established by the Federal Employees' Retirement System Act of 1986 (FERSA). FERSA vests responsibility for the Agency in six named fiduciaries: the five Presidentially-appointed Board members and the Executive Director, who is appointed by the Board members.

The Agency administers the TSP for Federal civilian employees and members of the uniformed services. The Government Securities Investment (G) Fund is invested in special securities issued by the Department of the Treasury. The Common Stock Index Investment (C) Fund, Fixed Income Index Investment (F) Fund, Small Capitalization Stock Index Investment (S) Fund and International Stock Index Investment (I) Fund are invested by investment managers engaged by the Agency for such purposes. The Agency's record keeping and administrative functions, as well as the investment functions for funds other than the G Fund, are performed by the Agency or by contractors engaged by the Agency for said purposes.

Office Function Statements

The Agency is divided into seven functional offices which report to the Executive Director, as shown in the attached chart.

The functions of each office in the Agency are as follows:

Office of the Executive Director provides executive-level supervision of all Agency activities.

Office of External Affairs maintains liaison with the Congress, the media, and the public.

Office of the General Counsel provides legal advice on all aspects of Agency and TSP operations; prepares legislative regulations, and opinions of counsel; represents the Agency in administrative and judicial forums; and oversees the Agency's implementation of applicable laws such as the Code of Government Ethics.

Office of Investments monitors the investment of the Fund and evaluates whether Plan participants have an effective mix of investment opportunities and sufficient information to make investment decisions. This Office is responsible for the ongoing interaction with the Plan Fund investment managers.

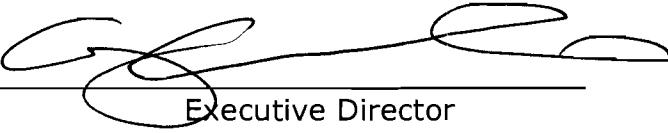
Office of Automated Systems oversees the development and operation of the TSP record keeping system and data communications, and the development and maintenance of the internal Agency office automation systems.

Office of Participant Services oversees the operation of policies and programs for servicing the needs of TSP participants. This Office designs and produces participant communications materials, oversees participant services, works with Federal agencies and uniformed services in their operation of the TSP, trains personnel and payroll staffs, and is responsible for participant education and conducting informational sessions for civilian employees and service members.

Office of Product Development oversees the development and implementation of new products for Plan participants, manages the Agency's strategic planning functions, ensures that services provided to Plan participants are efficient and cost effective, and coordinates all industry and non-legal opinion research.

Office of Finance oversees all administrative activities and all financial, accounting, and audit activities for the Agency and the TSP. Administrative activities include procurement, personnel, travel, and facilities management. Accounting and financial activities include ensuring the effectiveness of

internal controls for the Fund, preparing financial state-ments, and overseeing the Agency's budget process. Audit activities include overseeing reviews performed by Department of Labor auditors and the Agency's independent auditors.



Executive Director

3-29-06

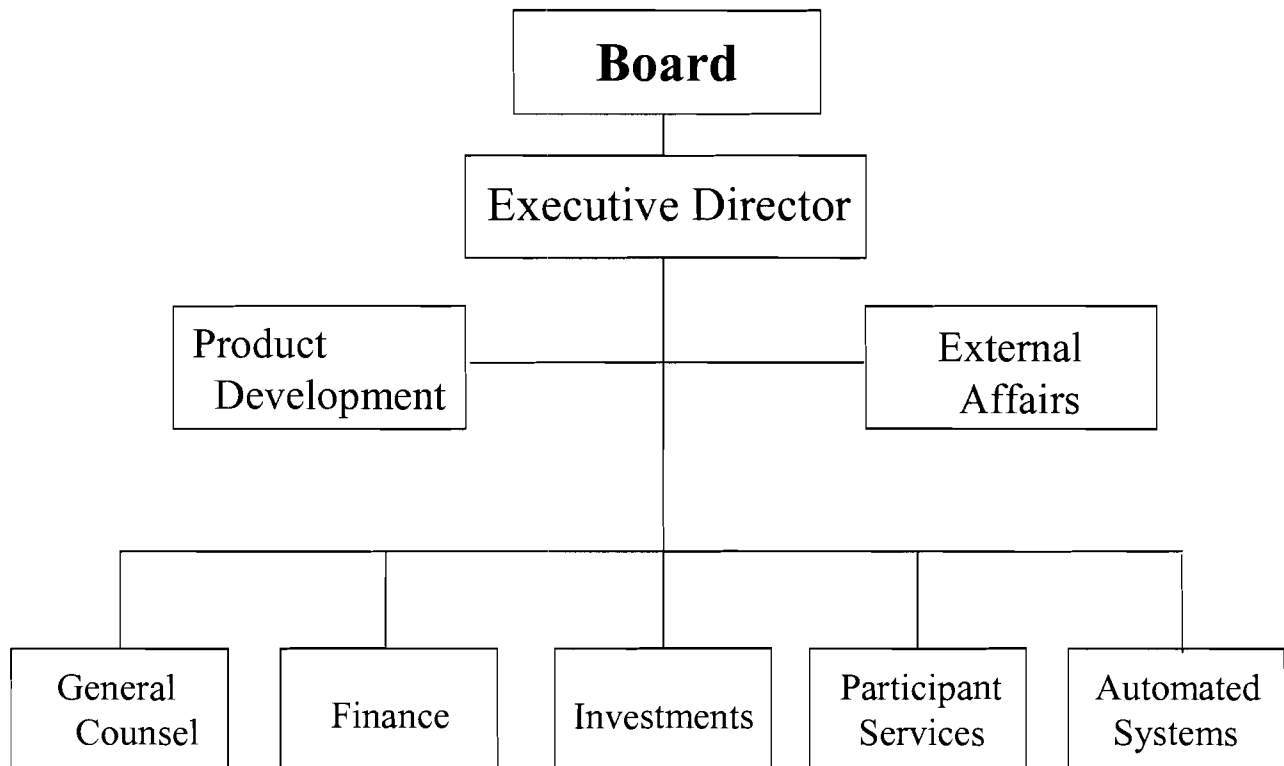
Date

Attachment



Federal Retirement Thrift Investment Board

Structure of the Agency



Federal Retirement Thrift Investment Board
Directive Number 4
Performance Management System

1. **Purpose:** This policy establishes the policy, procedures, and authority/responsibility for performance management within the Federal Retirement Thrift Investment Board (Agency) and implements a 5-level Performance Management System, consisting of the following levels of performance: Exceptional (Level 5), Superior (Level 4), Fully Successful (Level 3), Minimally Successful (Level 2), and Unsatisfactory (Level 1). Performance management is the process by which the Agency involves its employees in improving organizational effectiveness in the accomplishment of agency mission and goals.
2. **Scope:** This system applies to all agency employees except:
 - A. Executive Schedule (EX) appointee(s), Board Members, and Senior Executive Service (SES) members;
 - B. Temporary and/or excepted service employees whose employment is not expected to exceed 120 days in a consecutive 12-month period; and
 - C. Employees occupying positions excluded by Office of Personnel Management regulations.
3. **References:** Chapter 43 of Title 5, United States Code and Part 430 of Title 5, Code of Federal Regulations. The provisions of this Directive are subject to modification by changes in pertinent statutes and regulations. In these cases, the applicable provision(s) of this Directive shall be considered automatically amended or superseded and effective on the dates specified in the statute or regulation.
4. **Definitions:**
 - A. Appraisal. The process of reviewing and evaluating the performance of an employee against the prescribed performance standard(s).
 - B. Appraisal Period. Also known as appraisal or rating cycle. The established 12-month period of time during which performance is reviewed and a rating of record prepared. The appraisal period for the Federal Retirement Thrift Investment Board employees corresponds with the fiscal year, October 1 through September 30.
 - C. Benchmark/Generic Standards. Generically defined performance standards at each of the 5 levels, which must be used in combination with individually developed performance standards.
 - D. Critical Element. A component of an employee's position consisting of one or more duties and responsibilities of such importance that unsatisfactory performance on the element would result in a determination that an employee's overall performance is unsatisfactory. Critical elements can only be used to measure individual performance.
 - E. Interim Appraisal. A written appraisal including an overall rating, prepared when an employee, who has been under a performance appraisal plan for at least 90 days, changes

position or when the Rating Official leaves the supervisory position prior to the end of the appraisal period.

- F. Non-Critical Element. A component of an employee's position which does not meet the definition of critical element, but is of sufficient importance to warrant written appraisal. Non-critical elements can be used to measure individual and group performance.
- G. Organizational Goals. The objectives of the Agency necessary to accomplish its mission as defined by Agency management.
- H. Performance. The manner in which the employee accomplishes work assignment responsibilities.
- I. Performance Element. A primary function or work assignment/responsibility, which is results-oriented, represents a significant amount of the employee's time, and successful performance of which is essential to overall success in the position. Performance elements may be critical or non-critical.
- J. Performance Appraisal Plan. A written plan consisting of identified performance elements and the performance standards that identify levels of performance.
- K. Performance Standard. The expression of the performance threshold(s), requirement(s), or expectation(s) that must be met to be appraised on an element at a particular level of performance. May include factors such as quality, quantity, timeliness, and manner of performance.
- L. Progress Review. A review of the employee's progress in achieving the performance standards.
- M. Rating. Written appraisal of performance compared to the performance standard for each element for which there has been an opportunity to perform during the minimum rating period.
- N. Rating Official. The supervising official, ordinarily the employee's immediate supervisor, who evaluates the employee's performance and assigns the rating of record.
- O. Rating of Record. Also known as summary rating. The overall performance rating prepared at the end of the appraisal period for performance over the entire period.
- P. Reviewing Official. The individual, generally the second-line supervisor, with authority to review and approve ratings at the Exceptional, Minimally Successful, and Unsatisfactory levels.

5. **Policy:**

- A. General Policy. It is the policy of the Agency to establish and maintain a performance management system that articulates the expectations of individual performance and its effect on organizational performance, provides a meaningful process by which employees can be rewarded for noteworthy contributions to the organization and its mission, and provides a mechanism to improve individual/organizational performance as necessary. In accomplishing these objectives, individual and organizational goals will be communicated to employees, such that the employee understands how his/her job responsibilities and requirements support the overall mission and goals of the Agency and/or work unit. The employee's responsibility for individual performance and for accomplishing organizational goals will be identified, performance will be monitored and evaluated, and the results of the performance rating will be used as a basis for appropriate

personnel actions, including rewarding noteworthy performance and taking action to improve poor performance.

B. Development of Performance Appraisal Plan.

- i. **Employee Participation:** Rating Officials should encourage employees to participate in establishing the performance elements and performance standards for their positions in order to give them a clearer understanding of their performance expectations, as well as the role their positions play in meeting the mission, goals, and objectives of the Agency. The final decision regarding performance elements and standards always rests with the management official.
- ii. **Timing:** Performance appraisal plans should be established and put in place within 30 days of the beginning of the appraisal period, the employee's entrance on duty, the assignment of an employee to a detail or temporary promotion scheduled to exceed 120 days, the assignment of an employee to a new position, or the assignment of an employee to a new or different supervisory position. The Performance Management Record should be used to document the performance appraisal plan.
- iii. **Number of Elements:** At least three and not more than five performance elements will be identified in the performance appraisal plan. This includes at least two critical elements and a maximum of two non-critical elements. Elements must be consistent with the duties and responsibilities of the employee's position.
- iv. **Mandatory Elements:**
 - a. **Supervisors/Managers:** Performance appraisal plans for all supervisors and managers shall include the following critical element (one of the maximum of 5 elements): **Management Excellence:** Performance of supervisory/managerial duties will be carried out in accordance with regulatory requirements and policies governing the following areas:
 - Diversity/EEO obligations;
 - Internal controls;
 - Merit System Principles;
 - Effective performance management; and
 - Effective management of ethics, conduct, and discipline issues.
 - b. **Strategic Mission Goals:** Performance appraisal plans shall have at least one critical element that is linked to strategic and mission goals of the Agency as they relate to the job responsibilities of the individual employee.
 - c. **Other:** Some positions, based on the unique nature of their job responsibilities, have specific mandates for critical elements to be included in the performance appraisal plan (i.e. FISMA). Supervisors should be aware of these regulatory requirements and ensure that the mandatory criterion is adequately addressed as a critical element in the employee's performance appraisal plan.
- v. **Performance Standards:** Standards must be focused on results and must include credible measures such as quality, quantity, timeliness, cost effectiveness, etc. Benchmark standards for each of the 5 possible levels of performance are described in detail in the accompanying Performance Appraisal Handbook. These benchmark standards can be applied to every position, but must be augmented with specific standards that describe the results expected at the various levels of performance for each element. Standards must be described at least for the Fully Successful level of performance.

- vi. Review and Approval: Performance appraisal plans are established and approved by the employee’s Rating Official. No higher level review is required.
 - vii. Revisions: Performance appraisal plans may be revised at any time, up to 90 days prior to the end of the rating period.
- C. Appraisal Period. The appraisal period is 12 months in length and based on the fiscal year – October 1 to September 30. The appraisal period may be extended up to 90 days past the normal end date for an employee if, on the normal end date of the appraisal period, the employee has not been under standards for at least 90 days, is on approved leave without pay (LWOP), or is on a Performance Improvement Plan that will end within 90 days of the end of the normal appraisal period.
- D. Progress Reviews. It is expected that Rating Officials will provide employees with continuous informal feedback on their performance as compared to expectations. At least one formal mid-cycle performance review discussion is required. This review should be completed at approximately the mid point of the appraisal period, but no later than 90 days prior to its end. The formal progress review should be documented as provided on the Performance Management Record. If the employee’s performance in any critical element falls below Fully Successful at any time during the rating period, the Rating Official must meet with the employee to discuss the deficient performance.
- E. Basis for Appraisal. A performance appraisal will be based on individual employee performance for the 12-month period of the rating cycle, including any details over 120 days. The Rating Official may seek input from all appropriate sources to assist in determining the appropriate rating to assign the employee. The Rating Official should make a reasonable effort to obtain written input for details/temporary assignments over 120 days.
- F. Minimum Rating Period. The minimum length of time that an employee must be in a under signed performance standards in order to receive a performance rating is 90 calendar days.
- G. Ratings.
- i. Employee Input: Rating Officials will offer employees the opportunity to provide written input to the Rating Official regarding their performance during the rating cycle.
 - ii. Numerical Level for Performance Elements: A numerical rating level is required for each performance element. The rating assigned reflects the level of the employee’s performance as compared to the standards established. If an employee does not have an opportunity to perform a performance element, no rating will be assigned and the words “Not Rated” should be written on the Performance Management Record. The ratings assigned for each level are as follows:

<i>Rating Level</i>	<i>Benchmark Standard (Refer to the Performance Appraisal Handbook for additional criteria)</i>	<i>Points Assigned (no fractional points can be assigned, e.g. 4.5)</i>
Exceptional	Performance in all aspects of the standard that is of such high quality that organizational	5 points

	goals have been achieved in an unusually efficient or effective manner.	
Superior	Performance that exceeds expectations in the performance of the standard and exhibits sustained support of organizational goals.	4 points
Fully Successful	Performance that meets the expectations of the standard and achieves organizational goals. Employee uses technical skills and organizational knowledge to accomplish tasks competently.	3 points
Minimally Successful	Performance shows significant deficiencies that require correction. Work is marginal and only meets the minimum requirements with close supervision.	2 points
Unsatisfactory	Quality and quantity of work are not adequate for the position. Work products do not meet the minimum requirements expected.	0 points

iii. Annual Summary Ratings:

- a. Numerical ratings for each performance element will be added together, and the total will be divided by the number of performance elements to obtain an average score. The summary rating will then be assigned based on the following:

<i>Average Score</i>	<i>Summary Rating</i>
4.7 – 5.0 and no critical element rated lower than Superior	Exceptional
3.6 – 4.69 and no critical element rated lower than Fully Successful	Superior
3.0 – 3.59 and no critical element rated lower than Fully Successful	Fully Successful
2.0 – 2.99 and no critical element rated lower than Minimally Successful	Minimally Successful
One or more critical elements rated Unsatisfactory	Unsatisfactory

- b. Each eligible employee will receive an annual summary of rating which will become the official rating of record for personnel decisions.
- c. Annual summary ratings must be completed within 30 calendar days of the end of the appraisal period (including extensions if applicable).
- d. If an employee is on detail or temporary assignment of less than 90 days at the time the annual rating is due, the Rating Official shall remain the employee's permanent superior of record, although he or she may consider information on the employee's performance as provided by the supervisor of the detail or temporary assignment. In the absence of that official, the Reviewing Official will prepare the summary rating.
- e. 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 period. The new supervisor would be responsible for giving appropriate consideration to the completed interim rating. Alternatively, the Reviewing Official may complete the rating.
- f. Rating Officials shall not assign employee ratings under any pre-determined distribution system. Ratings should be assigned based on actual performance.
 - g. If the Rating Official does not place an employee under standards for at least 90 days during a rating period, the employee will not be eligible for a rating. A presumptive rating may not be assigned.
- iv. Interim Appraisals:
- a. Interim appraisals are assigned when an employee completes a detail or temporary promotion over 120 days or when an employee has served 90 days under a performance appraisal plan and changes positions during the annual appraisal period. Interim appraisals are also completed when the employee has been under the performance appraisal plan for at least 90 days and the supervisor leaves his/her supervisory position during the annual appraisal period.
 - b. Interim appraisals are also used to document a level of competence determination for within-grade increase purposes when the employee's most recent rating of record is not consistent with the level of competence determination. A rating for this purpose becomes the rating of record.
 - c. A copy of the interim appraisal must be provided to the employee and if applicable, the new supervisor. Any interim appraisals should be used by the new supervisor in assigning an official annual summary rating.
- v. Narratives: A narrative summary must be written for each performance element assigned a rating of Exceptional, Minimally Successful, or Unsatisfactory, and are encouraged for ratings at all levels. This narrative summary should contain examples of the employee's performance that substantiate and explain how the employee's performance falls within the levels assigned. The narrative summaries are recorded on the Performance Management Record.
- vi. Presentation to Employee:
- a. The Rating Official must complete and sign the rating. All ratings must be signed by the Reviewing Official as well. The Reviewing Official will be the Office Head or the Executive Director, depending on the Rating Official's location in the organization. If the Executive Director is not the Reviewing Official, he/she will also review all ratings of Exceptional or Unsatisfactory. The Rating Official will then discuss the rating with the employee as well as provide them with a copy of the final appraisal. The original signed appraisal will be submitted to the Human Resources Representative and then filed in the Employee Performance Folder (EPF).
 - b. The employee should sign the appraisal. If the employee refuses to sign the rating, the Rating Official should document this refusal on the Performance Management Record.
 - c. An employee may submit written comments to the overall rating of record, the element ratings, and/or the narrative comments if they desire. These comments are intended to be used if the employee wants to provide specific information on noteworthy accomplishments, if they disagree with a given element rating that would not affect the outcome of the rating of record, etc. If the employee wishes

to request reconsideration of the rating, they should follow the steps outlined in Section 5H. Comments must be submitted within 30 days of the receipt of the rating and will be filed with the completed performance appraisal in the EPF.

They will not change the rating of record as determined by the Rating Official.

H. Reconsideration of Summary Rating: When employees have concerns about the rating given on a particular element, that, if changed, will affect the outcome of the rating of record, they are entitled to request reconsideration of that rating.

- i. **Informal Reconsideration Procedure**: The employee and Rating Official must informally attempt to resolve any disagreement about the performance appraisal or rating. Employees must discuss their dissatisfaction with the Rating Official before requesting a formal reconsideration. An employee who fails to request informal reconsideration is not entitled to formal reconsideration.
 - a. The employee must request informal reconsideration within 10 calendar days of the employee's receipt of the rating of record. Failure to submit a request within this time may be excused only if the employee provides justification to warrant the failure, for example, previously scheduled and approved leave or hospitalization.
 - b. Absent exceptional circumstances (such as scheduled leave), the Rating Official must meet with the employee within five working days of the request.
 - c. If the Rating Official is subordinate to the Office Head, the Rating Official will consult with the Office Head before making a final decision regarding the informal reconsideration request.
 - d. The Rating Official's decision must be communicated to the employee, in writing, within 5 working days of the informal reconsideration discussion.
 - e. If the employee is not satisfied with the Rating Official's decision or if the Rating Official does not issue a decision within the required time frame, the employee may request a formal reconsideration of the rating.
- ii. **Requesting a Formal Reconsideration**: To request formal reconsideration, the employee must submit a written request to the Chief Financial Officer within 30 calendar days of receipt of the informal reconsideration decision. Failure to submit a formal reconsideration within this time may be excused only if the employee provides exceptional justification to warrant excusal, for example, hospitalization.
 - a. The request must include:
 - A copy of annual appraisal for which a reconsideration is being requested;
 - The specific performance element(s) for which the reconsideration is being requested;
 - A statement why the employee believes the rating is in error, with supporting facts and documents. A request for reconsideration that alleges an appraisal is incorrect, inaccurate, or unjust without supporting facts and documents will not be considered;
 - The action the employee requests; and
 - A copy of the written decision of the informal reconsideration by the Rating Official or a statement confirming that the informal process was followed, but that the rating official did not issue a written decision within the required timeframe.

- b. The Chief Financial Officer will forward the request to the Human Resources Representative who will review the formal request for reconsideration to determine if it is appropriate for acceptance under these procedures. If it is not accepted, the request will be returned to the employee with an explanation of the reason(s) for non-acceptance. If accepted, the request for reconsideration will be referred within 14-calendar days of receipt to the Executive Director who will appoint a three-member panel to review the request for formal reconsideration. At least one of the members shall be of the same or higher grade as the Rating Official. No panel members may be from the same office as the Rating Official.
- c. The panel is non-adversarial. Although not bound by the rules of evidence, the panel must keep within the reasonable bounds of evidence that is competent and relevant. Neither the employee nor his or her agent or representative, if any, is authorized to appear before the panel. However, the panel may obtain more information from the employee, the Rating Official, or anyone thought to have relevant knowledge of the case.
 - The burden of proof rests with the employee. Accordingly, to justify changing of the rating of record, the employee must produce evidence that establishes clearly and convincingly that action is warranted to correct a material error, inaccuracy, or injustice.
 - Clear and convincing evidence must be of a strong and compelling nature, not merely proof of the possibility of factual inaccuracy.
- d. The panel shall decide by a majority vote.
- e. The decision of the panel is final and becomes the official rating of record.
- iii. Employees may not dispute the number or type of performance elements identified for their position or the substance or contents of performance standards, including the objective criteria against which performance will be measured.
- I. Disposition of Records: Performance appraisals that document ratings of record will be maintained in the EPF. The performance appraisals will be retained for 4 years. When an employee transfers to another agency, the employee's performance appraisals for the last 4 years will be transferred to the gaining agency. If an employee resigns, the employee's performance appraisals for the last 4 years will be transferred to the National Records Center.

6. **Link to Other Personnel Actions:**

- A. Awards: Employees are eligible for performance awards as part of the performance appraisal system. Performance awards will be used to motivate employees to increase productivity and creativity, to support and enhance Agency goals, to meet employee recognition needs, and to confer maximum benefit on the Agency. An employee must be rated at Level 5 (Exceptional) or Level 4 (Superior) to be eligible for a cash award based on sustained superior performance. Employees rated at Level 5 (Exceptional) are eligible for a Quality Step Increase (QSI). A QSI may not be granted to an employee who has received a QSI within the preceding 52 calendar weeks. Employees with a rating of Level 3 (Fully Successful) or higher are eligible for time-off awards. Other awards may be granted throughout the year as appropriate.

- B. Career-Ladder Promotions: An employee must be rated at Level 3 (Fully Successful) or higher to receive a noncompetitive promotion to the next level in the career ladder.
- C. With-in Grade Increases: An employee's rating of record must be no lower than Level 3 (Fully Successful) for an employee to receive a within-grade increase (WGI). If the employee's current rating of record is inconsistent with the with-in grade determination, the supervisor will need to prepare a new rating of record to document the appropriate level of performance at the time the WGI is due.
- D. Probationary/Trial Periods: New employees must be carefully observed during the probationary/trial period to determine whether they have the qualities needed to become satisfactory career employees. Proper use of periodic progress reviews to determine progress during the probationary/trial period can do much to assure that these employees have adequately demonstrated their qualifications and fitness.

7. Performance that is Less than Fully Successful:

- A. When supervisors observe employee performance that is Unsatisfactory on any critical element after the minimum appraisal period, they must promptly initiate special efforts to bring about improvements. Action must not be postponed until the end of the annual rating period. The supervisor must initiate and document discussions with the employee to identify the problems and to assist the employee in correcting deficiencies. Additionally, supervisors are encouraged, but not required, to make efforts to help employees with Minimally Successful performance raise their performance to a Fully Successful level.
- B. During these discussions, the performance appraisal plan should be reviewed and the employee specifically informed of how he/she has failed to meet the established standards. These discussions should outline specific efforts that both the supervisor and the employee will take to assist the employee in overcoming performance problems. In all instances of Minimally Successful or Unsatisfactory performance, supervisors and managers must seek the advice and assistance of the Human Resources Representative.
- C. In order to initiate demotion or removal action for Unsatisfactory performance, the employee must first be afforded a reasonable opportunity to demonstrate at least Minimally Successful performance in the form of a Performance Improvement Plan (PIP). A performance evaluation is conducted again at the end of the PIP period, and if the employee's performance is again evaluated as Unsatisfactory, appropriate action must be initiated. Appropriate actions include reduction in grade, removal, or reassignment. In all cases of Unsatisfactory performance, immediate contact with the servicing Human Resources Representative must be made.

8. **Reduction-in-Force**: An employee's performance rating of record is one factor used to determine the employee's assignment rights during a Reduction-in-Force (RIF). An employee is given performance credit for RIF retention when the performance meets certain criteria. Credit is given by adjusting an employee's service date for RIF purposes. Employees will receive service credit in accordance with 5 CFR Part 351.

9. Responsibilities:

- A. Executive Director:
 - i. Implementing, supporting, and communicating information to employees about the agency's performance management program.
 - ii. Signing as a Reviewing Official for ratings of Exceptional and Unsatisfactory; and
 - iii. Appointing panel members to review requests for formal reconsideration.
- B. Chief Financial Officer:
 - i. Monitoring, evaluating, and revising the performance management program as necessary;
 - ii. Providing advice and assistance to Office Directors in administering the program; and
 - iii. Evaluating the agency's performance management program.
- C. Human Resources Representative:
 - i. Providing assistance to supervisors and employees in identifying performance elements and developing performance standards;
 - ii. Providing guidance to supervisors so they can effectively carry out their responsibilities for managing performance;
 - iii. Providing information to employees to ensure they understand the provisions of the performance management system;
 - iv. Providing assistance to supervisors/managers and the Chief Financial Officer in dealing with the reconsideration process; and
 - v. Providing assistance to supervisors on procedures for dealing with performance that falls below the Fully Successful level.
- D. Rating Officials:
 - i. Engaging employees in the process of determining elements and performance standards and documenting the elements and performance standards in a performance appraisal plan within 30 days of the beginning of the appraisal period, the employee's entrance on duty, the assignment of an employee to a detail or temporary promotion scheduled to exceed 120 days, the assignment of an employee to a new position, or the assignment of an employee to a new or different supervisory position;
 - ii. Ensuring that each employee's performance appraisal plan has at least one critical element that is linked to strategic/mission goal(s) of the organization;
 - iii. Monitoring employee performance during the appraisal period and communicating with employees on an ongoing basis about the status of their performance as compared to the performance standards;
 - iv. Conducting at least one progress review for each employee at approximately the mid-point of the rating period;
 - v. Assisting the employee throughout the appraisal period in improving aspects of performance identified as needing improvement;
 - vi. Preparing interim ratings, as necessary;
 - vii. Preparing the rating of record and meeting with the employee to discuss the rating and employee developmental needs;
 - viii. Recognizing employees who demonstrate noteworthy performance and ensuring equity and consistency in consideration for awards within their organization;

- ix. Advising the Reviewing Official and seeking advice from the Human Resources Representative when the employee's performance is Minimally Successful or Unsatisfactory; and
 - x. Initiating prompt action when Minimally Successful or Unsatisfactory performance does not improve to the Fully Successful level.
- E. Reviewing Officials: Reviewing and approving ratings of Exceptional, Minimally Successful, and Unsatisfactory.
- F. Employees:
- i. Participating with their Rating Officials in determining performance elements;
 - ii. Assuring they have a clear understanding of their Rating Official's expectations, of how the performance elements relate to the mission of the organization, and requesting clarification if necessary;
 - iii. Managing their performance to achieve at least Fully Successful performance on critical elements; and
 - iv. Taking action to improve aspects of performance identified as needing improvement.

10. **Effective Date:** This Directive will be effective on January 1, 2007.

11. **Effect on Other Directives:** This Directive supercedes Directive Number 4, Performance Appraisal System for General Schedule Employees dated June 23, 1989.

12. **Office of Primary Responsibility:** Office of Finance

U.S. Department of the Interior



National Business Center

Government Shared Service Provider

Performance Management System

Federal Retirement Thrift Investment Board



1/11/07



Performance Management Overview



- ▶ Effective Date: January 1, 2007
- ▶ New Plans In Place: January 31, 2007
- ▶ Policy Statement: Performance management is the process by which the Agency involves its employees in improving organizational effectiveness in the accomplishment of agency mission and goals.
- ▶ Scope: Applies to all agency employees except:
 - Executive Director
 - Board Members
 - SES Members
 - Temporary appointments <120 days



Performance Management Overview – Timeframes



- ▶ Appraisal Period: October 1 to September 30
- ▶ Finalize Performance Standards: 30 calendar days from beginning of appraisal cycle (generally by October 31), entrance on duty, or change to new position
- ▶ Minimum Appraisal Period: 90 calendar days
- ▶ Progress Reviews: at least one, generally mid-appraisal cycle
- ▶ Final Appraisal/Rating of Record: 30 calendar days from end of rating cycle (generally by October 31 unless rating delayed)



Performance Management Overview – Elements



Performance Element:	
Definition: Primary function or work assignment/responsibility, which is results-oriented, represents a significant amount of the employee's time, and successful performance of which is essential to overall success in the position.	Number: Plans must have at least 3 but no more than 5 performance elements.
1. Critical Element:	
Definition: Consists of duties/responsibilities of such importance that unsatisfactory performance in the element would result in overall performance of unsatisfactory.	Number: Each plan must have at least two critical elements.
2. Non-Critical Element:	
Definition: Does not meet definition of critical element, but of sufficient importance to warrant written appraisal, e.g. team performance, collateral duty, developmental assignment.	Number: There can be no more than two non-critical elements.



Performance Management Overview – Elements



Mandatory Critical Elements

1. Supervisors/Managers:

Management Excellence: Performance of supervisory/managerial duties will be carried out in accordance with regulatory requirements and policies governing the following areas:

- Diversity/EEO obligations
- Internal controls
- Merit Systems Principles
- Effective performance management; and
- Effective management of ethics, conduct, and discipline

2. Strategic Mission Goals: Performance plans will have at least one critical element that is linked to strategic and mission goals of the Agency as they relate to the job responsibilities of the individual employee.

3. Other



Performance Management Overview – Standards



- ▶ Performance Standards - expression of performance thresholds, requirements, or expectations that must be met to be appraised on an element at a particular level of performance.
- ▶ May include factors such as:
 - Quality
 - Quantity
 - Timeliness
 - Manner of Performance
- ▶ Performance for Elements will be described at the Fully Successful level.
- ▶ Benchmark Standards are included with the plans.
- ▶ Opportunity for employee to provide input to elements and standards.

- ▶ 5 Level Rating System

Exceptional	5 points
Superior	4 points
Fully Successful	3 points
Minimally Successful	2 points
Unsatisfactory	0 points

- ▶ Policy contains a performance description for each rating level.
- ▶ Detailed benchmark standards are included in the Performance Management Record and Performance Appraisal Handbook.

Numerical ratings for each element are averaged to obtain final rating.

Exceptional	4.7 – 5.0 and no critical element lower than Superior
Superior	3.6 – 4.69 and no critical element lower than Fully Successful
Fully Successful	3.0 – 3.59 and no critical element lower than Fully Successful
Minimally Successful	2.0 – 2.99 and no critical element lower than Minimally Successful
Unsatisfactory	One or more critical elements rated Unsatisfactory

Performance Management Overview – Reviewing



- ▶ Progress Reviews – at least one formal mid-cycle performance review
- ▶ Continuous informal feedback is expected
- ▶ Annual Summary Rating/Rating of Record:
 - No pre-determined distribution system
 - Based on actual performance for that rating cycle
 - Employee has to be under standards for at least 90 days
 - Narrative Summary for elements assigned Exceptional, Minimally Successful, or Unsatisfactory
 - Rating completed and signed prior to presentation to employee
 - Office Heads will sign all ratings as either the Rating Official or Reviewing Official.
 - Executive Director signs if overall rating Exceptional or Unsatisfactory and all ratings of employees for whom he is the second-level supervisor.



Performance Management Overview – Employee Response



- ▶ Written Comments – employees may submit written comments to the overall rating of record, element ratings, and narrative comments. Does not impact rating of record.
- ▶ Request for Reconsideration – concerns about the rating on a particular element which if changed, would impact overall rating.
 1. Informal Reconsideration: Employee and Rating Official informally attempt to resolve disagreement. Office Head involved if not Rating Official.
 2. Formal Reconsideration: Request to the CFO. CFO forwards to Human Resources for acceptance review. Human Resources refers to Executive Director, who appoints non-adversarial three-member panel to review. Panel decision is final and becomes rating of record.

Performance Management Overview – Linkages



▶ Awards

Rating	Performance-Based Award Possibilities
Exceptional	<ul style="list-style-type: none"> ▶ Cash Award ▶ QSI ▶ Time Off Award
Superior	<ul style="list-style-type: none"> ▶ Cash Award ▶ Time Off Award
Fully Successful	<ul style="list-style-type: none"> ▶ Time Off Award

- ▶ Career-Ladder Promotions – must be rated Fully Successful or higher
- ▶ With-in Grade Increases – must be rated Fully Successful or higher
- ▶ Minimally Successful Performance – specific steps should be taken to help employee improve
- ▶ Unsatisfactory Performance – Performance Improvement Plan



Performance Management Overview – Documents



- ▶ Performance Management System Directive
- ▶ Performance Management Record
 - Employee Version
 - Supervisory Version
- ▶ Performance Appraisal Handbook: A Guide for Supervisors and Employees



NBC Human Resources Representatives



- ▶ NBC Points of Contact:
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Federal Retirement Thrift Investment Board

**Performance Appraisal Handbook:
A Guide for Supervisors and Employees**

January 2007

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Timeline for the Performance Appraisal System

<p>Appraisal Period - The appraisal period coincides with the fiscal year, October 1 to September 30.</p>	<p>October 1 to September 30</p>	
<p>Complete the performance appraisal for prior fiscal year that ended on September 30.</p>	<p>October 1 - 31</p>	<p><i>Or 30 calendar days after the end of the Performance Appraisal Period if period extended.</i></p>
<p>Maximum time to finalize performance standards – Timeframe in which performance standards are finalized and approved. The maximum time a rating official has to put an employee under elements and standards, i.e., establish a PMR.</p>	<p>October 1 to 31</p>	<p><i>Or 30 calendar days from beginning of appraisal cycle.</i></p>
<p>Minimum Appraisal Period – The length of time, 90 calendar days, that the employee must be performing under an approved PMR in a given position in order to be eligible for an interim or annual rating.</p>	<p>90 Calendar Days</p>	
<p>Progress Review – Formal discussion with the employee <u>at least once</u> during the appraisal period to review the employee’s progress and communicate performance as compared to the established standards; to make any recommended revisions to critical elements/performance standards; and to consider/identify any developmental needs or performance improvement required.</p>	<p>March through May</p>	<p><i>Or approximately mid-way through Performance Appraisal Period.</i></p>
<p>Interim Appraisal – Required when an employee has worked under standards in the position for 90 days and if one or more of the following occurs: Employee changes position (i.e., reassignment, promotion, change to lower grade, transfer), completes a temporary assignment of 120 days or more (i.e., detail, temporary promotion, etc.), the rating official leaves a supervisory position, or to document a level of competence determination for within-grade increase purposes when the employee’s most recent rating of record is not consistent with the level of competence determination.</p>	<p>As Required</p>	

Introduction

Managing employee performance is an integral part of the work that all managers and rating officials perform throughout the year. It is as important as managing financial resources and program outcomes because employee performance or the lack thereof, has a profound effect on both the financial and program components of any organization.

Performance management is the process by which the Federal Retirement Thrift Investment Board (Board) involves its employees in improving organizational effectiveness in the accomplishment of agency mission and goals. The Board's performance management policy is to establish and maintain a performance management system that articulates the expectations of individual performance and the individual's contribution to the organization's accomplishment of its mission, provides a meaningful process by which employees can be rewarded for noteworthy contributions to the organization and its mission, and provides a mechanism to improve individual/organization performance as necessary.

Performance management is the systematic process of:

- **planning** work and setting expectations
- continually **monitoring** performance
- **developing** the capacity to perform
- periodically **rating** performance in a summary fashion; and
- **rewarding** good performance and taking action for poor performance

This handbook is designed for Board rating officials and employees to assist with the management of employee performance that is aligned with and supports organizational goals. It is divided into five areas aligning with the above definition of performance management, with the final section expanded to include taking other actions based on performance including dealing with poor performance.

It is important to remember that measuring and recognizing accomplishments rather than activities, and giving feedback to employees on their accomplishments, often improves the performance of the organization.

Section 1 – Planning

In an effective organization, work is planned in advance to the extent possible. This includes setting performance expectations and goals for individuals in order to channel efforts toward achieving organizational objectives. Involving employees in the planning process is critical to their understanding of the goals of the organization, what needs to be done, why it needs to be done, and expectations for their contribution towards accomplishing those goals.

Developing Performance Management Records (PMR)

The regulatory requirements for planning an employee's performance include establishing the elements and standards in their performance plan, or Performance Management Record (PMR). A PMR outlines the specific elements and standards that the employee is expected to accomplish during the rating cycle. Performance elements and standards should be measurable, understandable, verifiable, equitable, and achievable. In addition, they should be flexible so that they can be adjusted for changing program objectives and work requirements. When used effectively, these plans can be beneficial working documents that are discussed often, and not merely paperwork that is filed in a drawer and seen only when ratings of record are required.

ELEMENTS

The Board's policy specifies that employees may have a minimum of three and no more than five elements in their appraisal plans. This can include a maximum of two non-critical elements, although non-critical elements are not required. Through these elements, employees are held accountable as individuals for work assignments and the responsibilities of their position.

Critical Elements: A critical element is an assignment or responsibility of such importance that unsatisfactory performance in that element alone would result in a determination that the employee's overall performance is unsatisfactory. As defined by law, failure on one or more critical elements can result in the employee's reassignment, removal, or reduction in grade. Consequently, critical elements must describe work assignments and responsibilities that are significantly influenced by an employee's work effort and within the employee's control. For most employees, this means that critical elements **cannot** describe a group's performance. However, a supervisor or manager can and should be held accountable for seeing that results measured at the group or team level are achieved. Critical elements assessing group performance may be appropriate to include in the PMR of a supervisor, manager, or team leader who can reasonably be expected to command the production and resources necessary to achieve the results (i.e., be held individually accountable).

Non-Critical Elements: A non-critical element is a duty or responsibility of sufficient importance to warrant written appraisal, but does not meet the definition of critical element. It is used in assigning a summary level rating, but failure on a non-critical element cannot be used as the basis for a performance-based action, such as demotion or removal. Moreover, if an employee fails a non-critical element, the employee's performance cannot be summarized as unsatisfactory overall solely based on that failure. Non-critical elements can be used to ensure groups' or teams' performance at the individual level and have it included in the summary level rating. Other examples are performance of collateral work duties and developmental work assignments.

No more than two of the maximum five elements can be non-critical. There is no requirement that employees have non-critical elements in their performance plan. The mix of critical and non-critical elements is dependent upon the employee's job duties and responsibilities.

Source Documents: Supervisors and managers may use several documents and/or sources to assist them in determining the appropriate critical elements for their employees. These include but are not limited to:

- Agency goals and objectives
- Specific performance goals established for a given program area
- Functional area/organizational goals and objectives
- Other internal management policy/direction
- Laws and/or regulatory requirements
- Customer/stakeholder feedback
- Employee input
- Employee position descriptions*

Mandatory Elements: Agency policy requires the following mandatory elements be included:

1. Supervisory/Managerial Element: PMRs for all supervisors and managers shall include the following critical element (one of the maximum of 5 elements):
Managerial Excellence: Performance of supervisory/managerial duties will be carried out in accordance with regulatory requirements and policies governing the following areas:
 - Diversity/EEO obligations;
 - Internal controls;
 - Merit Systems Principles;
 - Effective performance management; and
 - Effective management of ethics, conduct & discipline issues.

See Benchmark Standards below for description of standards for supervisors at the various performance levels.

2. Strategic Mission Goals: PMRs must have at least one critical element that is linked to the strategic mission goals of the Board as they relate to the job responsibilities of the individual employee. While employees must have at least one critical element that is linked to strategic mission goals, it is recommended that an attempt be made to link as many elements as possible to organizational goals.

There are a number of advantages to tying individual performance to organizational performance.

- This link helps improve the employee's appreciation of his/her role in mission accomplishment, which can lead to improved employee morale and productivity. It gives them a stake in the outcome of their performance.

* It is important that the elements not be just recitations of the duties stated in the position description, as position descriptions are intended to be a more generic listing and description of duties. Elements should be more specific to cover the work performance needed for that particular performance rating cycle.

- It also helps agencies realize management accountability when all employees understand their role in the outcome and fully participate in implementing Agency goals.
- Many federal employees were initially attracted to the federal service because of a desire to make a difference in programs they feel strongly about. By communicating clear organizational goals, the Board is identifying with the motivators that first attracted the employees to work for the federal service.

Development of Performance Standards

Activities, Outputs and Outcomes: Rating officials should try to measure accomplishments rather than activities. *Activities* are the actions taken to produce results and are generally described using verbs. An example is “answering customer questions”. This is similar to language you will find in the employee’s position description.

Accomplishments, or *outputs*, are the products or services (the results) of employee and work unit activities and are generally described using adjectives and nouns. An example is “accurate guidance to customers”.

Outcomes are the final results of agency products and services. An example of an outcome would be “increased participation in the Thrift Savings Plan”.

Activities and ideally outputs at the individual level can be appraised using critical elements. Work unit outputs and program outcomes can be appraised using non-critical elements.

Performance Standards: Performance standards are expressions of the performance threshold(s), requirement(s), or expectation(s) that must be met to be appraised on an element at a particular level of performance. They must be focused on results and include credible measures such as:

- **QUALITY** – how well the employee or work unit is expected to perform the work and/or the accuracy or effectiveness of the final product. It refers to accuracy, appearance, usefulness, or effectiveness. Measures can include rates (such as the number or percentage of errors allowable per unit of work or a reduction in error rates) and increases in customer satisfaction.
- **QUANTITY** – how much work the employee or work unit is expected to produce. Measures are expressed as a number of products or services expected, or as the achievement of a particular goal.
- **TIMELINESS** – how quickly, when, or by what date the employee or work unit is expected to produce the work.
- **COST-EFFECTIVENESS** – dollar savings or cost control. These should address cost-effectiveness on specific resource levels (money, personnel, or time) that can generally be documented and measured. Cost-effectiveness measures may include such aspects of performance as maintaining or reducing unit costs, reducing the time it takes to produce or provide a product or service, or reducing waste.

To develop specific measures, the rating official must determine which ones of the above general measures are important for a given element, and then determine how to measure it.

The Office of Personnel Management recommends using the following 8-Step Process for developing Performance Standards:

- Step 1.** Look at the Overall Picture – review organizational goals and objectives and performance measures already available. Determine which goals and measures the employee’s work unit can affect.
- Step 2.** Determine Work Unit Accomplishments using any or all of the following methods:
- a. Goal Cascading Method – cascade the agency’s goals to the work unit level. Determine the work unit’s accomplishments that directly affect the organization’s goals.
 - b. Customer-Focused Method – Determine the product(s) or service(s) that the work unit provides to its customers.
 - c. Work Flow Charting Method – develop a work flow chart for the work unit, establishing key step(s) of the work process.
- Step 3.** Determine Individual Accomplishments that Support Work Unit Goals – elements that address individual performance can be identified using a roles-results matrix. List each member of the work unit or each job position down the left side of the matrix. In each cell, list the accomplishment (i.e. performance element) that the member must produce or perform to support the work unit accomplishment. All performance elements should be either quantifiable or verifiable.
- Step 4.** Convert Expected Accomplishments into Performance Elements Indicating Type– all employees must have at least one critical element. Critical elements must address individual performance only. Work unit performance can be addressed through non-critical elements.
- Step 5.** Determine Work Unit and Individual Measures – for each element, determine which general measure(s) (i.e., quantity, quality, timeliness, or cost-effectiveness) are important. Determine how to measure quantity, quality, timeliness, and/or cost-effectiveness for the element. If an accomplishment can be measured with numbers, determine the unit of measurement to be used. If performance can only be described (i.e., observed and verified), clarify who would appraise the work and what factors they would look for.
- Step 6.** Develop Work Unit and Individual Standards – Superior, Fully Successful, and Minimally Successful standards must be developed for each element.
- Step 7.** Determine How to Monitor Performance – determine what data to collect for each performance element, which source the data should come from, and whether to collect all the data or just a sample. Determine when to collect the data, who should collect it, and who should receive it. Review existing reports for possible use as feedback reports. Try to design feedback processes that give employees feedback automatically.
- Step 8.** Check the Performance Plan –
- a. Are the critical elements truly critical? Does failure on a critical element truly mean that the employee’s overall performance is unacceptable?
 - b. Is the range of acceptable performance clear?
 - c. Are the standards attainable? Are expectations reasonable?
 - d. Are the standards challenging?
 - e. Are the standards fair? Are they comparable to expectations for other employees in similar positions? Do they allow for some margin of error?
 - f. Are the standards applicable? Can the rating official use the standards to appraise performance? Can the rating official manage the data collected through the measurement process?
 - g. Will work units and employees understand what is required?

- h. Are the elements and standards flexible? Can they be adapted readily to changes in resources or objectives?
- i. Is the Fully Successful level surpassable?

Additional guidance on developing standards and this 8-step process is available in Appendix 1 and at <http://www.opm.gov/perform/WPPDF/2002/HANDBOOK.PDF>

When developing standards in addition to, or in lieu of, the benchmark standards listed below, the policy requires description of performance for at least the Fully Successful level. If additional levels of performance are described, this will be done consistently across the Agency. Rating officials are encouraged to develop standards at all five levels so employees clearly understand their performance expectations.

Benchmark Performance Standards

The following benchmark standards are provided for your use in describing expected performance at the various levels of the plan. These benchmark standards can be applied to every position, but must be augmented with specific standards that describe the results expected at the various levels of performance for each element.

While each and every criterion described in the standards will not have to be met by the employee in absolute terms to assign a particular rating level, the rating official **MUST** ensure the employee understands the overall level of performance they are expected to meet in order to be assigned a given rating level.

The benchmark standards are separated into Non-Supervisory and Supervisory.

Benchmark Employee Performance Standards

Exceptional:

Employee demonstrates particularly excellent performance that is of such high quality that organizational goals have been achieved in an unusually efficient or effective manner. The employee contributes in an outstanding way to achieving an important mission of the organization and has a fundamental impact on the completion of Agency program objectives.

The employee plans for the unexpected and uses alternate ways of reaching program and organizational goals. Difficult assignments are handled intelligently and effectively. The employee has produced an exceptional quantity of work, often ahead of established schedules and with little supervision.

Superior:

Employee demonstrates performance that exceeds expectations in critical areas and exhibits a sustained support of organizational goals. The employee's efforts show a comprehensive understanding of the objectives of the job and the procedures for meeting them.

Effective planning by the employee improves the quality of operating procedures, task assignments and/or program activities. The employee develops and/or implements workable and cost-effective approaches to meeting organizational goals. The employee demonstrates an ability to get the job

done well in more than one way while handling difficult problems. The employee produces a high quantity of work with less than normal supervision.

Fully Successful:

The employee demonstrates good, sound performance that meets program and organizational goals. All critical activities are completed in a timely manner and the supervisor is kept informed of issues and status. The employee effectively applies technical skills and organizational knowledge to complete assigned tasks. The employee plans and performs work according to organizational priorities and schedules.

Minimally Successful:

The employee's performance shows notable deficiencies that requires correction. The employee's work frequently needs revision or adjustments to accomplish assigned tasks. Assignments often require assistance from supervisor and/or peers to complete. On one or more occasions, important work requires the intervention of a supervisor or coworker to complete and organizational goals and deadlines are imperiled.

Employee shows a lack of awareness of policy implications or assignments; inappropriate or incomplete use of programs or services; circumvention of established procedures, resulting in unnecessary expenditure of time or money; reluctance to accept responsibility; disorganization in carrying out assignments; incomplete understanding of one or more important areas of the field of work; unreliable methods for completing assignments; and/or failure to promote team spirit.

Unsatisfactory:

The employee's performance is unsatisfactory. The quality and quantity of the employee's work are not adequate for the position. Work products do not meet the minimum requirements expected. The employee demonstrates little or no contribution to organizational goals; failure to meet work objectives; inattention to organizational priorities and administrative requirements; poor work habits resulting in missed deadlines and/or incomplete work products; strained work relationships; failure to respond to client needs; and/or lack of response to supervisor's corrective efforts.

Benchmark Supervisory Performance Standards

Exceptional:

The employee demonstrates excellent leadership skills and with only rare exceptions develops effective working relationships with others. The employee immediately handles difficult situations with subordinates with professionalism and effectiveness, and demonstrates foresight in correcting situations that may cause future problems before they arise. The employee encourages independence and risk-taking among subordinates, yet takes responsibility for their actions. The employee is open to and solicits the views of others, and promotes cooperation among peers and subordinates, while guiding, motivating and stimulating positive responses.

The employee demonstrates a strong commitment to fair treatment, equal opportunity and the affirmative action objectives of the organization, and has a significant positive impact on achievement of goals in this area. In addition, the employee demonstrates innovation and specific positive achievements in meeting other management obligations such as safety, internal management controls, merit systems principles, performance management, and management of ethics, conduct and discipline issues.

Superior:

The employee demonstrates good leadership skills and establishes sound working relationships. The employee almost always handles difficult situations with subordinates with professionalism and effectiveness. The employee shows good judgment in dealing with others and considering their views. The employee has a strong sense of mission and seeks out responsibility. The employee demonstrates a commitment to fair treatment, equal opportunity and the affirmative action objectives of the organization, and has a positive impact on achievement of goals in this area. In addition, the employee promotes a safe working environment and solutions to problems encountered in meeting other management obligations including internal management controls, merit systems obligations, managing performance, and management of ethics, conduct and discipline issues.

Fully Successful:

The employee is a capable leader who works successfully with others and listens to suggestions. The employee generally handles difficult situations with subordinates with professionalism and effectiveness. The employee also works well as a team member, supporting the group's efforts and showing an ability to handle a variety of interpersonal situations. The employee's work with others shows an understanding of the importance of fair treatment and equal opportunity and meets all management commitments related to providing a safe working environment, merit systems obligations, performance management, and internal controls, and management of ethics, conduct and discipline issues.

Minimally Successful:

The employee's supervisory performance shows serious deficiencies that require correction. The employee sometimes fails to motivate subordinates and promote team spirit; provide clear assignments and performance requirements or sufficient instructions to subordinates; provide sufficient explanation of organizational goals to subordinates; satisfy customer needs and/or meet customer service objectives; and/or meet production or mission goals in a timely and quality manner. The employee's work with others fails to show a consistent understanding of the importance of fair treatment and equal opportunity. The employee does not meet all management obligations related to internal controls, merit system obligations, performance management, and/or management of ethics, conduct and discipline issues.

Unsatisfactory:

The employee's supervisory performance is unsatisfactory. The employee usually fails to motivate subordinates and promote team spirit; often provides unclear assignments and performance requirements or insufficient instructions to subordinates; frequently fails to provide sufficient explanation of organizational goals to subordinates; generally fails to satisfy customer needs and/or meet customer service objectives; and/or frequently fails to meet production or mission goals in a timely and quality manner. The employee's work with others consistently fails to show an understanding of the importance of fair treatment and equal opportunity. Employee frequently fails to meet other management obligations related to internal controls, merit systems obligations, performance management, and/or management of ethics, conduct and discipline issues.

Employee Participation

Supervisors/managers should encourage employees to participate in establishing the PMR for their position. By participating, employees get a clearer understanding of what is required and what role their position plays in the activity of the organization. The final decision regarding elements and standards always rests with the management official.

Employee participation may be accomplished using a variety of approaches, including the following examples:

- Employee and rating official jointly developing the PMR;
- Employee providing the rating official with a draft plan;
- Rating official providing the employee with a draft plan, or
- Employee writing one of the critical elements that he/she performs in his/her position.

Documenting Elements and Standards

PMRs should be developed and put in place within 30 days of the beginning of the appraisal period, the employee's entrance on duty, the assignment of an employee to a detail or temporary promotion scheduled to exceed 120 days, the assignment of an employee to a new position, or their assignment to a new or different supervisory position. Rating officials who move out of their position before the end of the rating period should finalize progress reviews and where standards had been in place for the minimum of 90 days, should prepare an interim appraisal for the incoming rating official. When an employee moves to a new supervisory position, a review of the previous PMRs for that organization should be accomplished and if accepted, both the new rating official and the employee should sign and date the PMR. If the new rating official makes changes to the plan, a new plan must be put in place, allowing the employee a minimum of 90 days under the new plan before a rating may be assigned.

Section 2 – Monitoring

Monitoring should be an on-going process. Effective and timely feedback during the performance appraisal period addressing employee performance on elements and standards is an essential component of a successful performance management program. Employees need to know in a timely manner how well they are performing. They need to be told what they are doing well and if there are areas needing improvement.

Feedback can come from many different sources including but not limited to: observation by managers and rating officials, measurement systems, feedback from peers, and input from customers. It will be up to rating officials to determine how best to gather the information, and from which sources, to ensure an effective rating of the employees under their supervision.

When providing feedback, the following concepts should be kept in mind:

- Feedback works best when it relates to a specific goal, such as those established in the employee's performance appraisal plan. Basing feedback on the employee's performance against his or her elements and standards is key to providing tangible and objective feedback. Telling employees that they are doing well because they exceeded their goal by 10 percent is more effective than simply saying, "You're doing a good job."
- Employees should receive information about how they are doing in as timely a fashion as possible. If they need to improve their performance, the sooner they find out about it, the sooner they can correct the problem. If employees have reached or exceeded a goal, the sooner they receive positive feedback, the more rewarding it is to them.
- Feedback should be given in a manner that will best help improve performance. Employees often respond better to information presented in a positive way. Feedback should be accurate, factual, and complete. It is more effective when it reinforces what the employee did well and then identifies what the employee needs to do in the future to further improve his/her performance.

Part of the monitoring process includes conducting at least one formal progress review during each appraisal period at approximately mid-way through the rating cycle. The completion of this progress review should be noted on the PMR and signed and dated by both the rating official and the employee. If the employee refuses to sign the progress review, the rating official should sign and date and make a note that the employee chose not to sign and date in acknowledgment of the review. While only one progress review is required, rating officials are encouraged to frequently discuss performance with subordinate employees during the appraisal period. This is particularly critical in the case of an employee who *is not* performing at the Fully Successful level. In this case, it may be necessary to provide additional written criteria on performance expectations and/or set up regular feedback sessions with the employee. It is important to contact your human resources representative for advice and assistance before taking any action.

Some issues that may be discussed in a progress review:

- Current performance of the employee, both successes and areas for improvement
- Communication
- Training needs (formal, on-the-job, etc.)
- Sufficiency of skills and knowledge level for successful performance
- Delegation of assignments
- Getting/giving regular feedback

- Assistance needed

Rating officials should document employee performance, both good and when improvement is needed, throughout the year. This documentation will allow the rating official to provide specific examples to the employee during progress reviews, during the rating of record, or at other times throughout the year.

See Appendix 2 for additional supervisory guidance on performance reviews.

See Appendix 3 for additional employee guidance on performance reviews.

Section 3 – Developing

The process of performance management provides an excellent opportunity to identify developmental needs. During planning and monitoring of work, deficiencies in performance become evident and can be addressed. Areas for improving good performance also stand out, and action can be taken to help successful employees improve even further.

Developing translates to increasing the capacity to perform through training, giving assignments that introduce new skills or higher levels of responsibility, improving work processes, or other methods.

Employee development can be either formal or informal. **Formal** development may include:

- **traditional training** in structured courses, classrooms, and formal development programs; and
- **self-study courses**, including those using computer technology, such as distance learning.

While managers have a large influence over formal training, they have even greater impact on creating a climate for **informal** employee development, which can take a wide variety of forms:

- **Feedback** is a natural part of the monitoring process of performance management, but specific and timely feedback to employees about their performance against established expectations also provides the foundation for discussing developmental needs.
- **Job rotations and special assignments** can stretch and challenge employees and broaden their understanding of the organization.
- **Coaching and counseling** provides individualized advice and instruction.
- **Mentoring** helps employees clarify career goals, understand the organization, analyze strengths and developmental needs, build support networks, and deal with roadblocks.
- **Using the manager as an informal teacher** acknowledges that managers consciously teach employees through their own model, habits, and system of values.

These informal developmental strategies cost very little, but can have a large impact on individual and organizational performance.

Section 4 – Rating

Within the context of formal performance appraisal requirements, rating means evaluating employee performance against the elements and standards in an employee's performance appraisal plan and assigning a summary rating of record. The rating of record is based on work performed during the entire appraisal period, including temporary assignments over 120 days.

To be eligible for a rating of record an employee must:

- Be a permanent full-/part-time employee; and
- Be under established standards for a minimum of 90 days.

Or

- Be a temporary employee who has worked more than 120 days during the annual appraisal period; and
- Under established standards for at least the last 90 days.

Interim Appraisals

Interim appraisals are written ratings prepared when an employee has worked under performance standards in the position for 90 days and if one or more of the following occurs:

- The employee changes position (i.e., reassignment, promotion, change to lower grade, transfer);
- The employee completes a temporary assignment of more than 120 days (i.e., detail, temporary promotion, etc.);
- The rating official leaves the supervisory position before the end of the rating cycle; or
- To document a level of competence determination for within-grade increase purposes when the employee's most recent rating of record is not consistent with the level of competence determination. A rating for this purpose becomes the rating of record.

A copy of the interim appraisal will be provided to the new rating official and to the employee. Any interim appraisals should be considered by the new rating official in assigning an official annual rating of record.

Rating Performance Elements

Rating officials should compile performance data from various sources as a part of the rating process. As discussed above in Section 2, rating officials, as they deem appropriate, should also talk to customers and peers, review documentation, and incorporate other feedback if available to ensure a complete understanding of the employee's performance.

Rating officials will offer employees the opportunity to provide written input to the rating official regarding their performance during the rating cycle. It is recommended that employees provide concise descriptions of accomplishments and successes for each of their performance elements.

The rating assigned reflects the level of the employee's performance as compared to the standards established. If an employee does not have an opportunity to perform an element during the rating

period, no rating will be assigned and the words “Not Rated” should be written on the PMR for that element.

When assigning a rating for each element, the rating official should consider the following:

- Read carefully each performance standard level beginning with the Fully Successful one. It is the base level standard.
- Determine the level that best describes the employee’s performance on the element. Each and every criterion in the standard does not have to be met by the employee in absolute terms to assign a particular rating level. The sum of the employee’s performance of the element must, in the rater’s judgment, meet the assigned level’s criteria.

Each performance element should be assigned one of the following ratings based on the employee’s performance for the appraisal period and documented on the PMR:

Rating Level Points Assigned	
Exceptional	5 points
Superior	4 points
Fully Successful	3 points
Minimally Successful	2 points
Unsatisfactory	0 points

Rating of Record

Within 30 days following completion of the appraisal period (including any extensions, if applicable), the rating official shall review the performance of each employee based on previously communicated elements and standards and prepare the annual rating of record.

Rating officials shall not assign employee ratings under an arbitrary distribution system (such as a bell curve). This is contrary to assigning ratings based on actual performance.

A narrative summary must be written for each critical element assigned a rating of Exceptional, Minimally Successful, or Unsatisfactory. This narrative should contain examples of the employee's performance that substantiate and explain how the employee's performance falls within the levels assigned. The narrative summaries are recorded on the PMR. A narrative summary is encouraged, but not required, for ratings of Superior and Fully Successful.

All ratings of record must be reviewed and signed by the reviewing official prior to discussion with the employee. The reviewing official is the Office Head or Executive Director, depending on the rating official’s location in the organization. If the Executive Director is not the reviewing official, he/she must also review all ratings of Exceptional and Unsatisfactory.

Discussion with Employee

The rating official will discuss the completed PMR with the employee after all required approvals are obtained.

The rating official should be prepared to have a thorough performance rating discussion. In preparation for the discussion, the rating official should ensure the following:

- All necessary approvals of the rating of record have been completed.
- Employee performance on each critical element during the rating period has been reviewed and noted, including tasks that were completed well and any areas needing improvement. Specific examples should be noted when possible.
- A private location and adequate time has been put aside to meet with the employee, including time for employee input.
- Future expectations and goals of the organization have been considered.

During the meeting, the rating official should do the following:

- Be professional, calm and focused on performance issues.
- Begin with positive feedback on tasks the employee has done well regardless of what the final rating is.
- Go through each element and discuss items of note, both positive and negative as appropriate and assign a rating.
- Provide specific examples when possible.
- Describe any changes in performance required and ensure the employee understands.
- Allow for employee questions and input throughout.
- Summarize the performance and assign the rating of record.
- Have the employee sign and date the “Employee” block on the PMR. If the employee refuses to sign the PMR, the rating official should make a note on the form that the rating of record was issued and that the employee refused to sign.

Rating officials should keep a copy of the completed PMR their files, provide a copy of the completed and signed form to the employee, and send the original to the human resources representative within 60 days of the end of the rating period to be filed in the Employee Performance Folder (EPF).

Employee Supplemental Comments

An employee may submit written comments to the overall rating of record, the element ratings and/or the narrative comments if they desire. This may occur if an employee wishes to provide specific information on noteworthy accomplishments that the rating official did not include, or if they have other comments that they wish to include as part of the performance appraisal plan.

THIS PROCESS MAY BE UTILIZED ONLY WHEN THE EMPLOYEE IS NOT CONTESTING THE RATING HE/SHE RECEIVED ON A GIVEN ELEMENT, WHICH, IF CHANGED, WOULD AFFECT THE OUTCOME OF THE OVERALL RATING OF RECORD.

These comments must be submitted to the rating official within 30 days of the date the employee receives/signs the rating of record on the PMR. The rating official should forward these comments to the Human Resources Representative to be filed with the completed PMR in the EPF. These written comments will not change the rating of record as determined by the rating official.

Reconsideration Process

When an employee has a concern about the rating given on a particular element, which, if changed, will affect the outcome of the rating of record, he/she may request a reconsideration of this rating.

Informal Reconsideration Procedure

The employee and rating official must informally attempt to resolve any disagreement about the performance appraisal and/or rating. An employee must discuss their dissatisfaction with the rating official before requesting a formal reconsideration. This informal discussion must take place within 10 calendar days of the employee's receipt of the PMR. If the rating official is subordinate to the Office Head, they will discuss the request for reconsideration with the Office Head. The rating official's decision must be communicated to the employee, either verbally or in writing, within 5 working days of the informal reconsideration discussion.

If the employee is not satisfied with the informal resolution, the employee may request a formal reconsideration of the rating.

Requesting a Formal Reconsideration

To request a formal reconsideration, the employee should send a written request to the Chief Financial Officer within 30 calendar days of receipt of decision of the informal meeting. This request must include the following:

- Copy of the annual appraisal for which a reconsideration is being requested;
- Specific area(s) or details of the annual appraisal for which the reconsideration is being requested;
- A statement why the employee believes the rating is in error, with supporting facts and documents. A request for reconsideration that alleges an appraisal is incorrect, inaccurate, or unjust, without supporting facts and documents, will not be considered;
- The action the employee requests; and
- A copy of the written decision of the informal reconsideration by the rating official or a statement confirming that the informal process was followed.

The Chief Financial Officer will forward the request to the human resources representative who will review the formal request for reconsideration to determine if it is appropriate for acceptance under these procedures. If it is not accepted, the request will be returned to the employee with an explanation of the reason(s) for non-acceptance. If accepted, the request for reconsideration is referred within 14 calendar days of receipt to the Executive Director. The Executive Director will then appoint a three-member panel to review the request for formal consideration. At least one of the panel members will be the same or higher grade as the rating official. None of the panel members will be from the same office as the rating official.

The authority of the reconsideration panel is limited to an impartial reconsideration of the employee's dissatisfaction with the rating given on a particular element that he/she believes may adversely affect the annual rating of record. The employee may not dispute (1) the number or type of performance elements identified for their position, or (2) the substance or contents of performance standards, including the objective criteria against which performance will be measured.

The panel is non-adversarial. While they are not bound by rules of evidence, the panel must keep within the reasonable bounds of evidence that is competent and relevant. The employee is not authorized to appear before the panel – decisions will be made based on documentation. However, the panel may obtain additional information from the employee, the rating official, or anyone thought to have relevant knowledge of the employee's performance.

The burden of proof rests with the employee. As such, the employee must produce evidence that establishes clearly and convincingly that the rating should be changed to correct a material error, inaccuracy, or injustice.

Clear and convincing evidence must be of a strong and compelling nature, not merely proof of the possibility of factual inaccuracy. Simply put, if the reconsideration panel is convinced that an employee is correct in some of his or her assertions, the clear and convincing standard has been met with regard to those assertions. Evidence may include statements from third parties, rating officials, or other documents from official sources. Third parties are persons other than the rated employee who have knowledge of the employee's performance during the rating period. Such statements are afforded more weight if they are from persons who served in positions affording them good opportunity to observe the employee's performance and interactions with rating officials. Statements may also relate to allegations of factual error, erroneous perception, or claims of bias. To the extent practical, such statements should include specific details of events or circumstances leading to inaccuracies, misrepresentations, or injustice at the time the report was rendered.

In summary, the reconsideration panel is responsible for the following actions in considering an employee's formal reconsideration request:

1. Reviewing any evidence or information submitted by the employee, rating official, and/or reviewing official;
2. Consulting with the employee, the rating official, the reviewing official, and staff experts as necessary and appropriate;
3. Increasing the summary rating or an element rating; removing or modifying narrative comments, or leaving the summary rating, element ratings, or narrative comments unchanged; and
4. Issuing a final written decision that includes documentation of the basis for the decision. This document must be given to the employee and filed in the Employee Performance File (EPF).

The decision rendered by the reconsideration panel is final and becomes the official rating of record.

Timeframes outlined above may be extended on a case-by-case basis upon mutual consent of the parties and with concurrence of the human resources representative.

Section 5 – Actions Based on Performance

A basic principle of effective management is that all behavior is controlled by its consequences. Those consequences can and should be both formal and informal and both positive and negative. Positive consequences include rewards and recognition, promotions, within-grade-increases, etc. Negative consequences may include counseling, reassigning, removing, or downgrading the employee.

Rewarding Performance

Rewarding performance means providing incentives to, and recognition of, employees for their performance and acknowledging their contributions to the Board mission. Recognition is an ongoing, natural part of day-to-day interactions.

Awards may come in many forms, including cash, time off, non-monetary items, honor awards, etc.

An employee must be rated at Level 5 (Exceptional) or Level 4 (Superior) to be eligible for an award for sustained superior performance. Performance-based cash awards based on a rating of record must reflect meaningful distinctions based on levels of performance. The Board must grant larger performance-based cash awards to employees with higher performance ratings, as a percentage of basic pay, than those with lower ratings.

Supervisors/Managers have the flexibility to recognize employees using any of the following forms of recognition or combination thereof (i.e., individual cash award and a Time-Off Award):

- **Exceptional** (Level 5): Eligible for an individual cash award, a Quality Step Increase, Time-Off Award, or other appropriate equivalent recognition.
- **Superior** (Level 4): Eligible for an individual cash award, Time-Off Award, non-monetary award, or other appropriate equivalent recognition.
- **Fully Successful** (Level 3): Eligible for Time-Off award. Eligible for other awards such as monetary, non-monetary, or other appropriate equivalent recognition, given for reasons other than sustained performance tied to the rating of record.
- **Minimally Successful** (Level 2): Ineligible for any performance recognition.
- **Unsatisfactory** (Level 1): Ineligible for any performance recognition.

Supervisors/Managers should contact their human resources representative for further information and assistance regarding appropriate procedures that must be followed in granting awards.

Links to Other Personnel Actions

The rating of record has a bearing on various other personnel actions, such as granting within-grade increases, promotions, determining additional retention service credit in a reduction in force, etc. The relationship of the rating of record to other personnel actions includes the following:

Within-Grade Increases

The employee must be performing at an "acceptable level of competence" to receive a within-grade increase. An employee's rating of record must be no lower than Level 3 (Fully Successful) for an

employee to receive a within-grade increase. This may require the rating official to prepare a new rating of record before the end of the waiting period for a within-grade increase in order to document that an employee previously rated at Level 1 or 2 has improved performance to an acceptable level of competence. Conversely, for an employee whose most recent summary rating is at Level 3 or higher, but whose performance has deteriorated to the degree that the rating official wishes to withhold a within-grade increase, the rating official must prepare a new rating of record to document that performance has fallen to a Level 1 or 2. *Supervisors/Managers should contact their human resources representative for further information and assistance.*

Promotion

In order to be noncompetitively promoted to a higher grade in a career ladder, an employee must have a current rating of record of Fully Successful or better in addition to meeting other prescribed requirements. In considering an employee for merit promotions under competitive procedures, due weight will be given to supervisory appraisals of past and present performance.

Probationary/Trial Periods

New employees must be carefully observed during the probationary/trial period to determine whether they have the qualities needed to become satisfactory career employees. Proper use of periodic progress reviews to determine progress during the probationary/trial period can do much to assure that these employees have adequately demonstrated their qualifications and fitness. An employee may be removed at any time during the probationary/trial period if his/her performance fails to demonstrate his/her fitness or his/her qualifications for continued employment.

Probationary Period for Supervisors and Managers

Individuals serving a supervisory or managerial probationary period need to be observed to determine whether they perform supervisory or managerial duties in a fully successful manner. New supervisors and managers who do not successfully complete the probationary period are normally returned to a position of the same grade and pay as that held prior to the supervisory or managerial position. Proper use of progress reviews during this period can do much to ensure that the employee has fully demonstrated the qualifications and skills necessary for the supervisory or managerial position.

Reductions-in-Force

An employee's performance rating of record is used to determine the employee's assignment rights during a Reduction-in-Force (RIF). Employees are given performance credit for RIF retention by adjusting the employee's service date for RIF purposes. Generally the employee receives additional service credit based on the average of the three most recent ratings of record received during the 4-year period prior to the issuance of the RIF notice. Service credit is provided as follows:

RIF Service Credit	
Exceptional	20 years
Superior	16 years
Fully Successful	12 years
Minimally Successful	0 years
Unsatisfactory	0 years

If an employee received a rating of record under other than a 5-level system during the timeframe used to determine the average years of service to be credited, he/she will receive service credit for RIF purposes in accordance with 5 CFR 351.504.

Performance credit is only one of many variables that must be considered in a RIF. Supervisors and employees should contact their human resources representative for further information.

Dealing with Poor Performance

At any time in the performance appraisal cycle that the rating official finds that the employee's performance is not meeting performance expectations outlined at the fully successful level, it is important that the rating official take appropriate action to deal with the poor performance. This includes contacting the human resources representative for advice and assistance.

There is a difference between poor performance and misconduct. *Poor performance (can't do)* is failure of the employee to do the job at an acceptable level, that is, at least fully successful. *Misconduct (won't do)* is generally failure to follow a workplace rule (whether written or unwritten). Examples of misconduct are: tardiness, absenteeism, unprofessional/discourteous conduct; damaging/destroying government property; falsification, etc. Also a conduct problem occurs when an employee is capable of performing his/her duties at an acceptable level but chooses not to. Sometimes, misconduct can result in poor performance. Sometimes performance and misconduct can be interrelated. Contact the human resources representative for advice and guidance.

There is a formal regulatory process outlined to deal with employees who are not performing acceptably that includes the following steps:

Step 1: Communicating Expectations and Performance Problems

The first step in the process is to meet with the employee to counsel or discuss the deficiencies of his/her performance. Ideally, counseling will result in some positive change in the employee's performance. Most performance problems can be resolved through effective communication when done in the early stage of the process. The counseling session is an opportunity to discuss performance deficiencies and to clarify expectations. The focus of the counseling session should be to tell the employee exactly what must be done to bring performance to an acceptable level.

Counseling the Employee: Prior to counseling the employee, the rating official should review the employee's standards to ensure they clearly convey what needs to be done in the job. The rating official should be prepared to identify specifically the critical element(s) in which the employee has exhibited deficiencies and provide examples of the employee's work. The rating official should outline expectations for improved performance.

During the counseling session the rating official should do the following:

- Identify the critical element(s) where the employee is working at an unsatisfactory level of performance.
- Provide specific examples of the poor performance and suggest ways that performance can be improved.
- Invite feedback from the employee and be a good listener.

- Maintain a constructive tone, along with a calm and professional demeanor; do not argue with the employee.
- Discuss specific actions the employee must take to improve his or her performance, such as taking training or working closely with another employee for a period of time, etc.
- At the end of the session, tell the employee your expectations and what the employee must do to bring his or her performance to an acceptable level.
- Document the counseling session and provide the employee a copy of the documentation.

Step Two: Providing an Opportunity to Improve

When dealing with unsatisfactory performance under Part 432 of Title 5 of the Code of Federal Regulations, an employee must be provided with information concerning his/her performance and how it can be improved, and then be given an opportunity to demonstrate minimally successful performance before an agency proposes a reduction in grade or removal based on unsatisfactory performance. Before any performance-based action is proposed, the following must be considered:

Initial Determination of Unsatisfactory Performance: For an initial determination of unsatisfactory performance to be valid, an employee must receive a copy of the critical elements and performance standards for his/her job and his/her performance must be measured against those performance standards. The quality of the PMR is, therefore, of key importance for taking action based on unsatisfactory performance. Unsatisfactory performance must be measured against the critical elements of the PMR; however, a formal performance rating denoting unsatisfactory performance is not required to initiate an opportunity to improve period. Unsatisfactory performance is the only basis for removal or reduction in grade action under Part 432. Minimally Successful performance is not a basis for removal or reduction in grade, but will result in denial of a within grade increase.

Reasonable Opportunity to Demonstrate Minimally Successful Performance: The employee must be notified in writing of unsatisfactory performance, what is needed to bring performance up to a Minimally Successful level, and what assistance will be provided. This written notification is in the form of a Performance Improvement Plan, often referred to as a "PIP." The employee should be warned concerning the consequences of continued performance below the Minimally Successful ("acceptable") level and given a *reasonable* time to demonstrate at least Minimally Successful performance before a reduction in grade or removal is considered.

The performance elements and standards for the performance improvement plan shall be based on the PMR in effect at the determination of unsatisfactory performance. The notification to the employee of the improvement period may include clarification and greater specificity regarding performance expectations. Care should be taken to avoid the appearance that higher performance standards are required during the performance improvement plan than in the original PMR. If the rating official develops new requirements that constitute a significant change, such as standards or performance requirements that exceed the context of the current plan or which had not previously been applied or communicated to the employee, it may be necessary to treat them as a new appraisal plan requiring a period of 90 days before the employee can be rated.

The amount of time necessary to give the employee a reasonable opportunity to demonstrate Minimally Successful performance is not dictated in regulation. The reasonable time to improve will be determined by management and can vary according to the requirements of individual positions and the performance plan and the amount of time and effort already devoted to correcting

performance deficiencies. As a general rule, less time and effort are required in cases where rating officials have appropriately managed performance and documented their efforts to resolve performance problems.

Assistance to the employee in any combination of counseling, training, or changes in the level of supervision provided is required. Therefore, such assistance and communications to the employee should be fully documented in progress reviews, on the performance appraisal form, and/or in other documentation to the employee.

Step Three: Taking Action

Overview: A rating official has the authority to take action against an employee based on poor performance. This is usually accomplished in accordance with 5 CFR Part 432, Performance Based Reduction in Grade and Removal Actions. However, under some circumstances, it is more advantageous to take action under 5 CFR Part 752, Adverse Actions. The specific performance issues, along with the weight of the evidence, will be determining factors in deciding under which authority to take the action. The rating official should seek guidance from the human resources representative as soon as they determine that they have an employee whose performance is less than fully successful.

Taking Performance-Based Actions under 5 USC Chapter 43: If after completing steps one and two above, the employee's performance does not improve to at least the minimally successful level, an agency may reassign the employee, reduce an employee in grade or remove the employee.

When using Chapter 43 to deal with poor performance, performance must be evaluated after the opportunity period, and if still unsatisfactory in one or more critical elements, the employee must be provided 30 days advance written notice of the proposed action (demotion or removal), specifying instances of unsatisfactory performance occurring in the past year which are related to the critical elements identified in the notice of unsatisfactory performance.

A final written decision is issued by a higher-level official. The decision must consider any response to the proposal that the employee provided, and must be based only on instances of unsatisfactory performance occurring during the 1-year period ending on the date of the advance notice of proposed action. It must specify the instances of unsatisfactory performance and provide the applicable appeal rights information.

Taking Performance Actions under 5 USC Chapter 75: Under 5 USC Chapter 75, and 5 CFR Part 752, an agency may take action to suspend for more than 14 days, demote, or remove an employee for such cause as will promote the efficiency of the service, to include a performance-based adverse action. The rating official will be required to show that informal steps such as discussions, counseling and training were taken to assist the employee in improving performance deficiencies, but a formal performance improvement opportunity period is not required. If using Chapter 75 to deal with poor performance, the following procedures apply:

- Performance expectations must have been communicated to the employee;
- Informal steps must be taken to improve performance deficiencies, including discussion with employee, counseling, training, etc.;
- A 30-day advance written notice of proposed action must be issued, giving specifics of the performance deficiencies;

- The employee must be provided a reasonable period of time to reply orally and in writing (not less than 7 days); and
- The employee has the right to representation by an attorney or other representative.

A written decision must be issued at the earliest practicable date, giving the specific reasons for the action decided upon. Only those reasons specified in the notice of proposed action and any information provided by the employee in the reply to the notice may be considered. The decision must be provided to the employee on or before the effective date of the action. The decision must provide the employee with appeal rights information.

5 CFR Part 432 vs. Part 752

	Part 432	Part 752
Types of Action:	Demotion or Removal	Suspension, Demotion, or Removal
Actions Taken For:	Unacceptable Performance	Such Cause as will Promote the Efficiency of the Service
Proof:	Actions must be proven by substantial evidence (lower standard than Part 752)	Actions must be proven by a “preponderance of the evidence” (higher standard than Part 432)
Actions Based On:	An employee’s formal, established, communicated standards	Expectations or established/formal standards
Opportunity Period:	Employee is entitled to an opportunity period	No requirement for an opportunity period
Time Limits:	Time limited to performance deficiencies occurring within the one year prior to the proposal notice.	No time limit for inclusion of incident/charges
Immediacy of Action:	Employee remains on the job throughout the opportunity period	Can initiate immediate action because no requirement for an opportunity period exists
Mitigation:	Action will not be mitigated, it can either be sustained or reversed upon appeal	Action may be mitigated upon appeal

While a performance-based action taken under Part 752 does not require providing the employee a formal opportunity to improve performance to the minimally successful level, it is important to demonstrate the efforts taken by the rating official to provide assistance to help the employee improve his/her performance to the minimally successful level. Therefore, providing an opportunity to improve performance will help the agency present a stronger case before a third party hearing and is recommended.

Appeal Rights

Employees have the right to appeal a performance-based removal or demotion to the Merit Systems Protection Board. In addition, allegations of discrimination, reprisal for whistleblowing, and other

prohibited personnel practices can be raised in an employee's appeal of a performance-based removal or demotion. Such allegations can also be filed directly with the Equal Opportunity Office or the Office of Special Counsel.

Further information on taking performance-based actions is available at <http://www.opm.gov/er/poor/index.asp>

Appendix 1: Developing Performance Standards

The benchmark standards provided in this handbook describe levels of performance for any given position. However, rating officials must augment those benchmark standards with specific standards, using the following guidance.

The best standards are:

- Stated concretely and specifically
- Practical to measure
- Meaningful
- Exceedable
- Realistic and based on sound rationale

Some questions that might be asked to assist in developing the standards include the following:

- Which general measures apply:
 - Is quality important? Does the stakeholder or customer care how well the work is done?
 - Is quantity important? Does the stakeholder or customer care how many are produced?
 - Is it important to accomplish the element by a certain time or date?
 - Is it important to accomplish the element within certain cost limits?
 - What measures are already available?
- How could quality, quantity, timeliness, and/or cost-effectiveness be measured?
- Is there some number or percent that could be tracked?
- If the element does not lend itself to being measured with numbers and can only be described, ask:
 - Who could judge that the element was done well?
 - What factors would they look for?

Rating officials should be careful that the “fully successful” standard is not impermissibly “absolute,” i.e., allows no room for errors, nor that it is a “backwards” standard, i.e., described in terms of work that does not get done.

Some questions that might be asked to help determine whether you are writing an absolute standard include:

- How many times may the employee fail this requirement and still be fully successful?
- Does the standard use words such as “all,” “never,” and “each”? (These words do not automatically create an absolute standard, but they often alert you to problems.)
- If the standard allows for no errors is that because an error would result in risk of death, injury, etc.?

Some questions that might be asked to help determine whether you are writing a backwards standard include:

- Does the standard express the level of work the rating official wants to see or does it describe negative performance? Example of describing negative performance: Requires assistance more than 50 percent of the time. **A Better Choice is: Works independently more than 50 percent of the time.**
- If the employee did nothing, would he or she meet the standard, as written? Example: Completes fewer than four products per year. **A Better Choice is: No more than 3 products are completed after the established deadline.**

Appendix 2: A Supervisor's Guide on How to get the Most out of Performance Appraisals

Why do we have performance appraisal meetings, and how can they benefit you and your employees?

Giving and receiving feedback is one of the critical components of the performance appraisal process. As a rating official, it is incumbent upon you to ensure that the feedback provided is meaningful, that you take the time to prepare, and that the employee has a chance to ask questions and provide input.

Meeting with your employees to discuss how they're doing can and should be very beneficial for both of you. Following are a few of the benefits that can result from good preparation and an open discussion:

- You get a chance to provide information directly to your employee about your expectations and standards and to provide feedback on the work he/she did well along with any areas needing improvement.
- You get to provide the employee information about the "big picture" and how what he/she does contributes to mission/organizational goals.
- You get a chance to ask the employee about how he/she feels about his/her job.
- You get a chance to get to know the employee a bit better, and he/she gets to know you a bit better, too. The more you know one another, the greater the chances that you'll be able to communicate well on an ongoing basis, especially if a problem crops up.
- You get the opportunity to discuss your employee's future with him/her. That can be as simple as discussing training opportunities to better handle a specific project or something as broad as the employee's career aspirations and how he/she plans to get there.

What Should You Do to Prepare?

While you are encouraged to provide feedback to your employees on an on-going basis, Agency policy requires that you meet formally with employees at least twice a year—once approximately mid-way through the performance appraisal cycle (called a Progress Review) and once at the end of the rating year. These meetings are a chance for you to engage in an open exchange with your employees about their performance.

Before the progress review or before you prepare the employee's appraisal:

- Request information from the employee on his/her key work accomplishments for the period being discussed. Keep a "kudos" folder for each employee with key accomplishments that you can refer to.
- If you have specific issues that you want to discuss with the employee, ensure that you have prepared to discuss these clearly and concisely.
- Think about (and document) what's most important for you to tell the employee about how he/she is doing.
- Write down what you feel the employee has done/accomplished/learned, what he/she did particularly well, and any areas in which you may have been disappointed in how the employee performed, including what they could have done better. You should include examples of specific projects or assignments.

- Think about whether the employee has the skills that you think he/she needs to do his/her job well, and write down any skills you think need to be gained or improved.
- Write down the key points and questions you want to discuss during the meeting.

If in preparing for the performance discussions and/or finalizing the rating you believe that the employee is not performing at a fully successful level, you should immediately contact your Human resources representative to discuss what steps to take prior to meeting with the employee.

The Performance Discussion

During the actual performance discussion, you should review the employee's performance during the period in question including a summary of key accomplishments, praise him/her for work that he/she did particularly well, inform him/her of work that could have been improved and/or areas where he/she may need to focus more effort, etc. You should offer some examples, and give the employee the opportunity to ask questions for clarification or to provide information. This should be a two-way dialogue rather than a lecture.

In addition, you should:

- Ask the employee how he/she feels the past six months or year went, and what he/she liked and didn't like (with the goal of finding out in what ways he/she felt supported, or might have wanted feedback, or other information that you can use in working with the employee better in the future).
- Ask whether the employee has adequate training and resources to carry out his/her work.
- Ask the employee about his/her short and/or long-term career goals and offer suggestions or resources to assist him/her with these goals, as appropriate.
- Clearly articulate your expectations for the next six months or during the coming year and ask if the employee understands them. Be prepared to clarify any areas of confusion.
- Refer to your notes, so that you don't overlook any points that you feel are important.
- Ensure that the employee has a chance to provide feedback and ask questions.

Once you have finished your discussion with the employee provide him/her the appraisal form to sign. At the end of the rating year, make sure that he/she receives a copy of the completed appraisal form.

If the employee has concerns with the final rating, provide him/her with instructions regarding the reconsideration process or refer him/her to the appropriate individual who can provide that information.

Don't forget that you can and should continue to discuss the employee's performance with him/her throughout the year. While the setting might not be as formal as during progress reviews or rating discussions, it's still important to keep talking, day in and day out, with your employees.

Appendix 3: An Employee Guide on How to get the Most out of Performance Appraisals

Why do we have performance appraisal meetings, and how can they benefit you?

Meeting with your supervisor to discuss how you're doing is a good thing for the following reasons:

- You get a chance to obtain information, directly from your supervisor, about his/her expectations and standards for you.
- You get feedback on how you're doing. You can find out what work is considered to be good and where you have not been meeting expectations – once you know that there's something you could do better, you can work on it.
- You get the “big picture” about how you're doing on the job. It helps to step back and hear about how you're doing overall and how the work you do helps accomplish important goals of the organization.
- You get to talk with your supervisor about how you feel about your job. Do you enjoy the work you do? Are you ready for greater responsibilities? Do you need more assistance from your boss or your coworkers? This is your chance to have an open discussion with your supervisor's undivided attention about how you feel things are going.
- You get a chance to get to know your supervisor a bit better, and he/she gets to know you a bit better, too. The more you know one another, the greater the chances that you'll be able to communicate well on an ongoing basis.
- You get the opportunity to discuss your career development with your supervisor. That can be as simple as discussing your interest in a training course to better handle a specific project, to something as broad as your career aspirations and how you plan to get there.

What Should You Do to Prepare?

Even though your supervisor is the one calling the performance meeting, you have considerable involvement in the discussion. In fact, you can and should give some thought to what you want to get out of this meeting.

Perhaps you want suggestions for how you can provide better customer service, or maybe you want specific feedback on what you do well and not so well when you give presentations. Just as your supervisor will be preparing for his/her meeting with you, you should do a bit of preparation of your own. Preparation for meeting with your supervisor has two phases:

1. Before your supervisor prepares your appraisal:
 - Your rating official will ask you to provide input for consideration in determining your rating of record. While this is optional on your part, it is a good opportunity for you to highlight your performance. Prepare a concise list of your key work accomplishments as related to your performance elements and give that to your supervisor for his/her consideration in preparing your rating. This way, you can help ensure that your significant accomplishments are not overlooked.
 - If you have specific issues, which you will want to discuss with your supervisor, give him/her a “heads up”, so that he/she can be well prepared for your discussion. Come prepared to discuss issues clearly and concisely.

2. In preparation for the meeting when your rating is communicated, think about the following:
- What's most important for you to learn/find out about how you're doing?
 - What have you done/accomplished/learned during the year? Make yourself a list of key items, so that you can ask your supervisor for feedback on specific projects or assignments.
 - What did you do particularly well? What are the ways you may have been disappointed in how you performed?
 - What kind of feedback would you like to give to your supervisor? (e.g., I really like it when you review and edit my drafts before they're put in final form so that we don't waste a lot of time and paper revising documents at the last minute; thank you for letting me take so much time off when my parents were visiting; I really need to hear from you about how I'm doing when I'm working on a project, rather than assuming that your silence means I'm doing okay; etc.).
 - Do you have the skills that you think you need to do your job well? What skills might you want to work on polishing up?
 - Where do you see your career heading? How can your supervisor help you achieve your career goals?

It may help to jot down your key points and questions. That way, you can use your notes during your discussion and make sure that you don't forget to bring up the important thoughts and questions you have.

The Performance Discussion

The day has come for your performance discussion. You've put some thought into how you're doing, and you're ready to have a good discussion with your supervisor. There's one more thing you may want to consider – take a look at your *supervisor's perspective* on the discussion you're about to have.

Your supervisor will:

- Review your performance over the past six months or year with a summary of key accomplishments, work that you did particularly well, work that could have been improved, areas where you may need to focus more effort, etc. He/She will offer you some examples, and will give you the opportunity to ask questions for clarification or to provide information. This is definitely a two- way dialogue.
- Ask you how you feel the past six months or year went, and what you liked and didn't like (with the goal of finding out in what ways you felt supported, or how you might have wanted feedback, or other information that he/she can use in working with you in the coming year).
- Look ahead to the coming six months or year and discuss with you his/her specific expectation for you.
- Ask you whether you feel that you have adequate training and resources to carry out your work. This will likely lead to a discussion of what additional information or materials you may need.
- Ask you about your short and/or long-term career goals. Based on your response, he/she may offer suggestions or resources to assist you.

During the meeting, don't be shy about asking for clarification, particularly about your supervisor's expectations of you. Refer to your notes, so that you don't overlook any points that you feel are important. If your supervisor doesn't bring up the topic yourself – if you want specific information, then ask specific questions.

There is also paperwork that needs to get done. Your supervisor will ask you to sign your appraisal form, and will make sure that you receive a copy of your rating.

That's it. By the time you finish your discussion, you should have a good feel for how well you're doing, what your strengths and weaknesses are, and where you're heading in the coming year. Don't forget, though, that you can and should continue to discuss your performance with your supervisor throughout the year. While the setting might not be as formal as during progress reviews or rating discussions, it's still important to keep talking about your performance on a regular basis with your supervisor.

Appendix 4: FAQ's About Performance Appraisal

1. Who is covered under the performance appraisal requirement in Chapter 430 and who is required to have a performance appraisal?

All permanent and temporary employees are covered and must receive annual performance appraisal ratings, except for:

- Positions filled by political appointees
- Expert and consultant positions filled under 5 U.S.C. 3109
- Employees whose appointments are not expected to exceed 120 days in a 12-month period. (Note: In accordance with 5 U.S.C. 4301(2)(H), a temporary employee must agree to serve without a performance appraisal in order to be excluded from the performance appraisal system.)
- Senior Executive Service (SES) employees. These employees are appraised under a different system established by the Agency

All other employees, including employees undergoing long-term training or developmental assignments, employees serving on details for periods over 120 days, and temporary employees whose appointments are expected to exceed 120 days in a 12-month period, are covered. All such employees must have performance elements and performance standards written for their positions and must receive performance appraisals. In the case of employees on details or temporary assignments over 120 days and employees in long-term training, the performance elements and standards must be written for their details or training assignment.

2. When must performance elements and performance standards be developed for an employee's position?

All employees covered under the system should have standards in place within 30 days of the beginning of the performance appraisal cycle, their entrance on duty, their assignment to a new position, or their assignment to a new or different supervisory position.

3. When is the performance appraisal cycle?

The appraisal cycle runs from October 1 through September 30 of the following year. For temporary employees whose appointments are over 120 days but less than one year, the appraisal cycle runs from date of appointment to termination of appointment. In certain cases, for instance, when new standards are put into place, the rating cycle may differ. For temporary employees whose appointments are greater than one year, the appraisal cycle is the same as permanent employees.

4. When are performance appraisal ratings due?

Appraisal ratings are due within 30 days of the end of the appraisal period, i.e., by October 31 of each year. Appraisal ratings for temporary employees are due at the termination of the employee's tour of duty. (Not 30 days after.)

5. What are the eligibility requirements for receiving a performance appraisal?

An employee must have been working in the same position for at least 90 consecutive calendar days. In addition, the employee must have been working under a set of approved performance standards for at least 90 consecutive days.

6. How are ratings handled when an employee has been under the supervision of more than one rating official during the appraisal period?

The rating official for appraisal purposes is the individual supervising the employee at the end of the performance appraisal period. The rating or reviewing official will assign the rating of record if the employee has worked under the same set of performance standards for at least 90 days prior to the end of the appraisal period.

If the employee has received a performance evaluation from another rating official during the current rating period, the rating official shall consider that rating when assigning the summary rating of record.

If, at the end of the performance appraisal period, the rating official has not supervised the employee for at least 90 consecutive calendar days, the reviewing official may serve as the rating official.

The appraisal period may be extended up to 90 days past the normal end date for an employee if, on the normal end date of the appraisal period, the employee has not been under standards for at least 90 days.

7. What is the role of the Reviewing Official?

The Reviewing Official is responsible for reviewing and approving ratings of “Exceptional,” “Minimally Successful,” and “Unsatisfactory”.

8. How many performance elements can be written for a position?

Each employee covered should have at least two and not more than five performance elements as part of their PMR. Up to two of these elements can be non-critical.

9. What is a critical element?

A critical element is a component of the position that is so important that failure to perform requires remedial action, and may serve as the basis for adverse action against the employee if performance does not improve.

10. What is a non-critical element?

A non-critical element is a duty or responsibility of sufficient importance to warrant written appraisal and use in deriving the summary rating of record. However, a non-critical element cannot be used as the basis for a performance-based action.

11. How closely do performance elements have to match the employee's position description?

There must be a reasonable relationship between the position description (PD) and the elements used for appraisal. For example, if a PD states the individual is responsible for supervising employees, a performance element addressing supervisory/managerial responsibilities would be required.

12. Are performance appraisals or other aspects of the performance appraisal process grievable or appealable?

Performance appraisal rating and concerns are not grievable under the Agency grievance system. The employee is entitled to file a request for reconsideration when an employee has a concern about the rating given on a particular element that, if changed, will affect the outcome of the rating of record.

13. Are performance reviews required during the appraisal cycle?

Supervisors are expected to establish effective and ongoing communication with employees regarding performance and ways of improving it. An annual counseling session is required where accomplishments against elements and standards are discussed and rating official and employee formally sign the appraisal. One Progress Review at approximately mid-year is required, and the results of that review are documented on the employee performance appraisal form. Additionally, periodic counseling sessions throughout the year are recommended as a good personnel management tool to assure that employees are kept up-to-date on management's assessment of their performance. However, no specific timetables are set for these counseling sessions and no form or other documentation is required to be filled out on such counseling sessions unless possible adverse action is anticipated in the future.

14. What are the requirements for granting or denying within-grade increases?

A within-grade increase is earned on the basis of performance during the waiting period. Regulations require the granting or denying of a within-grade increase to be based on the employee's most recent performance appraisal rating of record. To grant a within-grade increase, the employee must have a rating of record of at least Fully Successful (Level 3). To deny a within-grade increase, the employee must have a rating of record of less than Fully Successful.



Federal Retirement
Thrift Investment Board

DIRECTIVE

NUMBER: 12A

DATE: 5/13/94

SUBJECT: Procurement Policy, Guidelines, and Procedures Manual

1. PURPOSE. This directive establishes the procurement policy of the Federal Retirement Thrift Investment Board (Board) and prescribes guidelines and procedures that are followed in planning, placing, and monitoring acquisitions of supplies or services through the use of contracts, purchase orders, delivery orders and the imprest fund. Procurement ethics and integrity requirements are also included in this directive.

2. SCOPE. The provisions of this directive apply to all offices of the Board.

3. CANCELLATION. The following directives are cancelled:

a. Policy, Guidelines and Procedures for Procurement, dated 12/22/89;

b. Imprest Fund, dated 7/2/90; and,

c. Procurement Ethics/Integrity, dated 5/6/91.

4. REFERENCES.

a. Competition in Contracting Act, Pub. L. 98-369, 41 U.S.C. Chapter 4.

b. The Prompt Payment Act, Pub. L. 100-679, 31 U.S.C. §§ 3901-3906.

c. Federal Acquisition Regulation (FAR) 48 CFR.

d. Federal Information Resource Management Regulation (FIRMR) 41 CFR Chapter 201.

5. OFFICE OF PRIMARY RESPONSIBILITY. The Office of Administration.

May 17, 1994
Date

Roger W. Mehle
Roger W. Mehle
Executive Director

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PART I - POLICY

1. Policy Statement.

a. It is Board policy in making acquisitions to obtain the best value of supplies or services from any source reasonably available. Best value is defined as lowest cost, superior product or service, or both. Nonetheless, the Board's primary responsibility is to serve the best interests of the Thrift Savings Plan participants and beneficiaries.

b. Government sources and contracts of other Government agencies are utilized in accordance with applicable laws, regulations and guidance prior to the initiation of a procurement action unless another means of acquisition can be shown to provide better value. When sources other than Government or other Government agency contracts are utilized, competition is encouraged to the maximum extent practicable. All qualified sources are encouraged to participate in the Board's competitive procurements, whether by sealed bidding or negotiated procedures. No contract may be entered into unless all applicable requirements of law, Executive Orders, and regulations have been met.

c. The Board reserves the right to deviate from the policy stated above when it is in the best interests of the participants and beneficiaries to do so. Therefore, to the extent that this directive is not consistent with those contracting procedures normally required of executive agencies, this directive serves as a class-wide deviation from those normally required contracting procedures.

d. When a deviation from the procedures contained in this directive is contemplated, the Contracting Officer inserts a determination and findings document into the contract file. This document must clearly state the reasons for and the exact nature of the deviation. Concurrence by the Director of Administration is required on all such deviation documents.

e. It is the Board's policy that it has no liability for payment of proposal or bid preparation costs of any vendor.

PART II - DEFINITIONS

1. Contract. A mutually binding legal relationship obligating one party to furnish supplies or services (including construction) in exchange for consideration from the other party. Contracts include all types of commitments, in writing and otherwise, that obligate the Board to expend funds. In addition to bilaterally executed documents called "contracts," "agreements," or "orders," contracts include all documents which become a legally binding part of a contract. Such documents may include, but are not limited to, awards and notices of awards; job orders or task letters issued under basic ordering agreements; letter contracts; and contract modifications. The term "contract" includes orders, such as purchase orders, under which the contract becomes effective by written acceptance or by performance. (Only those to whom authority has been explicitly delegated to obligate the Board in the expenditure of funds may create a contract for the Board.) Contracts do not include grants and cooperative agreements covered by 31 U.S.C. §6301. The Board does not have statutory authority to enter into grants or cooperative agreements.
2. Contracting Activity. That element of the Board designated as such by the Executive Director and delegated broad authority for purchasing goods and services, i.e., the Office of Administration.
3. Contract Modification. A written change in the terms of the contract. It includes bilateral actions such as supplemental agreements and unilateral actions such as change orders, terminations, and the exercise of an option.
4. Contracting Officer's Technical Representative (COTR). The Board's qualified representative who monitors a particular contract and represents the Board in all matters related to the work. (The COTR does not have authority to in any way change the terms and conditions of the contract.) The COTR is nominated by an Office Director and appointed by the Contracting Officer.
5. Contracting Officer. A person explicitly authorized by the Executive Director to obligate the Board legally by means of a contract. A Contracting Officer is authorized to enter into, administer, and/or terminate contracts on the Board's behalf. Only a Contracting Officer may make or approve determinations and findings necessary for the proper creation, implementation, termination, and close-out of contracts.
6. Contract Signatory Authority. Authority delegated by the Executive Director to a Contracting Officer. Contract Signatory Authority is usually limited to a maximum dollar amount which the Contracting Officer may obligate.

7. Designated Billing Office. The office or person designated in the contract or order to which the Contractor first submits invoices and contract financing requests.

8. Discount for Prompt Payment. An invoice payment reduction voluntarily offered by the Contractor, in conjunction with FAR 52.232-8, Discounts for Prompt Payment, if payment is made by the Board prior to the due date which is calculated from the date of the Contractor's invoice.

9. Due Date. The date on which payment should be made. In accordance with the Prompt Payment Act, referenced above, this date is within thirty calendar days after receipt and acceptance of a proper invoice.

10. Funds Availability and Approval. Certification of funds availability and approval is required prior to the obligation of funds by a Contracting Officer. Funds availability certification is the signature on the requisition by authorized personnel within the Office of Accounting that money is available to be spent for the purpose approved by the requiring Office Director or designee. Approval is the signature on a requisition by the appropriate Office Director, or a designee, to indicate authorization for the expenditure of funds for a particular purpose up to a specified amount. Certification of funds availability is not complete without the assignment of an appropriation fund, office code, function code and an ACT number (Accounting Control Transaction number, used by the General Services Administration (GSA)).

11. Head of the Contracting Activity (HCA). The Director of Administration, who has overall responsibility for managing the contracting activity.

12. Justification for Other than Full and Open Competition (JOFOC). A document, in the form of a memorandum, prepared by the requisitioner in accordance with the requirements of FAR 6.3 which clearly states the reason(s) and rationale for the exclusion of sources from solicitation. Such a document, when the requirement is expected to be below the Board's small purchase limitation, must be approved by the requisitioner and the Contracting Officer, and when above the limitation, by the requiring Office Director or designee and the HCA.

13. Law. All statutes, regulations, Executive Orders and holdings of courts having jurisdiction over a matter in question which control the actions of the Board. Decisions of the General Services Board of Contract Appeals (GSCA) and the General Accounting Office in its protest resolution capacity are not law for the purposes of this directive insofar as those decisions may not serve the interests of the TSP participants.

14. Major Acquisition Contracting. Any acquisition from a commercial source that is anticipated to exceed \$10 million in total value including all possible orders, options, or reasonably foreseeable extensions.
15. Management Assistant. The employee within Administrative Services in the Office of Administration who is responsible for entering requisitions into the automated Procurement and Accounting systems, and for the processing of invoices for payment.
16. Procurement. The acquisition of supplies and services from any source by such means as purchasing, renting, leasing, and/or contracting, but not by seizure, condemnation, donation, or requisition.
17. Procurement and Contracts. That function within the Office of Administration which is responsible for the Board's procurement of goods and services.
18. Program Director. An official who administers specific program activities for the Board, generally, an Office Director.
19. Proper Invoice. A bill or written request for payment which meets the minimum standards specified in FAR 52.232-25, Prompt Payment, or similar allied clauses.
20. Purchasing Agent. The staff person responsible for the preparation of orders for acquisitions prescribed in FAR Sections 8.4 (Schedule Contracts) and 13 (Small Purchase Procedures).
21. Regulations. All directives, implementation memoranda and other instructional documents having authority over the actions of the Government, including those issued by any agency, whether or not incorporated or referenced in the FAR.
22. Requirement. A bona fide need of the Board for the acquisition of supplies or services to carry out the mission of the Board. In order to prevent the unnecessary expenditure of participant funds, a requirement must be the minimum needed supplies or services for the reasonable completion of the project or function in question. This provision does not prevent the use of any means of analysis or contracting method which serves to fulfill a requirement at the lowest cost to the Board over a reasonable extended period of time.
23. Small Purchase. The acquisition of supplies and services from commercial sources when the aggregate amount does not exceed the limitation defined in Part IV of this document.

24. Solicitation. A document, normally an Invitation for Bids (IFB) or a Request for Proposals (RFP) which requests a legally binding offer (bid or proposal) for the fulfillment of a requirement of the Board. (In rare cases a solicitation may seek price quotes or market availability data without requesting that the vendor present a legally binding offer. See "Sources Sought," Part IV.) A solicitation must be in conformance with all applicable law, Executive Orders and regulations applicable at the time of the issuance of the document and must include a specific and detailed description of the supplies or services required by the Board.

25. Statement of Work (SOW). The document provided to Procurement and Contracts in conjunction with a requisition which defines the minimum requirement of the Board by stating the items to be provided and/or the tasks to be performed. The SOW must contain detailed specifications and any other terms or conditions necessary to meet the Board's requirement. Justifications for Other than Full and Open Competition, in accordance with FAR 6.3, must be attached to the Statement of Work whenever necessary.

26. Supplies. All property, except land or interest in land.

27. Technical Evaluation Panel. An appointed body, usually of three to five qualified evaluators, formed to review contract proposals for a specific solicitation. The Contracting Officer appoints the panel, usually based upon the recommendation of the appropriate Program Director(s). The Contracting Officer convenes the Technical Evaluation Panel and establishes the time limits for the review process.

PART III - RESPONSIBILITIES

1. The Executive Director, after budget approval by the Board, is responsible for establishing levels of funding for procurement purposes. The Executive Director makes appropriate delegations as necessary under this directive and the FAR. All requests for the obligation of funds for commercial contracts exceeding the small purchase limitation in FAR 13.101 are subject to approval by the Executive Director. Authorization by the Executive Director for the expenditure of funds for a procurement constitutes approval for the Contracting Officer to commence procurement on behalf of the Board within the limits of his delegation.
2. The Assistant General Counsel (Administration), exclusive of small purchases and orders placed against Federal Supply Service contracts, has the responsibility for reviewing and making recommendations on the legal sufficiency of contract-related documents prior to execution. The Assistant General Counsel (Administration) may also provide other legal advice requested by the Contracting Officer. For purposes of this directive, the Assistant General Counsel (Administration) is referred to as the Office of General Counsel or OGC.
3. Program Directors are responsible for the planning and developing of requirements which support functions and programs within their areas. They also nominate the Contracting Officer's Technical Representative (COTR) and are responsible for his or her actions. Program Directors may not change the terms and conditions of any contract. If changes are necessary, Program Directors request that the Contracting Officer take appropriate action. Program Directors chair Technical Evaluation Panels dealing with contract actions for programs under their jurisdiction. Program Directors are cautioned that while conducting market research, neither they nor their employees may divulge the contents of a Statement of Work (whether completed or still in development) or the specific details of the requirement.
4. The Director of Administration, as Head of the Contracting Activity (HCA), manages and directs the procurement operations of the Board, serves as the Senior Procurement Executive, provides Board management officials and staff with advice and guidance on procurement, and participates in long-term Board planning as the technical expert in procurement.

5. The Contracting Officer, under the general guidance of the HCA, is responsible for supervising all contract specialists and purchasing agents; for providing advice, guidance, and assistance on procurement to the Board; for resolving contract disputes between the Board and contractors; and for signing all Board contracts and contract modifications within his or her delegated authority. Activities attributed to the Contracting Officer, other than signatory authority, may be delegated to a Contract Specialist or other members of the Procurement and Contracts staff.

6. The Technical Evaluation Panel, when convened by the Contracting Officer, is responsible for evaluating the technical proposals submitted in response to a request for proposals. (See Part XII, Competitive Proposal Evaluation.)

7. The Contracting Officer's Technical Representative (COTR) acts on behalf of the Program Director to monitor a specific contract and advise him/her regarding the scope of work and the requirements set forth in the contract. The COTR has no authority to change or alter the contract terms or conditions in any way. Therefore, all details or suggestions from the COTR to the contractor must be within the general scope of work as explained in the contract. The COTR is responsible for monitoring and evaluating all phases of the contractor's performance in order to determine compliance with technical requirements of the contract and the validity of invoices.

PART IV - PROCUREMENT METHODS

1. Sealed Bidding. Under sealed bidding, a clear and concise description of a well-defined Board requirement is published in a solicitation (an invitation for bids) for the receipt of firm priced bids. These procedures are used when lowest price alone is the determinative factor. Procurement by sealed bidding is conducted in accordance with requirements and procedures of the FAR, primarily Part 14.

2. Negotiated Procurement. Procurements are negotiated, in accordance with the detailed requirements of FAR Part 15, when the sealed bidding method is not feasible and practicable. Solicitations (requests for proposals) for negotiated procurements contain evaluation factors balancing both cost and technical approach. Purchases within the Board's small purchase limitation are made by negotiation except in special circumstances where more formal means serve the interests of the Board.

3. Small Purchases. Small purchases, those which do not exceed the small purchase limitation in FAR 13.101 or \$50,000, whichever is lower, are made following the simplified procedures described in FAR Part 13, exclusive of Subpart 13.105.

4. Unsolicited Proposals.

a. An unsolicited proposal is one which was not solicited by the Board and offers to supply a product or perform a service for the Board. Because unsolicited proposals are subject to special restrictions on disclosure of contents, employees are cautioned to consult with the Contracting Officer regarding the use of data.

b. An unsolicited proposal will not lead to a contract unless it meets the requirement of FAR 15.5 that it must offer to provide a product or service which is innovative and unique. Those proposals which meet this criteria, and which the receiving Board employee believes may lead to a contract, are forwarded immediately to the Contracting Officer for proper handling and/or evaluation. It is critical that the Contracting Officer review the proposal at the earliest stage possible in order to ensure compliance with FAR 15.509 regarding proprietary data and its protection.

5. Emergency Purchases.

a. Emergency purchases are those in which the conditions of FAR 6.302-2 exist regarding urgent and compelling circumstances. Emergency purchases are completed in accordance with the FAR and this section.

b. Use of emergency purchase procedures serves primarily to accelerate the award of a contract or an order, but may also allow for the waiver of competition requirements. No item of documentation required by the FAR, this directive or sound procurement policy is waived by the use of these procedures. The Contracting Officer at his/her discretion may, however, allow for the completion of documents after the award of a contract or order, if necessary.

c. An employee who believes that an emergency purchase is necessary must obtain his/her Office Director's agreement and provide a clear justification for the emergency purchase to the Contracting Officer. It is preferred that the employee send a written or electronic message to his/her Office Director. The Office Director, in turn, indicates agreement and forwards the message to the Contracting Officer. The Contracting Officer is responsible for assuring that the Office of Accounting has indicated that funds are available for the purchase.

d. When the conditions above have been met, the Contracting Officer determines the specific actions to be taken to complete the requirement. These actions may include the verbal award of an order or contract, the award of an order or contract by letter or fax, the delayed completion of required documents, the waiver of competition requirements, or other accelerated procedures deemed necessary.

6. Federal Information Processing (FIP) Resources. Procurement of FIP (previously referred to as "ADP") resources and related equipment is guided by the Federal Information Resources Management Regulations (FIRMR), 41 CFR Part 201, or related GSA issuance, consistent with the policy of this directive.

7. Major Acquisition Contracting. Major acquisitions are made in accordance with the requirements of the FAR, especially Parts 14, 15 and, where appropriate, 17. When applicable, special procurement methods and contracts may be used, such as multi-year contracting, and options.

8. FIP Teleprocessing Service Contracting. FIP teleprocessing service contracting is conducted, to the extent consistent with the interests of the Board and the TSP participants, in accordance with GSA's published procedures and guidance, including the Federal Information Resources Management Regulation. The Board's primary purchasing tools are GSA's multiple award contracts on Schedule 58 and interagency agreements with GSA for services provided under the FTS2000 program. Other sources, however, are used whenever consistent with the policy of this directive.

9. Training.

a. Requests for training require the completion and approval of an SF 182, "Request, Authorization, Agreement and Certificate of Training." Processing of the SF 182 is the responsibility of Personnel. Therefore, the office requesting training completes and submits to Personnel two documents: (1) an SF 182 and (2) a requisition to support the SF 182.

b. After the Personnel Director receives all signatures and certifications, he/she determines whether the proposed training provider is a Government facility for which the SF 182 is used as an order. When an SF 182 is used as an order, the Personnel Director provides the date and amount of the SF 182 order to Procurement and Contracts so that the automated log system can be updated.

c. In the case of non-Government training providers, the Personnel Director forwards the SF 182 and the requisition to Procurement and Contracts as a request for a purchase order. Because a purchase order is issued, the SF 182 is filed and not issued to avoid duplicate payment. A note is made on the purchase order data sheet that the purchase order has a corresponding SF 182.

10. "Sources Sought" Solicitations for Planning and/or Informational Purposes. Except in limited circumstances, the Board solicits bids, proposals, or quotations only when there is a defined requirement and a definite intention to award a contract. Some cases, however, require the solicitation of data prior to the establishment of the requirement. This procedure is especially useful when planning data is necessary, when Board personnel must test the marketplace in order to determine the feasibility of procuring a product or service, and when technological advances may be unknown to the Board. The Contracting Officer, in coordination with the Program Director, prepares and submits the necessary notice for publication in the Commerce Business Daily.

11. Procedures for Obtaining Publications.

a. Requisitions for books, pamphlets, publications and other library materials, either in print or electronic media are forwarded to the Library after the Office Director's approval. Copies of requisitions and records of purchase are retained in the library for the resolution of questions, investigation of missing issues, payment approvals, renewal processing, and the preparation of a quarterly report to the Executive Director. The Disclosure and Reference Administrator forwards requisitions to the Management Assistant for the completion of processing.

b. When a new subscription is requested, all known information regarding the publication is entered on the requisition. After approval by the Office Director the requisition is forwarded to the Library for completion. In these cases, the Library staff investigates the cost, vendor name, vendor address, and any other information needed for the completion of the requisition. After receipt of the initial issue, the Library circulates the publication to all offices in order to determine which offices wish to be included in the regular distribution list for that publication.

c. When notices to renew subscriptions arrive, the Library staff prepares a requisition which is forwarded to the original requestor for review and approval. After approval by the Office Director, the requisition is returned to the Library. If a renewal notice is delivered to a requiring office, it may be forwarded to the Library either for preparation of a requisition or attached to an approved requisition.

d. Publications, books, pamphlets and other materials in the Library collection are kept in the Library except when there is a special need for frequent reference. When a requesting office needs a desk copy or copies, the need is referenced on the requisition. The Library staff is responsible for the Board's inventory of publications and for their disposal after becoming outdated.

e. Suggestions for books of a general nature for addition to the Library collection are submitted to the Director of Administration. He/she either determines to purchase the book(s) from the Office of Administration's budget or advises the suggesting employee that the item must be purchased, due to its nature or cost, from the budget of a program office.

PART V - SOURCES OF SUPPLIES AND SERVICES

1. Government Sources and Schedule Contracts. These include excess and surplus stocks in the hands of any Government agency; Federal Supply Schedules; GSA Customer Service Centers stock; Government Printing Office; Federal Supply Services Consolidated Purchase Program; Federal Prison Industries, Inc.; and National Industries for the Blind. The Board uses Federal Supply Schedules in accordance with FAR Subpart 8.4 to the extent consistent with the Board's procurement policy as stated in Part I of this manual.

2. Non-Federal Sources. Where Government sources are not available, or are not contemplated, the FAR, FIRMR, and all applicable laws and regulations govern the Board's activities to the extent that they serve the Board's responsibility to the Plan participants. "Non-Federal sources" refers primarily to commercial vendors.

3. Bid Lists. Procurement and Contracts maintains files containing the names, addresses, products offered, and other pertinent data regarding possible sources of supplies and services. These files are considered to satisfy the requirements of FAR 14.205-1, "Establishment of Lists." The use of the SF 129, "Solicitation Mailing List Application," is encouraged.

PART VI - ADVERTISEMENT AND COMPETITION OF REQUIREMENTS

1. Advertisement and Announcement of Contract Actions.

a. The Board publicizes contract actions in order to increase competition and to broaden industry interest and participation in meeting Board requirements.

b. Public announcements are consistent with the requirements of FAR Part 5.

c. The Contracting Officer apprises the Director of External Affairs of appropriate planned actions either informally or in writing prior to the issuance of such actions.

d. The Board synopsisizes all solicitations of requirements expected to exceed the Board's small purchase limitation in the Commerce Business Daily. However, the dollar threshold is not a prohibition against publicizing requirements of a smaller amount when publicizing would be advantageous to the Board.

e. Upon award of a contract when the requirement was previously advertised in the Commerce Business Daily, the Contracting Officer advises the Board's Director of External Affairs of the existence of the contract. If the Director of External Affairs chooses to publicly announce the award, the Contracting Officer advises him/her of the particulars of the award, including contract number, contract amount, contractor's name and address, purpose of the contract, and the period of performance. The Contracting Officer also advises the Director of External Affairs of any critical points or time limits that could affect the award process.

f. The Contracting Officer may elect to announce the award of a contract in the Commerce Business Daily in accordance with the requirements of FAR Part 5. Where an awarded contract has no possibility for subcontracts, the Contracting Officer normally documents the file to that effect and forgoes announcement in the Commerce Business Daily.

2. Competition Requirements.

a. In order to serve the interests of the participants and beneficiaries, it is Board policy to obtain the maximum full and open competition possible in the acquisition of supplies and services. Full and open competition is guided by the requirements of FAR Part 6.1.

b. The Board proceeds with acquisitions under other than full and open competition procedures in accordance with the requirements of FAR Part 6.3.

c. The Board may make sole source acquisitions in accordance with FAR Part 6.3. In such cases, supporting documentation is created and maintained in the file folder.

(1) Except for those procurements not exceeding the Board's small purchase limitation, all sole source acquisitions are approved by the Director of Administration.

(2) Exceptions. (i) Publication or subscription orders which have a total value below the Board's small purchase limitation require no competition prior to purchase. The approval of the Office Director(s) on a requisition for these items is sufficient to justify the order where there is only one publisher.

(ii) Fully approved SF 182s for training of specified personnel, when accompanied by a fully approved requisition, are sufficient justification for purchase orders regarding the approved training, regardless of dollar value.

PART VII - PROCUREMENT ETHICS/INTEGRITY

1. Introduction. Ethics and integrity are of fundamental importance to the proper conduct of the Board's Procurement activities. Procurement ethics and integrity, however, are governed by a specific set of laws and regulations that are treated separately in this part in order to ensure clarity. The information in this part applies to procurement ethics and integrity concerns only. This is guidance in accordance with the requirements of 41 U.S.C. 423, the Office of Federal Procurement Policy Act (the Act), addressing prohibited activities such as: soliciting or disclosing proprietary or source selection information, offering or accepting gratuities, and soliciting or discussing post-Government employment. Additionally, there is information about post-employment restrictions; criminal, civil, administrative and contractual penalties for violations of the Act; and certification and disclosure requirements for certain Board and contractor employees. It also provides reference to appropriate language for use in Board solicitation and contract documents.

2. Background. The Federal Acquisition Regulation (FAR) was amended by Federal Acquisition Circular (FAC) 84-47 to implement Section 6 of the Office of Federal Procurement Policy (OFPP) Act Amendments of 1988 (Pub. L. 100-679), which amended the OFPP Act by adding Section 27 (41 U.S.C. 423). Section 27 prohibits certain activities by competing contractors and Government procurement officials during the conduct of an agency procurement.

3. Procurement Ethics/Integrity References.

- a. Title 41, U.S.C., Section 423.
- b. Pub. L. 100-679.
- c. Pub. L. 101-189, Section 814.
- d. Pub. L. 101-510, Section 815.
- e. 48 CFR Parts 1, 3, 4, 9, 15, 37, 43 and 52.

4. Procurement Ethics/Integrity Definitions.

a. Competing Contractor. With respect to any procurement (including any procurement using procedures other than competitive procedures) of property or services, any entity that is, or is reasonably likely to become, a competitor for or recipient of a contract or subcontract under a procurement. This term includes any other person acting on behalf of such an entity as well as the incumbent contractor in the case of a modification.

b. Derivative Document. A copy of a document identified as proprietary or source selection information in FAR 3.104-4(j) and (k) and any document or copy of a document that contains references to, directly cites, or paraphrases proprietary or source selection information.

c. During the Conduct of any Board Procurement of Property or Services. The period beginning with the development of specifications or a Statement of Work and continuing through the preparation and issuance of a procurement solicitation, and concluding with the award, modification, or extension of a contract. The term includes the evaluation of bids or proposals, selection of sources and conduct of negotiations.

d. Employee. Includes a contractor, subcontractor, consultant, expert or advisor (other than a competing contractor) acting on behalf of, or providing advice to, the Board with respect to any phase of the procurement.

e. Procurement Official. Any officer or employee of the Board who has participated personally and substantially in the conduct of a particular Board procurement, including those responsible for reviewing or approving the procurement, as further defined by applicable regulations.

f. Source Selection Information. Information determined by the Head of the Contracting Activity (HCA) or the Contracting Officer to be information,

(1) the disclosure of which to a competing contractor would jeopardize the integrity or successful completion of the procurement; and

(2) which is required by statute, regulation or order to be secured in a source selection file or other restricted facility to prevent such disclosure.

5. Responsibilities.

a. Board employees who take part in any procurement activity are responsible for knowing, understanding, and complying with the requirements of Section 27 of the Act, and endorsing a procurement official's certification as required by the Contracting Officer. At a minimum, the certification addresses the requirements as stated in Optional Form 333 dated September 1990.

b. The Contracting Officer is responsible for assuring that proper notices, certification requirements and clauses are included in solicitation documents and contracts. Further, the Contracting Officer is responsible for maintaining an updated list of certified "procurement officials," obtaining certificates as necessary and appropriate, providing original certificates for Board employees to the Personnel Director, and complying with the requirements of FAR 3.104.

c. The Head of the Contracting Activity (HCA) is responsible for compliance with respect to actions taken under FAR 52.203-10.

d. The Personnel Director is responsible for placing original certificates in Board employees' personnel folders. In addition, the Personnel Director provides advice to supervisors and takes appropriate action when current or prospective employees decline to endorse a required procurement official certificate.

e. Procurement Officials are responsible for compliance with Section 27 of the Act, endorsement of procurement official certification, and avoidance of prohibited conduct.

6. Procedures. The following procedures apply in the case of any contractual action, including modification to existing contracts in excess of \$100,000 except as provided for in FAR 3.104-9(e).

a. Upon receipt of a fully executed requisition or upon earlier documentation of an acquisition requirement, the Contracting Officer reviews the requirement consistent with the FAR coverage of the Act, and makes a determination as to the applicability of the Act. If he/she decides that the Act applies, the Contracting Officer advises the program official of that determination, and requests a written list of who will be involved and qualify as a procurement official during the conduct of the Board procurement. The Contracting Officer reviews the list to ensure that a valid procurement official certificate is on file. If no certificate is on file, or if the certificate has expired, the Contracting Officer obtains the endorsed certificate from the identified party. At the time of briefing the evaluation panel, the Contracting Officer, or his designee, addresses the requirements of the Act, reminding Board staff and employees of the proper handling of source selection information and derivative documents, and responds to any questions raised by the involved parties.

b. All solicitations must include the FAR clause(s) applicable to the Act at the time of issuance of the document.

c. Upon receipt of proposals or bids from competing contractors, the Contracting Officer ensures compliance by the offerors with the solicitation package certification requirements. If compliance is incomplete, inaccurate or missing, the Contracting Officer addresses the matter during negotiations and advises that best and final offers received without correction of the noted deficiency are precluded from further consideration for award.

d. Contractor records relating to compliance with the Act are kept in the individual contract folder through close-out of the contract and for a three-year term thereafter.

e. Board staff records/certificates related to the Act are obtained by the Contracting Officer and provided to the Personnel Director for placing in the appropriate individual's personnel folder.

7. Protection and Disclosure of Proprietary and Source Selection Information.

a. The Contracting Officer or any individual who prepares, develops, or controls source selection information, or who controls proprietary information, including derivative documents:

(1) Ensures that documents are marked as prescribed in the FAR;

(2) Provides physical security for documents both during and after duty hours; and,

(3) Maintains strict control over any oral communications regarding the acquisition.

b. The following classes of persons are authorized access to such information to the extent necessary to accomplish their requisite duties with respect to a particular procurement:

(1) Requirement initiators; program and technical experts; and employees involved in the development of work statements, specifications, and related documents; and technical support personnel who provide support to the Contracting Officer;

(2) Contracting staff acting in support of the Contracting Officer;

(3) Secretarial, clerical, and administrative staff directly involved in the procurement;

(4) Attorneys in the General Counsel's Office;

(5) Department of Labor personnel responsible for making eligibility determinations under the Walsh-Healey Public Contracts Act or for processing preaward clearances under the FAR; and,

(6) Auditors who require access in order to complete their reviews of the Board's operations.

c. The Contracting Officer may authorize access to information when access is necessary for the proper conduct of the procurement, and to the extent that the person has a bona fide need to know.

d. The following caution notice must be prominently displayed on any document, including contractor prepared documents, that contain proprietary or source selection information:

This document, or portions thereof, contains proprietary or source selection information related to the conduct of a Board procurement, the disclosure of which is restricted by Section 27 of the Office of Federal Procurement Policy Act (41 USC 423). The unauthorized disclosure of such information may subject both the discloser and recipient of the information to contractual, civil, and/or criminal penalties as provided by law.

e. Requests from Members of Congress are handled with sensitivity and care. When responding to such requests would result in disclosure of confidential business information, proprietary or source selection information as defined in the FAR, or information prejudicial to a competitive acquisition, contracting officials consult with legal counsel, refer the proposed reply to the HCA, include in the response the caution notice in item (4), above, and advise the Office of External Affairs of the action taken.

8. Prohibited Actions. Consistent with Subsections 27(a), (b), (d), and (f) of the Act, the following conduct is prohibited:

a. Conduct by competing contractors. During the conduct of any Board procurement of property or services, no competing contractor or any officer, employee, representative, agent, or consultant of any competing contractor may knowingly:

(1) Make, directly or indirectly, any offer or promise of future employment or business opportunity to, or engage, directly or indirectly, in any discussion of future employment or business opportunity with, any Board procurement official;

(2) Offer, give, or promise to offer or give, directly or indirectly, any money, gratuity, or other thing of value to any Board procurement official; or

(3) Solicit or obtain, directly or indirectly, from any Board officer or employee, prior to the award of a contract, any proprietary or source selection information regarding that procurement.

b. Conduct by procurement officials. During the conduct of any Board procurement of property or services, no Board procurement official may knowingly:

(1) Solicit or accept, directly or indirectly, any promise of future employment or business opportunity from, or engage, directly or indirectly, in any discussion of future employment or business opportunity with any officer, employee, representative, agent, or consultant of a competing contractor;

(2) Ask for, demand, exact, solicit, seek, accept, receive, or agree to receive, directly or indirectly, any money, gratuity, or other thing of value from any officer, employee, representative, agent, or consultant of any competing contractor for the procurement; or

(3) Disclose any proprietary or source selection information regarding the procurement, directly or indirectly, to any person other than a person authorized by the Executive Director or the Contracting Officer to receive such information.

c. Disclosure to unauthorized persons. During the conduct of any Board procurement of property or services, no person who is given authorized or unauthorized access to proprietary or source selection information regarding the procurement may knowingly disclose the information, directly or indirectly, to any person other than a person authorized by the Executive Director or the Contracting Officer to receive the information.

d. Conduct of Board officials and employees. No Board official or employee who has participated personally and substantially in the conduct of any Board procurement or who has personally reviewed and approved the award, modification, or extension of any contract for the procurement may:

(1) Participate in any manner, as an officer, employee, agent or representative of a competing contractor, in any negotiations leading to the award, modification, or extension of a contract for the procurement; or

(2) Participate personally and substantially on behalf of the competing contractor in the performance of the contract, during the period ending two years after the last date the individual participated personally and substantially in the conduct of that procurement or personally reviewed and approved the award, modification, or extension of any contract for that procurement.

e. Post-employment conduct. Under post-employment conflict of interest provisions, 18 U.S.C. 207(a), there is a lifetime prohibition against representational activities (such as attending a meeting, making a telephone call, or signing a letter) on particular matters involving specific parties in which the employee participated personally and substantially as a Government employee. Under 207 (b) (i), there is a two-year ban on representation involving a specific party on a matter pending under the employee's official responsibility during the last year of employment. These conflict of interest provisions do not prevent behind-the-scenes assistance. Employees are precluded for at least two years following their last personal and substantial involvement in the contract from participating in any manner in negotiations related to the contract and from personal and substantial participation in the performance of the contract on behalf of a competing contractor. Behind-the-scenes assistance in negotiations and performance of the procurement is prohibited. The periods covered differ in that the Act's prohibitions run from last involvement in the procurement, while the Section 207 prohibitions run from the date of termination of the employment.

9. Recusal in Order to Discuss Employment. An eligible procurement official may, in accordance with specific procedures identified in the Act, request authorization to be recused from participation in the procurement. A procurement official is not eligible for recusal if, during the period beginning with the issuance of a procurement solicitation and ending with the award of a contract, he/she has participated personally and substantially in the evaluation of bids or proposals, the selection of sources, or the conduct of negotiations. An individual may not commence discussions with a competing contractor until he/she has received written approval of a recusal request. Rejection of a recusal request is not an adverse personnel action.

10. Certification and Violations.

a. If the Contracting Officer certifies that there is no information concerning a violation or possible violation of the statutory prohibitions, the certification must be placed in the contract file. No other distribution is required.

b. If the Contracting Officer certifies that there is information on a violation or possible violation of the statutory prohibitions, the procedures in FAR 3.104-11 must be followed.

c. The Contracting Officer's determination that a reported violation or possible violation has no impact on the pending award or selection of a source must be submitted along with the relevant supporting documentation to the HCA for review and approval prior to award of the contract.

d. The Contracting Officer's determination that a reported violation or possible violation has an impact on the pending award or selection of a source must be reported to the HCA along with all related information. The HCA refers the matter to the General Counsel and determines the action taken in accordance with FAR guidance at 3.104-11(c). The HCA is the Executive Director's designee with respect to actions taken under the FAR clause, "Remedies For Illegal or Improper Activity."

11. Ethics/Integrity Training. The Contracting Officer, in conjunction with the Ethics Officer, is responsible for providing annual training to Board staff and employees concerning the Act and its requirements, obtaining the integrity certification, and responding to related questions. This responsibility includes appropriate counseling and assuring the existence of current certification for outside agency staff who may assist the Board in the conduct of a procurement.

PART VIII - EMPLOYEE AUTHORITY

1. Actual Authority vs. Apparent Authority. A basic element of Government procurement is the legal principal that an agent of the Government has only the actual authority that he/she is explicitly delegated, not apparent authority in the legal sense. Therefore, a Board representative may not commit the Board beyond the limits of his or her actual authority as set out in written delegations. Board personnel are strongly cautioned that this doctrine often does not protect an employee from personal liability in the event of an unauthorized commitment.

2. Unauthorized Contacts with Commercial Firms or Individuals Seeking to do Business with the Board.

a. Only employees who have been given specific delegated authority in writing by the Executive Director may formally solicit information or cost estimates from commercial sources. This practice protects the Board against perceived or actual unauthorized commitments, potential criticism and charges of conflict of interest. The Board strongly seeks to avoid providing unfair advantages to firms or individuals at any time prior to or during the conduct of a procurement action. Allowing one or several favored vendors to prepare for a competitive procurement action prior to the issuance of the solicitation (or, on occasion, the public announcement of an upcoming competitive procurement) constitutes unfair advantage.

b. Unauthorized employees may not commit the Board to expenditures and may, as a consequence, bear personal responsibility for any costs that their actions or promises, implied or otherwise, may create.

c. All requirements (requisitions) for procurement action must be in accordance with the procedures set out in Part X unless the emergency purchase procedures in Part IV apply.

d. Employees are cautioned that this section is separate and distinct from the requirements of Part VII, "Procurement Ethics/Integrity." If necessary and appropriate, separate penalties and disciplinary actions may be taken against an employee under both this section and Part VII.

3. Conflicts of Interest within the Office of Administration. To avoid any appearance of conflict of interest, requisitions are normally initiated by a staff person, and either the Director of Administration or the Administrative Officer approves the requisition. The resulting order may not be signed by the same person who approved the requisition.

PART IX - LEGAL REVIEW AND PROTESTS

1. Review for Legal Sufficiency. All contracts that exceed the Board's small purchase limitation, and all solicitations that are expected to result in a contract in excess of the small purchase limitation, except orders placed against schedule contracts, are reviewed by the Assistant General Counsel (Administration) prior to issuance. The appropriate solicitation or contract files are forwarded to OGC for review of legal sufficiency. In order to prevent unnecessary delays in the processing of procurement actions, OGC normally responds within a period of three work days.

2. Protests.

a. Protests at any time during the acquisition cycle are handled in accordance with FAR Part 33. However, because of the Board's statutory fiduciary responsibilities, any decisions rendered by the General Services Board of Contract Appeals (GSBCA) or the General Accounting Office (GAO) are used by the Executive Director on an advisory basis only. The Executive Director renders the final decision regarding any protest after considering all relevant factors.

b. It is Board policy to give notice to potential offerors and contractors of the possible ramifications of its fiduciary duties in this area. Therefore, the following clause is inserted in all competitive solicitation and contract documents issued by the Board:

It is the policy of the Federal Retirement Thrift Investment Board (the Board) to fully implement all protest decisions rendered by the competent protest venues. However, the Board's statutorily imposed fiduciary responsibilities require that all final determinations regarding the implementation of protest decisions be rendered by the Executive Director of the Board in sole consideration of the best interests of the participants in the Thrift Savings Plan.

PART X - REQUISITION PROCESSING

1. Preparation. Requisitions are approved by the Executive Director, Office Directors, Deputy Office Directors (when in the absence of the Office Director), or by those authorized in writing by the Executive Director. Approving officials forward completed requisitions to Administrative Services where the Management Assistant logs them in, assigns function and office codes, inputs them into the automated log system (RQTRAK) and forwards them to the Office of Accounting for certification of the availability of funds. Requisitions are generally processed by the Management Assistant on the day they are received, but never later than the working day following receipt. After certification of funds, Accounting delivers the requisition directly to the Contracting Officer, with a copy to the Management Assistant.
2. Procurement Processing Procedures. The Contracting Officer reviews each requisition as it is received and indicates the appropriate employee who will process the procurement. Small purchases are generally processed within five working days. The Purchasing Agent notes in the Procurement Requisition Log (See Part XIV) actions requiring more than five days and the reason. When the purchase order is completed and sent, the Purchasing Agent annotates the Acquisition Log with the date the request was filled.
3. Purchase Order Preparation. Purchase orders are prepared in accordance with the procedures in Part XI, "Small Purchase Procedures."
4. Purchase/Delivery Order Files. Procurement and Contracts prepares file folders in order to maintain all documents necessary to adequately demonstrate that proper procedures were utilized in placing the order. The file folder is labelled for ease of identification and documents are stapled or otherwise affixed to the folder. The following documents are kept on the left side of the folder, when appropriate, in order from bottom to top: data sheet, price quotes, memoranda to file, and the requisition. The order, including all pages and any modifications is kept on the right side of the folder. Correspondence and supporting documentation for modifications are placed on the left side of the folder, above the requisition. File folders are kept by fiscal year.

PART XI - SMALL PURCHASE PROCEDURES

1. Conformance to the FAR. The Board's Small Purchase Procedures conform to the Federal Acquisition Regulations (FAR) Part 13, except where this directive provides otherwise. FAR 13.105, which directs preference to small businesses, is not applicable to the Board. As a matter of convenience, delivery orders issued under GSA schedule contracts in accordance with FAR Part 8.4, are discussed in this section.
2. Receive Requisition. The Contracting Officer receives requisitions, reviews them for completeness and sufficiency and forwards them to the Purchasing Agent for processing. If the requisition is insufficient, the Contracting Officer returns it to the appropriate office for completion.
3. Clarify Requirements. The Purchasing Agent ensures that he/she has a clear and accurate description of the essential characteristics of the request and assesses the best procurement method. As needed, the Purchasing Agent consults the originating office for clarification or for discussion of alternatives.
4. Competition Requirements. The Purchasing Agent provides for adequate competition, consisting of quotes from three vendors whenever available, for the satisfaction of all procurements expected to exceed \$1,000 in total value, or which in actuality exceed \$1,000 in total value. All orders not exceeding this limit may be placed by obtaining one price quote so long as the Purchasing Agent advises the Contracting Officer and the Contracting Officer determines that the price obtained is fair and reasonable. File documentation should be simple and concise, and may be informal, but it must be sufficient to show compliance with the requirements of this directive.
4. Identify Potential Vendors. The Purchasing Agent, using a variety of references including source lists, GSA contracts, catalogues, telephone directories, and personal experience, locates vendors who can fulfill the requirements of the requisition.
5. Contact Vendors and Obtain Quotes. The Purchasing Agent seeks price quotations from a sufficient number of vendors to ensure adequate competition, when required. The price quotes are recorded in the purchase order file and are a part of the permanent record of the purchase. If the award is made to other than the lowest priced vendor, the Purchasing Agent notates the file stating the reasons for the recommended award.

6. Select Vendor. Purchase Orders, or Delivery Orders under GSA Schedule Contracts, are awarded to that offeror providing the Board with the best combination of low price and high quality without exceeding the Board's realistic need. The price must be fair and reasonable. The Purchasing Agent recommends the award to the Contracting Officer after review of the requirement, price quotes received, and any technical factors which may apply. Where the requisitioner has specified a particular product or vendor and award is contemplated for a different product or to a different vendor, the Purchasing Agent consults with the requisitioner to insure that all relevant factors have been considered. Whenever the requisitioner believes the recommended item or vendor is unacceptable, such data must be provided in writing to form a part of the file record.

7. Multiple Vendors. After the competition of a requirement with multiple line items and multiple responsible sources, the Purchasing Agent determines which alternative is the most cost effective for the Board and recommends it to the Contracting Officer. However, an administrative cost of \$25 is assumed for the issuance of each purchase order after the first to reflect the cost to the Board of the issuance and tracking of an order. For example, where the issuance of two purchase orders results in a net savings to the Board of less than \$25, only one order is issued to the lowest priced responsible offeror.

8. Prepare Purchase Order.

a. The Board uses both its internal and GSA's accounting systems for the tracking and completion of all purchase orders. Therefore, GSA Form 300 is used for all small purchase orders and GSA Accounting Control Transaction (ACT) numbers are applied to all purchases. Purchase orders are tracked by purchase order number. The RQTRAK automated log system automatically prints the requisition number in the upper right hand corner of each purchase order.

b. Where possible, to reduce administrative costs, the Purchasing Agent consolidates multiple requests for products or other requirements into an award to one vendor.

c. The Purchasing Agent ensures that purchase orders are as complete as possible so that the vendor is given accurate information. The Purchasing Agent includes the Board's complete address, any relevant phone numbers for technical, invoicing, or contracting officer personnel, and any other information necessary to clarify the order and its delivery requirements. If the order is a delivery order under a GSA schedule contract, Block 3 of the GSA Form 300 is filled in with the appropriate contract

number. The delivery date is specified in the order, whenever possible with a specific date. The Purchasing Agent itemizes all pricing and includes charges for transportation and handling if they apply.

d. If the written purchase order is a confirmation of a verbal commitment on the part of the Contracting Officer, the Purchasing Agent places "Confirmation only. Do not duplicate this order." prominently on the face of the order.

9. Issue/Distribute Purchase Order. Generally, purchase or delivery orders are sent to the vendor by first class mail, but in unusual circumstances they may be sent by Fax, with a follow-up copy by mail, or by overnight delivery. Additional copies are given to the Management Assistant for distribution to the GSA service office in Kansas City, Accounting, the requiring office, and any others deemed necessary.

10. Receiving Report; Administration.

a. As part of the normal distribution of the Purchase or Delivery Order, the Receiving Report, Part 6 is sent to the office that initiated the requisition. (If the initiating office is not the one that will receive the goods or services, the Receiving Report may be forwarded to the receiving office for processing.) As soon as the goods or services are received, the receiving or initiating office fills in the Certification of Receipt/Acceptance block of the Receiving Report and returns it to the Management Assistant no later than five working days after acceptance of the goods or services. Whoever completes the receiving report for the initiating office should pay special attention to the accuracy of the "received on" and "accepted on" dates, since they are used to calculate the due date for payment, discounts, and interest on overdue payments. The certifying office also completes the blanks asking for "type of delivery," "name and title," "office symbol," "telephone number," "signature," and "date signed."

b. The Purchasing Agent resolves problems with the order, such as delivery and suitability, as well as any need for formal modification of the order because of requirements for additional funds; or change in scope, destination, or technical personnel responsible. The Purchasing Agent includes original copies of the modification in the purchase order file and provides copies to the vendor and to the Management Assistant who, in turn, provides copies to the requiring office, Accounting, and any others deemed necessary.

PART XII - COMPETITIVE PROPOSAL EVALUATION

1. Solicitation Description. All solicitations issued by the Board which require evaluation of proposals must include the evaluation criteria under which the proposals will be evaluated in accordance with FAR 15.605(e). Evaluation criteria must include cost or cost-related factors, technical approach or capability and consideration of the offeror's past performance, especially regarding contracts with the Federal Government.
2. Technical Evaluation Criteria. The Contracting Officer is responsible for directing the activities of Board employees who have been appointed to a Technical Evaluation Panel (TEP) and are, therefore, responsible for the technical evaluation of proposals. The Contracting Officer ensures that the evaluation criteria are implemented in a consistent, fair, and practical manner throughout the evaluation process.
3. Evaluation Method. Solicitations expected to result in contracts valued between the Board's small purchase limitation and \$100,000 may be evaluated utilizing the simplified proposal evaluation procedures discussed in paragraph 9 of this part, if such anticipated evaluation is clearly stated in the solicitation. For major acquisition contracting actions, a memorandum is inserted in the solicitation file detailing the evaluation method to be used. The Contracting Officer, however, may determine prior to the issuance of a solicitation, or prior to the receipt of proposals if the solicitation is appropriately amended, to employ any evaluation method logically determined to serve the best interests of the Board and the participants.
4. Technical Evaluation Procedures. A TEP is constituted by the Contracting Officer after consultation with the Program Director. Only Board employees who are familiar with the technical nature of the requirement and have signed a Procurement Integrity Act certificate may participate in a TEP. Prior to the evaluation of proposals, the TEP convenes and develops evaluation criteria work sheets for use during the ranking. These criteria must be consistent with the criteria identified in the solicitation document. The criteria work sheets are reviewed and agreed to by the Contracting Officer before the technical proposals are issued to the panel. Evaluators rank the proposals against the requirements of the solicitation and not against each other, and develop a consensus ranking of the submissions. Each proposal is given a numeric score as well as a ranking as Technically Acceptable, Technically Marginally Acceptable or Technically Unacceptable. The TEP prepares the report to the Contracting Officer which is signed by all of the technical evaluators and accompanied by a summary of the merits and weaknesses of each of the proposals. The individual evaluator work sheets accompany the report. The report is reviewed and, if in order, accepted by the Contracting Officer as the work product of the TEP.

5. Business Proposal Evaluation. The Contracting Officer evaluates the business proposals received, screens the proposals to ensure that they contain sufficient substantiating data and certifications and representations, and determines that there are no exceptions to any of the provisions of the solicitation. The Contracting Officer does not exclude proposals from initial consideration on the basis of insufficient data or technical non-conformance unless the point(s) of non-conformance automatically signal rejection based on one or more specific FAR or FIRMR provisions. The Contracting Officer may not reject proposals from further consideration based on price alone.

6. Negotiations. The Contracting Officer conducts negotiations with all firms whose proposals are determined to be Technically Acceptable and Technically Marginally Acceptable unless alternative procedures are used in accordance with this directive. Offerors not selected for discussions are notified of that determination in accordance with FAR 15.1001. The Contracting Officer ensures that all technical points of concern are discussed and that all vendors are provided with consistent information. The Contracting Officer notes deficiencies in the business proposal, and ensures that the competitor understands the evaluation process, knows the closing date and time for receipt of best and final offers, and, if requested, the format for submission. The Contracting Officer is required to offer vendors the opportunity to ask questions and is required to explain to the offeror that he/she, the Contracting Officer, is the official point of contact and that the offeror should not contact the technical panel members.

7. Second Round or Subsequent Technical Evaluation. Upon completion of negotiations and receipt of best and final offers, evaluators once again review the proposals to the extent necessary to develop a final technical score for each offeror. The TEP submits a final technical evaluation report consistent with the ranking requirements of the first report to the Contracting Officer for review and acceptance.

8. Final Evaluation. The Contracting Officer determines a final evaluation score by combining the technical score with the business score, as explained in the solicitation document. The award is made based on this score, with due consideration given to responsibility, past performance, and other pertinent factors. For requirements in excess of the small purchase limitation, the Contracting Officer submits the evaluation results through the HCA to the Executive Director for approval prior to award.

9. Simplified Proposal Evaluation Procedures. Procurements expected to be valued between the Board's small purchase limitation and \$100,000 may follow a simplified method of evaluation at the Contracting Officer's discretion. If the Contracting Officer so determines, he/she obtains the consent of the Director of Administration and places a notice in the solicitation which describes the simplified evaluation procedures and which advises potential offerors of their use or possible use. Simplified procedures normally are used for those requirements in which detailed and complex technical evaluations are not necessary and cost discussions with offerors are expected to be easily and quickly completed. Simplified evaluation procedures may be determined on a case-by-case basis. For example, after the TEP and the Contracting Officer have reviewed initial offers, an apparent successful offeror is determined and discussions are held only with that offeror.

PART XIII - PROMPT PAYMENT AND INVOICE PROCESSING

1. Prompt Payment of Invoices. Invoices are paid expeditiously and in accordance with any special requirements set forth in the contract or purchase order or the provisions of the Prompt Payment Act (Act). Any contract or purchase order with special invoice processing provisions is flagged when forwarded to Administrative Services for processing and the same notification is placed in the procurement file. Invoices are processed in full compliance with FAR Subpart 32.9. The Act also governs contract renewals or exercise of options of existing contracts. The Act does not apply to contracts where payment terms and late penalties have been established by other Governmental authority, such as tariffs.

2. Invoice Processing.

a. The Procurement and Contracts staff ensures that:

(1) All solicitations and contracts subject to the Act specify payment procedures, payment due dates, and interest penalties for late payment of invoices.

(2) All purchase orders and GSA schedule contract orders identify a billing office or individual and include the address and telephone number of the billing office or individual.

b. The Act requires the Board to pay an interest penalty on all invoices not paid within 30 calendar days from receipt of both a proper invoice and the product or service. Therefore, when an invoice is received, it is stamped with the date of receipt at the receptionists desk. The 30-day period for payment begins with the date the invoice was received or, if later, the date of receipt of the product or service. If no date is stamped on the invoice, the 30-day period begins with the Contractor's invoice date.

c. The Management Assistant then sends the invoice to the requisitioning office for certification of receipt of the service or product and the accuracy of the invoice. The requisitioning office completes a Receiving Report (See Part XVI) and returns the invoice and Receiving Report to the Management Assistant.

d. The Board makes invoice payments and contract financing payments as close as possible to, but not later than, the due date specified in the contract by the appropriate prompt payment clause. Payment continues to be based on receipt of a proper invoice, or of a contract financing request and satisfactory contract performance. The Management Assistant allows time for delivery to GSA-Kansas City, and time for GSA to process the invoice. If for some reason the invoice payment must be made sooner than the 30-day processing period, the Management Assistant prepares a letter for the signature of the Director of Administration, asking GSA for an expedited manual payment.

e. If an invoice fulfills all the requirements of a proper invoice except for one or more line items on the invoice that result in dispute, the requisitioning office should authorize the invoice for partial payment for the undisputed amount of the invoice. The Management Assistant, after consulting with the Contracting Officer, notifies the contractor of the discrepancy so that the matter can be resolved expeditiously. Where a new invoice must be provided by the contractor or vendor, the Management Assistant rejects the invoice in writing to prevent possibly being required to pay late penalties under the Prompt Payment Act. The Contracting Officer is responsible for ensuring that notes about what has happened are part of the contract or purchase order file.

f. If the Board does not pay the invoice within the time specified in the contract, it pays interest in accordance with the terms of the Prompt Payment Act.

3. Contract Clauses.

a. Since the Board can make electronic fund transfers, all contracts contain the Prompt Payment Act clause in FAR 52.232-28, "Electronic Funds Transfer Payment Methods (APR 1989)."

b. Procurement and Contracts ensures that the April 1989 versions of all payment and invoicing clauses, or subsequent versions, are included in contracts.

PART XIV - DATA REPORTING AND RECORDS RETENTION

1. Data Reporting. Procurement and Contracts keeps logs to track procurement activity. These may be maintained in a manual or automated format and may be combined into one list or data-base, whichever is most efficient. The following logs are required:

a. **The Contract Log** lists the following information about each contract awarded at the Board.

Requisition Number
Contract Number
Contractor's name
Date of Award
Value of Contract
ACT Number
Purpose of Contract

b. **The Modification Log** serves as a record of modifications to contracts and purchase/delivery orders, listing the following:

Modification Number
Number of Contract/Order modified
Contractor's Name
Date of Action or Effective Date of Action
Value of modification
Requisition Number
ACT Number
Purpose of modification

c. **The Purchase Order Log** is a record of all purchase orders completed and includes the following:

Purchase Order Number
Requisition Number
ACT Number
Contractor's Name
Value of Order
Date of Order
Purpose of Order

d. **The Requisition Log** is a record of the following information:

Requisition Number
Amount of Requisition
Date of Receipt in Procurement
Requiring Office

2. Weekly Status Report. Each Friday, the Purchasing Agent provides a written report to the Administrative Officer which lists: requisitions received, processed, and pending completion; status of RFQs, major acquisitions, IFBs, and RFPs; and any status of any other work items assigned. The Purchasing Agent keeps a binder with record copies of the reports.

3. Correction of Log Entry Data.

a. Manual Logs. If there is a data error in a manual log, the incorrect information is lined out and the correct information written in. If there is a lengthy mistake, the Purchasing Agent enters a new line, and the crossed-out entry is noted to direct the user to the new line. Log entries may not be erased, covered over, or deleted.

b. Automated Log System. If there is a data error in the automated RQTRAK system, Procurement and Contracts coordinates the correction with Accounting to ensure that both the OBTRAK and RQTRAK systems contain the same data. When a requisition is canceled, the record is changed to indicate the cancellation, but is not deleted from the RQTRAK system. The requisition and purchase order numbers that were assigned to the deleted record are not reused.

4. Automated Logs. The RQTRAK automated log system was implemented April 1, 1994, and is used for the logging described in paragraph 1 of this part. For a period of at least six months after the implementation of the RQTRAK automated log system, i.e., until September 30, 1994, manual and automated logs are to be maintained concurrently in order to ensure the accuracy of data.

5. Records and Data Storage and Retention. Paper records and equivalent electronic data records are maintained at the Board's offices at least as long as provided for in FAR 4.805, "Disposal of Contract Files." After the expiration of the prescribed time periods, the Contracting Officer, with the approval of the Director of Administration, may elect to destroy or remotely archive such records.

PART XV - RESERVED

PART XVI - RECEIPT OF GOODS AND SERVICES

1. Receipt of Purchase. Supplies and other goods are delivered either to the receptionist's desk or to the mail room. If the receptionist accepts the purchase, he/she notifies the Mail Clerk that the goods are there to be picked up. The Mail Clerk (or in his absence the Administrative Officer) is the only employee authorized to distribute purchases.

2. Receiving Report (Consignee Copy of Purchase Order). Procurement and Contracts provides to the Management Assistant, among other copies, a Consignee Copy of each purchase order issued. The Management Assistant, in turn, provides the Consignee Copy to the Mail Clerk who stamps it with the receipt blank and writes on it the date of receipt of the product and his/her observation of its condition at the time of receipt. The Mail Clerk attaches the Consignee Copy to the goods purchased at the time he/she delivers it to the requiring employee or office. The requiring employee, or another employee within the ordering office, certifies the receipt of the purchase on the Consignee Copy. The certifier is responsible for noting the condition of the product, whether it conforms in all ways to the order, and whether the delivery was a full or partial completion of the order. If the delivery is a partial completion, the certifier must indicate exactly what was received and what is yet to be delivered.

3. Temporary Storage Area. If the purchased goods are delivered to a temporary storage area, as often happens with equipment and printed goods, the Mail Clerk must ensure that the certifier inspects the goods and signs the Consignee Copy.

4. Printed Materials. When printed materials have been ordered using an SF 1, "Printing and Binding Requisition to the Public Printer," procedures are slightly altered. The Print Officer is responsible for giving a copy of the SF 1 to the Mail Clerk at the time it is issued along with a notation about the specific quantity of materials which have been ordered. This copy is used in lieu of a Consignee Copy.

5. Return of the Receiving Report. The certifier returns properly completed and signed receiving reports (either a Consignee Copy or an SF 1 copy) to the Mail Clerk no later than two working days after the certifier received the goods. The Mail Clerk, in turn, provides the receiving report to the Management Assistant for payment processing and for the files.



Federal Retirement Thrift Investment Board

**DIRECTIVE
NUMBER: 63**
DATE: 10/03/2012

SUBJECT: Senior Executive Service Performance Management System

1. System Coverage

The Federal Retirement Thrift Investment Board (hereafter referred to as the agency) Senior Executive Service (SES) performance management system applies to all career, noncareer, limited term and limited emergency Federal Retirement Thrift Investment Board senior executives covered by subchapter II of chapter 43 of title 5, United States Code.

2. Definitions

- *Appointing authority* means the agency head or designee with authority to make appointments in the Senior Executive Service.
- *Appraisal period* means the established period of time for which a senior executive's performance will be appraised and rated.
- *Balanced measures* means an approach to performance measurement that balances organizational results with the perspectives of distinct groups, including customers and employees.
- *Critical element* means a key component of an executive's work that contributes to organizational goals and results and is so important that unsatisfactory performance of the element would make the executive's overall job performance unsatisfactory.
- *Performance* means the accomplishment of the work described in the senior executive's performance plan.
- *Performance appraisal* means the review and evaluation of a senior executive's performance against performance elements and requirements.
- *Performance management system* means the framework of policies and practices that an agency establishes under subchapter II of chapter 43 of title 5, United States Code, for planning, monitoring, developing, evaluating, and rewarding both individual and organizational performance and for using resulting performance information in making personnel decisions.
- *Performance requirement* means a statement of the performance expected for a critical element.
- *Progress review* means a review of the senior executive's progress in meeting the performance requirements. A progress review is not a performance rating.
- *Ratings:*
 - *Initial summary rating* means an overall rating level the supervisor derives from appraising the senior executive's performance during the appraisal period and forwards to the Performance Review Board.
 - *Annual summary rating* means the overall rating level that an appointing authority assigns at the end of the appraisal period after considering a Performance Review Board's recommendations. This is the official rating.
- *Senior executive performance plan* means the written summary of work the senior executive is expected to accomplish during the appraisal period and the requirements against which performance will be evaluated. The plan addresses all critical elements established for the senior executive.

- *Strategic planning initiatives* means agency strategic plans, annual performance plans, organizational work plans, and other related initiatives.

3. Appraisal Period

- **Appraisal Period.** Executives must be appraised at least annually on their performance and an annual summary rating must be assigned for the relevant period of performance of each year beginning October 1 and concluding on September 30.
- **Minimum Period.** The minimum period of performance that must be completed before a performance rating can be given is 90 days.
- **Adjusting Appraisal Period.** The agency may end an appraisal period at any time after the minimum appraisal period is completed, if there is an adequate basis on which to appraise and rate the senior executive(s).
- **Transition Period.** The agency may not appraise and rate any career executive within 120 days after the beginning of a new Presidential administration.

4. Summary Performance Levels

- The system includes five summary performance levels:
 - Level 5 (Outstanding)
 - Level 4 (Exceeds Fully Successful)
 - Level 3 (Fully Successful)
 - Level 2 (Minimally Satisfactory)
 - Level 1 (Unsatisfactory)

5. Planning Performance: Critical Elements

- Supervisors must establish performance plans for senior executives in consultation with the senior executives and communicate the plans to them on or before the beginning of the rating period.
Each senior executive performance plan shall include, as a minimum, the following critical elements and performance requirements:
 - **Leading Change**
Develops and implements an organizational vision that integrates key organizational and program goals, priorities, values, and other factors. Assesses and adjusts to changing situations, implementing innovative solutions to make organizational improvements, ranging from incremental improvements to major shifts in direction or approach, as appropriate. Balances change and continuity; continually strives to improve service and program performance; creates a work environment that encourages creative thinking, collaboration, and transparency; and maintains program focus, even under adversity.
 - **Leading People**
Designs and implements strategies that maximize employee potential, connect the organization horizontally and vertically, and foster high ethical standards in meeting the organization's vision, mission, and goals. Provides an inclusive workplace that fosters the development of others to their full potential; allows for full participation by all employees; facilitates collaboration, cooperation, and teamwork, and supports constructive resolution of conflicts.

Ensures employee performance plans are aligned with the organization's mission and goals, that employees receive constructive feedback, and that employees are realistically appraised against clearly defined and communicated performance standards. Holds employees accountable for appropriate levels of performance and conduct. Seeks and considers employee input. Recruits, retains, and develops the talent needed to achieve a high quality, diverse workforce that reflects the nation, with the skills needed to accomplish organizational performance objectives while supporting workforce diversity, workplace inclusion, and equal employment policies and programs.

○ **Business Acumen**

Assesses, analyzes, acquires, and administers human, financial, material, and information resources in a manner that instills public trust and accomplishes the organization's mission. Uses technology to enhance processes and decision making. Executes the operating budget; prepares budget requests with justifications; and manages resources.

○ **Building Coalitions**

Solicits and considers feedback from internal and external stakeholders or customers. Coordinates with appropriate parties to maximize input from the widest range of appropriate stakeholders to facilitate an open exchange of opinion from diverse groups and strengthen internal and external support. Explains, advocates, and expresses facts and ideas in a convincing manner and negotiates with individuals and groups internally and externally, as appropriate. Develops a professional network with other organizations and identifies the internal and external politics that affect the work of the organization.

○ **Results Driven**

This critical element includes specific performance results expected from the executive during the appraisal period, focusing on measurable outcomes from the strategic plan or other measurable outputs and outcomes clearly aligned to organizational goals and objectives. At a minimum, the performance plan will include performance requirements (including measures, targets, timelines, or quality descriptors, as appropriate) describing the range of performance at Level 3 for each result specified. It is recommended to also establish the threshold measures/targets for Levels 5 and 2.

The Results-Driven critical element must also identify clear, transparent alignment to relevant agency or organizational goals/objectives, page numbers, from the Strategic Plan, Congressional Budget Justification/Annual Performance Plan, or other organizational planning document in the designated section for each performance result specified.

- Executive performance plans must include the Governmentwide SES performance requirements as written and may include additional agency-specific performance requirements written as competencies or specific results/commitments associated with the element.

- Senior executive performance plans must include additional, specific performance requirements for each objective listed under the Results-Driven element. Performance requirements for the Results Driven element must include measures, targets, and timelines.
- The performance requirements in the executive performance plan describe performance at the fully successful level, as established in the Fully Successful performance standard contained in section 6 of this document.
- Each critical element must be assigned a weight value, with the total weights adding to 100 points.
 - The minimum weight that can be assigned to the Results Driven critical element is 20 percent.
 - The minimum weight that can be assigned to the other four critical elements is 5 percent.
 - No single performance element can be assigned a greater weight than the Results Driven element.
 - The weights for Critical Elements 1: Leading Change, Critical Element 2: Leading People, Critical Element 3: Business Acumen, and Critical Element 4: Building Coalitions will be determined by the Rating Official, in consultation with the Senior Executive, on an annual basis.
 - The weight for Critical Element 5: Results Driven will be an agency-wide weight, set annually by the Appointing Authority, by September 14th.prior to the signing off on Performance Plans.
- The gaining organization must set performance goals and requirements for any detail or temporary assignment of 120 days or longer and appraise the performance in writing. The executive's rating official will factor this appraisal into the initial summary rating.

6. *Planning Performance: Performance Standards for Critical Elements*

The performance standard for each critical element is specified below.

- **Level 5:** The executive demonstrates exceptional performance, fostering a climate that sustains excellence and optimizes results in the executive's organization, agency, department or government-wide. This represents the highest level of executive performance, as evidenced by the extraordinary impact on the achievement of the organization's mission. The executive is an inspirational leader and is considered a role model by agency leadership, peers, and employees. The executive continually contributes materially to or spearheads agency efforts that address or accomplish important agency goals, consistently achieves expectations at the highest level of quality possible, and consistently handles challenges, exceeds targets, and completes assignments ahead of schedule at every step along the way. Performance may be demonstrated in such ways as the following examples:
 - Overcomes unanticipated barriers or intractable problems by developing creative solutions that address program concerns that could adversely affect the organization, agency, or Government.

- Through leadership by example, creates a work environment that fosters creative thinking and innovation; fosters core process re-engineering; and accomplishment of established organizational performance targets.
 - Takes the initiative to identify new opportunities for program and policy development and implementation or seeks more opportunities to contribute to optimizing results; takes calculated risks to accomplish organizational objectives.
 - Accomplishes objectives even under demands and time pressure beyond those typically found in the executive environment.
 - Achieves results of significant value to the organization, agency, or Government.
 - Achieves significant efficiencies or cost-savings in program delivery or in daily operational costs of the organization.
- **Level 4:** The executive demonstrates a very high level of performance beyond that required for successful performance in the executive's position and scope of responsibilities. The executive is a proven, highly effective leader who builds trust and instills confidence in agency leadership, peers, and employees. The executive consistently exceeds established performance expectations, timelines, or targets, as applicable. Performance may be demonstrated in such ways as the following:
 - Advances progress significantly toward achieving one or more strategic goals.
 - Demonstrates unusual resourcefulness in dealing with program operations or policy challenges.
 - Achieves unexpected results that advance the goals and objectives of the organization, agency, or Government.
- **Level 3:** The executive demonstrates the high level of performance expected and the executive's actions and leadership contribute positively toward the achievement of strategic goals and meaningful results. The executive is an effective, solid, and dependable leader who delivers high-quality results based on measures of quality, quantity, efficiency, and/or effectiveness within agreed upon timelines. The executive meets and often exceeds challenging performance expectations established for the position. Performance may be demonstrated in such ways as the following:
 - Seizes opportunities to address issues and effects change when needed.
 - Finds solutions to serious problems and champions their adoption.
 - Designs strategies leading to improvements.
- **Level 2:** The executive's contributions to the organization are acceptable in the short term but do not appreciably advance the organization towards achievement of its goals and objectives. While the executive generally meets established performance expectations, timelines and targets, there are occasional lapses that impair operations and/or cause concern from management. While showing basic ability to accomplish work through others, the executive may demonstrate limited ability to inspire subordinates to give their best efforts or to marshal those efforts effectively to address problems characteristic of the organization and its work.
- **Level 1:** In repeated instances, the executive demonstrates performance deficiencies that detract from mission goals and objectives. The executive generally is viewed as ineffectual by agency leadership, peers, or employees. The executive does not meet established performance expectations/timelines/targets and fails to produce – or produces unacceptable – work products, services, or outcomes.

7. *Monitoring Performance*

- **Monitor and Provide Feedback.** A supervisor must monitor senior executive performance in accomplishing elements and requirements and provide feedback, including advice and assistance on improving performance, when needed, and encouragement and positive reinforcement, as appropriate.
- **Progress Review.** Each senior executive must receive at least one progress review during the appraisal period. At a minimum the executive must be informed how well he or she is performing against performance requirements.

8. *Rating Critical Elements*

- **Critical Elements 1-4.** The rating official will rate critical elements 1-4, using the rating levels below and performance standards defined in Section 6 above:
 - Level 5 = 5 points
 - Level 4 = 4 points
 - Level 3 = 3 points
 - Level 2 = 2 points
 - Level 1 = 0 points
- **Critical Element 5 (Results Driven).** All performance plans must include at least three, but not more than eight performance requirements; each performance requirement must link with at least one Agency performance goal, organizational strategic plan goal, or other management initiative. Performance requirements must be as clear and concise as possible using the following attributes:
 - Written in terms of results to be achieved
 - Measurable Outcomes
 - Achievable
 - Observable
 - Identifiable

All performance requirements in Critical Element 5: Results Driven will be weighted equally. The rating official will determine a rating level for each performance requirement based on the performance standards defined in Section 6 above. The rating official will average the ratings levels of the performance requirements to determine the overall rating for Critical Element 5.

9. *Deriving the Summary Rating*

- **Critical Element Point Values.** Once the rating for each critical element is determined, the following point values will be assigned to the element ratings:
 - Level 5 = 5 points
 - Level 4 = 4 points
 - Level 3 = 3 points
 - Level 2 = 2 points
 - Level 1 = 0 points
- **Derivation Formula.** The derivation formula is calculated as follows:
 - If any critical element is rated Level 1 (Unsatisfactory), the overall summary rating is Unsatisfactory. If no critical element is rated Level 1 (Unsatisfactory), continue to the next step.

- For each critical element, multiply the point value of the element rating by the weight assigned to that element.
- Add the results from the previous step for each of the five critical elements to come to a total score.
- Assign the initial summary rating using the ranges below:
 - 475-500 = Level 5
 - 400-474 = Level 4
 - 300-399 = Level 3
 - 200-299 = Level 2
 - Any critical element rated Level 1 = Level 1
- Example, with the initial summary rating determined to be Level 4 (Exceeds Fully Successful):

Critical Element	Rating Level Initial Element Score	Weight	Score Initial Point Score	Summary Level Range
1. Leading Change	4	15	4 x 15 = 60	
2. Leading People	5	15	5 x 15 = 75	
3. Business Acumen	3	15	3 x 15 = 45	
4. Building Coalitions	4	15	4 x 15 = 60	
5. Results Driven	4	40	4 x 40 = 160	
Total		100%	400	475-500 = Level 5 400-474 = Level 4 300-399 = Level 3 200-299 = Level 2 Any CE rated Level 1 = Level 1

- **Initial Rating.** The rating official will develop an initial summary rating, in writing, and share the initial rating with the senior executive.
- **Opportunity for Written Response.** A senior executive may respond in writing to the initial appraisal.
- **Opportunity for Higher Level Review (HLR).** The senior executive may request review by an employee, or (with the consent of the senior executive) a commissioned officer in the uniformed services serving on active duty, in a higher level in the agency than the official who prepared the initial rating before the rating is presented to the PRB. The higher level reviewer may not change the initial rating but may recommend a different rating to the PRB and the appointing authority. The agency will provide HLR, unless the agency has determined HLR is not possible (e.g., the initial rater is the head of an executive agency and there is no employee at a higher level in the agency). Upon the request of an affected executive, the agency must provide a complete explanation of its basis for concluding that HLR, as defined in law and regulation, is not possible.
- **Forced Distribution.** A forced distribution of rating levels is prohibited.
- **Job Changes or Transfers.** When a senior executive who has completed the minimum appraisal period changes jobs or transfers to another agency, the supervisor must appraise the executive's performance in writing before the executive leaves and the appraisal will be forwarded to the gaining agency.

- **Transferred Ratings.** When developing an initial summary rating for an executive who transfers from another agency, a supervisor must consider any applicable ratings and appraisals of the executive's performance received from the former agency.
- **Extending the Appraisal Period.** If the agency cannot prepare an executive's rating at the end of the rating period because the executive has not completed the minimum appraisal period or for other reasons, the agency must extend the executive's rating period and will then prepare the annual summary rating.
- **Authority for Rating.** The annual summary rating must be assigned by the appointing authority (and may not be delegated to an official who does not have authority to make SES appointments) only after considering the recommendations of the Performance Review Board.

10. Performance Review Boards (PRBs)

- **PRB.** The agency shall establish one or more PRBs to make written recommendations on annual summary ratings to the appointing authority on the performance of senior executives and has appointed members in accordance with 5 CFR 430.310.
- **Membership Number.** Each PRB must have 3 or more members selected by the agency head or designee(s) in a manner that ensures consistency, stability, and objectivity in SES performance appraisal. PRB appointments must be published in the Federal Register before service begins.
- **Career Membership.** More than one-half of the PRB's members must be career appointees when considering a career appointee's appraisal or performance award. PRB members may not be involved in deliberations involving their own appraisals.
- **Review Ratings.** The PRB must review and evaluate the initial appraisal and summary rating, the senior executive's response and any recommendation by a higher-level reviewer, and conduct any additional review necessary to make written recommendations to the appointing authority on annual summary ratings, bonuses and (as applicable) pay adjustments for each senior executive.
- **Executive Response.** The PRB must not be provided a proposed initial summary rating to which the executive has not been given the opportunity to respond in writing.
- **Agency/Organizational Performance.** The PRB must be provided and take into account appropriate assessments of the agency/organization's performance when making recommendations.

11. Dealing with Poor Performance

- **Performance Actions.** The agency must: 1) reassign, transfer or remove from the Senior Executive Service a senior executive who has been assigned a Level 1 (Unsatisfactory) final rating; 2) remove from the Senior Executive Service an executive who has been assigned two final ratings at less than Level 3 (i.e., Level 2 or a combination of Levels 2 and 1) within a three year period; and 3) remove from the Senior Executive Service an executive who receives two Level 1 (Unsatisfactory) final ratings within five years. Non-probationary career appointees are removed under procedures in 5 CFR 359 subpart E. Probationary career appointees are removed under procedures in 5 CFR 359 subpart D. (Nothing here shall be interpreted to limit removal of probationary SES employees as permitted by current

regulations.) Guaranteed placement in a non-SES position will be provided under 5 CFR 359 subpart G when applicable.

- **Appeal Rights.** Senior executive performance appraisals and ratings may not be appealed. The executive may file a complaint about any aspect of the rating process the executive believes to involve unlawful discrimination (EEOC) or a prohibited personnel practice (Office of Special Counsel). A career appointee being removed from the SES under 5 U.S.C. 3592(a)(2) shall, at least 15 days preceding the date of removal, be entitled, upon request, to an informal hearing before an official designated by the Merit Systems Protection Board.

12. Other System Requirements

- **Appraisal Results.** Results of performance appraisal will be used as a basis for adjusting pay, granting awards, determining training needs and making other personnel decisions.
- **Organizational Assessment and Guidelines.** The agency must assess organizational performance (overall and with respect to each of its particular missions, components, programs, policy areas, and support functions). The agency must also ensure its assessment results and evaluation guidelines based upon them are communicated by the agency head (or another official designated by the agency head) to senior employees, rating officials, higher level review officials and PRBs so that they may be considered in preparing performance appraisals, ratings and recommendations.
- **Oversight.** The agency head or the official designated by the agency head provides organizational assessments and evaluation guidelines and is responsible to oversee the system and to certify: 1) the appraisal process makes meaningful distinctions based on relative performance; 2) executive ratings take into account assessments of organizational performance; and 3) pay adjustments, awards and pay levels accurately reflect individual and organizational performance. The responsible official designated to provide evaluation guidelines and oversee the appraisal system must do so for the entire executive agency.
- **Performance Distinctions.** Rating officials and PRBs will make meaningful distinctions based on relative performance that take into account assessment of the agency's performance against relevant program performance measures.
- **Differences in Pay Based on Performance.** Senior executives who have demonstrated the highest levels of performance will receive the highest annual summary ratings and the largest corresponding pay adjustments, cash awards and levels of pay, and will be appropriately positioned in the pay range.

13. Training and Evaluation

- **Training.** The agency will provide information and training for executives on the requirements and operation of the agency's performance management and pay-for-performance system, including the results of the previous appraisal period.
- **Evaluation.** The agency will periodically evaluate the effectiveness of the performance management system(s) and implement improvements as needed.

14. Additional Agency-Specific Requirements

• Roles and Responsibilities

Executive Director/Rating Official

- Establishes the policy and procedures used to evaluate performance, adjust basic pay, approve awards, and assign, demote or remove SES Executives. The Executive Director also provides oversight to the execution of this policy to assure it meets legal and regulatory requirements and supports the mission of FRTIB.
- Provides oversight of the appraisal process and certifies that the SES appraisal process makes meaningful distinctions based on relative performance and that the results of the processes are taken into account in the Agency's assessment of its performance against Agency goals. Ensures that pay adjustments, cash awards, and levels of pay accurately reflect and recognize both individual and organizational performance;
- Establishes performance plans and requirements that align the senior executive's performance with organizational goals, that focus on achieving results, and that include measures for making meaningful distinctions based on relative performance;
- Development of performance plans in consultation with the senior executive and communicating the plans on or before the beginning of each appraisal period, or within 30 days from the entrance-on-duty date of a new SES employee.
- Monitors senior executives' performance progress, modifying critical elements and performance requirements, as needed;
- Evaluates and assigns annual summary ratings, and determines bonuses and pay adjustments for senior executives based on their performance, after giving due consideration to senior executive's input and recommendations received from the Performance Review Board (PRB);
- Identifies annual training and development goals for senior executives and ensures that senior executives improve their job competencies on a continuing basis;
- Conducts a mid-appraisal period progress review, providing feedback on the senior executive's progress in accomplishing critical elements detailed in the performance plan, and provides advice and assistance on how to improve performance; provides continuous feedback to senior executives throughout the appraisal period;
- Appraises senior executives' annual job performance, taking into account business results, the perspectives of customers and employees, and leadership competency;
- Takes appropriate actions against senior executives whose performance is less than Fully Successful;
- Approves revisions to the Agency's SES Performance Management System directive; and
- Appoints members to the PRB.

Performance Review Board

- Reviews initial summary ratings from the Rating Official, any input by a senior executive, and conducts any further review needed to ensure the ratings are consistent with established performance requirements and reflect meaningful distinctions among senior executives based on their relative performance and organizational results;
- Conducts reviews and makes recommendations for annual summary ratings, performance awards, and pay adjustments in a fair and equitable manner consistent with laws, regulations, and the provisions of this directive; and
- Provides recommendations to the Executive Director on annual performance ratings and performance awards for all senior executives.

Personnel Officer/Chief Human Capital Officer

- Administers and oversees the Agency's SES Performance Management System;
- Provides advice and guidance to the Executive Director on laws, regulations, policies, and procedures related to the SES PMS;
- Assures that the policy is carried out in a manner that will meet the certification requirements of OPM;
- Provides formal training and development vehicles for senior executives;
- Ensures SES PMS documentation is maintained in accordance with Agency and Federal record retention management regulations and guidelines;
- Provides information, guidance, and assistance to SES employees on human resources matters;
- Ensures all SES personnel actions are processed in a timely and accurate manner;
- Ensures the SES PMS directive is in compliance with applicable laws and regulations;
- Manages information databases on SES performance and other related information requirements for internal and external reporting purposes.

Senior Executive

- Provides input, reviews and comments on their annual performance plan;
- Provides input to their rating official on training and development needs;
- Seeks to continuously improve job competencies;
- Exercises effective leadership of their subordinates; and
- Serves on PRB as designated by the Executive Director based on the federal register notice identifying PRB members.

■ Performance Appraisal Timeline

Activity	Timeframe
Results Driven agency-wide weight is established by Appointing Authority.	September 15
Finalize Performance Plans	October 1
Progress Review	May - June
Complete Initial Summary	October 31
PRB Review and Recommendations	December 1
Executives Receive Final Appraisals	December 15

- **Performance Awards.** Performance awards recognize senior executives' significant and sustained performance contributions during the appraisal period. SES members are excluded from provisions of 5 CFR 451.104(a)(3)(Performance Awards for non-SES)... Under 5 CFR 534.405, the agency adheres to the following guidelines for senior executive's performance awards:
 - **Eligibility.** A senior executive performance award may be given only to career employees, and are for performance during the previous appraisal period. Those eligible for performance awards include:
 - Career senior executives who meet the 90-day minimum appraisal period and received an annual summary rating of Fully Successful or higher;
 - Career senior executives who are reemployed annuitants;
 - Individuals who are no longer in the SES at the time the award is made, but who were career senior executives at the end of the performance appraisal period; and
 - Career senior executives on detail.
 - **Performance Award Criteria.**
 - The total performance award monetary pool in any given fiscal year may not exceed ten (10) percent of the aggregate amount of basic pay paid to SES career employees as of the end of the previous fiscal year.
 - The amount of performance award payments is based on the senior executive's annual summary rating and management discretion within the following ranges:

Annual Summary Rating	Performance Award Range
Outstanding	5 – 20%
Exceeds Fully Successful	5 – 10%
Fully Successful	5%
Minimally Satisfactory	0
Unsatisfactory	0

- However, performance awards that exceed 15% should be based on performance accomplishments that far exceed expectations and have a substantial and wide-spread influence on advancing the Agency's mission, goals, and major initiatives and must be supported in writing by the Executive Director and made part of the senior executive's performance appraisal record.
- All performance award payments resulting from a performance appraisal are approved in the first quarter of the fiscal year.
- Performance awards will be paid in a lump sum. Performance awards when added to basic pay and Presidential Rank Awards may not cause aggregate compensation in any one calendar year to exceed the annual rate payable for Executive Level I. Any portion of a performance award that would cause total compensation to exceed the Executive Level I ceiling will be paid at the beginning of the following calendar year, in accordance with 5 U.S.C. §5307. If the Agency's appraisal system is

certified by OPM, the aggregate compensation is that of the Vice President's salary level.

- Award payments are not subject to retirement fund contributions, health benefits, or life insurance deductions, and are not creditable for inclusion in the computation for retirement benefits.
- **Other Agency Award Recognition.** The Agency may grant Superior Accomplishment Awards to SES career, non-career, and limited appointees to recognize a suggestion, an invention, or a special act or service involving a non-recurring contribution either within or outside of job responsibilities. Superior Accomplishment Awards prescribed under 5 C.F.R. Part 451, Subpart A may not be used to circumvent regulatory provisions with regard to eligibility for SES performance awards, the total amount of SES performance award funds available in the agency, or the number and size of individual awards. Directive 36, Awards Program, provides detailed guidance on Superior Accomplishments and other incentive awards.
- **Presidential Rank Awards.** The Presidential Rank Awards are the highest and most prestigious awards that can be conferred to career members of the SES and are presented to those senior executives who have provided exceptional service to the American people over an extended period of time. Through their personal conduct and results-oriented leadership, these senior executives have earned and maintained a high degree of public confidence and trust, and have demonstrated their success in balancing the needs and perspectives of customers, stakeholders, and employees with organizational results.
 - There are two categories of rank awards for the SES. The rank of ***Distinguished Executive*** is awarded for "sustained extraordinary accomplishment," and the rank of ***Meritorious Executive*** is awarded for "sustained accomplishment."
 - Distinguished Rank Award recipients receive 35 percent of base pay; Meritorious Rank Award recipients receive 20 percent of base pay. The award is paid as a lump-sum payment, and the payment is subject to the applicable annual aggregate limitation on pay under 5 U.S.C. §5307.
 - Nominees must meet the following eligibility criteria by the nomination deadline:
 - Hold a career appointment in the SES;
 - Be an employee of the nominating agency; and
 - Have at least three years of career or career-type Federal civilian service at the SES level. Service does not have to be continuous.
 - Award winners are chosen through a rigorous selection process. They are nominated by the agency head (i.e., Executive Director), evaluated by boards of private citizens, and approved by the President. The evaluation criteria focus on leadership and results.
 - A nominee who meets eligibility requirements, but leaves the SES before being selected as a recipient, is eligible to receive the award. The same applies to a nominee who dies after their nomination is submitted.
 - The lump-sum award payment is paid in addition to basic pay and is not subject to retirement fund contributions, health benefits, or life insurance deductions.

- A senior executive can receive the same award only once in any five-year period; however, they may receive one award and then the other within a closer interval.
- Senior executives are not required to receive a Meritorious Award before receiving a Distinguished Award.
- There are no restrictions on receiving both a rank award and a performance award during the same calendar year.

▪ **Compensation Limitation.**

The Executive Director has sole authority to set and adjust a senior executive's rate of basic pay and sole discretion to increase a senior executive's rate of basic pay more than once in any 12-month period. The maximum rate of basic pay for the senior executive rate range under a non-certified performance appraisal system is the rate for level III of the Executive Schedule. The maximum rate of basic pay for the senior executive rate range under an appraisal system that is certified in accordance with 5 U.S.C. §5307(d) is the rate for Level II of the Executive Schedule.

In accordance with 5 U.S.C. §5307, the aggregate compensation of SES employees during a calendar year may not exceed the rate payable for Level I of the Executive Schedule on the last day of the calendar year. This limitation is applied on a calendar year basis and, in addition to base pay, includes performance bonuses, rank awards, incentive awards, recruitment, relocation and retention allowances, and other forms of compensation. If the appraisal system is certified by OPM, the aggregate compensation is the Vice President's salary level.

▪ **Performance-Based Pay Adjustments.**

Individual performance contributing to the Agency's accomplishment of its mission and/or its strategic goals, and individual unique skills, qualifications, or competencies that are deemed critical to the Agency's mission are among the key factors to consider in the annual review to determine adjustment of SES pay rates. The prescribed ranges below, which are tied to the executives' performance ratings, are the criteria that will be used to determine performance-based pay adjustments and are designed to ensure the overall distribution of pay adjustments reflect meaningful distinctions. Such adjustments are at the sole discretion of the Executive Director:

- **Outstanding** rated performers may be considered for pay increases of up to 6 percent of base salary. Not to exceed the rate for level III of the Executive Schedule for a non-certified appraisal system or level II of the Executive Schedule for a certified appraisal system.
- **Exceeds Fully Successful** rated performers may be considered for pay increases of up to 4 percent of base salary; however, no Exceeds Fully Successful-rated senior executive will receive a higher increase than any Outstanding-rated senior executive. Not to exceed the rate for level III of the Executive Schedule for a non-certified appraisal system or level II of the Executive Schedule for a certified appraisal system.

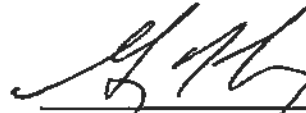
- **Fully Successful** rated performers may be considered for pay increases up to 2 percent of base salary; however, no Fully Successful-rated senior executive will receive a higher increase than any Exceeds Fully Successful-rated senior executive.
- **Minimally Satisfactory or Unsatisfactory** rated performers may not have their base salary increased and may have their base salary decreased. Decreases in pay adjustments are limited to no more than 10 percent of the senior executive's base pay.

OFFICE OF PRIMARY RESPONSIBILITY

The Office of Resource Management assumes primary responsibility for the administration, oversight and evaluation of this directive.

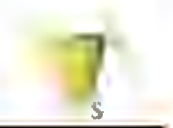
11/13/2012

Date



Gregory T. Long
Executive Director

SES Performance Management System Executive Performance Agreement



Part 1. Consultation. *I have reviewed this plan and have been consulted on its development.*

Executive's Name (<i>Last, First, MI</i>):	Appraisal Pd. -
Executive's Signature:	Date:
Title:	Organization:
Rating Official's Name (<i>Last, First, MI</i>):	CA <input type="checkbox"/> NC <input type="checkbox"/> LT/LE <input type="checkbox"/>
Rating Official's Signature:	Date:

Part 2. Progress Review

Executive's Signature:	Date:
Rating Official's Signature:	Date:
Reviewing Official's Signature (<i>Optional</i>):	Date:

Part 3. Summary Rating

Initial Summary Rating	<input type="checkbox"/> Level 5 Outstanding	<input type="checkbox"/> Level 4 Exceeds Fully Successful	<input type="checkbox"/> Level 3 Fully Successful	<input type="checkbox"/> Level 2 Minimally Satisfactory	<input type="checkbox"/> Level 1 Unsatisfactory
Rating Official's Name (<i>Last, First, MI</i>):					
Rating Official's Signature:				Date:	
Executive's Signature:				Date:	
Reviewing Official's Signature (<i>Optional</i>):				Date:	

Higher Level Review (*if applicable*)

<input type="checkbox"/> I request a higher level review. Executive's Initials:	Date:
Higher Level Review Completed <input type="checkbox"/>	Date:
Higher Level Reviewer Signature:	

Performance Review Board Recommendation

	<input type="checkbox"/> Level 5	<input type="checkbox"/> Level 4	<input type="checkbox"/> Level 3	<input type="checkbox"/> Level 2	<input type="checkbox"/> Level 1
PRB Chair Signature:	Date:				
Annual Summary Rating	<input type="checkbox"/> Level 5	<input type="checkbox"/> Level 4	<input type="checkbox"/> Level 3	<input type="checkbox"/> Level 2	<input type="checkbox"/> Level 1
Appointing Authority Signature:	Date:				

Part 4. Derivation Formula and Calculation of Annual Summary Rating

Critical Element	Element Rating		Weight	Score		Summary Level Ranges 475-500 = Level 5 400-474 = Level 4 300-399 = Level 3 200-299 = Level 2 Any CE rated Level 1 = Level 1
	Initial	Final (if changed)		Initial	Final (if changed)	
1. Leading Change						
2. Leading People						
3. Business Acumen						
4. Building Coalitions						
5. Results Driven						
Total			100%			

Part 5. Critical Elements

Performance Standards for Critical Elements (The performance standard for each critical element is specified below; examples for the top three performance levels can be found in the system description)

- **Level 5:** The executive demonstrates exceptional performance, fostering a climate that sustains excellence and optimizes results in the executive's organization, agency, department or government-wide. This represents the highest level of executive performance, as evidenced by the extraordinary impact on the achievement of the organization's mission. The executive is an inspirational leader and is considered a role model by agency leadership, peers, and employees. The executive continually contributes materially to or spearheads agency efforts that address or accomplish important agency goals, consistently achieves expectations at the highest level of quality possible, and consistently handles challenges, exceeds targets, and completes assignments ahead of schedule at every step along the way.
- **Level 4:** The executive demonstrates a very high level of performance beyond that required for successful performance in the executive's position and scope of responsibilities. The executive is a proven, highly effective leader who builds trust and instills confidence in agency leadership, peers, and employees. The executive consistently exceeds established performance expectations, timelines, or targets, as applicable.
- **Level 3:** The executive demonstrates the high level of performance expected and the executive's actions and leadership contribute positively toward the achievement of strategic goals and meaningful results. The executive is an effective, solid, and dependable leader who delivers high-quality results based on measures of quality, quantity, efficiency, and/or effectiveness within agreed upon timelines. The executive meets and often exceeds challenging performance expectations established for the position.
- **Level 2:** The executive's contributions to the organization are acceptable in the short term but do not appreciably advance the organization towards achievement of its goals and objectives. While the executive generally meets established performance expectations, timelines and targets, there are occasional lapses that impair operations and/or cause concern from management. While showing basic ability to accomplish work through others, the executive may demonstrate limited ability to inspire subordinates to give their best efforts or to marshal those efforts effectively to address problems characteristic of the organization and its work.
- **Level 1:** In repeated instances, the executive demonstrates performance deficiencies that detract from mission goals and objectives. The executive generally is viewed as ineffectual by agency leadership, peers, or employees. The executive does not meet established performance expectations/timelines/targets and fails to produce – or produces unacceptable – work products, services, or outcomes.

Element Rating Level Points

Level 5 = 5 points
Level 4 = 4 points
Level 3 = 3 points
Level 2 = 2 points
Level 1 = 0 points

Executive Name and ID:

Appraisal Period:

Critical Element 1. Leading Change

(Minimum weight 5%) Weight

Develops and implements an organizational vision that integrates key organizational and program goals, priorities, values, and other factors. Assesses and adjusts to changing situations, implementing innovative solutions to make organizational improvements, ranging from incremental improvements to major shifts in direction or approach, as appropriate. Balances change and continuity; continually strives to improve service and program performance; creates a work environment that encourages creative thinking, collaboration, and transparency; and maintains program focus, even under adversity.

Agency-Specific Performance Requirements

Rating Official Narrative: *(Optional)*

Critical Element Rating – Leading Change

Level 5 Level 4 Level 3 Level 2 Level 1

Critical Element 2. Leading People

(Minimum weight 5%) Weight

Designs and implements strategies that maximize employee potential, connects the organization horizontally and vertically, and fosters high ethical standards in meeting the organization's vision, mission, and goals. Provides an inclusive workplace that fosters the development of others to their full potential; allows for full participation by all employees; facilitates collaboration, cooperation, and teamwork, and supports constructive resolution of conflicts. Ensures employee performance plans are aligned with the organization's mission and goals, that employees receive constructive feedback, and that employees are realistically appraised against clearly defined and communicated performance standards. Holds employees accountable for appropriate levels of performance and conduct. Seeks and considers employee input. Recruits, retains, and develops the talent needed to achieve a high quality, diverse workforce that reflects the nation, with the skills needed to accomplish organizational performance objectives while supporting workforce diversity, workplace inclusion, and equal employment policies and programs.

Agency-Specific Performance Requirements

Rating Official Narrative: *(Optional)*

Critical Element Rating – Leading People

Level 5 Level 4 Level 3 Level 2 Level 1

Executive Name and ID:

Appraisal Period:

Critical Element 3. Business Acumen

(Minimum weight 5%)

Weight

Assesses, analyzes, acquires, and administers human, financial, material, and information resources in a manner that instills public trust and accomplishes the organization's mission. Uses technology to enhance processes and decision making. Executes the operating budget; prepares budget requests with justifications; and manages resources.

Agency-Specific Performance Requirements

Rating Official Narrative: *(Optional)*

Critical Element Rating – Business Acumen

Level 5

Level 4

Level 3

Level 2

Level 1

Critical Element 4. Building Coalitions

(Minimum weight 5%)

Weight

Solicits and considers feedback from internal and external stakeholders or customers. Coordinates with appropriate parties to maximize input from the widest range of appropriate stakeholders to facilitate an open exchange of opinion from diverse groups and strengthen internal and external support. Explains, advocates, and expresses facts and ideas in a convincing manner and negotiates with individuals and groups internally and externally, as appropriate. Develops a professional network with other organizations and identifies the internal and external politics that affect the work of the organization.

Agency-Specific Performance Requirements

Rating Official Narrative: *(Optional)*

Critical Element Rating – Building Coalitions

Level 5

Level 4

Level 3

Level 2

Level 1

Executive Name and ID:

Appraisal Period:

Critical Element 5. Results Driven

(Minimum Weight 20%)

Weight

Agency Goals/Objectives for current FY: Must have at least 3 results but no more than 8

This critical element includes specific performance requirements expected of the executive during the appraisal period, focusing on measurable outcomes from the strategic plan or other measurable outputs and outcomes clearly aligned to organizational goals and objectives. At a minimum, the performance plan will include performance requirements (including measures, targets, timelines, or quality descriptors, as appropriate) describing the range of performance at Level 3 for each result specified. It is recommended to also establish the threshold measures/targets for Levels 5 and 2.

Alignment--cite relevant goals/objectives, page numbers, from the Strategic Plan, Congressional Budget Justification/Annual Performance Plan, or other organizational planning document in the designated section for each performance requirement specified.

Performance Requirement 1:

Strategic Alignment:

Performance Requirement 2:

Strategic Alignment:

Performance Requirement 3:

Strategic Alignment:

Performance Requirement 4:

Strategic Alignment:

Performance Requirement 5:

Strategic Alignment:

Rating Official Narrative: *(Optional)*

Critical Element Rating – Results Driven

Level 5

Level 4

Level 3

Level 2

Level 1

Executive Name and ID:

Rating Period:

Part 6: Summary Rating Narrative *(Mandatory)*

Part 7: Executive's Accomplishment Narrative *(Optional)*

Part 8: Agency Use



Federal Retirement
Thrift Investment Board

DIRECTIVE

NUMBER: 39

DATE: 2/7/92

SUBJECT:
Retention Allowance Plan

1. PURPOSE. The purpose of this plan is to provide the Federal Retirement Thrift Investment Board (Board) with a compensation tool to retain needed employees who would otherwise be likely to leave Federal service. Under the Retention Allowance Plan, the Board is authorized to pay a retention allowance of up to 25 percent of basic pay to a current employee if the unusually high or unique qualifications of the employee, or a special need by the Board for the employee's service, makes it essential to retain the employee, and the agency determines that the employee would most likely leave the Board in the absence of a retention allowance.

2. SCOPE. This directive applies to all employees of the Board except the Executive Director and Board Members.

3. REFERENCES.

- a. Title 5 U.S.C. 1104(a)(2).
- b. Title 5 CFR Part 575.
- c. Executive Order 12748.
- d. Public Law 101-509, Federal Employees Pay Comparability Act of 1990.

4. DEFINITIONS. As used in this directive the following definitions shall apply:

- a. Employee for purposes of paying a retention allowance means an employee who is serving under an appointment without time limitation.
- b. Rate of basic pay means the rate of pay fixed by law or administrative action for the position held by the employee, before deductions and exclusive of additional pay of any kind, such as locality-based comparability payments under 5 U.S.C. 5305 or interim geographic adjustments under Section 302 of the Federal Employees Pay Comparability Act of 1990 (Public Law 101-509).

5. RESPONSIBILITIES AND DELEGATIONS.

- a. The Executive Director or his designee is responsible for reviewing and approving payment of retention allowances:
 - (1) To a Senior Executive Service position paid under 5 U.S.C. 5383;
 - (2) To a General Schedule position paid under 5 U.S.C. 5332, including a position under the Performance Management and Recognition System established under 5 U.S.C. Chapter 54.
- b. Office Directors are responsible for making a written recommendation for a retention allowance to the Executive Director.
- c. The Personnel Officer is responsible for applying policy, providing overall technical guidance and direction of the Retention Allowance Plan, and monitoring compliance with the Retention Allowance Plan.
- d. Any redelegation of this authority must be consistent with the delegated authority to make selections for employment.

6. CRITERIA FOR AUTHORIZING ALLOWANCE AND AMOUNT.

a. Employee Eligibility.

- (1) The Board may pay a retention allowance to an employee only if the employee has completed 1 year of continuous service with the Board immediately prior to such payment or, if applicable, a period of employment established under the service agreement required for payment of a recruitment bonus or a relocation bonus, whichever occurs later. (See Board directive on Recruitment and Relocation Bonus Plans.)
- (2) The Board may pay a retention allowance to an employee only if the employee is likely to leave the Federal service for employment outside the executive, legislative, or judicial branches of the Federal Government.

b. Determination.

- (1) Each retention allowance paid under this plan will be based on a written determination, using the Board's Request for Retention Allowance Form (see Attachment), that the employee has unusually high or unique qualifications, or that the agency has a special need for the employee's services for program delivery which make it essential to retain the employee, and that, in the absence of such an allowance, the employee would be likely to leave the Federal service for employment outside the executive, legislative, or judicial branch of the Federal Government. The retention allowance form will be initiated by the recommending official.
- (2) The determination that an employee is likely to leave may be based on a written offer from an employer outside of the Federal Government. It may also be based on a written statement by the higher level official that the employee is likely to leave based on such evidence as personal knowledge that the employee is actively seeking outside employment and that competitive labor market conditions make it likely that such efforts will yield positive results for the employee.
- (3) The determination will be based on a written description of the extent to which the employee's departure would affect the Board's ability to carry out an activity or perform a function that is deemed essential to the Board's mission.
- (4) In determining whether a retention allowance should be paid and in determining the amount of any such allowance, the Board will consider the following factors as applicable to the case at hand:
 - (a) The success of recent efforts to recruit candidates and retain employees with qualifications similar to those possessed by the employee for positions similar to the position held by the employee;
 - (b) The availability in the labor market of candidates for employment who, with minimal training or disruption of services to the participants or the Plan, could perform the full range of duties and responsibilities assigned to the position held by the employee;

- (c) The likely duration of the retention allowance;
- (d) The likely effects of such payment on the morale of co-workers;
- (e) Funding availability;
- (f) The employee's current salary and grade;
- (g) The relationship of a retention allowance to such previous payments as recruitment or relocation bonuses for which a service agreement has been completed, salary based on superior qualifications, performance awards, etc., that affect the aggregate monies received by the employee;
- (h) The employee's ratings and awards received during the past 3 years; and
- (i) Other special or unique needs for the employee's services.

c. Payment of Allowance.

- (1) A retention allowance will be calculated as a percentage of the employee's rate of basic pay (not to exceed 25 percent) and paid in the same manner and at the same time as basic pay. That is, the allowance will be paid at an hourly rate for each hour during which the employee receives basic pay. The allowance will not be considered part of an employee's rate of basic pay for any purpose. The allowance plus basic pay and any other continuing payments (as defined in CFR 530.202) may not exceed the rate payable for Level I of the Executive Schedule.
- (2) Payment of a retention allowance may be continued as long as the conditions giving rise to the original determination to pay the allowance exist. However, at least annually, the Executive Director will review each determination to pay an allowance to decide whether the payment is still warranted. This annual determination will be certified in writing and signed by the Executive Director.
- (3) The annual review of retention allowances will be completed on a fiscal year basis, with reauthorizations placed in effect on the first full pay period of a calendar year. The calculation of the percentage of salary will include any other general increases put into effect in the same pay period.

- (4) Except as provided in Section 7 below, the retention allowance will be set at a constant percentage throughout the period of time covered by the initial authorization or the reauthorization. Allowances will be automatically recalculated during the year whenever there is a change in basic pay, and the position for which the authorization or reauthorization was established remains the same.

7. REDUCTION OR TERMINATION OF RETENTION ALLOWANCE.

- a. At the time of an increase in one or more nondiscretionary continuing payments to an employee, the amount of a retention allowance shall be reduced to the extent necessary to ensure that the annual rate of all continuing payments (as defined in CFR 530.202) to which the employee is then entitled does not exceed the rate then payable for Level I of the Executive Schedule.
- b. Payment of a retention allowance shall be reduced or terminated when it is determined that:
 - (1) A lesser amount (or none at all) would be sufficient to retain the employee;
 - (2) Labor market factors make it more likely (or reasonably likely) to recruit a candidate with qualifications similar to those possessed by the employee;
 - (3) The Board's need for the services of the employee has been reduced to a level that makes it unnecessary to continue payment at the level originally approved (or at all);
 - (4) Budgetary considerations make it difficult to continue payment at the level originally approved (or at all);
 - (5) The employee leaves the position for which the allowance was authorized; or
 - (6) The employee's performance falls below the Fully Successful level of performance.
- c. A Notice of early termination or reduction of a retention allowance should be sent in writing to the employee 30 days before the effective date of such action.

- d. The reduction or termination of a retention allowance may not be appealed. However, this does not preclude or lessen any right or remedy under Subchapter II of Chapter 12 of Title 5, U.S.C., or any of the laws referred to in 5 U.S.C. 2302(d), which deal with equal employment opportunity.

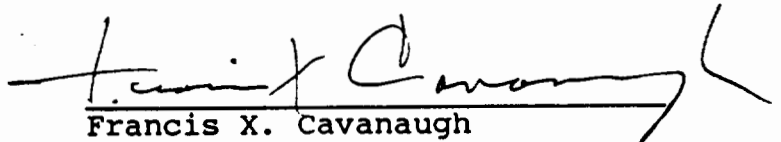
8. EVALUATION REPORTS. By January 1 of each year, the Personnel Office will prepare for the Executive Director a written report on Board-wide use of retention allowances during the previous fiscal year. Each report shall include the number of employees who received a retention allowance during the fiscal year, the percentage of salary received by each employee, and an evaluation of the overall effect of the payment of retention allowances on the ability of the agency to retain high-quality employees in key positions. The annual report is available for review upon request by the Office of Personnel Management.

9. RECORDS.

- a. Each retention allowance decision will be documented in writing on the Request for Retention Allowance Form.
- b. Each retention allowance decision shall be recorded and maintained in an appropriate subject file by fiscal year in the Personnel Office.

10. Office of Primary Responsibility. Office of Administration, Personnel Office.

2/7/92
Date


Francis X. Cavanaugh
Executive Director

Attachment

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
REQUEST FOR RETENTION ALLOWANCE FORM

1. Employee Name: _____
2. Title, Series, Grade, Step, Salary: _____

3. Office: _____
4. Expected Duration of Allowance (if applicable): _____
5. Percentage of Basic Pay Recommended: _____ %
(See instructions on reverse)
6. Justification (use additional sheets):
(See instructions on reverse)

As the recommending official, I certify that the employee is likely to leave based on personal knowledge that the employee is actively seeking employment outside of the Federal service (attach any written offer received by the employee).

Signature of Office Director

Date

Signature of Executive Director

Date

Approved _____

Disapproved _____

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
RECRUITMENT/RELOCATION BONUS SERVICE AGREEMENT

I, _____, hereby agree to remain in the Federal Retirement Thrift Investment Board (Board) for the period beginning _____ and ending on _____ following my appointment/relocation to (specify position, title, grade, series, and location) _____

_____ unless I am separated for reasons beyond my control and which are acceptable to the Board. The amount of the recruitment/relocation bonus I will be receiving under this agreement is \$_____. I agree that if I do not remain at the Board for the above specified period I will repay to the Board the recruitment/relocation bonus on a pro rata basis. The amount to be repaid shall be determined by providing credit for each full month of employment completed under this agreement. I understand that under such circumstances these monies are recoverable from me as a debt due the U.S. Government.

Employee's Signature

Date