

Department of Administration
Performance Management System
Policy Handbook

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DEPARTMENT OF ADMINISTRATION

PERFORMANCE MANAGEMENT SYSTEM

Policy

It is the policy of the Department of Administration to develop, implement, and maintain an operative Performance Management (PM) System in accordance with the requirements of the State Personnel Act and the 1991 Performance Management System Policy. This system is based on the belief that effective management and a positive work environment result from continuous communication and feedback between supervisors and employees. It also ensures that employees at all levels of the Department of Administration have a clear understanding of their job responsibilities and expectations, receive ongoing feedback regarding their performance, and are provided with opportunities for additional training and education as needed. This system will also be used as the basis for awarding any available performance increases in a fair and equitable manner to eligible employees.

THE PERFORMANCE MANAGEMENT PROCESS

The Performance Management Process is the sequence of actions that each supervisor must take when interacting with employees about their performance. The three steps, which comprise this process, are Planning, Managing and Appraising.

1. Planning

The Planning step involves establishing an individual Work Plan with Key Responsibilities/Results and Results Expectations, and Dimensions and Behavioral Expectations.

It is the supervisor's responsibility to explain the Performance Management process so that each employee understands the importance of their role in the organization and the mechanics of the system. This begins by explaining that every position in North Carolina State Government must accomplish certain results based on the job description. These results are identified for each position and are referred to on the Work Plan pages as Key Responsibilities/Results.

At the beginning of the work cycle, the supervisor and the employee shall review the job description and meet to determine the Key Responsibilities/Results (KR/R's) for the employee's position. This is a planning meeting to discuss and record the employee's current responsibilities. **The KR/R's are worded in short phrases of four words or less and then placed in priority order on the Work Plan forms.**

Dimensions are another component of the Work Plan. Dimensions are categories of behaviors or skills relating to how results are achieved. Not only does the employee need to know "what" they are expected to do (KR/R's - e.g. answering the telephone), the employee needs to know "how" to go about doing it. In other words, what skills or behaviors (such as Service Orientation, Oral Communication, or Oral Presentation) will help him or her accomplish that result in a desired manner.

Results Expectations and Behavioral Expectations are then established for each KR/R and Dimension, respectively.

Results Expectations describe successful completion of each responsibility or KR/R. These specific goals within each KR/R may change from year to year, or even quarter to quarter, depending on the organization's objectives. **Results Expectations must be written at the "good" level with the noun or results first (e.g. telephone answered within third ring, report completed by first Tuesday in month).** Results Expectations are substantive statements written at such a level that, if everyone in a unit performed at that level, the unit's goals would be met. To be considered substantive, **Results Expectations must have one or more indicators for measuring "good" performance i.e. quality, quantity, timeliness, or cost (Appendix A).** In order to be as fair as possible to employees, supervisors should also discuss performance at the other levels (outstanding, very good, below good, unsatisfactory).

Behavioral Expectations are examples of how a particular Dimension might be demonstrated in achieving one or more Results Expectations. Both the Dimensions and the Behavioral Expectations are selected from the "**Dictionary of Dimensions**" which supervisors are given during training. Personal characteristics such as attitude cannot be used as Dimensions; to do so would be out of compliance with state policy. However, the Dimensions and Behavioral Expectations in the Dictionary of Dimensions are acceptable because they have been tested for validity. The supervisor may need to verbally define the Behavioral Expectations at the "good"

level for the employee. For example, he or she may need to define "promptly" and "courteously" in the example below.

Example: KR/R: Public Contact/Telephone

Results Expectations: Telephone answered by third ring.
Telephone answered saying,
"May I help You?"

Dimension: Service Orientation

Behavioral Expectations:

1. Greets the person promptly and courteously.
2. Asks questions to determine person's needs.

Performance Expectations are a combination of the employee's KR/R's and Results Expectations and the Dimensions and Behavioral Expectations that will help the employee accomplish those results. The full impact of combining both the what (KR/R's and Results Expectations) and the how (Dimensions and Behavioral Expectations) becomes clear as a result of this process. **It is essential that all Performance Expectations be job-related, fair, and under the control of the employee and their position. The supervisor's manager is responsible for ensuring that Performance Expectations for similar jobs across units reporting to them are consistent and equitable.**

It is also required that each Results Expectation and each Behavioral Expectation include a **Tracking Source and corresponding Frequency**. Tracking sources provide data about an employee's performance throughout the cycle. The supervisor is responsible for monitoring performance at the agreed upon times (Frequency) using Tracking Sources such as direct observations, written materials, third-party reports, or self reports (Appendix A) that indicate how an employee is performing.

To complete the planning phase of the PM process, the supervisor must determine the percentage weight of the combined KR/R's and combined Dimensions. **Dimensions should not weigh more than 50% of the overall rating. For most positions, Dimensions will be between 10-40% of the overall rating.**

While the supervisor is ultimately responsible for development of the Work Plan and implementation of the system, the employee should have as much involvement as possible in the process. At least one meeting should be held at the beginning of the work cycle in which the employee has an opportunity to give input into the work plan before it becomes a formal document. Depending upon the complexity of the position and the length of time the employee has been in the position, several meetings may be necessary to complete the workplan. The primary purpose of these planning discussions are to ensure that the supervisor and employee share a mutual understanding of the performance expected of the employee.

The Work Plan shall be reestablished and updated at the beginning of each work cycle to include KR/R's, the Performance Expectations (Results Expectations, Dimensions and Behavioral Expectations) and the Tracking Sources and Frequency.

The supervisor should then review the employee's Work Plan with his or her manager and obtain their signature to ensure agreement and consistency with department goals.

A Development Plan outlining needed or desired education or training should be initiated at the beginning of the work cycle and recorded on the Performance Management form.

The plan may be modified at any time during the cycle. The purpose of the Development Plan is to identify those areas of an employee's skills, abilities, or knowledge which may need strengthening or corrective action. It is also to be used as a plan in which opportunities for job-related growth and development are identified. The plan may include ideas presented by either the supervisor or the employee that would enhance the performance of the employee. It should also be used to document any growth opportunities in which the employee is participating.

If an employee received a "below good" or "unsatisfactory" rating at the end of the previous appraisal cycle, the Development Plan established at the beginning of the next work cycle must address specific areas that need corrective action or further training and must outline a plan for addressing these problems.

2. Managing

The Managing step includes **coaching and reinforcing** the employee throughout the work cycle and **conducting the Interim Review(s)**.

As soon as the Work Plan is agreed upon, the supervisor should begin using coaching and reinforcing techniques to assist employees in accomplishing their goals during the cycle. Coaching is the process of instructing, directing, guiding, or prompting individuals as they work towards goals. Reinforcing is recognizing and informing employees when they are using desired behaviors. Coaching and Reinforcing are not only important when an employee is performing poorly. Coaching and Reinforcing are ways supervisors help any employee do their job better.

Although Coaching and Reinforcing are on-going processes, each supervisor must meet with each employee at least one time during the work cycle for an Interim Review of performance. This review should occur at the approximate midpoint of the cycle. The purpose of this meeting is to:

- A. Discuss the employee's progress towards each of the established KR/R's or performance expectations.
- B. Document any exceptional performance or devise an improvement plan to overcome any deficiencies that may exist.
- C. Review or eliminate any KR/R's or performance expectations that have changed or no longer exist.
- D. Record the date the review is conducted.
- E. Review and revise the employee's Development Plan.

During the Interim Review, the supervisor should communicate to the employee the level on which they are performing overall, but no individual KR/R ratings should be given. The supervisor should document the reason(s) why and how specific performance expectations are not being met and the plan to overcome such deficiencies. KR/R's or performance expectations which cannot be met as recorded should be eliminated from the Work Plan or rewritten if they reflect changes in priorities or obstacles beyond the employee's control. **Any changes or comments made to the appraisal at any time must be initialed and dated by the employee, supervisor and manager.**

If an employee's performance is below the "good" level on any KR/R or performance expectation at the time of the Interim Review, an Interim Improvement Plan for corrective

action is required and the supervisor must meet with that employee at least once more before the Final Appraisal. The Interim Improvement Plan is a formal part of the Interim Review form.

The "below good" rating is transitional. Employees should not maintain an overall rating of "below good" for more than one-half of the agency's work cycle. It is intended that this time be used by the supervisor to work with employees in an effort to correct deficient performance. **If an employee maintains a "below good" rating for more than one-half of a work cycle, it is expected that the supervisor will be in the process of administering appropriate, progressive disciplinary action.**

Similarly, if an employee maintains an overall rating of "unsatisfactory" for one-half of the agency's work cycle, the supervisor should be administering the appropriate disciplinary actions.

3. Appraising

The appraising step involves conducting the **actual final performance appraisal.**

At the end of the work cycle, supervisors should meet with each employee to review the employee's actual performance as it compares to the established performance expectations.

The supervisor should review each employee's performance based on the documentation kept throughout the year and accordingly, provide an individual rating for each KR/R and Dimension established at the beginning of the work period. **It is important to note that ratings are not given for each Results Expectation or Behavioral Expectation.** The supervisor shall discuss with the employee how well each expectation within each KR/R or Dimension was performed and identify good performance as well as performance that needs improvement. Any Performance falling "below good" at the time of the appraisal must be clearly noted as such. The supervisor and employee together must develop an action plan for improvement for "below good" performance.

This plan should describe specific actions to be taken by the employee that will improve performance within a specified time period. The details of the plan shall be summarized by the supervisor on the final appraisal's Narrative Summary. Relevant items should be transferred to the next cycle's Development Plan.

The supervisor will then calculate the overall rating for the work cycle by transferring the ratings for the individual KR/R's and Dimensions to the Overall Performance Rating page of the Work Plan. When calculating the combined rating for KR/R's or Dimensions, the supervisor must consider the relative importance of each KR/R or Dimension since the combined rating is obtained by looking at each of the individual ratings. When calculating the overall rating, the percentage weight given to the KR/R's and Dimensions must be considered.

In addition to the ratings given on KR/Rs or Dimensions, any formal disciplinary action taken (whether for job performance or personal conduct) shall be considered in determining the overall rating. **With the exception of some instances of personal conduct, an employee cannot receive an overall rating of "good" if he or she received a final written warning during the timeframe used for that particular PM cycle.** If the disciplinary action is performance-based, the supervisor should relate this to the employee's Results Expectations. If the disciplinary action is based on personal conduct, and it can not be tied to a Dimension, it should be explained on the last page of the appraisal form in the Narrative Summary.

Before discussing the overall rating with the employee, each supervisor must consult with his or her manager to review, discuss, and reach a consensus regarding the rating.

It is essential that managers approve of and agree with ratings before they are discussed with employees. It is the responsibility of management to ensure that the supervisors in their division rate their employees in a fair and consistent manner and that performance has been accurately measured in accordance with the North Carolina Rating Scale.

In addition to the overall rating, supervisors must also complete a Narrative Summary which discusses the employee's overall performance during the work cycle. This summary must support the overall rating and must discuss any unusual circumstances (i.e. disciplinary action, overwhelming importance of certain KR/R's, etc.) which influenced the overall summary rating.

All Actual Performance, Narrative Summary, and other comments must be handwritten by the supervisor.

The Overall Performance Rating page of the Performance Management form shall then be signed and dated by the employee, supervisor, and supervisor's manager and treated in a confidential manner. The employee's signature does not imply agreement with the overall review but indicates that performance and ratings have been discussed with the employee. Employees have the right to comment on their appraisal on the summary page of the form. If an employee chooses not to sign the form, the supervisor shall attach a statement to the summary stating that the performance appraisal has been reviewed and discussed with the employee and that the employee has refused to sign the form. The original PM form is sent to the Staff Development Specialist in the Human Resources Management Office, one copy is given to the employee, and the other copy is kept in the division director's office under lock and key. The supervisor may retain a copy of the work plan but does not keep a copy of the appraisal. Performance Management forms for all employees will be maintained for three years in the Human Resources Management Division and disposed of according to the agency's forms disposal schedule.

OTHER COMPONENTS OF THE PERFORMANCE MANAGEMENT SYSTEM

1. The North Carolina Rating Scale

In accordance with state law, the Department of Administration adopted the North Carolina Rating Scale with the July 1, 1991, Performance Management cycle. The five-point rating scale is used by all departments and is defined as follows for each level:

Outstanding Performance

Performance is far above the defined job expectations. The employee consistently does outstanding work, regularly going far beyond what is expected of employees in this job. Performance that exceeds expectations is due to the effort and skills of the employee. Any performance not consistently exceeding expectations is minor or due to events not under the control of the employee.

Very Good Performance

Performance meets the defined job expectations and in many instances exceeds job expectations. The employee generally is doing a very good job. Performance that exceeds expectations is due to the effort and skills of the employee.

Good Performance

Performance meets the defined job expectations. The employee generally performs according to the expectations of doing a good job. The employee is doing a job at the level expected for employees in this position. The good performance is due to the employee's own effort and skills.

Below Good Performance

Performance may meet some of the job expectations but does not fully meet the remainder. The employee generally is doing the job at a minimal level, and improvement is needed to fully meet the expectations. Lapses in performance are due to the employee's lack of effort or skills.

Unsatisfactory Performance

Performance generally fails to meet the defined expectations or requires frequent, close supervision and/or the redoing of work. The employee is not doing the job at the level expected for employees in this position. Unsuccessful job performance is due to the employee's own lack of effort or skills.

2. Internal Training Program

An ongoing information and skill-building training program will be provided for managers, supervisors and employees in the Performance Management System. The training will be developed and implemented in accordance with the standards and guidelines mandated by the State Personnel Commission and the Office of State Personnel. The respective roles of managers, supervisors and employees in the Performance Management System will be clearly identified and delineated.

3. Performance Management and Pay Advisory Committee

The department has a Performance Management and Pay Advisory Committee whose members are selected by the Secretary. The purpose of this committee is to assist in ensuring that the Performance Management System is administered in a fair and equitable manner. This committee also makes recommendations on how the system can be improved. The committee reviews such issues as the department's compliance with Performance Management System state policy, the education and training program, the distribution of ratings and, when applicable, the performance pay plan and whether increases have been equitably awarded.

The committee has seven members representing management, supervisory, and non-supervisory employees and they are selected with consideration to the diverse populations in the department. The committee is required by state policy to meet at least two times a year and to submit a report of its conclusions to the Secretary.

ADMINISTERING THE PERFORMANCE MANAGEMENT PROCESS SPECIAL SITUATIONS

1. Probationary Employees - All employees shall have a Work Plan in place within thirty to sixty (30-60) days of their hiring date. If a new employee is hired within two (2) months of the last day of the department's work cycle, a formal appraisal does not need to be done on that employee until the end of the next work cycle. However, the Work Plan must still be established within thirty days of the hiring date and it is strongly recommended that an Interim Review be conducted during the same time period when other employees are receiving their final appraisals.

If a new employee is hired more than two (2) months before the end of the work cycle, a formal appraisal must be completed and submitted for that employee. **In accordance with policy on probationary period, an Interim Review shall be completed before an employee can be moved into permanent status.**

2. Trainees - Every employee in a trainee progression must have a Work Plan within thirty (30) calendar days of employment. This plan helps guide the employee in reaching requirements for the full classification. An Interim Review shall be completed before each salary increase is granted within the progression.

3. Change in Position Description - Employees whose responsibilities and duties are changed either within their current position or by transfer (lateral, promotion, or demotion) shall have a new position description and Work Plan established within 30 days of their new assignment.

4. Transfers within Department of Administration - If an employee transfers out of a section or division into another section or division within the Department of Administration before the completion of a work cycle, a performance appraisal must be completed and an overall rating provided prior to the last day of the employee's departure. At the end of the work cycle, the overall summary rating determined by the new supervisor shall be combined with the rating given by the previous supervisor, such that only one rating is provided to the employee for the year. The overall rating shall be based upon the percentage of the year under each supervisor. It is the responsibility of the manager to ensure that the new supervisor fairly determines the overall rating based upon the two separate ratings for that work cycle.

5. Transfers to another State Agency or University - If an employee transfers from a division within the Department of Administration to another State agency or university, the supervisor will complete a Final Appraisal prior to the last day the employee works and also complete a "Summary Transfer Form" (Appendix B). Originals of both documents shall be submitted to the Staff Development Section of the Human Resources Management Office and forwarded to the new agency by that office.

6. Transfers to the Department of Administration - An employee who transfers into the Department of Administration from another state agency or university shall have a Work Plan established within thirty (30) days. The supervisor of the employee shall notify the Human Resources Management Office that the employee is a transfer and request that the Staff Development Section obtain the "Summary Transfer Form" (Appendix B) from the previous supervisor. When the new supervisor completes an appraisal at the end of the work cycle, consideration should be given to the previous appraisal in determining the overall rating. However, the supervisor and his or her manager may choose to disregard the previous appraisal as long as justification is provided.

7. Change in Management (If a supervisor or manager transfers or leaves the agency) - When a supervisor either transfers to another work unit or leaves the agency, **the supervisor is required to complete a Final Appraisal on each of his or her employees prior to the last day of work.** Agency policies and procedures will be adhered to in obtaining signature, reviews, dates, etc. **The supervisor's manager is responsible for seeing that the Final Appraisals are completed in a timely manner and according to agency policy and procedures.** The supervisor's manager is also responsible for conveying the past performance expectations to the new supervisor. The departing supervisor's rating of the employee's performance will be combined with the rating that the new supervisor gives at the end of the appraisal cycle and a combined overall rating will be given to the employee. The combined rating shall be based upon the percentage of the year the employee was under the supervision of each supervisor. It is the responsibility of the supervisor's manager to see that the ratings are

combined in a fair and equitable manner according to the percentage of the cycle reporting to each supervisor.

8. Change in Management (New supervisor arrives at work unit) - When a new supervisor arrives at a work unit within the agency, he or she is required to complete a new Work Plan for each of the employees under his or her jurisdiction within 30 days. Even in cases where the performance expectations remain the same, they should be put in writing within thirty (30) days and a new appraisal period started.

Each supervisor will only appraise an employee's performance for that period of time in which he or she actually supervised the employee.

9. Employees who are on loan to any other work unit(s) - Employees loaned within the agency will have a Work Plan developed for them within thirty (30) days following their arrival to the work unit. At the conclusion of the assignment, the supervisor requesting the use of the loaned employee will be held responsible for the completion of the Performance Appraisal. Agency policies and procedures will be adhered to for the combined ratings, signatures, dates and forwarding of copies to the appropriate parties. The Department of Administration is committed to the continuity and consistency of treatment of its employees when employees are loaned or transferred to other work units within the agency, and also when there are supervisory changes which affect the performance appraisal of employees.

10. Terminations - When an employee terminates their employment with North Carolina state government, the supervisor will complete a final appraisal prior to employee's last day of work. If the employee has worked less than three months of the cycle, an appraisal does not need to be completed. However, the supervisor should complete an Interim Review on the employee and note that there was "insufficient time" worked to warrant the completion of the appraisal.

RELATIONSHIP OF PERFORMANCE MANAGEMENT TO OTHER HUMAN RESOURCE SYSTEMS

Performance management is an integral part of the overall management of an organization. From an organizational perspective, information obtained from performance appraisals must influence selection, staffing, discipline, training, and development.

Performance appraisal is one consideration in making other personnel decisions such as promotions, all performance-based disciplinary actions, performance salary increases and reductions in force. Since the Work Plan does not cover 100% of the job, disciplinary action must be noted and considered in the overall rating. Personnel policies dealing with these actions also require consideration of other variables; therefore, the performance appraisal alone cannot determine such decisions.

In order to achieve internal consistency in personnel administration, the following requirements shall be met:

1. A current (within the past 10 months) performance appraisal shall be on file for an employee before any of the personnel actions listed above can be effected.
2. Any proposed personnel action as mentioned above shall be consistent with the overall rating of the employee's performance.

3. In cases in which a recommended personnel action appears inconsistent with the most recent overall rating, written justification shall accompany the recommended personnel action or documentation supporting improvements must be made on the employee's current Work Plan.

RELATIONSHIP OF PERFORMANCE MANAGEMENT TO PERFORMANCE PAY INCREASES

An employee's annual performance appraisal shall be used as a basis for determining eligibility for performance pay increases if such funds are available. The guidelines for funding and awarding increases are typically determined by the General Assembly.

RIGHTS OF APPEAL

Any employee participating in the Performance Management System who has permanent status may appeal any of the following:

1. The overall summary rating received on the Final Appraisal.
2. A decision not to award a performance increase to an employee who is rated "very good" or "outstanding" on his or her overall summary rating.
3. The amount of increase awarded to an employee whose performance is rated "very good" or "outstanding."

Employees shall appeal any of these actions according to the guidelines in the department's Performance Management System Dispute Resolution Policy (Appendix C). The employee initiates the appeal process by completing a Notice of Appeal form (Appendix D).

Supervisors are responsible for notifying all employees of their rights of appeal according to the following guidelines:

1. All employees will receive an initial copy of the Department's Dispute Resolution Policy at the time they review and sign their first annual performance appraisal and summary rating. After receiving a copy of the full dispute policy at the end of the first cycle, all employees will in subsequent cycles receive a written reminder of their appeal rights and the process to initiate an appeal when they review and sign their appraisals.
2. All employees whose job performance is rated "very good" or "outstanding" will be notified in writing of the amount of their increase if funds for such increases are made available by the legislature. Supervisors will at this time inform employees that they have fifteen (15) days in which to appeal the amount of their increase in accordance with departmental policy.

PERFORMANCE MANAGEMENT SYSTEM RESPONSIBILITIES

To ensure that the Performance Management System is fairly and equitably implemented for all employees, various governing bodies, levels of management, as well as employees in state government, have been delegated certain responsibilities. Each of the following has a specific role to play in the effective implementation of the Performance Management System.

1. State Personnel Commission

The State Personnel Commission, under the authority of G.S. 126-4(8) and G.S. 126-7, shall adopt policy and rules for performance appraisal. The Commission shall submit a report on the Performance Management System annually to the Governor. Said report shall include an evaluation of the administration of the Performance Management System in each department, agency, and institution, and the distribution of performance salary increases including occupational and demographic data. It shall include recommendations for improving and correcting any inconsistencies in the total Performance Management System in each department, agency, and institution.

2. The Office of State Personnel

The Office of State Personnel, under the authority of G.S. 126-3, shall have the authority to administer and enforce all policies, regulations, and procedures for the Performance Management System throughout North Carolina State Government by requiring each department, agency, or institution to submit whatever evidence and/or information it deems appropriate. Staff in the Office of State Personnel shall review planning documents as well as conducting audits. It shall be the responsibility of the Office of State Personnel to set the performance increases allowable for levels of performance which exceed performance requirements.

The Office of State Personnel shall monitor the Performance Management Systems in all departments, agencies, and institutions. This includes monitoring performance increase distribution of each employing unit within each department, agency, or institution. The Office of State Personnel shall review the analyzed data from each department, agency, and institution to ensure that performance increases are distributed fairly and equitably. A summary report with conclusions drawn about the statewide system shall be prepared and submitted annually to the Personnel Commission. The Personnel Commission shall in turn submit a report to the Governor, the General Assembly, and others as required by G.S. 126-7.

This report shall also include recommendations for improving the total Performance Management System and alleviating existing inconsistencies. If deficiencies exist within any department, agency, or institution's system, sanctions may be recommended.

It shall also be the responsibility of the Office of State Personnel to advise departments, agencies, and institutions in planning, establishing, and administering their Performance Management System. This includes consultation concerning initial and ongoing training programs. At the request of any department, agency, or institution, the Office of State Personnel shall also assist in establishing an internal performance review system or in applying an existing grievance procedure to hear pay disputes.

3. Secretary of Administration/Top Management

The Secretary of Administration shall establish, monitor, and evaluate the department's individually tailored Performance Management System. The Office of State Personnel approves the plan as being in full compliance with State personnel policy. Failure to adhere to the provisions and guidelines of State policy may result in the loss or withholding of performance increase funds throughout the department.

The Secretary of Administration is also required to submit an annual report to the Office of State Personnel which includes a complete description of the current Performance Management System, performance increase distributions for each division, demographic data of performance ratings, as well as all other information requested. Within 60 calendar days after receipt of feedback on the annual report from the Office of State Personnel, the Department of Administration shall prepare a written plan alleviating inequities and systematic deficiencies and submit it to the Office of State Personnel for concurrence. The Department of Administration shall also take sanctions against the managers of those units in which inequities or systematic deficiencies exist.

4. Division Directors

Division directors are responsible for setting goals for their divisions consistent with the goals of the department and for communicating these goals to division management and supervisors.

Division directors and division managers play a vital role in the Performance Management System. These managers control the uniformity and adequacy of the performance management process by comparing performance expectations and performance reviews of employees supervised by their subordinates, determining whether appraisal practices of different supervisors are consistent and similar, and ensuring that their supervisors receive sufficient performance management training. All division directors and managers are expected to:

- review the Work Plans developed by supervisors and reach concurrence on performance expectations prior to the supervisor meeting with the employee; performance expectations prior to the supervisor meeting with any employee.
- assure consistency among performance expectations set by supervisors reporting to him/her;
- verify accuracy of information on Interim Performance Reviews and Overall Performance Appraisal summaries at end of work cycle prior to the supervisor meeting with the employee; Performance Appraisal summaries at the end of the work cycle prior to the supervisor meeting with the employee.
- verify that reviews are done according to agency policy, procedures, and timetables;
- verify that the distribution of ratings for the work unit is fair and equitable;
- hold discussions with supervisors when an employee's individual Work Plan, Interim Review or Overall Performance Appraisal are not in compliance with agency policies, procedures, and timetables;
- calculate a combined rating when an employee has been under the supervision of more than one supervisor within the department during the appraisal cycle. The employee's overall rating will be based upon the percentage of the year worked under each supervisor;
- ensure that signature(s) provided on the official Performance Appraisal are correct and dates given reflect correct dates when review and discussion were held by the supervisor responsible for direct supervision of the employee;
- review personnel actions recommended by supervisors reporting to him or her for consistency with the performance appraisal. Add his or her written statement explaining any apparent inconsistencies to the statements of the supervisors recommending the actions;

- make certain that one of the responsibilities of each supervisor reporting to him or her is to effectively manage the performance of subordinate employees in accordance with agency policies, procedures, and timetables;
- perform the duties of the immediate supervisor for employees reporting directly to him or her.

5. Supervisors

Supervisors are responsible for the Performance Management System for employees reporting directly to them. They are expected to:

- carefully review organizational, division/unit goals with special emphasis on their particular work unit;
- review needs of the entire work unit, including the strengths and weaknesses of each employee;
- develop an individual Work Plan for each employee in the work unit at least once a year and discuss this Work Plan with the employee at the beginning of the work cycle;
- ensure that performance expectations for all jobs within his or her work unit are consistent and equitable;
- coach employees while work is in progress;
- serve as a model for employees under their supervision;
- conduct an Interim Review of employees reporting to them during mid-cycle of the appraisal period;
- meet with the employee at least once more before the Final Appraisal if the employee has not progressed as expected at the time of the Interim Review;
- conduct a Final Appraisal with each employee. Consult with the manager on ratings prior to discussion with the employee. Forward the Final Appraisal to the supervisor's manager for review, signature, and date;
- ensure that personnel actions recommended are consistent with the Final Appraisal. If there are any apparent inconsistencies, a statement must be written providing an explanation for these inconsistencies.

6. Employees

The employee's role in the development of the individual Work Plan includes the following:

- read and become familiar with the Department's Performance Management System policy and guidelines and attend training when offered;
- assist the supervisor in outlining primary job responsibilities, critical tasks and his or her performance expectations;
- communicate with the supervisor if the performance expectations seem inappropriate;

- keep the supervisor informed as changes effecting job responsibilities occur so that performance expectations can be adjusted and met as planned;
- communicate Development Plan training needs that will contribute to his or her improved work performance;
- be prepared for the three required meetings with the supervisor; gather information related to his or her performance including data on activities and accomplishments;
- be self-analytical and accept constructive criticism so that he/she may improve his or her work performance;
- sign the Final Appraisal form acknowledging that he or she has read and discussed the contents.

SANCTIONS

Performance management is a major responsibility for managers and supervisors. This one responsibility is included in every manager's and supervisor's Work Plan. The Department of Administration holds its managers and supervisors responsible for carrying out the Performance Management process fairly and equitably. In accordance with Office of State Personnel policy, sanctions will be levied against those managers and supervisors who do not properly carry out their responsibilities under this policy. Examples of sanctions which may be levied are as follows:

1. Automatic denial of any performance salary increase if the supervisor's rating on the performance management factor does not meet requirements even if all other performance factors exceed requirements at the highest level. Included among those conditions which will automatically cause the supervisor's rating on this factor to not meet requirements and, therefore, mean automatic denial of any performance salary increase for the supervisor are the following:

- A. Performance appraisals not completed by one full month following the due date (two months after completion of the performance appraisal cycle) barring exceptional circumstances;
- B. Failure to conduct appraisals and close out ratings when the supervisor or an employee departs;
- C. Inadequacies in other areas of the Performance Management System such as setting performance expectations which, if met, would not allow the unit to meet its goals; failure to provide modeling and coaching during the performance appraisal cycle; overall performance appraisal ratings which cannot be justified with the individual ratings; and failure to involve the supervisor's manager in the process before expectations or appraisals are communicated to the employee.

2. Automatic denial of any performance salary increase for the supervisor's manager if the performance management factor is below "good," even if all other performance expectations rate above "good." Included among those conditions which will automatically cause the rating on this factor to not meet requirements and, therefore, automatically mean denial of any performance salary increase for the supervisor's manager are the following:

- A. Failure to see that a Final Appraisal is conducted and overall rating determined when a supervisor or employee departs;
 - B. Blatant lack of uniformity among subordinate supervisors in either setting of performance expectations or rating of performance;
 - C. Failure to carry out responsibilities as required for supervisors in relation to those employees reporting directly to him/her;
3. Issuance of appropriate disciplinary warnings, up to and including dismissal for failure to carry out the agency's Performance Management process. This step will be mandatory for any supervisor or manager at the top of his or her range and for whom a denial of a performance salary increase is a meaningless action. This step is optional for all other situations and may be used in addition to the automatic denial of performance salary increases in these cases.

No sanctions will be applied until the manager or supervisor involved has had the opportunity to represent himself or herself and provide a justifiable explanation for failure to comply with the agency's policies and procedures in the Performance Management System.

The intent of the sanctions is to insure that employees are not penalized or excluded from consideration for a performance salary increase because a manager or supervisor has not done his or her job in the Performance Management process.

PERFORMANCE EXPECTATIONS

Expectations = Performance Indicators + Tracking Source + Planned Frequency of Review

Performance Indicators:

1. **QUALITY OF WORK:** (How well done) number of errors; error rate; organization or completeness (defined by checklist); number of complaints; percentage or supervisor checklist accomplished.
2. **QUANTITY OF WORK:** (How much done) amount of overtime needed; How much produced in specified time period.
3. **TIMELINESS:** (How fast it was done) more completed in less time than normal; percent of deadlines met; turn around time; how long before task begun?
4. **COST EFFECTIVENESS:** (How economically done) dollar per task; person hours per task; accuracy of estimates.

Tracking Sources:

1. **DIRECT OBSERVATION** - your personal observation of your employee in action in staff meetings, in task or committee meetings, or in the day-to-day conduct of his/her job.
2. **WRITTEN MATERIAL** - letters, reports, memos written by the employee to you or to others and copied to you indicating projects completion.
3. **THIRD-PARTY REPORTS** - compliments, complaints, and general discussions with peers, co-workers, clients, customers, or the public.
4. **INDIVIDUAL SELF-REPORT** - logs, timesheets or checklists which the employees themselves have used to monitor their performance quarterly, semi-annually, or annually.

DEPARTMENT OF ADMINISTRATION

Performance Management Summary Transfer Form

This form is to be completed by the supervisor of the employee who is transferring to another state agency. Complete the form before the employee's last day of work and forward it to the Human Resources Management Office, Administration Building, Room 2074.

Employee's Name _____

Division _____ Position No. _____

Classification Title _____

Dates of Employment From _____ To _____

Dates of Work Cycle _____

Transfer Information

Date of Transfer _____

Agency/Division Employee Transferring to _____

Work Plan Transfer Status (check one):

_____ A copy of the employee's Work Plan is attached. The Work Plan is signed and dated by the employee, the supervisor and the supervisor's manager.

_____ Work Plan is not attached. (Written explanation required.)

Interim Review (Check one)

_____ Date conducted _____ Not Conducted (provide explanation)

Comments: _____

Overall Performance Appraisal (Check one)

_____ Conducted _____ Not Conducted (provide explanation)

Comments: _____

Performance Appraisal Summary (Note: The Department of Administration uses the State 5-level rating scale in evaluating performance at the end of the performance cycle)

_____ Overall Summary Rating Upon Employee's Transfer

Comments: _____

Signatures

Employee _____ Date _____

Supervisor _____ Date _____

Supervisor's Manager _____ Date _____

Overall Comments (Optional)

Employee: _____

Supervisor: _____

Supervisor's Manager: _____

DEPARTMENT OF ADMINISTRATION

PERFORMANCE APPRAISAL DISPUTE RESOLUTION POLICY

POLICY STATEMENT

It shall be the policy of the N. C. Department of Administration to ensure a fair and equitable procedure for the resolution of disputes resulting from the evaluation of employee performance. **Any employee who has successfully completed a probationary period shall have the right to appeal any of the following:**

- 1. The overall summary rating given on the final appraisal.**
- 2. The amount of the performance increase given if performance pay is funded.**
- 3. The decision to deny a performance increase even though the employee is eligible to receive one**

Employees who elect to challenge management's recommendations regarding job performance or performance increases shall have the right to dispute those recommendations without interference, coercion, restraint, discrimination, or reprisal. Management may allow employees reasonable time off from their regular duties to prepare and present their grievance without loss of pay, vacation, or other time credits.

The internal performance appraisal dispute resolution procedure shall consist of the following steps:

STEP 1: DISCUSSION BETWEEN THE EMPLOYEE AND THE IMMEDIATE SUPERVISOR

If an employee disagrees with the level of performance or the amount of salary increase recommended by the immediate supervisor, then he/she must first discuss his/her concern(s) with the supervisor in an attempt to resolve the dispute. **The employee shall request this meeting within fifteen (15) calendar days from the date they have reviewed and signed or are asked to sign the completed performance appraisal if the employee is challenging his/her overall summary rating.** If an employee is challenging the amount of the performance increase awarded by management or a decision to deny an increase, a meeting with the immediate supervisor must be requested within fifteen (15) calendar days of the day the employee receives written notification of the amount of his/her increase or decision to deny the increase. **Any of the above requests must be initiated by the employee submitting a copy of a completed "Notification of Appeal" form to his/her supervisor.** It is the purpose of this initial discussion to ensure that the employee receives accurate information regarding the performance management system and the method of evaluation; information concerning performance expectations and indicators; and the documentation which supported the initial recommendation. The employee shall have the right to rebut the supervisor's recommendation and to offer documentation which supports the employee's contention that the recommendation is incorrect.

The immediate supervisor may, based on this discussion with the employee, request permission from his or her Division Director to change either the summary rating or the recommended amount of increase. This request must be submitted in writing and must include specific justification for the change. The Division Director must then request approval from the appropriate Deputy Secretary or the Secretary of Administration.

The immediate supervisor shall provide a written response to the employee within five (5) working days of the discussion. If a response requires more than five (5) working days, the employee must be advised in writing as to the conditions which prevent an answer and some indication as to when an answer may be expected. This response must be made within a reasonable period of time but may not exceed fifteen (15) working days. A copy of the response must be forwarded to the Director of Human Resources Management.

STEP II: DISCUSSION BETWEEN THE EMPLOYEE AND THE DIVISION DIRECTOR

If the decision in Step I is unfavorable or if the employee fails to receive an answer within fifteen (15) working days as to a deferred response, he/she may request that the appropriate Division Director consider the matter. The request must be presented in writing to the Division Director within (5) working days after receipt of the decision at Step I.

The Division Director and other line supervisors involved shall review all relevant information from Step I as well as any additional documentation submitted by the immediate supervisor or the employee. Based upon this information, the Division Director shall arrange a meeting with the immediate supervisor and the employee, together or separately, to discuss the matter.

For discussions where the reviewing supervisor has made the evaluation that is subsequently appealed by the employee, then all levels of supervisors in that organizational unit, up through the Division Director, are to be consulted in this review process. The Division Director must review the employee's performance appraisal form to determine whether or not it was executed in accordance with the agency's Performance Management System and to assess whether or not the employee's appraisal was fair and equitable.

The Division Director shall provide a written response to the employee within five (5) working days upon conclusion of any discussions or other review of the facts associated with the dispute. A copy of the recommendation shall be forwarded to the Director of Human Resources Management. The Division Director shall have the authority to change the immediate supervisor's initial recommendation regarding a disputed performance appraisal, or the Division Director may uphold the immediate supervisor's recommendation. The Division Director will only have the authority to change the initial appraisal done by the supervisor if clear evidence exists that the work plan, expectations established, or documentation of actual performance was not carried out in accordance with the policies set forth in the DOA Performance Management System handbook. If a change is made, justification for the change must be provided in writing to the Director of Human Resources Management and to the appropriate Deputy Secretary or to the Secretary of Administration.

In the absence of any objection by the employee or further appeal by the employee, the Division Director's recommendation shall be implemented within thirty (30) working days from the date provided.

STEP III: APPEAL TO THE AGENCY PERFORMANCE APPRAISAL DISPUTE REVIEW BOARD

If the decision reached at Step II is unsatisfactory to the employee, or if the recommendation has not been implemented within the prescribed thirty (30) day period, then the employee may request a hearing before the agency Performance Appraisal Dispute Review Board. The employee shall provide a written summary of the specific facts associated with the dispute within five (5) working days after the decision from Step II has been presented. The employee and the appropriate management representative shall be notified no less than five (5) working days in advance of the scheduled date of the hearing. If both are in agreement, the hearing may be scheduled at the earliest possible date. The employee shall have the opportunity to

appear in person before the Review Board, and the management representative shall have the right to offer a rebuttal. Conversely, the management representative shall have the right to present pertinent information concerning the dispute, and the employee shall have an opportunity for rebuttal. The Review Board shall then meet privately to discuss the information presented and will issue a written recommendation to the Secretary of Administration within five (5) working days from the conclusion of the hearing. The written recommendation shall result from a majority vote of the review board.

The Secretary shall have access to all pertinent information associated with the dispute. The employee shall have the right to provide any additional written statement or information to the Secretary of Administration for his or her consideration. Upon review and evaluation of this information and the Board's recommendation, the Secretary shall issue a final written decision to the employee, the appropriate management representative, and the Director of Human Resources Management within five (5) working days from the date the Board's recommendation is received.

The Secretary's decision shall be considered final and without benefit of further appeal in accordance with OSP policy.

COMPOSITION OF THE PERFORMANCE APPRAISAL DISPUTE REVIEW BOARD

The Director of Human Resources Management shall maintain a pool of employees representing each internal division and section and reflecting all levels of employees to include managers, supervisors, and non-supervisors. From this pool, a review board will be convened when necessary to hear disputes at Step III of the agency's performance appraisal dispute process. This review board will be comprised of five (5) individuals who shall be randomly selected by the Director of Human Resources Management in accordance with existing state personnel policy governing composition of agency grievance committees.

The review board shall include at least two (2) non-supervisory members. The employee may disqualify up to two (2) of the board members initially selected by the Director of Human Resources Management. The Director of Human Resources Management will select two (2) replacements to ensure a five (5) member board which conforms to the composition requirements noted above. Neither the replacements nor the remaining initial appointments will be subject to further disqualification.

REVIEW PROCESS

The hearing at Step III is intended as an informal review to allow the employee and the management representative an opportunity to present pertinent facts and information to an independent panel. Neither party is required to present information in person, but both are assured of an opportunity to speak before the panel.

At any step of the performance appraisal dispute resolution process, neither the employee nor management may have attorneys present. The discussions at Steps I and II shall not be recorded by any monitoring device, but recording devices will be allowed at Step III only as an administrative convenience to the Board. Once a final decision is issued the recordings are to be destroyed by the Director of Human Resources Management. Although a complaint may involve one or more of the three disputable issues regarding performance evaluation and performance pay, an employee shall have **only one** opportunity to file a complaint on each of these issues. The final decision rendered by the Secretary at the conclusion of Step III shall resolve all issues involving an employee's complaint so that no further appeal by the employee is necessary to resolve additional issues.

Any complaint involving performance appraisal or increase decisions which allege discrimination shall be processed in accordance with the agency's Grievance and Appeal policy.

DISSEMINATION AND COMMUNICATION OF THE POLICY

It shall be the responsibility of the immediate supervisor to inform employees for whom they will evaluate job performance that an internal policy exists for the resolution of disputes regarding final appraisals and performance increases. A statement to this affect shall be printed on the performance appraisal form. **Every employee shall receive a copy of the agency policy concerning appraisal and increase disputes at the time a final performance appraisal is conducted.**

DEPARTMENT OF ADMINISTRATION

Notification of Appeal - Performance Management System

To the Employee:

The original of this form should be sent to the Human Resources Management Office and a copy given to your supervisor at the time you request a discussion with your supervisor. (Step 1 of the process). Please note that you must submit this form and request a meeting with your supervisor **within fifteen (15) calendar days from the date that you sign or are asked to sign the performance appraisal. If you have questions concerning this form or the appeal process, please contact the Staff Development Section of the Human Resources Management Office at 807-2480.**

Name: _____

Job Title: _____

Division: _____

Supervisor: _____

According to State policy, an employee may file an appeal based on one of three issues; the overall summary rating, whether or not an increase was received if the employee was eligible for one, and the amount of the increase. Please indicate below which of these reason(s) is/are the basis for your appeal:

- 1. _____ I am appealing my overall summary rating
- 2. _____ I am appealing that I was eligible for an increase but did not receive one
- 3. _____ I am appealing the amount of my increase

Signature _____ Date _____

Date copy submitted to supervisor _____

Please submit to:

Staff Development
Human Resources Management Office
Room 2074
Administration Building