



## Department of Energy

Washington, DC 20585

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MEMORANDUM FOR: INGRID KOLB  
DIRECTOR, OFFICE OF MANAGEMENT

THROUGH: KEVIN T. HAGERTY  
DIRECTOR, OFFICE OF INFORMATION RESOURCES

FROM: KENNETH T. VENUTO  
DIRECTOR, OFFICE OF HUMAN CAPITAL MANAGEMENT

SUBJECT: Notice of Intent to revise DOE 331.1C, Chg 3, *Employee Performance Management and Recognition Program*

**PURPOSE:** To revise the existing DOE 331.1C, Chg 3, *Employee Performance Management and Recognition Program* in order to incorporate recommendations from the FY12 National Council on Federal Labor-Management Relations' "Goals-Engagement-Accountability-Results (GEAR)" report. In addition, this revision will also incorporate program requirements currently contained in the DOE Supervisory/Non-Supervisory Employee Performance Management and Recognition Desk Reference (Desk Reference) such as the DOE Monetary Awards Scale, as well as program requirements that have been established via memoranda since the Order was revised in October 2010.

**JUSTIFICATION:** The Office of the Chief Human Capital Officer (OCHCO) is proposing the revision of DOE O 331.1, Chg 3, *Employee Performance Management and Recognition Program* in order to provide the Department maximum flexibility with minimum undue burden to successfully build and maintain a performance-based culture that clearly links work to agency goals, ensures employees understand their roles and responsibilities, holds employees accountable for meeting the mission, and rewards or takes corrective action, while developing and improving individual and organizational performance.

Incorporating the applicable recommendations from the National Federal Labor-Management Relations Council, in conjunction with policy requirements in the Desk Reference and applicable memoranda is to improve employee performance management and recognition across all organizations within DOE while communicating expectations and improving individual and organization effectiveness through planning, monitoring, appraising, and rewarding or taking corrective action.

The Human Capital Policy Division utilized the October 2014 Labor Management Forum (LMF) to engage union members and obtain pre-decisional involvement and feedback on areas of concern; each Departmental element was also afforded the opportunity to provide feedback.



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## Justification Memorandum (Continued)

A workgroup consisting of senior level managers, human resources specialists, and employees from across the Department conducted a comprehensive review of all the comments and have identified the revisions that are needed to enhance and improve the performance management process across the Department.

In addition, the workgroup benchmarked other federal agencies by reviewing their policies to determine whether the proposed revisions of this Order are in line with other cabinet level agencies.

The Risk Analysis document captures the internal controls that were previously required and continue to be used by many cabinet level agencies. There are no valid external, consensus or other "Standards" (i.e, ISO, VPP, etc.) available which can be used in place of this directive.

**IMPACT:** The proposed Order does not duplicate existing laws, regulations, or national standards and it does not create undue burden on the Department.

The measures of success for this revised Order will be an improvement in the following areas: 1) decrease in performance related corrections and grievances, 2) increase in compliance in the Performance Culture section of future Human Capital Management Accountability Program audits, 3) increase in Servicing Human Resources Office's maintaining and retaining full performance and recognition authorities, 4) increase in positive responses in the Performance Culture section of future Employee Viewpoint Surveys.

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**OPI/OPI CONTACT:** Jennifer Ackerman

Ingrid Kolb, Director, Office of Management (MA-1):

Concur:  Nonconcur: \_\_\_\_\_ Date: 3-25-2015

<u>Standard Schedule for Directives Development</u>	<u>Days</u>
Draft Development	Up to 60 days
Review and Comment (RevCom)	30
Comment Resolution	30
Final Review	30
Total	150

# Risk Identification and Assessment

## *DOE O 331.C Chg 4, Employee Performance Management and Employee Recognition Program*

Risk	Probability	Impact	Risk Level
<b>People</b>			
1. Failure to provide personnel with the requirements and responsibilities for performance planning, monitoring, rating, recognition, and corrective action can result in a decrease in meeting organizational goals and could drastically impede the mission of the Department.	Likely	Medium	Moderate
2. Failure to provide employees with clear performance outcomes and expectations that are aligned to organizational goals can result in the inability to retain a high performing results-focused performance culture.	Unlikely	Low	Moderate
3. Failure to provide personnel with the requirements and responsibilities for issuing non-performance based awards can result in the Department under or over compensating employees for contributions made to the Department.	Likely	Low	Minor
<b>Mission</b>			
4. Failure for the Department to provide the requirements and responsibilities for performance planning, monitoring, rating, recognition, and corrective action can result in a decrease in the meeting Departmental goals and a decrease in operational efficiency which will drastically impede the mission of the Department.	Possible	Medium	Significant
<b>Assets</b>	N/A	N/A	None
<b>Financial</b>			
5. Failure to provide the Department with the requirements and responsibilities for performance planning, monitoring, rating, recognition, and corrective action will likely result in increased performance grievances and third party litigation which can be costly to the Department.	Likely	Medium	Significant



<b>Customer and Public Trust</b>			
6. Failure to provide the Department with the requirements and responsibilities for performance planning, monitoring, rating, recognition, and corrective action can cause an adverse effect on the leadership and political environment at DOE.	<b>Certain</b>	<b>Medium</b>	<b>Significant</b>

### Gap Analysis of Existing Risks and Controls

Laws	<ul style="list-style-type: none"> <li>• 5 U.S. Code § 4302 - Establishment of performance appraisal systems</li> <li>• 5 CFR 430 - Performance Management</li> </ul>
External Regulation	<ul style="list-style-type: none"> <li>• None</li> </ul>
DOE Regulation	<ul style="list-style-type: none"> <li>• None</li> </ul>
DOE Orders	<ul style="list-style-type: none"> <li>• DOE O 331.1C Chg 3, Employee Performance Management and Recognition Program</li> </ul>
Contract Controls	<ul style="list-style-type: none"> <li>• None</li> </ul>
External Assessments	<ul style="list-style-type: none"> <li>• OPM Performance Appraisal Assessment Tool (PAAT)</li> </ul>

## Risk Mitigation Techniques

### Risk Assessment for DOE 0 331.C, Employee Performance Management and Recognition

Risk/Opportunity	Risk Level	Potential Cost/Benefit	External Control(s)	Proposed Mitigation Technique	Internal Control (if needed)
1. Failure to provide personnel with the requirements and responsibilities for performance planning, monitoring, rating, recognition, and corrective action can result in a decrease in meeting organizational goals and could drastically impede the mission of the Department.	<b>Moderate</b>	<ul style="list-style-type: none"> <li>• Failure to meet agency goals could result in a reduction of annual fund provided by OMB</li> <li>• Significant cost associated with responding to third party inquiries and investigations</li> </ul>	<ul style="list-style-type: none"> <li>• Guidance regulated by OPM and OMB</li> <li>• OPM's PAAT</li> <li>• MSPB</li> </ul>	<ul style="list-style-type: none"> <li>• Update training on OLC</li> <li>• Track performance metrics</li> <li>• Train Managers</li> </ul>	<ul style="list-style-type: none"> <li>• Require employees to take initial on-line performance training within established timeframe; and every 2 years thereafter</li> <li>• Require rating officials to issue performance plans to employees at beginning of rating cycle</li> <li>• Require rating officials to conduct progress reviews during rating cycle</li> <li>• Require rating officials to address poor performance timely</li> <li>• Require rating officials to evaluate employee performance and issue performance appraisal to employee at end of rating cycle</li> </ul>



## Risk Assessment for DOE 0 331.C, Employee Performance Management and Recognition

Risk/Opportunity	Risk Level	Potential Cost/Benefit	External Control(s)	Proposed Mitigation Technique	Internal Control (if needed)
2. Failure to provide employees with clear performance outcomes and expectations that are aligned to organizational goals can result in the inability to retain a high performing results-focused performance culture	<b>Moderate</b>	<ul style="list-style-type: none"> <li>Performance program that works well provides the Department a continuous process of communication, growth, and results</li> <li>Accurate and consistent performance management will allow the Department to avoid law suits</li> </ul>	Same as #1	Same as #1	<ul style="list-style-type: none"> <li>Same as #1</li> </ul>
3. Failure to provide personnel with the requirements and responsibilities for issuing non-performance based awards can result in the Department under or over compensating employees for contributions made to the Department.	<b>Moderate</b>	Accurate position designations avoid compromised security issues & the time it takes to resolve the clearance	<ul style="list-style-type: none"> <li>Guidance regulated by OPM and OMB</li> <li>OPM's PAAT</li> </ul>	<ul style="list-style-type: none"> <li>Train supervisors on awards criteria and approval process</li> </ul>	<ul style="list-style-type: none"> <li>Establish corporate monetary awards scale</li> <li>Require approval process for non-performance awards</li> <li>Require each Departmental element to have awards POC and all supervisors trained.</li> </ul>



## Risk Assessment for DOE 0 331.C, Employee Performance Management and Recognition

Risk/Opportunity	Risk Level	Potential Cost/Benefit	External Control(s)	Proposed Mitigation Technique	Internal Control (if needed)
4. Failure for the Department to provide the requirements and responsibilities for performance planning, monitoring, rating, recognition, and corrective action can result in a decrease in the meeting Departmental goals and a decrease in operational efficiency which will drastically impede the mission of the Department.	Significant	Same as #1	Same as #1	<ul style="list-style-type: none"> <li>• HCMAP audits</li> </ul>	<ul style="list-style-type: none"> <li>• Require each Departmental element to have performance management POC and all supervisors trained.</li> <li>• In the HCMAP audit, ensure goals are cascaded down.</li> </ul>
5. Failure to provide the Department with the requirements and responsibilities for performance planning, monitoring, rating, recognition, and corrective action will likely result in increased performance grievances and third party litigation which can be costly to the Department.	Significant	Litigation and grievances take numerous hours from numerous offices. Having clear, defined process will mitigate this.	<ul style="list-style-type: none"> <li>• MSPB</li> </ul>	<ul style="list-style-type: none"> <li>• Train managers on performance improvement process.</li> <li>• Require managers to coordinate with ER/LR office</li> </ul>	Same as 1 & 2 above

## References

### Risk/Opportunity Categories

- People – Risks that affect the individual well being.
- Mission – Risks that impede the ability of the department or offices to accomplish their mission.
- Assets – Risks that impact federal land, buildings, facilities, equipment, etc.
- Financial – Risks that may incur costs or obligations outside of DOE's control.
- Customer and Public Trust – Risks that affect the trust and political environment around DOE.

### Probability Ratings

- Rare – even without controls in place, it is nearly certain that event would not occur
- Unlikely – without controls in place, it is unlikely the event would occur
- Possible – without controls in place, there is an even (50/50) probability that the event will occur
- Likely – without controls in place, the event is more likely than not to occur
- Certain – without controls in place, the event will occur

### Impact Ratings

Rating	Risk	Opportunity
Negligible	Events of this type have very little short-term or long-term impact and whatever went wrong can be easily and quickly corrected with little effect on people, mission, assets, finances, or stakeholder trust.	A benefit with little or no improvement of operations or utilization of resources.
Low	Events of this type may have a moderate impact in the short term, but can be easily and quickly corrected with no long term consequences.	A benefit with minor improvement of operations or utilization of resources.
Medium	Events of this type have a significant impact in the short term and the actions needed to recover from them may take significant time and resources.	A benefit with somewhat major improvement of operations or utilization of resources.
High	Events of this type are catastrophic and result in long-term impacts that significantly affect the ability of the Department to complete its mission.	A benefit with major improvement of operations or utilization of resources.



## Risk Level Ratings

Impact					
Probability		Negligible	Low	Medium	High
	Certain	Minor	Moderate	Extreme	Extreme
	Likely	Minor	Moderate	Significant	Extreme
	Possible	Minor	Moderate	Significant	Extreme
	Unlikely	Minor	Minor	Moderate	Significant
	Rare	Minor	Minor	Minor	Moderate

## Risk Mitigation Options and Guidance

- Acceptance
- Monitoring
- Mitigation
- Avoidance

Unmitigated Risk / Strategy	Extreme	Significant	Moderate	Minor
Acceptance	<ul style="list-style-type: none"> <li>• Not Appropriate</li> </ul>	<ul style="list-style-type: none"> <li>• Not Appropriate</li> </ul>	<ul style="list-style-type: none"> <li>• Not Appropriate</li> </ul>	<ul style="list-style-type: none"> <li>• Risks can be handled through performance feedback and accountability</li> </ul>
Monitoring	<ul style="list-style-type: none"> <li>• Mandatory Contractor independent assessments</li> </ul>	<ul style="list-style-type: none"> <li>• Mandatory Contractor Self-assessments with a minimum</li> </ul>	<ul style="list-style-type: none"> <li>• Limited Federal oversight based on performance</li> <li>• Mandatory</li> </ul>	<ul style="list-style-type: none"> <li>• Federal oversight on a for-cause basis</li> <li>• Standard</li> </ul>

	<ul style="list-style-type: none"> <li>• Federal oversight with a mandatory periodicity</li> <li>• Mandatory, periodic reporting</li> </ul>	periodicity <ul style="list-style-type: none"> <li>• Federal oversight with a periodicity that is based on performance</li> <li>• Mandatory, periodic reporting</li> </ul>	reporting of threshold events	performance evaluation processes
Mitigation	<ul style="list-style-type: none"> <li>• Federal approvals of individual transactions</li> <li>• Detailed performance or process requirements</li> <li>• Detailed design requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Federal approvals of systems and programs</li> <li>• Detailed performance or process requirements</li> <li>• Detailed design requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Detailed performance requirements</li> </ul>	<ul style="list-style-type: none"> <li>• General Performance Requirements</li> </ul>
Avoidance	<ul style="list-style-type: none"> <li>• Prohibition of activities or operations</li> </ul>	<ul style="list-style-type: none"> <li>• Prohibition of activities or operations</li> </ul>	<ul style="list-style-type: none"> <li>• Prohibition of activities or operations</li> </ul>	<ul style="list-style-type: none"> <li>• Guidance</li> </ul>