

## SENIOR EXECUTIVE SERVICE

**1. REASON FOR ISSUE:** To revise Department of Veterans Affairs (VA) procedures regarding the Senior Executive Service (SES) Performance Appraisal System.

**2. SUMMARY OF CONTENTS/MAJOR CHANGES:** This handbook contains mandatory VA procedures on the SES. Due to the significant number of changes, Part V regarding the SES performance appraisal system is replaced in its entirety. These changes will be incorporated into the electronic version of VA Handbook 5027 that is maintained on the [Office of Human Resources Management Web site](#). Significant changes include:

a. Implements the Office of Personnel Management's (OPM) government-wide SES performance appraisal system.

b. Incorporates OPM SES performance appraisal system certification requirements.

**NOTE:** *In accordance with the Inspector General Reform Act of 2008, the Inspector General has independent statutory authority for provisions of Title 5 United States Code related to the SES and is generally not governed by the provisions of VA Directive or Handbook 5027.*

**3. RESPONSIBLE OFFICE:** The Corporate Senior Executive Management Office (006).

**4. RELATED DIRECTIVE:** VA Directive 5027.

**5. RESCISSIONS:** VA Handbook 5027, Part V, "Performance Appraisal System," dated April 15, 2002.

**CERTIFIED BY:**

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

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SENIOR EXECUTIVE SERVICE

PART V. PERFORMANCE APPRAISAL SYSTEM

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## PART V. PERFORMANCE APPRAISAL SYSTEM

**1. SCOPE.** This chapter contains mandatory procedures related to the performance appraisal system for members of the Senior Executive Service (SES) including career, noncareer, limited term and limited emergency SES members and title 38 SES-equivalent employees.

### 2. REFERENCES

- a. 5 U.S.C., chapter 43, subchapter II.
- b. 38 U.S.C., chapters 7, 73 and 74.
- c. 5 CFR, part 430, subpart C; part 293, subpart D; and part 359, subpart E.
- d. VA Directive 5975, Diversity and Inclusion, March 29, 2013

### 3. GENERAL

a. The National Defense Authorization Act for Fiscal Year 2004 (Public Law 108-136, November 24, 2003) established a performance-based pay system for members of the SES. The law and Office of Personnel Management (OPM) regulations require VA to establish a performance management system that holds senior executives accountable for their individual and organizational performance in order to improve the overall performance of the Government by:

- (1) Expecting excellence in senior executive performance;
  - (2) Linking performance management with the results-oriented goals of the Government Performance and Results Act of 1993;
  - (3) Setting and communicating individual and organizational goals and expectations;
  - (4) Systematically appraising senior executive performance using measures that balance organizational results with customer, employee, or other perspectives; and
  - (5) Using performance results as a basis for pay, awards, development, retention, removal, and other personnel decisions.
- b. VA adopted OPM's standard government-wide SES performance appraisal system in FY 2012, modified it as permitted by OPM regulations to address VA-unique requirements, and extended it to title 38 SES-equivalent employees.

### 4. PROGRAM RESPONSIBILITIES

a. **Performance Review Committees (PRC).** The Secretary has established three PRCs (Veterans Affairs Central Office/National Cemetery Administration (VACO/NCA), Veterans Benefits

Administration (VBA), and Veterans Health Administration (VHA)) to review the performance documents at the end of the performance appraisal cycle for executives within the organization(s) under the PRC's purview and make recommendations regarding each executive's rating for the Performance Review Board's consideration. VHA and VBA nominate their PRC members, and the Corporate Senior Executive Management Office (CSEMO) proposes membership for all PRCs to the Secretary for approval at the end of each rating cycle.

**b. VA Performance Review Board (PRB).** The Secretary establishes a PRB for each rating cycle to perform the functions described in 5 CFR 430.310. The PRB reviews and evaluates the Rating Official's Initial Summary Rating; the Reviewing Official's independent rating; the senior executive's response, if any; and the PRC's recommendation; and conducts any further review needed to make its recommendations to the Secretary on the performance of each VA senior executive.

**c. Executive Director for Corporate Senior Executive Management Office**

(1) Provides technical advice and assistance on the SES performance appraisal system, including coordinating VA performance management guidance;

(2) Provides appropriate training and information on the requirements and operation of the performance appraisal system and assigns appropriate access rights to VA's SES automated performance appraisal system to Human Resources Liaisons for each Administration/Staff Office;

(3) Provides appropriate training and information to supervisors and executives on the requirements and operation of the performance appraisal system, and the results of the previous appraisal period including average performance ratings and awards;

(4) Provides technical and administrative support to the PRCs and PRB; serves as advisor to PRB;

(5) Attends all PRB proceedings and functions as the Department's honest broker;

(6) Reviews and assures the technical correctness of PRB actions submitted for the Secretary's approval;

(7) Coordinates the processing and coding of performance ratings and performance awards;

(8) Maintains performance records in the electronic Official Personnel Folders (eOPF) for all senior executives;

(9) Evaluates the effectiveness of the SES performance appraisal system and recommends modifications as appropriate. Methods used to evaluate the system may include rater/executive questionnaires and/or review and analysis of performance plans and rating patterns; and

(10) Prepares the Department's request for certification of its SES performance appraisal system and the Secretary's certification of the 38 U.S.C. § 7306 system.

d. **Rating Official.** The Rating Official (also called the Rater) is responsible for ensuring that the requirements of this part are fulfilled along with any requirements established in annual VA guidance. Responsibilities include consulting with the executive and the Reviewing Official on the establishment of the Senior Executive Performance Agreement, monitoring the executive's performance in accomplishing elements and requirements, providing feedback about the executive's performance throughout the appraisal cycle and documenting at least one progress review, assessing the executive's performance at the end of the appraisal cycle and providing feedback, assigning an initial summary rating, and ensuring that all subordinate executives receive training on the requirements and operation of the SES pay-for-performance system.

e. **Reviewing Official.** The Reviewing Official (also called the Reviewer) approves the Senior Executive Performance Agreement when established, signs the progress review on the Senior Executive Performance Agreement to document his/her awareness that a progress review has been completed, and prepares an independent overall rating (not individual element ratings) and narrative at the end of the appraisal period. A Reviewing Official does not change a Rater's Initial Summary Rating; however, if his/her independent rating differs from the Rater's rating, he/she must explain the difference by identifying the individual element(s) with which he/she disagrees and provide a recommended rating for the element(s).

f. **Oversight Official.** The COSVA provides organizational assessments and evaluation guidelines and is responsible for overseeing the system 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.

## 5. OTHER FACTORS TO CONSIDER

a. **Performance Appraisal Period.** The minimum performance appraisal period for executives covered by this part is 90 calendar days. The annual SES appraisal period is October 1 through September 30.

(1) **Extension of Appraisal Period.** If an executive was initially appointed to the SES or an SES-equivalent position after July 1, the executive will not be able to complete 90 days under an approved performance plan by September 30. In this instance, VA must extend the executive's appraisal period and prepare the annual summary rating at the end of the extended appraisal period.

(2) **Deferred Rating.** In very unusual circumstances, the Secretary may decide to defer assigning an annual summary rating for a VA executive for reasons other than the amount of time served in the appraisal period. Deferral is a prerogative of the Secretary. Administrations/staff offices may not defer a rating. At the appropriate time, CSEMO will review the applicable information relating to the deferral and analyze its impact on performance management and provide an analysis to the Secretary. As appropriate, CSEMO will request OGC and Administration/staff office concurrence.

b. **Change in Presidential Administration.** VA may not appraise and rate a career appointee within 120 days after the beginning of a new Presidential Administration (i.e., the administration of a President other than the one in office immediately before the beginning of the current administration).

c. **Details.** If an executive is detailed or temporarily assigned to another position for 120 days or longer, the gaining supervisor/organization must establish an Executive Performance Agreement and set performance requirements for the detail, and appraise the performance in writing. Written performance plans are optional for details or acting assignments lasting less than 120 days. This written plan, developed in consultation with the executive, will be provided to the executive no later than 30 days after the beginning of the detail or temporary assignment. The executive's Rating Official in his/her permanent position will factor this appraisal into the Initial Summary Rating he/she completes at the end of the annual appraisal period.

d. **Acting in an SES Position.** Non-SES employees acting in an SES position are not appraised as an SES member.

e. **Departure of an Executive, Rating Official, or Reviewing Official**

(1) If an executive or the executive's Rating Official leaves his/her position (e.g., reassigned or transferred) before the end of the performance appraisal period but after the executive has served under performance standards for a minimum of 90 days, a close-out rating must be prepared. The executive prepares a self-assessment of his/her accomplishments and the Rating Official prepares a rating (including a rating and narrative for each element and an overall narrative). This close-out rating is called an "early rating," and covers the portion of the appraisal period that has been completed. The Reviewing Official also prepares an overall rating and narrative. The appraisal document must be forwarded to the gaining VA supervisor or new agency. VA is not required to convene a PRC and PRB to review the appraisal and make recommendations to the Secretary. The early rating serves as input for the next Rating Official (i.e., the new Rating Official in the current job if the executive stays in place, or the new Rating Official in the new position if the executive moves to a different position). When developing an Initial Summary Rating for an executive who transferred to VA from another agency, the Rating Official must consider any applicable ratings and appraisals of the executive's performance received from the former agency.

(2) If the Rating Official leaves and there is insufficient time for the new Rating Official to observe the executive's performance and prepare a rating, the early rating may be adopted as the Initial Summary Rating. However, there is no minimum period of time that a Rating Official must serve before rating an executive. A rating may be completed if the executive has served at least 90 days under an approved Executive Performance Agreement regardless of the length of time the Rating Official has been in place.

(3) If at any key point in the performance cycle (e.g., establishing performance plan, conducting progress review and rating performance) the Reviewing Official position is vacant, Administration/staff office must consult with CSEMO to identify the appropriate individual to perform the Reviewing Official's responsibilities.

f. **Retirement of an Executive.** If an executive retires before or on the end of the performance appraisal period and the executive has served under performance standards for a minimum of 90 days, a rating must be completed. The Rating Official prepares the initial summary rating and the complete rating process must be conducted including assignment of an annual summary rating. However, the

retired executive is not required to complete the summary of duties and accomplishments or sign the performance appraisal form.

g. **Forced Distribution.** A forced distribution of ratings is prohibited.

h. **Meaningful Distinctions in Performance.** Maintaining certification of VA's executive performance appraisal system requires that VA make meaningful distinctions in rating performance. Making these distinctions does not force a distribution of rating levels. Making meaningful distinctions in performance requires that VA rigorously rate executives against performance standards and requirements, including position-specific requirements for the Results Driven critical element and any other VA-specific and position-specific requirements that are established; that VA apply the standards and requirements in a consistent manner to distinguish among executives who have performed at varying levels; and that VA reserve the highest rating levels for executives who demonstrate the highest levels of performance. The Rating Official, Reviewing Official, PRCs, PRB, and the Secretary will make meaningful distinctions based on relative performance that take into account assessment of organizational performance against relevant program performance measures. The Reviewing Official, PRC and PRB may each recommend a different rating than the Initial Summary Rating assigned by the Rating Official. Different rating recommendations during this process do not constitute a forced distribution of ratings. The Secretary may approve a different rating than that initially assigned by the Rating Official, Reviewing Official or recommended by any other entity during the process. The Secretary's approved ratings do not constitute a forced distribution of ratings.

i. **Opportunity for Written Response.** A senior executive may respond in writing to the Rating Official's Initial Summary Rating and/or the Reviewing Official's independent rating within time limits prescribed annually by the Secretary or his designee.

j. **Performance Appraisal Form.** VA Form 3482, Senior Executive Performance Agreement, is used to document the performance plan approved for each executive; a progress review; the Rating Official's Initial Summary Rating; the Reviewing Official's independent rating; and the ratings recommended by the PRC and PRB. VA Form 3482 is also used to document the Annual Summary Rating of record authorized by the Secretary.

k. **Days.** Unless otherwise specified, references to "days" in this chapter refer to calendar days.

l. **Assignment to New Position.** When an executive is assigned to a new position through initial appointment to the SES, reassignment or transfer, performance elements and requirements will be promptly established. A written plan, developed in consultation with the executive, will be provided to the executive no later than 30 days after the beginning of the new assignment.

m. **Multiple Ratings.** The Rating Official must consider all ratings prepared for the executive during the performance appraisal period before assigning an Initial Summary Rating at the end of the appraisal period.

n. **Employee Participation.** The Rating Official is required to establish an Executive Performance Agreement, in consultation with the executive, and communicate the plan to the executive and provide a

copy of the plan on or before the beginning of the appraisal period. The Reviewing Official is also involved in establishing the plan

**o. Continuing Review of Performance Plan.** Rating Officials and executives should review the performance plan throughout the performance appraisal period. Changes in program emphasis and other developments that would make the position specific requirements inappropriate for the current rating cycle may necessitate changes to the plan. In these situations, the Rating Official will document in writing any revisions or deletions to the performance plan, consult with the executive and obtain the Reviewing Official's approval. Performance plans will not be changed within 90 days of the end of the appraisal period.

**p. Settlement Agreements.** Management officials may not enter into settlement agreements requiring issuance of a specific performance appraisal rating for SES members and/or SES equivalent personnel without obtaining prior approval from the appropriate authorized official. Authority to approve and/or modify executive performance appraisal ratings rests with the Secretary or designee.

**q. Uniformed Services Employment and Reemployment Rights Act.** Administration/staff offices must consult with CSEMO for cases involving an executive's uniformed service or return from uniformed service (e.g., an executive serving in the military at the time ratings are assigned).

**r. Exceptions.** In very unusual circumstances, administration/staff offices may find it necessary to request an exception to a policy outlined in this part. Requests for exceptions should be rare and will be carefully evaluated. Administration/staff offices must submit requests for exceptions to CSEMO. Exceptions from actions or processes required by law and/or regulation cannot be granted.

## 6. PERFORMANCE PLAN

### a. Basic Requirements

(1) The Rating Official is responsible for ensuring that a performance plan is established for each subordinate senior executive. Although the Rating Official is ultimately responsible for the content of the performance plan, the Rating Official is required to develop the plan in consultation with the executive and the process works best when the executive's input receives serious consideration. At or before the beginning of the appraisal period, the elements and requirements of each executive's performance plan are communicated to the executive. The plan is documented in writing on Senior Executive Performance Agreement, VA Form 3482, and provided to the executive within 30 days of the beginning of the appraisal period.

(2) Each Senior Executive Performance Plan shall include, at a minimum, the critical elements and performance requirements provided in subparagraph b below. These elements and requirements are part of OPM's Government-wide SES performance appraisal system. Each year, the Secretary may add VA-specific requirements (which the Secretary may determine are mandatory or optional) and an executive and his/her rating official may agree to include position-specific requirements for any or all of the following critical elements: Leading Change, Leading People, Business Acumen, and Building Coalitions. Requirements added by the Secretary and/or an executive and the Rating Official may be written as competencies or specific results/commitments associated with the element. For the Results

Driven critical element, each year the executive and Rating Official must develop individual results expected of the executive. Performance requirements for the Results Driven element must include measures, targets and timelines. The performance requirements in the Executive Performance Agreement describe performance at the Fully Successful level (Level 3) consistent with the Fully Successful performance standard.

b. **Performance Elements.** There are five standard performance elements corresponding to the Executive Core Qualifications. All performance elements are critical elements.

(1) **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.

(2) **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.

(3) **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.

(4) **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 opinions 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.

(5) **Results Driven**

(a) This critical element includes 1 to 5 specific performance results (sub-elements) expected from the executive during the appraisal period, focusing on measurable outcomes from the official strategic plan or other measurable outputs and outcomes clearly aligned to official organizational goals and objectives. Results should focus on enhancing outcomes for Veterans. 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. Executives and Rating Officials may decide (optional) to establish threshold measures/targets for Levels 5 and 2.

(b) The Results-Driven critical element must also identify clear, transparent alignment to relevant Department or organizational goals/objectives by mapping to specific 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. VA's Results-Driven critical element directly relates to Mission Accomplishment.

c. **Performance Standards for Critical Elements.** The performance standards (performance levels) used to rate the critical elements follow:

(1) **Level 5.** The executive demonstrates exceptional performance, fosters 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:

(a) Overcomes unanticipated barriers or intractable problems by developing creative solutions that address program concerns that could adversely affect the organization, agency, or Government.

(b) 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.

(c) 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.

(d) Accomplishes objectives even under demands and time pressure beyond those typically found in the executive environment.

(e) Achieves results of significant value to the organization, agency, or Government.

(f) Achieves significant efficiencies or cost-savings in program delivery or in daily operational costs of the organization.

(2) **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:

- (a) Advances progress significantly toward achieving one or more strategic goals.
- (b) Demonstrates unusual resourcefulness in dealing with program operations or policy challenges.
- (c) Achieves unexpected results that advance the goals and objectives of the organization, agency, or Government.

(3) **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:

- (a) Seizes opportunities to address issues and effects change when needed.
- (b) Finds solutions to serious problems and champions their adoption.
- (c) Designs strategies leading to improvements.

(4) **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.

(5) **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.

d. **Critical Element Weights.** Each critical element must be assigned a weight value, with the total weights adding to 100 points. The Secretary, or designee, establishes standard VA-wide weights for performance elements, annually reviews the assigned weights and makes changes, as appropriate. Government-wide requirements for weighting elements follow:

- (1) The minimum weight that may be assigned to the Results Driven critical element is 20 percent.
- (2) The minimum weight that may be assigned to the four other critical elements (Leading Change, Leading People, Business Acumen, and Building Coalitions) is 5 percent.
- (3) No single performance element may be assigned a greater weight than the Results Driven element.

**7. PROGRESS REVIEW.** The Rating Official will conduct a progress review with each executive at least once during the appraisal period. At a minimum, an executive will be informed of his/her level of performance by comparison with the elements and performance requirements established for his/her position. The progress review should also be used as an opportunity to review the executive's performance plan. The Reviewing Official participates in the Progress Review by signing the Executive Performance Agreement to acknowledge that the Review took place.

**8. RATING PERFORMANCE.** VA must appraise each senior executive's performance at least annually in writing and assign an annual summary rating at the end of the executive's appraisal period. Appraisals must be based on both individual and organizational performance. VA annually assesses organizational performance. The assessment results and evaluation guidelines based on them are communicated by the designated official to executives, Rating Officials, Reviewing Officials, PRCs, the PRB and Secretary so that they will be considered in preparing performance appraisals, ratings and recommendations. Each executive must be evaluated against the performance requirements identified in his/her performance plan. Extraneous information may not be considered in evaluating an executive.

a. **Responsibilities.** At the end of the appraisal period, the executive, Rating Official and Reviewing Official have specific responsibilities in the rating process:

(1) **Executive.** Each VA executive prepares a narrative self-assessment of his/her accomplishments during the appraisal period and enters it in Part 7 of the Executive Performance Agreement. The executive's narrative must address his/her performance against each VA-specific performance requirement that has been established for the appraisal period. VA's annual guidance establishes the deadline for submitting the self-assessment.

(2) **Rating Officials**

(a) The Rating Official rates the executive's performance during the appraisal period in each of the critical elements. Each critical element is rated based on an overall assessment of the executive's performance in that particular element considering the executive's performance compared to the performance requirements for the element (government-wide, VA-specific, if any, and position specific, if any) and the Government-wide performance standards (level definitions). The Results-Driven critical element is rated based on an overall assessment of the executive's performance considering the appropriate measures, targets, timelines, or quality descriptors that were established for the element and the Government-wide performance standards (level definitions). No single result (sub-element) determines the overall Results-Driven element rating. For each critical element, a rating level of "5", "4", "3", "2", or "1" is determined.

(b) The Rating Official prepares a narrative to support each critical element rating (space is provided on the Agreement form following each critical element). The individual element narrative for each element explains the basis for the rating assigned.

(c) The Rating Official's individual element ratings determine the executive's initial summary rating; i.e., once the element ratings are assigned, the initial summary rating is computed mathematically as described below. The Rating Official enters the initial summary rating in Part 3 of the Executive Performance Agreement.

(d) The Rating Official prepares a narrative to explain the initial summary rating and enters it in Part 6 of the Executive Performance Agreement. This narrative must address the executive's performance in demonstrating VA-specific performance requirements that may have been established for the appraisal period.

(3) **Reviewing Officials.** Reviewing Officials (usually second level supervisors) assign a rating that is independent of the Initial Summary Rating assigned by the Rating Official. The Reviewing Official enters his/her rating in Part 3 of the Executive Performance Agreement. If the Reviewing Official's rating is different from the Rating Official's Initial Summary Rating, the Reviewing Official must identify the individual element rating(s) with which he/she disagrees and recommend a different element rating for the element(s). Without this degree of specificity from the Reviewing Official, other officials involved in the review process are unable to track the impact of the disagreement on the executive's total score and summary rating level. The Reviewing Official, irrespective of agreement or non-agreement with the Rating Official's rating, must enter a narrative explaining his/her rating in Part 8 of the Agreement. The Reviewing Official's narrative must specifically address the executive's performance in VA-specific performance requirements if required by VA's annual instructions.

#### b. Deriving the Summary Rating

(1) **Critical Element Point Values.** Once the rating level for each critical element is determined, the following point values are 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

(2) **Derivation Formula.** The derivation formula for the summary rating is calculated as follows:

(a) If any critical element is rated Level 1 (Unsatisfactory), the summary rating is Unsatisfactory, and the total performance score is zero. If no critical element is rated Level 1 (Unsatisfactory), continue to subparagraph (b) below.

(b) For each critical element, multiply the point value of the element rating by the weight assigned to that element. For example, if a critical element is assigned a Level 4 rating, the point value is 4 points. If that element is weighted 10 points, 4 points times a weight of 10 equals an initial point score of 40

(see illustration in the chart below).

(c) Add the results from subparagraph (b) above for each of the five critical elements to calculate a total score.

(d) 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

(e) An example follows with the Initial Summary Rating determined to be Level 4 (Exceeds Fully Successful):

Critical Element	Rating Level		Score		Derivation Formula
	Initial Element Score	Weight	Initial Point Score		
1. Leading Change	4	20	80	475 – 500 = Level 5 400 – 474 = Level 4 300 – 399 = Level 3 200 – 299 = Level 2 Any CE rated Level 1 = Level 1	
2. Leading People	5	20	100		
3. Business Acumen	3	10	30		
4. Building Coalitions	4	10	40		
5. Results Driven	4	40	160		
<b>Total</b>		<b>100</b>	<b>410</b>		

NOTE: Rating results are used to determine performance payouts (pay adjustments and/or performance awards, if any). Other parts in this handbook provide VA’s pay (part IV) and awards policies (part VI).

**9. DOCUMENTATION AND REVIEW**

a. **Documentation.** The Rating Official provides a copy of the Initial Summary Rating and the Reviewing Official’s independent rating to the executive and notifies the executive of his/her right to respond in writing before the initial summary rating is forwarded to the PRC and PRB.

b. **Executive’s Review.** The executive will be given three workdays in which to review the appraisal document and provide written comments before the document is forwarded to the PRC and PRB.

c. **Higher Level Review.** VA requires a mandatory Higher Level Review of each executive’s initial summary rating. Each PRC serves as Higher Level Review for executives from the organizations within the PRC’s purview. PRC members who were involved in the initial summary rating process (e.g., as a Rating Official or Reviewing Official) for an executive may not take part in PRC deliberations for the executive. A PRC member who was previously involved in an executive’s rating process must excuse himself/herself from the PRC’s discussion about the executive’s rating.

(1) When reviewing the initial summary rating for a Principal Deputy Assistant Secretary (PDAS) or a Deputy Under Secretary (DUS), if an official at a higher organizational level than a PDAS or DUS is

not appointed to the PRC, then the Higher Level Review role will be performed by the Assistant Secretary or Under Secretary from the PRC's organization. Executives who are immediate subordinates of the Secretary of Veterans Affairs may not request a Higher Level Review since there is no official at a higher level than the Secretary.

(2) The PRC reviews the executive's appraisal document and written response, if any, and makes recommendations concerning the rating. The PRC may not change the Initial Summary Rating or the Reviewing Official's rating but may recommend a different rating.

(3) A copy of the PRC results must be provided to the executive, the Rating Official, the Reviewing Official, and the PRB.

## **10. PERFORMANCE REVIEW COMMITTEE (PRC) REVIEW**

a. VA's three PRCs are the VHA PRC, VBA PRC, and VACO/NCA PRC. The Secretary approves the membership of each PRC. Generally, PRC membership is rotated from year to year among SES and equivalent officials from the organizations within the PRC's purview. The PRC Chair may designate an alternate Chair from among the PRB members, as applicable. The membership of each PRC must also include an SES member or equivalent official from an organization outside the PRC's purview. The Chair of each PRC serves on the PRB. Each PRC member is responsible for reviewing the performance documents for all executives within the organization(s) covered by the PRC. For all executives, the PRCs perform the higher level review and make recommendations regarding each executive's rating for the PRB's consideration. The PRCs may conduct any further review needed to make its recommendations (e.g., contacting the Rating Official for additional information). Further reviews may only be conducted after the PRC, as one entity, has discussed the applicable executive's rating. PRC members may not individually conduct any further review. Executives may not submit additional information for PRC review that was not previously provided to the Rating Official and Reviewing Official for their reviews. Corporate Senior Executive Management Office (CSEMO) staff attend PRC proceedings to provide technical advice and assistance.

b. For each executive, the PRC must provide a narrative that documents its recommendations. Since the summary rating is mathematically derived from the individual element ratings, the PRC must identify individual element(s) ratings that support its recommend rating. Without specificity from the PRC, the PRB is unable to track the impact of the PRC's recommendation on the executive's score and summary rating level.

## **11. PRB REVIEW AND APPROVAL OF ANNUAL SUMMARY RATING BY THE SECRETARY**

a. **PRB.** VA's PRB performs the functions described in 5 CFR 430.310. CSEMO proposes PRB membership for the Secretary's approval at the end of each rating cycle. The PRB includes 3 or more members selected by the Secretary in a manner that ensures consistency, stability, and objectivity in SES performance appraisal. The Deputy Assistant Secretary for Diversity and Inclusion or Deputy Assistant

Secretary for Resolution Management is appointed as a non-voting standing member. Generally, PRB membership is rotated from year to year among SES and higher level officials. PRB appointments must be published in the Federal Register before service begins. More than one-half of the PRB's members must be career appointees when considering a career appointee's appraisal or performance award. The PRB must not be provided with an executive's Initial Summary Rating if the executive has not been given the opportunity to respond in writing. The Executive Director for CSEMO or designee serves as advisor to the PRB and attends all PRB proceedings along with CSEMO staff members who provide technical support. CSEMO develops procedural guidance and/or business rules for PRB proceedings.

b. **Review of Ratings.** The PRB must review and evaluate the Initial Summary Rating, the Reviewing Official's rating, the senior executive's response, if any, and the organizational PRC's recommendations, and conduct any further review needed to make its recommendation. The PRB must make a written recommendation to the Secretary about each senior executive's Annual Summary Rating and performance award, as applicable. Since the summary rating is mathematically derived from the individual element ratings, the PRB must identify individual element(s) ratings that support its recommended rating. Without specificity from the PRB, the Secretary is unable to track the impact of the PRB's recommendation on the executive's score and summary rating level. PRB members may not take part in any PRB deliberations involving their own appraisal.

c. **Agency/Organizational Performance.** The PRB must be provided and take into account appropriate assessments of the agency/organization's performance when making recommendations.

d. **Approval of Annual Summary Rating.** The Secretary either concurs with the PRB's recommended rating, or after discussion with the Chairperson of the VA PRB and other officials familiar with the executive's performance, assigns a different rating. If a different rating is assigned, the basis for the changed rating will be documented on VA Form 3482 (i.e., identifying the individual element(s) ratings that support the rating).

## **12. CURTAILMENT OF APPRAISAL PERIOD WHEN PERFORMANCE IS LESS THAN FULLY SUCCESSFUL**

a. In any case where there is an adequate basis to determine that an executive's performance is less than fully successful, the appraisal period may be terminated and the executive's performance may be appraised and rated. The Rating Official and Reviewing Official must reach agreement on the appropriate rating before initiating performance-based action. Typically, such action would be taken only in cases in which the consequences of the executive's performance have an adverse impact on the efficient and effective management of critical agency programs and removal or reassignment of the executive is necessary. Such an appraisal and rating must be based on a period of time of at least 90 days. A special session of the applicable PRC may be called to consider the assigned initial summary rating and Reviewing Official's independent rating and make recommendations for consideration by the PRB.

b. The Chairperson of the PRB will call a special session of the PRB to consider the proposed rating and make recommendations for consideration by the Secretary. In preparing its recommendations, the PRB will review the proposed rating, including any written comments provided by the executive and recommendations by the PRC and obtain additional information as appropriate.

c. The Secretary either concurs with the recommended rating, or after discussion with the Chairperson of the PRB and other officials familiar with the executive's performance, assigns a different rating. If a different rating is assigned, the basis for the rating change will be documented on VA Form 3482.

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

**13. PROCESSING AND REPORTING APPROVED PERFORMANCE RATINGS.** CSEMO will coordinate the processing of approved performance appraisals and ratings and assure that all reporting requirements are met. This includes:

a. Notifying Under Secretaries and Assistant Secretaries of the rating approved by the Secretary for executives in their respective organization and posting ratings on CSEMO Connect for individual executive's access.

b. Assuring that executives are provided a copy of the final VA Form 3482.

c. Coding or coordinating the coding of ratings and awards into the PAID (or successor) system.

d. Reporting ratings and awards to OPM.

#### **14. USING PERFORMANCE RESULTS**

a. A career executive whose annual summary rating is at least fully successful or higher may be given a performance award.

b. A non-probationary career executive may be removed from the SES for performance reasons subject to provisions of 5 CFR part 359, subpart E. Probationary career appointees are removed subject to provisions of 5 CFR part 359, subpart D. Guaranteed placement in a non-SES position will be provided under 5 CFR part 359, subpart G, when applicable.

(1) An executive who receives an unsatisfactory annual summary rating must be reassigned or transferred within the SES, or removed from the SES.

(2) An executive who receives two unsatisfactory annual summary ratings in any 5-year period must be removed from the SES; and

(3) An executive who receives less than a fully successful annual summary rating twice in any 3-year period must be removed from the SES.

c. **Title 38 Appointees.** Corrective action will be considered for title 38 executives who are rated less than fully successful under this performance appraisal system.

#### **15. OTHER USES OF RATINGS AND RESULTS**

- a. **Pay Adjustments.** The SES pay rate of a Senior Executive rated fully successful or higher may be increased in accordance with part IV of this handbook. A Senior Executive's pay rate may be reduced by not more than 10 percent for performance or disciplinary reasons, subject to the restriction on reducing the pay of career senior executives.
- b. **Presidential Rank Awards.** A sustained record of Outstanding and/or Exceeds Fully Successful ratings under the performance appraisal system is one means of identifying career executives who should be considered for Presidential Rank Awards under part VI of this handbook.
- c. **Executive Development.** The performance appraisal process is one means of identifying executives' developmental needs. Each VA Senior Executive is to have an Executive Development Plan.
- d. **Placement Actions.** Performance appraisals are considered in determining placement actions assuming the executive considered for placement demonstrates possession of the qualification requirements established for the position being filled.
- e. **Reduction in Force.** 5 U.S.C. 3595(a) requires that the competitive procedures that form the basis of SES reduction in force (RIF) be primarily based on performance. VA RIF policies are set forth in part IX of this handbook.

## 16. APPEALS AND GRIEVANCES.

- a. Performance appraisals and ratings approved under this performance appraisal system are not subject to appeal or grievance (5 U.S.C. 4312(d) and 5 CFR 771). However, allegations of prohibited personnel practice or discrimination in the rating process may be filed in accordance with Office of Special Counsel, MSPB or Equal Employment Opportunity Commission policies and procedures, as appropriate. 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 MSPB at which the career appointee may appear and present arguments, but such hearing shall not give the career appointee the right to initiate an action with the MSPB under 5 U.S.C. § 7701 nor should the removal action be delayed as a result of such hearing.
- b. A career appointee being removed from the SES (or title 38 SES-equivalent employee) based on performance under section 707 of Public Law 113-146, (38 U.S.C. § 713), has the right to appeal the removal to the MSPB no later than seven (7) calendar days from the effective date of the removal.

## 17. PERFORMANCE APPRAISAL SYSTEM CERTIFICATION

- a. **SES.** OPM, with concurrence from the Office of Management and Budget (OMB), certifies department/agency performance appraisal systems not to exceed 24 months. Certification provides VA executives access to higher rates of basic pay; i.e., up to Level II of the Executive Schedule. The Executive Director, CSEMO, will work with OPM, OMB, and any other stakeholders as necessary to prepare the agency's written request for certification. The Executive Director, CSEMO will prepare VA's certification request to address the following criteria:

(1) The appraisal system for senior executives makes meaningful distinctions based on relative performance.

(2) The appraisal system meets the criteria for certification (i.e., alignment, consultation, results, balance, assessments of agency performance, oversight by the agency head or designee, accountability, performance differentiation and pay differentiation) as outlined in 5 CFR 430.404 and 5 U.S.C. chapter 43.

(3) The written request includes a full description of the appraisal system, organizational and employee coverage information, applicable administrative instructions and implementing guidance, and a description of the VA's use of rating levels to differentiate between levels of relative performance.

(4) The written request is submitted at least one month in advance of the expiration of the existing certification or any OPM established deadline to allow for review and consultation and avoid a lapse in system certification coverage.

b. **38 U.S.C. § 7306.** Section 601 of Public Law (PL) 111-163, Caregivers and Veterans Omnibus Health Services Act of 2010, May 5, 2010, requires that the rate of basic pay for each 38 U.S.C. 7306 appointee, except a physician or dentist, who occupies a position in the Office of the Under Secretary for Health will be set in accordance with 5 U.S.C. 5382 as though the position were an SES position. In order for occupants of 38 U.S.C. 7306 positions to have access to higher rates of pay, consistent with their SES counterparts, their performance appraisal system must meet the same criteria as SES performance appraisal systems; i.e., an appraisal system which, as designed and applied, makes meaningful distinctions based on relative performance. These 38 U.S.C. 7306 appointees are covered by the same performance appraisal system as VA's SES members. Because OPM has no authority over the title 38 personnel system, PL 111-163 allows the Secretary, or his designee, to certify the performance appraisal system instead of OPM. The Secretary must consider the design and application of the system in granting certification.

## 18. EMPLOYEE PERFORMANCE FILE SYSTEM

a. **General.** 5 CFR, part 293, subpart D, requires agencies to establish systems for maintaining performance-related records. These record systems are part of OPM's Government-wide Privacy Act system of records, "OPM/GOVT-2, Employee Performance File System Records."

b. **Performance Plan and Rating.** CSEMO will ensure that the executive's rating of record and the performance plan upon which it is based is maintained in the eOPF.

c. **Employee Performance File.** Additional performance-related records used by the Rater or other officials directly involved in the processing of performance appraisals must be maintained under the Employee Performance File (EPF) system and the requirements of 5 CFR, part 293, subpart D, and this paragraph. The EPF may contain the employee performance plans and ratings filed in the eOPF. In addition, the EPF, which may be included in the eOPF or maintained separately, should contain other

performance-related material related to the executive's performance, including but not limited to the following:

- (1) Any statements made in writing by the employee regarding a rating given and any recommendations based on it;
- (2) Any form or other document used by Rating Officials to recommend or support a recommendation for a personnel action affecting an employee, when the basis for the action (e.g., removal, reassignment, completion of probation, pay adjustment, and performance award, including a Presidential Rank Award) is performance-related;
- (3) An SF 52, Request for Personnel Action, when that request is performance-related, but only when the action is not effected;
- (4) Any documents required to track performance during an appraisal period or address performance deficiencies, such as performance-related notes or memoranda, production records or error rates, documentation of performance counseling, etc.;
- (5) Executive Development Plans, or separate recommendations for training that are performance-related;
- (6) Any official assessments of employee potential or readiness for promotion, or for participation in training programs or other developmental activities;
- (7) Any document relating to PRB or PRC decisions, including supporting documentation;
- (8) Any document relating to the performance of an individual in an executive development program;
- (9) Copies of licenses, certificates of proficiency, or similar documents required of the employee's position; and
- (10) Any letters (including emails) of commendation or appreciation about the employee's performance that may be on file.

**d. Access to Employee Performance File.** Access to the EPF is limited to:

- (1) The employee to whom the performance folder pertains, who also has the ability to provide copies to a representative, if desired;
- (2) The employee's representative as designated in writing;
- (3) The employee's supervisor or manager, and VA operating and administrative officials when required by their official duties and responsibilities;

(4) Representatives of other Government agencies when required in conjunction with their official responsibility for overseeing SES performance appraisal activities or their consequences; and

(5) Others authorized to make routine use of the information contained in the EPF under either Privacy Act or Freedom of Information Act procedures, as appropriate.

e. **Retention.** Performance-related documents in the eOPF and EPF will be retained for 5 years in accordance with 5 CFR part 293, subpart D. Records may be retained beyond the general retention schedule for use in making statistical analyses. However, such records are not to be used in decisions affecting the employee after the prescribed destruction date. Performance-related records needed in conjunction with an ongoing administrative, quasi-judicial, or judicial proceeding which are not part of

another system of records (e.g., grievances, EEO complaints, appeals) should be retained as long as necessary beyond the above retention schedules.

f. **Disposition.** Records will be disposed of in accordance with the schedule described above by burning, shredding, or otherwise treating documents to destroy their legibility.

(1) **Reassignment, Transfer or Departure from Federal Service.** When an executive is reassigned within VA, transfers to another agency, or leaves the Federal Service, the rating of record for the latest 5 appraisal periods and performance plans on which the ratings were based, as well as the “close-out” performance appraisal conducted prior to the employee’s departure will be forwarded with the eOPF to the new agency or the National Personnel Records Center. All such documents more than 5 years old must be destroyed. The executive’s EPF will also be made available to the new office in the event of reassignment or transfer.

(2) **Placement in General Schedule Position.** When an executive chooses to be reinstated to a General Schedule position within the agency, or when a Senior Executive is removed from the SES and placed in an agency position at GS-15 or above under the provisions of 5 U.S.C. 3594, performance documents in the eOPF and the EPF will be made available to the gaining HR office.

(3) **Presidential Appointment.** When a career Senior Executive accepts a Presidential appointment pursuant to 5 U.S.C. 3392(c), the executive’s EPF will be retained as long as the employee remains employed under that Presidential appointment. When the appointment ends and the individual does not return to the SES, the EPF will be destroyed (5 CFR 293.404(b)(3)). Those returning to the SES after the end of the Presidential appointment will have their eOPF and EPF made available to the new office in accordance with subparagraph f(1) above.

## 19. DEFINITIONS

a. **Appointing Authority.** The Secretary or designee has authority to make appointments in the Senior Executive Service.

b. **Appraisal Period.** The established period of time for which a senior executive’s performance will be appraised and rated.

c. **Balanced Measures.** An approach to performance measurement that balances organizational results with the perspectives of distinct groups, including customers and employees.

d. **Critical Element.** 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.

e. **Executive.** Career, noncareer, limited term and limited emergency appointees in the SES; individuals appointed under 38 U.S.C. whose work is equivalent to the SES as defined in 5 U.S.C. 3132(a)(2); and Presidential appointees who elect to continue eligibility for SES performance awards under the provisions of 5 U.S.C. 3392(c). **NOTE:** *Senior Level (SL) and Scientific and Professional employees (ST), if any, are covered by **another** performance appraisal system*

f. **Performance.** The accomplishment of the work described in the senior executive's performance plan.

g. **Performance Appraisal.** The review and evaluation of a senior executive's performance against performance elements and requirements.

h. **Performance Management System.** 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.

i. **Performance Review Committee (PRC).** The committee that reviews the initial summary rating assigned by the Rater; the independent rating assigned by the Reviewing Official; the executive's response, if any; performs the higher level review; and makes rating recommendations to the PRB.

j. **Performance Review Board (PRB).** The board that reviews the initial summary rating assigned by the Rating Official; the independent rating assigned by the Reviewing Official; the executive's response, if any; the PRC's recommendation; and other performance related documents; and makes recommendations to the Secretary on the annual summary rating and performance award, if any, for each executive.

k. **Performance Requirement.** A statement of the performance expected for a critical element.

l. **Progress Review.** A review of a senior executive's progress in meeting the performance requirements. A progress review is not a performance rating.

m. **Ratings**

(1) **Initial Summary Rating.** An rating level the Rating Official derives from appraising the senior executive's performance during the appraisal period and forwards through VA's performance appraisal process.

(2) **Reviewing Official's Rating.** An independent rating completed by the Reviewing Official (usually the second level supervisor) at the end of the appraisal period.

(3) **Annual Summary Rating.** The rating level that the Secretary (appointing authority) assigns at the end of the appraisal period after considering the PRB's recommendations. This is the official rating.

n. **Rating Official.** The official, usually the immediate supervisor, who is responsible for the development of the performance plan in consultation with the subordinate executive and who appraises the executive's performance and assigns an Initial Summary Rating.

o. **Reviewing Official.** The official, usually the second level supervisor, who is responsible for approving the performance plan and preparing an independent rating and narrative at the end of the appraisal period.

p. **Senior Executive Performance Plan.** 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.

q. **Strategic Planning Initiatives.** Department strategic plans, annual performance plans, organizational work plans, and other related initiatives.

r. **Summary Performance Levels.** The system includes five summary performance levels:

(1) Level 5 (Outstanding)

(2) Level 4 (Exceeds Fully Successful)

(3) Level 3 (Fully Successful)

(4) Level 2 (Minimally Satisfactory)

(5) Level 1 (Unsatisfactory)