

# DHHS POLICIES AND PROCEDURES

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<b>Section V:</b>	<b>Human Resources</b>
<b>Title:</b>	<b>Employee Management and Development</b>
<b>Chapter:</b>	<b>Performance Management System</b>
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## Purpose

The purpose is to ensure all employees understand the link between their work and their organization's goals. A functional performance management system is a management tool that relies on communication between supervisors and employees. This system supports the supervisor's role in managing each employee's work based on continuous communication between employee and the supervisor. It ensures that employees are:

- Aware of the work expected of them;
- Provided with continuous feedback about their performance; and
- Provided with opportunities for professional development.

## Policy

The Department of Health and Human Services (DHHS) accepts and endorses the commitment of North Carolina State Government to the Performance Management Program. The following policy and procedures were developed in compliance with the policies adopted by the Office of State Personnel (OSP).

All divisions/facilities/schools within DHHS will use the standard Performance Management Program Work Plan form. The work cycle is from July 1 – June 30. Individual agency directors may adjust the dates of the annual work cycle provided the director communicates the amended dates to the director of human resources. Appraisals are conducted using the five (5) levels of the North Carolina Rating Scale.

## Implementation

### 1. North Carolina Rating Scale

The North Carolina Rating Scale shall be used by each division/facility/school to determine an employee's performance. Definitions of the five (5) level scale (outstanding, very good, good, below good, and unsatisfactory) are defined at the end of this policy.

## 2. The Performance Management Process

The three (3) parts of this process are planning, managing and appraising and are outlined below.

### A. Planning Phase

1. Each employee shall have an annual work plan. Where possible, the division's outcomes should be linked to individual work plans to help the employee understand the employee's part in achieving the agency's goals and objectives for the year. A work plan must include the results to be accomplished and the behavior/skills needed to produce these results. It should also include a measure of the on-going aspects of the job as well as any special one-time projects and/or goals. The work plan shall be based on each employee's position description or an equivalent document based on job analysis.
2. Each employee's work plan shall include performance expectations, tracking sources/frequency and documentation of actual performance. Key responsibilities/results (KRRs) and dimensions are recorded in priority order on the work plan.
3. Performance expectations shall be written at the good level and must have one or more measurement methods (quality, quantity, timeliness, or cost). Supervisors must also discuss performance at the outstanding and unsatisfactory levels.
4. When the work plan is completed, it shall be dated and signed by the employee, the supervisor, and the supervisor's manager. Agencies may elect to sign on the front cover or individual pages of the plan. If changes are made on the work plan during the cycle, the employee, the supervisor and the manager shall initial and date the changes before they are effective.
  - a. **Standard Work Plans:** Standard work plans for classifications where five (5) or more employees have the same or similar responsibilities shall be developed using both management and employee input. Development of standards shall be conducted according to the OSP process for validating standard work plans and are reviewed by the department's performance management program coordinator prior to use. Divisions/facilities/schools shall submit a list of standard work plans by July 1 of each year to the department's performance management program coordinator.

Agencies with validated standard work plans may elect to submit an annual memorandum to the director of human resources acknowledging review of a standard work plan and signed by the agency director. Managers responsible for these work plans will not have to sign each work plan at the beginning of the cycle but will sign at the interim review and final appraisal.

- b. **Development Plans:** A development plan outlines ways to improve the employee's performance or to document any growth opportunity in which the employee is participating or wishes to participate. A development plan can be written at the beginning of the work cycle during the planning phase as well as at any time during the work cycle.

B. **Managing:** Supervisors throughout the year manage the work of their employees toward accomplishing the goals of the unit. They do this by coaching, reinforcing, and documenting employees' performance throughout the cycle. The tracking sources and frequency recorded on the work plan provide the format for monitoring and documenting an employee's performance. The interim, any special reviews or day-to-day informal reviews provide specific feedback between the employee and supervisor. Each supervisor shall meet with each employee at least one time at the approximate midpoint of the work cycle, usually between December 1 and January 31, for an interim review of performance. The purpose of this meeting is to discuss the employee's progress toward each of the established expectations, and initiate action toward improvement, if needed. The supervisor shall document the actual results and behaviors that fall below the good level on the interim review page and establish an improvement plan to overcome deficiencies. The overall rating must be discussed but does not have to be recorded.

1. **Special Reviews and Performance Improvement Plans:**

- a. A special review for performance deficiency is initiated any time an employee's work performance for any one KRR or dimension falls below the good level. Supervisors are encouraged to consult with their human resources) office to determine if any additional disciplinary action is warranted before meeting with the employee. When a special review for performance deficiency is initiated, a performance improvement plan shall be written to specify the steps an employee will take to gain the knowledge or skills needed to perform at an acceptable level. The improvement plan also clearly indicates the steps the supervisor will take to assist the employee in achieving the needed improvements. Both

the special review and the improvement plan are documented on the same page of the work plan.

- b. If performance is below the good level at the mid-cycle review, the supervisor must meet with the employee at least once more before the final appraisal to discuss and document progress as outlined in the improvement plan. Work plan KRRs, dimensions, and respective performance expectations are adjusted when they have changed or are beyond the employee's control to perform.
- C. Appraising: At the end of the work cycle, the supervisor shall meet with each employee to discuss the employee's performance and record the actual results and behavior for each expectation. The employee should be given reasonable advance notice to prepare for this meeting.
1. An appraisal is also required in the following situations:
    - a. **Transfers**: When an employee transfers (lateral, demotion, or promotion) within state government, an overall performance review shall be completed and documented prior to the transfer. A copy of the signed work plan is sent to the new supervisor; or
    - b. **Change in Supervisor**: When there is a change in supervisors within the work cycle, management is accountable for ensuring consistency. The supervisor may elect to communicate performance information for each employee to management or complete an overall performance review for all employees affected by the change; or
    - c. **Separation**: When an employee separates from state government, a division/facility/school shall require completion and documentation of an overall performance review prior to separation.
  2. At the final appraisal session, the supervisor and employee shall discuss their documentation of the work performed. Each KRR and dimension shall be rated on one of the five (5) levels of the North Carolina Rating Scale. The supervisor shall record actual results and explain the rating for each KRR and dimension to the employee. Documentation is required to justify the rating for each performance expectation.
  3. Supervisors shall determine the combined KRR rating based upon the ratings received on each of the KRRs and the documentation to support each rating. Consideration shall be given to the priority of each KRR and

the rating received. A combined rating is also determined for dimensions based upon the rating each dimension was given and the priority of the dimensions.

4. The rating for the combined KRRs and for the combined dimensions is based on documentation and the relative priority of each KRR or dimension. No mathematical formula will be used at the departmental, division/facility/school level to determine the level of overall performance. The following OSP guideline will be used: "If 50% or more of the ratings are at the same level, the combined rating is most likely to be that level." Other factors that may affect the overall rating are:
  - a. The quantity and/or importance of any KRR and dimension rated below or above the good level.
  - b. Any disciplinary action that occurred during the work cycle. Supervisors are encouraged to discuss employee work plan ratings with their human resource office prior to meeting with the employee to determine if a disciplinary action will affect the overall rating level. An employee cannot receive an overall summary rating above the good level if the employee is in final disciplinary procedure during the work cycle.
5. The employee's overall summary rating and a summary statement by the supervisor supporting the rating shall be recorded on the overall performance summary page of the work plan. The KRRs and dimensions have equal weight in determining the overall summary rating. Both what an employee does and how that service is provided are equally critical in a human service agency.
6. Employees shall also be provided space and the opportunity to comment on their rating. The overall performance summary shall be signed and dated by the employee, supervisor and the supervisor's manager. An employee's signature does not imply agreement with the overall performance summary and ratings but indicates that the ratings have been discussed with the employee. If an employee chooses not to sign the work plan, the supervisor documents this and asks the manager to witness the employee's refusal to sign the work plan. The employee shall be provided a copy of the final document after all comments are made and signatures affixed. No changes shall be made or comments added to the work plan without the employee's knowledge. Any alteration in the final document shall be initialed and dated by the employee, supervisor and supervisor's manager.

7. Prior to the final appraisal session, the supervisor and the supervisor's manager shall reach general agreement on the performance ratings for each employee, but not a finalized rating until the supervisor and employee meet to review their documentation. Determination of ratings for KRRs and dimensions should not be finalized or documented until the appraisal discussion with each individual employee.
8. The original work plan including the overall performance summary shall be maintained in the employee's personnel file for a minimum of three years. Each employee is notified by the supervisor where the work plan is kept. The work plan shall be disposed of in a confidential manner according to G.S. 121.5 (b & c).

3. Education/Training Program

- A. New employees will become familiar with the performance management program through participation in the performance management system employee module. A copy of the performance management employee workbook shall be provided to each new employee as part of the orientation process.
- B. New supervisors and managers shall participate in the division/facility/school performance management system supervisor module within the first year of assuming supervisory duties to become knowledgeable in the process and enhance the skills necessary to carry out the performance management program fairly and consistently.
- C. The new supervisor's manager is responsible for conducting the performance management program activities until such time as the new supervisor has completed performance management program training.
- D. Training will follow the North Carolina Performance Management Program format.

4. Relationship of Performance Management to Other Human Resources Systems

Information obtained during the performance management process about individual employees or from specific units of the organization shall be a consideration in making other personnel management decisions. Performance appraisal information is one consideration in making other personnel decisions such as promotions, disciplinary actions, salary increases and reductions-in-force. Personnel policies dealing with these actions also require consideration of other information; therefore, performance appraisal alone cannot determine such decisions. Since the work plan may not represent each and every aspect of the job, disciplinary action shall be documented as a special review and

considered in the overall summary rating. In order to ensure that all DHHS employees have the opportunity to qualify for pay increases, the following criteria shall apply:

- A. Probationary Employees: Probationary employees shall have a position description and work plan established within 30 calendar days from the date of employment and an appraisal before the end of the probationary period. A formal performance review should be completed before an employee is moved into permanent status or prior to separating a probationary employee. By the end of the work unit's work cycle, the employee must be on permanent status for a minimum of at least two-thirds of the cycle or eight months in order to provide a fair and accurate assessment of performance.
- B. Trainee Progression: Every employee in a trainee progression must have a work plan established within 30 calendar days of employment or transfer. A performance review shall be completed before each salary increase is granted within the trainee progression. Permanent employees in a trainee progression adhere to the same eligibility requirements as all other permanent employees. A newly hired trainee who is not a permanent employee would follow the guidelines for probationary employees until the employee fully qualifies for the job classification and is not eligible for a performance increase.
- C. Changes in Duties: Employees whose responsibilities and duties are changed (i.e.; lateral transfer, promotion, or demotion) shall have a new position description or equivalent and work plan established within 30 days of the new assignment.
- D. Employee Transfer: An overall performance review shall be completed with employees who transfer within state government prior to their last day of work. This review is documented on the overall summary page. The employee, supervisor, and the supervisor's manager shall date and sign the form. The work plan must be placed in the employee's personnel file and sent to the receiving agency. When the transferred employee arrives in the new agency, the receiving supervisor considers the level of documented performance in the overall performance review from the previous agency along with the current overall summary rating in determining the overall summary rating for the entire cycle.
- E. Change in Supervisor: To provide continuity and consistency of treatment when a different supervisor assumes responsibility for the unit, the next level manager and supervisor shall agree on each employee's progress towards the work plan and document this on the work plan. The new supervisor will review, initial and update the new work plan as needed for the remainder of the cycle.

- F. Leave With Pay: An employee must be present on the job for at least two-thirds (eight (8) months) of the work cycle to provide for the fair and accurate assessment of performance.
  - G. Leave Without Pay: An employee who has been on active work duty for two-thirds (eight (8) months) of the work cycle and is on leave without pay on the date salary increases are granted may receive the salary increase on the date of reinstatement if the work cycle has been completed and the employee otherwise qualifies for the increase. If the employee has been on active duty for two-thirds (eight (8) months) of the work cycle and is anticipating going on leave without pay, it is advisable to evaluate the employee prior to separation. This provides management the opportunity to anticipate the recommended increase for this employee at the time awards are being determined. An employee who is on leave without pay for more than four (4) months of the 12-month work cycle is not eligible for an annual performance salary increase.
  - H. Worker's Compensation: Employees who are on workers' compensation are eligible for an annual salary increase if they have been on active work duty and performing their regular work duties and they otherwise qualify for the increase. If an employee is reassigned lighter work duties than outlined in the work plan, within 30 days of assuming lighter duties a current work plan shall be renegotiated to reflect the change in duties.
  - I. Salaries Above Maximum: Employees whose salaries are above the maximum of their salary range are not eligible for career growth adjustment increases but are eligible for cost of living adjustment (COLA) and performance bonuses, as provided by legislation.
  - J. Separation: Employees who separate from state service prior to the effective date increases are awarded are not eligible for annual salary increases.
5. Performance Rating/ Annual Salary Increase Dispute Process

The overall summary page shall contain the statement:

- Performance Pay Dispute Process: An employee may dispute the fairness of an annual overall summary rating of less than outstanding by filing a complaint on DHHS Form PRD-1, which must be received by the division/facility/school personnel manager within 15 calendar days from the date the employee receives his/her copy of the work plan and overall summary rating. Performance reviews other than the annual review are not appealable under the DHHS performance rating dispute process. Copies of the dispute process ([DHHS Directive Number III-9](#)) and DHHS Form PRD-1 are available from all DHHS human resources

offices.

6. Performance Management and Pay Advisory Committee

The performance management and advisory committee shall be convened in the event the OSP audit reports indicate a potential disparity exists. The committee shall submit a report following each meeting to the Secretary of DHHS recommending changes in program administration. The secretary shall respond within three months to the OSP.

7. Sanctions

A. It is the intent of the DHHS to support managers and supervisors in the implementation of this policy, to provide training opportunities, and to provide support for and feedback on their performance in the performance management program. All supervisors and managers shall have a KRR for supervision that includes:

- Carrying out the performance management process,
- Ensuring the safety of their employees, and
- Ensuring the department's EEO goals is upheld.

B. No employee shall be penalized or excluded from consideration for a performance salary increase because a supervisor or manager has not followed the performance management process. The failure of a supervisor or manager to carry out the performance management process in accordance with this policy usually will be addressed as a performance deficiency. It can result in one or more of the following actions:

1. Coaching from the immediate supervisor and manager to determine the cause(s) of the deficiency and implementation of a improvement plan;
2. Participating in skills enhancement training as part of the improvement plan;
3. Monitoring of progress by the manager towards improvement goals to ensure deficiencies are corrected; and/or

4. If necessary, issuing appropriate disciplinary warnings, up to and including dismissal, in accordance with the department's disciplinary action policy.

8. Responsibilities

A. Executive Management

1. The Secretary of DHHS shall be responsible for bringing all units into full compliance with this policy.
2. Upon request of OSP, the secretary or designee will provide any requested reports.
3. The secretary shall take sanctions against the managers of those units in which inequities or systematic deficiencies exist.

B. Division of Human Resources

1. Each division/facility/school is delegated the responsibility for monitoring and evaluating the Performance management program.
2. The DHHS Division of Human Resources shall assist each employing unit in providing:
  - a. Consultation services to divisions/facilities/schools;
  - b. Guidance on supervisory training to assure managers and supervisors are adequately prepared to carry out the performance management program including offering trainer certification; and
  - c. Consultation and review of standard work plans.

C. Supervisor's Manager

1. Managers must ensure that all supervisors comply with the provisions of this policy. Managers are responsible for providing guidance and support to their supervisors throughout the process, reinforcing positive behaviors and outcomes exhibited by the supervisor or the supervisor's work unit, and coaching to correct any deficiencies.
2. Management shall assure that each employee is provided performance management information in the orientation process, that new

supervisors/managers participate in performance management training within one year of assuming supervisory responsibilities, and that the manager fulfills performance management responsibilities until the new supervisor has completed training.

3. Managers are responsible for reviewing work plans of subordinate supervisors' work units to ensure they reflect appropriate goals and priorities, are completed within established time frames, and that expectations for employees performing similar work are consistent and equitable.
4. Managers are responsible for discussing the overall summary rating for each employee with their subordinate supervisors prior to the final appraisal.

D. Supervisor

1. Within the first 45 days of the work cycle, supervisors shall hold meetings with each employee to develop work plans including a development plan for each employee. These meetings must include:
  2. A discussion of the work to be accomplished by the unit and the performance expectations the employee will have for the work cycle. The supervisor also defines the outstanding and unsatisfactory levels of the performance expectations.
  3. The supervisor maintains the original work plan during the cycle also providing a copy to the employee.
  4. In addition, supervisors shall monitor and document specific performance results and trends in behavior throughout the work cycle for each employee.
  5. Conduct at least one interim review with each employee at the midpoint of the cycle, document performance of both the employees' results/behaviors and establish an improvement a plan if needed.
  6. Conduct a performance appraisal evaluation with each employee at the end of the cycle.
  7. Ensure consistency of performance management so that expectations for all similar jobs within their unit are consistent and equitable; ratings are free of bias, accurately reflect the work accomplished; and show consistency between the performance management program and other

human resources actions.

E. Employee

1. Meet with the supervisor to provide input in the determination of performance expectations;
2. Collect performance documentation such as samples of work or work products and data that supports trends in behavior/skills;
3. Keep the supervisor informed as changes occur so that expectations can be met as planned or the expectation adjusted based upon justifiable circumstances;
4. Sign the work plan and overall performance summary. Comment on supervisor's evaluation of the employee's performance, if appropriate.

## References

G.S. 143 B-10 (j), 126-7

*For questions or clarification on any of the information contained in this policy, please contact [Human Resources](#). For general questions about department-wide policies and procedures, contact the [DHHS Policy Coordinator](#).*

## **Attachment A --NORTH CAROLINA RATING SCALE**

### **Outstanding Performance = O**

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 = VG**

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 = G**

Performance meets the defined job expectations. The employee generally performs according to the expectations doing a good job. The employee is doing the 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 = BG**

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

### **Unsatisfactory Performance = U**

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.