

DHHS POLICIES AND PROCEDURES

Section V:	Human Resources
Title:	Employee Management and Development
Chapter:	Performance Management System
Current Effective Date:	07/01/11
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Purpose

The State Personnel Act requires that each department have an operative performance management system that shall consist of:

1. A process for communicating employee performance expectations, maintaining ongoing performance dialogue, and conducting annual performance appraisals;
2. A procedure for addressing employee performance that falls below expectations;
3. A procedure for encouraging and facilitating employee development;
4. Training in managing performance and administering the system; and
5. A procedure for resolving performance pay disputes.

The purpose is to ensure all employees understand the link between their work and the application of DHHS Values that contribute to the achievement of the department's goals. A functional performance management system is a tool that supports the supervisor's role in facilitating each employee's work based on continuous communication between the employee and the supervisor. It ensures that employees are:

- Aware of the quality and quantity of work expected of them;
- Provided with continuous feedback about their performance that reflects the application of DHHS Values;
- Provided with opportunities for employee development; and
- Aware that performance ratings are based on the results the employee achieves and that reflect consistent application of the DHHS Values.

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 "Implementation" procedures were developed in compliance with the policies adopted by the Office of State Personnel (OSP).

All DHHS divisions and facilities shall use the [DHHS Work Performance Plan form](#).

Definitions

1. **Development plan** – An action plan for enhancing an employee’s level of performance in order to achieve and exceed expectations in the current job or prepare for new responsibilities.
2. **DHHS Values** – Include being customer-focused, anticipatory, collaborative, transparent and results-oriented.
3. **Final performance appraisal** – Appraising employees in a manner that accurately reflects how they performed relative to the result expectations through the application of [DHHS Values](#) defined in their work plan. It includes documentation to support the ratings and includes the signatures of the employee, supervisor and supervisor’s manager. The final appraisal is a confidential document.
4. **Interim review** – A meeting held at the mid-point of the work cycle to discuss the progress during the work cycle toward meeting result expectations that also reflect application of DHHS Values. The meeting can lead to modifications that need to be made to the work plan.
5. **Improvement plan** – A short-term action plan that is initiated when an employee’s actual result expectations, which also reflect application of DHHS Values, fail to meet the “Successful” level defined in the work performance plan (see the DHHS Performance Rating Scale under the “Implementation” section below). Its purpose is to achieve improvement in performance.
6. **Performance documentation** – Notes collected over the course of the work cycle where the supervisor indicates the extent to which the employee is currently meeting result expectations that also reflect application of DHHS Values and provides evidence to support that conclusion.
7. **Performance management** – A management process for ensuring employees are focusing their work efforts in ways that contribute to achieving the DHHS mission, vision, goals and objectives. It consists of three phases: (a) setting expectations for employee performance, how performance will be measured and how application of the DHHS Values will contribute to the achievement of results, (b) maintaining a dialogue between supervisor and employee, including the interim review, to keep performance on track, including consistent application of DHHS Values, and (c) measuring actual performance relative to result expectations, including the application of DHHS Values, to be achieved by an employee within the work cycle and providing an overall rating of the employee’s performance for the plan year.
8. **DHHS Work Performance Plan (herein work plan)** – A document that describes the work an employee is to achieve within the performance cycle and how the performance will be tracked and monitored.
9. **DHHS Rating Scale as Approved by the Office of State Personnel:**
The three-level performance rating scale is used to appraise employees’ result expectations that also reflect application of DHHS Values for the work plan cycle. The rating scale levels are Exceptional, Successful and Improvement Needed. They are defined as:

Exceptional: Work performance that consistently far exceeded result expectations and DHHS Values.

Successful: Work performance that consistently achieved expectations and DHHS Values and at times may have exceeded expectations and DHHS Values.

Improvement needed: Work performance that did not consistently meet expectations or DHHS Values and/or has failed to make reasonable progress toward previously outlined deficiencies in achieving expectations or DHHS Values.

Implementation

Supervisors and managers are responsible for managing the performance of their employees.

1. Communicating employee performance expectations
 - A. At the beginning of the twelve-month work cycle (July 1-June 30), supervisors shall meet with their employees, establish result expectations regarding their employees' performance, review and discuss the DHHS Values and how their application contributes to achieving result expectations and specify how employees' actual performance will be measured, tracked and monitored throughout the work plan cycle. A division director may request consideration of an alternative work cycle other than the July 1-June 30 cycle to accommodate operational needs. A request for an alternative work plan cycle shall be forwarded to the DHHS Human Resources Director for consideration.
 - B. Each employee shall have an annual work performance plan established within 30 days from the beginning of the work cycle. The employee's result expectations should be linked to DHHS goals and objectives so the employee understands his or her part in achieving these.
 - C. Each employee's work plan shall include outcomes/key responsibilities; result expectations; and tracking and monitoring. The outcomes/key responsibilities and their result expectations shall be listed in priority order of importance. Each DHHS employee work plan will also include the prewritten DHHS Values.
 - D. Result expectations shall be written at the "Successful" level and must have one or more measurement methods (quality, quantity, timeliness, or cost effectiveness). Supervisors shall also discuss result expectations at the "Exceptional" and "Improvement needed" levels and how DHHS Values apply to the results the employee is to achieve.
 - E. When the work plan is established, it shall be dated and signed by the employee, the supervisor and the supervisor's manager.
 - F. Standard work plans for employees that perform same or similar responsibilities in the same position classification may be developed by management with input from affected employees. Still, it is important that the supervisor discusses with the employee result expectations at the "Exceptional" and "Improvement

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needed” levels and how DHHS Values apply to the results the employee is to achieve.

2. Maintaining an ongoing performance dialogue

- A. Employees shall be responsible for successfully meeting their result expectations and apply DHHS Values, which includes the collection of their performance documentation, work samples or data that support result expectations and DHHS Values.
- B. Progress toward meeting result expectations shall be measured, reported, discussed and documented throughout the work cycle.
- C. Supervisors are expected to use appropriate supervisory techniques (i.e., coaching for success, regular feedback, etc.) to support employee efforts to meet or exceed their result expectations and apply DHHS Values.
- D. When expectations change during the course of the work cycle, supervisors shall communicate these changes and modify work performance plans as necessary. Changes shall be signed and dated by the employee, supervisor and the supervisor’s manager.
- E. The supervisor shall conduct an interim review at the mid-point of the work cycle to review the employee’s progress towards meeting result expectations and how the application of DHHS Values contributed to the achievement of results. The interim review supplements ongoing performance dialogue during the annual work cycle. The interim review shall be signed and dated by the employee and the supervisor. A performance rating is not assigned at the interim review. However, performance in a result expectation(s) that is not meeting the “Successful” level or a DHHS Value that is not being demonstrated by the employee shall be documented on an “Improvement Plan.” (See “Addressing Poor Performance” below.)

3. Conducting annual performance appraisals

- A. At the end of the work cycle, supervisors shall evaluate employees’ performance compared to their result expectations that reflect application of DHHS Values. Supervisors shall use verifiable information collected and documented throughout the work cycle to determine the extent to which actual performance has met the result expectations.
- B. The final appraisal shall be documented on the employee’s DHHS work plan.
- C. The overall (or end of cycle) rating is determined based on the combined rating for outcomes/key responsibilities that reflect application of DHHS Values.
- D. The overall rating shall use the DHHS Rating Scale for reporting performance. Employees who meet result expectations and consistently apply DHHS Values shall earn the rating of “Successful.”

- E. An employee in final disciplinary procedure during the work cycle shall not receive a rating above the “Successful” level if the disciplinary action is unresolved.
 - F. Prior to discussing the overall rating with an employee, a supervisor shall review the final appraisal with the next level manager to ensure that the documentation demonstrates the rating has been earned and is applied consistently.
 - G. Supervisors shall discuss the final appraisals with their employees. The supervisor and employee shall sign and date the completed final appraisal indicating that the discussion has taken place. The manager’s signature indicates there is sufficient documentation to warrant the rating given. Employees shall be provided an opportunity to comment on their rating. An employee’s signature does not imply agreement with the overall rating, but indicates the rating has been discussed with the supervisor. Should the employee refuse to sign the work plan, the supervisor documents this and asks the manager to witness the employee’s refusal to sign the work plan.
 - H. The work plan becomes confidential once the final performance appraisal is completed with ratings assigned and signatures.
 - I. The employee shall be provided a copy of the final work plan.
 - J. The work plan, including the final overall rating and final completed appraisal of the employee shall be submitted to the respective division or facility human resources office by the date established annually by DHHS Human Resources.
4. Addressing Poor Performance
- A. When an employee’s performance falls below the level of “Successful” at any time during the performance cycle or DHHS Values are not being demonstrated, the supervisor shall document the performance deficiency and take action, including (if appropriate) disciplinary action, to assure that result expectations reflecting DHHS Values will be met within a reasonable period of time.
 - B. The supervisor shall document the performance that falls short of expectations by preparing an improvement plan. The documentation will specify (a) the performance problem, (b) the steps to be taken to improve performance, including the timeframe for improvement, (c) the consequence of failure to improve and (d) a follow-up date. Supervisors are encouraged to consult with the respective human resources office to determine if any additional disciplinary action is warranted before meeting with the employee.
 - C. An improvement plan shall be considered successfully completed only when the employee’s actual performance has improved to the point where result expectations and/or DHHS Values are being met.
 - D. Performance deficiencies that occur during the work cycle shall be referenced in the annual performance appraisal and documented on the improvement plan.
 - E. Unresolved performance deficiencies shall be addressed using the DHHS Human Resources Disciplinary Action policy.

5. Supporting Employee Development

All DHHS employees shall have a development plan. Supervisors shall work with employees to identify strengths and weaknesses, and help them prepare a development plan. Individual development plans may specify how employees can more fully apply their strengths in their current positions, enhance their performance in their current positions or develop the skills and experience they will need for possible future assignments.

6. Transitions

When employees move into or out of their positions, relevant performance information shall be communicated in a timely way.

- A. Probationary employees shall have work plans within 30 days of their date of employment. Special reviews shall be conducted for probationary employees at the third and sixth month to document progress toward the completion of the probationary period. Before appointing an employee to permanent status, the supervisor shall provide documentation on the employee's work plan that s/he is meeting result expectations and applying DHHS Values.
- B. Employees in training progressions shall have work plans established within 30 days from the date of employment. Before each salary increase is granted within the trainee progression, the supervisor shall provide documentation on the work plan that performance is meeting result expectations that also reflects consistent application of DHHS Values.
- C. Employees whose responsibilities are changed substantially, either within their current position or by transfer (promotion, lateral transfer, or demotion), shall have work plans established within 30 days following the new assignment.
- D. When an employee transfers from an agency or university to DHHS or from one DHHS division or facility to another, the releasing agency, university, division or facility shall send a completed work plan summarizing the employee's performance from the last appraisal up to the date of transfer. This work plan shall be provided before the employee's first day with the receiving agency. The receiving supervisor may use this performance documentation when completing the employee's final appraisal.
- E. When a supervisor leaves a work unit, the next-level supervisor shall ensure that completed work plans for each employee supervised by the departing supervisor are made available to the employees' new supervisor.

7. Access and Use of Performance Information

- A. The original work plan shall be maintained in the employee's personnel file located in the respective division or facility's human resources office for a minimum of three years. Each employee is notified by the supervisor where the work plan is kept. Completed final performance appraisals (with ratings,

supporting documentation, and signatures and dates) shall be treated as confidential. Final performance appraisals shall also be disposed of in a confidential manner according to G.S. 121-5 (b) & (c).

- B. Information obtained during the performance management process about individual employees or from specific units of the department shall be a consideration by management in making other personnel decisions. Decisions involving promotions, performance-based disciplinary actions, performance-based salary increases, and reductions in force shall be supported by a current appraisal on file.
- C. When current or former State employees are being considered for hire or promotion, their past work performance plans and appraisals may be obtained for review by those involved in making the hiring or promotion decision. This right to access is based on State policy (Employment and Records, Section 3) and on the employee's signature on the state application that authorizes the release of information relevant to job requirements.

8. Training and Communication

- A. New employees to DHHS shall be given access to the DHHS Performance Management policy during orientation.
- B. New supervisors and managers shall participate in the DHHS performance management supervisor training within the first year of assuming supervisory duties. Division and facility performance management trainers shall meet the curriculum and training requirements established by DHHS Human Resources.
- C. The manager shall conduct the performance management requirements of employees until the new supervisor has completed performance management training.

9. Performance Disputes

The end of cycle summary page of the work performance plan shall contain the statement: *Performance Rating Dispute Process: An employee may dispute the accuracy of an annual overall rating of less than "Exceptional" by filing a complaint on DHHS Form PRD-1, which must be received by the respective division or facility human resources manager within 15 calendar days from the date the employee receives his/her copy of the completed work performance plan and performance appraisal. Performance appraisals other than the current appraisal are not appealable under the DHHS performance rating dispute process. Copies of the dispute process ([DHHS Directive Number III-9](#)) and the Performance Rating Dispute Process Complaint Filing Form ([DHHS Form PRD-1](#)) are available from all DHHS human resources offices.*

10. Performance Management System Administration

- A. The performance management advisory committee shall be convened semi-annually as required by state policy. The committee shall submit a report following each meeting to the Secretary of DHHS recommending changes in program administration.
- B. The performance management coordinator (or other designated person) shall monitor divisions and facilities administration of the DHHS performance management system to ensure compliance with agency policy. This includes ensuring that ratings are entered into Beacon within the timeframes established by the Office of State Personnel.
- C. Each division and facility human resources office shall submit an annual audit of work plans to the DHHS HR performance management coordinator to ensure compliance with the DHHS Performance Management policy. The department's performance management coordinator summarizes the results and reports these to management. Any division or facility with deficiencies is required to supply a plan of correction and timetable to resolve any issues.

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](#).