



DEPARTMENT OF THE NAVY  
BUREAU OF NAVAL PERSONNEL  
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MILLINGTON, TN 38055-0000

BUPERSINST 12430.3  
BUPERS-05  
22 MAR 2011

BUPERS INSTRUCTION 12430.3

From: Chief of Naval Personnel

Subj: INTERIM PERFORMANCE MANAGEMENT SYSTEM GUIDANCE

Ref: (a) DON Interim Performance Management System Covering Positions Transitioning to the General Schedule (GS) from the National Security Personnel System (NSPS) Policy Version 2.0 of Sep 2010  
(b) DON Interim Performance Management System Covering Positions Transitioning to the General Schedule (GS) from the National Security Personnel System (NSPS) Handbook Version 2.0 of Sep 2010  
(c) SECNAV M-5210.1 of Nov 2007  
(d) SECNAVINST 12771.2  
(e) 29 Code of Federal Regulations, Part 1614

Encl: (1) Definitions  
(2) Performance Plan Requirements  
(3) Standard Supervisor Critical Element  
(4) Recognition and Rewards  
(5) Performance Period Timeline

1. Purpose. This instruction provides implementing policy and guidance for the Department of the Navy (DON) Interim Performance Management System (IPMS) as outlined in references (a) and (b) and documented in enclosures (1) through (5). This instruction is new and should be reviewed in its entirety and used in conjunction with reference (a).

2. Background. The National Defense Authorization Act for Fiscal Year 2010 (NDAA 2010) repealed National Security Personnel System (NSPS) in October 2009. NDAA 2010 requires the transition of NSPS employees, with no loss in pay, to previously existing civilian personnel systems no later than 1 January 2012. The enacted bill also requires Department of Defense (DoD) to submit a proposal to Congress for an enterprise-wide performance management system. For the period until the DoD-wide performance management system is implemented, DON has developed the IPMS for positions transitioning from NSPS to the General Schedule (GS).

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3. Policy. Reference (a) establishes the IPMS to link employee, team and supervisory performance to organizational mission, goals and objectives. The DON IPMS is a two-tiered system. The only possible ratings of record are Acceptable and Unacceptable. Bureau of Naval Personnel (BUPERS) policy establishes that managers and first and second level supervisors will use reward recommendations of 1, 2 and 3 to ensure clear distinctions in award amounts for different levels of performance and contribution to mission. As a result, employees will be encouraged to take responsibility, to continuously improve, and to support organizational/unit initiatives.

4. Coverage. This instruction applies to all non-bargaining unit positions within BUPERS.

5. Responsibilities. Chief of Naval Personnel has assigned BUPERS, Director, Total Force Human Resource Office (BUPERS-05) responsibility for developing policy, objectives, and implementing guidance for IPMS and maintaining oversight of BUPERS performance management programs.

a. BUPERS (BUPERS-05) will:

(1) Establish a performance management program with an implementing instruction;

(2) Ensure program objectives are accomplished and comply with applicable policies contained in this instruction;

(3) Establish assessment criteria to evaluate program effectiveness;

(4) Communicate updates to BUPERS activities and respond to requests for information from BUPERS activities regarding IPMS; and

(5) Respond to Deputy Assistant Secretary of the Navy (Civilian Human Resources) tasking and ensure staff offices and subordinate activities comply with required actions within specified timeframes.

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b. Commanding officers (COs)/activity heads or their designee will:

(1) Implement IPMS per BUPERS policy;

(2) Ensure supervisors/employees in their organization complete performance management training as outlined in paragraph 6a of this instruction;

(3) Establish a command level performance awards review board (PARB) to govern all IPMS performance awards/recognition for the command. Submit requests for approval to BUPERS (BUPERS-05) for PARB composition that deviates from guidelines outlined in paragraph 5c(1);

(4) Fund and execute awards budget at the minimum aggregate level of 1.25 percent of total adjusted salaries. At a minimum, fund an additional .25 percent of total adjusted salaries for cash awards related to special acts or service throughout the performance year. Execute amounts towards quality step increases (QSIs) in addition to the aggregate levels above; and

(5) Respond to DON/BUPERS assessments, recommendations, and required actions within required timeframes.

c. Command PARB will:

(1) Be comprised of senior leaders representing major organizational functions within the command. PARBs shall consult with human resource, equal employment opportunity, and financial management advisors. Advisors will participate in board meetings and will be available for questions as they arise;

(2) Review performance reward recommendations for consistency, appropriateness, budgetary constraints, and adherence to merit system principles. PARBs are not allowed to change acceptable or unacceptable performance ratings at the individual element level or make changes to the overall rating of record;

(3) Establish and follow business rules that best support organizational operations and mission;

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(4) Evaluate and approve reward scores (levels 1-3) at the individual element level and overall level. Evaluate and approve QSIs where average reward score equal 2.5 or higher. Execute award distribution per the framework established in enclosure (4).

d. Command Performance Management System Administrator (CPMSA) will:

(1) Coordinate performance appraisal submissions and advise the CO and BUPERS (BUPERS-05) of any issues related to established timeframes;

(2) Collect and submit completed appraisal forms to the appropriate human resource office (HRO) within established timeframes for filing in the employee performance folder (EPF);

(3) Administer PARB meetings and prepare records for review and consideration;

(4) Track awards distribution to ensure compliance with framework established in enclosure (4);

(5) Document operational guidelines for PARB in the form of a command level instruction;

(6) Track and report command progress on performance training requirements and performance plans as outlined in paragraph 6a and 7a.

(7) Submit rating of record and performance award information to the appropriate servicing HRO for forwarding to the human resource service center (HRSC) to upload into Defense Civilian Personnel Data System (DCPDS);

(8) Conduct an annual assessment of awards/QSI distribution for internal equity/consistency and brief to PARB leadership. Criteria reviewed will support Human Capital and EEO program assessments.

e. Servicing HRO will:

(1) Advise managers on performance related issues;

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(2) Coordinate submission of annual performance ratings to HRSC for upload into DCPDS; and

(3) Maintain a hard copy record of the completed performance appraisal form in the EPF and manage per reference (c).

f. Rating Officials/Senior Rating Officials will:

(1) Develop and approve a written performance plan for each covered employee based upon work assignments and responsibilities;

(2) Provide employees with a copy of their performance plan within 30 days of the beginning of the performance period;

(3) Provide continuous feedback to employees throughout the performance period. Provide at least one documented progress review during the performance period as outlined in enclosure (2);

(4) Recommend/approve a rating of record for each employee;

(5) Recommend performance awards for employees while considering other recognition received by employees during the rating period; and

(6) Contact command HR representative or servicing HRO any time during the performance period if employee performance is determined to be at the unacceptable level. Follow all guidelines established by 5 U.S.C., chapter 43 and DON guidance.

g. Employees will:

(1) Participate in the development of critical elements;

(2) Provide written self assessment input for progress reviews, close outs and annual assessments;

(3) Present challenges to performance appraisals per procedures outlined in references (d) and (e), or in command level instructions, as applicable.

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6. Training Requirements

a. All BUPERS employees/rating officials are required to complete the following course to assist in executing program responsibilities:

Online: Performance Management: A Tool to Achieve Results  
- available at [http://www.cpbs.osd.mil/NSPS/PM\\_WBT/index.htm](http://www.cpbs.osd.mil/NSPS/PM_WBT/index.htm).

Department of the Navy Interim Performance Management System  
- available at <https://wwa.nko.navy.mil>

b. Employees/rating officials are encouraged to complete the following online course concerning rewards:

Department of the Navy Interim Performance Management System  
Suggested Framework for Performance Recognition - available at  
<https://wwa.nko.navy.mil>

7. Records Management. Records created as a result of this instruction, regardless of media and format, shall be managed per reference (c).

a. BUPERS activities will utilize a standard template provided by BUPERS (BUPERS-05) to report their progress throughout the performance cycle. BUPERS activities will provide reports to BUPERS (BUPERS-05) at the start of the performance cycle, mid-year and at the end of the performance cycle, indicating the status of performance plans for all employees.

b. At the end of the performance cycle, BUPERS activities will store completed electronic interim performance appraisal forms in a secure Total Records Information Management system account. A hard copy of the form shall be printed and delivered to the servicing HRO for further disposition.



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Distribution:  
Electronic only, via BUPERS Web site  
<http://www.npc.navy.mil/>

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**DEFINITIONS**

The following is a glossary of common terms used in this instruction.

**Acceptable Performance** - Performance that meets an employee's performance requirement(s) or standard(s) at a level of performance above "Unacceptable" in the critical element(s) at issue.

**Activity or Command** - A field installation, headquarters command or headquarters office with a commander, commanding officer, or officer in charge who has delegated budget authority.

**Appraisal** - The process under which performance is reviewed and evaluated against the described performance standard(s).

**Award** - Recognition for individual or team achievement that contributes to meeting organizational goals or improving the efficiency, effectiveness and economy of the government or which is otherwise in the public interest.

**Career Level - Entry, Journeyman or Expert Levels.** These levels are assigned based upon the type of work performed and the grade level of the employee. Reference (a), appendix (c) outlines DON defined career levels.

**Close-out Appraisal** - An appraisal conducted when an employee or first-level supervisor leaves a position or ceases to have rating responsibilities after the employee has been under established performance standards for at least 90 days or more but before the end of the performance period. Close-out ratings will be documented and used in deriving the rating of record and, in some cases, may become the rating of record.

**Critical Element** - A work assignment, goal, objective or responsibility of such importance that unacceptable performance on the element would result in a determination that an employee's overall performance is unacceptable. Only critical elements may be used in a two-level performance management system.

**Day** - Unless otherwise specified, calendar day.

**Individual Element Level** - The assessment of accomplishment and contribution to mission for each element in a performance plan as measured against performance standards.

**Performance** - Accomplishment of work assignments or responsibilities.

**Performance Period** - The established period of time for which performance will be reviewed and a rating of record prepared.

**Performance Plan** - All of the elements that describe the expected performance of an individual employee. A plan must include all critical elements and their related performance standards.

**Performance Awards Review Board** - A group of senior leaders of an organization whose responsibility it is to review and approve all performance awards at a strategic level for fairness, appropriateness and adherence to merit system principles.

**Performance Standard** - The management approved expression of the performance threshold(s), requirement(s) or expectation(s) that must be met to be appraised at a particular level of performance. A performance standard may include, but is not limited to, quality, quantity, timeliness and manner of performance.

**Position Description** - Officially documents management's assignment of major duties, responsibilities and organizational relationships to a position. Because it serves as the official record of the classification of the job, it can be used to make other personnel decisions, such as deriving critical elements.

**Progress Review** - One or more required conversations with an employee about performance as it relates to critical elements measured against applicable performance standards.

**Rating of Record** (also "Summary Level") - The rating of record is the official rating for pay and retention purposes.

**Rating Official** - A rating official, generally an employee's first-line supervisor, is responsible for establishing

performance plans for his or her employees based upon the parameters identified in this policy, carrying out required performance reviews with employees, taking action as necessary to correct less than satisfactory performance, and recommending a summary level and rewards recognition for performance (as appropriate) to the senior rating official. The rating official must be a management official as described in reference (b) and is typically the immediate supervisor.

**Reward Recommendation** - A method for distinguishing between employees only for purposes of determining awards eligibility.

**Senior Rating Official** - Generally, the senior rating official is an employee's second-line supervisor, and is responsible for reviewing and approving performance plans, recommended ratings of record, close-out ratings and rewards and recognition to ensure consistency and fairness within and across parts of an organization within that individual's span of control.

**Summary Level** (also "Rating of Record") - The final result of the performance evaluation process. The summary level is used to provide consistency in describing ratings of record. The two summary levels are "Acceptable" and "Unacceptable".

**Unacceptable Performance** - Performance of an employee that fails to meet established performance standards in one or more critical elements.

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**PERFORMANCE PLAN REQUIREMENTS**

1. The DON IPMS is a two-tiered system. The only possible ratings of record are Acceptable and Unacceptable. Per reference (a), each employee must have an approved written performance plan based on work assignments and responsibilities, no later than 30 days after the start of the performance period, their onboard date, or the date they move into a new position.
2. Plans shall have a minimum of three and maximum of five critical elements.
3. Performance plans for supervisors must also contain at least one supervisory critical element that holds supervisors accountable for:
  - a. Planning, monitoring, developing, correcting, and assessing employee performance;
  - b. Recruiting, hiring and on boarding of new employees; and
  - c. The execution of EEO responsibilities.
4. A standard supervisory critical element will be established at the command level to standardize supervisory/EEO requirements. A suggested critical element is provided in enclosure (3). Additionally, performance plans for specific types of positions, such as those with safety or security requirements, must include at least one critical element that addresses any specific requirements. Refer to reference (a), appendix E for more information.
5. To receive a rating of record, an employee must have a minimum of 90 days under an approved performance plan in the same position. If necessary, an employee's rating period may be extended by the rating official with approval from the senior rating official beyond the end of the rating period to ensure the minimum 90-day period is met, as long as the extension does not interfere with the ability to manage any part of the rating and rewarding process for the employee's organization. This approval should only be given after the CPMSA is consulted. If such an extension would interfere with rating and rewarding activities, then it should not be given, and the period of performance should be added to the beginning of the subsequent

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rating period. In this situation, the employee's close-out rating from the previous supervisor would become the rating of record.

#### 6. Progress Reviews

a. One mid-year progress review is required, at which time, employees should be informed of how they are progressing with regard to their critical elements. To the maximum extent possible, progress reviews will be informative and developmental in nature and will focus on future performance expectations.

b. Progress reviews do not require the assignment of a rating of record. However, at any time during the performance period that performance is determined to be unacceptable in one or more critical elements of the employee's performance plan, per reference (a), the employee is to be formally notified in writing and given a reasonable opportunity to demonstrate acceptable performance.

c. Employees are required to provide written self-assessments, and rating officials are required to provide written assessments for any progress review.

d. The rating official and employee must sign and date the performance appraisal form to indicate that the review was conducted. Failure by an employee to sign shall not void the content of the plan or progress review. The employee's signature indicates the employee has received the progress review but does not necessarily constitute agreement with it.

#### 7. Close-out Ratings - Close-out ratings must be conducted when:

a. An employee completes a detail or temporary promotion of more than 120 days under established critical elements. This requirement also applies to employees on loan from another activity or agency for more than 120 days.

b. An employee changes positions, is promoted or moves to a new agency or activity after being under established critical elements for a minimum of 90 days.

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c. The rating official leaves the position after the employee has been under established critical elements for a minimum of 90 days. In this situation, the employee may continue under the same performance plan unless changed by the new rating official.

d. Close-out ratings may become the rating of record if there is insufficient time (fewer than 90 days) to establish a new performance plan and rate the covered employee in the newly assigned position before the end of the performance period.

8. Annual Appraisals - An annual appraisal must be conducted for each employee at the end of the performance period (normally 30 September).

a. Employees are required to provide their rating officials with narrative self-assessments of their accomplishments for each of their critical elements compared to their assigned performance standards on the performance appraisal form no later than 15 calendar days after the end of the performance period (normally 30 September).

b. Rating officials are required to consider employee self-assessments and prepare written assessments of employee performance and contribution to mission no later than 30 calendar days after the end of the performance period. Written assessments will be used to justify recommended ratings of record to the senior rating official.

c. The rating official's recommended performance ratings are subject to the review and approval by the senior rating official. If the senior rating official changes the performance rating, the rationale for doing so must be documented in writing on the performance appraisal form.

d. Rating official and senior rating official assessments must document the employee's accomplishments in a manner that articulates how the individual met the appropriate career level, element level and reward recommendation level performance standard.

e. When a rating of record cannot be prepared by the time specified, the performance period may be extended to meet the minimum 90-day period as long as the extension does not

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interfere with the ability to manage any part of the rating and rewarding process for the employee's organization. A rating of record should be prepared as soon as practicable once the necessary conditions have been met. This extension may only be granted after consultation with the CPMSA.

#### 9. Rating of Record

a. Ratings are based on a comparison of performance against written performance standards. Accomplishments in each critical element are assigned an individual element level of "Acceptable" or "Unacceptable" after having been compared to the performance standards in reference (a), appendix C.

b. A summary level of "Acceptable" or "Unacceptable" must be assigned as the rating of record based on the assignment of individual element levels.

c. An "Unacceptable" summary level is assigned only if performance on one or more critical elements is appraised as "Unacceptable."

d. The performance appraisal form shall be signed either electronically or manually and dated by the employee, rating official and the senior rating official. The employee's signature signifies the employee has received the rating but does not necessarily constitute agreement with it.

10. Grievances and Appeals. Employees may raise issues relating to the performance appraisal process using the administrative grievance procedure outlined in reference (d). Appealable issues may be submitted to the Merit Systems Protection Board (MSPB).

Guidance on grievable/appealable matters is as follows:

a. The substance of an employee's critical elements and determinations concerning awards or additional step increases cannot be grieved or appealed.

b. Failure by a rating official/senior rating official to inform employees of critical elements and standards within the required time frame may be grieved.

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c. Ratings on individual elements and summary level ratings may be grieved.

d. Performance-based demotions and removals may be grieved through the appropriate grievance procedure or appealed to the MSPB, but not both.

11. Discrimination Complaints. When dissatisfaction with a performance appraisal/rating is based upon discriminatory factors, a pre-complaint must be initiated with the command EEO counselor. Pre-complaints are processed per reference (e). Contact information for the EEO counselor is prominently posted throughout BUPERS facilities.

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**SUPERVISORY CRITICAL ELEMENT**

Title: Supervise Employees

Critical Element: Manages an aligned, engaged, and high performing team through leading by example and developing and executing a mission aligned vision for the organization. Creates a positive, safe work environment that allows employees to excel. Upholds high standards of integrity and ethical behavior. Performs all supervisory duties including:

a. Ensures compliance with applicable laws, regulations, and policies including Merit System Principles and Prohibited Personnel Practices;

b. Effectively attracting and retaining a high-caliber workforce and acting in a responsible and timely manner on all steps in the recruitment and hiring process;

c. Providing opportunities for orientation and tools for enabling employees to successfully perform during the probationary period and beyond;

d. Identifying current and future position requirements to ensure that recruitment is appropriately focused and timely;

e. Completing all performance management tasks in a timely manner including clearly communicating performance expectations throughout the appraisal period, holding employees accountable, making meaningful distinctions in performance and rewarding excellent performance, promoting employee development and training, and promptly addressing performance and conduct issues;

f. Acting as a good steward of public funds;

g. Maintaining a safe work environment and promptly addressing allegations of noncompliance;

h. Manages the work environment, ensuring it is free from all forms of discrimination (including harassment and retaliation). Appropriately provides religious/disability related-workplace accommodations, employs early conflict identification and prevention addresses concerns when they arise

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(whether based on perception or reality), ensures workforce completion of mandatory EEO training and cooperation with EEO officials, takes appropriate action to alleviate workplace tension, allocates personnel to support EEO program activities.

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**RECOGNITION AND REWARDS**

1. Awards. In order to provide a means to recognize and reward employee accomplishments and contributions, rating officials will assess an employee's performance against prescribed IPMS performance standards and assign a reward score of 1, 2 or 3 to each critical element as outlined in reference (a), appendix F. In doing so, rating officials will make clear and consistent distinctions between different levels of performance and contributions, and reward recommendations.

a. Commands are required to fund their awards budget at a minimum aggregate level of 1.5 percent of total adjusted salaries of employees covered by IPMS on the first day of the performance period. A minimum aggregate of 1.25 percent of total adjusted salaries must be executed at the command level to recognize and reward employees' annual performance and contribution to mission. The remainder should be used to grant cash, time off, and honorary awards throughout the year per 5 U.S.C., chapter 45. Additionally, commands are encouraged to budget and execute up to 0.2 percent of total adjusted salaries for QSIs. The intent of all awards is to motivate employees by recognizing and rewarding significant individual, team or organizational achievements and contributions.

Average of Critical Element Reward Recommendation	Award Percentage
1.0 - 1.49	0 - 1.0 percent
1.50 - 2.49	Up to 2.0 percent
2.50 - 3.0	Up to 4.0 percent

Table 1

b. Annual performance awards are neither mandatory nor guaranteed. When granted, annual performance awards are paid as a percentage of adjusted salary based on the average of an employee's critical element scores. Table 1 provides the award eligibility framework for BUPERS activities. Activities will use this framework for recognition and rewards; however, award percentages may be adjusted at the command level to ensure the required minimum aggregate is executed each year. The command PARB will consider award recommendations and make final decisions.

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c. Before recommending and approving annual performance award amounts, rating officials, senior rating officials and PARBs should consider other recognition received by employees during the performance period. Since awards are calculated as a function of basic pay, care should be taken to ensure similarly situated employees with like performance are rewarded in a consistent manner, and there are clear distinctions in award amounts for different levels of performance and contribution to mission.

d. Award recommendations will be reviewed and approved per the command PARB procedures.

## 2. QSI

a. A QSI may be granted, in lieu of the annual performance award, for recognition of high quality performance above that ordinarily found in the type of position concerned. The purpose of QSIs is to provide appropriate incentives and recognition for excellence in performance by granting faster than normal step increases.

b. Eligibility for a QSI will be determined by the recommended reward score; it must be 2.5 or higher.

**TIMELINE**

There are many steps involved in the annual appraisal process. The following is a timeline showing when the events should be completed. The performance period normally ends on 30 September.

End of Appraisal Period

5 days after	}	1. Employees Complete <u>Self-Assessments</u>
10		
15	}	2. Rating Officials Complete <u>Employee Assessments</u>
20		
25	}	3. Senior Rating Official Reviews and Approves Ratings
30		
35	}	4. Board Reviews Ratings for Consistency
40		
50	}	5. Performance Conversations are Held
45		
55	}	
60		
65	}	
70		
75	}	