U.S. OFFICE OF PERSONNEL MANAGEMENT
OFFICE OF THE INSPECTOR GENERAL
OFFICE OF EVALUATIONS

Final Evaluation Report

EVALUATION OF THE U.S. OFFICE OF PERSONNEL MANAGEMENT'S EMPLOYEE SERVICES' SENIOR EXECUTIVE SERVICE AND PERFORMANCE MANAGEMENT OFFICE

Report Number 4K-ES-00-18-041
July 1, 2019

EXECUTIVE SUMMARY

*Evaluation of the U.S. Office of Personnel Management's Employee Services'
Senior Executive Service and Performance Management Office*

Why Did We Conduct the Evaluation?

Over the years, OPM's stakeholders have offered various ideas and suggestions to improve OPM's Senior Executive Service (SES) operations. Since the creation of the SES, a few statutory changes have been implemented; however, stakeholders continue to call for further improvements to the efficiency and management of operations and processes. As a result, we conducted this evaluation to determine whether OPM's Employee Services has controls in place to effectively carry out its mission by providing oversight and assistance to Federal Agencies for their Senior Executive Service and Performance Management needs.

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William W. Scott, Jr.
Chief, Office of Evaluations

What Did We Find?

The U.S. Office of Personnel Management's (OPM) Senior Executive Service and Performance Management office, which is within the Employee Services, needs to strengthen its controls over the administration of the Qualifications Review Board (QRB) process and enhance its oversight of the certification process for SES performance appraisal systems. Specifically, management needs to:

- Build on-going monitoring and quality control measures to ensure its staff complies with laws and regulations, reports complete and accurate data, and maintains adequate support documentation;

- Update and finalize its standard operating procedures, the QRB Charter, and reference guide to ensure supervisory review processes are included and aligned with their common oversight practices, including maintaining support documentation; and

- Assemble working groups with appropriate stakeholders to collaborate, brainstorm, and develop ways to improve the QRB process and the SES certification process for performance appraisal systems.

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I. INTRODUCTION

This final evaluation report details the results from our evaluation of the *U.S. Office of Personnel Management's (OPM) Employee Services' Senior Executive Service and Performance Management Office*. OPM's Office of the Inspector General (OIG) conducted this evaluation, as authorized by the Inspector General Act of 1978, as amended.

The Senior Executive Service and Performance Management office within Employee Services manages the overall Federal personnel program relating to the Senior Executive Service and senior professionals, (*i.e.*, Senior Level or Scientific and Professional), and provides Government-wide leadership to agencies for all other Federal employees with respect to non-SES performance management, awards, and leadership development. The Senior Executive Service and Performance Management office, as shown in Table 1, is organized into three components: (1) Executive Resources and Performance Management; (2) Work-Life and Leadership & Executive Development; and (3) Senior Executive Resources Services.

Table 1: Senior Executive Service and Performance Management Components Key Responsibilities

Component	Key Responsibilities
Executive Resources and Performance Management	• Provides operational guidance, technical expertise and assistance to agencies on the design, application, implementation, and evaluation of SES and non-SES performance appraisal systems and programs; • Reviews, approves, and recommends certification of agency SES and Senior Level/Scientific and Professional performance appraisal systems; • Develops, promulgates, and maintains Government-wide human capital management policies; and • Provides policy leadership, guidance and technical expertise on Government-wide human capital policy relating to non-SES performance management and awards, Senior Level/Scientific and Professional compensation, and all SES Human Resources matters, including recruitment, staffing, performance management, compensation, and recognition.
Work-Life and Leadership & Executive Development	• Provides policy leadership, guidance, technical expertise, and products on Government-wide work-life and executive training and development programs and • Reviews and approves agencies' SES Candidate Development Programs.
Senior Executive Resources Services	• Administers Qualifications Review Boards, which certify the executive qualifications for individuals' initial appointments to the career Federal SES; • Reviews and approves agency requests for SES Senior Level/Scientific and Professional allocations and limited term and limited emergency SES appointments; • Reviews and processes requests for political SES and Schedule C Appointments; • Administers the Presidential Rank Awards program; and • Oversees the Executive and Schedule C System, which is the information technology system used across the Federal Government for their executive resources transactions.

Source: OPM's Employee Services Senior Executive Service and Performance Management office

In July 1979, the Civil Service Reform Act of 1978 established the SES as a separate personnel system that applies the same executive qualification requirements to all of its members. The SES covers positions in the Executive Branch classified above General Schedule Grade 15 or are in Level IV or V of the Executive Schedule, or equivalent positions. These positions, do not require Presidential appointment with Senate confirmation, and are responsible for executive, managerial, supervisory, and/or policy functions characteristic of the SES. In addition, there are two types of positions and four types of appointments in the SES.

Positions:

- *General positions* are filled by any of the appointment types listed below (career, non-career, limited term, or limited emergency).

- *Career Reserved positions* are filled by a career appointee to ensure the impartiality, or the public's confidence in the impartiality, of the Government.

Appointments:

- *Career appointments* may be made to either type of position listed above (general or career reserved). Incumbents are selected using their agency's merit staffing process and must have their executive core qualifications approved by a Qualifications Review Board (QRB) convened by OPM.

- *Non-career appointments* are made only to general positions. Non-career appointments are approved by OPM on a case-by-case basis and the appointment authority reverts back to OPM when the non-career appointee leaves the position.

- *Limited term appointments* are made for up to three years, are nonrenewable, and must be to an SES general position only.

- *Limited emergency appointments* are also nonrenewable appointments. They may be for up to 18 months, and must be to an SES general position only established to meet a bona-fide, unanticipated, urgent need.

Over the years, OPM's stakeholders have offered various ideas and suggestions to improve the SES operations. Since the creation of the SES, a few statutory changes have been implemented; however, stakeholders continue to call for further improvements to the efficiency and management of operations and processes. As a result, we conducted this evaluation to determine whether OPM's Employee Services has controls in place to effectively carry out its mission by

providing oversight and assistance to Federal Agencies for their SES and performance management needs. Our evaluation focused on the QRB process and the certification process for SES performance appraisal systems.

Qualifications Review Board Process

The Senior Executive Resources Services group helps to make sure agencies select strong leaders by administering QRBs that evaluate whether candidates possess essential leadership qualifications. The QRB is a three-member board comprised of current SES members. The Senior Executive Resources Services administers QRBs weekly, implementing standard operating procedures for its staff to follow, a QRB Charter for panel members to comply with, and the *Senior Executive Resources Services standing QRB Guideline and Standard Operating Procedures* to read and understand.

The executive core qualifications define the competency requirements for acceptance into the SES. The executive core qualifications are the primary criteria used by the QRBs for an individual's initial appointment into the career SES. The executive core qualifications are:

- Leading Change
- Leading People
- Results Driven
- Business Acumen
- Building Coalitions

Agencies submit candidate cases to the Senior Executive Resources Services for QRB review, requesting QRB certification of a candidate on the basis of one of the following criteria: (A) demonstrated executive experience; (B) successful completion of a formal, OPM-approved SES Candidate Development Program; or (C) possession of special or unique qualifications that indicate a likelihood of executive success.

The QRB review is the last step in the SES selection process. The QRB reviews each case and either approves or disapproves the candidate's executive qualifications. Candidates can be given an opportunity to revise/strengthen (rewrite) no more than two executive core qualifications. This option is appropriate where the QRB members require additional information in order to make a determination. The final determination is based upon a majority decision. If approved, the certification of the candidate never expires, and the agency may proceed with the appointment.

Certification Process for a Senior Executive Service Performance Appraisal System

While the Executive Resources and Performance Management group is responsible for verifying agencies' performance appraisal systems for OPM, most of the SES operational responsibilities are assigned to agencies by law. The statutes and regulations require agencies to implement a pay-for-performance system. To access pay flexibilities offered by the statutes and regulations, agencies must first obtain certification from OPM, with Office of Management and Budget (OMB) concurrence, of their performance appraisal systems.

Following an agency's request for certification, the Executive Resources and Performance Management group, with the concurrence of OMB, will recommend the certification of an agency's SES performance appraisal system after the Executive Resources and Performance Management's review to ensure that the system:

- Demonstrates that it makes meaningful distinctions based on relative performance;

- Conforms to statutory and regulatory requirements regarding performance appraisal, pay, and awards; and

- Complies with required certification criteria.

The design of the Basic SES Appraisal System, issued by OPM and OMB, meets all certification criteria.[1] Accordingly, for agencies that have adopted the Basic SES Appraisal System, OPM and OMB only need to review the implementation and application of the appraisal systems when reviewing for certification, thus reducing the amount of documentation required for the review. The recommendation to grant certification is based on the agency's documentation of compliance with the following certification criteria:

- Aligned Results,

- Performance Distinctions,

- Pay Differentiation, and

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[1] In January 2012, OPM, in conjunction with the OMB, issued the "Basic SES Appraisal System." The Basic SES Appraisal System satisfies the regulatory system standards and promotes consistency, clarity, equity, and transferability of performance processes, standards, feedback, and ratings across Government. Additionally, implementation of the Basic SES Appraisal System provides a streamlined and more efficient process for SES performance appraisal system approval and certification by OPM.

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- Verification of compliance with Organizational Assessment and Guidelines, Oversight, and Communication of System Application Results.

Agencies, using their own OPM-approved appraisal system (*i.e.*, a non-Basic SES Appraisal System) must request system certification using the SES Performance Appraisal Assessment Tool.[2]

For both Basic and non-Basic SES performance appraisal systems, the Director of OPM may grant full certification (continuing for 24 months) when an agency's system independently and fully meets each certification criterion upon the initial submission of a certification request, or provisional certification (continuing for 12 months) when a system at least minimally meets each certification criterion.
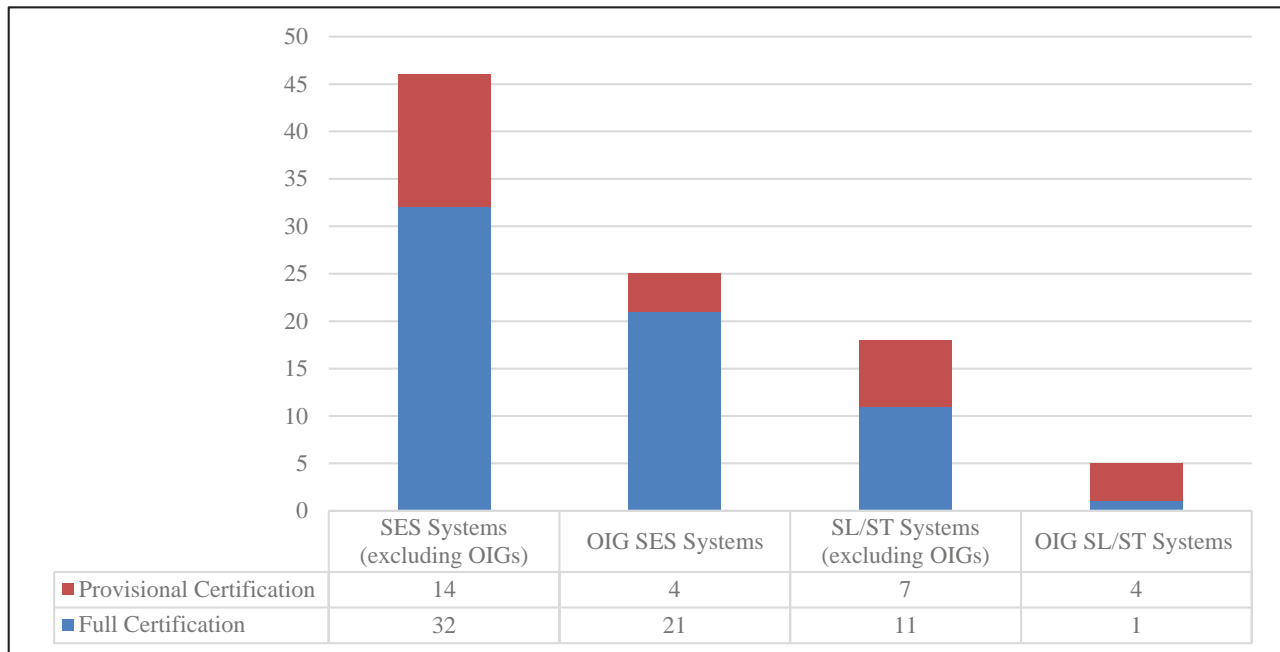
Graph 1 on the next page outlines the number of certified appraisal systems, both fully and provisionally, approved by OPM for Federal Agencies and Office of Inspectors General (OIG) as of August 2018.

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[2] OPM uses a scoring sheet when reviewing an agency's non-Basic SES Appraisal System's certification request and documentation to determine whether the system meets established certification criteria. The scoring sheet incorporates all certification criteria and the methods for analysis. Agencies submit a number of performance plans so OPM can verify statements made in the SES-Performance Appraisal Assessment Tool regarding evaluation techniques, alignment, measurable results, balanced measure of employee and customer perspectives, and accountability.

Graph 1: Total Certified Senior Executive Service, Senior Level (SL) and Scientific and Professional (ST) Appraisal Systems

	SES Systems (excluding OIGs)	OIG SES Systems	SL/ST Systems (excluding OIGs)	OIG SL/ST Systems
■ Provisional Certification	14	4	7	4
■ Full Certification	32	21	11	1

Source: OIG Analysis of the List of Certified Senior Employee Performance Appraisal Systems, as of August 2018

Once an agency's SES appraisal system is certified, the agency may apply a higher maximum rate of basic pay, which is equal to Level II of the Executive Schedule, and a higher aggregate pay limit, equivalent to the annual compensation payable to the Vice President, for its SES members. Agencies cannot be granted certification if their appraisal system fails to meet one or more of the certification criteria or if the agency demonstrate in its documentation that the application or implementation of the system resulted in a violation of applicable statute or regulation.

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II. RESULTS OF EVALUATION

1. Controls Surrounding Qualifications Review Board Process Need Improving

The Senior Executive Resources Services needs to strengthen its controls over the administration of the QRB process.

During our evaluation, we identified the following**:**

1. Senior Executive Resources Services management does not perform on-going monitoring or separate quality control reviews of QRB data.

2. Standard operating procedures and the QRB Charter do not identify that more than one-half of the members of a QRB must be SES career appointees.

3. Standard operating procedures for Senior Executive Resources Services staff do not specify what supporting documentation to maintain to indicate that more than one-half of the members of a QRB are SES career appointees, as required by Title 5 Code of Federal Regulations.

4. Standard operating procedures for the staff and reference guides for agency customers do not include a key requirement that agency requests for certification of a candidate by a QRB must contain evidence that merit staffing procedures were followed and that the appointing authority certified the candidate's qualifications for the position.

5. Standard operating procedures for the staff and reference guides for agency customers do not specify what supporting documentation must be provided by agencies to indicate that merit staffing procedures were followed and that the appointing authority certified the candidate's qualifications for the position.

6. The reference guides for agency customers do not indicate what documentation must be provided by agency customers to indicate that QRB members must have served in the SES for at least two years and received at least fully successful or higher rating on their most recent performance appraisal.

7. Senior Executive Resources Services management did not update the QRB Charter for panel members and the reference guide for agency customers to remove requirements that are no longer in place.

Section 317.502 of Title 5 Code of Federal Regulations states:

(a) QRBs convened by OPM must certify the executive/managerial qualifications of a candidate before initial career appointment may be made to an SES position. More than one-half of the members of a QRB must be SES career appointees.

(b) Agency requests for certification of a candidate by a QRB must contain such information as prescribed by OPM, including evidence that merit-staffing procedures were followed and that the appointing authority has certified the candidate's qualifications for the position.

The U.S. Government Accountability Office (GAO) states in its *Standards for Internal Controls in the Federal Government* the following:

12.05 "Management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks. If there is a significant change in an entity's process, management reviews this process in a timely manner after the change to determine that the control activities are designed and implemented appropriately."[3]

16.04 "Management monitors the internal control system through ongoing monitoring and separate evaluations. Ongoing monitoring is built into the entity's operations, performed continually, and responsive to change. Separate evaluations are used periodically and may provide feedback on the effectiveness of ongoing monitoring."[4]

We were unable to identify the specific causes for the lack of controls surrounding the QRB process in the Senior Executive Resources Services' oversight. We also identified differences for between the supporting documentation and OPM's reported numbers of QRB actions as well as processing times for fiscal year 2017.

Table 2 on the next page shows the differences.

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[3] GAO *Standards for Internal Controls in the Federal Government* (GAO-14-704G, September 2014), p. 56
[4] *Id.,* p. 65

Table 2: Differences in Qualification Review Board Data for Fiscal Year 2017

	Approvals/Disapprovals		Rewrites	
	Number of QRB Cases	Average Processing Time (business days)	Number of Rewrites	Rewrite Average Processing Time (business days)
Supporting Documentation	886	17.3	171	21.4
OPM's Reported Numbers	872	14	160	46
Difference	14	3.3	11	(24.6)

Source: OIG Analysis of Senior Executive Resources Services Data

Recommendation 1

We recommend that the Senior Executive Resources Services manager build on-going monitoring and quality control measures to ensure its staff complies with laws and regulations, reports complete and accurate data, and maintains adequate supporting documentation.

Management Response:

Management partially concurs with the recommendation. Management plans to have the new manager review the current QRB report used for processing information to identify and correct inaccuracies, as appropriate. Management will also consider the feasibility of implementing a new QRB dashboard to provide ongoing monitoring and quality control measures. Whether it is an automated process or ongoing manual review, management agrees to ensure the data it is using is consistent and based upon what agencies provided and will review for quality. Management believes that at this time, it is not feasible for OPM to verify self-reported agency actions.

OIG Comment:

While management partially concurs with the recommendation, the planned actions satisfy the intent of the recommendation. The recommendation does not address verification of self-reported agency actions, it addresses data compiled by the Senior Executive Resources Services staff.

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Recommendation 2

We recommend that the Senior Executive Resources Services manager update and finalize its standard operating procedures, the QRB Charter, and reference guides to ensure its staff and agency customers comply with laws and regulations.

Management Response:

Management concurs with the recommendation and plans to update the QRB charter, and existing reference guides and standard operating procedures, with cross reference to other guides, as appropriate.

2. Survey Results on the Qualifications Review Board Process

During our evaluation, we conducted a survey of the standing QRB panel members from OPM's July 2018 – October 2018 roster as well as current agency customers.[5] We wanted to obtain their opinions and views on whether OPM's Employee Services is accomplishing its missions, addressing customer needs, providing assistance, resolving concerns, and answering questions. In addition, we hoped to identify whether any challenges, barriers, and/or obstacles were slowing down the QRB process, as well as identify potential areas of improvement based on feedback from these stakeholders.

We surveyed 60 QRB panel members via email (two emails could not be delivered) and received responses from 24 panel members out of the 58 surveys delivered, which is a 41 percent response rate. Overall, the responses were very positive, indicating that the workload was reasonable and the OPM staff was timely, responsive, and pleasant to work with.

Table 3 on the next page highlights the responses we received for the first three questions as well as a percentage of the total.

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[5] We sent the survey to current agency customers as of August 2018.

Table 3: Responses Received from QRB Panel Members on the QRB Process

Question	Blank	Not Sure	Yes	No
1. Will the standing QRB be able to achieve the mission, purpose, and responsibility?	1	2 (9 %)	21 (91 %)	
2. Have you received sufficient guidance and assistance to perform your responsibilities as a QRB panel member?		1 (4 %)	22 (92 %)	1 (4%)
3. Has the Senior Executive Resources Service staff resolved individual and common Group concerns/conflicts in a timely manner?		1 (4 %)	23 (96 %)	

Source: OIG Analysis of Survey Responses from QRB Panel Members on the QRB process

The following two questions on the survey were open-ended and allowed the QRB panel members to provide written comments.

1. Provide any barriers/challenges/obstacles that exist in the QRB process; and

2. What areas (if any) do you believe can be improved? Have you shared this information with Senior Executive Resources Services personnel? If so, what happened next?

We have summarized their responses to these two questions below:

- The biggest challenge mentioned was the quality of some of the applications submitted to the QRB by an agency. More education on the process and the executive core qualifications is needed to ensure candidates and their agency provide adequate information.

- The agencies are leaning towards internal technical candidates and not considering leadership qualities and potential as part of the application and selection process. A candidate should be able to write the executive core qualifications in a way that a layperson can understand.

- "If someone writes the candidate's technical executive qualification and executive core qualifications incorporating all of the buzzwords. How does that demonstrate ability."

- The review process needs to be improved – respondents felt that the process is overly burdensome and there continues to be ambiguity in what the panel believes and what OPM desires.

- The QRB panel often struggles with whether to approve, disapprove, or rewrite. Panel members ask for clearer definitions or clarification of what OPM expects as the candidate's input is debated.

- Suggested improvements – a more formalized process and more communication between the OPM staff and panel members. More education for QRB panel members on the QRB process is needed.

- A more objective method for scoring is needed to determine the potential success for candidates - there is a lot of subjectivity. The QRB panel members are sometimes second guessing themselves if they are new to the process. It is difficult to rate some of the factors, particularly oral communication and integrity (honesty). In addition, assigned panels had some disagreement as to what they were looking for – some looked at it broadly while others looked for details showing experience.

- Room is needed for more technology and a better method of recording results - it might be helpful to meet via Skype for the discussions. For example, QRB assignments can be loaded and reviews made in the system, and then analysis and feedback provided.

- An online system would be helpful to replace the spreadsheet method used today to record results – it is very limited in its ability to capture review notes.

- At the QRB panel orientation (main briefing), the OPM staff could have provided more examples and discussions to make the members feel more comfortable with the process. In addition, training slides should reflect reality – mentioned panel would be meeting twice in person, yet the panel went straight to virtual after the orientation.

- QRB panels should never be comprised of two SES members with the same professional responsibilities, i.e., lawyer to lawyer or human capital officer to human capital officer. The panel should have only one specialty per team.

- It would also be helpful to have someone on the QRB panel with some subject matter expertise related to the position sought by the candidate.

In addition, we surveyed 49 agency customers via email (three emails could not be delivered) and received responses from 10 agency customers out of the 46 surveys delivered, which is a 22 percent response rate. Overall, the responses were very positive, stating the Executive and Schedule C System guides are very helpful, the Senior Executive

Resources Services staff is very responsive and helpful, and the submission process and guidance are clear. The OPM executive core qualifications training presentation for aspiring candidates was also helpful.

Table 4 below indicates the number of responses we received for the first three questions as well as a percentage of the total.

Table 4: Responses Received from Agency Customers on the QRB Process

Question	Yes	No
1. Overall, are you satisfied with the QRB process (as a timely and quality independent peer review)?	7 (70 %)	3 (30 %)
2. Did you receive sufficient guidance and assistance to perform your responsibilities in compiling and submitting an SES candidate's package for processing through the QRB?	10 (100 %)	
3. Did the Senior Executive Resources Services staff address your agency's needs or questions throughout the QRB process in a timely manner?	10 (100 %)	

Source: OIG Analysis of Survey Responses from Agency Customers on the QRB process

The remaining two questions were open-ended, which allowed agency customers space to provide comments:

1.   Provide any barriers/challenges/obstacles that exist in the QRB process; and

2.   What areas (if any) you believe can be improved? Have you shared this information with Senior Executive Resources Services personnel? If so, what happened next?

While the agency customers did not identify any common challenges in their responses, they indicated that it would not hurt to revisit the current process and measurements as well as identify opportunities to improve the process. Respondents provided comments identifying the following areas for improvement:

- Flaws exist in the system - it is unclear if the process (a) is evaluating the skills of the candidate or the writing of the contractor, and (b) is evaluating candidates fairly based on the experiences of the candidates.

- The QRB process is too rigid and subjective and certification decisions are inconsistent from QRB to QRB.

- Each QRB seems to look for different things.

- Agencies did not understand how two QRB groups with the same criteria provided such differing feedback regarding the executive core qualifications. Agencies believe that they submitted cases that were strong and would be certified, but were not, requiring rewrites.

- Agencies have submitted cases that were weak, but were certified on the first review. This makes it very difficult to provide guidance to the candidate.

- Use more technology and some form of tracking packages through the QRB process to aid Human Resources staff in responding to customer status inquiries without having to contact the Senior Executive Resources Services personnel.

- Updating of the Executive and Schedule C System to reflect the disapproval of an initial QRB package should be coordinated with the email delivery of the QRB report of the panel's findings. Confusion can arise when the Executive and Schedule C System shows the updated status but the report has not yet been delivered to the servicing team.

- Training and Job Aid: Suggest posting the "Developing Your Executive Core Qualifications" webinar on the OPM website and send out the link.

- "Applicants have the experience but have trouble getting the info to pass the QRB."

- "The same person failed the QRB the first go-around, and passed with the second re-write."

- "Potentially, agencies are missing good candidates and possibly gaining ones who hire a professional writer."

- Agencies would like to see OPM offer a course that encompasses all of the Executive Resources topics.

- "As a new person in this field, without prior experience, it was a bit challenging by only having a desk guide to successfully perform all aspects of the job outside of the QRB."

Recommendation 3

We recommend that the Senior Executive Resources Services manager assemble a working group with appropriate stakeholders to collaborate, brainstorm, and develop ways to

improve the process including, but not limited to, clearly defining terminology use, considering a more objective method for scoring, adding more technology, assessing the compilation of the QRB panel, and developing new approaches to training.

Management Response:

Management concurs with the recommendation and plans to work with the current QRB panel members and other subject matter experts for ways to refine the existing framework and terminology to determine if a more objective method of scoring can be identified and implemented. Budget permitting, management plans to consider the feasibility of using more technology for the QRB process in FY 2020.

3. Oversight of the Certification Process Needs Improvement

The Executive Resources and Performance Management group needs to enhance its oversight of the certification process for SES performance appraisal systems to include appropriately documenting existing quality control measures and ensuring all processes are documented accordingly. Specifically, our evaluation disclosed that:

- Based on the current standard operating procedures, there is no guidance for the Executive Resources and Performance Management manager to perform separate quality control measures of certified SES performance appraisal systems data.

- The standard operating procedures for processing SES, Senior Level, and Scientific and Professional certifications do not contain the current supervisory review practice. We found that once a reviewer completes the analysis of the agency submission, the reviewer presents the results and recommendations to the team leader and Executive Resources and Performance Management manager, including a representative from its policy group. Once completed, the supervisor approves the next step in the certification process.

- The standard operating procedures for the staff do not include certain requirements identified in the Basic Senior Executive Service Performance Appraisal System Certification Process. More specifically, the standard operating procedures do not indicate what documents satisfy the certification criteria and what required support documentation must be maintained. Similarly, the standard operating procedures do not reference where this information can be located.

The *Standards for Internal Controls in the Federal Government* (GAO-14-704G, September 2014) indicate that:

12.05 "Management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks. If there is a significant change in an entity's process, management reviews this process in a timely manner after the change to determine that the control activities are designed and implemented appropriately."[6]

16.04 "Management monitors the internal control system through ongoing monitoring and separate evaluations. Ongoing monitoring is built into the entity's operations, performed continually, and responsive to change. Separate evaluations are used periodically and may provide feedback on the effectiveness of ongoing monitoring."[7]

Although we were unable to identify a specific cause, the current controls in place do not provide reasonable assurance that the Executive Resources and Performance Management group is effectively carrying out its mission.

Recommendation 4

We recommend that the Executive Resources and Performance Management manager develop and appropriately document quality control measures to ensure their staff complies with laws and regulations, reports complete and accurate data, and maintains adequate supporting documentation.

Management Response:

Management partially concurs with the recommendation. According to management, quality control measures are in place. These measures are being added to the standard operating procedures to ensure transparency so that staff fully understands measure that are enacted throughout the entire certification process.

OIG Comment:

While management partially concurs with the recommendation, the proposed actions satisfy the intent of the recommendation.

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[6] GAO *Standards for Internal Controls in the Federal Government* (GAO-14-704G, September 2014), p. 56
[7] *Id.,* p. 65

<u>**Recommendation 5**</u>

We recommend that the Executive Resources and Performance Management manager update their standard operating procedures to include the supervisory review process as explained and aligned with common practices for their oversight activities, including maintaining support documentation.

<u>**Management Response:**</u>

Management concurs with the recommendation and plans to implement cross-references for appropriate sources. Management agrees standard operating procedures should be updated and suggests two standards operating procedures for certification reviews regarding: (1) the analysis of the request, and (2) procedural requirements associated with the request.

4. Survey Results on the Certification Process for Senior Executive Service Performance Appraisal Systems

During our evaluation, we conducted a survey of the Senior Executive Service Performance Appraisal System. We wanted to obtain the opinions and views of agencies with certified SES appraisal systems as of August 6, 2018, on whether OPM's Employee Services is accomplishing its missions, addressing customer needs, providing assistance, resolving concerns, and answering questions. In addition, we hoped to identify whether any challenges, barriers, and/or obstacles were slowing down the process (if any) and areas of improvement based on feedback from these stakeholders.

We sent a survey, consisting of 5 questions, to 74 agencies' primary points of contact (three emails could not be delivered) and we received 19 responses out of the 71 surveys delivered, which is a 27 percent response rate. Overall, the responses were very positive, indicating Executive Resources and Performance Management staff provides great customer services and is responsive to questions and concerns.

Table 5 on the next page indicates the number of responses we received for the first three questions as well as a percentage of the total.

Table 5: Responses Received from Agency Contacts on the Certification Process for SES Performance Appraisal Systems

Question	Not Sure	Yes	No
1. Overall, are you satisfied with the certification process for SES performance appraisal systems (that it supports the agency in efficiently and effectively submitting a request along with sufficient documentation demonstrating compliance with criteria and establishing and maintaining an effective performance appraisal system for its SES)?	5 (26 %)	10 (53 %)	4 (21%)
2. Did you receive sufficient guidance and assistance to perform your responsibilities in compiling documentation of compliance with the requirements?	1 (6 %)	15 (83 %)	2 (11%)
3. Did the Executive Resources and Performance Management staff address your agency needs or questions throughout the certification process in a timely manner?	1 (6 %)	17 (94 %)	

Source: OIG Analysis of Survey Responses from Agency Contacts on the Certification Process for SES Performance Appraisal Systems

The remaining two questions were open-ended, which allowed the agency contacts to provide comments:

1. Provide any barriers/challenges/obstacles that exist in the QRB process; and

2. What areas (if any) do you believe can be improved? Have you shared this information with Senior Executive Resources Services personnel? If so, what happened next?

Respondents indicated the following barriers/challenges/obstacles:

- Certification should last longer than 2 years (to at least 4 years or more), but understand it will take an act of Congress to change it.

- The volume and interpretation of the submission documents presents a challenge to the process by requiring both a trend analysis based on its model ratings and a narrative ratings justification.

- Agencies faced with ensuring non-career SES establish performance plans and are rated - the challenge is not for a lack of Human Resources personnel trying their best to make this happen. It is simply that non-career SES do not see the value in it. An agency should not be penalized if it cannot get non-career SES to complete the process.

- If anything, the performance plan review should be included with the other criteria in the agency verification piece of the process and maybe spot-checked periodically – but never used to penalize an agency in obtaining full certification.

In addition, respondents provided comments summarized below identifying areas of improvement:

- The document submission portal would benefit from more improvements - the entire submission for certification encumbers and takes quite a bit of time and effort.

- Even with the streamlined certification process, OPM requires specific page numbers for the alignment of performance plans as well as each individual organizational strategic set of documents.

- The certification process should be automated. Linking the Department (agency) with OPM through the use of automation would allow a more efficient and accurate view of the massive data required and will be a less burdensome process for all parties involved.

- There seems to be an element of subjectivity on OPM's part in assessing whether performance measures in performance plans are sufficiently concrete in terms of quality, timeliness, or quantity.

- The exercise of identifying measurable results, timeliness/quantity and quality is a little over the top. OPM's irregular decisions related to measurable results appear arbitrary and without sound basis. The whole measurable results criterion carries too much weight in the overall review.

- Customers are concerned that submitted documents are not reviewed in the order received. Understand that agencies submit certification requests that expire soon and may take precedence, but requests should be reviewed in a queue so as not to punish the agency who submits the requests within the allotted period.

- Agencies after actions to certification require multiple system updates, and receiving the approval/disapproval letters close to the expiration data effects how pay systems are updated.

- The OPM benchmark that any revisions required for performance appraisal standards will automatically result in a provisional certification is too rigid.

- "There should be more discretion with the amount/quality of revisions that are necessary."

- "One size does not fit all - small agencies have a Human Resources staff but no separate Executive Resources staff."

- "Too much data required from small agencies and OPM should consider streamlining the process for smaller agencies. In addition, OIGs should have either standardized or basic performance requirement for statutory positions. The OIG is a separate community of executives from departmental (agency) executives."

- "OPM should provide additional workshops and trainings prior to submitting certification packages to ensure agency compliance. Having clarification discussion beforehand has been helpful."

- "OPM must be consistent with the guidance – examples in the training materials need to include "met" standards."

- "Agencies used job aids and were told the language was not specific enough. OPM moved the goal post mid-stream."

Recommendation 6

We recommend that the Executive Resources and Performance Management manager assemble a working group with appropriate stakeholders to collaborate, brainstorm, and develop ways to improve the process to include, but not be limited to, a less burdensome process for agencies, addressing subjectivity, implementing more technology, identifying additional approaches to training, and assessing guidance provided.

Management Response:

Management concurs with this recommendation. Management stated that in the fourth quarter of fiscal year 2018, the Executive Resources and Performance Management manager

requested feedback from the appropriate stakeholders, including the President's Management Council Subcommittee on Strengthening the SES, OMB, and agency Executive Resources staff. The feedback was obtained to collaborate, brainstorm, and develop ways to improve the process to include but not be limited to a less burdensome process for agencies that address subjectivity, implements more technology, identifies additional approaches to training, and assesses guidance provided. As a result of that feedback, Certification 2.0 was developed and implemented towards reducing burden and subjectivity within the process. Government-wide templates were also developed to aid agencies in ensuring their submissions are compliant and complete. On April 18, 2019, OPM did host a workshop on the application of those templates. The workshop focused on reviewing and addressing questions about the Certification 2.0 templates and checklists that were recently releases, sharing agency best practices for performance management implementation, and participating in annual data call training exercises.

APPENDIX A: SCOPE AND METHODOLOGY

We conducted this evaluation in accordance with the *Quality Standards for Inspection and Evaluation*, January 2012, approved by the Council of the Inspectors General on Integrity and Efficiency.

We performed our fieldwork at the OPM Headquarters in Washington, D.C., from May 2018 to September 2018.

The objective of our evaluation was to determine whether OPM's Employee Services has controls in place to effectively carry out its mission by providing oversight and assistance to Federal Agencies for their SES and performance management needs. Our evaluation included information and statistics for fiscal year 2018, and other periods as deemed necessary to satisfy the evaluation objective. We believe that the evidence we obtained provides a reasonable basis for our findings and conclusions based upon our objective.

As part of the planning phase of this evaluation, we met with key officials responsible for management and oversight of the Senior Executive Service and Performance Management office to gain an understanding of its current state, operations, processes, and controls. We gathered supporting documentation to verify operations and obtained statistics to identify trends. We also reviewed laws, regulations, policies and procedures as well as guides disseminated for the QRB process and certification process for SES performance appraisal systems.

To meet our objective, we performed the following procedures:

- Met with personnel responsible for the management and oversight of the Senior Executive Service and Performance Management operations to follow up and obtain updates on the processes and practices used, as needed.

- Observed and attended the orientation for QRB panel members and an Executive Resources forum for agencies.

- Compared current processes and practices explained through interviews to policies and procedures as well as guides disseminated for the QRB process and the certification process to determine if the processes were functioning as prescribed and could be streamlined.

- Compared the fields included in the QRB action reports to information obtained during case reviews to determine whether the Senior Executive Resources Services staff reports complete and accurate data of actions taken during the QRB process.

- Reviewed documentation maintained by SES Program Management personnel for data reported and decisions made by selecting a sample of cases to assessing compliance with applicable Federal laws, regulations, and guides and identify issues/concerns for improvement.

- Conducted a survey to solicit feedback from all QRB panel members and agency customers to obtain their opinions and views on the QRB process.

- Conducted a survey to solicit feedback from all agencies with certified SES appraisal systems to obtain their opinions and views on the SES Appraisal Certification process.

In addition, we selected two judgmental samples so that we could obtain an understanding of the different actions taken and criterion used in the QRB process and the certification process for SES performance appraisal systems. We used the results of our samples and surveys, described below, to assist in developing the Conclusions and Recommendations for findings 1 and 3 of this report:

- We selected a judgmental sample of 15 out of 572 QRB cases from October 1, 2017 to June 30, 2018 for review, to determine if Senior Executive Resources Services staff complied with laws and regulations (including its standard operating procedures). Specifically, we wanted to determine whether agency requests for certification of candidates by a QRB contained:

  o Information on the hiring method used and the required documentation, as prescribed by OPM, for the hiring method;

  o Evidence that merit staffing procedures were followed; and

  o Appointing authority's certification of the candidate's qualifications for the position.

- We selected a judgmental sample of 10 out of 72 agencies from the 2018 Certified SES Appraisal Systems to obtain an understanding of the Executive Resources and Performance Management - Implementation group's compliance with laws and regulations (including its standard operating procedures) regarding the certification process for SES Performance Appraisal Systems.

- We sent a survey to all 60 QRB panel members from a July 2018 – October 2018 QRB Panel Membership Roster (two emails could not be delivered). We received 24 responses out of the 58 surveys delivered to QRB panel members, which is a 41 percent response rate. In

addition, we sent a survey to 49 agency customers as of August 2018 via email (three emails could not be delivered). We received 10 responses out of the 46 surveys delivered to agency customers, which is a 22 percent response rate.

- We sent a survey to 74 agencies' primary points of contact via email (three emails could not be delivered). We received 19 responses out of the 71 surveys delivered, which is a 27 percent response rate.

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

APR 4 2019

Employee Services

MEMORANDUM FOR: WILLIAM W. SCOTT, JR.
CHIEF, OFFICE OF EVALUATIONS
OFFICE OF THE INSPECTOR GENERAL

FROM: MARK D. REINHOLD
ASSOCIATE DIRECTOR
EMPLOYEE SERVICES

SUBJECT: Draft Report on the Evaluation of the U.S. Office of Personnel
Management's Employee Services' Senior Executive Service
and Performance Management 4K-ES-00-18-041

Thank you for providing OPM the opportunity to respond to the Office of the Inspector General
(OIG) draft report, *Evaluation of the U.S. Office of Personnel Management's Employee Services'
Senior Executive Service and Performance Management*, 4K-ES-00-18-041.

Responses to your recommendations including planned corrective actions, as appropriate, are
provided below.

Recommendation 1:
We recommend that the Senior Executive Resources Services manager build on-going
monitoring and quality control measures to ensure its staff complies with laws and
regulations, reports complete and accurate data, and maintain adequate supporting
documentation.

Management Response:
We partially concur. A new SERS Manager was hired and came on board, effective
February 2019. During FY19, we plan to have the SERS Manager review the current (FY
19) qualifications review board (QRB) report used for processing information, and
identify and correct inaccuracies, as appropriate. We will also consider the feasibility, in
light of budgetary resources, of implementing a new QRB dashboard in FY20 to provide
ongoing monitoring and quality control measures. If an automated process cannot be
developed, an ongoing manual QC review process will be developed and implemented.

OPM agrees to ensure the data it is using is consistent and is based upon what agencies
provide us, and will be reviewed for quality. At this time it is not feasible for OPM to
verify self-reported agency actions.

Recommendation 2:
We recommend that the Senior Executive Resources Services manager update and finalize its standard operating procedures, the QRB Charter, and reference guides to ensure its staff and agency customers comply with laws and regulations.

Management Response:
We concur. Based on OPM OIG's comment in their draft report supporting the non-duplication of information, in FY19, we plan to update the QRB charter, and existing reference guides and SOPs, with cross reference to other guides, as appropriate.

Recommendation 3:
We recommend that the Senior Executive Resources Services manager assemble a working group with appropriate stakeholders to collaborate, brainstorm, and develop ways to improve the process to include but not be limited to clearly defining terminology use and considering a more objective method for scoring, more technology, the compilation of QRB panel, and approaches to training.

Management Response:
We concur. While the process of evaluating a written narrative describing an individual's executive qualifications is inherently subjective, OPM will work with current QRB panel members and other subject matter experts for ways to refine the existing framework and terminology to determine if a more objective method of scoring can be identified and implemented. Additionally, as part of OPM's ongoing administration of the QRB panels, feedback is routinely sought for process or other improvements.

Finally, we plan to consider the feasibility of using more technology (i.e., the Executive and Schedule C System (ESCS), budget permitting) for the QRB process, based on input from both the QRB panel members and the Executive Resources Community in FY20.

Recommendation 4:
We recommend that the Executive Resources and Performance Management [ERPM] manager develop and appropriately, document quality control measures to ensure its staff complies with laws and regulations, reports complete and accurate data, and maintains adequate supporting documentation.

Management Response:
We partially concur. Currently, quality control measures are in place with the ERPM manager. These measures are being added to the SOPs to ensure transparency so that the staff fully understands the quality control measures that are enacted throughout the entire certification process.

Recommendation 5:
We recommend that the Executive Resources and Performance Management manager update its standard operating procedures to include supervisory review process explained and align with common practices for its activities, including maintaining support documentation.

Management Response:

We concur. Based on OPM OIG comment regarding non-duplication of information across the myriad of sources used, ERPM plans to implement cross-references for appropriate sources. In addition, ERPM agrees that SOPs should be updated to specifically include details of supervisory quality controls. ERPM also suggests a separate SOP be created, for a total of two SOPs regarding certification reviews – one that regards the analysis of the request while the other regards procedural requirements associated with the request. ERPM further recognizes the importance of annual reviews of the documents to ensure appropriate information is kept current.

Recommendation 6:

We recommend that the Executive Resources and Performance Management manager assemble a working group with appropriate stakeholders to collaborate, brainstorm, and develop ways to improve the process to include but not be limited to a less burdensome process for agencies, address subjectivity, implement more technology, identify additional approaches to training, and assess guidance provided.

Management Response:

We concur. In Q4 FY18, the ERPM manager requested feedback from the appropriate stakeholders, including the PMC Subcommittee on Strengthening the SES, ●MB, and agency Executive Resources staff to collaborate, brainstorm, and develop ways to improve the process to include but not be limited to a less burdensome process for agencies that addresses subjectivity, implements more technology, identifies additional approaches to training, and assesses guidance provided. As a result of that feedback, Certification 2.0 was developed and implemented. Designed towards reducing burden and subjectivity within the process, Certification 2.0 directly supported the President's Management Agenda CAP Goal 6 (Shift from Low Value to High Value Work). Government-wide templates were also developed to aid agencies in ensuring their submissions are compliant and complete. Finally, a workshop on the application of those templates is scheduled to be hosted by OPM on April 18, 2019. We feel that the actions taken and planned will completely address the recommendation.

I appreciate the opportunity to respond to this draft report. If you have any questions regarding our response, please contact Laura Lynch, Deputy Associate Director, Senior Executive Services and Performance Management, 202-606-8046, and laura.lynch@opm.gov.

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