

Performance Management System: Performance Appraisal

**Standards and Inspections Division,
North Carolina Department of Labor**



Deputy Commissioner for Standards and Inspections

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1.0 Purpose and Scope

This procedure establishes the performance appraisal process for annually planning, managing and appraising the job performance of direct reports. Once the strategic planning process is concluded then the performance appraisal process begins with the development of new or revised work plans for each of the bureau's job classifications. New or revised work plans are issued and signed by employees after their final performance appraisal has been completed by their immediate supervisor. Employees should receive monthly productivity reports to gauge their performance relative to their peers. These reports should compare each employee's performance to the performance standard on at least key strategic and operational objectives. (However, the productivity reports cannot show an employee's overall rating. State statutes dictate that performance documentation and ratings are confidential personnel information.) Supervisors also regularly maintain a performance log on each direct report. After six months, each employee receives an interim performance review for the first half of the performance appraisal year and a final appraisal at the conclusion. (See NCDOL Human Resources' Performance Management System Overview. <http://10.21.81.220/ncdol-intranet/sites/default/files/administration/human-resources/human-resource-performance-management/performancemanage-overview-human-resources.pdf>)

2.0 Personnel Responsibilities

- 2.1 The bureau chief is responsible for the bureau's performance appraisal system, including:
 - 2.1.1 Maintenance of up-to-date job descriptions and ADA Checklists for each job classification in the bureau;
 - 2.1.2 Development and completion of annual work plans for each job classification;
 - 2.1.3 Distribution of productivity reports at least quarterly to staff;
 - 2.1.4 Scheduling a pre-appraisal conference with bureau management (or the Deputy Commissioner for Standards and Inspections for Mine and Quarry and Employment Discrimination) prior to final performance appraisal conferences to evaluate the fairness and consistency in ratings;
 - 2.1.5 Completion of a written interim and final performance appraisal for each bureau employee;
 - 2.1.6 A face-to-face interim and final performance conference for each bureau employee;
 - 2.1.7 Proper maintenance of performance logs on every direct report;
 - 2.1.8 Taking disciplinary action when warranted according to NCDOL Human Resource requirements.
- 2.2 All supervisors are responsible for maintaining performance logs for each direct report including:
 - 2.2.1 Enough entries to provide a good overview of a direct report's performance for the entire appraisal year;

- 2.2.2 Observations in different settings and/or tasks to evaluate a direct report's job required skills and compliance with all appropriate procedures; and,
- 2.2.3 Observations on a direct report's behavioral conduct.
- 2.3 All supervisors are responsible for taking disciplinary action when warranted according to NCDOL Human Resource requirements.
- 2.4 All supervisors are responsible for completion of a written interim and final performance appraisal for each bureau employee.
- 2.5 All supervisors conduct a face-to-face interim and final performance conference with each bureau employee.
- 2.6 All supervisors use coaching strategies and techniques to leverage the best performance from each direct report.

3.0 Health and Safety Issues

Refer to the *Employee Safety and Health Program Policies*, as well as the *Additional Resources* information section, on the DOL Intranet for all information related to safety matters affecting DOL personnel, including workplace violence, tornadoes, fires, slip and fall hazards, etc. To access this information, visit the DOL Intranet and click on the *Safety and Health Program* link on the homepage.

4.0 Procedure

- 4.1 Every job classification in the bureau shall have an up-to-date job description and Americans with Disabilities Act (ADA) checklist.
 - 4.1.1 All job descriptions and ADA checklists must be reviewed annually and updated as needed.
 - 4.1.2 PD 2012 is the preferred format for job descriptions.
 - 4.1.3 All employees shall have signed a current job description and ADA checklist for their specific job classification.
 - 4.1.4 All job descriptions and ADA checklists shall be posted in portable document format (pdf) on the bureau's intranet page as part of the SOP Manual.
 - 4.1.5 The current job description and ADA checklist posted on the bureau's intranet page must be the last one signed by an employee for that job classification.
- 4.2 The performance appraisal process begins with the development of *new or revised work plans* based upon a current job description.
 - 4.2.1 The work plan must comply with the format shown in Exhibit 1 including the cover sheet. The cover sheet must be signed by the supervisor and employee when the work plan is first reviewed with the employee (performance planning discussion), at the employee's interim appraisal and at the employee's final appraisal.

- 4.2.2 Every employee work plan should include at least one strategic objective in addition to other quantitative or qualitative operational measures.
- 4.2.3 The work plan is organized into one or more major headings called Key Responsibilities/ Results (KRR) which are prioritized in descending order according to weight. If a KRR has two or more sub-KRRs then each must be prioritized in descending order according to weight.
- 4.2.4 Each KRR or sub-KRR (if there is more than one key responsibility or result to be measured in a KRR) must be measured on a three-point scale as follows: Doesn't Meet Expectation = 1; Meets Expectation = 2; and Exceeds Expectation = 3. The measurement of each scale on the three-point scale must be mutually exclusive.
- 4.2.5 Each KRR has a sub-KRR for dimensions (i.e., Attention-to-Detail, Efficient, Integrity, Judgment, Planning and Time Management, Professional Conduct, Safety, Service-oriented, and Teamwork). In addition, appropriate dimensions for supervisors must also include: Coaching, Innovation, Objective and Delegation.
- 4.2.6 Each KRR or sub-KRR should be numerically-measured. For any KRR or sub-KRR qualitatively measured, the requirements for not meeting, meeting or exceeding expectation must be clearly defined.
- 4.2.7 All work plans in the bureau's hierarchy must be properly aligned for accountability in achieving the strategic plan and other operational measures. For those bureaus with management teams, bureau chiefs are accountable for the job performance of every employee, assistant or deputy bureau chiefs are responsible for their direct reports and any and all employees supervised by their direct reports, while supervisors are accountable for the job performance of their direct reports.
- 4.2.8 Those responsibilities assigned in action plans should be incorporated into a KRR.
- 4.2.9 A revised work plan must be issued if there are any changes made to an employee's original work plan during the performance appraisal year. Each change from the original work plan must be initialed and dated by the employee, the supervisor and the supervisor's supervisor. The revised work plan must be reviewed with the employee at least 30 days prior to implementation. The original and revised work plan must be maintained by the supervisor.
- 4.2.10 Every work plan must include the statement: "A written warning issued during the performance appraisal year will result in *at least a one-step drop* in the final performance appraisal rating. A final written warning issued during the performance appraisal year will result in a 'Does Not Meet Expectation' for the final performance appraisal." The final appraisal score for anyone with a written warning will depend upon the nature of the warning, along with other relevant factors such as an employee's prior history.
- 4.2.11 Each bureau work plan must be pre-approved by the Deputy Commissioner for Standards and Inspections.
- 4.2.12 New work plans for the coming performance appraisal year must be circulated to bureau employees 30 days prior to the end of the current performance appraisal year. For performance appraisal years ending March 31, new work

plans must be circulated no later than March 1. For performance appraisal years ending April 30, new work plans must be circulated no later than March 1.

- 4.3 For those bureaus whose performance appraisal year is from April 1 to March 30, final appraisals must be completed and new work plans reviewed with and signed by direct reports no later than April 30. For those whose performance appraisal year is from May 1 to April 30, final appraisals must be completed and new work plans reviewed with and signed by direct reports no later than May 31.
- 4.4 Any employee who is being investigated by Human Resources and/or Legal Affairs will not be issued a final written performance appraisal until the investigation is concluded.
- 4.5 Each supervisor is to complete a *written performance appraisal* for each direct report.
 - 4.5.1 An employee must be on the job for at least six months to receive a final performance appraisal.
 - 4.5.2 Appraisals are usually based on only two sources of data which include information from the bureau's electronic management information system and a supervisor's performance log.
 - 4.5.3 A written performance appraisal must include a "Rating by Supervisor", "Supervisor's Comments," and "Employee's Comments" for at least each KRR. (See Exhibit 1.)
 - 4.5.4 Supervisor's comments must be written in the second person (i.e., you, your and yours).
 - 4.5.5 A supervisor's rating for each KRR must be supported in the supervisor's written comments. The comments must justify the employee's rating for the KRR and be specific as to the employee's performance. If there are one or more sub-KRRs then each one must be addressed in the Supervisor's comments for the KRR.
 - 4.5.6 A supervisor's comments must be prefaced by positive comments. Employee achievements should receive positive comments.
 - 4.5.7 At least some supervisor comments should include opportunities for improvement or personal/career development.
 - 4.5.8 Direct reports must not be rated for any KRR or sub-KRR (depending upon how they are measured) that was not performed if it is due to circumstances beyond the control of the employee. Likewise, performance must be pro-rated for any KRR or sub-KRR (depending upon how they are measured) only partially performed if it is due to circumstances beyond the control of the employee. For employees on Family Medical Leave (FML) or Family Illness Leave (FIL), performance must be pro-rated depending upon how KRRs or sub-KRRs are measured.
 - 4.5.9 A written summation of the direct report's performance for the appraisal period must be addressed in the Final Overall Performance Summary. The final overall summary summarizes a direct report's performance for the year including achievements, any expectations for the new year and any unsatisfactory issue(s)

- needing improvement specifying what improvement is expected from the direct report.
- 4.5.10 The scoring for each KRR and/or sub-KRR on an interim and final performance appraisal must be fair and objective.
 - 4.5.11 Any employee who has a KRR or sub-KRR that “Doesn’t Meet Expectation” must be issued a Performance Improvement Plan (PIP). See NCDOL Human Resources’ Disciplinary Action Guidelines. <http://10.21.81.220/ncdol-intranet/sites/default/files/administration/human-resources/employee-relations/disciplinaryactionguidelines-human-resources.pdf>
 - 4.5.12 Every final written performance appraisal includes the statement: “Employees wishing to grieve their overall performance rating of less than “*Meets or Equivalent*” must do so in writing to the Employee Development Specialist (EDS) or HR Director within 15 calendar days of the alleged event or action that is the basis of the grievance as stated in the Employee Grievance Policy.”
- 4.6 The bureau chief must schedule and preside over a *pre-appraisal conference* of the bureau’s management team. The purpose is to review all drafts of employee performance appraisals to determine if the written appraisals meet standard and to determine fairness and consistency in ratings among supervisors. Pre-appraisal conferences must be held the final week prior to the end of the appraisal year or the first week of the new appraisal year. (The pre-appraisal conference for Employment Discrimination and Mine and Quarry is held with the Deputy Commissioner for Standards and Inspections.)
- 4.7 A supervisor holds a final performance appraisal conference with each direct report to discuss the specifics of each KRR of the 12-month work plan and the actual results achieved by the direct.
- 4.7.1 Every employee is provided a copy of their performance log in advance of their performance appraisal conference.
 - 4.7.2 Performance appraisals must be conducted face-to-face between employees and their supervisor. Teleconferencing technology, such as Skype, is permissible and encouraged.
 - 4.7.3 Supervisors must review with each employee their performance log.
 - 4.7.4 Employees must sign and date the following statement on their performance log: “My performance log was shared and reviewed with me by my immediate supervisor at my final appraisal.”
 - 4.7.5 Every employee must be given the opportunity to make written comments on their final performance appraisal for each KRR and Final Overall Performance Summary. If they choose not to write comments then the employee is to be instructed to write “None” or “No comments.”
 - 4.7.6 A final written performance appraisal must be signed by the employee, the employee’s supervisor, and the supervisor’s supervisor.

- 4.7.7 If an employee refuses to sign a completed final written performance appraisal then the supervisor's supervisor must verify that the discussion took place and that it was properly noted on the written appraisal.
 - 4.7.8 The supervisor must digitally image the final performance appraisal with all required signatures and provide the bureau chief and the employee with an electronic copy.
 - 4.7.9 The supervisor and bureau chief must maintain an electronic copy of each employee's performance appraisal on their computer hard-drive.
 - 4.7.10 Completed final written performance appraisals must be delivered promptly to the Human Resource Office no later than the deadline date published each year by the HR Employee Relations Manager.
- 4.8 Once a final performance appraisal is concluded a supervisor must then review the new work plan with the employee.
- 4.8.1 Employees are required to sign and date the following statement on their work plans: "My supervisor has reviewed with me my work plan and I fully understand what is expected."
- 4.9 A bureau chief must provide a productivity report to employees at least quarterly. The productivity report must include employees' strategic objectives so that they can gauge and compare their individual performance with that of their peers.
- 4.10 A supervisor must regularly maintain a *performance log* on each direct report.
- 4.10.1 Supervisors must frequently "observe and evaluate" direct reports on their job performance and to identify opportunities for employee career development and job performance improvement. Areas for improvement not only include job-required skills, but also personal and dimensional skills.
 - 4.10.2 "Regular" documentation means at least 10 entries throughout the 12-month appraisal period. More specifically, regular documentation means a supervisor has enough entries to make an informed judgment regarding a direct report's performance for the year, especially on the behavioral dimensions.
 - 4.10.3 Each log entry must identify its source, whether it doesn't meet (Work On), meets or exceeds expectation and the applicable KRR, sub-KRR and/or dimension.
 - 4.10.4 Generally, a single log entry can only apply to one KRR, sub-KRR or behavioral dimension, especially if the notation is a "Work On" and will deduct from the overall appraisal score.
 - 4.10.5 Notations must be clearly written and fully explanatory.
 - 4.10.6 For probationary employees and new employees with prior state service, supervisors must make notations regarding the training progress of the employee (according to the written training procedure). For probationary employees, supervisors must note face-to-face performance reviews at least

three times during the 24-month probationary period. The three reviews may coincide with the interim and final performance appraisal cycle.

- 4.10.7 A supervisor's performance logs are reviewed and critiqued twice annually by the supervisor's immediate supervisor. The review and critique is then documented in the supervisor's performance log.

- 4.11 A supervisor must conduct an *interim appraisal* for every direct report during the seventh month of the performance appraisal year. For performance years beginning April 1, interims are conducted in the month of October. For performance years beginning May 1, interims are conducted in the month of November. The purpose of the interim appraisal is to discuss the specifics of each KRR and the actual results achieved by the direct report for the first six months of the 12-month work plan.
 - 4.11.1 Supervisors must provide their direct reports a copy of their performance log in advance of their interim appraisal conference.
 - 4.11.2 An interim appraisal must be conducted face-to-face. During the meeting, a supervisor and employee discuss the employee's six-month performance on each KRR and sub-KRR.
 - 4.11.3 Any employee who has a KRR or sub-KRR that "Doesn't Meet Expectation" must be issued a Performance Improvement Plan (PIP). See NCDOL Human Resources' Performance Improvement Plan and Performance Improvement Plan Standard Operating Guidelines. <http://10.21.81.220/ncdol-intranet/sites/default/files/administration/human-resources/human-resource-performance-management/pipexample-human-resources.pdf> and <http://10.21.81.220/ncdol-intranet/sites/default/files/administration/human-resources/human-resource-performance-management/pipguidelines-human-resources.pdf>
 - 4.11.4 Supervisors must review with each employee their performance log. Employees must sign and date the following statement: "My performance log was shared and reviewed with me by my immediate supervisor at my interim appraisal."
 - 4.11.5 The supervisor must at least complete the Interim Performance Summary found in Exhibit 1 and have the employee sign and date the cover sheet. The interim summary summarizes a direct report's performance for the first six months including achievements, any expectations for the next six months and then any unsatisfactory issue(s) needing improvement specifying what improvement is expected from the direct report.
 - 4.11.6 Every employee must be given the opportunity to make written comments on their interim performance appraisal. If they choose not to write comments then the employee is to be instructed to write "None" or "No comments."

5.0 Customer Service Requirements

- 5.1 Work Plans, Performance Logs and Interim and Final Appraisals are clearly written and provide enough information to be self-explanatory to the reader.

- 5.2 The scoring for each KRR and/or sub-KRR on an interim and final performance appraisal must be fair and objective.
- 5.3 Feedback to employees based upon observation or other sources should be accurate and timely so that an employee receives recognition for a job well done or can correct any deficient performance or behavior.
- 5.4 Performance Logs and Interim and Final Appraisals are written in the second person.
- 5.5 Every written performance appraisal is “individualized” which means that every employee is deserving of personal feedback assessing his or her performance, skill level and behaviors for the year. A final appraisal should indicate that the supervisor has properly assessed performance and that he or she has identified opportunities for the direct report to continue to develop and grow in their current position.
- 5.6 Supervisors are to practice good coaching techniques throughout the performance appraisal process. See Human Resource’s Guidelines for Conducting Coaching Sessions. http://10.21.81.220/ncdol-intranet/sites/default/files/administration/human-resources/human-resource-performance-management/coachingguidelines-human-resources_0.pdf

6.0 Data and Record Management

- 6.1 Signed copies of final performance appraisals are maintained as electronic files by supervisors and the bureau chief.
- 6.2 Any final performance appraisals sent as an attachment by email must include in the subject line that the email contains “Confidential Employment Information.”
- 6.3 Each KRR and sub-KRR is weighted as a percentage for appraisal purposes.
- 6.4 Each KRR and sub-KRR is rated on a three-point scale (i.e., 1 = Doesn’t Meet Expectation, 2 = Meets Expectation, 3 = Exceeds Expectation).
- 6.5 The final appraisal rating is determined by;
 - 6.5.1 Multiplying the weight for each sub-KRR by its appraisal rating (i.e., 1, 2 or 3);
 - 6.5.2 Adding the weighted appraisal score for each sub-KRR for an overall appraisal rating for the KRR;
 - 6.5.3 Multiplying the weight for each KRR by the overall appraisal rating for each KRR; and,
 - 6.5.4 Adding the weighted appraisal score for each KRR for an overall appraisal rating for the entire performance appraisal.