

DEPARTMENTAL REGULATION		Number: 4020-250-1
SUBJECT: USDA Human Capital Accountability System	DATE: September 22, 2006	
	OPI: Office of Human Capital Management	

1 INTRODUCTION

The Secretary, the Chief Human Capital Officer (CHCO), the Office of Human Capital Management (OHCM), and the Mission Area and staff offices within USDA are committed to the continuous improvement of human capital programs through a robust human capital accountability system that will support these endeavors. In accordance with the guidance provided by the Human Capital Accountability and Assessment Framework (HCAAF) and its required systems, standards, and metrics, USDA has structured a Department-wide accountability system that is aligned with USDA's Strategic Plan and USDA's Strategic Human Capital Plan that will monitor, assess, and report on progress toward goal achievement, compliance with merit system principles, and effectiveness of program evaluation measures.

2 PURPOSE

This Regulation establishes the USDA Human Capital Accountability System which provides a systematic, Department-wide program for monitoring, analyzing, and improving performance on all aspects of human capital management policies, programs, and activities as they support and are aligned with the USDA Strategic Plan and USDA Strategic Human Capital Plan. The Strategic Human Capital Plan commits the Department to creating and sustaining a high performing, well trained, diverse workforce and leadership corps through the deployment of human capital programs that are mission-focused, effective, efficient, and in compliance with laws, regulations, and merit system principles. The USDA Human Capital Accountability System will provide a systematic approach to overseeing the operations of human resources management programs Department-wide and assessing accountability results and program compliance with law and regulations.

3 AUTHORITY

This regulation establishes USDA's policy for a Human Capital Accountability System in accordance with the requirements set forth in Civil Service Rule X, codified as 5 CFR 10.2; the Homeland Security Act of 2002 (P.L. 107-296) (CHCO Act); 5 CFR Part 250; and delegated examining authority. As necessary and appropriate, the Department will coordinate accountability activities with other oversight entities including the Office of Personnel Management (OPM) and the Government Accountability Office (GAO).

The USDA Human Capital Accountability System defines the Department's role in human capital accountability, but does not replace either the mission area/agency Human Resources Directors' or line managers' responsibilities for assuring merit-based human capital activities. Department-led program assessments and program compliance audits evaluating human capital programs will constitute the core components of the USDA Human Capital Accountability System. As part of the compliance audit process, each Human Resources Office will perform recurring internal reviews to ensure that its practices are consistent with merit system principles, statutory and regulatory requirements, USDA policies, and negotiated agreements.

Authorities and references include -

- a Public Law 107-296, Chief Human Capital Officers Act of 2002, codified in Title 5 U.S.C. 1103 (c);
- b Title 5 U.S.C. 1104, "Delegation of authority for personnel management";
- c Title 5 U.S.C. 1402, "Authority and functions of agency Chief Human Capital Officers";
- d Title 5 U.S.C. 2301, "Merit system principles";
- e Title 5 U.S.C. 305, "Systematic agency review of operations";
- f Title 31 U.S.C. 1115, "Performance plans";
- g 5 CFR Part 250, "Personnel management in agencies";
- h 7 CFR Part 2.92, "Director, Office of Human Resources Management";
- i OMB Circular A-11 (2006), Sections 51.8, 85.1 and 85.3; and
- j Interagency Delegated Examining Agreement, DOA-1, dated August 29, 2000.

4 HUMAN CAPITAL ACCOUNTABILITY AT USDA

The Assistant Secretary for Administration who also serves as USDA's CHCO is responsible for USDA human capital accountability; however, USDA's managers, at all levels, play a leading role in supporting a Department-wide accountability system. The Department's leadership establishes human capital goals and objectives, determines measures and resource needs, and modifies initiatives based upon results and changing requirements. USDA leadership support and accountability are ensured through the Department's Senior Executive Service

(SES) Performance Management System which links performance requirements to Departmental strategic management objectives. Performance requirements for human capital management are cascaded through all levels of management.

OHCM, which reports directly to the Assistant Secretary for Administration, provides leadership, coordination, guidance, and technical expertise in all areas related to the management of the USDA's human capital programs. OHCM, through the Human Resources Leadership Council, works closely with the Human Resources Offices throughout the Department to implement human capital initiatives including the USDA Human Capital Accountability System Implementation Plan.

5 DEFINITIONS

ACCOUNTABILITY SYSTEM: A system that contributes to USDA's human capital management performance by monitoring and evaluating the results of its human capital management policies, programs, and activities; by analyzing compliance with merit system principles; and by identifying and monitoring necessary improvements.

AUDIT: A systematic, independent, documented process for obtaining evidence and evaluating it objectively to determine the extent to which criteria are fulfilled; i.e., USDA's strategic human capital goals and objectives; OPM's criteria for meeting HCAAF standards; merit system principles; veterans' preference rules; and laws, regulations, and policies to enacted to prevent prohibited personnel practices.

CHIEF HUMAN CAPITAL OFFICERS ACT OF 2002 (CHCO Act): The Act that established agency CHCOs, strategic human capital management systems, the relationship of strategic human capital management to agency performance plans and reports, and human resources flexibilities. The Act clarifies management accountability for managing human resources.

CRITICAL SUCCESS FACTOR: Each of the five HCAAF systems is based upon critical success factors that make up the overall Human Capital Accountability System. Critical success factors are the areas on which agencies and human capital practitioners should focus to achieve a system's standard for success, and to operate efficiently, effectively, and in compliance with merit system principles. The Talent Management System, for example, is comprised of two critical success factors – recruitment and retention – that must be addressed to meet the standard for success for Talent Management.

HUMAN CAPITAL ACCOUNTABILITY: The responsibility shared by USDA senior leadership including the CHCO, all levels of management, and human capital practitioners for ensuring that people are managed efficiently and

effectively in support of agency mission accomplishment and in accordance with merit system principles.

HCAAF: HCAAF establishes and defines five human capital systems, including critical success factors and metrics for those systems that together provide a single, consistent definition of human capital management for the Federal Government. HCAAF fuses human capital management to the merit system principles and other civil service laws, rules, and regulations.

MERIT SYSTEM PRINCIPLES: The nine principles found in 5 U.S.C. 2301, by which Federal personnel management is to be implemented. The merit system principles provide supervisory guidance on managing human resources. These principles provide the framework for the Federal human capital management system.

METRICS: Standards of measurement which provide a basis for comparison. Strategic human capital management requires a reliable and valid set of metrics that provides an accurate baseline against which individual agency progress can be assessed.

PROGRAM ASSESSMENTS: One of the two core components of the USDA Human Capital Accountability System that identifies how and when progress on meeting standards associated with the HCAAF systems will be measured. Assessments are based upon a cyclical review schedule that identifies specific measures, methods, and timeframes for assessing results.

PROGRAM COMPLIANCE AUDITS: One of the two core components of the USDA Human Capital Accountability System that establishes a structured and formal plan for conducting independent compliance audits of human resources office operations. Audits are based upon a cyclical review schedule that identifies specific audit sites, scope, methodologies, and close out procedures.

STRATEGIC HUMAN CAPITAL PLAN: A plan that sets forth the alignment between human capital management strategies and USDA's mission, goals, and objectives through analysis, planning, investment, and management of human capital programs. The plan prescribes Departmental procedures to ensure that its employees have the mission-critical competencies required to carry out the Department's strategic goals including workforce planning and analysis and deployment; succession management and planning; talent management; identification of performance measures and milestones; and addressing unique programmatic challenges. The plan is an instrument that supports accountability throughout the Department.

6 ROLES AND RESPONSIBILITIES

The Secretary and Sub Cabinet Officials:

- a Establish, maintain, and communicate the Department's commitment to human capital accountability; and
- b Provide leadership attention to accountability implementation and resource prioritization and allocation for human capital efforts.

CHCO:

- a Oversees, directs, and executes all authorities related to human resources;
- b Oversees, directs, and executes all authorities outlined in the CHCO Act;
- c Ensures that sufficient resources in the form of people, time, and effort are committed to implementing the USDA Strategic Human Capital Plan and Human Capital Accountability System;
- d Ensures that initiatives are consistent and coordinated USDA-wide and support the Secretary's priorities; and
- e Provides periodic information to the Secretary and Sub Cabinet Executives outlining human capital accountability assessment results and significant human capital issues being addressed.

OHCM:

- a Provides Department-wide human capital policy development and oversight;
- b Coordinates internal and external management of USDA's human capital administration initiatives and provides guidance and direction to various stakeholders;
- c Develops, implements, manages, and monitors the USDA Human Capital Accountability System which includes measures to evaluate performance against the HCAAF systems including their critical success factors and required metrics.
- d Establishes a defined set of assessable human resource/human capital units and develops common review procedures for each assessable unit;
- e Develops Department-wide cyclical audit schedules and evaluation priorities for conducting independent audits, including Delegated Examining Unit (DEU) audits;
- f Determines the targeted areas of emphasis for each accountability review cycle, conducts data analyses, and prepares objective measurable standards;
- g Communicates findings from accountability reviews, which include recommendations to strengthen or improve human capital activities; conducts follow-up actions required to correct any violations based on misinterpretation of language or intent of a personnel law or regulation; and shares lessons learned and innovative ideas;

- h Reviews Departmental policies and procedures in light of findings from accountability reviews and makes necessary modifications to update or improve those polices and procedures;
- i Coordinates reviews and shares findings with the USDA Office of the Inspector General (OIG) and Office of the Assistant Secretary for Civil Rights, as appropriate;
- j Monitors all issues or problems resulting from OPM/USDA audits or when discovered by other investigations; i.e., Office of Special Counsel (OSC);
- k Monitors and reviews audit reports and auditees' responses to reports, and tracks and follows up on corrective actions; and
- l Prepares the annual Human Capital Accountability System Report for the Assistant Secretary for Administration for transmittal to OPM.

Mission Area/Agency Human Resources Directors:

- a Support USDA human capital accountability by participating in on-site and off-site visits; providing staff, as needed, to assist the accountability team; and taking action, when required, to rectify problematic practices;
- b Conduct annual DEU audits and relay finding to OHCM;
- c Conduct annual internal reviews and relay findings to OHCM, in support of the Human Capital Accountability System;
- d Collect and analyze data in support of program assessment activities;
- e Educate line managers on their mutual accountability for human capital integrity and share information on systemic issues, as appropriate;
- f Communicate accountability system requirements to supervisors and employees;
- g Share findings from human capital-related audits conducted by OPM, the Merit Systems Protection Board, OSC, the Equal Employment Opportunity Commission, Civil Rights, and OIG, etc. with OHCM, as appropriate; and
- h Prepare and submit input to the annual Human Capital Accountability System Report.

Executives and Management:

- a Integrate human capital goals and other accountability initiatives into agency business plans;
- b Demonstrate commitment, support, and leadership and allocate resources to support human capital management goals and accountability initiatives; and
- c In accordance with OMB Circular A-11, describe the specific activities and/or actions planned to meet the standards for success under the Human Capital initiative of the President's Management Agenda.

Office of Budget and Program Analysis:

- a Shares quarterly performance information with OHCM; and
- b Monitors human capital coordination from a budgetary standpoint.

Assistant Secretary for Civil Rights:

- a Develops and implements equal employment opportunity (EEO) and civil rights policies, programs, and communication strategies;
- b Coordinates, assesses, and promotes compliance with civil rights laws and regulations;
- c Collects, analyzes, and reports EEO and civil rights data to monitor workforce composition and affirmative employment efforts;
- d Holds agency heads and senior executives accountable for EEO compliance;
- e Reports potential civil rights related misconduct for review for possible disciplinary or correction action to OHCM and MAPOs; and
- f Shares trend data and compliance findings with OHCM.

Office of the Chief Financial Officer:

- a Shares annual Government Performance and Results Act results with OHCM, as appropriate; and
- b Shares Competitive Sourcing information with OHCM, as appropriate.

7 THE HUMAN CAPITAL ACCOUNTABILITY SYSTEM

USDA's Human Capital Accountability System is designed to:

- a Ensure that human capital goals and programs are aligned with and support the USDA mission;
- b Ensure that human capital planning is guided by a data-driven, results-oriented process that periodically analyzes human capital data to assess results or progress toward goal achievement;
- c Ensure that managers and human resources practitioners are held accountable for their human capital decisions and actions;
- d Assess the effectiveness and efficiency of the human resources management function;
- e Ensure human capital programs and policies adhere to merit system principles and other pertinent laws and regulations; and
- f Implement a plan for addressing issues or problems identified during accountability reviews or audits.

The CHCO, through OHCM, oversees operation of the USDA Human Capital Accountability System throughout the Department. The Accountability System relies on the strategic integration of multiple accountability activities that together form the basis for a structured and comprehensive review of human capital programs throughout the Department. It serves as the primary source for human capital performance standards, metrics, reporting requirements, and for the monitoring and evaluation process that will ensure that human capital planning

and deployment is guided by data-driven results-oriented processes. Accountability activities cover all HCAAF systems and include a robust, independent, cyclical audit schedule. The results of these accountability activities will document the extent to which human capital goals are being met and how they will be used to drive continuous human capital improvement throughout the Department.

8 ACCOUNTABILITY ACTIVITIES AND METHODOLOGY

The USDA Human Capital Accountability System consists of two core components that provide an integrated approach to evaluating human capital programs, policies, and processes that are coordinated at the Headquarters level but implemented comprehensively at the agency level:

Program assessments formally track, on a periodic basis, a comprehensive list of specific measures, methods, and timeframes that are aligned to both the HCAAF systems and the USDA Strategic Human Capital Plan. Program assessments analyze activities in Strategic Alignment, Talent Management, Leadership and Knowledge Management, Results-Oriented Performance Culture and Accountability Systems. Data collection methods include, but are not limited to, record and document reviews, data analysis, survey results, interviews, and focus groups.

Program compliance audits consist of formal, structured, cyclical reviews of Human Resources Office operations. With a focus on assessing compliance with merit system principles and other applicable laws, rules, and regulations and Department policies, evaluation methods include, but are not limited to, programmatic and transactional reviews and individual and group interviews. Program compliance audits include annual, independent audits of USDA's DEUs; cyclical, independent audits of human resources offices that focus on assessing compliance with merit system principles; and annual, internal reviews conducted by human resource offices that focus on both the program compliance and program assessment aspects of human capital management.

9 REPORTING CORRECTIVE AND IMPROVEMENT ACTIONS

OHCM will oversee the tracking of results from program assessments on a continuous basis. Where warranted, the results and any recommendations will be presented to the Director, OHCM, who will determine whether a more focused or corporate plan of action should be developed. OHCM will establish tracking systems to ensure that assessments are conducted in a timely and appropriate manner.

OHCM will oversee the tracking of results from the program compliance audits. Once the audit team has completed its on-site or off-site review, the audit team

leader will issue a report of findings and recommendations to the appropriate Under Secretary, Assistant Secretary, or Departmental Staff Director with copies provided to the mission area/agency Deputy Administrator for Management, or equivalent; the Human Resources Director responsible for the audited organization; and OHCM. Generally, auditees will be provided 30 calendar days to submit a plan of action for implementing corrective measures. OHCM will determine the adequacy of any responses to audit reports. OHCM will establish tracking mechanisms to ensure findings and recommendations are implemented on a timely basis and that follow-up occurs on any pending issues. The time frame for correcting problems will be established depending upon the issues that the auditee needs to address. Pending issues will be referred to the Director, OHCM, for final resolution which may include a directive to the mission area/agency Human Resources Director to implement recommendations.

When innovative or outstanding human resources programs or practices have been identified, OHCM will share those ‘best practices’ with the USDA human resources community.

Each year, the USDA CHCO will submit a Human Capital Accountability Report to OPM relying on formatting and content guidance provided by OPM. The report will provide an annual evaluation of USDA’s human capital policies, programs, and operations as they relate to the USDA Strategic Human Capital Plan and Human Capital Accountability System Implementation Plan and include reporting of the required metrics for each human capital system as required by subpart B of 5 CFR part 250.

The Accountability Report will be used to update the USDA Human Capital Accountability System Implementation Plan and as a basis for issuing new or revised Departmental policy. Actions taken during the annual review cycle to address systemic program or operational compliance issues will be reflected in appropriate changes to the USDA Human Capital Accountability System Implementation Plan to prevent recurrence and undermining of human capital management in USDA.

10 EVALUATION OF AGENCY ACCOUNTABILITY SYSTEM

OHCM oversees the annual evaluation of the USDA Human Capital Accountability System by reviewing the results of accountability activities, assessing the state of the USDA Strategic Human Capital Plan, and directing any necessary follow up actions. After completing the evaluation, OHCM will ensure that the following year’s accountability activities are updated to correspond to new and/or revised human capital goals, and improved or expanded measures to ensure that designated USDA officials are meeting their accountability responsibilities.

On a biennial basis, OHCM will review this Regulation to ensure that it is effective in achieving strategic alignment; maintaining a robust, data-driven, results-oriented process with continuous improvement; and enhancing organizational accountability.

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