

Human Resources Manual
HHS Instruction 273-1
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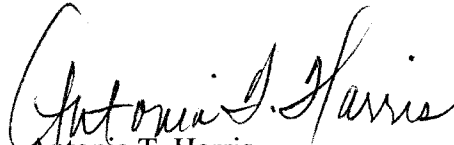
Human Capital Accountability System Policy, dated June 2, 2006
<http://intranet.hhs.gov/ohr/hca/policy.html>

Material Superseded:

HHS Instruction 273-1, Human Resources Assessment Program, dated August 14, 1996

Background:

This instruction is deleted in its entirety as it has been superseded by the Department of Health and Human Services Human Capital Accountability System Policy, dated June 2, 2006 (<http://intranet.hhs.gov/ohr/hca/policy.html>). The Human Capital Accountability System Policy provides a systematic approach for developing and implementing methodologies for measuring, evaluating, and improving human capital results to ensure mission alignment, effective human resources management (HRM), and merit-based decision-making in compliance with law and regulation.



Antonia T. Harris
Deputy Assistant Secretary for Human Resources,
Assistant Secretary for Administration and
Management

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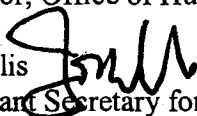
DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Assistant Secretary for Administration and Management
Washington, D.C. 20201

JUN 28 2006

To: Operating Division Heads
Director, Human Resources Centers
Director, Office of Human Resources (NIH and IHS)

From: Joe Ellis 
Assistant Secretary for Administration and Management

Subject: Human Capital Accountability System Policy

This memorandum transmits HHS policy on Human Capital Accountability. The purpose of this policy is to establish a Human Capital (HC) Accountability System within the Department of Health and Human Services (HHS) in support of our mission to enhance the health and well-being of Americans by providing for effective health and human services, and by fostering strong, sustained advances in the sciences underlying medicine, public health, and social services. HHS offers more than 300 programs covering a wide spectrum of activities, and employs approximately 65,000 full-time personnel in 11 operating divisions (OPDIVs), including eight agencies in the Public Health Service and three human services agencies.

The foundation of HHS and the key to our future success rests with our workforce. The ability to accomplish our challenging mission is directly dependent on a workforce that both capitalizes on its strengths and aligns itself with HHS's mission and strategic goals. The basis for creating and sustaining such a workforce is HC policies, programs, practices, and operations that produce mission-related results effectively and efficiently, in accordance with merit system principles and other laws and regulations. Toward that end, the Department's HC Plan is directly linked with the HHS Strategic Plan FY2004-2009 through Objective 8.2, "Improve the strategic management of human capital," and is built upon the fundamental understanding that accountability for HC management extends beyond the human resources (HR) community to include senior Department leadership, managers, employees, employee representatives, and other stakeholders.

The policy and its accompanying attachments can be found at: <http://intranet.hhs.gov/ohr/hca/policy.html>. If your staff have any questions regarding the contents of this memo or the attached policy, please contact Bob Chatfield (rec0@cdc.gov, 770-488-1862), Accountability Program Manager.

Attachment:

Subject: Human Capital Accountability System Policy

1. Purpose and Scope
2. Authority
3. HHS Human Capital Policy (replacement for Human Capital Accountability at HHS)
4. Roles and Responsibilities
5. HC Accountability System Policy
6. HC Accountability Activities and Methodology?
7. Reporting and Corrective/Improvement Action?
8. Evaluation of HHS Human Capital Accountability System

1. Purpose and Scope

The purpose of HHS's Accountability System is to ensure we are accomplishing our Human Capital (HC) goals and objectives in alignment with the Department's Strategic Plan, and to drive continuous improvement in all such endeavors.

In alignment with our "One HHS" approach to management, the scope of the HHS HC Accountability System is Department-wide, covering all United States Code (U.S.C.) title 5 and non-title 5 HC and Human Resources (HC) operations. This includes assigning responsibility for, developing, and implementing methodologies for measuring, evaluating, and improving HC results to ensure mission alignment, effective HR management (HRM) programs, efficient HR processes, and merit-based decision-making in compliance with law and regulation. This accountability system is designed to ensure that the intended HC results are being achieved at the Department level and throughout each OPDIV, and are accomplished through proper use of delegated personnel authority under Rule V in title 5, Code of Federal Regulations (CFR).

2. Authority

HHS's HC Accountability System is designed to support the authorities related to the establishment and operation of an HC accountability system, which include, but are not limited to: 5 U.S.C. 305; Civil Service Rule X, as codified in 5 CFR 10.2; 5 CFR 250; and the Homeland Security Act of 2002 (P.L. 107-296) (CHCO Act).

Additionally, HHS's responsibility for overseeing delegated examining throughout the Department is incorporated into the accountability system.

3. Human Capital Accountability at HHS

The "One HHS" initiative begun in 2002 entailed establishing a management culture that stressed accountability, cross-OPDIV collaboration, and citizen-centered customer service. The strategy included implementing "top down" performance contracts with senior executives and HHS-wide efforts in recruitment, retention, training, re-deployment, addressing skills shortages and imbalances, and streamlining/consolidating administrative functions throughout the Department. These efforts must be supported by establishing a formal Department-wide, integrated HC accountability system to ensure we are achieving mission-aligned HC goals effectively, efficiently, and within merit system principles and related regulations. Guideposts for this system are based on the HC Assessment and Accountability Framework (HCAAF) as presented in the HC Practitioner's Guide (available online http://www.opm.gov/hcaaf_resource_center/), which includes the key HC implementation systems, such as Leadership/Knowledge Management, Results-Oriented Performance Culture, and Talent Management.

The Department's leadership will oversee establishing HC goals and objectives, determining measures for assessing results, establishing budgets and identifying resources for system operation, monitoring and assessing results, and taking appropriate improvement or corrective action. Maintaining the dynamics of this continuous improvement process will require ongoing coordination between key management entities and Assistant Secretary for Administration and Management (ASAM) organizations, as well as all OPDIVs and Staff Divisions (STAFFDIVs).

Under the guidance of the ASAM: 1) The Chief HC Officer (CHCO) provides leadership and overall direction for HHS's HC Accountability System; 2) The Office of Business Transformation, Division of Strategic Initiatives, monitors and assesses organizational progress on goals and objectives; 3) HHS's performance management system provides a mechanism for holding executives, managers, supervisors, and employees accountable; 4) OHR, with support from the Office of Diversity Management and EEO, provides direction and guidance on HR policies and

programs; and 5) The Management Forum and HC-related councils/committees/boards provide cross-OPDIV collaboration.

4. Roles and Responsibilities

The following are specific roles and responsibilities of key personnel/organizations in the oversight, planning, conduct, reporting, and assessment of agency accountability activities.

a. HHS's Executive Leadership in the OPDIVs and STAFFDIVs

The Department's executive leadership is comprised of the Heads of OPDIVs and STAFFDIVs, their Deputies and Chief Operating Officers; HHS Agency Institute, Office, and Center Directors, and other equivalent level executives. Executive Leadership responsibilities include establishing HC priorities that support the strategic goals of the Department and providing sufficient resources to support accomplishment of those priorities. By resourcing HHS's accountability system, Executive Leadership is ensuring that the intended HC results are being consistently achieved throughout the Department. All Executives are also responsible for ensuring—within their respective organizations—that the HC results are achieved effectively, efficiently, and in compliance with merit system principles, laws, and regulations. It is vital that OPDIVs and STAFFDIVs work in partnership with the HR community toward this end.

b. Management Forum The Management Forum, composed of the OPDIV Executive Officers, is headed by the Deputy Secretary who sets the agenda in coordination with the ASAM and the Assistant Secretary for Resources and Technology. The Forum represents a vital cross-OPDIV communication link and assists in cross-OPDIV resourcing of accountability activities—e.g., joint OPDIV/HR teams to conduct periodic HC/HRM audits of each OPDIV to ensure that HC initiatives and HR programs are producing mission results effectively, efficiently, and within merit system principles and other laws and regulations.

c. Assistant Secretary for Administration and Management(ASAM)

The ASAM provides overall leadership in HRM for making HC improvements that facilitate Department-wide support of the Secretary's goals and the President's Management Agenda. This includes ensuring that the necessary resources are directed toward sustaining a "One HHS" HC Accountability

System that measures and assesses HC results to ensure alignment with mission goals through effective, efficient operations that comply with merit system principles and other laws and regulations.

d. Deputy Assistant Secretary for HR(DASHR)/CHCO

As an integral part of senior leadership, the DASHR/CHCO advises/assists the Secretary, the ASAM, and other agency officials in carrying out the Department's responsibilities for selecting, developing, training, and managing a high quality, productive workforce in accordance with merit system principles. As part of this responsibility, the CHCO is accountable for the strategic alignment of the Department's workforce to its mission, overseeing the operation of HHS's HC Accountability System, and ensuring that merit system principles and other regulations are followed.

e. HHS's HR Centers (HRCs) and other HR organizations

The HRCs in Atlanta, Baltimore, and Rockville, and the HR organizations of NIH and IHS serve as active partners with OPDIVs and STAFFDIVs in ensuring that the Department's HC goals are being met through effective, efficient HRM programs and processes that are conducted in accordance with merit system principles and other laws and regulations. These HR organizations share accountability for merit system compliance with OPDIV and STAFFDIV managers. This responsibility is accomplished through documented internal quality review processes and by providing advisory services to managers that incorporate all appropriate HR flexibilities as well as potential consequences for management decisions outside of merit-based parameters. The results of such advisory services will be documented as necessary to provide data for assessment and follow-up during audits and reviews.

f. Personnel Accountability Systems Division (PASD), OHR

PASD oversees the planning, implementation, and initial operation of the Department's HRM data and information management systems; plans, coordinates, and monitors evaluating the effectiveness, efficiency, and merit system compliance of HRM in the Department; and plans/coordinates the development and updating of the Department's HCM Strategic Plan. In carrying out these responsibilities, PASD ensures effective implementation of HHS's HC Accountability System, including the conduct, reporting, and follow-up of

HHS accountability activities. In support of HC/HRM reviews, PASD will oversee establishing matrix teams and tracking the completion of resultant required and/or recommended actions. The comprehensive nature of HHS's accountability system requires an integrated "One HHS" approach whereby OPDIVs and STAFFDIVs work together to ensure that HC goals are met and that those results support mission accomplishment effectively, efficiently, and within merit system principles and other laws and regulations.

- **g. Personnel Programs and Policy Division (PPPD), OHR**
PPPD provides leadership in the planning and development of personnel policies and programs that support and enhance the Department's mission; formulates HHS policies, in coordination with the OPDIVs pertaining to employment, compensation, position classification, and employee benefits; and provides technical assistance to the OPDIVs in proper application of Federal personnel laws, regulations, and policies. In carrying out these responsibilities, oversees accountability for Departmental results in overall Talent Management. This includes serving as the focal point for managing Delegated Examining Unit (DEU) accountability, which involves designing a comprehensive DEU review protocol and fielding matrix HR teams (of DE certified individuals outside the organization being reviewed) to conduct periodic audits of all DE activities.
- **h. Division of Workforce and Career Development (DWCD), OHR**
DWCD serves as the central HHS reference point for guidance, program monitoring, and evaluation of Department-wide training and workforce development planning to ensure strategic alignment with the Department's performance plans and mission goals. This includes formulating, implementing, measuring, evaluating, and improving employee development activities as part of a comprehensive succession management program. In carrying out these responsibilities, DWCD oversees accountability for Departmental results in Leadership and Knowledge Management.
- **i. Performance Management Division (PMD)/Executive Resources Division (ERD), OHR**
PMD serves as the central HHS reference source for guidance, program monitoring, and evaluation of Department-wide performance assessment and award activities to ensure alignment with mission goals and Departmental priorities. PMD coordinates with ERD to ensure that the strategic

alignment of mission-related goals of senior management performance contracts are cascaded throughout subordinates' performance plans, and that all employees are held accountable for mission-related results in compliance with merit system principles. In carrying out these responsibilities, PMD and ERD oversee accountability for Departmental results in the area of Results-Oriented Performance Culture.

j. DHHS Learning Advisory Council (DLAC)

The DLAC recommends the direction of HHS's corporate education, training, and career development programs, and assists in the development of the necessary strategic and tactical objectives, measures, and expectations in alignment with HHS's Strategic Plan and related HC goals. It is an advisory body that recommends priorities and methods for committing resources, monitors implementation, and assesses results. The DWCD, OHR, works in coordination with the Council in these endeavors. In carrying out these responsibilities, DLAC supports key elements of accountability in Leadership and Knowledge Management.

▪ k. Secretary's Council on Organizational and Executive Performance (SCOEP)

The SCOEP evaluates the performance of the Department overall, as well as the performance of individual OPDIVs and STAFFDIVs through a formal organizational assessment that includes, "Strategically Manage Human Capital" as a Department-wide Objective. The Council then ensures that the distribution of senior management pay adjustments, performance bonuses, and levels of pay based on appraisal results accurately reflect organizational performance. The Executive Resources Division, OHR, works in coordination with the Council in these endeavors. In carrying out these responsibilities, the Council supports key elements of accountability in the area of Results-Oriented Performance Culture.

▪ l. Performance Management Steering Committee (PMSC)

The PMSC is comprised of managers, HR Specialists, and program staff representing each OPDIV and Office of the Secretary. In conjunction with the ASAM OHR, this Committee conducts the ongoing Departmental review of performance management program operations (below senior management level), including performance awards, and recommends and implements improvements as needed. Each OPDIV monitors and

evaluates its own performance management process, and provides feedback to the Steering Committee on needed improvements.

▪ **m. Departmental Awards Board**

This Board reviews and recommends approval for all Departmental incentive awards granted by the Secretary, and is composed of the Heads of OPDIVs and STAFFDIVs. In carrying out this responsibility, the Board oversees accountability for judicious use of high level recognition in support of HHS mission goals.

▪ **n. Office of Diversity Management and EEO (ODMEEEO)**

ODMEEEO provides leadership in creating and sustaining a diverse workforce through policy development, outreach, education and training, and oversight. Responsibilities include keeping senior HHS officials apprised of workforce demographics and promoting initiatives to enhance the employment of women, minorities, veterans, and people with disabilities. In carrying out these responsibilities, ODMEEEO oversees accountability for Departmental results in diversity-related elements of Talent Management and Results-Oriented Performance Culture.

▪ **o. DHHS EEO Community**

The Equal Employment Opportunity (EEO) offices throughout the Department provide leadership and advice on issues of diversity, affirmative employment and special emphasis programs, complaints processing and conflict resolution.

p. Office of Business Transformation

Provides coordination and management support to ASAM for successfully achieving HHS management initiatives. This includes analyzing proposed or ongoing initiatives to determine potential for improving management effectiveness and gaining management efficiencies across the Department. Additionally, DSI works collaboratively with STAFFDIVs in developing annual Department-wide Objectives. As part of these activities, DSI monitors and assesses organizational progress on HC goals and objectives, and recommends updates to the Department-wide Objective, "Strategically Manage Human Capital," in alignment with accountability assessment results. This process ensures a continuing Departmental focus on key areas of emphasis for strategic HC management.

5. Accountability System Policy: The Department HC Accountability system is to address the following objectives, which are described below along with their intent and desired outcomes:

- a. To ensure that HC goals and programs are aligned with and support HHS's mission;
- b. To ensure that HC planning is guided by a data driven, results-oriented process and to document an approach that periodically analyzes HC data to assess results or progress toward goal achievement;
 - 1) To ensure that managers and HR practitioners are held accountable for their HC capital decisions and actions;
 - 2) To assess the effectiveness and efficiency of the HRM function Department-wide;
 - 3) To ensure agency HC programs and policies adhere to merit system principles and other pertinent laws and regulations;
 - 4) To conduct periodic DEU audits and cyclical HC/HRM reviews to verify and validate the level of Department performance, across all components and geographic areas, in HC management and merit system compliance; and
 - 5) To implement a plan for addressing issues or problems identified during accountability audits and other accountability activities.

To meet these objectives, ongoing accountability activities will be conducted to document the extent to which HC goals are being met against measures for mission alignment, program effectiveness, process efficiency, and merit system compliance. The results of the accountability activities will be used to drive continuous improvement in HC initiatives, HRM programs, and HR processes.

ASAM organizations provide much of the infrastructure for HHS's accountability system, as well as the support and advisory services. However, Department leadership establishes accountability as a priority which is essential for the cross-OPDIV/STAFFDIV collaboration and matrix resourcing necessary to sustain a viable accountability system and to promote continuous improvement in HC results in support of mission accomplishment

6. HC Accountability Activities and Methodology

The following accountability activities will be used in the operation of HHS's accountability system:

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INSTRUCTION: Human Capital Accountability System Policy

ISSUE DATE: June 28, 2006

- a. Data collection and analysis relevant to HC goals and related objectives
 - b. Employee perspective surveys (initially based on the Federal HC Survey, supplemented by an HHS survey commencing in 2007)
 - c. Delegated Examining Audits (define and describe its purpose and attached DEU agreement with OPM and HHS as an Appendix)
 - 1) Team composition - members with current DE certification and not within the chain of command of the operation being reviewed
 - 2) ▶ Onsite time - generally 3 to 5 days, adjusted appropriately based on pre-audit analysis and/or onsite findings
 - ▶ Pre-onsite data analysis of DE and related activities
 - ▶ Entrance briefing with HR Director and staff, and OPDIV representative
 - ▶ Transactions/records review of DE selections and non-selections
 - ▶ Interviews of selecting officials, HR staff
 - ▶ Review of DE policies, standard operating procedures (SOPs), accountability program
 - ▶ Collection of best practices for Departmental sharing
 - ▶ Exit briefing with HR Director and staff, and OPDIV representative
 - ▶ Report of strengths, weaknesses, required and recommended actions
 - ▶ Closure of required and recommended actions
- HC/HRM reviews:
 - ▶ Team composition - members from OPDIVS and HR community outside the chain of command of organization being reviewed with competencies in strategic HCM and HR programs/regulatory compliance
 - ▶ Onsite time - generally 5 days, adjusted appropriately based on pre-audit analysis and/or onsite findings
 - ▶ Pre-onsite data analysis across HC spectrum
 - ▶ Entrance briefing with OPDIV official[s] and staff, and HR Director and staff
 - ▶ Interviews of senior leadership, managers/supervisors, employees, key program managers, union officials (if appropriate), incorporating relevant HC data analysis and survey data
 - ▶ Transactions/records review - talent, performance culture, leadership/knowledge management

- ▶ Review of HC documents relating to talent, performance culture, leadership/knowledge management, as well as strategic alignment and accountability
- ▶ Collection of best practices for Departmental sharing
- ▶ Exit briefing with OPDIV official[s] and staff, and HR Director and staff
- ▶ Report of strengths, weaknesses, required and recommended actions
- ▶ Closure of required and recommended actions

The aforementioned activities and methodologies are incorporated into a 4-year Human Capital Accountability and Implementation Plan (HCAIP) currently being developed. Priorities will be set to address known HC/HRM weaknesses/vulnerabilities first so that any necessary corrective or improvement action can be instituted. However, within the 4-year cycle, HHS/OHR will complete HC/HRM reviews of each OPDIV in conjunction with their respective HR organization as well as separate Delegated Examining audits focused on using this critical authority effectively, efficiently, and in compliance with merit system principles and other laws and regulations. Refer to the HCAIP for specific information about responsibilities, timelines, etc.

The results of these accountability activities will be used to correct any weaknesses/deficiencies found, and to drive needed changes to: 1) HC Plan goals and objectives; 2) HR programs and processes; and 3) The accountability system itself.

7. Reporting and Corrective/Improvement Action

Results of specific accountability activities will be reported and tracked as described below. Refer to the HCAIP for additional details.

- OHR/PASD will oversee data collection in association with HC goals/objectives and ensure analysis is conducted by appropriate program officials/entities. The resulting analyses will drive further action in warranted areas—e.g., presentation to the Management Forum for additional information; added to the agenda for HC/HRM reviews, etc.
- OHR/PASD will ensure that the annual employee survey responses are analyzed by appropriate program officials/entities against baselines and expected improvement measures. Results will be shared with the workforce along with any planned follow-up actions—e.g., establishing a workforce group to development recommended

changes to address strong negative responses; relevant issues added to the agenda for HC/HRM reviews, etc.

- OHR/PPPD will oversee timely completion of DE reports by the respective teams, generally within 15 days of completing on-site work. Specific required and recommended actions resulting from DE Audits will be tracked for satisfactory completion by PPPD, based on the written response produced by the HR organization reviewed, generally within 30 days of receiving the report. Findings that generated actions will be addressed in subsequent reviews to ensure the establishment of institutional improvements, and in the Management Forum if appropriate. Case violations involving potential prohibited personnel practices will be referred to higher levels as appropriate—HHS IG, Office of Special Counsel, etc. Potential systemic issues will be referred to the CHCO and/or ASAM for consideration of Department wide action.
- OHR/PASD will oversee timely completion of HC/HRM reports by the respective teams, generally within 30 days of completing on-site work. Specific required and recommended actions resulting from HC/HRM reviews will be tracked for satisfactory completion by PASD, based on the written response produced by the OPDIV and HR organization reviewed, generally within 60 days of receiving the report. Findings that generated actions will be addressed in subsequent reviews to ensure establishment of institutional improvements, and in the Management Forum if appropriate. Case violations involving potential prohibited personnel practices will be referred to higher levels as appropriate—HHS IG, Office of Special Counsel, etc. Potential systemic issues will be referred to the CHCO and/or ASAM for consideration of Department-wide action.
- Best practices that have resulted in greater effectiveness, efficiency, and/or compliance will be documented by the team conducting the respective DE audit or HC/HRM review, and provided to PASD/OHR for review and subsequent sharing Department-wide.

Any resulting weaknesses/deficiencies found through the above activities will be reviewed by ASAM (including OHR, OBT/DSI, ODMEEEO) and appropriate management entities to determine and implement needed changes to: 1) HHS's HC Plan goals and objectives; 2) HR programs, policies, and processes; and 3) The accountability system itself.

ASAM will direct completion of HHS's annual HC Accountability Report which will incorporate the findings from accountability activities completed throughout the year and any resultant actions taken to improve HC initiatives, HRM programs/processes, and to increase the functionality of the accountability system to produce results that drive continuous improvement.

8. Evaluation of HHS's Accountability System

After completing the process for annually assessing the effectiveness and efficiency of accountability activities, results will be assessed against the multi-year Accountability Plan to ensure the following year's accountability activities are addressing up-to-date HC goals and objectives with the most appropriate measures to track mission alignment, effectiveness, efficiency, and merit system compliance, and that all designated officials and organizations are meeting their accountability responsibilities as outlined in this policy. The purpose of continuously monitoring our accountability system and the multi-year Accountability Plan is to improve HC business processes to more effectively support HHS's mission.