***AR215-3 Chapter 6***

**Chapter 6**

**Performance Evaluation and Rating**

**Section I General**

**6–1. Applicability**

The provisions of this chapter apply to employees serving under a regular appointment and FLX pay band system employees. The principles of the performance evaluation program, however, apply to all employees.

**6–2. Purpose**

The purpose of this chapter is to establish a system for evaluating the quality of employee performance on a continuing basis against realistic performance requirements. The system provides for advising employees about these requirements and the evaluation of their performance, for recognizing exceptional performance, for action to improve performance and for administering unsatisfactory performance actions.

**6–3. Policy**

1. The performance of NAFI employees will be evaluated fairly and objectively on both a scheduled and continuous basis with the results of such evaluation discussed individually with each employee.
2. Performance evaluation will be utilized to increase the efficiency of both employees and supervisors.
3. Performance evaluation will be used as a basis for making decisions on training, retention, promotion, reassign- ment, removal, and other personnel actions. Performance evaluations will also be used—
4. To keep employees continuously aware of the performance required.
5. To give them a reasonable opportunity to achieve their best performance.
6. To provide constructive help in correcting weak points in performance.
7. To resolve misunderstandings.
8. To develop constructive relationships between supervisors and employees.
9. To advise employees on whether they meet, fail to meet, or exceed the standards for satisfactory performance.
10. Employee performance will be evaluated only under reasonable standards that are in effect during the rating period, are known to the employee, and that the employee has had a fair opportunity to meet.
11. No requirement will be established that performance ratings conform to a predetermined distribution, numeric quota, or ratio for the various types of ratings.
12. The performance rating process or methods will be made known to both employee and supervisors.
13. No policy, control, or procedure will be established which prevents fair evaluation of performance in relation to the appropriate performance requirements.
14. Employees will be evaluated on the basis of their application of knowledge and skills pertinent to their positions, the quality and quantity of their work, and the work relationships and personal traits that contribute to their value and efficiency as employees.
15. Each employee will be furnished a copy of his/her annual performance evaluation form.
16. Supervisors will discuss with each employee the employee’s annual performance evaluation on or near the date the evaluation is made. He/she will also advise the employee, when it appears necessary, of unsatisfactory performance and offer assistance in helping the employee improve.

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**6–4. Administration of the Performance Evaluation System**

1. *Firstline supervisors.* The firstline supervisor will be responsible for developing performance standards for each position supervised and for continuously evaluating the employee’s performance. He/she will acquaint each employee supervised with the performance rating system and the performance standards pertinent to the employee’s position. He/ she should informally discuss with the employee from time to time the degree to which the employee meets, fails to meet, or exceeds the standards, and should counsel the employee on how to become more efficient. The supervisor is responsible for the annual performance rating and for providing to the employee a copy of the approved performance rating. He/she will evaluate each employee serving a probationary period and recommend retention or removal. He/she is also responsible for preparing justifications to support outstanding and unsatisfactory ratings and for initiating letters of warning. He/she is also responsible for initiating proposals for awards based on performance.
2. *Secondline supervisors.* The secondline supervisor is responsible for reviewing ratings recommended by the firstline supervisors including related justifications, letters, and notices. He/she has final authority. When the secondline supervisor is distant geographically or organizationally and is not in a position to have knowledge of the performance, the firstline supervisor may be delegated full authority to approve evaluations.
3. *Servicing CPAC/NAF–CPU.* The servicing CPAC/NAF–CPU is responsible for administering the personnel performance evaluation program and will notify supervisors when annual performance ratings and probationary ratings are due. The servicing CPAC/NAF–CPU will maintain a record copy of each annual performance rating, with supporting documents, in the employee’s OPF.

**6–5. Performance standards**

1. *General.* Performance standards will be established for each critical major duty that is essential to successful performance. They will indicate the quality of performance which is satisfactory for a specific position. They must be reasonable and of such a nature that an employee meeting the minimum qualification standards for the position can be expected to perform satisfactorily within a reasonable time after assignment to the position. They should be sufficiently high to assure an efficient operation but not so high that outstanding performance is beyond the achievement of a competent employee. Performance standards will be established, in writing, for each position. No specific form or format is prescribed and forms may be developed to meet local needs. The use of forms designed for appropriated fund employees is authorized. Supervisors are responsible for ensuring that their employees understand what constitutes an acceptable level of competence for their specific positions.
2. *Cooperation in developing or revising performance standards.* Performance standards will be established based on knowledge of the duties of the position and the end product desired. The viewpoint of the incumbent is valuable in determining whether established standards are still realistic in view of current assignments and any recent organiza- tional changes. Therefore, the employee’s viewpoint should be sought and considered by the supervisor.
3. *Aspects of performance.* Performance standards may be established for any or all of the following aspects of a position. The aspects listed are not all-inclusive and some may merit greater weight than others for a particular position. They are not mutually exclusive; e.g., the quantity of work cannot be completely separated from the ability to organize and schedule work. Supervisors should add to the following list any aspects pertinent to a position and eliminate any which may not apply.
4. Quality of finished work.
5. Quantity of work.
6. Adaptability to new assignments and to changes in instructions, work methods, work situations, organization, or staff.
7. Relationships with other employees.
8. Relationships with employees of other agencies and outside organizations.
9. Timeliness.
10. Cost effectiveness.
11. Achievement of desired goals.
12. Leadership and initiative.
13. Ability to use professional, technical, mechanical, clerical, or supervisory knowledges and skills pertinent to the position.
14. For jobs in which dealing with the public is important, courtesy to the public must be reflected as pertinent.
15. For supervisors, furthering equal employment opportunity is an essential element of performance. Factors to be considered in performance evaluation regarding equal employment opportunity include—
16. Personal participation in EEO program leadership and administration.
17. Fairness in making selections.
18. Encouragement and recognition of employee achievements.
19. Treatment of minority group employees and women.
20. Discipline – Applies equal penalties for equal situations.

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(13) For positions in which accountability for property is critical, effective stewardship of this responsibility will be included as an essential element of performance.

1. *Internal control responsibilities.* Performance standards for managers will include internal control responsibilities per AR 11–2, para 2–10. The internal control-related content of performance standards must be tailored to their relative importance and other circumstances associated with each manager.
2. *Establishing performance standards.* In establishing performance standards for some positions it is often possible to identify quantifiable levels of attainment, e.g., increase sales by 5 percent, 10 percent, etc. In these cases considera- tion should be given to directly associating the amount of a monetary award with each level of accomplishment. This procedure serves as a visible incentive to the employee, prior to the start of the performance period, and simplifies the awards procedure (see also para 9–8).

**6–6. Probationary period evaluations**

Supervisors of probationers will observe their conduct, general traits, and performance closely and assist them in adjusting to the job and in performing their duties in a satisfactory manner. Upon determination that the employee should be retained, the supervisor will so indicate on DA Form 3612 (Nonappropriated Fund Instrumentality Employee Performance Rating). If retention is not recommended, separation will be accomplished in accordance with paragraph 2–19j. Absences in a non-pay status of more than 15 workdays will not be included in computing the probationary period.

**6–7. Annual performance ratings**

1. *Rating period.* Each employee defined by paragraph 6–1 will be given a performance rating annually. The ratings will be due on a specified date each year or on the anniversary date of the employee’s service computation date, as determined by the servicing CPAC/NAF–CPU. The determination will be applied to all NAFI serviced. The ratings will ordinarily cover the most recent continuous, 12-month period of employment (time served in a probationary period is included). If the employee has served less than 120 days under his or her current supervisor, the annual rating may be prepared by the current supervisor after consultation with the previous supervisors or may be delayed until the end of the 120 day period. An annual performance rating remains in effect until superseded by the next successive annual rating.
2. *Levels of performance.* Any one of five ratings may be assigned to indicate the level of performance as follows:
3. *Outstanding—* This rating is authorized when all aspects of performance have exceeded the standard for satisfactory performance for a 12-month period and are sufficiently outstanding to deserve special commendation and recognition. Each outstanding rating must be supported in writing by the rating official and approved by the supervisor next above. The employee will be presented a DA commendation certificate. In addition, an award not to exceed 15% of annual salary may be awarded (see para 9–3).
4. *Excellent—* This rating is authorized when the majority of performance standards are exceeded. Employee performance is of a quality clearly exceeding the standard for a satisfactory rating and merits consideration for a special achievement award not to exceed 5 percent of annual salary (see para 9–3).
5. *Satisfactory—* A satisfactory rating is authorized when the employee’s performance meets, but does not exceed the standard to the degree required for a rating of excellent. This rating meets acceptable level of competence requirements.
6. *Minimally satisfactory—* The employee meets established performance standards in a marginal manner and is often below the satisfactory level in one or more non-critical areas. The employee will be counseled on duty requirements and given an opportunity and training to improve performance.
7. *Unsatisfactory—* An unsatisfactory rating is authorized when an employee’s performance fails to meet estab- lished requirements for satisfactory performance for one or more critical major duties, in spite of a written warning notice and reasonable effort by the supervisor to help the employee improve. Action will be immediately taken to reassign, demote, or separate the employee in accordance with paragraph 6–10 of this chapter.

**6–8. Performance rating records**

Each supervisor will use DA Form 3612 (Nonappropriated Fund Employee Performance Rating) to record the performance evaluation of each covered employee he/she supervises. The original DA Form 3612 will be used to notify the employee of his/her annual performance rating. A copy of each DA Form 3612, signed by the employee, the rater, and the approving official, will be placed in the official personnel folder (OPF) of the employee. A copy will also be retained by the employee’s supervisor. All performance ratings will be placed on the right side of the folder and become permanent records. All statements of justification for ratings will be considered a part of the rating and will be retained accordingly.

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**Section II**

**Unsatisfactory Performance Actions**

**6–9. Communication**

Counseling employees about specific performance deficiencies as soon as they arise and offering appropriate assistance can often prevent more serious performance problems. It is important that employees be given a reasonable chance to demonstrate acceptable performance. The determination of the appropriate length of time for an employee to improve should be made on a case-by-case basis. Individual supervisors are in the best position to understand the work requirements of their units and the nature of the employee’s duties and responsibilities and, therefore, to exercise judgment in determining how to reasonably structure the employee’s opportunity to improve.

**6–10. Administration of unsatisfactory performance actions**

1. When an employee is determined to be failing to meet established levels of performance, the supervisor must notify the employee in writing of the specific elements for which performance is unsatisfactory. The employee will be informed of the level of performance that must be attained and the time that will be allowed to provide a reasonable opportunity to achieve the required level of performance. A tool that in some cases can help in accomplishing this is a formal written performance improvement plan. Such a plan provides a structured means of identifying the areas of deficiency and laying out a plan for improving the employee’s performance. In all cases, the employee should be given every assistance reasonable to achieve acceptable performance.
2. An employee who has completed the probationary period may be rated unsatisfactory only after a prior written warning of proposed unsatisfactory performance rating giving the employee not less than 30 days during which he or she will be given a reasonable opportunity to demonstrate satisfactory performance. The written warning will state:
3. What performance requirements the employee fails to meet.
4. What must be done to bring performance to a satisfactory level.
5. What efforts will be made to assist improvement.
6. That failure to improve will result in adverse action up to and including separation.

*c.* After affording the employee an opportunity to improve in accordance with para 6–10a. above, the first-line supervisor who determines that the employee’s performance is still unsatisfactory may propose an adverse personnel action in coordination with the servicing CPAC/NAF–CPU and the servicing legal office. The proposal notice will—

1. Identify the specific action proposed and effective date.
2. State that the proposed action will be made effective not earlier than 30 calendar days from the date of receipt of the notice.
3. State specifically and in detail the reasons supporting the proposed action. The proposal will identify the performance requirements which the employee failed to meet and what action was taken to assist the employee to improve.
4. Inform the employee of the right to review the material relied on as a basis for proposing the action and where it may be reviewed.
5. Inform the employee of the right to reply orally, in writing, or both, to submit affidavits in support of the answer, and to be represented by a person of his/her own choosing, provided that the person chosen is willing to represent the employee and is free to do so. The representative, however, cannot serve in that capacity if there are priority needs of the NAFI, unreasonable costs to the NAFI, a conflict of position, or conflict of interest.
6. Identify the person to receive the written and/or oral reply. (The person designated to hear the reply will be the person who has authority to make the final decision, ordinarily the approving official for the employee’s performance rating but never the same supervisor who issued the proposal notice.)
7. Specify the time limit for submission of the reply, which will not exceed 15 calendar days from the date the employee receives the notice.
8. Inform the employee of the amount of official time which will be permitted, without loss of pay or charge to leave, for preparation of the reply.
9. Inform employee that the reply will be considered before a final decision is made to effect, modify, or cancel the proposed action and that he/she will be notified in writing of the final decision.
10. Where possible, the proposed notice should be delivered personally to the employee and a written acknowledge- ment of receipt obtained. If the notice is to be delivered by mail, provision should be made to obtain proof of delivery.
11. The first-line supervisor will forward to the deciding official, thru the servicing CPAC/NAF–CPU, a copy of the proposal notice and supporting documentation, the warning of proposed unsatisfactory performance rating, and the DA Form 3612 with the rater’s portions completed. Action to finalize the performance rating will be held in abeyance until the employee has had the opportunity to reply to the proposed adverse action provided for by para 6–10c.
12. After coordination with the servicing CPAC/NAF–CPU and the servicing legal office, a written notice of decision will be issued to inform the employee of—

(1) The specific action to be taken.

For regular employees (other than those on limited tenure appointments), the right to grieve the adverse action.

1. Where applicable, the requirement that a grievance must be filed within 15 calendar days following the effective date of the action, and the exact name and address of the individual to whom the grievance should be addressed.
2. The effective date of the action. The effective date may not be earlier than 30 calendar days from the date the employee received the notice of proposed action; the day the notice was delivered and the day the personnel action is to be effected shall not be counted in this 30-day period.

*g.* The finalized performance rating (DA Form 3612) will be delivered to the employee at the same time as the notice of decision. A copy of the official adverse personnel action (DA Form 3434) will also be delivered to the employee at the same time, unless the decision is to cancel the proposed action.

**6–11. Adverse action records**

*a.* The servicing CPAC/NAF–CPU will maintain records relating to each action that will, as a minimum, consist of—

1. A copy of the written warning of proposed unsatisfactory performance rating.
2. A copy of the notice of proposed adverse action.
3. The material relied on to support the proposal.
4. Any answer from the employee.
5. The notice of decision that effects the adverse action.

*b.* Such records will be included in the employee’s OPF.

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