

# ***OFFICE OF INSPECTOR GENERAL***

## **MEMORANDUM**

**DATE:** June 8, 2004

**TO:** Managing Director

**FROM:** Inspector General

**SUBJECT:** Report on Risk Assessment Survey of the Federal Communication Commission's Human Capital Management Framework

We have conducted a risk assessment survey of the Commission's Human Capital Management Framework. We designed and conducted this assessment by comparing the Commission's strategic management of human capital to the following six (6) Office of Personnel Management (OPM) Human Capital Assessment and Accountability Framework standards and assigned a level of risk of the Commission not achieving each standard:

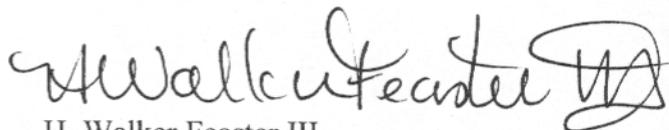
- Strategic Alignment
- Workforce Planning & Deployment
- Leadership & Knowledge
- Results-Oriented Performance Culture
- Talent
- Accountability

Our original intention for this survey was to perform a risk assessment. During the course of the assessment, we identified areas of the Commission's Human Capital Management Framework where immediate improvements could be made. As a result, we have developed findings and recommendations that will be tracked and monitored in the same manner as audit findings. We identified one high risk area -- Results-Oriented Performance Culture -- and two medium risk areas -- Workforce Planning & Deployment and Accountability -- that will require further review once the Commission implements changes to reduce the risk levels in those areas. We made three (3) recommendations for improvement in those areas and also made suggestions in the other low risk areas that we believe Commission management should implement in developing its human capital management strategy. In addition, we identified areas where more data is required before

final recommendations can be made concerning the most effective avenues for mitigating specific risks we found during our survey.

On June 1, 2004, the Managing Director provided his response to our draft risk assessment report recommendations. In his response, the Managing Director stated that the Commission concurs with the cited recommendations. We consider management's responses to be adequate. A complete copy of the Managing Director's response is included as an Appendix to this report.

We would also like to thank you for the courtesy and cooperation extended to the survey team by you and your staff. Should you or your staff have any questions, please contact Thomas Cline, Assistant Inspector General for Audit, or me at (202) 418-0470.

A handwritten signature in cursive script, reading "H. Walker Feaster III". The signature is written in dark ink and is positioned above the printed name.

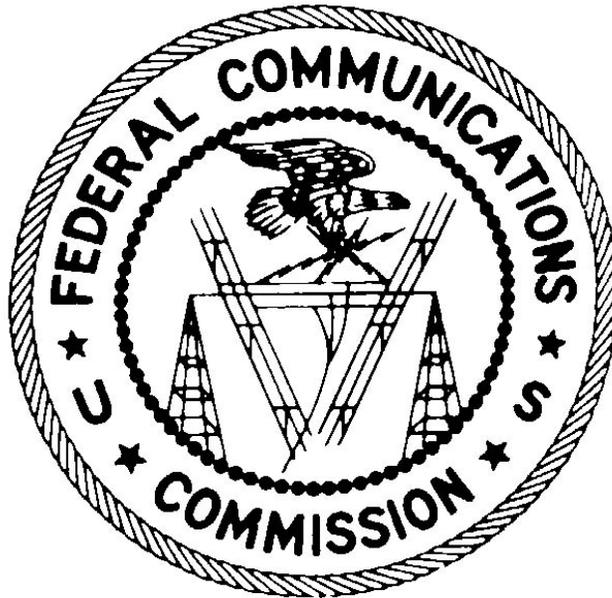
H. Walker Feaster III

cc: Director of Human Resources  
Deputy Director of Human Resources  
Human Resource Policy Advisor

Attachment

# **FEDERAL COMMUNICATIONS COMMISSION**

**OFFICE OF INSPECTOR GENERAL**



## **Report on Risk Assessment Survey of the Federal Communication Commission's Human Capital Management Framework**

Audit Report No. 03-AUD-06-08

June 8, 2004

Report on Risk Assessment Survey of the Federal Communication  
Commission’s Human Capital Management Framework

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## EXECUTIVE SUMMARY

The Federal Communications Commission (FCC) Office of Inspector General (OIG) is responsible for conducting audits and investigations of FCC operations and programs. The FCC OIG tasked Job Performance Systems, Inc. (JPS) of Alexandria, Virginia to conduct a risk assessment of the Human Capital Management Framework as currently employed at the Commission. The assessment was conducted between July 1, 2003 and December 31, 2003. In general, the assessment found that the FCC has made significant efforts to develop a capital management strategy that meets the standards set in the OPM framework. There were, however, some areas where risks are present and actions to reduce these risks are recommended.

We conducted this assessment by comparing the Commission's human capital policies and procedures to the Office of Personnel Management's (OPM) Human Capital Assessment and Accountability Framework.<sup>1</sup> OPM developed this framework to guide agencies toward achieving the following six (6) human capital management standards:

- Strategic Alignment
- Workforce Planning & Deployment
- Leadership & Knowledge
- Results-Oriented Performance Culture
- Talent
- Accountability

Consistent with OPM guidance, we compared the Commission's strategic management of human capital to each of these human capital standards and assigned a level of risk of the Commission not achieving each standard.

We collected the data used to assess the FCC's risk of not achieving the standards from documents provided by FCC staff that were relevant to human capital management, policies and procedures being used by the FCC for managing human capital, and interviews with administrators and managers responsible for developing, monitoring, and implementing the Commission's human capital management strategy.

Our original intention for this survey was to perform a risk assessment. During the course of the assessment, we identified areas of the Commission's Human Capital Management Framework where immediate improvements could be made. As a result, we have developed findings and recommendations that will be tracked and monitored in the same manner as audit findings. We identified one high risk area -- Results-Oriented Performance Culture -- and two medium risk areas -- Workforce Planning & Deployment and Accountability -- that will require further review once the Commission implements changes to reduce the risk levels in those areas. We also identified other concerns and made recommendations for improvement in those and the other areas that we believe

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<sup>1</sup> *Building Excellence with Human Capital*, OPM website, Last modified February 25, 2003.

should be implemented by Commission management in developing its human capital management strategy.

In addition, we identified areas where more data is required before final recommendations can be made concerning the most effective avenues for mitigating specific risks during our survey. We included suggestions for compiling this additional information in our report for each standard.

As a result of our assessment procedures, we rated the FCC’s risk of not achieving each OPM Human Capital Assessment and Accountability Framework standard at the following levels:

<b>OPM Standard</b>	<b>FCC Risk Level</b>
Strategic Alignment	Low
Workforce Planning & Deployment	Medium
Leadership & Knowledge	Low
Results-Oriented Performance Culture	High
Talent	Low
Accountability	Medium

Higher levels of risk were assigned in areas where one or more of the following conditions were present:

- A detailed and written component of a Human Capital Management Strategy was missing or not yet completed and published;
- FCC practices and procedures did not meet the criteria for ensuring a results-oriented culture;
- A measurement system was not in place to assess levels of goal achievement.

Based on the specific findings concerning risk related to our assessment of each of the above standards, we recommend that Commission management:

1. Compile the various components of the Commission’s existing or developing human capital strategy into a single comprehensive Human Resource Management Strategy. Once completed, this Strategy should be published and rolled out to FCC management and employees.
2. Revise the Commission’s performance appraisal system to allow better identification of high and low performing employees. This recommendation also includes modifying the FCC’s reward structure to improve identification, recognition, and retention of key employees.

3. Enhance, systemize, and institutionalize the Commission’s tracking mechanisms and metrics for measuring managers’ and employees’ progress in accomplishing their respective mission goals and objectives.

## **BACKGROUND**

The General Accounting Office (GAO) predicted that serious federal human capital shortfalls will erode the ability of many federal agencies to economically, efficiently, and effectively perform their mission in its January 2001 Performance and Accountability Series reports. The GAO further stated that this problem does not lie with federal employees, “but with the lack of effective leadership and management, along with the lack of a strategic approach to marshaling, managing, and maintaining the human capital needed for government to discharge its responsibilities and deliver on its promises.”<sup>2</sup>

Strategic human capital management fills in the gaps of the results-oriented management framework of financial management, information technology management, and performance-based management.<sup>3</sup> Two principles are central to the human capital idea.

- People are assets whose value can be enhanced through investment.
- Goal is to maximize value while managing risk.

Human capital policies must be aligned to support the agency’s mission, vision for the future, core values, goals, and strategies. Human capital policies and procedures should be assessed by how well they help the agency pursue its shared vision.

## **OBJECTIVE, SCOPE, & METHODOLOGY**

Risk assessment objectives included obtaining an understanding of the Commission’s human capital management policies and procedures, collecting related information, interviewing selected administrative and operations management personnel, and identifying areas for improvement.

We compared the Commission’s human capital policies and procedures to the Office of Personnel Management’s (OPM) Human Capital Assessment and Accountability Framework. OPM developed this framework to guide agencies toward achieving the following six (6) human capital management standards:

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<sup>2</sup> *Human Capital: Meeting the Government Wide High-Risk Challenge*, GAO-01-35T, February 1, 2001.

<sup>3</sup> *Human Capital: A Self-Assessment Checklist for Agency Leaders*, GAO/OCG-00-14G, September 2000, Version I.

1. **Strategic Alignment** – Agency human capital strategy is aligned with mission, goals, and organizational objectives and integrated into its strategic plans, performance plans, and budgets.
2. **Workforce Planning & Deployment** – Agency is citizen-centered, de-layered and mission-focused, and leverages e-Government and competitive sourcing.
3. **Leadership & Knowledge Management** – Agency leaders and managers effectively manage people, ensure continuity of leadership, and sustain a learning environment that drives continuous improvement in performance.
4. **Results-Oriented Performance Culture** – Agency has a diverse, results-oriented, high performance workforce, and has a performance management system that effectively differentiates between high and low performance, and links individual/team/unit performance to organizational goals and desired results.
5. **Talent** – Agency has closed most mission-critical skills, knowledge, and competency gaps/deficiencies, and has made meaningful progress toward closing all.
6. **Accountability** – Agency human capital decisions are guided by a data-driven results-oriented planning and accountability system.

Consistent with OPM guidance, we compared the Commission’s strategic management of human capital to each of these human capital standards and assigned a level of risk of the Commission not achieving each standard.

Throughout this report we presented the “Critical Success Factors” from the OPM framework in italics. We detailed our assessment of the FCC’s achievement of specific standards following each italicized element in this report.

The assessment included interviews with appropriate FCC management and staff, review of Commission human capital policies and procedures and planning documents, and other evaluation tools that we identified as useful and relevant. The assessment was conducted during the period from July 1, 2003 through December 30, 2003.

Risk exists when current policies and procedures for managing human capital do not contribute to the achievement of the FCC’s mission. We assessed how the Commission’s Human Capital Management Framework meets each of OPM’s six human capital standards and assigned a level of risk based on the following criteria:

Low risk – Assessed data indicates that the reviewed OPM standard is being achieved by the FCC, or the Commission is taking action to ensure the standard will be achieved in the near future. In these instances, we made no recommendations for FCC management to take additional action.

Medium risk – Assessed data did not provide clear evidence that the FCC is achieving the OPM standard being reviewed. In some instances, because the FCC is a relatively small agency with a high proportion of professional employees, marginal attainment of an OPM standard may not significantly impact achievement of the agency’s mission which would not elevate the assessed standard to the high risk level.

High risk – Reviewed data indicates that one or a combination of the following criteria became evident during our assessment of the Human Capital Management Framework standard that’s currently employed by the Commission:

- FCC is not meeting the assessed OPM standard;
- Current human capital policies and procedures employed at the Commission may inhibit achieving the FCC’s mission; and/or,
- Confusion or a lack of coherent policies and procedures about the assessed human capital area(s) within the Commission.

This project was conducted as a risk assessment survey. A survey is the preliminary work done before an audit and is not an audit conducted in accordance with Government Auditing Standards (i.e., GAO “Yellow Book” standards). The purpose of a survey is to gather general working information on important aspects of an entity, activity, or program and determine the nature and extent of any subsequent audit effort. The scope of this survey incorporated steps necessary to obtain an understanding of the Commission’s program, collect information on how the program operates, and identify areas for improvement. This survey was not conducted, nor were the survey results analyzed to determine the statistical validity of the responses. Our intent was to gauge the attitudes of administrative and operations management regarding the Commission’s human capital management program when compared to the OPM Human Capital Assessment and Accountability Framework.

## **RESULTS**

### **I. Strategic Alignment**

**Level of Risk: Low**

Overview: In evaluating strategic alignment, we analyzed whether the FCC has crafted a human capital management strategy that maximizes effective and efficient use of personnel to achieve the agency’s mission and goals.

Summary of Results: Under Chairman Powell’s direction, the FCC has initiated a number of efforts specifically designed to effectively manage human capital. We had difficulty in performing a comprehensive evaluation of the FCC strategy because the strategy was under development and not fully implemented as of this report date. The administrators responsible for human capital planning also pointed out that it will take at least two more years for the Commission to get all of the components of the strategy

operational. However, we assigned this area at the low risk level because we found that the Commission is taking a comprehensive approach in developing its strategic alignment strategy.

While the planning process addresses human capital needs, the Commission was unable to provide metrics that measure whether goals relying on human capital are attained and/or where they may lag. For example, the Commission recognized that staff training is essential to achieving a balance that indicates FCC planners are focusing on strategic alignment of its human capital with agency goals in the Commission's Organizational Factor for achieving Goal 2 (Competition) in its FY 2003-2008 Strategic Plan:

“Ensuring staff is properly trained to achieve the appropriate balance among consumer protection, competition promotion, and imposition of necessary regulatory requirements is an on-going challenge.”

We found that the Commission's planning process lacks the metrics it could use to determine whether training has achieved this end or if more training is required. We also found that this lack of metrics pervades the Commission's strategic planning process for using human capital.

Specific Results:

*Does the agency's strategic plan establish an agency-wide vision that guides human capital planning?*

We found that the Commission has incorporated human capital planning throughout its FY 2003-2008 Strategic Plan. Specifically in the Strategic Plan's Goal #6, *Modernize the FCC*, the Commission provided guidelines on how the FCC should capitalize on its employees' current competencies and take action to ensure that those competencies are kept in sync with the changing technologies within the Commission's purview.

*Does the agency look beyond its own experience and resources when developing human capital strategies?*

Administrators participating in our interviews cited numerous initiatives in which FCC officials regularly met with counterparts from other agencies to share experiences and best practices. In particular, the developers of the FCC University modeled the Commission's web portal on successful e-learning sites from other agencies. The University is a major enhancement to the Commission's human capital management strategy. According to the Human Resources Management staff, the FCC keeps abreast of and shares best practices with members of the HR Small Agency Council, Executives Small Agency Council, Interagency Labor Relations, and other professional organizations in order to exploit opportunities for improving its human capital management strategies.

*Are human resource professionals and key stakeholders involved in the agency strategic and workforce planning efforts?*

Each of the HR staff members interviewed for this study expressed satisfaction with their level of involvement in workforce planning activities. However, Human Resources Management staff expressed their belief that, due to the short terms served by most FCC Chairmen, the agency reorganizes more frequently than other federal organizations. Based on our interviews, we found that Commission senior staff assigned to lead these reorganizations seemed to be keenly cognizant of the importance of assessing competency requirements and integrating those requirements into the Commission's organizational restructurings.

## **II. Workforce Planning & Deployment**

**Level of Risk: Medium**

Overview: In evaluating workforce planning and deployment we reviewed the process for developing employee recruitment and retention strategies. We also assessed the processes for assigning FTE levels and personnel to various activities and organizations within the FCC.

Summary of Results – The rationale for assigning a “medium” level of risk to this standard is based on three factors: i) slow movement toward implementing the Workforce Planning Initiative, ii) persistence of some significant barriers to effective workforce deployment, and iii) no evidence of a formal strategy to determine right balance of supervisory to non-supervisory positions. Specifics concerning the Workforce Planning Initiative are discussed below. The fact that the Initiative is underway and addresses the critical workforce planning requirements of the FCC serves to reduce our assessment of risk in this area. Delays in its implementation, however, led us to assess attainment of this standard at the “medium” risk level.

The interviewed administrators and managers recognized a number of barriers limiting effective workforce planning and deployment at the FCC. Risks for the future still exist, even though the stability of the FCC workforce has contributed to generating a senior level staff with more than adequate competencies to meet the Commission's current needs. In particular, the current situation impedes the FCC's ability to recruit staff with new technical skills and specializations to meet changes to the agency's mission. However, we found that the FCC has been aggressive in offering training opportunities to its current staff.

### Specific Results:

*Does the agency approach workforce planning strategically, basing decisions on mission needs and customer expectations, workload, and workforce?*

Based on our review of documentation provided by the FCC, it appears that the Commission has been following recommended workforce planning procedures. Under the Commission's Workforce Planning Initiative, leaders of all bureaus and offices were

directed to submit information on competencies of their current staff and workforce requirement projections to FCC management by September 8, 2003. This information is intended to serve as the basis for a Commission-wide workforce analysis plan. The plan will address any competency gaps between current staff attributes, skills, and strategies with those needed to accomplish the Commission's mission. Commission management had projected that the Workforce Planning Initiative draft report would be issued sometime during February, 2004 with a Final Plan being issued sometime later in FY 2004. We found that the draft Initiative has not been completed as of this report date.

The agency had previously conducted a workforce analysis in June 2001. However, we were unable to obtain evidence showing that the FCC used this data in its efforts to determine optimal workforce deployment strategies for accomplishing the Commission's mission. Additionally, FCC administrators interviewed for this review were unable to contribute documentation that was generated from regular reviews of the Commission's workforce planning process.

*Does the agency effectively deal with barriers (statutory, administrative, physical, or cultural) to restructuring efforts?*

Although there is intense identification and discussion of barriers limiting effective workforce deployment, little documented evidence of the Commission's strategies to overcome those barriers was provided by FCC management during our assessment.

We found that three major barriers to effective workforce deployment are present at the Commission that are considered risk factors for effective human capital management. In combination, these risk factors become a significant risk to the Commission accomplishing this OPM standard.

1. Low turnover – The exceptionally low FCC staff turnover rate is either an indicator that the work environment at the Commission is so positive that no one wishes to leave, reflects the downturn in the telecommunications market place, or is a combination of both. Whatever the cause, the effect of a very low turnover rate on an organization can lead to stagnation and inflexibility. Administrators interviewed in this survey recognize the future risk posed by low turnover rates but felt that, at present, retaining senior staff ensures goal achievement. Interestingly, interviewed FCC operational managers did not agree with the administrators' assessment. They indicated that outdated skills and employee reluctance to embrace new technologies and focal areas at the Commission were current problems that made achieving the FCC's goals difficult.
2. High vacancy rates in some bureaus and FTE limits – We found that staffing levels at the FCC changed little over the past five years. Interviewed administrators consider the current level of allotted FTEs as adequate for achieving the Commission's six major goals and meeting the FCC's mission. They held this view in spite of vacancies existing throughout the Commission, primarily due to current hiring limitations. However, bureau chiefs and deputies

responding to our inquiries indicated that they did not have adequate staffing for achieving their respective goals.

3. Restrictions on hiring from the outside – Each of the bureau chiefs responding to our review found the FCC’s restriction on outside hiring to be a major barrier to effectively staffing their organizations. Based on research, fixed staffing levels lead to organizations not being able to recruit and hire new qualified staff from outside the organization. This, in turn, impedes an organization’s operational units from acquiring adequate personnel to help in achieving their organizational goals.

*Do human capital strategies ensure that the organization has the right balance of supervisory and non-supervisory positions to better meet customer needs?*

We found no evidence of the Commission having a formal strategy to determine the right balance of supervisory to non-supervisory positions during this study. The FCC’s latest reorganization was designed to produce a flatter organizational structure which would imply a higher employee to supervisor ratio. In fact, based on our interviews, we found that FCC administrators and operational managers agree that the current organizational structure provides a sufficient level of supervision that offers greater flexibility in accomplishing the Commission’s mission. They also indicated that the FCC’s ratio of supervisory positions to non-supervisory positions are re-evaluated whenever the Commission reorganizes or when new supervisory positions are requested by Bureaus and Offices. However, FCC operational managers expressed concern that their best potential supervisors are declining management positions, primarily because of the lack of rewards for taking on additional supervisory responsibilities. In summary, operational managers indicated that they have the right number of supervisors to employees for accomplishing their missions, but not necessarily the right people placed in supervisory positions.

### **III. Effectiveness of Leadership**

**Risk Level = Low**

Overview: To review the effectiveness of FCC leadership, we assessed such factors as motivation provided by the leadership, plans for continuity of leadership, and the development of a learning atmosphere within the agency.

Summary of Results: We assigned this area a level of low risk based on the effective leadership currently in place at the FCC. Specifically, the Commission has: i) invested in developing its employees’ leadership skills and preparing its future leaders in spite of the organization’s continuity of leadership challenges, and ii) committed to enhancing training opportunities for FCC personnel which has had a major impact on morale. We found that the Commission has an ongoing effort to create and institutionalize programs that effectively utilizes and develops its human capital. The Commission also has effective modes of communication in place, which allow both vertical and horizontal information sharing within the organization.

Specific Results:

*Does the agency ensure continuity of leadership through succession planning and executive development?*

We found the Commission is putting significant effort into developing employee leadership skills and preparing future leaders, despite the continuity of leadership challenge it faces. The agency's leadership is unique in that the average term of an FCC Chairman is less than three years and each new chairman brings a new focus and set of priorities at the Commission. We found that the current Chairman's focus has been on internal development of the FCC in order to increase its effectiveness as an organization. This focus has led to Commission management creating of a number of human capital initiatives that meet with wide spread staff approval. In response to the Chairman's leadership, FCC senior administrative management has consciously made attempts to institutionalize these new programs to ensure their continuation when a new Chairman is appointed to the Commission.

*Do senior leaders generate high levels of motivation and commitment in the workforce and promote ethical behavior through modeling, communication, training, accountability systems, and disclosure mechanisms?*

The interviews conducted with senior management of the FCC indicate that the commitment of Chairman Powell on human capital development has served as a motivator and a model. In addition, his commitment to enhancing training opportunities for FCC personnel has had a major impact on morale. Interviewed senior administrative leaders directly under Mr. Powell share his vision and priorities and bureau chiefs were also positive about the impact of Chairman Powell on employee morale and the work environment.

The indicators measuring achievement of this OPM standard are difficult to find in the FCC archives. The evidence that is most generally used would be some form of an employee climate survey. The only evidence that we were able to find of such data was a survey measuring satisfaction with the FCC University. While the results of this survey were positive, the sample was small and unscientifically selected.

A second indicator to measure achievement of this standard is the amount of communication that is used to deliver leadership's message and goals to the workforce. The FCC's Intranet site serves this purpose. Numerous respondents cited examples of how they were able to keep informed of directives from management, as well as activities in other FCC organizational units from information available on the Commission Intranet.

Even though the Commission's risk of not attaining this standard is low, we suggest that the Commission could achieve further improvements in this area if it adopted the following OPM performance indicators:

- A formal succession or talent management program is in place. Currently, the Commission does not have a formal plan that bases core executive succession on emerging competency requirements in place.
- A merit based system to assess leadership competencies is in place. The Commission currently does not have such a system in place.
- A written leadership development strategy tied to the strategic plan is in place. The Commission does not have a written leadership development strategy available as of this report date.

#### **IV. Results-Oriented Performance Culture**

**Level of Risk = High**

Overview: The review focus for this standard centers on the establishment of a culture where high achieving performers are identified and rewarded. We also assessed the FCC's efforts to link agency goals with individual performance objectives.

Summary of Results: We assigned a high level of risk to this area because the employee appraisal process employed by the FCC does not meet most of the performance indicators recommended by OPM for this standard. Specifically, we found that the Commission's appraisal process does not: i) provide a direct line of sight between employee performance expectations and its mission; ii) differentiate between high and low performers; or iii) use performance results to identify developmental needs and address poor performance. Given this lack of data, it is difficult for the FCC to demonstrate that it operates in a "results-oriented performance culture." As a result of the above cited deficiencies in the Commission employee appraisal process, we assigned a "high" level of risk to these areas because the potential exists that current practices might actually deter the agency from achieving its goals and mission.

In addition, we found that the Commission does not have data available that measures how well its employees understand or accept the Commission's strategic plan or determine whether employees are satisfied with the Commission's reward structure.

Given the current state of the telecommunications industry, it appears that a cost-benefit ratio induces many employees to remain with the Commission. However, a turn-around in the industry could produce incentives for employees to move over to the private sector. If or when this happens, the FCC faces the risk of losing its best talent to the private sector, particularly if there is no incentive structure in place to recognize and retain them as Commission employees.

Specific Results:

*Is there a direct line of sight between employee performance expectations and recognition systems and the agency mission, and are these links communicated and understood?*

Current Commission employee performance appraisal forms do not explain the connection between performance standards and the FCC’s goals. Based on our assessment, the FCC’s current performance appraisal system would fail to meet most of the criteria specified by OPM to determine if the agency has achieved a “Results-Oriented Performance Culture.”

By comparing FCC practices to the Performance Indicators suggested by OPM’s Handbook for Measuring Employee Performance and the Human Capital Management Framework, we highlighted some of the areas where these deficiencies exist:

Guidelines	FCC Status
<i>All employee performance plans are aligned with strategic planning initiatives</i>	The performance plans used by the FCC are generic. While the subject areas in the generic plans are tangentially linked to FCC goals, there is little evidence that performance objectives for individual employees are aligned with the agency mission.
<i>Performance expectations for all employees are based on job analyses</i>	While the agency conducts job analyses as part of its competency assessment process, job requirements are not migrated into the performance appraisal process. The OPM handbook suggests that agencies should define work unit accomplishments as related to the organization’s mission and performance goals, and then develop individual accomplishments that support work unit’s goals. This information should then be used to define elements of performance, measures, and standards of successful performance for every element within the agency. Such analysis should then lead to distinct appraisal plans for different groups of employees as well as for individual employees. The FCC’s generic appraisal plans do not indicate that the strategy suggested by the OPM was used in their development.

Guidelines	FCC Status
<i>Performance expectations for all employees are “measurable, observable or verifiable, and results-oriented”</i>	The generic performance expectations in the FCC’s current system do not meet these criteria. Well-defined performance standards help supervisors evaluate performance and help employees understand the expectations of performance. Standards of performance linked to each competency used by the FCC are too vague to be used in a meaningful evaluation or for providing employee guidance.

*Does the agency’s performance management program provide for differentiation between high and low performers?*

The ‘pass/fail’ system currently in place at the Commission does not provide a mechanism for differentiating between employee performance levels. In reviewing various human capital management initiatives at the FCC, we found no substantive mechanism for identifying high or low performers, or for crafting a reward structure that recognizes varying performance levels. By comparing FCC’s practices with the following OPM performance indicators, we found:

Guidelines	FCC Status
<i>Agency tracks performance through regular reporting of results</i>	Virtually all employees “pass” under the current performance appraisal system. This fact makes the establishment of metrics to determine trends in performance virtually impossible.
<i>Performance measures include definitions/examples to guide managers in assessing employees</i>	Such definitions or examples are available in the guidelines that accompany the performance appraisal forms. However, the generic forms used by the FCC do not easily accommodate such individuation. Additionally, we found no requirement for supervisors to create a link between organization goals and individual performance.
<i>Statistical data indicate that that differential rewards are distributed based on performance data</i>	In the conduct of this study, no such data was available. Given that virtually all employees “pass”, it is not feasible that such data can be generated. According to some interviewees, awards are likely to be based on a supervisor’s perception of employee performance rather than actual outcomes. The Pass/Fail system does not identify superior performers deserving of extra rewards based on performance data.

Guidelines	FCC Status
<i>Performance data is used in the rewards within the GS/SES system</i>	There is no data available to assess achievement of this indicator. However, because of the low turnover rates and the professional categories of employees working at the FCC (e.g., lawyers and engineers), there are large percentages of employees who have topped out in the GS/SES systems. This makes use of promotion steps within these systems difficult at the FCC. The FCC has issued guidelines for application of the GS system for FCC employees. However, these are basically a restatement of the GS rules and regulations which provide little unique guidance for their application within the FCC environment.

*Do supervisors and managers use performance results to identify developmental needs and address poor performance?*

During the course of this study, we found no evidence to determine whether performance reviews were used to discuss ways to meet developmental needs of employees, praise achievements, or address poor performance. The Commission designed its pass/fail evaluation system to foster discussions between supervisors and employees. These discussions, no longer the basis for ladder type ratings, were intended to allow supervisors to be frank and honest in identifying employee performance deficiencies. This was one of the justifications administrators responsible for employee evaluations gave for moving to the current pass/fail system. Unfortunately, there is no data available to assess the effect this pass/fail system has had on employee performance at the Commission. Interviews with operational managers cast doubt on the assumption that supervisor-employee interaction has been enhanced. The interviewees unanimously felt that the pass-fail system was more likely to allow supervisors to avoid unpleasant confrontations with their employees, rather than foster constructive direction.

OPM suggests a number of performance indicators to assess achievement of other components of this standard. The following critical indicators should be examined by the FCC:

Guidelines	FCC Status
<i>Agency procedures detail steps for addressing poor performance</i>	The FCC has clear instructions for supervisors to document poor performance and steps to be followed to remediate unacceptable work. There is little data, however, that indicates whether these processes are followed, how often they are used, or if there are any trends in the requirement to identify and remediate poor performances.

Guidelines	FCC Status
<i>Agency policy factors performance management into supervisory and management performance plans</i>	Sufficient supervisory performance includes application of management practices that are aligned with established guidelines designed to contribute to achievement of the agency’s goals. According to the memorandum on Integration of Performance Appraisal and the FCC’s Strategic Plan, all supervisors were notified that supervisory and managerial performance will be evaluated based on accomplishments in achieving the agency’s goal. However, there is no documentation that clearly links individual’s professional responsibilities with broader agency goals.

*Is the agency strategic plan shared and accessible to employees?*

The strategic plan for FY 2003-2008 is readily accessible in print copy and on the FCC Intranet and Internet web sites. As expected, managers and administrators participating in this study were very familiar with the goals comprising the Commission’s plan and the responsibilities for achieving their particular goals.

The Commission currently does not have data available to measure how well employees understand or accept the Commission’s strategic plan. FCC management could collect such data through an employee survey or a climate study addressing this area.

*Has the agency created a “reward environment” that applies factors beyond compensation and benefits to attract, retain, and motivate employees?*

We found that the FCC has created an award environment outside of the traditional compensation system. There are a variety of non-monetary rewards used by Commission managers to recognize superior performance and motivate their employees. However, based on interviews with managers, after the Commission moved to the Pass/Fail system, these awards are not necessarily linked to the formal performance evaluation process. Additionally, many awards are given on an ad hoc basis from recommendations by first-line supervisors.

Employees and managers interviewed for this study cited numerous examples of non-monetary forms of recognition for employees who performed beyond expectations. For example, the agency provides a catalog of “Memento” awards that can be given to qualifying employees or employees can receive “time-off” awards. The agency also uses funds to encourage motivated employees to participate in personal development activities. Implementation of the FCC University and initiation of a Personal Development Plan (PDP) system are examples of the Commission moving toward this type of employee recognition.

Memento and time-off awards are indicators that the FCC is attempting to foster a reward-based environment in its organization. However, assessing employee sentiments through climate surveys would provide a better measure of the Commission’s non-monetary reward environment on employee morale and motivation. Currently, this type of data is not available at the FCC.

**V. Talent**

**Level of Risk = Low**

Overview: In reviewing achievement of this standard, we focused on how well the FCC has recruited and retained a workforce that matched the competencies required for achievement of the agency mission.

Summary of Results: This area was assigned a low level of risk because the agency is making a strong effort to develop and retain a talented workforce. The agency currently offers a comprehensive professional training program, opportunities to develop managerial skills, and a family-friendly working environment. The Workforce Planning Initiative, which should result in a strategy to address workforce competency gaps, is in progress at the FCC.

Even though we assigned this standard as a low risk area, we did note areas where the Commission could improve and have detailed them in the following Specific Results section. For example, we were unable to determine the adequacy of the Commission’s plans to fill skill deficiencies, primarily because this document is not yet available as of this report date and we found no formal strategy to measure success or indicate deficiencies of human capital strategies that ensure a results oriented workforce at the Commission. Please note that the Human Capital Management Standard for talent shares the metrics deficiency that has been identified elsewhere in this report.

Specific Results:

*Does the agency identify mission-critical occupations and competencies?*

The agency defined its critical occupations and identified required competencies for some occupations as part of creating its FCC University curriculum. In general, the process of competency identification is underway; however, a process for maintaining a competency database has not been put in place as of this report date. Using the following OPM performance indicators, we found that the FCC is heading in the right direction in this area, but has more work to do:

Guidelines	FCC Status
<i>Mission-critical occupation and competency references are included in strategic plan and/or performance plans</i>	Mission-critical occupations and corresponding skills are identified in the strategic plan and other documents, including the Workforce Analysis Memo and the FCC University catalogue. The catalogue explains competencies and correlates them with courses offered by the university.

Guidelines	FCC Status
<i>Job analyses identifying competencies for successful performance are current and updated when positions/occupations change</i>	According to available documentation and interviews, job analyses are not conducted regularly. The competencies are reviewed on an “as-needed” basis, such as when significant changes occur in the industry or creation of a new occupation within the agency becomes necessary to accomplish mission goals.

*Does the agency develop and use recruitment and retention strategies to close anticipated workforce competency gaps?*

The Commission is currently working on a strategy to address its competency gaps. This includes expanding its employee training programs, such as establishing the FCC University as the Commission’s main strategy for maintaining professional expertise in the current rigid hiring environment. The university offers a number of courses in engineering, economics, and law to help specialists stay well-versed in the latest developments in their fields. While the agency is collecting data on competency gaps and future recruitment needs, a formal plan to address staffing deficiencies is not yet available.

By using the following OPM performance indicators, we found that, while the process of competency gap identification is underway at the Commission, the plan to rectify the gaps is not currently available:

Guidelines	FCC Status
<i>Formal recruitment and retention plans are in effect, including guidelines for recruitment and retention bonuses</i>	We could not find evidence that formal recruitment and retention plans are in place, although the agency has conducted some analyses to develop a comprehensive workforce planning strategy. According to information gathered during the interviews, managers are limited in their ability to use monetary incentives to attract and retain their workforce, largely due to salary caps and limited bonus pools.
<i>Staffing, training, and performance data indicate success in closing competency gaps</i>	There is no indication that data on competencies and performance of current employees is used to determine the effects of retention and training activities on the Commission’s success in closing competency gaps.

*Does the agency provide work/life flexibilities, facilities, services, and programs to make the agency an attractive place to work?*

The agency offers alternate working arrangements, such as flexible and compressed schedules, and the option to work at home or in satellite offices (telecommuting). The agency also has a family-friendly leave policy, provides commuting benefits, and offers a confidential employee assistance program to its employees. This is an attractive package that serves to make the FCC a desirable work place.

*Are human capital approaches assessed with respect to the agency's ability to attract, acquire, promote, and retain quality talent? Are there policies and procedures that indicate how recruitment, hiring, promotion, and retention activities are evaluated?*

Based on interviews, human resources professionals and managers recognized constraints on hiring new personnel, but also see the agency as an attractive workplace.

Although human capital strategies are formulated and implemented with understanding of strengths and weaknesses of the agency's ability to acquire and retain a quality workforce, the Commission lacks a system that evaluates those strategies. In addition, the Commission does not have metrics available to determine program successes or methods to identify and remediate program deficiencies.

*Does the agency's application process enable rather than deter job seekers?*

We found that the Commission's application process is clearly explained and encouraging for job applicants. Job openings and position requirements are posted on the agency's website. However, throughout our interviews, managers noted that hiring procedures for candidates from outside the agency is a lengthy, complicated, and time-consuming process. Due to their limited ability to hire from the outside, individual bureaus compete for necessary staff from within the Commission's employee population.

## **VI. Accountability**

## **Level of Risk – Medium**

Overview: To assess achievement of this standard, we obtained and reviewed data the Commission uses to monitor its human capital programs and its written procedures on how to monitor human capital processes.

Summary of Results: We assigned this area at the medium risk level because there was little documentation available concerning results that the FCC has achieved this standard by following these guidelines. The OPM Accountability standard requires that human capital decisions be guided by data-driven results-oriented planning and that there exists an accountability system to track such planning efforts.

We also found that the FCC has various documents to guide supervisors and managers in selected areas of human capital management. However, the Commission has not compiled a comprehensive guidebook detailing its human capital management processes, measures, and results. Additionally, we found no evidence of standardized procedures for periodically assessing human capital strategies at the Commission.

### **Specific Results:**

*Does the agency analyze human capital data to assess results, identify risks, and ensure that controls are in place to address problems and modify strategies and activities as necessary?*

According to available documentation, the last workforce analysis was conducted in FY 2001. There is minimal documentation available on workforce data and the effects that specific human capital management initiatives have had on the Commission. Although workforce activities are documented, we found no metrics at the Commission that evaluates program successes.

OPM suggests a number of procedures for ensuring that agency controls are in place to monitor and manage human capital activities, including:

- Written quality assurance processes for tracking personnel transactions;
- Dedicated HR staff assigned to review human capital data integrity;
- Documented measures of success related to human capital programs;
- Documented human capital implementation efforts have documentation that outlines roles and levels of authority; and
- The agency tracks human capital program reviews that tracks and reports to a central advisory or management board.

While the FCC may not have the resources to incorporate all of these controls, it does not appear that the Commission has a control strategy for analyzing human capital data at the present time.

*Has the agency documented all of its human capital management processes, measures, and results?*

The documents provided by management for our review describe implemented programs or initiatives, rather than providing general guidelines and principles for the Commission's human capital management processes, measures, and results. We were provided several documents on the Commission's policies and procedures, such as the Supervisor's Guide to Employee Evaluations and the FCC Knowledge Management Strategy. Each of these policies and procedures provides information on particular aspects of Commission's human capital management. However, the FCC has not compiled the information required by managers into a comprehensive guidebook detailing its human capital management processes, measures, and results.

*Are human capital strategies and the processes for ensuring accountability periodically assessed?*

During the course of this review, we found that no standardized procedure for periodic assessment of human capital strategies was evident at the Commission. This is not to say that such assessments are not completed ad hoc or on an as-needed basis. However, there

was no evidence of an assessment program that would meet the criteria specified in the OPM standard for accountability.

## **CONCLUSIONS**

As a result of this risk assessment survey, we identified one high risk area -- Results-Oriented Performance Culture -- and two medium risk areas -- Workforce Planning & Deployment and Accountability -- that will require further review once the Commission implements changes to reduce the risk levels in those areas. We also identified other overarching concerns and made recommendations for improvement in those and the other areas that we believe should be implemented by Commission management in developing its human capital management strategy.

We also identified areas where more data is required before final recommendations can be made concerning the most effective avenues for mitigating specific risks during our survey. We included suggestions for compiling this additional information in our report for each standard.

In this conclusion, we are presenting each of the following six standards in italics as they would be stated if the standard was being met by the Commission.

1. **Strategic Alignment** – *The FCC human capital strategy is aligned with mission, goals, and organizational objectives and integrated into its strategic plans, performance plans, and budgets.*

Risk Areas: There is a common missing element in the various components of the FCC human capital strategy – metrics. We found that the FCC made few rigorous attempts to set metrics for measuring success of various Commission programs. In particular, we found a lack of progress metrics. Progress metrics allow implementers of the strategic plan to assess whether the plan is progressing on schedule or losing momentum.

Area Requiring Further Research: The FCC Human Resource Management Strategy is incorporated in a five year plan that is in its third year. Developing and presenting a road map of the plan with milestones that have been achieved and those that are yet to come to fruition would provide valuable information in assessing the Commission’s progress in this area.

2. **Workforce Planning & Deployment** – *The FCC is citizen-centered, de-layered and mission-focused, and leverages e-Government and competitive sourcing.*

Risk Areas: The FCC administration appears to be following correct procedures in setting up a process to conduct regular workforce competency analyses. However, we were not able to find documentation detailing how data generated in such analyses is actually used in the Commission’s workforce planning. Further, identified strategic hiring barriers have not been overcome by management conducting workforce

competency analyses. The methodology to overcome these barriers should be included in the Commission's competency analysis process.

The Commission's trend toward a flatter organization is a move toward efficiency and high productivity. The primary risk from this strategy reduces opportunities for Commission employees to be promoted into supervisory positions.

Areas Requiring Further Research:

- Review the Commission's Workforce Analysis once it's complete, originally due on October 31, 2003, to evaluate the FCC's progress in tracking its human capital management activities. The review would include determining whether the Workforce Analysis contains reliable and valid metrics for assessing progress in human capital planning.
- Perform a follow-on survey of operational managers in order to obtain better data concerning the Commission's staffing levels, competencies, and workforce deployment.
- Undertake a study to assess the effects that flattening the organization and reducing the number of supervisory positions has had on organizational efficiency and employee morale at the Commission.

3. **Leadership & Knowledge Management** – *FCC leaders and managers effectively manage people, ensure continuity of leadership, and sustain a learning environment that drives continuous improvement in performance.*

Risk Areas: The major risk in this area stems from the historically short terms served by FCC Chairmen. If Chairman Powell leaves before his initiatives are institutionalized by the administrators managing the FCC, these initiatives face the risk of being lost. A new chairman may set Commission priorities that are more policy-based rather than focused on organizational development.

A second area of risk has to do with the lack of a formal plan for succession. A succession plan should incorporate an assessment of competencies required by FCC leaders and methodologies to be used for identifying and assessing the individuals possessing those competencies.

Areas Requiring Further Research::

- Initiate an analysis of how the leadership development program ties to the Commission's workforce planning process.
- Review documentation supporting the Commission's leadership development plan to expand downward to middle managers and supervisors for timeliness and comprehensiveness.

4. **Results-Oriented Performance Culture** – *The FCC has a diverse, results-oriented, high performance workforce, and has a performance management system that effectively differentiates between high and low performance, and links individual/team/unit performance to organizational goals and desired results.*

Risk Areas: The Commission’s performance appraisal process can be viewed as an area of risk. Specifically, the generic appraisal form used by the FCC does not provide the metrics for analysis in this area. Nor does the format allow for identifying high performing individuals within the Commission.

Areas Requiring Further Research:

- Perform a client survey designed to assess various aspects of human capital management activities at the FCC in order to assess how well the Commission’s goals have been transmitted to its rank and file employee base.
- Review the Commission’s performance appraisal process, which should include: i) an analysis of the data being generated by the system, how the data is used for assessing performance levels, and how the data is used to identify high and low performers; and ii) a review of the processes in place for training Commission supervisors in the FCC’s performance appraisal process.

5. **Talent** – *The FCC has closed most mission-critical skills, knowledge, and competency gaps/deficiencies, and has made meaningful progress toward closing all.*

Risk Areas: Given that we assessed this as a low risk area, we consider the FCC’s high employee retention rates as a major risk factor in the Commission ability to attain this OPM standard. For example, danger exists within the engineering specializations at the Commission because the lack of turnover can limit the infusion of new technologies and methodologies in accomplishing its mission. Additionally, resistance of long term employees to retraining or reassignment can hinder FCC flexibility and creativity in pursuing those objectives.

Area Requiring Further Research:

A review of the Commission’s Workforce Planning Initiative should provide the data required to assess the adequacy of its strategy to close any workforce competency gaps.

6. **Accountability** – *FCC human capital decisions are guided by a data-driven results-oriented planning and accountability system.*

Risk Areas: The lack of a scheduled and documented review of human capital practices is a risk area for the FCC. Additionally, the lack of human capital performance metrics significantly limits the Commission's ability to evaluate programs, identify deficiencies, and select best practices.

Suggestions for Improvement:

- The Commission should establish success metrics and performance standards for its general human capital management strategy and individual programs.
- The Commission should compile and develop documentation on its key processes and incorporate them into a comprehensive management guidebook for current and new supervisors and managers at the FCC.

### **RECOMMENDATIONS**

In completing this risk assessment, we found that the FCC has made significant attempts to develop and implement a Human Capital Management Strategy. This process has been incorporated into the Commission's Strategic Plan and is present in the planning and review processes used by its administrators. As a result of our assessment, we identified certain areas of risk related to processes involving human capital management and the documentation that should accompany those processes. Accordingly, we have developed the following three recommendations:

1. The Commission should compile, publish, and roll-out a comprehensive Human Resource Management Strategy to its management and employees.

The FCC has initiated numerous components of a strategy to manage its human capital assets. There is a risk, however, that these various components may not be synergistic or harmonious when completed. The following actions can be initiated by the Commission to add more structure in developing a strategy that ensures success in developing its comprehensive Human Resource Management Strategy:

- Assemble a panel of stakeholders with the task of reviewing the components of the strategy to ensure all areas are included. The stakeholder panel should include representatives from administration, operational managers, union representatives, and human resources staff.
- The stakeholder panel should determine a process for publication and review of the strategy.
- Once finalized, the Commission should develop and issue a Human Capital Program Managers Guidebook that is designed to assist its managers in implementing the strategy.

2. The FCC's performance appraisal system should be revised to better identify its high and low performing employees.

The current pass-fail system employed by the FCC is seen by some constituencies as preferable to the ladder type rating system it replaced. Interviewed administrators and managers cited the following examples of the benefits they experienced with the pass-fail appraisal system:

- Administrators. Less data to manipulate and reduced employee dissatisfaction with their assigned ratings.
- Supervisors. Less paperwork and a good vehicle for avoiding contentious discussions with employees over their assessed performance level ratings.
- Union Representatives. Fewer cases to mediate and adjudicate.

Interviewed managers agreed that, since neither system worked very well, the pass-fail approach was easier and probably preferable to the ladder-type performance evaluation system.

We concur with the FCC managers about staying with the pass-fail performance evaluation system. However, we have concerns about the FCC's implementation of this system. Tightening controls on the pass-fail appraisal process would mitigate many of the risks cited in the results section of this report. Examples of potential controls the Commission could adopt and implement include:

- Conducting employee climate surveys to obtain data on a number of human capital issues at the Commission. This could include survey questions designed to assess employees' perceptions on the fairness and accuracy of their performance appraisals and the adequacy of any rewards received for their performance during the period.
- Grade supervisors on how adequately they assess their employees' performance.
- Create a mechanism that allows employees who feel they are not being adequately or fairly evaluated to report the situation to the HR department.
- Add an additional step to the appraisal process whereby supervisors and employees meet to individualize their performance goals.
- Integrate the Commission's new Personal Development Plan (PDP) into the appraisal program.

3. Develop enhanced, systematized and institutionalized tracking mechanisms and metrics for measuring FCC human capital management activities.

As discussed in the first recommendation, a comprehensive Human Capital Management Strategy for the FCC needs to be presented to its management and employees that includes empiric metrics for measuring progress. It should also include guidance for managers and administrators that detail their responsibilities under the plan. At a minimum, the following components should be considered for inclusion:

- Reports from human capital administrators that include process costs and value-added calculations.
- Gantt charts that include milestones and target dates for achieving each of the initiatives in the Commission's strategy. These documents should also identify organizational and individual responsibility for tracking achievement of the milestones and targets.
- A monitoring strategy that ensures progress reporting is being completed by the responsible managers and supervisors and remedial actions have been developed to address the areas where progress is not meeting targets.

### **MANAGEMENT COMMENTS**

On June 1, 2004, the Managing Director provided his response to our draft risk assessment report. In his response, the Managing Director stated that the Commission concurs with the above cited recommendations. We consider management's response to be adequate. A complete copy of the Managing Director's response is included as an Appendix to this report.

**APPENDIX**

UNITED STATES GOVERNMENT  
FEDERAL COMMUNICATIONS COMMISSION

M E M O R A N D U M

DATE: June 1, 2004

FROM: Managing Director

SUBJECT: Draft Report on Risk Assessment Survey of the  
FCC's Human Capital Management Framework

TO: Inspector General

This is in response to your April 30, 2004 draft report on the risk assessment survey of the Commission's Human Capital Management Framework.

While the report provides valuable information to aid us in developing a Human Capital Plan, we would like to note that the Commission is not required to follow the President's Management Agenda, as it is directed specifically to Heads of Executive Branch Departments and major Agencies. Although not mandated, the President's Management Agenda and the accompanying OPM guidance on Human Capital Management are helpful in ensuring that the Commission aligns human capital strategies with mission goals.

In addition, the report stated that a high level of risk had been assigned to the "Results-Oriented Performance Culture" because the Commission's employee appraisal process does not meet most of the performance indicators recommended by OPM for this standard. The OPM guidance on *Human Capital Assessment and Accountability Framework* and the *Handbook for Measuring Employee Performance* are merely guidance offered to agencies by OPM. They are not standards that must be met, as they do not constitute law, rule, or regulation. The agency is free to adopt all, some, or none of this guidance into their performance appraisal system. What agencies must have is an OPM approved appraisal system that meets the requirements of law and regulation. The Commission's Performance Appraisal System was approved by OPM on June 22, 1999.

We have not commented on the "Results" section of the report; rather we concentrated on the recommendations outlined. Specific responses to the recommendations identified at the end of the draft risk assessment survey report follow:

**Recommendation 1:**

The Commission should compile, publish, and roll-out a comprehensive Human Resource Management Strategy to its management and employees.

**Management Comment:**

Management concurs with development of a comprehensive Human Capital Plan as an outcome. As we develop the plan, we will develop the output strategy to ensure the various components blend together and complement one another. The Commission recently hired a Chief Human Capital Officer (CHCO) who is accountable for the strategic alignment of the Commission's work force to its mission. In this capacity, the CHCO has the responsibility of maintaining and effectively directing its human resources management policies and programs. One major objective of the CHCO is to provide direction to the Commission in developing a comprehensive human capital plan and provide guidance and leadership to align human capital strategies with the Commission's strategic goals and budget process.

As we roll-out our comprehensive Human Capital Plan, we will develop an approach that will include major stakeholders to ensure our strategy is successfully implemented. This is an area we will continue to review to ensure we align the performance management system with the Commission's strategic goals, outcome indicators, and outcome measures.

**Recommendation 2:**

The FCC's performance appraisal system should be revised to better identify its high and low performing employees.

**Management Comment:**

Management concurs, since we believe we have already accomplished what you have recommended. At the conclusion of the appraisal cycle, supervisors determine whether an employee is rated as pass or fail. Supervisors then ascertain whether an employee rating "pass" should be rewarded. Eligibility requirements for rewards are outlined in Article 22 of the

Basic Negotiated Agreement (BNA). How well the criteria are met determines the amount of the award.

It should be noted that we are currently in the process of re-designing the performance appraisal and compensation system for Senior Executive Service (SES) members to implement the new legal requirements authorized in the Homeland Security Act of 2002 and the FY 04 National Defense Authorization Act. This will permit us to obtain the flexibilities of higher compensation for SES members.

The report also provides examples of potential controls the Commission could adopt and implement for the performance appraisal system. Our comments on each of the five examples follow:

**Example 1:** Conducting employee climate surveys to obtain data on a number of human capital issues at the Commission. This could include survey questions designed to assess employees' perceptions on the fairness and accuracy of their performance appraisals and the adequacy of any rewards received for their performance during the period.

**Management Comment:** Management concurs, since we believe we have already accomplished what you have recommended. Employees were formally briefed on the performance appraisal system prior to its implementation. Any issues of fairness and adequacy could be dealt with through the grievance procedure. In developing a human capital plan for the Commission, the CHCO will look at different approaches for maintaining and effectively directing human resources management policies and programs. This will include strategies to ensure we successfully implement the performance management system.

**Example 2:** Grade supervisors on how adequately they assess their employees' performance.

**Management Comment:** Management concurs, since we believe we have already accomplished what you have recommended. This is already done under the current pass/fail appraisal system.

As part of the performance appraisal process, supervisors, managers, and management officials are rated on Core Competency #5, Human Resources Management. This core competency appraises these officials on such things as delegating work; conveying performance standards; providing feedback; and appraising employees.

**Example 3:** Create a mechanism that allows employees who feel they are not being adequately or fairly evaluated to report the situation to the HR Department.

**Management Comment:** Management concurs, since we believe we have already accomplished what you have recommended. A mechanism is already in place for employees to report their dissatisfaction with their performance appraisals. Bargaining Unit Employees may file grievances under Article 38 of the Basic Negotiated Agreement between FCC and NTEU. Non-bargaining unit employees may file grievances under Chapter 771 of the FCC Personnel Manual.

**Example 4:** Add an additional step to the appraisal process whereby supervisors and employees meet to individualize their performance goals.

**Management Comment:** Management concurs, since we believe we have already accomplished what you have recommended. This is already done under the current pass/fail appraisal system.

An "Employee Review Form" is distributed to all employees at the beginning of the appraisal period. This form specifies the "core competencies" (critical performance areas). A "Performance Planning Meeting" is held at the beginning of the appraisal cycle wherein the employee and the supervisor discuss the specific job performance expectations. At this meeting, there is also a discussion of the goals of the individual work unit and the employee's involvement and contribution to unit goals for the upcoming year.

Mid-way through the performance appraisal period there is an "Employee Feedback Meeting" to discuss the employee's overall progress and professional development to date. Any formal training, on-the-job training, or self development opportunities are identified and discussed. Both supervisor and employee sign the review form to certify that this meeting has taken place.

At the end of the appraisal period is the "Annual Performance Review Meeting" where the employee and supervisor meet to discuss the employee's performance and achievements throughout the year. Any additional training or self-development opportunities are pursued.

**Example 5:** Integrate the Commission's Personal Development Plan (PDP) into the appraisal program.

**Management Comment:** Management concurs, since we believe we have already accomplished what you have recommended. Under the Commission's strategic goal "Modernize the FCC," one output activity was identified as "All agency staff participate in appropriate career development discussions with their supervisor." This fiscal year, the Commission implemented development of Personal Development Plans (PDPs). During the "Employee Feedback Meeting" conducted mid-way through the performance appraisal cycle, the supervisor discusses the organization's mission and objectives, FCC strategic plan requirements, and the employee's role in achieving them. The supervisor and employee jointly develop the PDP by determining up to two competencies needed to meet these requirements, and develop the PDP to guide training and development activities during the rating cycle.

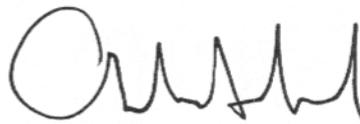
**Recommendation 3:**

Develop enhanced, systematized and institutionalized tracking mechanisms and metrics for measuring FCC human capital management activities.

**Management Comment:**

Management concurs, because we agree with the development and institutionalization of a comprehensive Human Capital Plan as an outcome. During the process of developing the plan, we will prescribe the output in terms of the tracking mechanisms and metrics for measuring human capital activities. As stated in our response to recommendation number 1, the Commission recently hired a Chief Human Capital Officer to serve as an integral part of senior leadership to improve and implement the Commission's human capital strategic plans. As we develop our plan, we will look at tracking mechanisms and metrics for measuring human capital management activities. The specific mechanism for achieving and measuring human capital activities will be determined as the initiative and plan is developed.

If you have any questions, please let me know.



Andrew S. Fishel