

Human Capital Reviews



**U.S. Office of Personnel
Management**

Human Capital Reviews

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Human Capital Reviews

Introduction

The effective management of human capital (HC), an agency's most valuable resource, is essential for hiring, managing, training, rewarding, and retaining a high-performing workforce. In accordance with the Government Performance and Results Modernization Act (GPRMA) of 2010, agencies ensure their human capital management (HCM) strategies and programs support agency goals identified in the Agency Strategic Plan and Annual Performance Plan. Covering a four-year period, the Agency Strategic Plan is an agency's primary strategic planning document. An agency uses it to communicate a vision and supporting strategies for goals and objectives that indicate what the agency wants to accomplish in alignment with Administration priorities. The Annual Performance Plan is the agency's annual operational plan of programs and activities intended to further progress in meeting organizational priorities. In addition to the Agency Strategic Plan and Annual Performance Plan, the U.S. Office of Personnel Management's (OPM) Federal Workforce Priorities Report and agency Human Capital Operating Plans comprise the formal elements agencies use to plan and implement HC activities. OPM publishes the Federal Workforce Priority Report, which communicates key Governmentwide HC priorities and suggested strategies, at the beginning of every Presidential term. Human Capital Operating Plans, further described below, articulate how agencies will operationalize the HC elements in their Agency Strategic Plans and Annual Performance Plans.

An additional mechanism for helping agencies ensure their HCM strategies and programs support agency goals is the Human Capital Review (HCR). An HCR is an annual discussion primarily focused on agency HC results in connection with goals in the Human Capital Operating Plan and their impact on meeting agency strategic goals. More specifically, the HCR is defined as "OPM's annual evidence-based review of an agency's design and implementation of its Human Capital Operating Plan, independent audit, and HRStat programs to support mission accomplishment and human capital outcomes" (5 CFR 250.202). HRStat is an agency's quarterly, HC data-based review process that informs the impact of an agency's HCM on organizational results. The Independent Audit Program is designed to review all HCM systems and select human resources transactions to ensure efficiency, effectiveness, and legal and regulatory compliance. Both HRStat and the Independent Audit Program are described in more detail below.

The HCR is an agency's opportunity to showcase its successes in the implementation of human capital objectives, as well as obtain focused, high-level, feedback from OPM on its strategic HC progress, for the purpose of informing agency strategic HC planning. At its core, it is a meeting between agency HC leaders and OPM to discuss the implementation and achievement of HC goals, including risks, barriers, and successful practices. The meeting allows agencies and OPM to engage in interactive dialogue, leveraging OPM's ability to partner with them to identify and share successful practices, identify root causes of issues, develop solutions, and highlight crosscutting HC challenges that warrant further attention. The meeting also includes a discussion of agency progress in meeting priorities in the Federal Workforce Priority Report and closing skill gaps. HCRs should inform the agency of how it can improve the impact of HC programs on

mission accomplishment and help it prepare for its annual Agency Strategic Review with the Office of Management and Budget (OMB).

HCR Discussion

As previously mentioned, the HCR is intended to review how agencies are using data from the Human Capital Operating Plan, HRStat, and Independent Audit Program to support mission accomplishment and achieve HC outcomes. Each plays a key role in the cyclical Human Capital Business Process, which consists of planning, implementing, evaluating, informing, and improving HC activities in the four systems (i.e., Strategic Planning and Alignment, Talent Management, Performance Culture, and Evaluation) of the Human Capital Framework (HCF). During the HCR process, OPM will be discussing with agencies how they can improve their design and implementation. A brief description of all three are provided below, along with the types of Business Process activities they support and how they should be used to positively affect HCM.

Human Capital Operating Plan (Planning)

The Human Capital Operating Plan “is an agency’s HC implementation document, which describes how an agency will execute the HC elements stated within the Agency Strategic Plan and Annual Performance Plan.... [It] should clearly execute each of the four systems of the HCF and align with the GPRA-MA.” (5 CFR 250.202.) The Human Capital Operating Plan should also include responsible parties, required resources, timelines, key milestones, and HC performance measures and metrics (targets). Agencies use the Human Capital Operating Plan to pinpoint skill and competency gaps, action items to support priorities in the Federal Workforce Priorities Report, and plans for utilizing HRStat and the Independent Audit Program, discussed below, to assess HCM.

Significance of the Business Process

An agency is experiencing an unacceptable level of turnover in a mission critical occupation. A determination is made to take action to significantly reduce turnover in order to improve organizational performance and increase the continuity of staff occupying these positions.

Documentation indicates employees are leaving for the private sector. As a result, management makes the decision to use retention bonuses in order to offset the assumed higher salaries being paid in the private sector.

The use of retention bonuses continues for a period of 10 years. During this decade, little to no follow up is made to assess the impact of this strategy. After 10 years, the agency finds that the speed in which employees are leaving has slowed slightly; however, the turnover rate has stayed about the same.

In order to make a more in-depth assessment, the agency broadens the questions asked during exit interviews to determine if there are additional reasons employees are leaving for the private sector. During the interviews, the agency learns that higher salaries have little to no impact on employee retention, but the high case load assigned to each employee is causing the vast majority of turnover. The high case load is viewed as unreasonable for the work they perform, and having a negative impact on the quality of services provided to customers. The employees who are leaving do not believe they are able to carry out their work in a professional manner with the current workload, based on their education and the formal training they have received.

This true story illustrates the importance of planning, implementing, assessing results, and making modifications to HC strategies if intended results are not achieved. Assessing the impact of HC strategies in the Human Capital Operating Plan through HRStat and the agency Independent Audit Program should not be viewed as optional, because to do so can be expensive and have a negative impact on achieving organizational goals.

HRStat (Evaluating and Informing)

HRStat “is a strategic human capital performance evaluation process that identifies, measures, and analyzes human capital data to inform the impact of an agency's HCM on organizational results with the intent to improve HC outcomes. HRStat, which is a quarterly review process, is a component of an agency's Strategic Planning and Alignment and Evaluation systems that are part of the HCF” (5 CFR 250.202). It involves formal presentations and discussions with the Chief Human Capital Officer (CHCO) and other senior agency leaders.

Independent Audit Program (Evaluating and Informing)

As paraphrased above, the Independent Audit Program “is a component of an agency’s Evaluation system designed to review all HCM systems and select human resources transactions to ensure efficiency, effectiveness, and legal and regulatory compliance” (5 CFR 250.202). Agencies use multiple data sources in a targeted, data-driven manner to assess HC programs. Data sources typically include policies, transactions, interviews, surveys, and databases such as Enterprise Human Resources Integration, OPM’s Federal employee data warehouse. Activities include, but are not limited to, assessments of all HCF systems, and audits of specific programs, e.g., awards, training, and delegated examining and other external hiring. The assessments result in reports documenting the state of HCM, including successful practices for potential agency-wide or Governmentwide adoption, opportunities for improvement, and actions required to ensure efficient, effective, and compliant programs. They ultimately result in better informed, strategic HC decision-making as well as program improvements and corrections.

Phases of the HCR Process

HCRs involve three primary phases—preparation, face-to-face meetings, and feedback. In the first phase, we will seek input from agencies relating to the topics for discussion at the face-to-face meetings with OPM. The topics will include their greatest HC success (where they achieved the best results) and their greatest challenge (where results were undesirable or not as expected). They may also include other topics of interest they would like to discuss. When seeking input, OPM will provide agencies a proposed discussion framework and include a narrowly focused request for information as well as solicit any additional topics the agency may wish to discuss. OPM intends the request to surface information it does not already have about all discussion topics to help it provide relevant feedback and recommendations at the meeting. In addition, the HCR will be designed to help OPM understand how the agency is using data from its Human Capital Operating Plan, HRStat, and Independent Audit Program to monitor progress and drive organizational performance, and provide suggestions on how to improve their design and implementation. Finally, OPM will discuss with all agencies a limited range of HC topics of potential Governmentwide interest. There is no report required, nor a required format, for the agency’s response to the request other than to provide information relevant to the topics identified in the discussion framework.

In the second phase, OPM will choose appropriate senior leaders and experts to meet with agency leaders to discuss issues or concerns raised by the agency based on the information received in phase one. As noted above, this meeting is at the core of the HCR. OPM intends it to

be a high-level, data-based discussion that focuses most attention on agency successes and concerns, and facilitates dialogue for the purpose of improving overall human capital management. A complete response to OPM's request for information in the first phase can help ensure discussions focus on the agency's needs. Once agencies have responded, they will have the opportunity to help set meeting discussion parameters with OPM. The discussion framework will be used to guide the discussion initially; however, there will be flexibility in its use. See **Appendix C** for an example.

In the third phase, after the HCR discussion, OPM will share observations of where the agency stands against each critical success standard in the HCR maturity model. There will be no scoring or overall assessment of HCR maturity. In addition, OPM will provide each agency recommendations for improving HCM and offer technical assistance as appropriate. More details about the steps involved in each phase are covered below.

OPM may adjust how HCRs are conducted depending on the year within the four-year cycle tied to the Federal Workforce Priorities Report and Agency Strategic Plans. In FY 2019, it will conduct a review of each CHCO agency to establish a baseline for future HCRs and timely inform the next Federal Workforce Priorities Report, which OPM will issue no later than the first Monday in February 2021. In FY 2020-2022, in consultation with the agency, OPM may reduce or eliminate the request to provide information or participate in meetings for certain agencies. This decision will depend all or in part on the agency's HCR maturity levels observed in FY 2019 and the time necessary to implement key HC strategies contained in the Human Capital Operating Plan and realize results. It will timely advise each agency of any information requests associated with the HCR in those years.

Outcomes

The HCR provides the CHCO and other senior agency leaders an opportunity to inform Governmentwide HCM through the sharing of successful practices. It also provides an opportunity for agency and OPM leadership to discuss agency HCM challenges and potential strategies for addressing them. Once the HCR is completed, the agency and OPM will have a better understanding about how effectively agency HCM practices are supporting the mission. This also will be an opportunity for the agency to explore ways to strengthen its HC strategies and determine how OPM can best support it in meeting its goals. OPM will use the information collected across agencies to identify and share best practices and help highlight crosscutting challenges for potential Governmentwide action.

Roles and Responsibilities

The agency's HCR responsibilities are to discuss and demonstrate results and challenges related to its HC goals and objectives in its Agency Strategic Plan and Annual Performance Plan; how it has used its Human Capital Operating Plan, HRStat, and Independent Audit Program to support HCM in support of those goals and objectives; the challenges remaining in making progress; and strategies it is implementing or developing to address them. Below are more specifics of these expectations.

Discuss:

- The implementation and achievement of HC goals from the Human Capital Operating Plan and other agency plans (including risks, barriers, and successful practices).
- Suggested strategies the agency believes can address identified challenges, and successful practices that OPM would share with other agencies.
- Progress toward achieving agency-specific goals.

Demonstrate:

- How the agency is developing and implementing HC strategies within the Human Capital Framework.
- How the agency is monitoring progress towards meeting organizational goals.
- How, with supporting evidence, selected strategies support organizational outcomes.
- How the agency is using its HC to achieve goals identified within its strategic plans.

In accordance with the HCR Timeline discussed below, the agency will provide supplementary information to OPM on HCR meeting topics when necessary for OPM to prepare to meet its responsibilities. As previously mentioned, OPM will not request information it already has.

OPM's responsibilities include:

- Providing feedback on HCM practices; their alignment with the agency's Agency Strategic Plan, Annual Performance Plan, Human Capital Operating Plan, HRStat, and Independent Audit Program; and how they may affect the achievement of HC goals and/or mission accomplishment.
- Providing, as applicable and practicable, successful practices and benchmarking data to inform actions and plans addressing the agency's most critical HC challenges and priorities, Governmentwide priorities discussed in the Federal Workforce Priorities Report, and other Administration initiatives.
- Providing observations on HC implementation strategies, evaluation processes, and the use of assessment outcomes to inform policy decisions.
- Providing agencies feedback on information available to OPM during the HCR, with observations about the agency's maturity levels (as described below) and HC progress.

OPM also will use HCRs to support the development and implementation of Governmentwide policies and strategies.

Participants

OPM will have senior executives, officials and staff chosen for their experience and expertise in the topics chosen for discussion attend the HCR meeting. In order to maximize the meeting's value to the agency, we encourage it to field senior executives who form its administrative management team. This would include, in addition to the CHCO, comparable or higher level officials who are the CHCO's strategic partners. For example, such executives collectively are responsible for developing and approving the Agency Strategic Plan and Annual Performance Plan; approving or supporting the HC programs the CHCO needs to develop and implement to support both; and/or representing the agency in Agency Strategic Reviews. These officials

typically exercise overarching agency responsibilities in the areas of administration, performance, finance, and budget. Such officials may include a Secretary for Administration or equivalent for the agency, the Chief Operating Officer (COO), Chief Management Officer (CMO), Performance Improvement Officer (PIO), Chief Financial Officer (CFO), Chief Budget Officer (CBO), Chief Information Officer (CIO), and Chief Risk Officer (CRO) or Enterprise Risk Manager (ERM). Such officials will add great value to the HCR meeting and help ensure discussion effectively addresses issues that affect the ability of HC programs to support the mission. Accordingly, we highly encourage their attendance.

In addition, we recommend officials attend with direct responsibility for the HCR areas of focus, which include the Federal Workforce Priorities Report supporting efforts, Closing Skill Gaps Initiative, Human Capital Operating Plan, HRStat, and Independent Audit Program. The officials include the agency's program managers or leads for each of these areas, about which they are highly knowledgeable of plans, activities, results, and challenges. For example, included among these officials is the agency's Independent Audit Program Manager, responsible for a portion of the portfolio typically managed by what agencies knew formerly as the Accountability Program Manager. In attending, these officials would be available to contribute their knowledge and expertise on their programs as needed.

Finally, as previously noted, OPM may identify additional areas of focus for the HCR of Governmentwide interest. For example, we may be interested in agency progress on a specific Administration HC initiative or in improving a functional program such as the performance management system. Accordingly, it may identify such a topic for discussion at the HCR meeting. If so, we recommend the high-level official best positioned to discuss or answer questions about the agency's progress, as needed, attends the meeting. Agencies may also include any other key agency or sub-agency officials as appropriate.

Data Sources

In addition to including in-person meetings, the HCRs have evidence as their foundation. Prior to and during the meetings, agencies identify relevant data to demonstrate the efforts made towards the goals outlined in their Human Capital Operating Plans and their results. Such data are inputs in the HCR Logic Model, discussed below. Examples of such evidence may include:

- Agency plans (e.g., Agency Strategic Plan, Annual Performance Plan, and Human Capital Operating Plan)
- Workforce planning documents (e.g., mission-critical occupation (MCO) resource charts, closing skills gap initiatives, workforce data, and analyses)
- Analysis of organizational performance compared to workforce performance
- Findings/results from other assessments (e.g., HRStat, Independent Audit Program, Agency Strategic Reviews, Government Accountability Office (GAO) reports)
- Survey data/results (e.g., Federal Employee Viewpoint Survey (FEVS), customer service)
- Agency dashboards or similar displays of figures, facts, and/or statistical information
- Administrative documents (e.g., budgets, communication plans)

Where possible, agencies should use multiple data sources in a targeted way to demonstrate progress in implementing HC strategies linked to organizational goals. In addition, agencies may present data in different ways, for example, as baseline, benchmark, or trend; cross-referenced or analyzed with other data sources; or focused on particular organizations or workforce segments. If an agency identifies a data source that OPM does not have access to, then the agency should provide the necessary data prior to the HCR.

Maturity and Logic Model

If you can't measure it, you can't understand it.

If you can't understand it, you can't control it.

If you can't control it, you can't improve it.

James Harrington: The Improvement Process

In order to help agencies assess the effectiveness of their HCM efforts and determine where they are in implementing HC strategies to achieve organizational goals, OPM, in collaboration with agencies, developed a maturity model and logic model. The *maturity model* will help agencies determine where they currently stand once Human Capital Operating Plans have been implemented and paint a clear picture of where they should strive to be. The *logic model* gives examples of resources and actions that are required to achieve organizational success and improve HC processes and strategies.

Maturity Model

The maturity model specifies levels of achieving critical success factors that agencies and OPM can use for benchmarking purposes. The model establishes expectations for the HCR at each level (reactive, emerging, advanced, and optimized) for each critical success factor. Agencies and OPM will use the maturity model to review agencies' current HCM efforts and continuous improvement in relation to the established expectations. The maturity model helps identify where an agency needs to improve HCM and what it must do to get to the next level. It is not a scorecard, and OPM will not use it to rate or rank agencies. It is intended as a tool for agencies to use to benchmark progress. See **Appendix A** for the HCR Maturity Model, including critical success factors.

Reactive – An agency does not have formal processes in place and only becomes involved when an issue occurs, which results in inconsistencies and limited desired outcomes to facilitate change across the organization.

Emerging – An agency has established processes in place that result in the agency generally achieving its desired outcome but not always. Some inconsistencies may still occur within the agency.

Advanced – An agency is fully integrated and operates in a manner in which the agency achieves the desired results against established benchmarks to facilitate change within the agency.

Optimized – An agency is engaged and focused on continual improvement to ensure the agency operates effectively and efficiently. The agency is considered a leader and is recognized for establishing best practices for other agencies to implement and use.

Logic Model

A logic model is a visual representation of the relationships among resources, activities, outputs, and outcomes of a program. The items in any one column are predicated on or influenced by the items listed in the column before it. It illustrates what must occur or be in place and in what sequence to realize desired outcomes. Logic models can help agencies see the connections between the big picture and the details. In addition, agencies can use logic models to help evaluate the effectiveness of their programs and to determine if they are meeting their goals. See **Appendix B** for the HCR Logic Model.

Timeline and Meeting

Timeline

Agencies and OPM conduct HCRs annually. To maximize their value, OPM is scheduling the related meetings with agencies to take place in March and April, just before agencies participate in Agency Strategic Reviews in May and June. The HCRs should help prepare agencies for addressing any HC concerns in their discussions with OMB, including how HCM is supporting attainment of agency goals and objectives in the Agency Strategic Plan and Annual Performance Plan.

The HCR Timeline chronologically lays out activities necessary for ensuring agencies and OPM meet the intended purpose of the HCR. It groups the activities into the three phases of the HCR: Preparation, HCR Meeting, and Feedback. In Phase 1, agencies and OPM exchange information months prior to the HCR to ensure discussions are efficient, appropriately focused, and optimally value-added. Proper and timely execution of these activities will help ensure HCRs meet and exceed expectations.

Phase 1: Preparation

November:

- OPM sends letter to agencies—
 - notifying them of their designated HCR Action Officer at OPM;
 - requesting an agency HCR POC for coordinating agency participation in the HCR meeting;
 - providing the HCR Discussion Framework (discussed below) intended to guide and focus discussion at the meeting; and
 - requesting another POC, if different from the HCR POC, to be responsible for providing OPM the agency's portion of the HCR Discussion Framework.
- Agency notifies HCR Action Officer of its POC(s) via email.

January:

- Agency completes its portion of the Framework and submits any supporting evidence/information (no later than Feb. 1).

February:

- OPM reviews the agency's Framework and evidence/information provided. During this period, OPM may contact the agency for additional information or clarification.
- The HCR Action Officer provides the names of the OPM subject matter experts who will attend the HCR meeting to a central OPM HCR Scheduler.
- The OPM HCR Scheduler proposes suggested HCR meeting dates/times to all 24 CHCO agencies. The purpose of having a central scheduling designee is to avoid conflicting appointments.
 - HCR meetings will occur over a 6-week period (e.g., March to mid-April) for 24 CHCO agencies, for an average of four HCR meetings per week.
 - The HCR Scheduler sets up the meetings for two hours.
- Agency and OPM mutually agree upon HCR date/time. [By no later than Feb. 15th]

March:

- Agency HCR POC and OPM hold an HCR pre-meeting one week prior to the official HCR meeting. The purpose of the pre-meeting is to discuss agenda items, possible focus areas and/or concerns, and confirm attendees from the agency and OPM.

Phase 2: HCR Meeting (March to mid-April)

- Agencies host the HCR meetings, expected to last two hours.

Phase 3: Feedback

June-July:

- OPM provides feedback to each agency recapping the meeting, with observations regarding the agency's levels of HCR maturity and any recommendations for improving the design, implementation, and utilization of the Human Capital Operating Plan, HRStat, and the Independent Audit Program. OPM will not assess an agency's overall level of HCR maturity.

August-September:

- OPM releases a Governmentwide report to highlight agency successful practices, crosscutting challenges, etc. An alternative approach to communicate HCR highlights and takeaways could be publishing this information on the OPM website in lieu of a formal report.

By early in the first February of each new four-year Administration:

- OPM releases a new Federal Workforce Priorities Report, informed in part by the HCRs.

Meeting

The HCR meeting is intended to involve agency senior leaders; focus on high-level, strategic HCM; and last only two hours. To help ensure appropriate high-level attendance and value-added discussion aligned with HCR desired outcomes in the limited time available, OPM will provide agencies an HCR Discussion Framework by the end of November in each HCR cycle. **Appendix C** provides an *example* Framework, with information OPM may request in advance to inform discussion. OPM's goal is to strike a balance between structure and flexibility.

Appendix A: Human Capital Review Maturity Model with Critical Success Factors

NOTE: This is not a scorecard, and OPM will not use it to rate or rank agencies. It is intended as a tool for agencies to use to benchmark progress.

	Reactive	Emerging	Advanced	Optimized
HCF Alignment	Agency's goals and priorities clearly integrate no or few HCF system standards.	Agency's goals and priorities clearly integrate the majority of HCF system standards.	Agency's goals and priorities clearly integrate all HCF system standards.	Agency's goals and priorities clearly integrate all HCF system standards and focus areas.
Enterprise Resource Management	Agency does not identify risks, barriers, and challenges.	Obvious barriers and challenges emerge.	Agency identifies current and/or future risks, barriers, and challenges.	Agency identifies and assesses current and future risks, barriers, and challenges and develops plans/strategies to address them.
Human Capital Operating Plan Goal Attainment	Agency has made little to no progress based on Human Capital Operating Plan goals, measures, targets, objectives, and HC strategies.	Agency has made minimal measurable progress based on Human Capital Operating Plan goals, targets, objectives, and HC strategies.	Agency has made significant measurable progress based on the majority of the Human Capital Operating Plan goals, targets, objectives, and HC strategies.	Agency has met virtually all of the Human Capital Operating Plan goals, measures, and objectives, and fully implemented HC strategies.
Human Capital Operating Plan Goal Attainment Evidence	Agency is unable to produce verifiable evidence to support meeting organizational goals.	Agency is able to provide some verifiable evidence; however, it is limited in nature.	Agency includes a significant amount of verifiable evidence to support progress.	Agency consistently has verifiable evidence to support all claimed progress.
Support of the Federal Workforce Priorities Report	The agency selects two Federal Workforce Priorities Report priorities for support over the four-year cycle. However, no action items and measurable goals are identified.	The agency selects two Federal Workforce Priorities Report priorities for agency support over the four-year cycle. Action items and measurable goals are identified but are not geared towards seeking significant improvement.	The agency selects two Federal Workforce Priorities Report priorities for agency support over the four-year cycle. Action items with measurable goals seeking significant improvement are being executed.	The agency selects two Federal Workforce Priorities Report priorities for agency support over the four-year cycle, and includes action items and measurable goals. Their execution has yielded significant improvements, which can serve as evidence-based best practices.

	Reactive	Emerging	Advanced	Optimized
Evaluation System Utility	Agency evaluation system assessment is not utilized and/or results are not used. Agency makes limited use of data to drive decision-making.	Agency evaluation system assessment is utilized. Some data is used to drive decisions and select strategies for the Human Capital Operating Plan.	Agency evaluation system contributes to assessing organizational performance. Multiple data sources are used to improve processes and select strategies for the Human Capital Operating Plan.	Agency evaluation system assesses organizational performance on a continuous basis, and makes use of predictive analytics to forecast workforce needs and select HC strategies. Data from the system is used throughout the agency, e.g., PIO, CFO, CIO, COO, etc.
HRStat Results (Measure Performance)	Measures are being baselined or do not generally exhibit improvement towards targets, which generally are not being met.	Measures are generally trending in the desired direction, but targets generally are not achieved.	Measure targets generally are achieved.	Measures generally are performing well against external benchmarks and targets.
Skill Gap Closure	Agency-specific skill and competency gaps to achieve stated goals have not been fully assessed though a sound, repeatable process.	Current and anticipated agency-specific skill and competency gaps to achieve stated goals have been assessed. Resulting actions are being implemented that may be helping reduce and close gaps.	Current and anticipated agency-specific skill and competency gaps to achieve stated goals are regularly reassessed. Implemented actions have reduced and closed gaps.	Current and anticipated agency-specific skill and competency gaps throughout the agency are regularly reassessed. The process for assessing gaps is continually refined to reflect evolving needs and environmental factors. Implemented actions consistently reduce and close gaps.
Successful Practices	Agency has no successful practices	Agency has successful practices; however, their application is limited to the component/bureau level or below with no/little potential or information available to foster agency adoption or adaptation.	Agency has successful practices at the agency level. Information is available agency-wide about successful practices at the component/bureau or lower level.	Agency has crosscutting successful practices that could be shared with other agencies. Agency systematically fosters the development, adoption, and adaptation of successful practices at various levels using various tools, including official guidance and examples.

Appendix B: Human Capital Review Logic Model

<i>(IF) Resources/Inputs</i>	<i>(IF) Activities</i>	<i>(THEN) Outputs (Immediate)</i>	<i>(THEN) Outcomes (3-5 Years)</i>	<i>(THEN) Impact (5-7 Years)</i>
<p>Gather necessary data and determine format of HCR:</p> <p>Information:</p> <ul style="list-style-type: none"> Agency Strategic Plan Annual Performance Plan Human Capital Operating Plan – goals, strategies, measures, milestones and metrics HR Stat document(s) - measures and results for relevant year FEVS, Customer service, and other surveys Results of workforce planning efforts <ul style="list-style-type: none"> MCO Resource Charts Closing Skills Gap Initiatives Workforce Data and Analysis, if not included in documents above, such as: <ul style="list-style-type: none"> Attrition Retirement Diversity Veterans Disability Independent Audit Program Findings Relevant budget information Benchmarking results (Governmentwide) Agency Strategic Reviews GAO reports Communication Documents <p>Preparation:</p> <ul style="list-style-type: none"> OPM releases HCR Discussion Framework Identify topics/issues for discussion (Governmentwide and/or each Agency) Agency submits completed Framework as read-ahead 	<p>Based on the format of the HCRs and the Agency response to the completed HCR Discussion Framework, review relevant documents and results from the Resources/Inputs column to prepare to:</p> <p>Discuss:</p> <ul style="list-style-type: none"> Do strategies align with organizational goals and objectives? Is there a business case for the HC strategies identified? How is success determined (are targets meaningful and realistic)? Is HC integrated with mission planning and implementation in a meaningful way? <p>Demonstrate (evidence):</p> <ul style="list-style-type: none"> Compare actual performance to goals. Review strategies to meet goals. Identify other (i.e., environmental) factors that helped or hindered Identify the way forward and impact on overall mission <p>Identify areas of success and opportunities for improvement, including risks, barriers, and challenges.</p> <p>Identify and share lessons learned and successful practices.</p>	<p>Agency articulates business case behind chosen strategies, methodology, and desired outcomes, highlighting areas of success as well as challenges. Also, discusses who is involved in the process and the roles/responsibilities of each. Agency identifies strategies and action plans for the way forward.</p> <p>OPM lends its expertise through shadowing, mentoring, coaching and advising, as needed, to help the agency accomplish its goal(s). OPM understands where the agency leadership plans to go and how, and partners with them to help them get there.</p> <p>OPM serves as a central repository of HC activity throughout the federal government. OPM connects agencies based on common themes to create synergy and foster collaborative agency partnerships. Resulting collective outcomes are far better and more sustainable than those achieved by individual agencies in isolation.</p>	<ul style="list-style-type: none"> Increased maturity in HC planning and integration into other business processes. Emphasis on data, metrics, and analytics is part of basic standard operating procedures. Cultural shift related to HC planning and organizational performance. Improved HCM across the federal government. Strategic HCM is removed from the GAO high risk list. 	<ul style="list-style-type: none"> Sustained improvements in organizational performance. Sustained cultural shift in organizational planning. Enhanced HCM directly supports mission accomplishment. Enhanced HCM integration into other business processes. Sustained partnerships between agencies and OPM that provide for optimal management of human resources at the strategic, tactical, and operational levels. Collaboration across agencies to move strategic HCM forward throughout the entire federal government. Agencies demonstrate ongoing proficiency in data-driven decision-making.

Appendix C: Human Capital Review Discussion Framework

The HCR Discussion Framework is an *example* OPM will revise and provide to agencies in November in the form of a slide deck, which will be the focal point of the HCR meeting. It is intended to provide some structure to the agency-OPM dialogue. It provides an outline and logical flow of the subjects to be discussed, and allows for both continuity and flexibility when it comes to the specific agenda. Agencies should provide evidence that demonstrates the level of progress made towards achieving HC goals contained in their Human Capital Operating Plan, and the impact of HC strategies on the achievement of organizational goals. This includes demonstrating how HRStat and the Independent Audit Program have impacted HCM programs, practices, and policies on organizational performance and mission accomplishment.

November Pre-HCR Meeting Request for Information:

- Latest Human Capital Operating Plan, as needed
- Brief summary of HC risks, barriers, and successful practices
 - Including agency specific topics of interest or concern
- Evidence (results and impact on achieving organizational goals) on—
 - Human Capital Operating Plan activities
 - HRStat
 - Overall Independent Audit Program
- Evidence of Federal Workforce Priorities Report priority efforts and results
- Evidence of skills gap closure priorities, goals, and results
- Evidence of two to three other pre-selected Federal initiatives.

HCR Meeting:

- Agency successful practices and areas of special interest or concern
 - Highlight an area of greatest success, and one where performance has not fully met agency expectations
- Standard HCR Topics—
 - Federal Workforce Priorities Report priorities—Efforts and results
 - Skills gap closure priorities, goals, and results
 - Human Capital Operating Plan, HRStat, and Independent Audit Program
 - i. Human Capital Operating Plan and HRStat results and Annual Performance Plan/Agency Strategic Plan impact
 - ii. Independent Audit Program and HRStat support for the Human Capital Operating Plan and HC decisions
 - iii. Successful practices and areas of special interest or concern
- Other pre-selected Federal initiatives
- Next steps—Recap of action items

Miscellaneous:

- The Human Capital Operating Plan discussion should focus on agency priorities

- The Human Capital Operating Plan, Independent Audit Program, and HRStat discussions should cover each HCF system and standard
- Depending on information provided in response to OPM's request, certain items could be de-emphasized
- Overall, emphasis could be pre-negotiated with the agency POC

Appendix D: Glossary of Terms

Advanced (Maturity Model level) - An agency is fully integrated and operates in a manner in which the agency achieves the desired results against established benchmarks to facilitate change within the agency.

Annual Performance Plan - From the strategic goals and objectives in the agency's Strategic Plan, agencies establish the annual performance plan that describe the level of performance to be achieved during the year the plan is submitted and the next fiscal year (i.e., budget year). The plan also describes the strategies the agency will follow in making progress towards achieving strategic goals and objectives (including human capital goals), identifies priorities among the goals, and explains how the agency will monitor progress.

Chief Budget Officer – The senior executive responsible for overseeing and maintaining the agency's budget and related activities to ensure compliance with policies, procedures, regulations, and statutes.

Chief Financial Officer - The senior executive responsible for managing the financial actions of an agency. The CFO's duties include tracking cash flow and financial planning as well as analyzing the agency's financial strengths and weaknesses and proposing corrective actions.

Chief Human Capital Officer - The agency's senior leader whose primary duty is to: (1) advise and assist the head of the agency and other agency officials in carrying out the agency's responsibilities for selecting, developing, training, and managing a high-quality, productive workforce in accordance with merit system principles; and (2) implement the rules and regulations of the President, the U.S. Office of Personnel Management, and the laws governing the civil service within the agency.

Chief Information Officer – The senior executive in charge of information technology (IT) strategy and implementation and responsible for related computer systems that support enterprise goals.

Chief Management Officer - The senior executive responsible for all management and administrative operations, including, for example, personnel management, procurement, finance administration, facilities management, and internal security matters.

Chief Operations Officer - The senior executive who oversees ongoing business operations within the agency.

Chief Risk Officer - The senior executive accountable for enabling the efficient and effective governance of significant risks, and related opportunities, to the agency and its various components.

Data Driven Decision-Making - Data connects human capital management practices to business outcomes and organizational goals to provide base line information for comparing actual program results with established performance goals. Data is used to create a link between the agency's priority goals, Human Capital Operating Plan, Independent Audit Program, HRStat, HCR, and other means used to assess the health of the organization and evaluation system.

Effectiveness - The level of achievement of program goals and the results intended (as defined in strategic plans and in legislation). Examples include the percentage of trainees employed one year after completing job training, the rate of compliance in filing tax returns, and the percentage of customers/employees satisfied in relation to relevant indices.

Efficiency - The ratio of the outcome or output to the input of any program; the degree to which programs are executed or activities are implemented to achieve results while avoiding wasted resources, effort, time, and/or money.

Emerging (Maturity Model level) - An agency has established processes in place which results in the agency generally achieving its desired outcome but not always. Some inconsistencies may still occur within the agency.

Enterprise Risk Manager – The senior executive responsible for informing agency strategic and tactical decisions to protect and create assets and performance outcomes by employing methodologies for managing risks and seizing opportunities related to the achievement of agency objectives.

Evaluation - Individual, systematic studies to assess how well an entire program or some specific strategy or an aspect of a program is working to achieve intended results or outcomes. Evaluations may address questions related to the overall performance of the program, the implementation of the program, the effectiveness of program strategies, or factors that relate to variability in effectiveness of the program or strategies. Evaluations can also examine questions related to measurement of progress, such as the reliability of performance data, identifying appropriate goals or targets for performance, and understanding the contextual factors surrounding a program.

Evaluation System - An agency's overarching system for evaluating the results of all HC planning and implementation of HC strategies to inform the agency's continuous process improvement efforts. This system is also used for ensuring compliance with all applicable statutes, rules, regulations, and agency policies.

Federal Workforce Priorities Report - A strategic HC report, published by OPM by the first Monday in February of any year in which the term of the President commences. OPM may extend the date of publication as needed. The report communicates key Governmentwide HC priorities and suggested strategies. The report also informs agency strategic and HC planning.

HRStat - A strategic HC performance evaluation process that identifies, measures, and analyzes HC data to inform the impact of an agency's HCM on organizational results with the intent to improve HC outcomes. HRStat, which is a quarterly review process, is a component of an agency's strategic planning and alignment and evaluation systems that are part of the HC Framework.

Human Capital Business Process – A framework describing types of HCM activities—planning, implementing, assessing, informing, and improving—that ultimately drive performance in each HCF system. The intent of the Human Capital Business Process is to provide a structure for developing, tracking, reporting, and improving specific goals, objectives, and action items as they relate to an agency's overarching strategic planning process.

Human Capital Evaluation Framework - Underlies the three HC evaluation mechanisms (i.e., HRStat, Independent Audit Program, and HCR) to create a central evaluation framework that integrates the outcomes from each to provide OPM and agencies with an understanding of how human capital policies and programs are supporting missions.

Human Capital Framework - Provides comprehensive guidance on the principles of strategic HCM in the Federal Government. The framework provides direction on HC planning, implementation, and evaluation in the Federal environment.

Human Capital Operating Plan - An agency's HC implementation document, which describes how an agency will execute the HC elements stated within its Agency Strategic Plan and Annual Performance Plan. Program specific workforce investments and strategies (e.g., hiring, closing skill gaps, etc.) should be incorporated into the Annual Performance Plans as appropriate. The Human Capital Operating Plan should clearly execute each of the four systems of the HCF. The Human Capital Operating Plan should align with the GPRA-MA, Annual Performance Plans and timelines.

Human Capital Review - OPM's annual, evidence-based review of the agency's design and implementation of its Human Capital Operating Plan, independent audit, and HRStat programs to support mission accomplishment and HC outcomes.

Independent Audit Program - A component of an agency's evaluation system designed to review all HCM systems and select human resources transactions to ensure efficiency, effectiveness, and legal and regulatory compliance.

Logic Model - A logic model is a visual representation (a road map) of the relationships among resources, activities, outputs, and outcomes of a program.

Maturity Model - The maturity model is a series of levels of effectiveness that can be used by agencies and OPM for benchmarking purposes. The model establishes expectations at each level (reactive, emerging, advanced, and optimized).

Optimized (Maturity Model level) - An agency is engaged and focused on continual improvement to ensure the agency operates in an effective and efficient manner. The agency is considered a leader and is recognized for establishing best practices for other agencies to implement and use.

Performance Improvement Officer - A senior-level agency leader with responsibility to supervise agency performance management activities, advise agency leaders about measuring performance, and assist with integrating performance information into an agency's employee performance appraisal process.

Reactive (Maturity Model level) - An agency does not have formal processes in place and only becomes involved when an issue occurs, which results in inconsistencies and limited desired outcomes to facilitate change across the organization.



U.S. Office of Personnel Management
Merit System Accountability & Compliance
1900 E Street, NW, Washington, DC 20415
OPM.GOV