



Department of Energy

Washington, DC 20585

MAY 20 2014

JM CHRONOLOGY

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MEMORANDUM FOR: INGRID KOLB
DIRECTOR, OFFICE OF MANAGEMENT

THROUGH: KEVIN T. HAGERTY
DIRECTOR, OFFICE OF INFORMATION RESOURCES

FROM: KENNETH T. VENUTO
DIRECTOR, OFFICE OF HUMAN CAPITAL MANAGEMENT

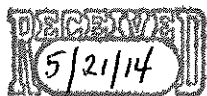
SUBJECT: Notice of Intent to Move Chapter VII from DOE O 320.1,
Acquiring and Positioning Human Resources, into a Separate
New Order

PURPOSE: To establish a separate Order that better addresses position management and classification.

JUSTIFICATION: The proposed new Order, DOE O 325.2, will be titled *Position Management and Classification*. It will replace and supersede Chapter VII of DOE O 320.1 and will apply to all Departmental elements, including the Bonneville Power Administration (BPA), since DOE O 320.1 is applicable to BPA. DOE O 325.2 will provide a formal, structured, lawful, integrated direction on classification and position management across the Department in accordance with the U.S. Office of Personnel Management's (OPM) established classification standards, the Code of Federal Regulations (CFR), and Title 5 laws. The Order will address agency level direction needed that has been cited in OPM, and DOE Human Capital Management Accountability Program (HCMAP) audits.

The Order is to improve the position classification problems that have resulted in a significant number of mis-classified positions which have led to violations of merit principles and are, therefore, not in the best interest of the Department. The Order will establish several internal controls as a multi-prong approach to addressing the underlying problems that have resulted in the mis-classification of positions and loss of classification authority at several Human Resources Offices (HROs).

At the request of the Human Resources Directors (HRDs), a representative team of seasoned classifiers from the HROs, supplemented by Headquarters experts, has conducted an extensive program review over a 3-month period and identified the requirements and responsibilities that are needed to address the problems that exist with classification and position management across the Department. The team benchmarked other cabinet level agencies that have comprehensive programs to



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Justification Memorandum (Continued)

determine if their proposed requirements were adequate, excessive, or need further embellishment. The risk analysis captures the internal controls that the group deems needed. The new directive will re-establish internal controls that were previously required (see archived DOE 3510, *Position Classification*, and DOE O 325.1, *Position Management*), and that continue to be used by many agencies. PLEASE NOTE: DOE O 325.1 canceled DOE 3511.1A

There are no valid external, consensus or other "Standards" (e.g., ISO, VPP, etc.) available which can be used in place of this directive.

IMPACT: The proposed directive does not duplicate existing laws, regulations, or national standards and it does not create undue burden on the Department.

Internal controls are necessary to address position management and classification issues. Sound position management achieves an economical and effective position structure that is critical to the proper use of limited financial and personnel resources. For example, good position management blends the skills and assignments of employees with the goals to successfully carrying out the organization's mission. Most importantly, sound position management also requires the consideration of grade levels of the positions involved, as grades should be commensurate with the work performed to accomplish the organization's mission, and should not exceed those grades needed to perform the work of the unit. A carefully designed position management structure will result in reasonable and supportable grade levels, and skill sets required to meet an organization's mission.

Properly classified positions afford the organization proper career progression budget controls, by not inflating grades and opportunities for advancement.

The measures of success for this directive will be the outcomes of the HCMAP audits and related program reviews, which should result in HROs maintaining and retaining full classification authority. If the internal controls are implemented and classifiers trained as required, DOE should see more effective and efficient organizations and a substantial savings in salary and benefits costs.

WRITER: Judy Hillsmith, HC-11; 287-6862.

OPI/OPI CONTACT: Jennifer Ackerman

Ingrid Kolb, Director, Office of Management (MA-1):

Concur:  Nonconcur: _____ Date: _____

Standard Schedule for Directives Development Days

Draft Development Up to 60 days

Justification Memorandum (Continued)

Review and Comment (RevCom)	30
Comment Resolution	30
Final Review	30
Total	150

Risk Identification and Assessment

DOE O 325.2, Position Management and Classification

Risk	Probability	Impact	Risk Level
People			
1. Misclassified positions result in inequitable treatment among employees in similarly-situated positions	Likely	Medium	Significant
2. Inaccurate PDs may result in employee complaints/grievances and law suits	Unlikely	Low	Minor
3. Incorrect position (risk) designations can result in incorrect security clearances & suitability determinations	Likely	Low	Moderate
Mission			
4. Lack of position management reviews and career progression may result in an inefficient operation and/or shortage of appropriate skills and occupations to accomplish the mission	Possible	Medium	Significant
Assets	N/A	N/A	None
Financial			
5. Without properly classified positions, the result may be over-graded positions and higher costs in salary, benefits and other entitlements to the employee	Likely	Medium	Significant

Gap Analysis of Existing Risks and Controls

Laws	<ul style="list-style-type: none"> 5 U.S.C. Chapter 35 & 51
External Regulation	<ul style="list-style-type: none"> 5 CFR Part 335.103 & 511 Position Classification Standards & Handbook OMB Circular A-11
DOE Regulation	<ul style="list-style-type: none"> None
DOE Orders	<ul style="list-style-type: none"> DOE O 320.1, Chapter VII DOE O 328.1
Contract Controls	<ul style="list-style-type: none"> None
External Assessments	<ul style="list-style-type: none"> OPM classification decisions

Risk Mitigation Techniques

Risk Assessment for DOE 0 325.2 Position Management and Classification					
Risk/Opportunity	Risk Level	Potential Cost/Benefit	External Control(s)	Proposed Mitigation Technique	Internal Control (if needed)
1. Misclassified positions result in inequitable treatment among employees in similarly-situated positions	Significant	Properly classified positions result in equitable treatment among employees in similarly-situated positions		<ul style="list-style-type: none"> Review all vacant positions Re-establish annual maintenance reviews Re-certify PDs at least every 5 years Establish a Departmental classification resolution process in HC Publish career ladders Establish benchmark positions with evaluations approved by HC Require evaluation statements for all full-performance level positions Require all classifiers to complete a minimum comprehensive basic classification course 	
2. Inaccurate PDs may result in employee complaints/grievances and law suits	Minor	Accurately described PDs avoid employee complaints/grievances and law suits		<ul style="list-style-type: none"> Train classifiers to collaborate with supervisors to write PDs 	<ul style="list-style-type: none"> Review all vacant positions Re-establish annual maintenance reviews

Risk Assessment for DOE 0 325.2 Position Management and Classification

Risk/Opportunity	Risk Level	Potential Cost/Benefit	External Control(s)	Proposed Mitigation Technique	Internal Control (if needed)
3. Incorrect position (risk) designations can result in incorrect security clearances & suitability determinations	Moderate	Accurate position designations avoid compromised security issues & the time it takes to resolve the clearance	<ul style="list-style-type: none"> OPM's position designation tool 	<ul style="list-style-type: none"> Use OPM tool for all DOE positions Coordinate with the personnel security staff 	
4. Lack of career progression and position management reviews may result in an inefficient operation and/or shortage of appropriate skills and occupations to accomplish the mission	Significant			<ul style="list-style-type: none"> Require each Departmental element to have a position management review process that involves the servicing HRO & senior management Establish consistent workforce planning data elements 	
5. Without properly aligned and classified positions, the result is over-graded positions and higher costs	Significant	The significant cost of over-graded positions can be avoided with properly aligned and classified positions	OPM's classification appeal process	DOE's classification appeal process	Same as 1 & 2 above

References

Risk/Opportunity Categories

- People – Risks that affect the individual well being.
- Mission – Risks that impede the ability of the department or offices to accomplish their mission.
- Assets – Risks that impact federal land, buildings, facilities, equipment, etc.
- Financial – Risks that may incur costs or obligations outside of DOE's control.
- Customer and Public Trust – Risks that affect the trust and political environment around DOE.

Probability Ratings

- Rare – even without controls in place, it is nearly certain that event would not occur
- Unlikely – without controls in place, it is unlikely the event would occur
- Possible – without controls in place, there is an even (50/50) probability that the event will occur
- Likely – without controls in place, the event is more likely than not to occur
- Certain – without controls in place, the event will occur

Impact Ratings

Rating	Risk	Opportunity
Negligible	Events of this type have very little short-term or long-term impact and whatever went wrong can be	A benefit with little or no improvement of operations or

	easily and quickly corrected with little effect on people, mission, assets, finances, or stakeholder trust.	utilization of resources.
Low	Events of this type may have a moderate impact in the short term, but can be easily and quickly corrected with no long term consequences.	A benefit with minor improvement of operations or utilization of resources.
Medium	Events of this type have a significant impact in the short term and the actions needed to recover from them may take significant time and resources.	A benefit with somewhat major improvement of operations or utilization of resources.
High	Events of this type are catastrophic and result in long-term impacts that significantly affect the ability of the Department to complete its mission.	A benefit with major improvement of operations or utilization of resources.

Risk Level Ratings

		Impact			
		Negligible	Low	Medium	High
Probability	Certain	Minor	Moderate	Extreme	Extreme
	Likely	Minor	Moderate	Significant	Extreme
	Possible	Minor	Moderate	Significant	Extreme
	Unlikely	Minor	Minor	Moderate	Significant
	Rare	Minor	Minor	Minor	Moderate

Risk Mitigation Options and Guidance

- Acceptance
- Monitoring
- Mitigation
- Avoidance

Unmitigated Risk / Strategy	Extreme	Significant	Moderate	Minor
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Acceptance	<ul style="list-style-type: none"> • Not Appropriate 	<ul style="list-style-type: none"> • Not Appropriate 	<ul style="list-style-type: none"> • Not Appropriate 	<ul style="list-style-type: none"> • Risks can be handled through performance feedback and accountability
Monitoring	<ul style="list-style-type: none"> • Mandatory Contractor independent assessments • Federal oversight with a mandatory periodicity • Mandatory, periodic reporting 	<ul style="list-style-type: none"> • Mandatory Contractor Self-assessments with a minimum periodicity • Federal oversight with a periodicity that is based on performance • Mandatory, periodic reporting 	<ul style="list-style-type: none"> • Limited Federal oversight based on performance • Mandatory reporting of threshold events 	<ul style="list-style-type: none"> • Federal oversight on a for-cause basis • Standard performance evaluation processes
Mitigation	<ul style="list-style-type: none"> • Federal approvals of individual transactions • Detailed performance or process requirements • Detailed design requirements 	<ul style="list-style-type: none"> • Federal approvals of systems and programs • Detailed performance or process requirements • Detailed design requirements 	<ul style="list-style-type: none"> • Detailed performance requirements 	<ul style="list-style-type: none"> • General Performance Requirements
Avoidance	<ul style="list-style-type: none"> • Prohibition of activities or 	<ul style="list-style-type: none"> • Prohibition of activities or 	<ul style="list-style-type: none"> • Prohibition of activities or 	<ul style="list-style-type: none"> • Guidance

	operations	operations	operations	
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