



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

Tuesday, January 8, 2002
MSG 2002-003

MEMORANDUM FOR: Heads Of Executive Departments And Agencies

FROM: Kay Coles James, Director

Subject: HRM Accountability

Strategic management of human capital is a central component of the President's Management Agenda. In support of that initiative, I am issuing the attached HRM Accountability System Standards and asking each department and agency to develop an internal accountability system in line with them.

These standards are part of OMB's *Human Capital Standards for Success*. Meeting them is one step to enable your agency to achieve a green light under the OMB standards. They are also fully aligned with OPM's new Human Capital Scorecard, which I transmitted to you on December 7. All three documents stand together as complementary tools for helping you achieve success in managing human capital.

The standards describe the essential features of an internal HRM accountability system. The purpose of an accountability system is to ensure that human resources are strategically aligned to support the mission, and that HRM programs are effective and HRM processes efficient. At the same time HRM policies and practices must uphold the merit values that underlie our Civil Service.

Because this is a new requirement based on the recent Executive Order 13197, we recognize that it will take time for agencies to reach the desired level of HRM accountability. We intend to follow up in the coming months with additional guidance on how to do so. In the meantime, we welcome all questions and requests for help in applying these standards. Please contact Dana Sitnick or Paul Thompson of my staff on (202) 606-2820 for assistance.

The accountability standards were the product of an interagency task force. Please accept my personal thanks for the hard work contributed by your staffs in producing this vital document.

[Standards](#)

STANDARDS FOR AGENCY HRM ACCOUNTABILITY SYSTEMS UNDER THE MERIT SYSTEM PRINCIPLES

INTRODUCTION

In January 2001 Civil Service Rule X, *Agency Accountability Systems*, was created by Executive Order 13197. This rule gives the U.S. Office of Personnel Management (OPM) authority to require agencies to establish HRM accountability systems. Section 10.2 of Rule X reads as follows:

The Director of the Office of Personnel Management may require an agency to establish and maintain a system of accountability for merit system principles that (1) sets standards for applying the merit system principles, (2) measures the agency's effectiveness in meeting these standards, and (3) corrects any deficiencies in meeting these standards. (5 CFR 10.2)

This document has a two-fold *purpose* 1) to set standards for agencies government-wide for establishing and maintaining the internal HRM accountability systems required under Civil Service Rule X, and 2) to give OPM a framework for reviewing or assessing these systems. It is vital that expectations regarding agency internal HRM accountability systems be clear and consistent across Government. The standards are the primary vehicle for conveying those expectations.

The scope of the standards is broad, extending to all the activities of the HR staff and the line organization to manage people in accordance with the merit system principles (5 U.S.C. 2301) while avoiding prohibited personnel practices (5 U.S.C. 2302), and in support of mission accomplishment. The coverage is very broad as well, applying to all Executive agencies subject to the merit principles, regardless of the specific legal authorities under which their HR systems operate.

This document was developed by an interagency HRM Accountability System Standards Task Force, made up of members of the Human Resources Management Council Accountability Committee. Thirteen agencies including OPM participated in the effort. In developing the standards, the Task Force tried to provide agencies with maximum flexibility while clearly articulating a few core requirements. This objective dictated that the standards be kept to the minimum necessary. Agencies can always add to these base standards in their own accountability systems. For the same reason, the Task Force resisted the temptation to add guidance that would only distract readers and ultimately detract from the focus and clarity of the document. However, there is a References and Links section at the end to help agencies find guidance for implementing the standards.

DEFINITIONS AND STANDARDS FOR HUMAN RESOURCES MANAGEMENT ACCOUNTABILITY SYSTEMS

Definitions

- *Human resources management (HRM) accountability* is the responsibility shared by top agency management, line managers, and HR officials for ensuring that people are managed efficiently and effectively in support of agency mission accomplishment in accordance with the merit system principles.

- *A human resources management accountability system* is a process for ensuring that HRM accountability is established and maintained over time.

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- The HRM accountability system must support the organizations mission. It must clearly address and directly support the overall organizations mission-related strategic goals and objectives, as well as those of the HR function itself.
 - The system should determine whether the agency has established and is executing effective human capital strategies, including but not necessarily limited to those delineated in the OPM Human Capital Scorecard (e.g., getting and keeping necessary talent, establishing and sustaining a culture of high performance, promoting effective leadership, etc.), in support of its mission and goals. It should also determine whether the HR function is adequately organized and equipped to support these strategies.
- The HRM accountability system must enable the agency to identify and resolve significant problems. It must be sufficiently targeted and comprehensive to enable the organization to identify problems or less than successful results in a timely and systematic way, especially those that pose a high risk to organizational integrity and effectiveness. The system must also enable the organization to take prompt actions to correct problems or improve sub-standard results.
 - Kinds of problems or issues to be addressed include HRM practices that 1) result in failure to meet organizational mission goals, 2) increase the organizations financial or legal vulnerability, 3) give rise to systemic violations of employee protections or veterans preference, or 4) lead to loss of integrity in the eyes of the public or otherwise undermine the integrity of the organization.
- **The HRM accountability system must provide for balanced measurement of agency human resources management.** Balance is achieved by including measures in each measurement category, as defined below. The measures chosen for use must, in the aggregate, provide a reasonable overall assessment of agency HRM -- including 1) success in carrying out agency human capital strategies, 2) effectiveness of HRM programs, 3) efficiency of HR processes, and 4) compliance with legal requirements.
 - The measures regarding human capital strategies must include those identified in the OPM Human Capital Scorecard. Overall, measurement data will typically be drawn from a variety of sources, such as the Central Personnel Data File (CPDF) or other databases of workforce demographics, surveys of customer or employee perceptions, cost or financial data, and information from systematic internal and external reviews of records and operations.
- **The HRM accountability system itself and the results of its application must be documented.** The systems objectives, methods, measures, processes, and results must be documented and information generated by the system disseminated sufficiently to allow for informed review and action by appropriate officials.

- Documentation should typically include 1) a description of the system and its purposes and processes, 2) results of the systems ongoing determination of HRM results, 3) recommendations for dealing with deficiencies identified, and 4) actions taken in response to recommendations

HRM MEASUREMENT CATEGORIES

Below are four broad categories within which measures must be developed and utilized by the agency. For each category there are examples of measures that might be used. The examples are intended only to aid in understanding the categories, and are not intended to direct or limit in any way an agency's choice of measures.

1. **Strategic Alignment** - Measures in this category address the extent to which HR goals and programs are aligned with and support the agency mission. These measures must include those identified in the OPM Human Capital Scorecard.
 - Examples: the degree to which targeted competency gap reductions in agency restructuring plans are met, agency staff possesses competencies needed for mission-critical activities, the effectiveness of the agency's strategy for managing employee performance, or the extent to which employees understand how their jobs fit in and contribute to fulfilling the agency mission.
2. **HRM Program Effectiveness** - Measures in this category address the extent to which HR programs achieve their desired outcomes, as well as the capacity of the HR staff and line managers to support effective HRM programs.
 - Examples: retention rates, the level of employee satisfaction with agency HRM programs, the extent and effectiveness of training and development activities, the level of diversity in the workforce relative to the population at large, or data on the competencies of the HR workforce.
3. **HR Operational Efficiency** Measures in this category address the degree of efficiency of HR service delivery and the capability of the human resources and other staff to support it.
 - Examples: accuracy and timeliness of personnel processes, including time to hire; effective use of human resources information technology including the accuracy of the HRIS data base; total cost of HR per serviced employee; or cost of a given HRM activity such as staffing, benchmarked against other agencies data or tracked internally over time.
4. **Measures of Legal Compliance** - Measures in this category address the extent to which HRM activities are carried out in accordance with the merit system principles and other pertinent laws and regulations. Measures should address the HRM-related actions of line managers as well as the HR staff's adherence to procedural requirements.

- Examples: level of compliance with veterans preference or whistleblower provisions, managers knowledge of the merit principles, findings from internal or external HRM reviews, or results of quality control checks of CPDF data, employee files, or personnel actions.

REFERENCES AND LINKS

- The full text of the merit system principles and prohibited personnel practices as well as Civil Service Rule X (which was created by Executive Order 13197) can be viewed at OPMs web site (www.opm.gov/account/index.htm).
- Basic guidance on developing an HRM accountability system is found in the OPM publication, the Human Resources Management (HRM) Accountability System Development Guide, available at www.opm.gov/account/sdg.pdf.
- The HRM Accountability Program Coverage Guide can be obtained from OPMs Office of Merit Systems Effectiveness. This document contains OPMs protocol for reviewing and assessing agency accountability systems, and can be used by agencies for self-assessment.
- The accountability page of the OPM web site is also home to the HRM Accountability Clearinghouse, a compendium of promising agency practices in accountability.