



PERSONNEL AND  
READINESS

**UNDER SECRETARY OF DEFENSE**  
4000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-4000

**NOV 24 2020**

MEMORANDUM FOR SENIOR PENTAGON LEADERSHIP (SEE DISTRIBUTION)  
DEFENSE AGENCY AND DOD FIELD ACTIVITY DIRECTORS

SUBJECT: Fiscal Year 2021 Opening Guidance for the Senior Executive Service and Senior Professional Performance Appraisal Cycle

This memorandum and its attachment provide the necessary requirements and guidelines for rating officials to effectively establish the performance plans for the members of the Senior Executive Service (SES) and Senior Professional (SP) employees in the DoD for FY 2021.

Components with Defense Intelligence SES and Defense Intelligence Senior Level employees follow these requirements unless appropriate changes are deemed necessary by the Under Secretary of Defense for Intelligence and Security. Components with nonappropriated fund executives follow these outlined requirements.

It is my expectation that the Department continues to apply rigor in performance evaluations, maintaining its commitment to an appraisal system that makes meaningful distinctions in performance, while neither forcing distributions nor establishing quotas. This begins with the successful establishment of performance plans.

**Creating Performance Plans**

Within 30 days of the issuance of this guidance, every SES and SP employee must have a performance plan approved by his or her rating official for the October 1, 2020 through September 30, 2021 appraisal period. Performance plans must be developed with the intent to evaluate and subsequently reward executives based on both individual and organizational performance.

***Critical Elements***

For SES performance plans, the "Results Driven" critical performance element will be weighted at a minimum of 40 percent; the "Leading People" critical performance element will be weighted at a minimum of 20 percent; and the remaining three critical elements will be weighted at a minimum of 5 percent each. The sum of all critical elements must equal 100 percent.

For SP performance plans, the "Contribution to Mission" performance element will be weighted at 60 percent. The sum of all elements must total 100 percent.

Each Component must develop a single standard set of weights for its SES and SP members.

### ***Results Driven and Contribution to Mission Performance Requirements***

All performance plans must show clear, transparent alignment to each performance requirement in the “Results Driven” or “Contribution to Mission” critical elements with the Agency’s mission, strategic goals, program/policy objectives, and/or annual organizational performance plan. These requirements will articulate specific, measurable, attainable, relevant and time-based performance measures that support each goal.

Members should be able to clearly correlate how their performance aligns with the achievement of organizational goals, and be able to cascade these goals into the performance plans of subordinate employees. Furthermore, performance plans must include references to strategic organizational documents, and associated page number(s), where the relevant goal(s) is documented.

Raters will thoroughly review plans prior to approval to ensure that these measures are clearly depicted. When making decisions during the FY 2021 closeout, Component Heads, pay pools, and performance review boards will ensure that performance-based payout determinations are based upon results achieved that demonstrate success in meeting specific goals and outcomes that align to Component-specific performance, and that are nested in supervisors’ performance expectations and strategic organization documents, as applicable.

### **Mandatory Departmental Performance Requirements**

Finally, as appropriate, performance plans must include the DoD-mandated performance requirements for: Protection of Information, Small Business, and Financial Improvement and Audit Remediation.

Questions regarding this correspondence may be directed to Ms. Julie Broadway, Executive Performance and Compensation Program Manager, whom you may reach at (571) 372-2132 or julie.e.broadway.civ@mail.mil.



Matthew P. Donovan

Attachment:  
As stated

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**Department of Defense  
Senior Executive Service and Senior Professional  
Mandatory Performance Requirements for Fiscal Year 2021**

The mandatory performance requirements below must be included, as appropriate, in performance plans of Senior Executive Service (SES) members, Defense Intelligence Senior Executive Service (DISES) members, Senior Professional (SP) employees, Defense Intelligence Senior Level (DISL) employees, and nonappropriated fund (NAF) executives.

**Whistleblower Protection**

The following whistleblower requirement, and mandatory language, will be included in all supervisory performance plans (SES, DISES, SP, DISL, and NAF executives). This performance requirement must be included under the “Leading People” critical element for SES and DISES members and the “Leadership/Supervision” mandatory performance element for supervisory SP and DISL employees.

***Mandatory Requirement Language***

“Supports the protection of whistleblowers by responding constructively to any employees who make protected disclosures; taking responsible and appropriate actions to resolve any such disclosures, if any; and creating an environment in which employees feel comfortable making such disclosures.”

***Assessment of the ‘Whistleblower Protection’ Requirement***

Rating officials should address failure by executives or members to meet this performance element in the narrative and should take action to address such failures without waiting for the end of the performance appraisal cycle. As practicable in the space available, supervisors may indicate success in meeting this requirement through language such as: “The executive (*or member*) successfully supports the protection of whistleblowers.”

**Protection of Information**

Protection of Classified National Security Information (CNSI) and Controlled Unclassified Information (CUI) is critical to the success of the DoD mission; and an inherent responsibility for DoD personnel. This performance requirement must be included in performance plan for all SES, DISES, SP, DISL, and NAF executives who have access to classified and controlled unclassified information and whose duties include any of the following:

- Research, development, test, and evaluation of warfighting technologies and systems
- Planning, programming, and budgeting
- Policymaking
- Foreign liaison
- Personnel management

- Contract management
- Use of DoD information technology systems

This performance requirement falls under the “Business Acumen” critical element for SES and DISES members and the “Technical Competence/Problem Solving” mandatory performance element for SP and DISL employees.

### ***Mandatory Requirement Language***

“Supports the protection of Classified National Security Information (CNSI) and Controlled Unclassified Information (CUI). Throughout the current rating cycle, institute and apply DoD’s established requirements for the protection of CNSI and CUI to prevent the loss, theft, or unauthorized disclosure of CNSI and CUI. Successful safeguarding is based on ensuring compliance with the requirements set forth in DoDI 5200.01 and DoDI 5200.48 and supporting manuals.”

### ***Assessment of the ‘Protection of Information’ Requirement***

Rating officials should address failure by executives or members to meet this performance element in the narrative and should take action to address such failures without waiting for the end of the performance appraisal cycle. As practicable in the space available, supervisors may indicate success in meeting this requirement through language such as: “The executive (*or member*) successfully supports the protection of information.”

### **Small Business**

Performance plans of SES and SP who acquire services or supplies, direct other DoD organizations to acquire services or supplies, or oversee acquisition officials, including program managers, contracting officers, and other acquisition workforce personnel responsible for formulating and approving acquisition strategies and plans, must include the following mandatory performance requirements in their performance plans under the “Business Acumen” critical element, for SES; and “Technical Competence/Problem Solving” critical element for SP (pursuant to DoD Instruction 4205.01, “DoD Small Business Programs (SBP)”):

### ***Mandatory Requirement Language***

“Support the attainment of established DoD small business goals by considering potential small business contracting opportunities during the acquisition process and by establishing a command or program climate that is responsive to small business concerns. Ensure that small business awareness, outreach, and support are incorporated as part of the command’s overall mission and establish performance measures that reflect that commitment. Establish, for acquisitions under the executive’s purview, annual goals for awards to small business concerns in each category that has a statutory goal. The goal should not be less than the performance achieved during the preceding fiscal year. Develop a corresponding spend plan that establishes

the forecasted performance baseline based on known procurement actions in the budget that can be used to track and report progress to the USD(A&S).”

### **Financial Improvement and Audit Remediation (FIAR)**

With rare exception, all SES, DISES, SP, DISL, and NAF executives and members who deal with or manage resources or DoD business processes *must* have the BASIC FIAR performance standard in his/her performance plan. Additionally, rating officials (not the executive or member, or an Executive Performance and Appraisal Tool (EPAT) administrator) must decide if they play a direct or indirect role in leading the organization’s business efforts that impact financial reporting. A reference document has been loaded into EPAT’s Help Folder to assist in determining which requirement is applicable.

Based on the supervisor’s characterization of the executive’s responsibilities, an executive must include either the direct or indirect FIAR performance standard in his/her performance plan. Specific language for each requirement is found below.

#### ***FIAR Basic + Direct***

FY 2021 performance plans for all SES, DISES, SP, DISL, and NAF executives DIRECTLY responsible for managing resources or DoD business processes must include the following mandatory performance requirement under “Critical Element 3, Business Acumen.”

#### **Mandatory FIAR Direct Language**

“Supports the annual financial statement audit by fulfilling expectations detailed in the four dimensions of the FY 2021 Performance Goals (posted in EPAT’s Help Folder). Additionally, members with a direct role must comply with policy and regulations. Document transactions, per standards and processes governed by effective/documented internal controls (IC). Submit auditor-requested materials timely. Remediate high risk/priority material weaknesses. Direct continuous process and IC improvement using quarterly command-level tests of major processes/systems. Identify process and system weaknesses/reportable conditions via the Risk Management and Internal Control (RMIC) Program. Eliminate manual correction errors to financial reports (Journal Vouchers). Sustain up-to-date systems controls. Govern IT systems using RMIC in the FM overlay for IT systems.”

This requirement may be supplemented with additional Component-specific language.

#### ***FIAR Basic + Indirect***

FY 2021 performance plans for all SES, DISES, SP, DISL, and NAF executives indirectly responsible for managing resources or DoD business processes must include the following mandatory performance requirement under “Critical Element 3, Business Acumen.”

Mandatory FIAR Indirect Language

“Supports the annual financial statement audit by fulfilling expectations detailed in the four dimensions of the FY 2021 Performance Goals (posted in EPAT’s Help Folder). Additionally, members with an indirect role must use internal controls to ensure proper business procedures; facilitate predictability and traceability; have proper authorities; support business improvement and accountability. Uses standardized processes for business systems; do quarterly testing in accordance with Standard Operating Procedures, report weaknesses via the Risk Management and Internal Control Program. Implements Corrective Action Plans timely and document. Ensures the workforce is trained on business effectiveness/accountability. Regularly verifies: 1) supervisors keep time correctly; 2) retention of audit-compliant receipt and acceptance documents; and 3) all equipment/personal property is enrolled in the property System of Record and annually verified.”

This requirement may be supplemented with additional Component-specific language.

***Exceptions to FIAR***

In those rare and compelling cases in which an executive or member does not manage resources or DoD processes, or does not have a direct or indirect role in his or her organization’s audit readiness or remediation efforts, the executive or member must obtain an exemption using the specified waiver memo template (posted in EPAT’s Help folder).

The waiver must be endorsed by the member’s rating official and the rater’s rater prior to finalizing the member’s FY 2021 performance plan. The completed waiver must be forwarded to the Deputy Chief Financial Officer’s Front Office, Office of the Under Secretary of Defense (Comptroller).

Once a waiver has been obtained for a position, the waiver need not be renewed each year. However, supervisors must review all positions with waivers annually when developing performance plans to determine whether the position’s responsibilities have changed such that the FIAR requirement should be included.

Please use the following email address for waiver submission: [osd.pentagon.ousd-c.list.dcfo-front-office-staff@mail.mil](mailto:osd.pentagon.ousd-c.list.dcfo-front-office-staff@mail.mil).