



PERSONNEL AND
READINESS

OFFICE OF THE UNDER SECRETARY OF DEFENSE
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OCT 10 2024

**MEMORANDUM FOR SENIOR PENTAGON LEADERSHIP
COMMANDERS OF THE COMBATANT COMMANDS
DEFENSE AGENCY AND DOD FIELD ACTIVITY DIRECTORS**

SUBJECT: Fiscal Year 2025 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 members of the Senior Executive Service (SES) and Senior Professional (SP) employees in the DoD for Fiscal Year (FY) 2025.

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 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 SES and SP performance plans.

Creating Performance Plans

By October 31, 2024, every SES and SP employee must have a performance plan approved by his or her rating official for the October 1, 2024 through September 30, 2025 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 "Business Results" critical performance element will be weighted at a minimum of 40 percent, and the remaining four critical elements will be weighted at a minimum of 5 percent each. 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, respectively.

Strategic Planning and Alignment

The Department's Performance Improvement Officer and Director of Administration and Management, in partnership with OSD Principal Staff Assistants and other heads of Components, is responsible for the preparation of the Department's Strategic Management Plan

(SMP), Annual Performance Plan (APP), and Annual Performance Report (in compliance with the Government Performance and Results Modernization Act of 2010 (Public Law 111-352)), and under guidance from the Office of Management and Budget Circular A-11, Part 6.

All SES and SP performance plans must show clear, transparent alignment to each performance requirement in the “Results Driven” or “Business Results” critical elements with the National Defense Strategy (NDS) and/or the Department’s FY 2025 SMP/APP. Executives and members may have secondary alignment to agency mission or program/policy objectives.

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. In support of this effort, each Component will perform a comprehensive review and cleanup of its strategic references provided in the Executive Performance Assessment Tool (EPAT) to remove all obsolete and irrelevant references, striving to avoid duplication with NDS and SMP strategic priorities, and verify completion to the Defense Executive Resources Management Office (DERMO) prior to launching the FY 2025 performance cycle.

Raters will thoroughly review plans prior to approval to ensure these measures are clearly depicted and strategic references are applicable. When making decisions during the FY 2025 closeout, Component heads, pay pools (if used by a Component), 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: Whistleblower Protection, Protection of Information, Small Business, and Financial Improvement and Audit Remediation (FIAR). The EPAT contains the requisite language, as applicable, within the global performance plans.

SES members with ownership of the Secretary of Defense’s financial statement audit priorities will also include performance requirements articulating specific, measurable, attainable, relevant, and time-based performance measures that align to one or more of the annual audit priorities in their “Results Driven” critical element. These SES members will have FIAR requirements within both “Business Acumen” and “Results Driven” elements.

Questions regarding this correspondence may be directed to Ms. Kimberly Markee, Defense Civilian Personnel Advisory Services, DERMO, at kimberly.c.markee.civ@mail.mil.



Ashish S. Vazirani
Performing the Duties of the Under Secretary of
Defense for Personnel and Readiness

Attachment:
As stated

**Department of Defense
Senior Executive Service and Senior Professional
Mandatory Performance Requirements for Fiscal Year 2025**

The mandatory performance requirements below must be included, as appropriate, in performance plans for the members of the Senior Executive Service (SES) and Senior Professional (SP) employees in the DoD for Fiscal Year (FY) 2025. Components with Defense Intelligence Senior Executive Service (DISES) and Defense Intelligence Senior Level (DISL) employees follow these requirements unless appropriate changes are deemed necessary by the Under Secretary of Defense for Intelligence and Security. Components with nonappropriated fund (NAF) executives follow these requirements.

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 “Position Specific” critical 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 plans for all SES, DISES, SP, DISL, and NAF executives who have access to classified information and CUI 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 “Position Specific” critical 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 DoD Instructions 5200.01 and 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, including attendant security reporting requirements, 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 officials and SPs 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 “Position Specific” performance element for SPs (pursuant to Department of Defense Instruction 4205.01, “DoD Small Business Programs (SBP),” June 8, 2016, as amended, and Under Secretary of Defense Acquisition and Sustainment Memorandum, “Approval of Exception to Policy,” May 27, 2022.

Mandatory Requirement Language

“Supports the attainment of established DoD small business goals by considering potential small business contracting opportunities throughout the acquisition process and by establishing a command or program climate and practices that foster the growth and diversity of the small business industrial base including new entrants. Ensures 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. Develops and implements measures, as identified by the applicable Rating Official, that support the accomplishment of DoD's overall small business contracting goals and DoD's socioeconomic small business goals for small disadvantaged businesses, women-owned small businesses, service-disabled, veteran-owned small businesses, and HUBZone contractors. Develops 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 Under Secretary of Defense for Acquisition and Sustainment).”

Financial Improvement and Audit Remediation (FIAR)

Results Driven

SES members with ownership of the Secretary of Defense's financial statement audit priorities will include performance requirements aligned to one or more of the annual audit priorities in their “Results Driven” critical element. These requirements will articulate specific, measurable, attainable, relevant, and time-based performance measures that support each organizational performance goal. A guidance document has been loaded into the Executive Performance and Appraisal Tool (EPAT) help folder to assist in determining how to address this element.

Business Acumen

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 their performance plans. Additionally, rating officials (not the executive or member, or an 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 2025 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 “Business Acumen” critical element for SES and DISES members and “Position Specific” critical element for SP and DISL employees.

Mandatory FIAR Direct Language

“Supports the annual financial statement audit by accelerating the path to an unmodified audit opinion. Members with a direct role must comply with policy and regulations, implement

internal control procedures, document transactions, submit auditor-requested materials timely, remediate high risk/priority material weaknesses, develop/update audit roadmaps and drive remediation strategy and plans targeted at achieving a clean audit opinion. Directs continuous process and internal control improvements for major processes/systems. Identifies process and system weaknesses/reportable conditions and identifies the root cause(s) of issues. Sustains up-to-date system internal controls.”

FIAR Basic + Indirect

FY 2025 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 “Business Acumen” critical element for SES and DISES members and “Position Specific” critical element for SP and DISL employees.

Mandatory FIAR Indirect Language

“Supports the annual financial statement audit by accelerating the path to an unmodified audit opinion. Members with an indirect role must implement internal controls to ensure proper business procedures, facilitate predictability and traceability, have proper authorities, as well as support business improvement and accountability. Uses standardized processes for business systems, perform quarterly testing, and report weaknesses. Implements timely corrective action plans and maintains documentation to support financial transactions. 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.”

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, as applicable, prior to finalizing the member’s FY 2025 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).

Supervisors must review all positions with waivers annually when developing performance plans to determine whether a position’s responsibilities are such that the FIAR requirement should be included.

Please use the following email address for waiver submission:
osd.pentagon.ousdc.list.dcfo-front-office-staff@mail.mil.