



Human Resources Policies and Procedures

Policy Title: Performance Management System	Policy Number: 5.5
Effective: October 30, 2005	
Supersedes:	
Approval: <i>Carl R. Johnson</i>	Page 1 of 9

1.0 Scope

- | | |
|---|--|
| <input checked="" type="checkbox"/> Full-time | <input checked="" type="checkbox"/> Salaried |
| <input checked="" type="checkbox"/> Part-time | <input type="checkbox"/> Union |
| <input type="checkbox"/> Temporary/Contract | <input type="checkbox"/> Independent Contractors |

Employees who are covered under the provisions of a collective bargaining agreement will follow the standards as contained in their respective contracts if this policy conflicts with the language in the contract.

2.0 Purpose

- 2.1** To establish the guidelines and process for the Performance Management System (PMS). The purpose of the PMS is to provide an opportunity for employees to maximize their potential and deliver the highest level of service to the City, its residents and its customers.
- 2.2** The PMS is a collaborative process between employees and management. The system links the performance goals of individual employees to the business goals of Service Areas, Service Units and the City's Strategic Plan. The major elements of the process are:
- A. Setting annual performance objectives / performance planning
 - B. Quarterly performance reviews
 - C. Annual individual performance appraisals

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3.0 Policy

- 3.1** The City of Ann Arbor will establish and maintain a formalized system of appraisal and documentation of employee job performance that will be completed by Service Area Administrators, managers and supervisors for their salaried direct report employees. This process will also include the consideration of individual development needs.
- 3.2** The objectives of the PMS are to:
- A. Provide a vehicle for ongoing discussions between management and employees regarding the performance of assigned duties and responsibilities.
 - B. Clearly define the performance expectations for employees.
 - C. Provide employees with feedback of their work accomplishments relative to expectations and pre-defined performance objectives.
 - D. Emphasize the commitment of the City of Ann Arbor to continuously improve and foster a learning environment.
 - E. Keep the lines of communications open.
 - F. Provide a format to document performance in writing on a quarterly basis and for the annual performance review at the end of the fiscal year.
 - G. Develop an understanding of the relationship between compensation and contribution with respect to Pay-for-Performance philosophy and process.
 - H. Provide a link to the City of Ann Arbor salaried compensation plan.

4.0 Responsibility

- 4.1** Human Resources Services is responsible for the oversight of the PMS including:
- A. The design and modification of the PMS, including training, forms, guidelines and procedures.
 - B. Train management and employees in the implementation of PMS.

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- C. Conduct workshops with salaried employees to explain the purpose and the process of PMS.
- D. Establish a schedule for communication to management and employees regarding the timing of the PMS process.
- E. Perform periodic quality control checks of completed evaluations to ensure that the PMS is being properly applied. These checks will include quarterly focus groups with employees and management and reviews of final appraisals.
- F. Provide coaching and guidance to management regarding the application of the PMS.
- G. Conduct periodic evaluations of the PMS.
- H. Recommend changes and modifications as needed to keep the system effective, applicable and practical.
- I. Ensure that management and employees understand and apply the PMS.

4.2 Service Area Administrators

- A. Monitor the PMS process for his or her respective service area.
- B. Ensure management follows the prescribed timetables.
- C. Ensure the overall ratings are properly applied and distributed over the entire range of the five available rating categories.
- D. Ensure objectives and ratings across the service area are fair and equitable.

4.3 Management with salaried employees directly reporting to them

- A. Collaboration with the employees to establish measurable performance goals and objectives, in writing on an annual basis, and to establish a schedule for quarterly performance reviews with each salaried direct report employee.
- B. Provide timely feedback to direct reports throughout the performance cycle.

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- C. Assess the employee's developmental needs and work with the employee to establish a developmental plan.
- D. Submit written documentation of the annual performance appraisal form to Human Resources Services.
- E. Retention of individual performance appraisal records.
- F. Notify Human Resources Services when an employee is being placed on a performance improvement plan (PIP) (See Section 6.5).
- G. Failure to complete these responsibilities will result in a hold being placed on the manager's personal performance based salary increase.

4.4 Salaried Employees

- A. Work in collaboration with their immediate supervisor to establish performance objectives and goals/measures of performance.
- B. Jointly establish a schedule for quarterly reviews.
- C. Gather performance data/documentation as agreed to with his/her immediate supervisor.
- D. Complete self-evaluations on quarterly basis as well as in the final review period.

5.0 Definitions

Performance will be evaluated in accordance with the following rating scale:

<u>Rating</u>	<u>Description</u>
1	Does Not Meet Expectation (DNME)
2	Meets Some But Not All Expectations (MSE)
3	Meets Expectations (ME)
4	Exceeds Expectations (EE)
5	Substantially Exceeds Expectations (SEE)

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6.0 Procedures

6.1 Establishing Annual Performance Objectives

The employee and his/her immediate supervisor shall conduct a collaborative discussion to establish performance objectives, appropriate objective measures of performance and weights. Objectives for the upcoming fiscal year will be established by the end of July of each new fiscal year.

6.2 Performance Discussions

A. Quarterly

1. Performance discussions will take place on a quarterly basis and at the end of the annual performance cycle.
2. Human Resources Services will send email reminders to management regarding the timing of quarterly reviews.
3. Quarterly reviews are updates with the employee on their progress and success in meeting established performance objectives. The intent of the quarterly discussions is to create an ongoing dialogue between management and employees. The quarterly discussion process includes:
 - a. Brief documentation of performance levels in writing.
 - b. Input from the employee in the form of a self-evaluation.
 - c. Feedback on the current performance level of the employee on all objectives.
 - d. A review of the employee's progress on established developmental activities.
 - e. Feedback on common performance behaviors.

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B. Annual

1. The annual performance discussion should be structured to ensure two-way communication between management and employees. The employee should be encouraged to provide a self evaluation, any comments or input he/she feels are required to develop an accurate picture of his/her performance for the entire fiscal year.
2. The discussion process includes:
 - a. Notification to the employee at least two weeks prior to the meeting.
 - b. Exchange of draft comments between management and employee prior to the meeting.
 - c. Review of each objective established.
 - d. Review of objective data that reflects performance in measurable terms.
 - e. Discussion with the employee to resolve disagreements.
 - f. Annual performance must be documented using the PMS form. The form requires proper signatures prior to being submitted to Human Resources Services.

6.3 Appeal Process

- A. In the event an employee disagrees with information in the annual performance appraisal an appeal may be requested.
- B. The intent to appeal shall be requested verbally and confirmed in writing to the employee's immediate supervisor.
- C. The Appeal Process shall consist of two levels of review.

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1. Level I

The level I review shall consist of a discussion between the employee, the employee's immediate supervisor and the next level of management in the Service Area. The discussion will include a review of all pertinent documentation related to the employee's performance over the entire performance cycle (fiscal year). If the employee is satisfied with the decision the appeal is complete and documentation will be sent to Human Resources Services. If the employee disagrees with the decision at level I, a level II appeal will be automatically pursued. The employee's immediate supervisor will notify Human Resources Services, in writing regarding the second level appeal.

2. Level II

The level II review shall consist of a discussion including the employee, the employee's immediate supervisor and a representative from Human Resources Services. All written documentation will be reviewed. The decision of Human Resources Services to change the performance evaluation or to keep the original performance evaluation shall be considered final. After Human Resources Services provides a decision the immediate supervisor or manager will provide the final documentation.

6.4 Performance Management System Schedule

Human Resources Services will publish a schedule and guidelines at the beginning of the fiscal year (establishing goals and objectives), and during the fourth quarter of the fiscal year (timetable for annual reviews and salary administration).

6.5 Performance Improvement Plans

- A. A performance improvement plan (PIP) is a tool designed to address critical performance issues. A PIP is designed to define the steps required for an employee to retain their employment with the City of Ann Arbor.
- B. A PIP is required when:

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1. An employee earns an overall final rating of "Does Not Meet Expectations (DNME or 1)" on an annual performance appraisal.
 2. An employee earns an overall final rating of "Meets Some But Not All Expectations (MSE or 2)" for two consecutive annual performance appraisals.
- C. Management has the option available to place an employee on a PIP at any time that performance falls to a level that is unacceptable and immediate corrective action is required. This may include any time that an employee performs below expectation on defined functions or is behaving in a manner that causes disruption or impedes the accomplishment of work.
- D. To place an employee on PIP:
1. Management notifies Human Resources Services there is a desire to place an employee on a PIP.
 2. Management and Human Resource Services develop the formal written PIP document that defines performance objectives, timelines and measures
 3. Management conducts a performance review meeting and informs the employee that performance has fallen below an acceptable level. Performance must be documented in writing.
 4. Management provides the employee with a written letter stating that he/she has been placed on a PIP. The notification includes the duration of the PIP (30, 60 or 90 days) and consequences for failure to improve performance.
- E. To conclude a PIP:
1. Management notifies Human Resources Services that the PIP will be concluded, and of the expected outcome/final rating.
 2. Management notifies the employee of the final PIP review and requests that the employee submit written documentation of their performance.

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3. The manager and employee conduct a collaborative discussion.
4. Management takes next steps as required.
 - a. If the employee is successful, establish performance expectation for the continuing review cycle.
 - b. If the employee is not successful, discharge may result.

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