



Highlights of [GAO-10-102](#), a report to congressional committees

Why GAO Did This Study

In 2004, the Department of Defense (DOD) began implementing the National Security Personnel System (NSPS)—a human capital system for DOD civilians. NSPS significantly redesigned the way DOD civilians are hired, compensated, and promoted. Pub. L. No. 110-181 mandated that GAO conduct reviews of the NSPS performance management system in calendar years 2008, 2009, and 2010. In this report, GAO assessed (1) the extent to which DOD has implemented certain internal safeguards to ensure the fairness, effectiveness, and credibility of NSPS, and monitored their implementation, and (2) how DOD civilian personnel perceive NSPS, and the actions DOD has taken to address those perceptions. GAO analyzed relevant documents and employee survey results, interviewed DOD officials, and conducted discussion groups with DOD employees at eight locations outside of the continental United States. Toward the end of GAO's review, both Houses of Congress passed proposed legislation that, if enacted, would terminate NSPS and require any future performance management system for DOD civilians to include certain internal safeguards.

What GAO Recommends

GAO is recommending that DOD evaluate its training, revise its guidance for analyzing ratings, and monitor the implementation of safeguards for NSPS or any future performance management system. DOD generally concurred with GAO's recommendations.

View [GAO-10-102](#) or [key components](#). For more information, contact Brenda S. Farrell at (202) 512-3604 or farrellb@gao.gov.

HUMAN CAPITAL

Monitoring of Safeguards and Addressing Employee Perceptions Are Key to Implementing a Civilian Performance Management System in DOD

What GAO Found

DOD continues to take steps to implement internal safeguards as part of NSPS, but implementation of some safeguards could still be improved, and continued monitoring of all safeguards' implementation is needed. In general, DOD has taken some steps to meet the intent of each of the safeguards, and it has implemented some of the recommendations from GAO's September 2008 report. However, opportunities exist for DOD to improve implementation of some safeguards. For example, DOD has not yet evaluated the effectiveness of the training employees receive, although doing so could help DOD measure the impact of its training and its progress toward achieving agency goals. In addition, DOD has not specified in its guidance what process the components should follow to investigate and eliminate potential barriers to fair and equitable ratings. Consequently, the components may not follow a consistent approach when investigating potential barriers, which could hinder their efforts to eliminate them. Further, GAO previously noted that continued monitoring of the safeguards was needed to ensure that DOD's actions were effective. While DOD monitors some aspects of the system's implementation, it does not monitor how or the extent to which the safeguards specifically are implemented across the department. As a result, decision makers lack information that could be used to determine whether the department's actions are effective and whether the system is being implemented in a fair, equitable, and credible manner.

DOD civilian personnel have mixed perceptions about NSPS, and while the department has taken some steps toward addressing employee concerns, it has not yet developed and implemented an action plan to address areas where employees express negative perceptions of the system, as GAO recommended in 2008. DOD's survey data from 2008 revealed that overall, NSPS employees responded positively about some aspects of performance management, such as connecting pay to performance, and negatively about others, such as the performance appraisal process. According to the most recent survey data, the negative perceptions of employees who worked under NSPS the longest remain largely unchanged from what was reported by GAO in 2008. Further, as GAO reported in 2008, employees and supervisors continue to express negative perceptions in discussion groups about NSPS—for example, voicing concerns about the negative impact of NSPS on employees' motivation and morale, and about the excessive amount of time spent navigating the performance management process. Such negative perceptions are not surprising given that large-scale organizational transformations often require an adjustment period to gain employees' trust and acceptance. DOD has taken some steps to address employees' perceptions of NSPS—for example, by issuing a memorandum with suggested actions the components could take to address employee concerns. However, DOD has not yet developed and implemented an action plan that fully meets the intent of GAO's 2008 recommendation. Specifically, DOD has not yet specified such things as its intended actions, who will be responsible, and the time frames for these actions. GAO continues to believe that implementing such a plan has merit.