



Human Capital Issuance System  
ISSUANCE NOTICE

Chapter: 5 CFR 534

Transmittal Number: TN-14-003

Date: September 24, 2014

Office: Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer

Subject: Departmental Oversight for Executive Misconduct in Determining Pay Adjustments, Bonuses and Awards.

1. PURPOSE. To establish policy for ensuring consistent Departmental oversight and accountability for executive misconduct when recommending pay adjustments and performance bonuses and awards.
2. SCOPE. The provisions of this chapter apply to all Treasury bureaus, offices, and organizations within the Department of the Treasury, except for the Offices of Inspectors General within the Department.
3. CANCELLATION. None.
4. EFFECTIVE DATE. This policy is effective upon the date of issuance.
5. REFERENCES. This chapter supplements, and should be read in conjunction with, the policies and requirements contained in the references cited below and any successors to those issuances:
  - A. Treasury Order 102-01, Delegation of Authority Concerning Personnel Management, dated January 17, 2008
  - B. Treasury Directive, 12-31, Delegation of Personnel Authority to Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer, dated January 15, 2009
  - C. Human Capital Issuance Notice TN-11-002, Senior Executive Service Performance Management System
  - D. TD F 35-07 Department of the Treasury SES Performance Management System Executive Performance Agreement

6. **BACKGROUND.** Executives in the Department of the Treasury are accountable for supporting Department-wide and Bureau Strategic Plans, missions and organizational objectives. Executives are held to a higher standard than non-executives. It is critical to ensure the ongoing confidence of employees and the public in the integrity of the Department's executive leadership. Accordingly, executives who have engaged in misconduct should not subsequently be granted performance bonuses or pay adjustments for the period in which misconduct was confirmed (as set forth below).

Senior Executives Service (SES) performance appraisals address critical elements in three categories: *Responsibilities* that are Department-wide competency-based elements shared by all SES executives; *Commitments* that are specific to each individual SES executive and linked to Department, organizational goals and objectives, and *Additional Mandated Elements* that may be authorized with Departmental approval for specific organizations.

This issuance focuses upon one aspect of appraisal of Executive performance, the Department wide responsibility element of *Leadership*. While the issuance relies upon the Department's SES performance agreement, the underlying principle of this Leadership element reflects expectations for *all Treasury executives and Treasury executive equivalent positions*.

7. **POLICY.** It is the policy of the Department of the Treasury that all Treasury executives share critical responsibilities that are instrumental for achieving results. These responsibilities reflect the core competencies of the Department – what is important to the Department as an organization.

The Department-wide SES Executive Performance Agreement, TD F 35-07 (revised June 2010) sets forth criteria for Leadership and Human Capital Management and states that the Executive:

- Creates and sustains a positive workplace culture of professionalism where employees are treated with dignity and respect. *Leadership demonstrates integrity, sound judgment, and high ethical standards.*

The Department of the Treasury holds its Executive Corps to a higher standard of performance and conduct. Therefore, an Executive who has engaged in conduct that resulted in a reprimand or suspension has eroded the agency's trust and confidence in his/her performance as an Executive and the quality of leadership and is *ineligible* for:

- A monetary performance-based award for the rating period in which the disciplinary or adverse action was administered (performance bonus, special act, presidential rank award)
- A performance-based salary adjustment authorized by 5 C.F.R. 534.404, or similar authority, for the rating period in which the disciplinary or adverse action was administered.

8. RESPONSIBILITIES.

- A. Ten (10) working days after the close of the formal performance period all Treasury Bureau Heads will provide a list of all SES and Executive equivalents (*NB-8 and NB-9, OR-80, Individuals on IRS Critical Pay Authority*) who were reprimanded or suspended during the applicable performance period to the Associate Chief Human Capital Officer (ACHCO) for Executive and Human Capital Services (EHCS).
- B. The Associate CHCO EHCS will ensure that the decision package for the Deputy Secretary's determination on SES salary adjustments and nominations for Presidential Rank Awards includes this information.
- C. The Assistant Secretary for Management will likewise consider the information provided when considering approval of Special Act Awards for SES.

9. OFFICE OF PRIMARY INTEREST. Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer.

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