

PURPOSE

- (1) This transmits the new IRM 6.337.1, Alternative Rating and Selection.

BACKGROUND

- (1) This IRM is part of the Servicewide effort to provide IRS Human Resource practitioners with the most current policies and procedures from the Human Capital Office, Employment, Talent and Security Division.

NATURE OF MATERIAL

- (1) IRM 6.337.1 provides Servicewide policy, standards, requirements, and guidance relating to the administration of the alternative rating and selection process. This IRM must be read and interpreted in accordance with pertinent law, Governmentwide regulations, Treasury Human Resources Directives, Office of Personnel Management's (OPM) Delegated Examining Operations Handbook (DEOH), and applicable case law. All previous official Servicewide policy, guidance requirements, and authorities formerly contained in memoranda, guides, and other documents are incorporated into this IRM, if current and applicable.

EFFECT ON OTHER DOCUMENTS

Not applicable

AUDIENCE

All Operating Divisions and Functions

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6.337.1

Alternative Rating and Selection

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6.337.1.9.1 Analysis of Category Rating

6.337.1.1
(11-03-2009)
Category Rating

- (1) On March 16, 2001 the IRS implemented the category rating hiring flexibility provision of the IRS Restructuring and Reform Act of 1998 (RRA '98). This IRM provides guidance for the establishment and use of the category rating assessment procedures in the IRS.

6.337.1.2
(11-03-2009)
IRS Authority

- (1) The RRA '98 authority, codified in 5 USC § 9510(b) and 5 USC § 3319, is applicable only to external and non-bargaining competitive examining appointments.
 - a. The category rating system design provides management the flexibility to select any referred candidate within the highest quality category.
 - b. Qualified applicants are divided into two or more quality categories on the basis of relative degrees of merit, rather than assigned individual numerical ratings.

6.337.1.3
(11-03-2009)
Governmentwide Authority

- (1) The Human Capital Officers Act of 2002 (Title 13 of the Homeland Security Act), codified in 5 USC § 3319, gives agencies authority to develop a category-based rating method as an alternative way to assess job applicants for positions filled through competitive examining.
- (2) For additional guidance on using category rating, please refer to 5 CFR § 337.301 *et seq.* and OPM's Delegated Examining Operations Handbook (DEOH) on OPM's website at: www.opm.gov/deu.

6.337.1.4
(11-03-2009)
Job Analysis

- (1) Job Analysis is an important part of the process when using category rating. Job analysis develops the parameters of the position to be filled. It identifies competencies for successful performance of the position.
- (2) A comprehensive job analysis identifies the critical competencies and benchmark indicators for the specific grade level to rate and rank candidates. A systematic approach for gathering, documenting, and analyzing information for a job analysis is described in the DEOH, Appendix G, and in 5 CFR § 300.103. See also, Uniform Guidelines on Employee Selection Procedures, 29 CFR Part 1607. The Human Capital Office (HCO), Employment, Talent and Security Division (ETS), Talent, Acquisition and Evaluation (TAE) office will work closely with a subject matter expert (SME) or SME panel, to conduct an occupational job analysis and develop assessment strategies.
- (3) The job analysis should identify a clear relationship between the tasks performed on the job and the competencies, knowledge, skills, abilities, and other characteristics (KSAOs) required in performing the tasks. Benchmark indicators must include definitions for the levels of experience, education, professional certification or other criteria that exhibit the competencies necessary for the job.
- (4) The job analysis, benchmark indicators, and quality categories must be developed prior to the actual recruitment process.
- (5) For the purposes of Career Transition Assistance Plan (CTAP) and Inter-agency Career Transition Assistance Plan (ICTAP), the definition of well-qualified has been defined as the quality Category B within a three-quality category system. There must be documentation justifying a quality category system of two or more quality categories. Under a two- quality category

system, well-qualified is defined as a rating and ranking of 70; and in a four-quality categorical system, well-qualified is defined as the third quality category.

6.337.1.5
(11-03-2009)
Benchmark Indicators

- (1) Quality categories and benchmark indicators distinguish differences ranging from minimal to superior quality candidates in order to be rated and placed into the appropriate categories.
- (2) The quality categories and benchmark indicators cannot be used to establish additional qualifications beyond those established by OPM; however, they should clearly identify the superior, high or low indicators within identified competencies. Consideration can be given to other accomplishments, such as completion of programs that are directly related to the work of the position to be filled (e.g., professional certification of completion of examinations necessary for a particular field (Certified Public Accountant - CPA) or certification of a particular knowledge directly related (computer language) to truly distinguish outstanding candidates.

6.337.1.5.1
(11-03-2009)
**Education as a
Benchmark Indicator**

- (1) Educational achievement can be used as a benchmark indicator through the completion of a specific field of study and performance when the analysis shows the nexus to the position or grade point average (GPA). Performance can be demonstrated through the GPA or other criteria. Placement into a quality category under this provision should require completion of specific course work; however, only OPM can establish a positive education requirement.
- (2) Applicants who have competed without meeting any of the criteria described or have not completed any type of course work should be evaluated under the alternative criteria addressing experience and ability.

6.337.1.5.1.1
(11-03-2009)
**Supporting
Documentation of
Academic Achievement**

- (1) When above average academic achievement is necessary to determine a candidate's placement into a quality category, candidates must have supporting documentation of the academic achievement (i.e., official transcripts, etc.). Official transcripts or other similar correspondence documentation can support a candidate's GPA in order to establish eligibility for appointment based on above average educational achievement. If the educational institution has not computed the GPA, a manual computation of an official transcript can be done to arrive at the GPA. Transfer credits and credits from more than one educational institution must be evaluated and be included, to the extent that they provide the basis for awarding the degree.
- (2) For above average academic achievement benchmark, the candidate has completed all the requirements for a degree (or is a degree candidate) from an accredited junior college, college, university, or other baccalaureate institution. A candidate's overall GPA or major field of study GPA is of a value equal to or greater than the experience, knowledge, skills or ability(ies) identified by an SME panel. The GPA is determined by the average of all courses completed in four years of education or those courses completed in the last two years of a four-year curriculum. Verification that the required average was maintained is a prerequisite for appointment.
- (3) All transcripts and college degrees must be valid and from an accredited institution of higher learning. Some candidates may possess a degree from a Diploma Mill. A Diploma Mill is an organization that awards degrees without

requiring its students to meet the educational standards for a specific degree. It either receives fees from its students on the basis of fraudulent misrepresentation, or makes it possible for the recipients of its degrees to perpetrate a fraud.

- a. HCO, ETS, Employment Offices (EOs) should pay particular attention to the return address, postmark, and postage from the location of the transcripts. If the review of materials is questionable, obtain a copy of the school literature and examine it closely. In verifying a degree and transcript, check directly with the college or university. A complete listing of all institutions accredited by recognized agencies, including those located outside of United States territories may be found in Accredited Institutions of Post-Secondary Education, a handbook published annually by the American Council on Education (ACE). Institutions located within the United States that have attained accreditation as well as recognized accrediting agencies are listed at the United States Department of Education's website at: <http://www.ed.gov/>. Non-Accredited/Other Education may be considered when evaluating qualified job applicants who already meet minimum qualification standards. More information is found in the Qualifications in the OPM's "Qualification Standards for General Schedule Positions" at: <http://www.opm.gov/qualifications/policy/>.
- b. If there is evidence of material, intentional false statements or deception or fraud in the examination or appointment process, then the HCO, ETS, EO must refer the case directly to the OPM for investigation and adjudication at:

Office of Personnel Management
Federal Investigation Processing Center
Suitability Adjudication Branch
P. O. Box 618
1737 Branchton Road
Boyers, PA 16018-061

6.337.1.5.2
(11-03-2009)

**Quality Experience as a
Benchmark**

- (1) Quality experience can be another avenue for benchmark indicators. Quality experience is related directly to the position to be filled and is identified through a job analysis. It will differentiate the specialized experience requirements to the extent that it is directly related to the position to be filled, is earned in the same specialized field, and has clearly equipped the candidate with superior ability to perform the duties and responsibilities of the specific vacant position.
- (2) The benchmark should identify specific tasks, work or life experiences that would indicate possession of a competency. Quality experience may be defined by the scope of the activity, location, timeframe of activity, or other criteria as identified by an SME or SME panel. Quality experience cannot establish a requirement above the minimum qualification standards in the OPM's Qualification Standards for General Schedule Positions.

6.337.1.5.3
(11-03-2009)

**Professional
Certification as a
Benchmark Indicator**

- (1) Using professional certification is also another possible benchmark indicator. The Professional certification benchmark indicator allows candidates who do not meet the criteria established for *above average* achievement or quality experience to be considered on the basis of having demonstrated high ability through attaining some form of professional certification.

6.337.1.6
(11-03-2009)

**Development of
Assessment Strategy**

- (2) Candidates meeting this benchmark indicator have received a certificate or other indicator of successful completion of a trade or vocational program that is directly related to the work of the position to be filled. Some examples of professional certification are successful completion of the examination(s) required for a certified public accountant or the certification of computer language proficiency where applicable.

- (1) After completion of the job analysis, a well-defined assessment strategy will allow candidates to exhibit the competencies required for the job. The strategy provides the details on the methods or systematic approach by which an applicant's proficiency in the required competencies is measured. An assessment strategy can have a variety of assessment instruments, including but not limited to:

- Structured interview;
- Work simulation;
- Traditional tests; and
- Crediting plan/rating schedule.

- (2) HCO, ETS, EOs and/or business operating divisions (BODs) should develop their assessment strategy in coordination with the TAE staff to ensure validity and reliability of the process. All materials used to develop assessments, including related benchmarks and indicators (see II. Development of Benchmark Indicators), must be kept confidential and are not releasable under the Freedom of Information Act.

- (3) Assessment materials may not be published in a vacancy announcement or released to candidates. If assessment materials are maintained in a system, it must be in a secured environment with limited access to only those individuals with a work-related need. For information on what delegated examining information can be released, please refer to IRM 6.250.3.15, Delegated Examining Authority, Release of External Delegated Examining Information.

6.337.1.7
(11-03-2009)

**Vacancy
Announcements**

- (1) The vacancy announcement language must be consistent with and supportive of the rating process. The content must indicate the rating/selection process to be used and how to apply under that rating process. The rating process must remain the same throughout the life of the vacancy. It may change for a new vacancy announcement if a determination is made to use a different process to meet current recruitment goals. For applicants referred by OPM or a Delegated Examining Unit (DEU) using category rating, a score in Category B (where Category A is superior and Category C is qualified) is required to meet the well-qualified definition.

6.337.1.7.1
(11-03-2009)
**Certification of
Candidates**

- (1) Qualified applicants will receive a rating based on the competencies demonstrated to successfully perform in the position to be filled and placed into one of two or more quality categories in random order (e.g., alphabetically or in order by their last numerical social security number).
- (2) All qualified preference eligibles with a 10 percent or more compensable service-connected disability will be placed in the highest quality category above all other candidates. This is not a requirement for scientific and professional positions at or higher than the GS-9 or equivalent. Candidates are not assigned points or listed numerically within a category.

- (3) All candidates in the highest quality category will be referred to the selecting official. However, qualified preference eligibles will be listed ahead of all other candidates within the appropriate quality category as identified in 5 USC § 3313 and in the DEOH (OPM website: <http://www.opm.gov/deu/>.)
- (4) HCO, ETS, EOs have the option of using one of two alternatives for certifying applicants for competitive appointments:
 - a. Single certification – when using single certification, an applicant's name is certified and referred on one certificate at a time. This method temporarily removes an applicant from further consideration, including any specialties, grade levels and geographical locations while on the certificate; or
 - b. Dual certification – when using dual certification, an applicant's name is certified for more than one position, grade level, or geographical location at the same time;
 - c. Dual certificates of eligibles for multiple geographical locations should be issued as a nationwide certificate (use a spreadsheet for identifying all applicants' geographic location regardless of preference expressed.);
 - d. When using dual certification, applicants will be referred in priority order: ICTAP/ Reemployment Priority List (RPL), priority consideration, veterans, and all other. In some instances, applicants will be simultaneously referred for multiple geographic locations and Category B applicants may need to be referred when fewer than three eligible applicants remain in category A for a given location. Applicants cannot be certified based on their first, second, third, etc. geographic location preferences as it is not permitted under of the DEOH.

6.337.1.7.2
(11-03-2009)

Selection of Candidates

- (1) Selection of any candidate must be made from within the highest quality category. A qualified preference eligible must be selected before non-preference eligible can be selected unless a pass over has been sustained. Category rating and veterans' preferences information can be found in OPM's DEOH chapters on Category Rating and Veterans.
- (2) Candidates cannot be eliminated after three considerations as with the rule of three. If fewer than three candidates (preference or non-preference) exist in the highest quality category, selections may be made from a merged category consisting of the highest and second highest quality categories (5 USC § 9510[4]). A merged category will list all preference eligibles ahead of non-preference eligibles.
- (3) As an alternative to considering all applicants within a category referred on a certificate, selecting officials may choose to consider those referred within a category based on geographic preferences. The process described below will allow for consistent application of the DEOH requirements throughout the HCO, ETS, EOs. The selecting official must consider applicants from Category A, Location XX in the following order before moving to Category B, Location XX:
 - a. All Special Priority Programs applicants
 - b. All preference eligibles
 - c. All non preference eligibles who designated Location XX as first geographic preference; if after considering all first geographic preference applicants there are remaining vacancies the selecting official would consider applicants described in (d) below

- d. All non preference eligibles who designated Location XX as second geographic preference; if after considering all second geographic preference applicants there are remaining vacancies the selecting official would consider applicants described in (e) below.
- e. All non preference eligibles who designated Locations XX as third geographic preference; if after considering all third geographic preference applicants there are remaining vacancies the selecting official would consider applicants described in (f) below.
- f. All other non preference eligibles who designated Location XX with no geographic preference

If less than three applicants remain in Category A, the remaining Category A applicants can be merged into Category B. Category B can then be considered in the same order as above.

If three or more applicants remain in Category A and management is interested in merging Categories A and B, this merge can only take place if management makes additional selections or completes pass overs/objections so that less than three applicants remain in Category A.

6.337.1.7.3
(11-03-2009)
**Objections and Pass
Overs**

- (1) The OPM retains authority to adjudicate the proposed pass over of a 30% or more compensable-disabled veteran (CPS). Pass over requests sent to OPM for adjudication must be signed by the Delegated Official within the IRS.
- (2) The IRS has the authority to act on an objection/pass over for positions on an IRS external hiring certificate with the exception of a pass over request of a 30% or more CPS. Any objection/pass over adjudicated by the agency must be signed by the Delegated Official within the IRS. Authority on objections and pass overs can be found in the Interagency Delegated Examining Agreement (TREAS-1), and IRM 6.731.1 , Suitability Determinations for Employment.
- (3) Objections and pass overs can only occur after an applicant has been determined qualified and within reach for selection. If a preference eligible is in the category, an agency may not select a non-preference eligible unless the agency requests to pass over the preference eligible in accordance with 5 USC § 3318, and the request is sustained.
- (4) When a pass over or objection is sustained on the basis of overall suitability, the applicant need not be considered for future vacancies for the same position. A copy of the documentation may be forwarded to the IRS office issuing certificates to preclude referral of the same job at comparison sites or other locations.
- (5) Objections sustained on the basis of qualifications do not prevent a preference eligible from being considered for other positions. Additional Information and guidance on pass overs and objections can be found in the OPM DEOH and IRM 6.731.1, Suitability Determinations for Employment.

6.337.1.8
(11-03-2009)
**Evaluation and
Documentation**

- (1) The use of the category rating hiring flexibility for any occupation must be evaluated and documented for each hiring initiative in order for the IRS to respond to third party requests and comply with the Department policy.

6.337.1.9
(11-03-2009)
**Annual Report
Requirements**

- (2) The Special Employment Code “CR” allows the Department of the Treasury to track new appointments in HR Connect/National Finance Center and allows IRS to generate statistical reports regarding category ratings from an automated system.
 - (3) HCO, ETS, EOs must use the new Special Employment Code “CR” on all new appointments entered into HR Connect that were rated under the category rating system. For operating guidance see Alert 331-5, New Special Employment Program Code for Category Rating, dated August 15, 2007 found at: <http://hco.web.irs.gov/recruitstaff/index.html> under Alerts.
- (1) The HCO, ETS, EOs are responsible for ensuring that the category rating process is used appropriately in conjunction with all employment policies, laws, regulations and DEOH.
 - (2) An annual report covering the fiscal year from October 1 to September 30 with information on the use of category rating is due to the Department of the Treasury Office’s of Human Resources Strategy and Solutions by November 15. The HCO, ETS, Policy and Programs Office will forward the information collected from the HCO, ETS, EOs to the Department of Treasury who will forward the Treasury consolidated report to OPM and Congress.
 - (3) Reporting information prior to vacancy announcement include:
 - Title of position;
 - Occupational series of the position;
 - Grade of the position; and
 - Crediting Plan (category benchmarks and copies or descriptions of assessments used in the process).
 - (4) Each HCO, ETS, EO that uses a categorical rating system *must* report the following information to the HCO, ETS, Policy and Program Office by October 25 of each fiscal year:
 - Number of employees hired;
 - Impact on the hiring of Veterans and minorities, including those who are American Indians or Alaska Natives, Asian, Black or African American, and native Hawaiian or Pacific Islanders; and
 - Training managers received in the administration of category rating.

6.337.1.9.1
(11-03-2009)
**Analysis of Category
Rating**

- (1) In addition to the items required above, HCO, ETS, EOs are encouraged to submit any additional information, analyses, and/or comments on their use of category rating. HCO, ETS, EOs may choose to set up an evaluation process that looks at other issues, such as manager satisfaction, quality of the hires, and/or resources needed, in comparison with traditional examining.
- (2) In reporting, the IRS may decide the basis (comparison group) for these analyses, depending on what is most efficient and effective for the Service. Since the Service is unlikely to have made an equal number of hires under category rating as under the traditional “rule of three” method in a given fiscal year, the IRS may want to report the data as percentages, rather than raw numbers. Other analysis might include:
 - a. A comparison between the individual announcements made under category rating with the previous announcement(s) for the same type of position(s) made under traditional examining;

- b. A comparison of aggregate data for all category rating announcements with aggregate data for all traditional “rule of three” announcements; and
- c. A comparison of data for the category rating announcements for these occupation(s) with the announcements for the same occupation(s) that were made under traditional “rule of three” announcements.