

GOVERNMENT OF LESOTHO

DRAFT TERMS OF REFERENCE FOR THE ENGAGEMENT OF HR FIRM IN SUPPORT OF GOVERNMENT OF LESOTHO PUBLIC SERVICE BIOMETRIC AND PAYROLL CENSUS

1.0. Background

Government of Lesotho will be conducting a public service biometric and payroll census. The exercise is being undertaken under Component 2 of the World Bank funded Public Service Modernisation Project (PSMP). The exercise will cover all public officers in all the 27 ministries in Lesotho, except Lesotho Defence Force and the National Security Service personnel. The objective of the biometric and payroll census is to improve the integrity of human resources and payroll data on the current system and to interface seamlessly with the Home Affairs National Register database. As part of the preparations for the census, the Ministry of the Public Service has requested that all public officers have national identity documents before the commencement of the census. This is expected to complement the on-going national registration exercise in the Ministry of Home Affairs.

The biometric census is being implemented to enhance the integrity of the public service payroll through the following:

- Ensuring that all public officers are registered on the Ministry of Home Affairs National Register.
- Conducting a headcount of all public officers.
- Identifying bona-fide public officers through biometric features.
- Verifying HR and Payroll data on the Government Human Resources Information System (HRIS).
- Identifying anomalies and irregularities on the public service payroll.

Ministry of the Public Service is making preparatory arrangements for the census. These Terms of Reference are for procuring the services of an HR firm to finalise the preparatory arrangements, that is, review the implementation plans developed by Ministry of Public Service, undertake the headcount of all public officers; analyse findings and produce a report with appropriate recommendations.

1.1. Country Context

Lesotho is a small and middle income country with per capita Gross Income of US \$1,550), with a high level of poverty and inequality. The country is mountainous and rural, with a population of about 2 million people, and is completely surrounded by the Republic of South Africa. The revenues of the government depend to a large extent on revenues received from South African Customs Union (SACU), which are highly volatile.

The sharp decline in economic growth in South Africa poses a severe challenge to the regional economy and stability of SACU members. Lesotho will be the worst affected country in the SACU zone due to its geography. SACU revenues have taken a sharp

downturn, falling from 30 percent of GDP in 2014/15 to about 25 percent in 2015/16.¹ They are projected to further fall to about 17 percent in the coming years, and this significant decline calls for a major fiscal adjustment to ensure macroeconomic stability. Currently Lesotho is saddled by a huge public service wage bill of which is 47% of recurrent expenditure. However, the high expenditure in the public service has not translated into improved performance and productivity; in particular, human development indicators are far below those of other countries at Lesotho's level of income. Lesotho did not meet the health related Millennium Development Goals (MDGs) by the end of 2015. The country did not also achieve the two education-related MDGs, with both primary enrolment (82%) and primary completion (6%) rates lagging far behind the goal of 100 percent by the end of 2015. These worsening health and educational outcomes are considered as one of the causes of poverty in Lesotho.

1.2. Sectoral and Institutional Context

Lesotho's Public Sector is one of the largest employer and service provider in a country where alternative job opportunities in the private sector scarcely exist.² Lack of absorption of employment into the private sector has led to a high unemployment rate, and a situation in which the public sector has become the critical source of employment.

The Government of Lesotho comprises thirty-seven (37) Ministries and Agencies. The current civil service has a bottom heavy structure and lacks significant middle management and technical staff, which affects the quality and performance of public service. The structure of the civil service is organized according to grades ranging from A, which is the lowest Grade and Grade M as the highest Grade. Currently, the establishment list has been integrated in the new Human Resources Information System (HRIS) though there are still anomalies, such as similar positions named and graded differently, thus compromising the ability to ensure an authorised, budgeted and valid payroll. In case of teachers there are no formal structures to inform the establishment register, which creates under and/or over utilisation of teachers. Additionally, teachers have a different career and salary structure based on acquisition of higher qualifications as opposed to competency, skills and experience.

Another major problem is the absence of the policy and guidelines that inform restructuring and implementation of new structures across the public service; different services handle their situations differently, which results in ballooning establishment. The staffing and payroll records and data are fragmented and not updated; and controls such as reconciliations are ineffective or not performed. This leads to invalid payroll records, such as in the case of ghost workers, double dippers, and so on. Another problem is that key processes, such as retirement and removal from payroll, are not executed efficiently, resulting in retirees remaining in the system. These invalid HR cases are potentially one of the major causes of the bloated wage bill and make the HR records inaccurate. This situation is further worsened by the fact that there is no monthly reconciliation of the wage bill per ministry, and this makes it difficult to project the wage-bill and control the size of the public service. In case of teachers, it was very difficult to budget taking into consideration that salary increment was effected once one acquired the higher qualification as opposed to being paid against the established position. However, the Teaching Service Regulations 2002 (Amendment of 2016) was recently enacted to address this challenge.

¹ World Bank (2016) Lesotho Public Sector Modernization Project (PSMP) PAD1531

² *ibid*

² | *Public Service Biometric and Payroll Census HR firm ToR's*

The World Bank is supporting public service reforms through the Public Sector Modernization Project (PSMP).³ One key component within this project, Component 2, concerns strengthening Human Resources Management (HRM). The objectives of this component are to:

- a. Eliminate irregular HR and salary cases;
- b. Enhance wage bill and HR control at selected ministries; and
- c. Improve HRM practices and the deployment of HR for better service delivery.

PSMP supports the Government in undertaking a public service biometric and payroll census which will enhance HRIS by identifying and cleaning out payroll and HR irregularities; and HRM controls; thus ultimately resulting in an enhanced credible public service payroll and HR system. Thus, Cabinet on 10 May 2016 authorised the conduct of a public service biometric and payroll census for which this communication strategy was developed.

1.3. Distribution of public officers

The table below show the distribution of public officers according to ministries based on the payroll report as at 31 October 2016.

NUMBER	HEAD	MINISTRY	HEAD COUNT
1	1	Agriculture	1824
2	2	Health	2730
3	3	Teachers	15,085
4	4	Finance	729
5	5	Trade	170
6	6	Planning	527
7	7	Justice includes Correctional staff	1594
8	8	Home Affairs	459
9	9	Prime Minister's Office	583
10	10	Communications	684
11	11	Law	337
12	12	Foreign	187
13	13	Public Works	991
14	14	Forestry	482
15	15	Energy	136
16	16	Labour	187
17	17	Tourism	230
18	18	Audit	141
19	19	His Majesty's Office	59
20	20	Public Service Commission	36
21	24	Statutory Positions	26

³ World Bank (2016) Lesotho Public Sector Modernization Project (PSMP) PAD1531

22	37	Defence (Civilian staff)	47
23	38	National Assembly	254
24	39	Senate	80
25	40	Ombudsman	28
26	41	Independent Electoral Commission	183
27	42	Local Government Includes Chiefs	4068
28	43	Gender	232
29	44	Public Service	143
30	45	Judiciary	1022
31	46	Social Development	266
32	47	DCEO	58
33	48	Mining	98
34	49	Police (includes 29 civilians)	4778
35	50	Small Business	239
36	51	Water	276
37	60	Wages	330
38	ED	Education Admin	680
39	P4	Civil Pensioners	7447
		Total	47426

In addition, the recent technical assistance from IMF estimated that up to 7,000 workers are being paid outside of payroll, largely including capital project workers and local government councils.

Government Compensation of Employees (2016/17)

	Employment			Compensation of employees		
	Count	Percent of total	Percent of working age population	Meloti (million)	Percent of total	Percent of GDP
<i>Employment</i>				<i>Salaries, wages, and allowances</i>		
Civil service	15,729	36	1.2	1,159	18	3.5
Education service	14,603	33	1.1	1,528	24	4.6
Health	2,699	6	0.2	284	4	0.9
Defense and Police	10,566	24	0.8	1,140	18	3.5
Off payroll (including project workers)				1,429	22	4.3
				<i>Social contributions</i>		
				812	13	2.5
Total	43,597	100	3.3	6,353	100	19.2

Sources: IMF Staff estimates.

2.0. DESCRIPTION OF THE ASSIGNMENT

The following is a brief overview of the public service biometric and payroll census; and the expectations of Ministry of the Public Service on the engagement of the HR firm.

2.1. Biometric and payroll census methodology

The public service biometric and payroll census entails a physical headcount of all public officers; and enumeration and verification of their identified HR and Payroll data such as biographic data, salary information; and academic and professional qualifications. All public officers will be expected to present their national identity cards, birth certificates and any other prescribed identification documents for positive identification during enumeration.

The following stages will be followed in undertaking the public service biometric and payroll census.

Stage 1: Preparatory

This stage encompasses all the activities being undertaken by Ministry of the Public Service and other stakeholders as part of the preparations; and all other activities to be undertaken by contractors to prepare for the actual conduct of the public service biometric and payroll census.

Ministry of the Public Service has undertaken the following as preparations for the biometric and payroll census.

- a. Facilitating the registration and issuance of National ID's to all public officers by the Ministry of Home Affairs.
- b. Development of the following:
 - Enumeration instrument specifications;
 - Census/audit database and interface specifications;
 - Biometric and payroll census methodology and procedures;
 - Enumeration guidelines; and
 - Communication strategy.
- c. Identification and mobilization of some of the required resources such as GIS maps for duty stations, specifications for database server and application.
- d. Identification of duty stations.
- e. Stakeholder sensitization as outlined in the communication strategy.
- f. Development of terms of reference to enable the procurement of an HR firm to undertake the public service biometric and payroll census.

The HR firm is expected to finalise preparations for the biometric and payroll census before the commencement of the actual enumeration and verification. Details of the actual activities to be undertaken by the firm are covered in section 3.0 below.

Stage 2: Enumeration and verification

This stage entails the physical headcount of all public officers in all the 10 districts at duty stations.

Public officers are supposed to present themselves to enumerators at their duty stations with prescribed identification and verification documents. Enumerators will record agreed biometric data and verify the public officers' payroll and biographical data and make necessary updates or record relevant observations.

In brief the following activities will be undertaken during the enumeration and verification stage:

- a. Deployment of enumerators from one district to another until public officers in all the 10 districts are covered;
- b. Headcount public officers, enumerate and verify their HR and payroll data; and record their biometric data;
- c. Updating the public service biometric census and payroll data with verified records and biometric data for public officers;
- d. Reporting regularly on progress to the Chairperson of the census technical committee (PSMP Component 2 leader);
- e. Reconciliation of statistics on enumerated public officers to ensure completeness of the census fieldwork.

As stated above, the expectations of the HR firm are outlined in detail in section 3.0 below.

Stage 3: Data analysis

Findings from the fieldwork will be analysed by the HR firm. In addition, the firm will also analyse the payroll and HR extract used in developing the biometric and payroll census database.

Stage 4: Report writing

Based on the findings obtained in stage 3, a public service biometric and payroll census report on findings will be produced by the HR firm.

Stage 5: Validation of the findings

This stage involves, the presentation of the ‘census findings report’ to stakeholders for validation and comments.

Stage 6: Finalisation and submission of the report

Consider the validation input, that is comments from stakeholders on findings; and finalise the biometric and payroll census report with appropriate recommendations; and submit the report to the Ministry of the Public Service.

2.2. Objectives of the assignment

The objective of this assignment is to enhance the integrity of the public service biometric and payroll census. Use of the HR firm will ensure credibility of the exercise through ensuring transparency and impartiality as well as enhancement of the quality of the exercise product. This is expected to increase uptake of the recommendations emanating from the biometric and payroll census by stakeholders. More specifically, by engaging the HR firm, Ministry of the Public Service seeks to:

- Finalize preparations for the biometric census and payroll audit.
- Support the implementation arrangements of the biometric and payroll census before the actual conduct of the census in the field.
- Enhance the validity and impartiality of the exercise through use of an independent firm to enumerate and verify public officers’ HR and payroll data; and record their biometric data.
- Ensure completeness of the census fieldwork by ensuring that all public officers are enumerated.
- Ensure a proper skills transfer of the enumeration approach and process for future purposes in terms of newly appointed employees
- Ensure independent analysis of census findings; and

- Ensure quality of the biometric and payroll census report with acceptable and implementable recommendations to prevent recurrence of anomalies.

3.0. REQUESTED SERVICES AND EXPECTED DELIVERABLES FROM THE FIRM

As indicated above, the HR firm is supposed to review and finalise the implementation arrangements which have been made by Ministry of the Public Service; conduct enumeration and verification; analyse findings and produce biometric and payroll census report. The HR firm is expected to undertake the following in line with the biometric and payroll census stages outlined under section 2.1 above.

Stage 1: Finalise preparations for the biometric census and payroll audit.

The HR firm is expected to review implementation arrangements developed by Ministry of the Public Service and finalise preparations for the biometric and payroll census as follows:

- a. Review and improve where necessary the biometric and payroll census methodology;
- b. Review the specifications for the census instrument and database;
- c. Review and develop enumeration and verification instrument(s);
- d. Review and update enumeration guidelines for administration;
- e. Develop biometric and payroll census database and enumeration interface;
- f. Documentation of enumeration process flow;
- g. Review and finalise the communication strategy for the exercise and sensitise stakeholders about the impending census;
- h. Develop enumeration procedures and guidelines; and provide adequate copies for use by enumerators and stakeholders;
- i. Develop project plan which includes enumeration schedule; and logistical arrangements;
- j. Pilot test the implementation arrangements (in selected locations);
- k. Data Migration from HR/Payroll System to census database;
- l. The HR firm is expected to recruit and train enumerators who will participate in the pilot test. After the pilot test the HR firm is expected to report on:
 - i. Compliance by enumerators with established protocols and procedures of the census;
 - ii. Validity and reliability of the instrument(s), that is, whether the instrument is measuring what it is designed to measure and also whether it is consistent;
 - iii. Analysis of the data collected identifying irregularities and anomalies. The HR firm is expected to check whether the data collected is complete and accurate; transfer it to the server, back it up and provide for recovery in case of disaster;
 - iv. Lessons learnt and change processes and procedures, as well as the plan, timeline and budget for the actual enumeration and verification.
 - v. Finalise preparations for the enumeration and verification.

Expected Deliverables:

The following are the expected deliverables:

- a. Inception report.
- b. Reviewed public service biometric and payroll census methodology.
- c. Reviewed biometric and payroll census budget;
- d. Reviewed public service biometric and payroll census instrument and database specifications.
- e. Biometric and payroll census enumeration instruments and database;
- f. Reviewed biometric and payroll census communication strategy;
- g. Biometric and payroll census enumeration procedures/guidelines;
- h. Biometric and payroll census enumeration schedule;
- i. Pilot test report highlighting the adequacy of plans and protocols accompanied by appropriate recommendations for improvement and any other relevant information, which can help, improve the enumeration and verification.

Stage 2: Enumeration and verification in the field.

The HR firm is expected to undertake the enumeration and verification in the field. The HR firm will:

- a. Recruit enumerators.
- b. Train enumerators, supervisors and the IT personnel.
- c. Communicate through the biometric and payroll census technical committee the enumeration and verification schedule and requirements for members to be enumerated.
- d. Deploy personnel and equipment to various duty stations until all the public officers under the scope of the biometric and payroll census have been covered.
- e. Enumerate all the public officers within the scope of the biometric census and payroll audit.
- f. Verify payroll and HR data for all public officers within the scope of the biometric census and payroll audit.
- g. Monitor and evaluate the enumeration and verification exercise in order to ensure compliance with established protocols and procedures of the biometric and payroll census during the enumeration and verification; and ensure completion of the enumeration and verification exercise.
- h.

Expected deliverables

The HR firm is expected to produce the following:

- i. An interim report on enumeration progress; and
- ii. At the end of the enumeration report on the completion of the enumeration and verification.

Stage 3: Analysis of findings

The HR firm is expected to analyse findings from the enumeration and verification exercise. The firm is expected to analyse the data extracted from the HR/Payroll system and used to develop the biometric and payroll census database.

The firm is also expected to analyse data collected during the enumeration and verification. Analysis should be guided by the biometric and payroll census terms of reference; and relevant public service rules and regulations. The analysis should include:

- a. Measures taken and the process followed in carrying out the activities on each and every stage of the biometric census and payroll audit;
- b. Completeness of the biometric census and payroll audit, that is, reconciliation of public officers targeted for enumeration versus public officers who were eventually enumerated.
- c. Attendance by employees, that is how many public officers were present, how many were absent but accounted for and how many were absent and unaccounted for.
- d. Identification of duplicated records and double dippers;
- e. Establishment analysis, that is, the number of public officers who were enumerated in the field versus the approved establishment; in the case of teachers use international best practices for establishment control such as teacher pupil ratio;
- f. Analysis of the original HRIS file extract used in preparing for the enumeration and verification in the field focusing on the following:
 - Irregularities on the payroll such as duplicate records; overpayment/underpayment; employees above the retirement age and any other issues that the HR firm determines as noteworthy or required by the Ministry of public service.
 - Gaps or incomplete fields on the payroll extract used in developing the census database.

The HR firm is expected to analyse any other relevant findings that would help fulfil the biometric and payroll census objectives.

Expected deliverable (s):

Data analysis progress report

Stage 4: Report on findings

The HR firm is expected to compile and submit to the Ministry of the Public Service a report on findings from enumeration and verification and original payroll/HR extract analysis.

Expected deliverable

Report on findings from the enumeration and verification; and analysis of the HR/Payroll extract used to develop the census database.

Stage 5: Validate findings

Census findings should be validated by stakeholders especially line Ministries and Agencies that were covered by the census. Line ministries are expected to corroborate or explain the HR firm's findings from the biometric census and payroll audit. The validation exercise is meant to afford line ministries an opportunity to comment on the findings before the HR firm can make appropriate recommendations.

The HR firm will:

- a. Develop an instrument/mechanisms for collecting feedback from the Ministries and Agencies.
- b. Organize a workshop and present findings from the census.
- c. Set up the rules and guidelines for commenting on the findings/feedback
- d. Present detailed findings to each ministry and request feedback.
- e. Consider the comments and prepare the census report.

Expected deliverable

- a. Report on validation of findings by Ministries and Agencies.
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Stage 6: Finalisation and submission of census report

The HR firm is expected to incorporate input from the validation exercise and make appropriate recommendations in order to come up with the final biometric and payroll census report. The HR firm should recommend actions necessary to take care of the irregularities / anomalies found. Recommendations should be within the ambit of existing public service rules and regulations; and any other relevant statutes of Lesotho.

Before finalisation of the census report, the HR firm should afford Ministry of the Public Service an opportunity to review the findings and recommendations. The pre-final report and final reports should be accompanied by supporting 'detailed listings' of all findings, which may be utilised during follow-up activities. Any changes should follow the prescribed procedure as spelled out by Ministry of the Public Service.

The HR firm will be responsible for printing the copies of the census report accompanied by softcopies as determined by the Ministry of Public Service.

The HR firm is expected to develop a policy to prevent the recurrence of anomalies and ensure the uptake of the biometric and payroll census recommendations.

Deliverables:

- a. Pre-final biometric and payroll census report with detailed listings;
 - b. Final biometric and payroll census report with detailed listing.
 - c. Policy recommendation to prevent recurrence of anomalies and ensure the uptake of biometric and payroll census recommendations.
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2.0. EXPERTS REQUIRED

Potential bidders must have the necessary qualifications and previous experience in conducting field audits/surveys of similar nature, data analysis and report production in developing countries. Experience in undertaking similar exercise is a prerequisite.

The HR firm would be required to field a team of suitably qualified personnel led by a project manager. The PM will manage the team effort while coordinating activities for

the duration of the assignment. The PM will report to the PSMP Component 2 leader for the Ministry of the Public Service.

The HR firm must include the following personnel on their team:

- a. Project Manager;
- b. Quality Manager;
- c. Census Supervisors;
- d. Public Sector HR expert (if the HR firm does not have public service HR expertise)
- e. Communication expert;
- f. Enumerators;
- g. IT experts;

Experts profile

a. Project Manager;

The Project Manager will be the link between the Government and the HR firm and will be responsible for coordinating the assignment and management of census teams. The project manager should have at least 8 years' experience in similar assignments.

b. Quality Manager

The Quality Manager will be responsible for quality control and assurance. The QM should have at least 5 years' experience in applicable quality management for projects on a similar magnitude.

c. Census supervisors

The census supervisors will be responsible for supervising the performance of enumerators and IT personnel. The supervisor should have at least 3 years' experience in the HR profession with significant supervisory experience.

(HR should be HR personnel from Government)

d. Public Service HRM expert

A public sector human resources management expert will be responsible for ensuring that the census implementation arrangements and recommendations are applicable in the public sector setting. The expert should have at least 10 years' experience at senior HR management position in the public sector.

e. Communications expert

A communications expert will be responsible for finalising the census communication strategy. The expert will develop census communication materials through Ministry of the Public Service. The expert should have at least 6-8 years communication professional experience and should have at least a Master Degree in communication or any other communications related qualifications such as Journalism. The expert should have demonstrated experience in developing communication strategies for projects.

f. Database/IT experts

Database and IT experts will be responsible for developing the biometric and payroll census database, interface and enumeration application. The expert should demonstrated ability in designing; implementing; administering databases and application software. IT experts will also be responsible for providing IT support to enumerators during enumeration and will be responsible for equipment maintenance, data transfer and backup.

The database and IT experts should have knowledge and skills in:-

- Payroll and Human Resources Information Systems databases;
- Biometric applications;
- Enterprise Architecture;
- IT and business strategy alignment;
- System Development Life cycle;
- Programming;
- Database design;
- Data security;
- Hardware maintenance; and
- Data backup and storage

1. REPORTING

The HR firm project manager will report to the Public Service Modernisation Component 2 Leader. All deliverables will be directed to the Principal Secretary of the Ministry of the Public Service as follows:

Stage	Duration	Deliverable	Time Frame
1	14 weeks	1. Inception report	Within 2 week of signing the contract
		2. Reviewed census documents prepared by MPS	Within 3 Weeks of signing the contract
		1. Pilot test report which includes the adequacy of plans and protocols with appropriate recommendations for improvement and any other relevant information which can help improve the enumeration and verification.	Within 9 weeks of signing the contract

Stage	Duration	Deliverable	Time Frame
		<p>2. Updated or endorsed implementation arrangements, that is:</p> <ul style="list-style-type: none"> i. Methodology; ii. Instruments; iii. Protocols/Guidelines for enumeration and verification; iv. Enumerators training manual; v. Implementation plan; vi. Budget; and vii. Communication plan; <p>HR firm should have developed a functional database for the census and an application for enumeration</p>	Within 11 weeks of signing the contract
2	15 weeks	<p>HR firm should have mobilized material and human resources for the census, such as laptops for enumerators, vehicles and personnel such as Enumerators, Enumeration Supervisors, District Coordinators and IT Personnel.</p> <p>The HR firm is expected to produce a report on the completion of the enumeration and verification exercise.</p>	<p>2 weeks before the commencement of the enumeration exercise</p> <p>Within 26 weeks of signing the contract</p>
3	6 weeks	Progress report on the analysis	Within 32 weeks of signing the contract
4	1 week	Report on findings from the enumeration and verification; and analysis of the HR/Payroll extract used to develop the census database.	Within 36 weeks of signing the contract
5	3 weeks	Report on validation of findings by ministries and agencies.	Within 39 weeks of signing the contract
6	2 weeks	1. Draft final biometric and payroll census report with detailed listings.	Within 40 weeks after the weeks of signing the contract.
7	2 weeks	2. Final biometric and payroll census	Within 40 weeks of signing the contract.

Stage	Duration	Deliverable	Time Frame
		report with detailed listings	

Overview of the project schedule

STAGE AND EXPECTED DELIVERABLES	DURATION	SCHEDULE					
Stage 1: Preparatory Stage	14 WEEKS	■					
Stage 2: Implementation Stage	15 WEEKS		■				
Stage 3: Data analysis	6 WEEKS			■			
Stage 4 : Report Writing	1 WEEK					■	
Stage 5: Validation/Verification of findings	3 WEEKS						■
Stage 6: Finalisation and Submission of Report	2 WEEKS						■

Available Reports

The following reports are available upon request:

- Project Appraisal Document of the Public Sector Modernisation Project.
- Diagnostic Report on Human Resource Management.