

TERMS OF REFERENCE

ENGAGEMENT OF HR CONSULTANCY FIRM FOR ASSIGNMENTS IN ESTABLISHMENT MANAGEMENT AND BUSINESS PROCESS REENGINEERING,

1.0 Background

The Government of Lesotho (GoL) through the Public Sector Modernisation Project (PSMP) intends to strengthen the effectiveness of Human Resources Management spearheaded by the Ministry of the Public Service (MPS). The initial findings revealed a need to review essential HRM functions and controls. The public service is using outdated HR policies and frameworks that directly impact on effective HR management; obsolete Establishment registrar that does not link positions to payroll data, establishment register and approved budget for reconciliation and control.

In addition, the controls over the payroll and establishment records have broken down to such an extent that a detailed biometric and payroll audit has been instituted to address the anomaly. Even though the new integrated Human Resources and Payroll System was introduced recently, there are still a lot of anomalies in payroll and associated establishment processes that should be eliminated. The grading of jobs is done in an ad hoc manner without proper framework and guidelines resulting in increases in a salary band; the frameworks for job analysis used in creating new positions, grading, regrading, recruitment, selection and informing performance management also require rationalisation so that they are linked to focusing job descriptions and person specifications to the achievement of GoL objectives.

Insufficient attention has been paid to engaging with leaders and managers across the public service on the rationale, benefits and objectives of reform to increase their understanding and motivation to support much needed improvements.

With regards to performance issues, the system that was introduced failed to sustain due to substantial resistance at all levels. Lastly, there is need to build capacity of human resources practitioners across the public service to continue to professionalise the HR function and enhance skills in those critical HR functions supporting the achievement of the objectives of public service reform and performance improvement.

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 to subsidise SACU members. Lesotho will be the worst affected country in the SACU zone due to its geographical dispensation. The revenues have taken a sharp downturn, falling from 30 percent of GDP in 2014/15 to about 25 percent in 2015/16. 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.

High expenditure in the Public Service has not been translated into 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. 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 registrar 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 higher qualifications as opposed to competency, skills and experience.

Therefore the Ministry of Public Service is facing the biggest challenge of controlling the wage-bill due to absence of policies and guidelines that inform restructuring and implementation of new structures across the public service; the major reason being that different services handle their establishment registers differently. Secondly key processes, such as retirement and removal of retirees from the payroll, are not handled on time, resulting in retirees remaining in the system.

All the above listed challenges are brought about by lack of compliance and controls such as monthly ministerial payroll reconciliations which are hardly or never performed. And this leads to invalid payroll records such as the case of ghost employees and double dippers. The non-compliance in updating of establishment records on the HRIS system means that the system cannot be, and is not, used to generating HR reports to assist establishment planning, forecasting, budgeting and control. This deems it impossible to project the wage-bill and control the size of the public service. In the case of teachers, it was very difficult to make an annual 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. Further action is required to support and ensure compliance in the civil and teaching service.

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
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	<u>47426</u>

2.0. DESCRIPTION OF THE ASSIGNMENT

The following is a brief overview of the assignment on Establishment Management and Human Resources Business Process Reengineering, as well as the expectations of Ministry of the Public Service on the engagement of the HR firm.

Objectives of the assignment

This consultancy is expected to enhance the integrity and performance of civil and teaching services through massive overhaul of establishment management machinery and revamping of human resources business processes. This will be done through:

- Improving the management of Establishment Registry (ER), as well as the quality and reliability of data
- Align the ER with the registry (or directory) of all budget institutions defined as one of the key reference tables in IFMIS.
- Ensure the interface requirements with other systems (IFMIS, National ID, and Banking Systems) works efficient.

- Enhancement of human resources management to improve establishment management controls, processes and practices
- Enhancement of human resources business processes in public service and teaching service
- Enrichment of controls in personnel emoluments budgeting and expenditure

2.1. Establishment Management

The establishment management assignment entails the situational analysis of the current processes, organisational structural review of all ministries, the development and implementation of policy on managing establishment register, introduction of controls and processes on establishment management and guiding principles for establishment committee. This assignment is expected to cover both civil and teaching services.

Referred processes are the following:

- Transfer of positions/staff
- Restructuring
- Funding and filling of positions
- Incorporation within the HRIS
- Temporary positions/ substitutes
- Controls to manage Civil Pensioners

2.2 HR Strategy, Policy and Business Process Reengineering

This assignment should focus on reviewing the appropriateness and effectiveness of current HR business processes for civil and teaching service in meeting GoL objectives, which will be followed by the mapping of these processes and the development of proposed new processes along with recommendations on how these may be implemented in such a way as to obtain engagement, understanding and support from leaders and managers in the civil and teaching services. The approach used should avoid delays and bottlenecks and improve the quality of service. The GOL uses the Resource Link (NGA) system for payroll purposes. When reviewing existing processes and define an ideal solution to improve many aspects without considering existing software, they may experience difficulties in realizing their objectives since this commercial package cannot be customized to automate such processes.

Ensure that controls within the Resource Link are being utilized to ensure that “Positions”, “Grades” and similar parameters are used efficiently. Include all key registries and controls in this review so that new system can be assessed properly and possible improvements can be suggested for other important capabilities as well.

Human Resources processes to be reviewed are:-

- Job evaluation and grading
- Job descriptions and profiling
- Teachers career structure
- Career development and succession planning
- Salaries, benefits and allowances
- Recruitment process for Teachers, civil servants and health professionals
- Employee relations process
- Procedure regulating church and privately owned schools
- Develop a strategy for managing deployment of teachers based on Teacher/Pupil Ratio
- Retention Management
- Evaluate controls in the Resource Link system to manage “Positions”, “grades” and similar parameters

3. Scope of Work

3.1 Theme 1: Establishment Management

- (i) Conduct a situational analysis to understand the current establishment management process, including entry-points for recruitment of public officers (including teachers)
- (ii) Conduct an organisational structure review within the all ministries of the Government of Lesotho to
 - a. Develop a framework that will determine work measurement for each job category for optimal utilisation of manpower
 - b. Develop principles to guide establishment management for the entire Public Sector with specifics for individual services (i.e. Teacher/Pupilratio, span of control, relevant management levels etc.)
- (iii) Develop a standardized policy, guidelines and procedure for effective establishment management in civil and teaching services. This must include:
 - a. Guidelines for the Establishment Committee as an institution of Establishment control within the public service.
 - b. Guidelines for restructuring of Government ministries on HR management
 - c. Process to be followed for creation, abolition, re-designation and regrading of positions
 - d. Re-deployment procedure to address under and/or over establishment
 - e. Standardized generic job titles and align with appropriate job grading.

- f. Job analysis framework to determine roles and levels of individual jobs at a technical level
- (iv) Review the existing establishment data for the civil and teaching services for any inconsistencies and issues that need to be addressed for the HRIS.
- (v) Review establishment controls within HRIS
- (vi) Develop a strategy to manage “substitute teachers” engaged on contract basis
- (vii) Develop functional and organizational structures for schools for purposes of standardisation through consultations with all relevant key stakeholders

3.2 Theme 2: Business Process Reengineering

- (i) Identify and map human resources business processes within Civil and Teaching service to establish the current situation as per provided under paragraph 2.2
- (ii) Conduct human resource business process reengineering and develop new business processes for Civil and Teaching Services as per paragraph 2.2

4. Expected Deliverables from the Firm

4.1 Establishment Management

Deliverables	Time Line
4.1.1 An inception report which shall include <ul style="list-style-type: none"> • initial results after situational analysis; • potential problems; • draft work plan; • proposed methodology for undertaking the assignment; • preconditions for successful execution of the assignment; • Any other matter which the Consultant wishes to raise relative to the assignment • Budget for logistics 	Within 2 weeks from the commencement for the contract
4.1.2 Establishment management and restructuring policy-first draft. This policy will also include the following: <ul style="list-style-type: none"> • Set principles for optimal organizational structuring. • Guidelines for the Establishment Committee as an institution of Establishment control within the public service. 4.1.3 Guidelines for restructuring of	Within 18 weeks from the submission of the inception report

Government ministries. 4.1.4 Process to be followed for additional approved positions 4.1.5 Re-deployment procedure to address under and/or over establishment 4.1.6 Standardized generic job titles and align with appropriate job grading's. 4.1.7 Job analysis framework to determine placement of jobs (determine clarity of roles/levels). 4.1.8 Consider findings from biometric census	
4.2 An approved Establishment management and restructuring policy.	Within 12 weeks from the submission of the draft policy
4.3 Review the existing establishment data for the civil and teaching services and suggested modifications for better data management	Within 18 weeks from the commencement of the contract
4.4 Standardize generic job titles and align with appropriate job grading's.	Within 20 weeks from submission of the inception report
4.5 Develop the job analysis framework to determine placement of jobs(determine clarity of roles/levels)	Within 20 weeks from submission of the inception report
4.6 Review establishment controls within HRMIS	Within 24 weeks from submission of the inception report
4.7 Develop a strategy to manage "substitute teachers" engaged on contract basis	Within 12 weeks from submission of the inception report
4.8 Develop functional and organizational structure for schools	Within 24 weeks from submission of the inception report
4.9 Develop a manpower budget tool aligned to the reviewed establishment register	Within 24 weeks from submission of the inception report

4.2 Business Process Reengineering

Deliverables	Time Line
4.2.1 An inception report which shall include:- <ul style="list-style-type: none"> • Situational analysis in Civil and 	Within 2 weeks from the commencement for the contract

<p>Teaching Services</p> <ul style="list-style-type: none"> • Identify potential problems and bottlenecks; • draft work plan; • proposed methodology for undertaking the assignment; • resources to be provided by the Consultant and the Client; • preconditions for successful execution of the assignment; • budget and logistics 	
4.2.2 Mapping of AS IS processes	Within 32 weeks from submission of the inception report
4.2.3 Standard Operating Procedure Manual entailing new business processes for civil and teaching services	Within 20 weeks from submission of the inception report
4.2.4 Documented strategy for Managing Deployment of Teachers	Within 2 weeks from the submission of Standard Operating Procedure Manual
4.2.5 Documented Human Resources Policy Manual for Teaching Service	Within 8 weeks from submission of Strategy
4.2.6 Documented Job Evaluation and Grading Framework	Within 8 weeks from submission of Policy Manual

5. Timeframe

This consultancy is expected to be completed as per the expected timetable deliverables (number 4). It will be effective from the contract commencement date. The assignment is based in Maseru and the firm is expected to provide field-based continuous support throughout the assignment.

6. EXPERTS REQUIRED

The HR firm shall be required to field a team of suitably qualified personnel led by a Project Manager (PM). 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;(Quality control of the project incorporated in this role)
- b. Establishment Management/Organizational Development Specialist;
- c. Business process Re-engineering specialist
- d. Local Education specialist

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. The project manager should have at least 8 years' experience in similar assignments preferably in the Public Sector. The Project Manager will also be responsible for quality control and assurance of this project. An applicable degree will be a prerequisite.

b. Establishment Management/Organizational Development Specialist

The Establishment Management Specialist will be responsible for establishment management and organisational design in both civil and teaching services. The expert should have at least 10 years' experience in the related field, preferably 5 years of those in the public sector. An applicable degree will be a prerequisite.

c. Business Process Re-engineering Specialist

The Business Process Re-engineering Specialist will be responsible for Re-engineering of HR Business processes in civil and teaching services. The expert should have at least 10 years' experience in the related field preferably 5 years of those in the public sector. An applicable degree will be a prerequisite.

d. Education specialist

The Education specialist will be responsible for advising the project Manager on the education system in Lesotho, the relevant stakeholders and processes involved. The expert should have at least 10 years' experience in the related field/sector. An applicable degree will be a prerequisite.

7. 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:

Deliverable(the assignment is expected to be completed within a period of 24 weeks, with min 12 person-months of on-site)	Time Frame
1. Inception reports; - Establishment Management	2 weeks

Deliverable(the assignment is expected to be completed within a period of 24 weeks, with min 12 person-months of on-site)	Time Frame
<ul style="list-style-type: none"> - Business Processes 	
<p>2. Establishment Management</p> <ul style="list-style-type: none"> - Draft Policy - Approved Policy - Job Analysis framework - Establishment controls - Strategy to manage substitute teachers - Functional and organizational structure for schools - Manpower budget tool 	<p>6 weeks</p> <p>12 weeks</p> <p>20 weeks</p> <p>24 weeks</p> <p>12 weeks</p> <p>24 weeks</p> <p>24 weeks</p>
<p>3. Business Process Re-engineering</p> <ul style="list-style-type: none"> - Re-engineered business processes(no 1) - Standard Operating Procedure Manual (no 2) - Strategy for Managing Deployment of Teachers(no 3) - Human Resources Policy Manual for Teaching Service(no 4) - Job Evaluation and Grading Framework (no 5) 	<p>8 weeks</p> <p>2 weeks after completion of no 1</p> <p>4 weeks after completion of no 2KS after completion of no 3</p> <p>4 weeks after completion of no 4</p>