



State Comptroller of Israel | Local Government Audit | 2021

Social Audit

Financing Welfare Services



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Background

The system of personal welfare services is designed to meet the needs of those requiring services (recipients of the services). The Ministry of Labor, Social Affairs and Social Services is the central link in ensuring the existence of effective and comprehensive welfare services in Israel, and it implements its programs through the local authorities. These operate through the departments of social services (DSSs), which constitute a professional system that deals with the provision of welfare services to the residents who receive the services, identifying needs and developing an appropriate response to them.



Key figures

27

Israel's position among the 36 OECD countries in the field of total public expenditure on social services.

NIS 10.1 billion

The budget of the Ministry of Welfare for the beginning of 2019, of which about NIS 7.8 billion from government budgets and about NIS 2.3 billion – the participation of local authorities in expenditures. The budget of the Ministry of Welfare at the end of the year was approximately 14% higher and amounted to approximately NIS 11.5 billion.

61%

The rate at which the state increased the welfare budget in the last 8 years: from approximately NIS 6.3 billion in 2012 to approximately NIS 10.1 billion in 2019.

NIS 61 million

The amount not used by the Ministry of Welfare and local authorities from the welfare budget at the end of 2019 (0.53% of the budget).

30%

The rate of increase in the budget allocated to welfare activities in local authorities at the end of 2019 (approximately NIS 8.2 billion) in relation to the budget approved by the Ministry of Welfare at the beginning of the year (approximately NIS 6.3 billion).

49%

The gap in favor of local authorities belonging to high socio-economic clusters (7–10) in terms of the average expenditure per resident registered in the DSSs, compared to residents of local authorities from lower clusters (1–4).

21.5%


The rate of increase in the number of social workers employed in the DSSs in the last four years (6,197 at the end of 2019).

656




The number of unfilled positions in the DSSs, of which 558 are positions for social workers. This is approximately 10% of the total positions approved for the departments for 2020.



Audit actions

 From July to November 2020, the Office of the State Comptroller examined the financing of social services provided by the State of Israel to its residents, mainly through the local authorities' social services departments. The budgeting of services and the budgeting of manpower positions in the social services departments of the local authorities were primarily examined. The audit was conducted at the Ministry of Labor, Social Affairs and Social Services, in the ministry's Southern District and Central District, in the municipalities of Rehovot, Netivot, Baqa al-Gharbiyye and Kiryat Ono and in the Rekhasim Local Council. Supplementary examinations were conducted in the Budget Department of the Ministry of Finance and at the Federation of Local Authorities in Israel. It should be noted that the report was prepared in the midst of the COVID-19 pandemic, and that during this period the bodies examined in the report were required to deal with many and special challenges exceeding their daily activity.

Key findings

-  **Update of the Welfare Law** – The law imposes responsibilities on local authorities for the establishment of welfare services, but does not define which services they should provide and how they will be funded. Researchers, along with central government and local government officials, have argued against the ability of the existing Welfare Law to address the current needs of Israeli society, in the absence of a clear definition of the service offered, eligibility conditions, scope and level at which the local authority should operate. The Ministry of Welfare's initiatives to advance the Welfare Services Law of 2008 and 2016 have not been completed.
-  **Social Work Regulations** – The regulations include 18 chapters, and each chapter includes provisions – sometimes dozens of provisions. Most of the provisions, which include professional guidelines and serve as a primary tool for welfare workers, have not been updated for a long time: for example, there are regulations that were updated for the last time between 1970 and 1999 (42 provisions); between 2000 and 2010 (59 provisions); and between 2011 and 2015 (58 provisions). If a need arose for regular updates of the professional provisions, they were distributed as internal guidelines or through the ministry's Director-General's circular, and were not published in the Social Work Regulations.
-  **Reports Concerning Manpower in the Local Authorities** – The local authorities are still required to manually fill in the reports of DSSs manpower and transfer them to the districts of the Ministry of Welfare, where the data is entered into a computer. They



are then transferred to the Ministry's headquarters for settlement of accounts with each local authority.



Gaps in the Budgeting of Local Authorities – In 2019, the average welfare budget for a registered resident in DSSs in local authorities from the strong socio-economic clusters 7–10 (NIS 5,110) was approximately 67% higher than in the weak clusters 1–4 (NIS 3,056). Both the budget and the average expenditure per patient are higher in local authorities from high socio-economic clusters.



Budgeting of Local Authorities – In the last three years, the Ministry of Welfare did not transfer a budget framework to local authorities before the beginning of each year, and thus for example, at the beginning of 2019, the budget approved for welfare activities in the local authorities (consisting partly of a government budget and partly of the local authorities' participation in the budget) was approximately NIS 6.3 billion, growing during the year by approximately 30% up to NIS 8.2 billion at the year's end. Local authorities learned of the amount allocated to them in each of the budget items towards the end of January. The municipalities of Rehovot, Kiryat Ono, Baqa al-Gharbiyye and Netivot, the local authorities examined, said they structure their welfare budget on the basis of the previous year's welfare budget. It follows, therefore, that the local authorities are forced to plan the welfare budget under conditions of uncertainty as to the amounts to be allocated. Some of them were unable to utilize budgets they received from the ministry during the budget year because they found it difficult to get administratively organized to use them and obtain budget supplements from their sources in the middle of the year. For example, in September 2019, the Municipality of Baqa al-Gharbiyye received approximately NIS 219,000 for the program "Towards the Community", but failed to utilize 92% of it that year; in July 2018, the Municipality of Rehovot received approximately NIS 52,000 for the "Relieving Loneliness on Weekends" item, and was unable to use it at all that year; and in June 2019, the Municipality of Kiryat Ono received approximately NIS 60,000 for the item "Services for Holocaust Survivors" and failed to utilize 50% of it that year.





Start of Year Budget – The budget allocated by the Ministry of Welfare to the local authorities examined in the financial budget items for the beginning of 2018 – 2019 was 9% – 67% lower than the budget for those items for the end of the previous year.




Publication of Criteria and Allocation Formulas for Budgeting Local Authorities – The Ministry of Welfare has for years distributed the budget to local authorities using 124 formulas for the distribution of funds and criteria and coefficients for distribution, which are considered in the committee with the participation of the local authorities' representatives, but has not published them to the local authorities and the public. In this way, the right of the Local authorities and the public to appeal the formulas, criteria and coefficients may be violated.



 **Transfer of Budgets from One Local Authority to Another (Adjustments)** – The Ministry of Welfare does not have centralized information on the adjustments it carries out each year: from which local authorities were budgets deducted, and from which items; what are the amounts deducted from each local authority; how did the ministry determine to which local authorities the deducted budgets would be transferred; and which local authorities received the funds.

 **Allocation of Positions to Welfare Workers in DSSs in Local Authorities and the Issue of their Workload** – The Ministry of Welfare assigns positions to local Local authorities from time to time, following receipt of a budget from the Ministry of Finance, but has not examined and mapped the actual needs of each local authority, and as a result, it does not have data regarding the number of social workers (SW) required in local government in general, and in each local authority separately. The ministry did not even determine the desired ratio between the number of social workers and the number of people requiring treatment, did not set a maximum standard for this and did not examine the workloads of social workers. From April 2015 to April 2020, the number of total non-predetermined positions in DSSs remained almost unchanged (increased by only 3%), while the number of total predetermined positions doubled to approximately 2,900. As of April 2020, a total of 6,915 positions were allocated to DSSs, of which 5,595 are SW positions.

 **Assignment of Total Positions (Social Workers and Other Welfare Workers)** – The Ministry of Welfare has assigned fewer positions to DSSs in local authorities of weak socio-economic clusters as well as to geographically peripheral clusters compared to other clusters. For example, the number of positions allocated per thousand persons known to DSSs in local authorities of a socio-economic cluster 5 is approximately 155% higher than the number of positions allocated compared to cluster 1 local authorities; the number of positions per thousand persons in relation to the population of the cluster assigned to the local authorities of a socio-economic cluster 5 is approximately 25% higher compared to cluster 1 local authorities; the number of positions allocated per thousand persons known to DSSs in a geographically peripheral cluster 7 is approximately 51% higher compared to a cluster 3; the number of positions allocated to DSSs in a geographically peripheral cluster 3 is approximately 57% higher compared to cluster 1.







Utilization of Welfare Budgets – The Ministry of Welfare and local authorities almost fully utilized the welfare budget in 2015–2019, and there has been a decrease in the last four years in the amount of unutilized budget.

Reports by Local Authorities to the Ministry of Welfare for the Purpose of Receiving its Participation in Financing Welfare Expenditures – The Ministry of

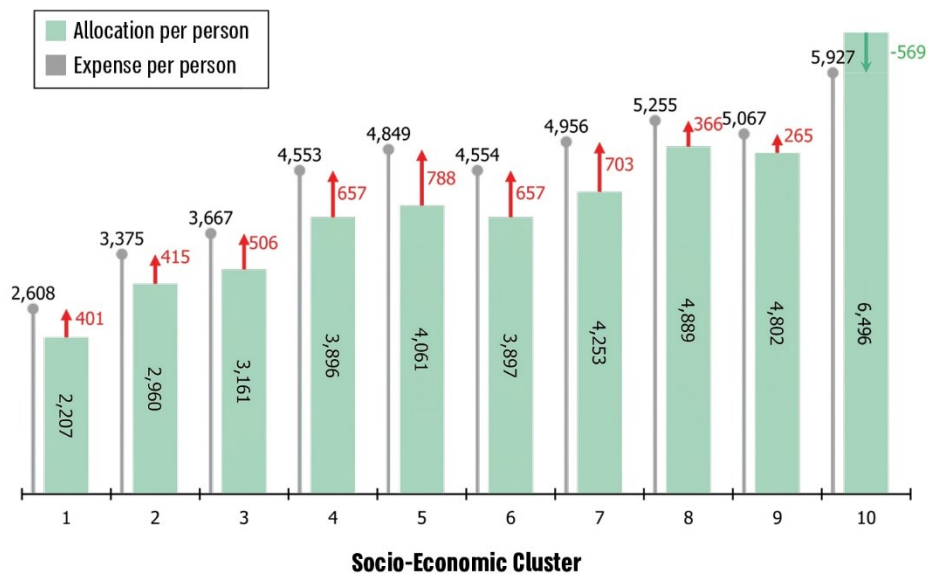


Welfare computerizes the process of reporting the placements of patients in treatment frameworks and institutions, and the local authorities presently perform the process in a computerized manner (except for two local authorities where the process has not yet been completed).

Key recommendations

-  It is recommended that the Ministry of Welfare and the Ministry of Finance act to transfer budget frameworks to local authorities no later than two months prior to the start of the fiscal year, to enable them to plan their welfare budgets in keeping with the resources allocated by the Ministry of Welfare. It is also recommended that the Ministry of Welfare work with the Ministry of Finance and all relevant parties to examine options for allocating the full budget of the financial items at the beginning of the year. In this way, the ministry will increase the degree of certainty for the local authorities in managing their budgets, the local authorities will be able to plan their budgets intelligently, and the ministry will be able to monitor optimally execution of the actions by the local authorities throughout the year.
-  It is recommended that the Ministry of Welfare conduct an examination of the amounts transferred through adjustments in order to examine the claim that funds are actually transferred from local authorities of low socio-economic clusters to strong local authorities. It is also recommended that the Ministry of Welfare establish detailed procedures and criteria for performing budget adjustments, including a description of the process of conducting the adjustments, the manner of recording the adjustments to be carried out, provisions regarding monitoring of the process and production of a central report at the ministry level, to ensure that the process runs optimally. This procedure and the criteria for carrying out the adjustments, as well as the adjustments made annually, should be made public to the local authorities and the public. It is also recommended that the Ministry of Welfare increase transparency regarding the distribution of welfare budgets to local authorities and publish on the Ministry's website the formulas and criteria according to which the budgets are distributed to the public.
-  It is recommended that the Ministry of Welfare consider, in cooperation with local authorities, the gaps in total allocation of positions and staffing in DSSs in local authorities belonging to low socio-economic clusters and low geographically peripheral clusters, and in SW position staffing in particular.
-  It is recommended that the Municipality of Baqa al-Gharbiyye, the Municipality of Netivot, the Municipality of Kiryat Ono, the Municipality of Rehovot, and the Rekhasim Local Council act to fully staff the positions in the DSSs, to ensure optimal care for welfare service recipients in their area of jurisdiction.

The Budget* and Actual Expenditure on Welfare Services in Relation to Those Registered in the DSSs, by Socio-Economic Clusters, 2019 (NIS per Patient)



According to data from the Ministry of Welfare, processed by the State Comptroller's Office.

* The allocation consists of a budget received from the Ministry of Welfare plus the participation of local authorities in expenditure.

Summary

The manner in which the social services departments in the local authorities are budgeted by the Ministry of Welfare may lead to a widening of disparities between weak and strong local authorities. Gaps have been found in the allocation of manpower positions that the Ministry of Welfare assigns to local authorities in low socio-economic clusters as well as among the geographically peripheral population. The manner in which funds unused by the local authorities are deducted and transferred to other local authorities is not transparent, and the ministry's headquarters does not know what amounts were transferred and to whom. In the absence of such information, and in the absence of control by the ministry of these transfers of funds carried out in its districts, it is not possible to know whether some of the funds were transferred from weak local authorities to strong local authorities. The Ministry of Welfare has



not published dozens of formulas designed to allocate funds and manpower positions in a transparent manner to the public.

In order to improve in the overall treatment of welfare service recipients, it is appropriate that the Ministry of Welfare, in cooperation with the local authorities, act to rectify the deficiencies raised in the report and examine the recommendations; this is for the benefit of the recipients of welfare services as individuals and for the benefit of society as a whole.