



State Comptroller of Israel | Local Government Audit | 2022

Social Audit

Regulation of the Community Welfare Services Provision by Local Authorities



Regulation of the Community Welfare Services Provision by Local Authorities

Background

Personal welfare services promote the most vulnerable groups in society. Most recipients receive the services they are entitled to in the community. The Local Authorities mainly provide personal welfare services in the community, a sizable portion of them via outsourcing while bearing the responsibility for their proper provision in the required scope and quality. The authority determining the professional criteria of personal welfare services provision, their supervision, and their financing is vested upon the Ministry of Welfare and Social Affairs (the Ministry of Welfare). However, the local authorities also have leeway when implementing the national level policy according to local needs, including the range of services, the methods of their provision – whether directly or outsourced – and the local funding sources to be used to that end.



Key figures

**about NIS
1.8 billion**

the Ministry of Welfare and the local authorities annual average expenditure corresponding to the financing method for the operation of the framework and the provision of personal welfare services in the community in 2017–2020

**of them,
about NIS
1.4 billion**

the annual average financial scope of community welfare services provided by local authorities using the corresponding financing method in 2017–2020

**of them,
about NIS
400 million**

the annual average financial scope of community welfare services provided by the Ministry of Welfare using the corresponding financing method in 2017–2020

**about 80%
(about
230,000)**

the average rate of recipients of social services in the community of all recipients of personal welfare services; Of them, about 195,000 (about 84%) are recipients of community welfare services from local authorities in 2017–2020

**about NIS
685 million**

the annual average financial scope of community welfare services provided by local authorities via outsourcing using the corresponding funding method in 2017–2020

about 81%

the average rate of local authorities that provided outsourced welfare services in 2017–2020

about 320

the average number of organizations that provide personal welfare services in the community for local authorities via outsourcing in 2017–2020

**of them,
about 20
(about 6%)**

the average number of organizations that provided about 54% of outsourced community welfare services for local authorities (about NIS 370 million) in 2017–2020



Audit actions



From December 2020 to November 2021, the State Comptroller's Office examined local authorities' provision regulation of community welfare services. An in-depth audit was conducted in **Be'er Sheva, Modi'in Maccabim Reut** (Modi'in), **Nahariya**, and **Tel Aviv-Yafo** (Tel Aviv) municipalities; In the local councils of **Immanuel** and **Jisr az-Zarqa**; And in the **Upper Galilee** Regional Council. The audit also includes a questionnaire sent to 30 local authorities, including those mentioned above, in July 2021¹. Questionnaires were also sent to nine non-profit organizations, associations, and companies, which provide services, among other things, to the above-mentioned local authorities. Completion audits were conducted at the Ministry of Welfare and its districts, the Ministry of Interior, the Federation of Local Authorities and the Ministry of Education. The audit was also conducted through public participation meetings of parents of at-risk children and youth who receive services from the social services departments, both among the Jewish and Arab communities.




Key findings



Methodical collection of data on those entitled to receive welfare services in the community – local authorities do not methodically manage and analyze data on welfare populations living within their jurisdiction entitled to personal welfare services, whether exercised or not. They do not methodically collect data on welfare populations whose entitlements are not exercised and do not hold data regarding these populations. The Ministry of Welfare does not enable access to its information regarding those entitled by the local authorities, in particular persons with disabilities, nor does it make the data held by other government bodies regarding those entitled to welfare services (such as the Ministry of Health, the National Insurance Institute and the Ministry of Social Equality) accessible. This information is necessary for local authorities to form an integrative and educated plan for the welfare services they wish to provide their residents.

¹ The local authorities to which the questionnaires were sent, including the authorities in which an in-depth audit was conducted, were selected taking into account the administrative districts in which they reside; Their municipal status; Their socio-economic cluster; The peripheral index to which they are associated; The sector to which most of their residents belong; And their number of residents.



-  **Development of community welfare services by small and peripheral authorities** – in small local authorities, which are often also peripheral, the range of welfare services provided to their residents is more limited. Therefore, their residents might not receive certain services they are entitled. A Ministry of Welfare data analysis indicates that when a small local authority does not provide a particular service within its jurisdiction, its residents are less likely to be referred to nearby local authorities to receive the services than residents of medium size and large authorities. For example, small authorities are the majority among the authorities that do not provide services in their jurisdiction and do not refer residents to receive services in sheltered occupational centers for persons with intellectual-developmental disabilities (about 62%), sheltered occupational centers for persons with physical disabilities or borderline intelligence (about 63%) and in 'Bayit Cham' centers (Warm Home) for girls and young women (about 61%).
-  **Provision of welfare services in the community by the Ministry of Welfare** – the Ministry of Welfare operates community welfare services using the corresponding financing method with an average annual financial scope of about NIS 400 million, out of about NIS 1.8 billion expenditure on community welfare services (in 2017–2020). An analysis of the Ministry of Welfare data indicates that it does not methodically decide regarding the frameworks it will operate (via outsourcing) and not through the local authorities (directly or via outsourcing). Sometimes it operates services or frameworks alongside those operated by the local authorities (such as in 'Bayit Cham' (*Warm Home*) for girls, sheltered occupation for persons with physical disabilities or with borderline intelligence and rehabilitative day care centers for persons with physical disabilities or with borderline intelligence). Furthermore, the Ministry of Welfare's decision to operate specific frameworks does not guarantee access to most local authorities, particularly to residents of small and peripheral local authorities who struggle to provide various welfare services. The rate of these local authorities among those that do not refer at all to frameworks is not negligible.
-  **Centralization of the outsourcing of community welfare services** – out of the 320 organizations that provide community services for local authorities via outsourcing, 20 organizations (about 6%) provided about 54% of the services (at the cost of about NIS 370 million on average in 2017–2020). In addition, by the data for 2020, 96 (about a third) of the organizations provided services to more than two local authorities simultaneously, and 30 organizations provided services to at least five local authorities simultaneously. By the local authorities' responses to the questionnaires, more than a third of them do not increase competition in the provision of community welfare services at the tender stage (by bringing the tender to the attention of potential bidders, regardless of the actual publication of the tender, or by removing possible barriers to the participation of new bidders). About two-thirds of them do not preserve the competition at the end of the tender procedures and during the provision of the services



(by allowing service recipients to choose between different service providers or by selecting additional qualifiers as tender winners).



Drafting of the tenders published by local authorities for the provision of welfare services in the community – about a third of the tenders and engagement agreements examined, including a tender issued by the **Tel Aviv**, did not state that the service provider is prohibited from employing sex offenders. In half of the tenders and engagement agreements examined, including tenders published by **Modi'in**, **Nahariya**, and **Tel Aviv**, bidders were not prohibited from entering into an engagement with local authority employees, council members, including the head of the authority, and their relatives or associates. In addition, about 40% of the tender documents and engagement agreements examined did not specify all the requirements outlined in the Public Entities Transactions Law, 1976, or only some of the conditions outlined in the law were set. Only two of the authorities to which the questionnaires were sent – **Lod** and **Kiryat Gat** – included in their tenders a requirement regarding compliance with the provisions of the Equal Rights for Persons with Disabilities Law, 1998, ensuring adequate representation for persons with disabilities. The audit also found that the Ministry of Welfare had decided not to approve the outcome of a tender for the operation of daycare centers for children and youth at risk published by the **Jisr az-Zarqa** Local Council, as the tender documents lacked material conditions regarding the provision of the services.



Control and enforcement mechanisms in local authorities' engagement agreements with outside service providers for the provision of community welfare services – the provisions that local authorities include in tender documents and engagement agreements for the supervision and control of outside service providers are usually general and do not address the areas in which supervision will be carried out or the control tools to be employed in the course of the engagement; More than half of the authorities whose agreements were examined (59% of them), including **Modi'in** and **Nahariya**, the **Jisr az-Zarqa** Local Council and the **Upper Galilee** Regional Council, did not include an obligation to report exceptional events, most (71% of them), including **Modi'in** and **Nahariya** and the **Upper Galilee** Regional Council, did not include in their agreements an obligation for periodic reporting regarding the scope of the services and activities provided, and although the level of services depends mainly on adequate funding of the services, about two-thirds (65%) of them, including **Nahariya** and the **Upper Galilee** Regional Council, did not include an obligation for periodic reporting on budgetary matters. It was also found that almost all the contract agreements examined, including the agreements of **Modi'in** and **Nahariya**, did not include provisions for the service provider's obligations to document and retain documents on the services provided and that most agreements did not include provisions for the service provider's obligation to orderly provide the local authority, with data and information after the end of the engagement. The in-depth audit of **Be'er**



Sheva, Modi'in, and Nahariya and the **Upper Galilee** Regional Council raised that they did not include in their engagement agreements detailed monitoring, control, and enforcement mechanisms nor did they adequately monitor whether the outside service providers' comply with their obligations; Furthermore, if the service providers did not meet their obligations, the local authorities did not enforce those obligations on them.



Use of satisfaction surveys of supervision and control processes of outside service providers – 23 (about 80%) of the local authorities that responded to the questionnaires, including **Be'er Sheva, Modi'in, Nahariya**, and **Tel Aviv**, the Jisr az-Zarqa local council and the **Upper Galilee** Regional Council, do not conduct satisfaction surveys among welfare service recipients to control services provided to them by outside service providers.



Information security and privacy protection requirements in outsourcing engagements – about 65% of the local authorities who responded to the questionnaires formed a procedure for information security in the Department of Social Services, and about a quarter of them distributed the procedure among outside service providers; A few of them (19%) performed monitoring to ensure they were complying with said obligations; And not one of those local authorities generated a report after the inspection. These authorities do not even ensure that the winner of the tender will meet these requirements during the engagement period and upon its termination.



The physical infrastructure for the provision of the services – five (about 17%) of the local authorities that responded to the questionnaires considered the allocation of physical infrastructure as a significant challenge regarding the provision of welfare services in the community. Among most responding local authorities that provide outsourced services (20 local authorities), one of the considerations in deciding whether to provide the services directly or via outsourcing is the local authority's difficulty in allocating a structure for the provision of the services. The audit found that when the local authority transfers the responsibility to allocate a structure for the service provision to the outside service provider, and the cost involved is not grossed-up in the payment made to it, the service provider might allocate a building at a lower price, that is not suitable for the provision of the services, or try to minimize the rest of its expenditure, grossed-up in the fixed uniform tariff set by the Ministry of Welfare, according to which the Ministry finances the provision of services, which is not necessarily subject to close supervision.



Providing data on those eligible for community welfare services to the local authorities – during the audit, the Ministry of Welfare began to distribute once a month among the directors of the social services departments a dashboard of local authority data (the "Michlol").



Determining indices for evaluating the level of services provided to welfare service recipients – as of 2019, the Ministry of Welfare is promoting a quality index program for welfare frameworks to improve the services provided, introduce uniformity in evaluating inputs, processes, and results and allow a methodical examination of the compatibility between the service provided and the policy of the Ministry of Welfare regarding the service.

Key recommendations

- 💡 It is recommended that all local authorities maintain reliable and updated data on the needs of all welfare populations in their jurisdiction, including the needs of residents not known by social services departments, and collect this data from internal or external sources. It is recommended that the Ministry of Welfare database be made available to local authorities also includes data held by it or by other public bodies (such as the Ministry of Education, the Ministry of Health, the National Insurance Institute, the Ministry of Social Equality and the Rehabilitation Division at the Ministry of Defense) regarding residents of local authorities who are not known to the social services departments.
- 💡 It is recommended that the Ministry of Welfare examine the barriers small and peripheral authorities confront in developing services in certain areas of care or referral for receipt of the services in nearby local authorities. It is also recommended that the Ministry of Welfare examine the possible incentives to ensure those eligible for the services receive the best response.
- 💡 It is recommended that local authorities that provide outsourced welfare services, including **Be'er Sheva, Modi'in, Nahariya, and Tel Aviv**, the **Jisr az-Zarqa** Local Council, and the **Upper Galilee** Regional Council, include detailed supervision and control mechanisms in the engagement agreements, an orderly methodology regarding the mechanisms employment; to the issues, they will deal with; to inputs and outputs control indices; to the frequency of the controls; and to the control, and tools to be used for this purpose. It is also recommended to stipulate in the agreement precise enforcement tools to advance the engagement objectives and avoid harming the service recipients.
- 💡 Given the challenges in creating competition in tenders of local authorities in welfare services, in particular small authorities and authorities whose socio-economic index is low, and given the benefit of creating cooperation between local authorities in this context, it is recommended that the Ministry of Welfare, in cooperation with the Federation of Local Authorities, the Ministry of Interior and the regional clusters, encourage such collaborations. This, among other things, by creating a platform for

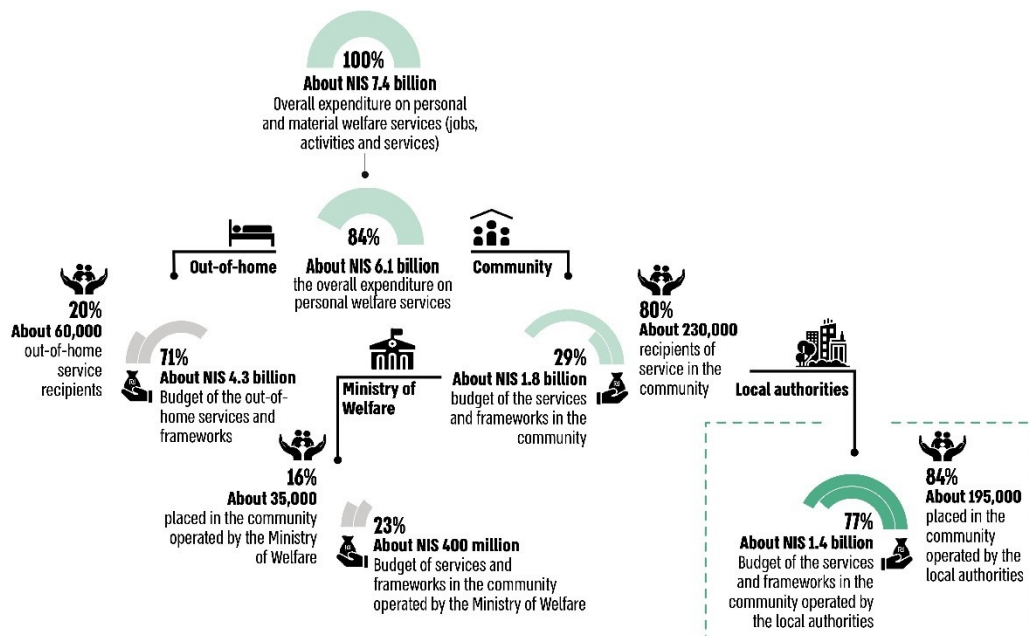


ongoing cooperation between local authorities and sharing relevant information, such as tender drafts, engagement agreements, and control findings of the Ministry and local authorities inspectors regarding service providers providing services to the Ministry of Welfare or several local authorities.



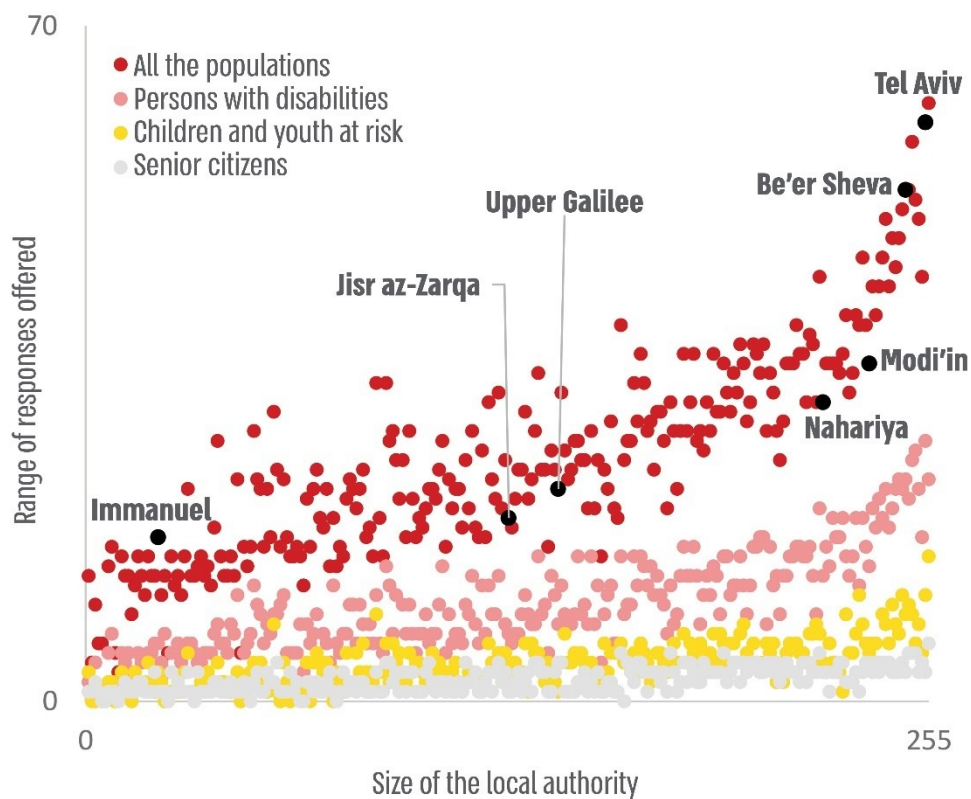
All local authorities, including **Be'er Sheva, Modi'in, and Nahariya**, the **Jisr az-Zarqa** Local Council, and the **Upper Galilee** Regional Council, should act according to the provisions of the Social Work Regulations; Protection of Privacy Law, 1981; And the Protection of Privacy (Information Security) Regulations, 2017; and under the other instructions of the Registrar of Databases, to find out whether outside service providers meet the information security requirements, the local authority procedures and the provisions of the law, and to appropriate ensure that the service provider will meet these requirements during and at the end of the engagement period.

Number of recipients of welfare services and scope of average expenditure of the Ministry of Welfare and local authorities on community and out-of-home welfare services in 2017–2020



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

The range of responses offered by local authorities in the community, according to the size of the local authority and the population receiving the service, cumulatively, 2017–2020



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

Summary

Most personal welfare services are received in the community, and are provided by local authorities – directly or via outsourcing. To ensure they optimally function, the local authorities should be provided with all the information necessary for the optimal planning of services, and barriers that might hamper small and peripheral local authorities to develop services without regional cooperation are identified and mapped.



To reduce the adverse effects of outsourcing the provision of personal welfare services and to enable local authorities to enjoy its benefits, including improving the quality of services they provide, they should carefully formulate the rules of entering into an engagement and adequately employ the supervision, control and enforcement mechanisms available to them.