



## **Government Ministries' 'Budgeteers': Vital but Obscure**

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*This policy paper seeks to examine the status of government "budgeteers", discuss their function, and examine ways to improve their performance. The paper relates only to the government's civilian sector, due to the lack of open information regarding Israeli security ministries. It can be assumed that the government's security sector operates for the most part in a similar fashion to the civilian one, especially in the back-office work of budgeteers.*

*(Since this policy paper was written during the coronavirus crisis, one chapter is dedicated to the budgeteers' performance during the pandemic).*

The **first chapter** introduces the topic, presenting the budgeteers, the State budget and the Budgets Department.

The **second chapter** discusses the internal budget management of government ministries.

The **third chapter** describes the budgeteers and their work – in the context of the Budgets Department, the ministries and ministerial human resources budgeting.

The **fourth chapter** focuses on the budgeteers' special role, addressing the question of why budgeteers have no formal status and discussing the recommendations made by the 'governance commission'.

The **fifth chapter** looks at the budgeteers' performance during the covid-19 crisis, and the **sixth** examines ways to improve their function.

### **Summary:**

Every Israeli government ministry, as well as the large government auxiliary units, employs an official whose job is creating and updating the ministry or agency budget. These officials hold a key position – they are the link between the Ministry of Finance's Budgets Department and the various government ministries and agencies – but surprisingly, although they hold one of the highest offices in the government

service, their formal status is not sufficiently clear, and neither is the nature of their training nor the scope of their duties. They don't even have a fixed title, nor do their departments. For the purposes of this paper, they are entitled "budgeteers".

In the absence of any central direction, the nature and scope of the budgeteers' work varies from office to office and from unit to unit, with each office shaping the role differently, although most include responsibility for the ministry's other financial affairs. This might have certain positive aspects, particularly for offices with special characteristics, but it ultimately detracts from the efficiency of government management. The state budget is in large part created from the accumulation of the various ministry budgets, so that proper organization of the personnel who compile the ministry budgets can improve management of the overall budget – as the 'governance commission' indeed determined seven years ago.

The reason budgeteers have no formal status is that the Budgets Department is very different from other government agencies in its anti-bureaucratic stance, its eschewing of any written procedures and the fact they disregard budgeteers as mere technical functionaries and bypass them whenever they need to communicate with the various ministries.

The Budgets Department within the Ministry of Finance is responsible for the formal and practical management of the state budget. This Department prepares the annual budget proposal and accompanies the Minister of Finance when he or she presents it to the government. The Budgets Department is also the exclusive agency that works with the Knesset Finance Committee in order to make changes in the existing budget (cuts, additions, or transfers).

The Budgets Department is small; most of its staff, who are each assigned a particular ministry or auxiliary unit, are very young, and their qualifications are usually limited to a bachelor's degree in economics; although recently some have also acquired a master's degree in business administration or the like. They also lack any training or qualifications in the fields of the ministries with which they deal and the budgets of which they are in charge.

The Budgets Department has great influence on the government budget, and through the budget, on the entire economic activity of the government. In fact, there is no connection between the size of the Department – or the average educational level of its employees – and the extent of its influence on the economy of the country. The Department claims that its employees' talents justify its dominant position in the Israeli economy, but this claim is yet to be proven. This policy paper does not seek to attack the department, as its merits are many and well known, but no organizational body is perfect. The treatment of the budgeteers of the various governmental units has been impaired by the limited organizational-managerial capability of the Budgets

Department, and this problem should be addressed as soon as possible, since the government ministries' budgeteers are an administrative and professional resource that is only very partially utilized. One budgeteer described it thus:

"To say that the budget is "important" to the Ministry and to the public is an understatement. The situation today, in which we're operating without normal software, without professional guidance, without professional training, without a procedure and without a coherent doctrine, inflicts heavy damage on the public, because it all has significant impact on the utilization of the budget and the government's ability to perform for its citizens whatever it seeks to perform through the budget".

In 2013, the 'governance commission' aimed at optimizing government functionality, published its report. Although broad in scope, most of it focused on the budget, and it highlighted the problematic status of budgeteers. On June 2013, the government adopted resolution 482, incorporating most of the commission's recommendations, among them, appointing ministerial budget deputy directors and establishing a deputy director forum led by the Ministry of Finance's Commissioner for Budgets, which would work according to set rules and guidelines, including the development of technological solutions and efficiency incentives. However, seven years later, the resolution has yet to be implemented, very likely because that task was given to the Budgets Department, which is not only unprepared for handling administrative work but undervalues it as well.

### **Recommendations:**

#### Implement the Governance Commission recommendations.

This being an organizational task, the Budgets Department of the Ministry of Finance has no appropriate tools for doing so, as it lacks organizational expertise. Moreover, implementing the recommendations is not in the Department's interest, and it therefore has no motivation to do so. The Department is uninterested in jeopardizing its monopoly on budgetary decision-making; it is already hard pressed by the repeated attempts of the Prime Minister's Office to participate.

It is therefore imperative that the task be entrusted to another body that has the interest and ability to carry out the recommendations; and later assume responsibility for the proper operation of the budgetary apparatus. **The first order of business is to locate a government body that would adopt the budgeteers and serve as their framework.**

Options for such a body include: (i) a new unit, created under the auspices of the Ministry of Finance; (ii) the Comptroller General of the Ministry of Finance, (iii) the

Civil Service Commission; (iv) the Economic Advisor to the Prime Minister in the Prime Minister's Office.

The body charged with governing the budgeteers should be required to **prepare a uniform definition and a uniform job description**, and place a suitable official in each ministry. It will be required to **prepare**, together with the budgeteers, **appropriate protocols and procedures** for their management and for handling the state budget.

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