

The State Comptroller

Annual Report 70B | 2020

Abstracts



State of Israel

The State Comptroller

Annual Report 70B

Abstracts



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Foreword

The Seventieth Annual Report, for the year 2019, and for the fiscal year 2018 accounts, is the second part of the Annual Report. It is presented to the Knesset pursuant to the State Comptroller's Law-5718-1958 [Integrated Version]. This Report covers a wide spectrum of topics, and it includes 35 chapters¹ dealing with the audit of government ministries, State institutions, local government and various governmental companies and corporations. These chapters present to the public important audit findings relating to all areas of life.

We are at the peak of the coronavirus outbreak, which has already been defined as a world pandemic, and which is upending the world and the State of Israel and impacting our lives in a very significant way. This outbreak has presented us with a test of our personal and national strengths. I believe that it is important that even in these times, state audit should continue to improve the operations of government institutions.² I wish, for all of us, that we soon return to our daily routines.

When I took this office, I formulated my vision for the Office of the State Comptroller and Public Ombudsman. That vision was as follows:

The Office of the State Comptroller and Public Ombudsman carries out constructive, objective and respectful audits. The audits are directed at future challenges, increasing the audited bodies' accountability; improving their operations, promoting the fulfillment of their objectives, and increasing the public benefit from these entities.

The Office of the State Comptroller and Public Ombudsman works to achieve its objectives, as established by law, in a professional, efficient, independent manner with organizational transparency. It strives for excellence and constant improvement, basing itself on the work of its highly skilled personnel.

In accordance with this vision, we will work toward establishing state audit as constructive, relevant and effective – dealing with the core areas of an audited entity, while focusing both on audit topics of a social nature, and providing service to the citizens. The audits will also study significant risks impacting on the audited entities activities. and analyze issues that conflict with good governance and proper ethical behavior.

Pursuant to section 10 of the State Comptroller Law, I instructed that the Financial Statements of the State of Israel as of 31 December 2018 be reviewed. The government's financial statements are a vital administrative measure for implementing its policy and for making decisions, and they constitute one of the main channels for transferring

¹ Note that aside from these chapters, there are 12 additional chapters that have been submitted in the framework of the Annual Report, and which are currently undergoing security clearance proceedings and are not included in this Report.

² As required by law, the Report was submitted to the Prime Minister on February 14, 2020 and it is being published now.

information regarding the state to the public, and for decision making. The financial statements that were reviewed lacked significant data representing substantial monetary amounts. Additional deficiencies include the fact that international government accounting standards have only been partially adopted. Despite the fact that the financial statements show an accumulated deficit of NIS 1,961 billion and liabilities (mostly long-term liabilities) in a total of NIS 2,559 billion, which indicate significant risks for the State of Israel – the national financial statements have not been deliberated by the Government or by the Knesset. The statements' presentation to the decision-makers could also contribute to increasing the government's accountability, improve the manner in which it uses public resources that are made available to it and to serve as a platform for discussion of the assets and liabilities (particularly the long-term liabilities) and an examination of the country's short-term and long-term economic challenges. In my view, the types of audits carried out by the State Comptroller should be varied and we need to improve the scope of financial audits.

With regard to handling social issues, the State audit process pays special attention to examining matters that relate to weaker groups within the population, whose rights are harder to protect and who often have no opportunity to be heard. In our examination of the **State's handling of high-risk youth**, the audit showed that the Ministries of Welfare and of Education have not been coordinating their actions regarding the identification of members of this vulnerable group and handling them. The two ministries need to formulate, together, a uniform and comprehensive approach, with the objective of establishing appropriate educational or therapeutic responses for them. This could range from community based arrangements to solutions outside of their homes – including government dormitory programs. Regarding the government dormitory programs, it has been determined that the Youth Guardianship Authority must continue to work to reduce the number of young people who are waiting for placement in the dormitory programs and to expand the variety of solutions available for them.

In the course of an examination of the systems for **purchasing and selling public housing apartments**, I recommended that in light of the continued increase in the number of those entitled to public housing, the government should continue to work to expand the options for needy population groups who require housing assistance. This should include an examination of ways to increase the apartment supply and to integrate such an expansion with other governmental programs, such as the "Buyer's Price" program.

Every year, some 400 people in Israel commit suicide. The comprehensive chapter dealing with the issue of the **National Suicide Prevention Program** points to the fact that in the six years since the program began to operate, the government ministries – primarily the Ministry of Health, which was asked to lead the program, and its key partners, the Ministries of Welfare, Education and Absorption, have failed to implement the main elements of the plan. They have failed to establish an organizational and administrative infrastructure to carry it out, they have not allocated any of the budgets for the program that were established in the Government Resolution and did not outline or adopt any therapeutic strategies suitable for dealing with the phenomenon. The program was operated in only a few towns.

The current medical-social-economic crisis requires that the partners in the suicide prevention program must make efforts to carry it out, particularly at this time of emergency, in order to create accessible social, educational and medical responses for the population groups that have been found to be at risk – the elderly, children, youth and new immigrants. These types of solutions are also needed for other risk groups – those who have lost their livelihoods and those who are currently under great emotional distress.

An examination of the aspects of the **reform involving transfer of responsibility for mental health safety** has shown that the waiting times for receiving treatment at the health funds can be extended, sometimes as long as 12 to 16 months. This has the potential effect of adversely affecting the mental health of the patients, and can also cause untold damage to their families and their immediate surroundings and reduce the impact of the therapy. Patients who turn to private therapists are forced to pay high co-payment fees in the amount of approximately NIS 570 per month. These costs can present an obstacle that prevents the less economically secure population groups from receiving needed treatment.

Contaminates in food products can cause illnesses and in extreme circumstances, fatalities. In our review of the **actions taken by the Ministry of Health to prevent health dangers caused by exposure to contaminants and pesticides in food products**, we found many issues that require improvement in the National Food Services' (a division of the Ministry of Health) handling of contaminated food that has been marketed to the public and regarding illnesses related to these food products. It was also found that food products brought to Israel from the Palestinian Authority are marketed without the National Food Services checking them. It is recommended that the interfaces with the public be improved, and that the public be informed in a timely efficient manner regarding any exposure to contaminants in food products.

Since assuming my position as State Comptroller, I have insisted that technology and computerization development - with all the advantages and risks that they present - is one of the key upcoming challenges. This Report sets out the findings from several systemic audits carried out in this area. One of the Report's chapters deals with the **use of biometric databases**, which has become more frequent in both government and private sectors, and which presents many advantages as well as significant risks in terms of data security and privacy protection.

The audit indicates that there are numerous areas that require corrective action, as the biometric applications and challenges in this developing area will only increase over time. The matter requires constant review and supervision, with the objective of managing risks and best protecting the public in an efficient manner. It is recommended to consider unifying key databases – i.e., the biometric identity card and driver's license databases. Control of data stored in the photo database of the Rav-Kav (public transportation) smart-cards should be improved, in light of the large quantity of the data held in that database and the risks involved in its use, especially because it includes approximately a million photographs of minors.

An additional systemic element that was examined relates to the integration of advanced technologies in the activities of municipalities, and the challenges involved in the development of "smart municipalities". The chapter dealing with the issue of

government preparedness for implementation of the smart cities initiative indicates the significant gaps between the technological capabilities and the services that the local authorities provide, the difficulties that the local authorities face in implementing digital projects, and the need for integration and professional support and infrastructures for the local governments. An additional chapter in the Report relates to the country's preparation for a transition to the age of computerization and deals with the **national project – “Digital Israel”**. The project is based on a vision of the use of information technologies and communications in order to promote rapid economic growth, so as to reduce the cost of living and reduce disparities between the geographical and social periphery and the urban center. The government should examine, in an inter-ministerial forum, all the investments in the initiative; these need to be viewed in comparison to the output that has been derived from these investments until now, and the expected future benefits.

The chapter dealing with the **diplomatic representation system and the crisis in the foreign ministry's budget** indicates that the system is in a structural-operational crisis. International activities are performed by approximately 40 government entities who operate in dozens of areas, in a decentralized manner – in formats that are tangential, parallel and repetitive with respect to the foreign ministry's activity – without a strategic view, and without any centralized integrated management. No one party has a complete picture of all of Israel's worldwide activity. Alongside this, the Foreign Ministry itself is experiencing a critical budgetary crisis, which substantially disrupted its activity in 2019. This situation does not allow for maximum utilization of the opportunities to promote Israel's interests in the international forum.

Several years ago, the government decided to engage in a major reform of the **Civil Service personnel management**. The findings in this field indicate that the Civil Service has partially dealt with the significant challenges regarding human resources management; the government reform was implemented only in part, and a work policy and plan is needed to complete the project. An audit regarding **management issues at the Prime Minister's Office** has shown that various senior positions have not been filled. These positions deal with administrative issues and purchasing authority in the Prime Minister's Office. It is recommended that these positions be filled, and that methods for improving the control process be examined.

Pursuant to the Public Complaints Regarding the State's Representatives in the Courts and Tribunals Law - 2016, the **unit for Audit of the System of State Prosecutors and Representatives in the Courts**, was established at the end of 2017, within the Office of the State Comptroller. This annual Report contains three chapters relating to the unit's work, as set out below:

Criminal Arrests in Israel: This is a systemic audit of the work of the various law enforcement authorities: The Israel Police, the Ministry of Justice, the Courts System and the Israel Prison Service. The audit indicated deficiencies in the work of these entities and in the interaction among them, and primarily the disregard for the protection of detainees' rights and insufficient supervision and control of this aspect; limitations on the law enforcement authorities' access to the courts; non-regulation of the function of the detainees' court representatives; the insufficient use of arrest alternatives or arrest in the form of electronic monitoring; and non-conformity of a

substantial portion of the holding cells with the living space standards established in accordance with the rulings of the High Court of Justice. The implementation of these audit recommendations can make a substantial contribution to the improvement of the work of the law enforcement authorities in this area, in a manner that will secure the human dignity of the detainees.

The Fight Against Crime, Through Economic Enforcement and Asset Forfeiture: The audit focused on a review of the obstacles that impede the conduct of legal proceedings in which a criminal's property is forfeited and is transferred to state ownership through a court order. There is a substantial disparity between the number of investigations that are opened by the police and other investigative authorities and the scope of the assets that are seized, and the ability of the prosecuting entities and the forfeiture unit to handle those cases and take control of those assets. We also found that there are overly crowded litigation schedules and that the handling of the financial enforcement cases and of serious tax crime cases and the conduct of the legal proceedings take considerable time. It is recommended that all the parties dealing with this issue should establish enforcement targets for this matter, in coordination with each other.

Implementation of the Sexual Harassment Law: On February 27, 2018, the Knesset's State Audit Committee asked the State Comptroller to prepare an opinion regarding this matter. The audit indicated that the state institutions have implemented procedures for preventing sexual harassment by civil servants and government employees and for handling incidents. In contrast, the sexual harassment incidents between civil servants and the general public, in frameworks such as the educational system and the health care system, are not appropriately handled. Furthermore, sexual harassment in the private and public employment sector is not being handled appropriately, and there is insufficient government oversight in this area. We recommended to the Ministry of Justice that they examine new methods for implementing the Law, and that they promote an annual reporting obligation regarding sexual harassment incidents and focus their attention on weaker population groups, including contract workers of both genders.

As State Comptroller, I attribute great importance to the examination of issues that impact on the business sector, including a review of the nature and cost of the service provided to that sector and the need to strive to reduce the bureaucratic burden. The audit regarding the **Companies Register database – the distribution of information and the quality thereof** deals with the distribution of information from the database managed by the Companies Registrar; the authenticity, accuracy, and quality of the information in it. The audit also examined privacy protection for the information stored in the database. In light of the importance of the database for the public, the Ministry of Justice must insist that those companies that have been licensed to distribute information from the database to the public fulfill their obligations, continue to improve the quality of the information and improve its accessibility to the public.

The Office of the State Comptroller also audited **the management and supervision of the Ministry of Agriculture and Rural Development regarding the import of livestock and animal feed and the prevention of diseases**. We found that in recent years, the price of meat for consumers has risen, despite reforms that were implemented for the purpose of lowering the price. The Ministry of Agriculture also delayed the approval of

livestock imports from additional countries, even though such imports were likely to increase competitiveness and reduce the price of meat for consumers. In regards to protecting public health, we found that there are no regular inspections to ascertain breeders' compliance with the import conditions in countries that have been approved to import livestock. Additionally, despite the high percentage of meat that is infected with brucellosis and the number of humans also infected with the disease – there is no implementable plan to eradicate the disease and to stop its spread. There is also a suspicion that imported animal feed that includes poisonous materials that will harm animals who eat it, and will also harm humans since no inspections are performed to ascertain that the feed is safe.

In the context of examining issues relating to proper administration and ethical behavior, we conducted an audit of **cultural events for the Ultra-Orthodox sector in Jerusalem during Chanuka of 2016**. The audit found various defects in the grant approval process and the financing of these events: The Jerusalem municipality provided excessive financing for an event that was branded as a birthday celebration for a regional radio station. The financing came from two parallel financing sources, in violation of – among other things – the rules of good governance. The municipality's actions caused the Ministry for Development of the Periphery, the Negev and the Galil to suspend its previously approved financial support for the event, and the municipality itself bore the entire cost of the events. The payment amounts and the double payments as well – made by the Jerusalem Municipality and by the Ariel Company, for identical types of service, require the Jerusalem Municipality to examine all the payments that were made for financing the event. The Jerusalem Municipality must implement a more efficient control mechanism to monitor government financial support and payment approvals for events, including the purchase of services from the Ariel Company.

Monitoring the correction of deficiencies that have been noted in previous reports is an important tool, the purpose of which is to ascertain that the audited entities have carried out the required corrections. I intend to expand the scope of the follow-up audits, and to upgrade the manner in which those audits are performed. The current Report presents the findings of the follow-up audit regarding the **State pension arrangements** – findings that were published in October of 2016. We did a limited review regarding the correction of deficiencies regarding several significant issues that were raised in the previous Report, including: increased pension rates approved by the Chief of Staff for IDF pensioners; payment of a bridge pension for IDF pensioners and recording the resulting liability in the State balance sheet; and action taken to raise the pension age for women.

The audit findings indicate that there has been only partial progress in resolving these issues, and that government intervention is required to mediate the remaining disputes between the IDF and the Ministry of Finance regarding these matters. Government intervention is also required to regulate data transparency. The current Report recommends completing a review of the plan for increasing the retirement age for women including a comparison to international norms, especially in light of the welcome and continuing increase in life expectancy in Israel.

This far-ranging Report covers many different subjects, and this introduction only touches on some of the chapters that are included in it. Each of the Report chapters

presents the public and decision makers with an overview of the activities of the audited entities. It thus helps all of us to ensure the propriety of public service in the State of Israel, and makes an important contribution to increased efficiency, savings and ethical behavior within the audited entities and increased compliance with the rules of good governance.

Considerable effort was expended by the personnel of the State Comptroller's Office in the preparation of this Report. The preparation work was carried out professionally, thoroughly, fairly and carefully, and those working on it carry out their public functions out of a sense of true dedication. I am very grateful to those who prepared this Report.

I am also aware that much good has been done in many audited entities, for the benefit of the residents of the State of Israel. In accordance with the State Comptroller Law, this activity is reflected appropriately in this Report for the purpose of providing a full presentation of the situation as indicated by the audit.

The audited entities have an obligation to act quickly and efficiently to correct the deficiencies indicated in this Report, in order to promote good public service in Israel and thus to improve the quality of life for the residents of the country.



Matanyahu Englman

State Comptroller and Ombudsman

Jerusalem, May 2020





State Comptroller and Ombudsman
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Chapter 1

Issues of Broad Importance



State Comptroller and Ombudsman
Annual Report 70B | 2020

Financial Statements of the State of Israel as of 31.12.18

Abstract



Financial Statements of the State of Israel as of 31.12.18

Abstract

Background

The purpose of the State's financial statements is to provide a broad picture of the Government's activities, assets and liabilities, and they are the central tool that enables proper transparency and disclosure regarding the financial activities of the Government Ministries and entities it holds, and serve as a tool for decision-makers regarding the allocation of resources. To achieve these goals, the State's financial statements must be complete, reliable and audited.

Article 12 of the State Comptroller's Law, 1958 [Combined Version] states that every year, at the date the Comptroller shall set, but no later than six months after the end of the State's fiscal year, the Minister of Finance shall submit to the State's Comptroller "a comprehensive account of the income and expenditure of the State for that year".

Key figures

NIS **1.961** billion

The cumulative accounting deficit as of 31.12.18

NIS **2.387** million

Long-term commitments as of 31.12.18

NIS **523** billion

Estimate of the fair value of State lands not included in the 2018 financial statements

NIS **15.5** billion

The annual accounting deficit for 2018. The State budget deficit for 2018 was NIS 38.7 billion

202

Entities (including: Government Ministries, statutory corporations and more) are included in the consolidated financial statements of the State of Israel as of 31.12.18

About **67**%

Of all entities included in the consolidated financial statements are inspected by auditors

18 statutory corporations

Are not included in the consolidated financial statements of the State of Israel

4 years

The length of time that the Government Accounting Standards Committee did not meet








Audit Actions



The State Comptroller's Office examined from an overall accounting perspective and a broad view the Government accounting reform (aimed at obtaining reporting and transparency norms in the public sector to those customary in the business sector), the regulation of accounting standards according to which the State's financial statements are prepared, the reliability of the data in the reports, their integrity and control, as well as the trends and risks that arise from the reports. The audit was done mainly in the Accountant General's Department in the Ministry of Finance.

The Situation Reflected in the Audit Findings



-  **The Government and the Knesset do not hold discussions in regard to the State's financial statements. The financial statements pre-sent a cumulative accounting deficit of NIS 1,961 billion and liabilities (most of which are long-term) totaling NIS 2,559 billion, giving rise to significant risks to the State of Israel.**
-  **The financial statements lack substantial data of extensive monetary scope** such as land value, the fair value estimate being NIS 523 billion, intangible assets presented in the amount of NIS 5.3 billion, but not including assets that may be material, the balance of the item "Provision for legal claims" which amounts to about NIS 8.2 billion and is based, inter alia, on incomplete sources of information and estimates.
-  **Missing information on consolidated bodies in the financial statements** - 67 of the 202 entities included in the financial statements as of 31.12.18 are not audited by auditors. In addition, 18 statutory corporations are not included in the consolidated financial statements.
-  **Partial adoption of international Government accounting standards** - 15 international government standards that have been published and adopted internationally have not yet been published by the Commission for Government Accounting Standards in Israel.
-  **The cumulative accounting deficit of NIS 1,961 billion presented in the financial statements is a residual number.** Because the asset position presented in the consolidated financial statements is incomplete, this number does not represent the cumulative government deficit.
-  **The actuarial liability for the budgetary pension in the financial statements of NIS 649 billion is not fully disclosed and is lower than the actual liability.**
-  **The notes to the financial statements indicate that the National Insurance Institute's fund is expected to be depleted by 2045,** due to the aging of the population, and without additional government funding, the National Insurance Institute will not be able to pay its full obligations under the law.



Improvement of information in the financial statements - The financial statements are compiled on a cumulative basis, as is common among many countries in the world. The number of entities included in the State's financial statements has increased in recent years from 154 entities in 2014 to 202 entities in 2018.

The Accountant General Division is working to increase transparency and make the information on the State of Israel's financial statements available to citizens. For example, since 2016, the Accountant General publishes the citizen's guide to the State's financial statements on the Ministry of Finance website to the general public.

Main Audit Recommendations



It is recommended that the Accountant General, whose role is to present complete and audited financial statements of the State prepared under government accounting standards and the Minister of Finance, should consider presenting to the government and the Knesset each year the annual financial statements upon publication, so that the information contained therein is presented to decision makers and policy makers in a comprehensive and orderly manner. This will increase the accountability of the Government and improve its use of the public resources available to it as an additional tool for decision making. Furthermore, it is recommended that each Government Office discuss the financial statements with the participation of its Minister.



It is recommended that the Government, through the Ministry of Finance, discuss the risks of long-term obligations arising from the annual financial statements, including employee rights obligations, reserves for insurance events and provisions for legal claims, and examine ways to deal with them.



The Accountant General must prepare a multi-year work plan for auditing the State's financial statements and base it, inter alia, on the requisitions required in the fixed assets items and other assets and liabilities, including the mapping and validation of the models and estimates of all report components, to optimize the information presented therein and to enable a plenary audit of the state's financial statements.



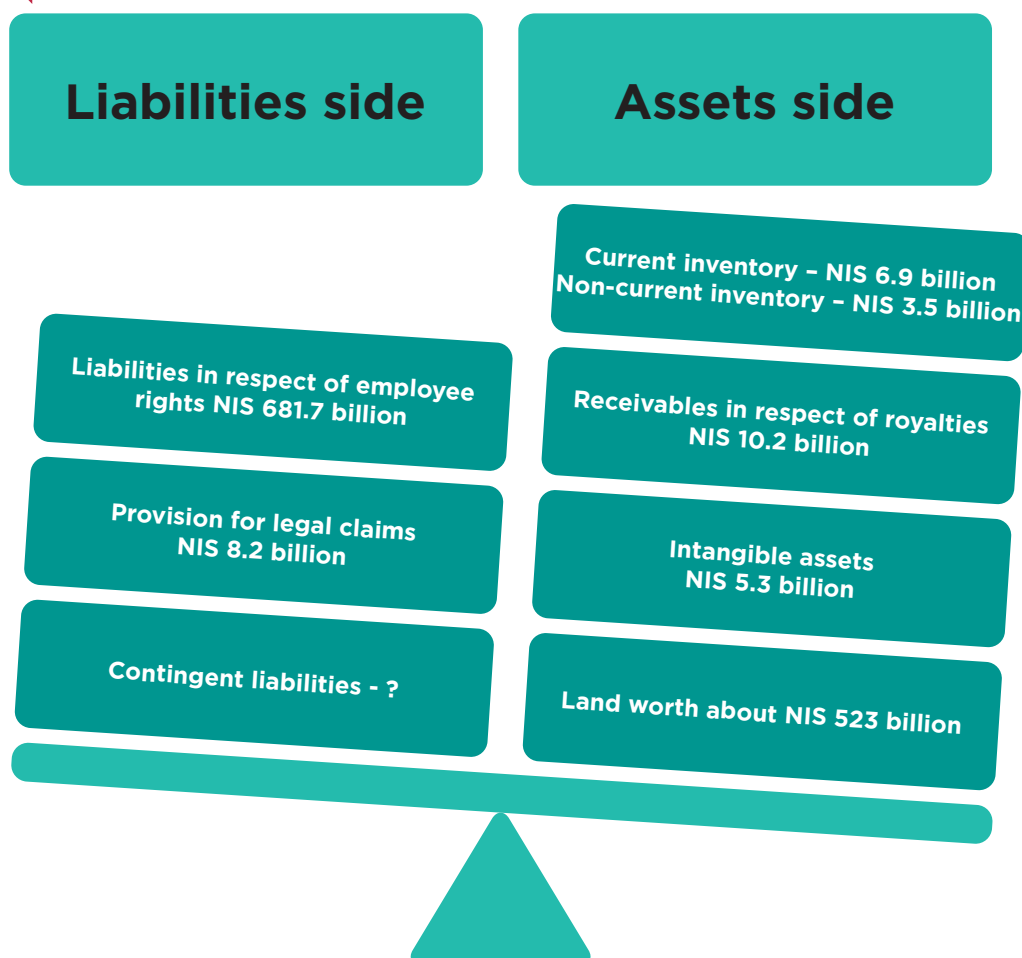
It is recommended that the Accountant General and Chief Accountant complete the work of adopting the standard in order to apply all international accounting standards in Israel and present the consolidated, audited and prepared financial statements of the State of Israel in accordance with up-to-date international accounting standards.

Summary

The financial statements are one of the main channels for transmitting information about the Government to the public and for identifying financial and monetary trends and risks, as well as being an important management tool for policy implementation and decision making.

One of the main functions of the Accountant General is to present complete and audited financial statements of the State, prepared in accordance with the Government Accounting Standards. He must formulate a multi-year plan, with clear target dates, so that the State's financial statements will be reliable, complete, audited and prepared in accordance with the latest international standards.

Summary of the main items on the assets and liabilities side that are not fully presented in the State's balance sheet as of 31.12.18





State Comptroller and Ombudsman
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Implementation of the Sexual Harassment Prevention Law, 1998

Abstract

Implementation of the Sexual Harassment Prevention Law, 1998

Abstract

Background

The Sexual Harassment Prevention Law, 1998, was designed to protect human dignity and promote gender equality. The law determines which behaviors are sexual harassment and offers three procedures for the victims: criminal, civil and disciplinary proceedings under labor law.

On 27.2.18, the State's Audit Committee of the Knesset asked the State Comptroller to prepare an opinion by virtue of section 21 of the State Comptroller Law, 1958, on the implementation of the Sexual Harassment Prevention Law. In formulating this opinion, consideration was given to the infrastructure in place to deal with the phenomenon both within and outside the governmental and public bodies; all this to build insights, after two decades since the Law was enacted, in areas where actions need to be taken to ensure the protection of the wellbeing and dignity of individuals in the society.

Key figures

1 of 4 women

Replied in the survey (2011) that she had experienced sexual harassment or indecent acts on public transport

153,000

Were sexually harassed in 2018, according to the Personal Security Survey 2018 conducted by the Ministry of Public Security and the CBS

95% - 98%

Of the respondents who reported sexual harassment in personal security surveys conducted by the Ministry of Public Security chose not to complain to police about the violation

4,814

The number of claims on sexual harassment received in assistance centers for sexual assault victims in 2018

1,568

The number of students who reported being sexually harassed by teachers in 2017 survey by the National Authority for Measurement and Evaluation in Education survey

302

The number of complaints about sexual harassment by patients treated by a medical team in the healthcare system from 2015 to 2017

146

The number of lawsuits on sexual harassment filed in 2018 at Magistrate's Courts and Labor Tribunals

29

The number of indictments filed in 2019 where sexual harassment was the only or major offense, out of 129 indictments that included a sexual harassment offense

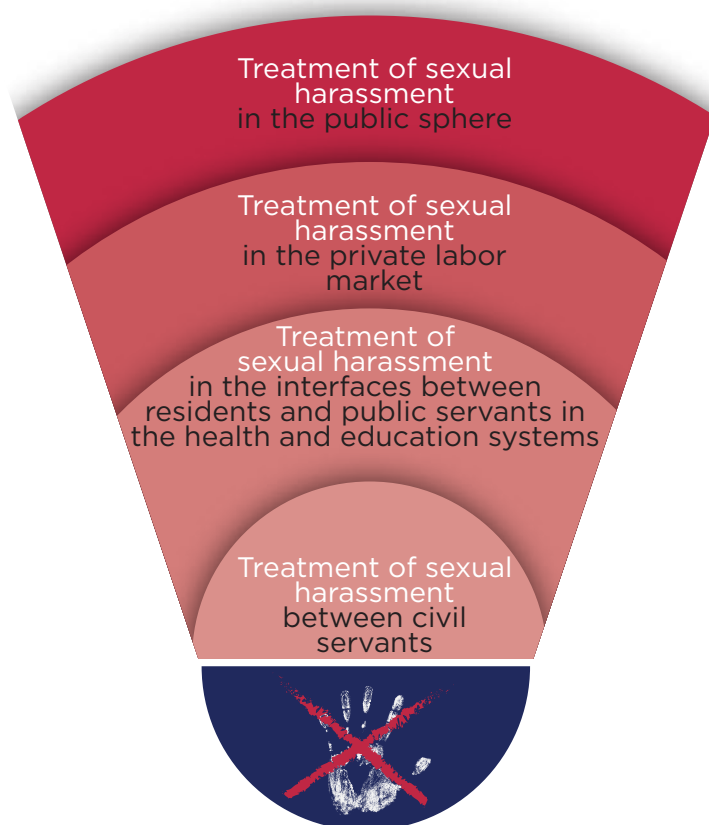
Audit Actions



The opinion deals with the following topics: Data and studies on the phenomenon of sexual harassment; the course of the law dealing with harassment; the treatment and prevention of sexual harassment in the labor market; the treatment and prevention of sexual harassment in the health and education system.

For the purpose of preparing the opinions, audits were conducted in the Ministry of Justice, the Civil Service Commission, the Ministry of Education, the Ministry of Health, the Ministry of Labor, Social Welfare and Social Services and the Authority for the Promotion of the Status of Women in the Ministry of Social Equality. Certain aspects of the issue were checked as well at the Ministry of Economy and Industry, the Standards Institute, the IDF, the Israel Police and the Prison Service.

As mentioned above, in preparing the opinion, attention was given to the infrastructure that was set up to deal with the phenomenon in four areas where protection against sexual harassment is required: in the public sphere; in the private sector workplace; interaction between citizens and employees within the health and education systems; in relations among public sector employees.



The Situation Reflected in the Audit Findings

The treatment of sexual harassment exists in the face of two restrictive conditions: one, subreporting to government agencies that are trained in the field of treatment and enforcement; second - the lack of comprehensive and up-to-date data on the extent of the phenomenon in the various surroundings.



There are considerable gaps in the support system, treatment and enforcement in the area of sexual harassment in the various surroundings. As you move away from the circle of government and public bodies to the general public, the effect of regulation is diminished and the treatment systems are poorer.



The State Comptroller's Office views in a positive light the preparation of the ongoing personal security survey conducted by the Ministry of Public Security, according to which trends can be identified and practical conclusions drawn.

Public Sphere








In 2015 - 2018, 595 sexual harassment complaints were filed with the Civil Service Commission (about 150 complaints a year). The number of complaints as compared with the number of civil servants probably indicates subreporting. In response to a questionnaire passed by the State Comptroller's Office to sexual harassment supervisors in government offices, various difficulties were cited, including: The regulators do not have a regulated status in the internal disciplinary process conducted in the Ministry, and the Civil Service Commission does not always update them and through them the complainants about the termination, which makes it difficult for them to support the complainant.



In the large security bodies - the IDF, the police and the IPS - a variety of measures were taken to change organizational culture and prevent sexual harassment among employees.


Interaction Between Government Ministries and Citizens - Ministry of Health and Ministry of Education



-  Interpersonal interactions and power gaps make coping with these systems in the area of sexual harassment particularly complex, partly because of the identity of the victims (populations of patients and minors), and because sexual harassment has a wide range of forms and expressions, and thus a wide range of responses to sexual harassment is required. Both Ministries found that regulations dealing with sexual harassment did not give full response to sexual harassment incidents, and the measures to address harassment were unsatisfactory.
-  There is no information about offenders in the Ministry of Health, and thus offenders may switch between jobs and commit additional offenses.
-  The Ministry of Education's disciplinary information system does not incorporate all the information on adults who abuse minors. In the absence of comprehensive data, abusers may return and harm students.
-  The Ministry of Education does not make use of its existing tools available to it, which would allow the dismissal of a teacher even when a complaint of a minor about sexual harassment has not yet resulted in a criminal conviction.
-  For many years, the Ministry of Education has not completed its update of the CEO's circulars dealing with sexual offenses.


The Private Sector Workplace



-  The powers conferred by law to some relevant government agencies are limited, and there is no experienced regulator dealing with the issue of sexual harassment in the private sector workplace.

Public Sphere



-  In the absence of a regulating government agency, harassed women in the public sphere can file a criminal complaint or sue in a civil lawsuit, but there is a notable small quantity of criminal complaints and even less civil lawsuits.

Main Audit Recommendations

- 💡 The Ministry of Justice, in charge of the implementation of the law, must consider an examination of the way the State acts in regard to the prevention of sexual harassment, as well as an examination of the need for changes in the distribution of responsibilities among the relevant government agencies, while targeting disadvantaged populations (including contract workers). As part of this examination, data should be collected to identify the extent of the problem and on their basis finding a solution to the phenomenon of subreporting on sexual harassment.
- 💡 The Department of Justice should consider the possibility of expanding the scope of Regulation 9 of the Sexual Harassment Regulations (a regulation that stipulates annual reporting obligations to prevent sexual harassment in higher education institutions and the security forces) and to apply it to other bodies, including the Education and Health Ministries.
- 💡 The Ministry of Health must undertake comprehensive regulation of ways to deal with sexual harassment complaints and prevent harassment in a manner that is tailored to the unique characteristics of health care institutions, given the plethora of populations and institutions re-sponsible for it. In the meantime, it must examine the ways the Health Services Ombudsman delivers updates regarding those who are part of the health services establishment accused of harassment in order to prevent the possibility that abusers move to other jobs and carry out recurring abuses.
- 💡 The current situation, in which teachers who sexually harass students but have not been convicted of a criminal proceeding, can continue their work, requires regulation from the Ministry of Education, preventing recidivism and protecting complainants as well as all students.
- 💡 The Ministry of Justice must examine the application of the law in workplaces, and in particular, it must examine with the relevant Ministries the possibilities for improving the handling of complaints in private sector workplaces. To do this, a process of RIA-Regulator¹ Impact Assessment should be considered.

Summary

The State institutions have established mechanisms to prevent and deal with sexual harassment between civil servants. On the other hand, sexual harassment incidents between public servants and the general public are not sufficiently addressed, whereas the treatment of sexual harassment events occurring in the private sector workplace and in the public sphere is poor and lacks supervision by the State.

¹ Assessment process of the positive and negative effects of existing and future legislation and of non-regulatory alternatives.



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Regulation of the Use of Biometric Databases

Abstract

Regulation of the Use of Biometric Databases

Abstract

Background

"Biometrics" is a computerized technology that enables single-value identification of a person according to a unique human biological (anatomical or physiological) or behavioral characteristic through computerized evaluation. Identification and verification can be done in several ways such as face recognition, iris recognition, fingerprint recognition, walking recognition, voice recognition, palm recognition, and typing recognition. These properties are measurable and maintainable and can be used for verification and detection.

The increasing use of biometric applications¹ in the government and private sectors has many benefits, along with significant risks in information security and privacy protection aspects. These risks are even bigger when it comes to storing biometric information in databases. In light of this, the Israeli government has recognized the need for a comprehensive national policy in the field.

Key figures

4.5 million NIS

Images in the Ministry of Transport's driver's license database

250,000

Fingerprints in the identification system of employment seekers in the Israeli Employment Service - The Computerized System

550,000

Fingerprints and face photos in the database of foreign workers in the Population and Immigration Authority - Foreign Workers System

5,500

Voice samples in voice recognition database in telephone calls at the Prison Service - "Shahaf" system

6.1 million NIS

Photos of 'Rav-Kav' transport card users stored in the National Transport Authority's databases and operators' databases for 4.5 million unique passengers²

November **2016**

The national policy for biometric applications was approved by the Prime Minister

¹ Biometric Applications - Taking biometric identifying measures, production of biometric identification data and use of biometric data.

² The number of images is higher than the number of passengers because in the past more than one multi-line card could be issued to the passenger.






Audit Actions



From March to September 2019, the State Comptroller's Office examined aspects related to regulating the use of biometric databases - the powers of the Biometric Identification and Applications Unit, the activity with regard to biometric databases in the governmental and private sectors, and the lack of use of the smart identity card. The audit was conducted at the Ministry of Justice - the Department of Privacy Protection and the Department of Legal Counsel and Legislation; the Government Computing Authority - the Government Cyber Defense Unit (the "Yahav"-Unit) and the E-Government Unit; and the Population and Immigration Authority, the Ministry of Transport and Road Safety, the Israel Police, the Israel Prison Service, Israeli Employment Service and National Public Transport Authority.

The Situation Reflected in the Audit Findings



-  **Difficulties of the Biometric Identification and Applications Unit in fulfilling its mission:** Relying on voluntary supervisory and enforcement regulations and partial cooperation on the part of government bodies impaired the unit's ability to fulfill its mission according to the government's decision.
-  **Database of drivers' licenses in the Ministry of Transport:** This database is defined as a high risk database. It was found by the unit that there is great risk to the biometric information stored in it in terms of information security and privacy protection. The Ministry of Transport has not yet provided the necessary professional response to mitigate the risk and has not yet arranged the use of this database for biometric quality images in primary legislation (including the transfer of information to other government agencies). This is despite the time period (14 years) since the Department of Justice recommended doing so.
-  **Database of Immigrant Workers in the Population and Immigration Authority - Foreign Workers System:** As of July 2019, the Population and Immigration Authority has not yet completed the necessary actions to assess the system's compliance with the national policies for biometric applications. Moreover, for about 15 years, biometric identification information has been taken from foreign workers and stored in the system (to date, some 550,000 records), without the issue being regulated.
-  **Voice recognition in telephone calls in the Prison Service - 'Shahaf' System:** In 2014, the High Court recognized the need to promote legislation on this issue and the Israeli Prison Service took action to promote it. However, legislation regulating the use of this means of identification has not yet been passed.
-  **Image database of 'Rav-Kav' public transport card users:** The National Public Transport Authority does not have any information about the databases the public transport operators have, including information on the images in these databases.

This information is required for examining aspects of information security and protecting the privacy of passengers, and especially given their great sensitivity as they also include images of about a million minors. Moreover, the Biometric Applications Unit did not examine the issue and therefore lacked information regarding compliance of the aforementioned databases with the principles of the National Biometric Applications Policy.



Examining Activity Regarding Biometric Databases in the Private Sector: In a reality where there are hundreds of thousands of databases in the State of Israel, and the increasing use of biometric applications and their storage in databases, including in the private sector, the Privacy Protection Authority clearly does not have the ability to effectively monitor the operation of all existing databases in the State of Israel.



Lack of use of smart ID card: Smart ID cards have been issued since 2013 and although as of August 2019, 2.8 million smart IDs have already been issued, many types of government services (about 30) can also be obtained without requiring a smart ID and other means of identification. Furthermore, the data shows that the rate of use of the smart ID for obtaining available government services is extremely low. Therefore, in spite of all the benefits this has for government ministries and for residents, one of the aims for which the smart ID card was created has not yet been achieved - providing identified services based upon a very high level of authentication security.



Work Requirement Identification System - Employment Service (Computerized System): The Employment Service has received the Unit supervisor's certification that the system meets the national biometric application policy requirements.

The State Comptroller's Office commends the activity of the Biometric Identification and Applications Unit to examine the operation of biometric databases in government offices and their compliance with national biometric application policies and guidelines for its implementation.

The State Comptroller's Office commends the attempt to expand public transportation payment options by cell phone.

Main Audit Recommendations



It is proposed that an examination be conducted in the National Cyber Security Authority regarding the unit's jurisdiction and powers and the tools at its disposal to fulfil its responsibilities. This is particularly the case with regard to the operation of government and public biometric databases and databases subject to government regulation (such as in local authorities, banks and hospitals), which are filled with sensitive information.



The Department of Transport should examine the findings of the unit, which led to its declaring the driver's license photo database a high-risk database, and undertake the necessary steps to reduce the risk.



Given the vast scope of data in the 'Rav-Kav' transport card users' databases, and because of the risks inherent in their operation, including their high sensitivity as well as one million photos of minors, the Biometric Identification and Applications Unit should consider examining the operation of these databases. It is also appropriate that the National Transport Authority should monitor the operation of these databases.



It would be appropriate for the Privacy Protection Authority to map the use of biometric databases in the private sector and carry out a risk assessment which will help to formulate a policy that will reduce the risks of privacy infringement in the preservation, processing and management of biometric information. It is also recommended that the findings from the mapping of the risks be brought to the attention of the Biometric Identification and Applications Unit, because it is the fulcrum of knowledge and experience in the biometric field, with a view to providing a comprehensive response to the risks.



It is recommended that the Population Authority and the Ministry of Transport, in collaboration with the Biometric Identification and Applications Unit, examine the possibility of consolidating the smart ID with the driver's license.



It is recommended that all government agencies holding databases that include personal information examine ways to improve information sharing between government agencies following the government's decision to adopt a policy whereby residents are asked for their information only once, to improve government service to the public and reduce the bureaucratic burden on citizens.

Summary

The situation reflected in this audit report indicates a range of areas and issues that require corrective action: regulation of governmental biometric databases; ensuring that government databases follow national biometric policy, while minimizing the risks inherent in their operation; examination of the possibility for database reduction; examination and anchoring of the jurisdiction and powers of the Biometric Identification and Applications Unit; and the examination and mapping of the various risks inherent in the existence of biometric databases in the private sector and their violation of privacy, with the aim of formulating a policy that will reduce the risks.

Biometric applications and challenges in this evolving field will intensify over the years, requiring constant examination and control in order to manage risks and to protect the public effectively.

Examples of biometric databases in the government sector

	Population and Immigration Authority	Database of Immigrant Workers - Maoz	550,000 fingerprints and face photos
	National Biometric Database Authority*	Smart national documentation - Passports and IDs	5.5 million face photos 3.8 million fingerprints
	Israeli Employment Service	Work Requirement Identification System - Computerized System	250,000 fingerprints
	Ministry of Transport and Road Safety	Driver's license photo database	4.5 million face photos
	Israel Police**	Database of suspects, defendants and convicts	1.3 million fingerprints 960,000 face photos 450,000 DNA samples
	Airport Authority	Automated border crossing - back of palm identification	1.3 million back of palm photos
	Israel Prison Service	Voice recognition system for telephone calls - Shahaf	5,500 voice samples
	IDF**	Database for identifying casualties, injured and missing persons	2.5 million fingerprints 1.1 million DNA samples

according to data collected during the audit, which the State Comptroller's Office processed.

* For 4.5 million residents. It should be noted that saving the face image in the database is mandatory but keeping the fingerprints is not mandatory. A resident who agrees to keep their fingerprint in the database will receive documentation with a validity of 10 years, and a resident who does not agree will receive documentation with a validity of 5 years. For minors no fingerprints will be retained, so the documentation will be valid for 5 years (except for a minor over the age of 16 who can sign, in addition to one of his parents, on a consent to keep the fingerprints in the database). Also, as a result of requests for renewal of documentation, for some residents, more than one record is stored in the database.

** Non-unique data - For some people in the database, more than one means of identification is stored.



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Implementation of National Suicide Prevention Program - Actions of Government Ministries

Abstract



Implementation of National Suicide Prevention Program - Actions of Government Ministries

Abstract

Background

Suicide and attempted suicide are serious issues in regard to children, adolescents and adults. In December 2013, the Government decided on a national suicide prevention program (hereinafter - the program), with the idea that suicide could and should be prevented. According to the decision, suicide prevention is a national interest that must be achieved in a joint effort by government ministries and local municipalities, led by the Ministry of Health. The decision outlined the organizational, budgetary and professional mechanisms for managing the program and the key actions required for its success.

Key figures

372

The number of suicides per year on average. Between 2013 and 2016, 1,486 people committed suicide in Israel

6,370

The number of suicide attempts per year on average. Between 2013 and 2016, there were 25,480 suicide attempts made in Israel

2

Suicide is the second leading cause of death among youth

2 to 2.5 billion NIS

The annual cost to the Israeli economy as a result of suicide cases

Only about **28%**

Of local authorities run the program (71 out of 255)

13%

The decrease in the rate of suicides from 2012 to 2017 in municipalities which operated the program, compared with a 7% increase in other municipalities


75%

The decrease in the rate of suicide cases from 2006 to 2018 in the IDF since it began to launch a dedicated suicide prevention program


5.4



The number of suicides in Israel in 2016 per 100,000 people according to the World Health Organization. The corresponding figure in the world - 10.5 suicides per 100,000 people



Audit Actions



 From May until October 2019, the State Comptroller's Office examined the preparation and implementation of the government ministries for the program: in the Ministry of Health the management and operation of the organizational and budget infrastructure was examined; in the Ministries of Education, Welfare and Absorption, the way they implemented the components of the program under their responsibility was examined. Supplementary examinations were conducted at the Ministry of Public Security, the Police, the National Council for Prevention of Suicide and the IDF. The audit team also met with nonprofit organizations working in this field and distributed a questionnaire to all educational psychological service managers in the local municipalities.



The Situation Reflected in the Audit Findings



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- 


 The Ministry of Health, as the program leader, established a suicide prevention unit and operated on intra-office forums, but it did not regularly convene the steering team and the inter-ministerial team and did not formulate in cooperation with the partnering ministries, a multi-year work plan to run the program. The decisions on the annual work program were made by the Ministry of Health alone without the other partners involved.
 - 

 The management and utilization of the budget was not regulated for the national program, which was intended for use by all its partners. During the program period, in 2014 - 2019, the Ministry of Health reduced the total budget of the program by 54% of its dedicated budget (from an original budget of NIS 110 million to NIS 51 million). It transferred the budget share that was reduced to the budget of other programs of the Ministry; the Ministry did not meet the budget requirements of the partner ministries.
 - 

 No measures have yet been completed to reduce the accessibility of weapons to anyone with information about being at risk of suicide - whether they are applying for a license for the first time or applying for a license renewal.
 - 

 The government ministries that partner in the program have not adopted the subject of suicide prevention as one of the transnational goals of the ministry, and no priority has been given to the subject in the ongoing work of these ministries. The Ministry of Social Affairs and the Ministry of Immigration did not formulate work practices and work plans, did not collect data and did not develop prevention programs with a broad perspective among the populations in their responsibility, who are at risk of suicide.
 - 

 Since 2016, the Department of Education has stopped conducting investigation committees regarding suicide incidents and suicide attempts by school students.
 - 

 The Ministry of Health and the partner ministries have not formulated a procedure to ensure the continuity of treatment of the caregivers in a variety of populations who are at risk of suicide and to clarify the responsibilities of each and every authority according to its responsibility - detection, initial assessment and treatment.



The National Council for the Prevention of Suicide works regularly to gather knowledge and expertise on suicide prevention in Israel. The Haifa District has also set up an inter-ministerial forum that includes representatives from the Ministry of Health, the Ministry of Education, the Ministry of Welfare and the Health Maintenance Organizations in the district, to bridge the gaps and to cooperate in the treatment of students at risk of suicide.

Since 2006, the IDF has implemented a suicide prevention program. The program significantly reduced the number of suicides among the soldiers.

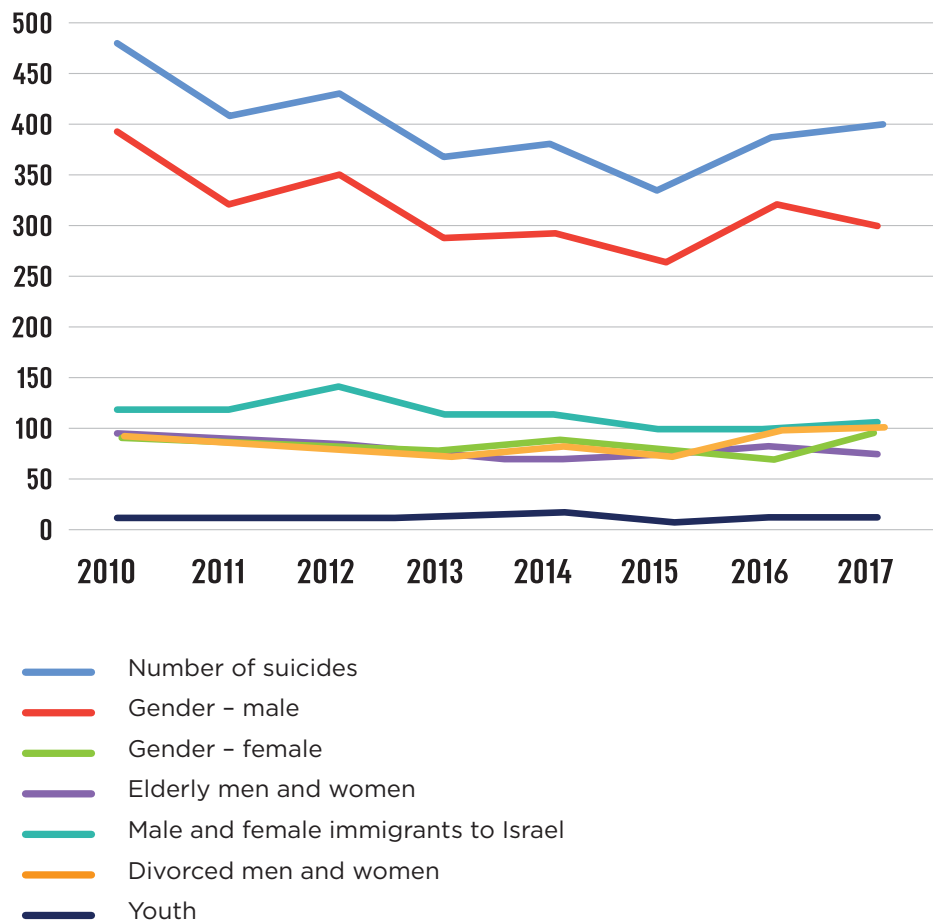
Main Audit Recommendations

- 💡 Government ministries partnering with the National Suicide Prevention Program must work to regulate collaborations at both the headquarters and in the field, inter alia, by establishing a procedure that will ensure the continuum of care for all populations at risk of suicide.
- 💡 The Ministry of Health should lead a process of producing lessons learned with the partner ministries to examine how the program was implemented. It must also include all the partnering ministries and authorities involved in implementing the program in the local municipalities, given the unique needs and characteristics of each municipality's population and the rate of suicide and suicide attempts in its vicinity.
- 💡 Each of the government ministries participating in the national program must implement its components, adopt suicide prevention as a ministry objective, develop organizational tools to deal with this problem, establish multi-year work programs on the issue, and examine cases of suicide within the population groups under its purview.
- 💡 The Ministry of Health must make sure to utilize the budget allocated to the program for its goals and tasks, which are set for all partners. The Ministry of Health must establish with the Ministry of Finance rules on how to manage and utilize the joint budget. It should also promote the information retrieval processes related to suicide by improving control processes on the quality of data obtained.
- 💡 The Ministry of Public Security and the Ministry of Health must complete the staff work related to preventing possession of weapons by those known as being at risk of suicide.

Summary

Dealing with the topic of suicide is complex and requires collaboration from all partners. In order to work to reduce the rate of suicide as is common in the countries of the world and in the IDF, government ministries must work to coordinate work routines and establish organizational procedures that include work arrangements, reporting deadlines, convening operative forums, budget transfer, and building a dispute resolution mechanism - all this while providing transparency and information transfer between ministries. These actions will ensure a more powerful and effective suicide prevention strategy.

Number of suicides in Israel, by risk groups, 2010 - 2017



According to the Ministry of Health's data, adapted by the State Comptroller's Office.



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Government Preparedness for Implementation of Advanced Technologies in Local Municipalities - Smart Cities Initiative

Abstract



Government Preparedness for Implementation of Advanced Technologies in Local Municipalities - Smart Cities Initiative

Abstract

Background

Many local municipalities in Israel seek to adapt to the digital age and use technology to develop the urban space, streamline their operations and improve service for residents. Alongside their benefits, the use of advanced technologies is fraught with real risks, some irreversible, in the areas of privacy, information security and cyber protection.

In recent years, the Israeli government has also recognized the importance of technological advances by local municipalities and the challenges inherent in making them 'smart', and has made several government decisions to advance the field of smart cities in Israel.

Key figures

90%

Of Israel's population lives in urban areas

257

Local Municipalities in Israel

95

Information Systems Administrators in Local Municipalities¹

NIS 50 million

Allocated by the Ministry for the Development of the Periphery, the Negev and the Galilee for the "Smart Periphery" project

NIS 211 million

Allocated between 2015 and 2018 by Digital Israel Headquarters to Promote Smart Cities

NIS 82 billion

The aggregate budget of local municipalities in Israel in 2017²

¹ Based on Interior Ministry data, as of February 2019.

² The budget includes both regular budget and special budgetary allocations based on the data of the Central Bureau of Statistics.

Audit Actions



From March to August 2019, the State Comptroller's Office examined aspects related to government preparedness for advancement of the field of smart cities and implementation of the central government decisions on the issue. The audit was conducted at the Ministry of Social Equality and the Directorate of 'Digital Israel', the Ministry of the Interior and the Israel National Cyber Directorate at the Prime Minister's Office. Supplementary examinations were conducted at the Privacy Protection Authority, at the Government ICT Authority, the Ministry of Construction and Housing, the Ministry of Economy, the Ministry of Development of the Periphery, the Negev and the Galilee, the Standards Institute, the Survey of Israel, the Home Front Command, the Ministry of Communications, the Federation of Local Authorities and the municipalities of Be'er Sheva and Haifa.

The Situation Reflected in the Audit Findings



Lack of integrating authority: Many government offices and public bodies are working to implement advanced technologies in local municipalities. Sometimes there is duplication in their activities or the activity is done without coordination between them, for example regarding the required standard.



Communication arm for local municipalities: Unlike the government sector in which the governmental communications authority operates, the local government does not have an integrating and binding central body operating in this area. In its absence, it is difficult to take advantage of economies of scale inherent in the large number of local municipalities, when conducting negotiations with various suppliers, to conduct tenders that will provide technological solutions for all municipalities, to ensure that the technologies used meet the standards required, to learn from the experience of other municipalities and to adapt the solutions to residents of various municipalities.






Establishing a National Policy: The decisions made by the government to promote the smart cities in Israel do not constitute an overall plan at the national level where there is mapping of the existing situation, defining the desired situation in this field, and identifying challenges and opportunities in the near and far future. Recently, the Ministry of the Interior and the National 'Digital Israel' Initiative team have begun taking action to formulate a national strategic plan for digitization in local government.



Risks related to privacy protection, information security and cyber protection aspects: The responsibility for dealing with cyber events rests with the local municipalities, each tackling the challenges and risks according to its capabilities and awareness of the importance of the issue. In practice, some local municipalities are not prepared to deal with cyber attacks. The Privacy Protection Authority, the National Cyber Directorate and the Ministry of the Interior are taking action to help, but this does not adequately address all the risks.



-  **Establishment of a control and supervision center against cyber threats:** In the government sector, there is a control and supervision center for dealing with cyber events, but such a center does not exist in regard to local government, despite the need for one.
-  **Promoting a broad initiative for establishment of basic digital infrastructures:** Until July 2019, a significant portion of the National Digital Israel Initiative commitments to local municipalities pursuant to a call for proposals for 2018 - 2020, were not actualized. Of the total budget of about NIS 44 million, only about 3.4 million (8%) were in fact paid to local municipalities; of the 231 municipalities that received a commitment for budget support within the aforementioned request for proposals, only 49 (21%) went through with their proposals.
-  **Government decision - Haifa as a model for "cyber-protected smart city":** In January 2017, the Government decided to launch a model of "smart and cyber-protected city" in Haifa. To that end, it was determined that within nine months, the National Cyber Directorate, together with the Ministry of Social Equality, would formulate an integrated strategic plan in the field of smart and cyber-protected cities. As of July 2019, actions to promote the issue have been carried out, but the plan has not been finalized.



Preparing for cyber events: Given the emerging cyber-challenges and threats, the State Comptroller's Office commends the recent actions of the Ministry of Interior, the Directorate of the National 'Digital Israel' Initiative and the National Cyber Directorate to review and promote the establishment of a system for monitoring cyber events taking place in local municipalities in order to ensure their continuity of function.

Main Audit Recommendations



It is proposed that a general government body be put in place to ensure that the activities of the government ministries and various public bodies to implement advanced technologies in local municipalities are done comprehensively, in a prudent manner, and with coordination, cooperation and pooling of resources. This may help to avoid duplication, improve the work of government ministries and ensure a high and uniform standard in various areas.



The State Comptroller's Office recommends that the Ministry of the Interior, in consultation with the Center for Local Government, the Directorate of the National 'Digital Israel' Initiative and the Government ICT Authority, examine whether there is room for a central body to deal with digitization and communication issues in local municipalities, which would either be similar to the governmental ICT department or operate within its framework.



It is proposed that each of the entities - the Ministry of the Interior, the Privacy Protection Authority and the National Cyber Directorate - carry out a risk assessment that will help formulate policies to reduce the risks in the areas of privacy protection, information security and cyber protection. It is also proposed that the aforementioned risk mitigation policy be incorporated into the National Strategic Plan for Digitization in local government that is currently being formulated by the Ministry of the Interior and Digital Israel.













The State Comptroller's Office recommends that the Directorate of the National Digital Israel Initiative examine with local municipalities what difficulties and barriers make it difficult to fulfill their obligations under the request for proposals framework. It is also proposed that the Directorate examine whether the best model for promoting the implementation of advanced technologies in local municipalities is indeed the publication of requests for proposal and the distribution of budgets to all municipalities.

Summary

The picture that emerges from this audit report necessitates governmental examination concerning the involvement of the central government in promoting advanced technologies in local municipalities. The need for outlining a vision, goals and the key directions for action that will determine where the State and local municipalities are headed in this area is clear. This is especially so, given the limited territory of the state of Israel and the assessment that its population is expected to double and even triple in the coming decades, and given the gaps between various local municipalities and the importance of exploiting existing advantages in this area for generating long-term processes for positive change.

Major challenges in implementing advanced technologies in local authorities

 <p>Procurement and bureaucracy processes that are not adapted for technology implementations</p>	 <p>Lack of inclusive factor for making adjustments and duplication prevention</p>	 <p>Lack of sufficient recognition of the potential of digitization among the authorities' seniors</p>	 <p>A Rise in the standard of living Expectation of the residents to receive advanced services</p>	 <p>Differences between authorities in prioritizing the implementation of advanced technologies</p>
 <p>Socio-economic disparities between authorities and within authorities</p>	 <p>Lack of professional support for local authorities</p>	 <p>Lack of standardization for advanced technological processes and tools</p>	 <p>Budget shortage</p>	 <p>Difficulty in recruiting high-quality technology personnel</p>

According to the Ministry of Interior's data, adapted by the State Comptroller's Office





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Chapter 2

Government Ministries



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Prime Minister's Office

Administrative Issues in Regard to the Prime Minister's Office

Abstract

Administrative Issues in Regard to the Prime Minister's Office

Abstract

Background

The Prime Minister's Office functions as a central coordinating body, providing assistance for the Prime Minister's activities and coordinating inter-ministerial activities in various fields, according to the Government's decisions and priorities set by the Prime Minister. The Head of the Office of the Prime Minister's Office is the Deputy Director General for Administration and Human Resources (the VP for Administration) who is responsible for the activities of several divisions and units.

Key figures

1,000 employees

In the Prime Minister's Office in 2019

NIS **1.7** billion

Budget of the Prime Minister's Office (including changes) in 2018

NIS **793** million

The cost of goods and services purchased by the Prime Minister's Office in 2018

44%

Of the procurement in the Office in 2018 was exempted from public tender pursuant to the law, mostly by virtue of these transactions being subsequent to existing transactions and contracts or contracts with funds operated by the Jewish Agency

25%

Of the office procurement in 2018 was carried out through transactions with government bodies

12%





Of the office procurement in 2018 was carried out through a tender

Audit Actions

From February until September 2019, the State Comptroller's Office examined several issues related to the administration of the Prime Minister's Office: leaving senior positions vacant, the procurement process and decisions regarding exemption of procurement from the need for a public tender. The audit was conducted at the Prime Minister's Office. Supplementary examinations were conducted at the Civil Service Commission and the Ministry of Finance - at the Government Procurement Administration of the Accountant General.

The Situation Reflected in the Audit Findings



-  **VP of Administration** - For about three years, the Prime Minister's Office did not fill - even temporarily - the position of VP of Administration, which is a vital position for the full and efficient functioning of the office. Failure to staff the position for a prolonged period of time prevents the Prime Minister's Office from obtaining from the Civil Service Commission executive and management powers in the field of human capital management as part of the human capital management reform in the civil service.
-  **VP (Operations and Assets)** - The employee who filled the position was suspended, and for three years until his retirement, the office did not staff the position, even temporarily. In December 2018, a VP (Assets) was appointed, but only as a temporary substitute rather than as a permanent appointment.
-  **Central Procurement Unit** - Although difficulties were recognized already in 2016 in regard to procurement management in the Prime Minister's Office and the then-Director General took the decision to establish a central procurement unit, it was only in 2019 that the Office presented the Civil Service Commission with the organizational structure of the central procurement unit, including the job description for the head of the unit and his or her powers, and only in February 2020, did the Prime Minister's Office issue a tender to staff the position.
-  **Concentration of Powers in the Procurement** - Over the years, the Directors of the Office imposed various responsibilities related to the procurement process at the Prime Minister's Office upon the Director of the Budget Department, who became responsible for the management of the Office's budget, for management of various projects and for management of the procurement unit itself; she also served as the chairperson of the Office Tender Committee and the authorized signatory. In this respect, the Prime Minister's Office is unique. These powers were in the hands of the Director of the Budget Department, inter alia, during periods when the VP positions were not staffed. Under these circumstances, the residence control procedure was not fully implemented: the Budget Department manager served both in an operational capacity, directly in coordination with the manager of the residence, and in an oversight capacity, becoming responsible as well (due to her being assigned additional responsibilities) for the field of procurement; all of this was not in accordance with the relevant administrative procedure. Also, no alternative supervision was established.







In-depth Examination of Procurement Processes in the Office - The State Comptroller's Office commends the in-depth examination currently being undertaken by the Prime Minister's Office in regard to the procurement process.

The Work of the Exemption Committee - The State Comptroller's Office commends the change made by the Prime Minister's Office in the committee's work in light of the audit findings - in January 2020, the committee began to convene joint discussions in accordance with the provisions of the financial and economic policies unit.



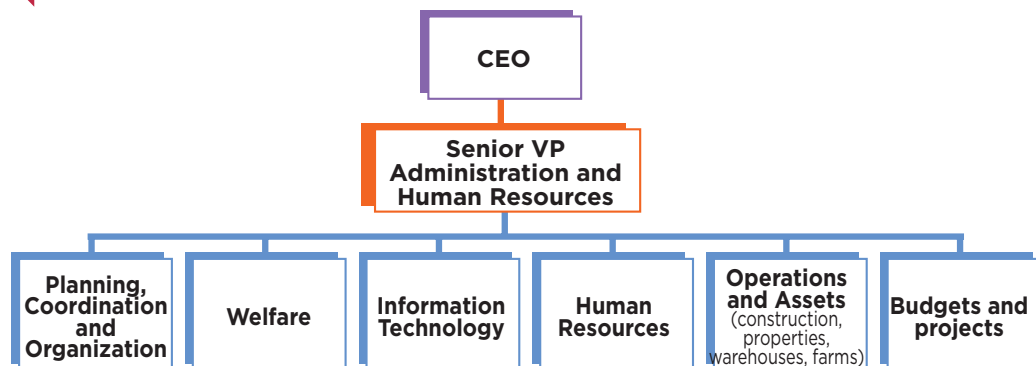
Main Audit Recommendations

-  The Prime Minister's Office must act to staff the position of VP of Administration, in accordance with the Civil Service Commission guidelines. After the ap-ointment, the Civil Service Commission should consider the possibility of delegating powers to the Office in accordance with the outline of human capital man-agement reform in the civil service.
-  The Deputy Director General of the Prime Minister's Office must work with the Civil Service Commission to update the job description and the position of Vice President (Assets), if required, so that the office can regularly staff the position.
-  The Office of the Prime Minister and the Civil Service Commission must complete the staffing procedures of the Head of Procurement Division and the establishment of the Central Procurement Unit, in order to provide a proper response to the Ministry's work in this field.
-  Regarding the concentration of powers in procurement as stated, until the staffing of VP of Administration and Head of Procurement Division positions, the Prime Minister's Office must examine alternatives for control and separations of the duties, in accordance with the decision of the Civil Service Commissioner regarding the responsibility for procurement. Full implementation of the residences control procedure should also be implemented. It is advisable to consider developing a set of relevant rates of outlays within the residence control procedure.

Summary

The Prime Minister's Office functions as a central coordinating body that is responsible for managing government activities, for major socio-economic issues, for important projects and for assisting government ministries. To this end, the State employs about 1,000 employees in the office and purchases services and products totaling NIS 800 million a year. For several years, the Prime Minister's Office did not fill two key executive positions at the headquarters of the Ministry, including the Deputy Director of Administration and Human Resources. It is appropriate that the deficiencies raised in this report be first and foremost corrected through the filling of key positions in the administrative system of the office and through the implementation of the decision to establish a central purchasing unit, to remove difficulties that may arise due to concentration of powers by one party.

The organizational structure of the Administration in the Office of the Prime Minister



Source: Prime Minister's Office.



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Civil Service Commission

Spearheading Human Capital Management in the Civil Service

Abstract

Spearheading Human Capital Management in the Civil Service

Abstract

Background

The Civil Service Commission is the organization responsible for the planning and management of human capital and organizational system in the civil service. In its decision in June 2013, the government adopted the report of the Reform Commission to improve the human resource mechanisms in the civil service, whose main recommendations were to institutionalize human resources planning processes in government agencies; a shift from centralized management by the Civil Service Commission to decentralizing powers among governmental bodies and increasing their administrative flexibility and functional independence; and converting the Civil Service Commission to a body focused on outlining policy and control over government agencies.

Key figures

83,000

Number of employees employed in the civil service, in 78 government agencies, in 2019

265

Number of employees in the Civil Service Commission in 2019

NIS **138** million

Budget of Civil Service Commission in 2019

77%

Proportion of government agencies (including approximately 73% of civil service employees) which had not yet been assigned powers in the realm of workplace organization, as of July 2019

26%

Proportion of government agencies (including approximately 15% of civil service employees) which had not yet been assigned powers in the realm of individual personnel, as of July 2019

Audit Actions



In February - July 2019, the State Comptroller's Office reviewed the actions of the Civil Service Commission to lead human capital management in the civil service. The review included several issues, including: delegating the Civil Service Commission's powers to government agencies and controlling their activities; establishing a long-term policy and planning; regulation of the human resource management system in the civil service. The audit was carried out in the Civil Service Commission, and supplementary reviews were carried out at the Ministry of Health and the Ministry of Finance - the Budget Division and the Department of the Accountant General.

The Situation Reflected in the Audit Findings



The Civil Service Commission has so far implemented the reform only partially, without a systematized tracking of performance of the various tasks and without ensuring their completion in accordance with their implementation schedule.



In the realm of individual personnel, the Civil Service Commission has not yet delegated powers to 20 (approximately 26%) of the 78 governmental agencies, in regard to the hiring of employees and extension of their employment beyond the mandatory retirement age. For about half of the government bodies (not including the health system) to which the Civil Service Commission has granted hiring authority, the delegation is actually partially lacking in content.



In the realm of workplace organization, the Civil Service Commission has not yet delegated powers to 60 of the 78 government bodies (77%), and the delegation performed was of a relatively technical and limited manner, not applying to an area of central and substantive importance: approval of the threshold conditions for the staffing of senior civil service posts.



The Civil Service Commission has not yet completed the treatment of eight (29%) of the issues included in the "Tree of Knowledge" policy formulation project, including issues that are central to the policy: formulation of career paths; recruitment of personnel to the health care system and establishment of their status; and position of the civil service as a competitive employer.



The disputes between two regulators - the Ministry of Health and the Civil Service Commission - are at the root of the delay in implementing a central pillar of the human capital management reform in the government health system (the delegation of powers in the realm of workplace organization), which employs about 40% of all civil service employees. However, in January 2020, an agreement was reached between the Ministry of Health and the Civil Service Commission regarding one of the key components - the authority to fill the positions of department director and director of a large institute in the medical centers.



The Civil Service Commission has carried out preliminary actions for multi-year planning, but has not yet completed the establishment of a multi-year plan,

full standard theory or policy documents in the core areas of human capital management in the civil service, and has not yet standardized the powers and professional development qualifications for the human resources units in government bodies.



The Civil Service Commission core budget for 2015 - 2019 averaged NIS 81.5 million and did not reflect the resources necessary to complete the tasks in regard to the reform. During each year, the Planning Department approved an extra NIS 34 million on average for the Civil Service Commission, as well as considerable budgetary additions to finance specific employment positions. This manner of operation may impair the administrative capacity of the Civil Service Commission and its ability to lead the reform.



At the end of 2018 and early 2019, the Commissioner initiated the establishment of several work teams to promote key issues relating to human resource management in the civil service. In this regard, continuous, consistent and controlled action must be taken - all in order to ensure positive summation of the examination procedures, decision making and monitoring of their implementation.

The Civil Service Commission has started to use an advanced computerized system for managing inquiries of government bodies (CRM), which records the working interfaces between Civil Service Commission and government agencies. However, the Civil Service Commission has not yet completed any adjustments in the system that will enable it to monitor compliance within the time periods stipulated in the service commitment regarding response to requests from government agencies.

A review conducted by the State Comptroller's Office in November 2019 revealed that 83% of requests received by the Civil Service Commission from government agencies in June - September 2019 took an average of 10 days to respond. However, at the time of testing, 17% of applications submitted during the said months were still open, and the average processing time for open applications up to the time of testing was 53 days.

Main Audit Recommendations



The Civil Service Commission must follow the Government's 2013 decision to fully implement the reform report concerning delegation of powers to make changes to workplace organizational structure, and to set a timetable for all the tasks involved in implementing the reform.



The Budget Division must formulate the budget proposal for the Civil Service Commission in coordination with the Commissioner in a way that aligns with the activities of the Civil Service Commission and with the basic principles of the reform, subject to the government's priorities and budgetary resources allocated to the issue. The Budget Division must also present the budget proposal of the Civil Service Commission for government approval at the time of approval of the budget by all government bodies - and before the beginning of each working year.



The Civil Service Commission must work to complete the normative infrastructure of human resource management in the civil service, inter alia, to formulate policy in the full range of management areas; to establish clear rules for the management of the workplace organization; to promote long term human resource planning; and to promote and complete the occupational analysis process of thousands of jobs.

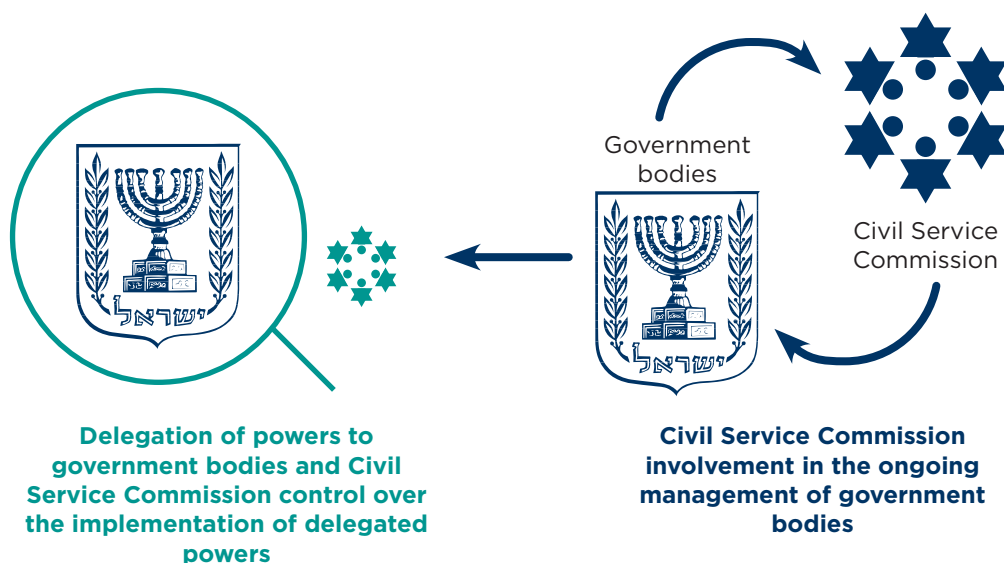


The Civil Service Commission must work to improve the operation of the referral system, to provide efficient and professional service to government agencies, and to ensure that decisions are made on the basis of a uniform policy that is anchored in a set of rules and guidelines and must work to complete the regulation of Human Resources units in government agencies.

Summary

The findings of this audit report indicate that the Civil Service Commission must deal with significant challenges that call for practical actions. The Civil Service Commission has not yet implemented key elements of the human capital management reform in the civil service. The Civil Service Commission, which is the professional body responsible for managing human resources in the civil service, must work to complete the implementation of the basic principles of the reform, which were approved by government decision, to set definite and binding deadlines and to follow them.

The change required in the work of the Civil Service Commission in the field of delegation and control





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Ministry of Finance

State Balance Sheet as of 31.12.18 - Investments in Projects in Collaboration with the Private Sector

Abstract



State Balance Sheet as of 31.12.18 - Investments in Projects in Collaboration with the Private Sector

Abstract

Background

Projects in partnership with the private sector (Public-Private Partnerships - PPP) are designed to provide infrastructure, products or services to the public through the private sector, utilizing the partners' relative advantage and through efficient allocation of risks and sources to derive value from them. In recent years, there has been a significant increase in the number of projects set up according to this model in various areas, amounting to tens of billions of shekels. The projects contributed greatly to the development of infrastructure in the center of the country and in the periphery.

Key figures

NIS **32.2** billion

The amount of the cumulative investment by the State in PPP projects (less depreciation) according to the Government's consolidated financial statements as of 31.12.18

NIS **27** billion

The balance of outstanding financial commitments for the establishment and operation of PPP projects according to the government's consolidated financial statements as of 31.12.18

NIS **60** billion

The expected investment scope in implementing PPP projects for infrastructure promotion in the coming years, according to the Accountant General's estimate

27

The number of existing PPP projects as of the end of the audit, in the areas of transport (6), water (5), energy (3) and construction (13)

32

The number of PPP projects at various stages of construction and planning, as of the time of the audit, in the areas of transport (8), water (3), energy (2), construction (17) and environment (2)

Audit Actions



From February to September 2019, the State Comptroller's Office reviewed aspects related to investment management in projects in partnership with the private sector. The review was carried out in the Accountant General's Division of the Ministry of Finance - in the Infrastructure and Projects Division and in the Government Construction Administration; in Inbal - Insurance Company Ltd.; and in the Ministry of Defense. Supplementary examinations were carried out at the Bank of Israel, the Ministry of Finance's Department of Budget (Budget Department), the Capital Market, Insurance and Savings Authority (the Capital Market Authority), the Government Companies Authority, the Prime Minister's Office, the Ministry of Transport and Road Safety, the Ministry of the Interior, the Israel Police, the Water Authority and at TransIsrael Highway Ltd.

The Situation Reflected in the Audit Findings



Lack of national investment strategy - The government ministries, led by the Ministry of Finance, have not formulated a national investment strategy that includes prioritizing the various projects, which will support the government's ability to promote infrastructure that is essential for the country's economic growth.



Lack of regulated collaborations and lack of consolidated knowledge - The main bodies responsible for the management of state-owned contracts in PPP projects (contract managers) do not use standard tender documents and there is no standardized coordination between them in these matters, including with regard to the learning process, managing the timing of publication of tenders and outlining guidelines for conduct in the face of a conflict of interest. Such collaboration can reduce costs by utilizing economies of scale.



Lack of full transparency in regard to ongoing government financial obligations - Ongoing financial obligations for PPP projects in the amount of billions of NIS are not brought to the attention of all decision makers. Payments are spread out over a limited period relative to length of the contract, despite the importance of fiscal discipline for the entire period.



Checking conformity for implementation of PPP based on unverified data and incorrect assumptions and without important components for such conformity tests - Cumulative flaws have been found in conducting the adjustment tests that may bias their results, notably a lack of integrative assessments, a lack of sensitivity tests and international comparisons, use of unrelated streamlining coefficients and discount rates and the omission of transaction costs unique to PPP.



Regulatory uncertainty - The exemption of foreign banks from the obligation to receive a license, was established by a temporary directive (limited in time); this raises concerns that foreign countries' banks will be reluctant to grant credit to businesses in Israel, including investment in infrastructure in the framework of PPP projects.



Lack of a mechanism for weighing past experience - It was found that the State did not formulate a mechanism that would weigh the past experience accumulated in working with the licensees, in a manner designed to deter unwanted behavior on their part in future projects and to increase the likelihood that they will meet schedules and budgets as undertaken.



Integrating the PPP model into a variety of projects - The use of the PPP model allows for the acceleration of the creation of projects incorporating cutting-edge private sector technologies, such as desalination facilities.

Formulation of National Infrastructure Projects List - The Prime Minister's Office promoted an initiative to formulate a list of future national infrastructure projects and made them available to international investors. However, the plan does not include all the required data, which could hamper fundraising from outside agencies to promote infrastructure, which is one of the government's goals.

Main Audit Recommendations



The Ministry of Finance - in collaboration with the various Government Ministries - must promote the formulation of a national investment strategy that includes priorities to support future economic growth. From it, the work plan for investment in PPP projects will be derived, and will be presented to the Government each year, including its budgetary implications.



The Minister of Finance must decide on the identity of the entity that will manage the engagement in PPP tenders by the State, and define the responsibilities and authority of the organizing body and the project manager.



The accompanying oversight team should promote the consolidation of knowledge accumulated in government entities through a mandatory implementation process for all government ministries, including the use of standard tender documents. The contract managers must also consider creating a uniform procedure that will be used by the whole government, which will include all the components that must be considered in conducting the conformity testing to check the best method for establishing and operating a project, including how to incorporate them according to the project being tested.



The Budget Department and the Accountant General's Office must consider applying rules to increase investment transparency, including how to present aggregate data of all of the outstanding financial obligations derived from all projects (determined by project flow and throughout the whole contract period), and the possibility of publishing investor returns while maintaining trade secrets, as is customary in other countries.

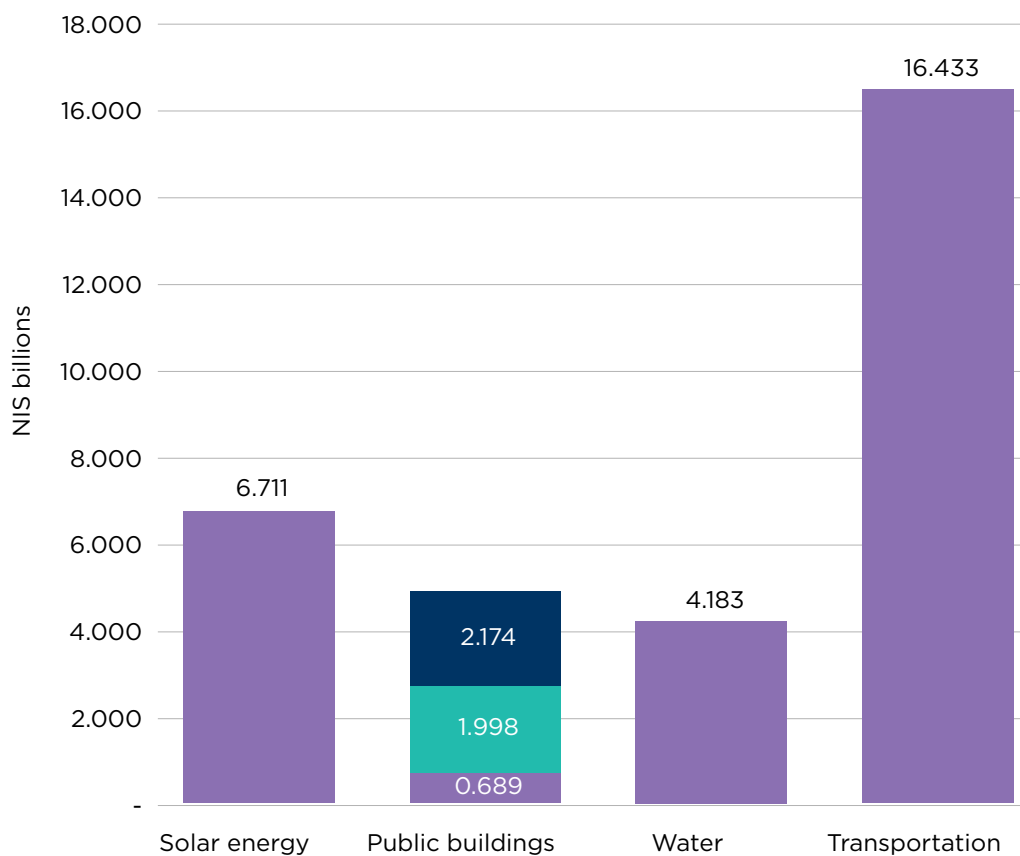


The Budget Department and the Accountant General's Office must examine the mix of capital sources of the partner sectors to finance PPP projects to reduce their cost, while ensuring continuous responsibility for project expenses throughout their operation. In addition, in view of the large volume of funds managed by institutional bodies, it is recommended that the Ministry of Finance examine the creation of tools to encourage investment in local infrastructure projects in order to enable benefit maximization for investors alongside contributing to the development of the economy.

Summary

Projects in partnership with the private sectors are of great importance in promoting state infrastructure in various fields. The findings that emerged in the report indicate the need to decide who will function as coordinator at the government level in order to realize maximum benefits at the national level and to improve the activities of the bodies responsible for such projects and undertakings. Establishing standardized working principles for carrying out projects in this model will enable investment in infrastructure projects to be increased while creating diverse investment channels in the economy and assisting the country's economic growth over the years. Formalizing steps to ensure that the outline is implemented after properly examining the benefits of engagement in relation to possible alternatives will result in maximizing the partners' relative advantages and efficient allocation of risks and resources. It will also ensure that the return on public capital invested in implementing these projects is maximized.

Investment in projects in partnership with private sectors as of 31.12.18, according to the operating body distributed by sectors



- Infrastructure and Projects Division
- Construction Administration
- Ministry of Defense

According to the government's consolidated financial statements for 2018, adapted by the State



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Ministry of Finance

Follow Up Audit State Pension Agreements

Abstract



Follow Up Audit State Pension Agreements

Abstract

Background

In October 2016, the State Comptroller published a report on "State pension agreements". The report dealt with a variety of issues related to the pension system in the State of Israel. Given the great importance of the issue, the State Comptroller's Office conducted a spot check on the correction of deficiencies in three significant areas that emerged in the report: the increases approved by the Chief of Staff in regard to pension rates for IDF retirees; payment of a 'bridge' pension to IDF retirees and registration of the relevant financial obligations in the state's balance of accounts; and not raising the retirement age for women.

Key figures

NIS **7.8** billion

IDF Retirement Budget in 2018

NIS **1.1** billion

The payment made in 2018 according to the Ministry of Finance to all IDF retirees due to pension increases granted by the Chief of Staff

9.53%

The average rate of increase in pension rates granted by the Chief of Staff to IDF retirees in 2018; the average rate in 2017 was 8.89%. The rate is expected to decline in 2019 due to the retrenchment of the retirement age from the IDF.

NIS **24** million

The annual cost attributed to pension increases granted by the Chief of Staff to IDF retirees in 2017, according to the IDF. According to the Ministry of Finance, the amount is NIS 38 billion

46

The average retirement age from the IDF in 2018

NIS **18,966**

The average pension payment to officers who retired from the IDF in 2018. According to the Ministry of Finance, the amount is NIS 19,844

NIS **12,000**

Average 'bridge' pension payment paid monthly to officers retiring from the IDF in 2025, according to an agreement from November 2015 (at 2015 prices)

62

The retirement age of women according to the law; in OECD countries, the average retirement age of women entering the labor market today is approximately 65.8

Audit Actions




The follow-up audit examined: the pension increases approved by the Chief of Staff for IDF retirees ; payment of a 'bridge' pension to IDF retirees and registration of the relevant financial obligations in the State's balance of accounts; and not raising the retirement age for women. In addition, as part of the audit, the audited bodies' reports given to the Prime Minister's Office and the State Comptroller's Office were examined with regard to the actions taken to rectify the deficiencies specified in their case in the previous report. The review was carried out at the Ministry of Finance, the Ministry of Justice, the Ministry of Defense and the IDF.


The Situation Reflected in the Audit Findings





The issue of the regulation of the Chief of Staff pension increases has not been resolved, and no regulations regarding the 'bridge' pension have been enacted



- The dispute that has been going on for years regarding the Chief of Staff increases, between the IDF and the Ministry of Finance, has not been resolved and regulations have not yet been enacted regarding the 'bridge' pension for IDF retirees.

 **Rate of Chief of Staff Increases** - From 2015 to 2018, the average of the Chief of Staff increases for retirees increased by about 0.73%. However, this is a statistic that does not reflect a steady situation, but is influenced by the widespread dismissal of older professional soldiers, which was made as part of the process for implementing the new professional soldier model and the IDF's age regression, and the amount of the increase is expected to decrease in 2019.

 **New Rules for the Chief of Staff Increases** - The new rules, which include setting the maximum incremental rate to 10% (instead of the maximum rate of 19%) will apply to those who began permanent service after 1.4.17. According to IDF reports, in the coming years, IDF officers and older NCO's should be released, and according to the rules that apply to them the increases they are qualified for will be higher. The change in the increases appears likely to be reflected only towards 2030, after the retirement of these servants.

 **Transparency and Transmission of Information** - The IDF continues to present as the annual cost of the Chief of Staff increases only payments for those who retired that year (approximately NIS 24 million in 2017), while the actual annual expenditure for the Chief of Staff increases in the IDF includes the payments of the increases of retirees from previous years, totaling NIS 1.1 billion. At the same time, the Accountant General has not yet completed the transfer of relevant information regarding the method of calculating the actuarial cost to the IDF. Although the IDF and the Ministry of Finance established a joint team to examine the transparency and transfer of information and data between the bodies, the transfer of information between them is still partial.





 **Enacting regulations concerning 'bridge' pensions** - The Ministry of Finance and the Ministry of Defense have not yet enacted regulations regarding 'bridge' pensions, even though more than two years have passed since the date set by law for their enactment.

-  **Advance payments as part of the 'bridge' pension** - According to a document promulgated by the Legal Advisory Branch of the Ministry of Justice, the IDF sets the level of monetary advances for retirees and continues to pay them (as an advance on account of the 'bridge' pension) without coordination with the Ministry of Finance. Continued payment of advances turns a temporary situation into a long-term one and creates uncertainty for the retirees.
-  **Raising the retirement age for women** - In accordance with the law, and since the Minister of Finance did not make his recommendations before the Finance Committee, the retirement age for women was set to 62. In June 2019, the Ministry of Finance promulgated a draft law stating that women's retirement age would gradually rise to 65 and then be adjusted to life expectancy. Failure to raise the retirement age for women affects, inter alia, the actuarial balance of the old pension funds in the agreement.



Chief of Staff Pension Increases - IDF has taken steps to address the audit findings that emerged in the previous report. Among other things, it established new rules regarding the increases made by the Chief of Staff. These rules set new criteria that limit the maximum rate of increase to retirees up to 10% (compared to the 19% rate that was customary until then). In addition, the IDF also reported that the head of the Manpower Directorate individually confirms each increase.







Main Audit Recommendations

-  Given the significant impact of the Chief of Staff's pension increases and the 'bridge' pensions on the extent of pension payments in the security budget, the State budget and the Government's actuarial liability, the State Comptroller's Office recommends that the IDF and the Ministry of Finance work collaboratively to reach a substantial consensus in regard to the economic aspects of these issues. If this does not help, the matter must be brought before the Prime Minister, the Minister of Finance and the Minister of Defense in order for them to decide on the issue in the discussions on the State budget and the IDF's multi-year budget. In view of the continuation of the issue so far, it is expected that if a future decision or decision of the State Attorney is required in this matter, it will be adopted without delay.
-  The Ministry of Defense, the Ministry of Finance and the Attorney General of Israel must complete the discussions for the purpose of implementing regulations on 'bridge' pensions and make a decision on the payment of advances to retirees, so that, with the establishment of the new government, this will be brought before the Ministers to settle the matter.
-  The Ministry of Finance, the Ministry of Defense and the IDF must act to transmit mutual information and complete data regarding the retirement of IDF retirees.
-  The State Comptroller's Office recommends that the Ministry of Finance examine ways to advance the issue of the retirement age for women, with the Government's expected establishment, and to complete its policy formulation. This is due to the widespread implications of the issue, and especially with regard to the actions required due to the deficit of the old pension funds included in the agreement.

Summary

Pension savings are intended to be a major source of income after retirement. It is undisputed that IDF retirees, who for years worked for the security of the State, are entitled to a fair and proper pension. It is important that the many years of disagreement between the IDF and the Ministry of Finance on these issues, as well as the regulation of data transparency, come to their resolution as soon as possible. The continuous rise in life expectancy requires an examination of the proper model for raising women's retirement age, with an eye as well to practice in other countries.

The main findings of the follow up audit

State pension arrangements - The main follow-up Audit findings					
Audit chapter	The deficiency in the audit report	The degree of deficiency correction as emerged from the follow-up audit			
		Not corrected	Slightly corrected	Mostly corrected	Fully corrected
Increases by Chief of General Staff	The absence of a clear Chief of General Staff procedure				
	Unsettled dispute between the IDF and the Ministry of Finance on the Chief of General Staff's powers				
	Presentation of the financial costs of the increases in a manner that does not provide the true, full picture				
Bridge pension	Implementation of the principles agreement between the Ministry of Defense and the IDF and the Ministry of Finance in the law				
	Failure to enact the bridge pension regulations				
Retirement age	Failure to promote the increase in retirement age of women				



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Ministry of Construction and
Housing

Purchase and Sale of Public Housing Apartments

Abstract



Purchase and sale of public housing apartments

Abstract

Background

The State aid system in the housing sector is a key component of the protective safety net that the State deploys for weaker populations within society. The system includes public housing apartments that the State rents out indefinitely to eligible persons for a subsidized rent. The Ministry of Construction and Housing is responsible for managing the stock of public housing, including the purchase and sale of apartments to tenants by virtue of the Public Housing (Acquisition Rights) Law, 1998 (hereinafter - the Law), primarily through Amidar, the National Housing Corporation in Israel Ltd. For a few decades, the amount of public housing apartments has been shrinking, mainly because the State has sold more apartments to tenants than it purchased. At the same time, the number of eligible people waiting for a public apartment has increased as has the waiting time for apartments.

Key figures

53,000

Apartments in the Public Housing Database in 2019 compared to about 60,000 apartments, about 5 years earlier, in 2014

42,000

Tenants are entitled by law to purchase the public apartment in which they live (2019)

NIS 3.2 billion

The value of the discounts granted by the State to tenants who purchased their apartments under the Law from 2014 until the end of 2019 (approximately 10,000 apartments were purchased)

NIS 3.4 billion

The cost of the 2,600 apartments purchased for public housing from 2014 to 2019

3,700

Eligible persons waiting for public housing in 2019

31 months

The average amount of time the tenants who moved into public housing in 2019 waited for a public apartment






Audit Actions



From February to August 2019, the State Comptroller's Office examined aspects of the purchase of public housing apartments as well as sale to tenants in accordance with the law, actions taken by the Ministry of Construction to get the most out of the existing stock of public housing, and the implementation of decisions and actions taken to increase the stock of public housing. The examinations were conducted at the Ministry of Construction and Amidar. Supplementary examinations were carried out in the Ministry of Finance: in the Accountant General's Office and the National Housing Authority, the Israel Lands Authority, and the Ministry of Immigration and Absorption.

The Situation Reflected in the Audit Findings



-  The Ministry does not purchase apartments in localities where there is presently no public housing, including cities whose socio-economic index is low, such as Modi'in Illit, Umm al-Fahm and Rahat. This prevents the needy population in these localities from being able to exercise their eligibility for public housing in their city of residence, as eligible persons are able to do if they live in localities with public housing.
-  In 2018, a government decision established an inter-ministerial team headed by the Director General of the Ministry of Construction and including representatives of the Ministry of Finance, the Israel Lands Authority and other government bodies, in order to recommend an action plan to increase the stock of public housing.. In the end, the team did not make a recommendation to the Government as required, due to disagreement among its members.
-  Although the State has made decisions aimed at expanding the stock of public housing, such as: allocating apartments in "Buyer's Price" tenders, allocating part of the proceeds that will be received from initiating urban renewal for the purpose of purchasing apartments and using abandoned apartments under State administration - the addition of apartments expected to be added to the housing stock in the coming years - about 200 apartments - is small compared to existing housing stock (about 0.4%) and is expected to meet the needs of only 4.5% of those waiting for public housing.
-  Although about a third of tenants who enter public housing each year (an average of about 600) are new immigrants, the letters sent by the Ministry to tenants informing them of the right to purchase their apartment, are written in Hebrew only.
-  Most tenants did not exercise their right to purchase the apartment (about 42,000 tenants were eligible in 2019, but during the period between 2014 - 2019 only about 10,000 apartments were purchased); despite this, as of the end of the audit, the Ministry of Construction had not examined the reasons for this.



In recent years, the Ministry of Construction has begun to work more strongly in several ways to realize the potential inherent in its stock of public housing for the benefit of those eligible, including the evacuation of public bodies which had rented the apartments for various needs and the transfer of housing for the benefit of eligible tenants.

At Amidar, several actions were taken in the process of selling the apartments to tenants, regarding the determination of the value of the apartments and the level of the discounts, and were found to have been carried out as required and in accordance with the ministry's guidelines regarding this issue.

Main Audit Recommendations

- 💡 It is recommended that the Ministry of Construction examine the possibility of purchasing public apartments even in localities that currently do not have public housing, so that those eligible in these communities can live in a public apartment in the locality in which they reside, especially in communities with low socio-economic clusters where minority and ultra-Orthodox populations live. It is proposed that the ministry also consider providing immediate solutions to those eligible to reduce their hardship until they are offered a suitable apartment in their place of residence.
- 💡 It is recommended that the Ministry of Construction renew the staff work with the relevant government bodies to formulate a national action plan for those in need of housing assistance. Inter alia, it is recommended to strategically check the aspects raised by the professionals on this issue, for example the economic efficiency of holding public housing versus alternatives, such as increasing rental assistance, as well as examining the opinions of the professionals about reducing the number of apartments.
- 💡 The Ministry of Construction should periodically review the mix of housing purchases, while maintaining the proper balance between the needs of the eligible, the necessary dispersion of the public housing and the costs of the purchased apartments.
- 💡 It is recommended to consider measures that will allow the maximum allocation of public apartments in the upcoming "Buyer's Price" tenders, in order to reduce the gaps on the one hand and to maintain the economic viability of the projects on the other.
- 💡 It is recommended that the Ministry of Construction consider expanding the initiation of urban renewal projects that it currently promotes only in assets under Amidar management, as well as assets managed by other housing companies, based inter alia on considerations of feasibility and economic efficiency.
- 💡 The Ministry of Construction must continue to advance the steps it is taking to realize the potential of the apartments, such as selling apartments that are vacant in the free market and using the proceeds to buy apartments for public housing. It is also worthwhile for the Ministry to examine in depth the possibility of moving tenants into a smaller apartment, which is adapted to the number of persons in the families entitled to the apartment.



The Ministry must act to make the information available to tenants regarding their eligibility to purchase the apartments, including through advising them in their language and strengthening the interface with them. The Ministry should check whether bureaucratic barriers to eligibility exist and if barriers do exist, should work to remove them.

Summary

Between 2014 - 2019, the government took steps to increase the stock of public housing apartments. However, the expected increase in housing in the coming years is not going to meet existing needs. As a result, there is a growing need for the Ministry of Construction to complete the inter-ministerial team's work to formulate a broader and more diverse response for those eligible for public housing and work to implement the decisions on the matter.

The number of public apartments purchased by the Ministry of Construction And the number of apartments it sold to tenants, 2014 - 2019



According to the Ministry of Construction's data, adapted by the State Comptroller's Office.



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Ministry of Health

Reform for the Transfer of Responsibility for Insurance in Regard to Mental Health

Abstract



Reform for the Transfer of Responsibility for Insurance in Regard to Mental Health

Abstract

Background

In July 2015, the third mental health reform came into effect, focused on the transfer of insurance coverage from the State to the four Health Maintenance Organizations: Clalit, Maccabi, Meuhedet and Leumit. Until then, the State provided the services primarily in psychiatric hospitals and mental health clinics. The goals of the reform include, inter alia, expanding the accessibility and availability of services, improving the quality of the treatment and reducing the stigma attached to mental health patients. In 2018, the reform budget of NIS 2.3 billion was based on a treatment target of 4% of all adults and 2% of all children (up to the age of 18), based on an average of 9 treatment sessions (hereafter - contacts) per adult and 12 per child.

Key figures

18%

Of the world's population suffer from depression or anxiety during their life

NIS **400** million

was given to Health Maintenance Organizations as a supplement to the Mental Health Budget as part of the reform (as of 2018)

150 days

The average waiting time for psychotherapy treatment for adults and children in 2018

27%

Of the contacts budgeted for under the reform in 2017 - some did not take place and others are a matter of dispute between the Ministry of Health and the Health Maintenance Organizations

NIS **142**

The insured's deductible for an appointment with an independent psychotherapist; monthly cost of about NIS 570

400 jobs

Of psychotherapists are missing in Government and Health Maintenance clinics

280 jobs

About 80 positions of psychiatrists are not staffed and about 100 are missing in psychiatric and general hospitals; about 100 additional psychiatrists are missing in Clalit's hospitals and in the various HMO clinics








Audit Actions



From February to October 2019, the State Comptroller's Office reviewed the reform by which the responsibility for mental health services was transferred, including examinations of: the ambulatory¹ service provided to patients; the budgeting aspects of the reform; the examination of its implementation by the Ministry of Health; the accounting between Health Maintenance Organizations and hospitals; and aspects of personnel in the field. The examinations were conducted mainly at the Ministry of Health, at the four Health Maintenance Organizations, and in some psychiatric hospitals.

The Situation Reflected in the Audit Findings



-  Waiting times for sorting - diagnosis ("intake") and continued psychiatric and psychotherapeutic treatment may be extremely long, up to a waiting time of 12-16 months. This may harm patients, aggravate their mental state, cause harm to their family and immediate surroundings and diminish the effect of treatment.
-  The Health Maintenance Organizations did not develop a system for home visits to patients, did not establish crisis teams and did not give create a proper response for emergency situations. The attempt to arrange an immediate response to emergencies using MDA has not been advanced.
-  The Health Maintenance Organizations do not employ psychotherapists to a sufficient extent, which causes long waiting times in clinics in most areas of the country, so patients turn to independent therapists for a fee of about NIS 570 per month. This is a barrier to getting treatment.
-  Some clinics do not provide information on the websites about the estimated wait time. The Maccabi, Meuhedet, and Leumit websites do not differentiate between psychotherapists who give free treatment and independent psychotherapists who provide service for a deductible. The list of clinics, which includes information on average wait times posted on the Ministry of Health website, has not been updated and reflects times which were accurate for early 2018.
-  The Ministry of Health does not have qualitative data on the ambulatory treatments provided by the Health Maintenance Organizations and on the utilization of the reform budget, so it is difficult to assess the results of reform. It also has no way to ensure that the Health Maintenance Organizations have invested the budget allocated to them for the benefit of the reform, and that the budgetary framework is providing an adequate response to the public's needs in this area.
-  As of September 2019, there are pending appeals from Clalit regarding psychiatric hospitalizations in the first three years of the reform, which amount to approximately 22% - NIS 280 million - of total hospital bills.
-  The Arab communities present the lowest rate of mental health patients - below the quota expected under the reform agreement.

¹ Ambulatory therapy is a treatment done in a hospital or clinic and on the day of treatment the patient is discharged to his home.



There is a severe shortage of psychiatrists in general and among the Arab sector in particular. Despite the grant programs that have been operating intermittently since 2011, the shortage of psychiatrists is unlikely to be resolved in the coming years. There is also a lack of psychotherapists in the public service.



The reform agreement provided an additional NIS 300 million (as of 2012) intended to expand ambulatory services - an amount that is updated according to the annual (percentage) increase in the basket of health services, and currently stands at approximately NIS 400 million.

In 2017, there was a marked increase of about 20% compared to 2016 in the number of ambulatory contacts provided by the Health Maintenance Organizations, but the number is still lower than that budgeted for in 2017.

Main Audit Recommendations



The Ministry of Health, in collaboration with the Health Maintenance Organizations, must define the waiting times that the Mental Health Services system must meet and the ways to meet these goals. The Ministry must examine the publication of comparative data on waiting times between the HMO's as a means of improving the service.



The Health Ministry, in collaboration with the Health Maintenance Organizations, must examine the distribution of the existing clinics and the question of which services the HMO's should be required to provide and where, depending on the population and characteristics of each region, in order to ensure that these services are provided within a reasonable distance to the various populations in the country, including the ultra-Orthodox and the Arab populations, in a manner adapted to each group's culture and language.



It is appropriate that on the Health Maintenance Organizations websites, a clear distinction be made between caregivers who provide free service to HMO members, without payment of a deductible, and independent caregivers, whose treatment requires payment of a deductible.



All services intended for intervention in crisis situations as stipulated in the agreement, including through home visits and crisis teams, must be properly organized by the HMO's. It is advisable that the Ministry of Health review the "Balancing Homes" service ². The Ministry must direct the Health Maintenance Organizations on these issues and maintain oversight in the matter.



The Ministry of Health must exercise its authority as regulator and consolidate the data needed to assess the scope and quality of services and determine whether the budget has been appropriately used by the Health Maintenance Organizations. The Health Maintenance Organizations must regularly provide the Ministry with all the information it needs to assess the effects and results of the reform and to maintain regular monitoring and oversight of the services.

² A setting designed for seniors who are in an acute mental crisis and is a substitute for hospitalization.



It is advisable that the Ministry of Health and the Health Maintenance Organizations, in collaboration with the Israel Medical Association and the professional unions, prepare a plan to foresee the shortfalls in the number of psychiatrists in the coming years, including in the Arab sector, and agree on actions to be taken to bridge the expected shortfalls. The Ministry is required to set targets for hiring personnel in the field of psychotherapy and to examine whether the Health Maintenance Organizations are doing enough when it comes to utilizing their budget for hiring personnel in this field.

Summary

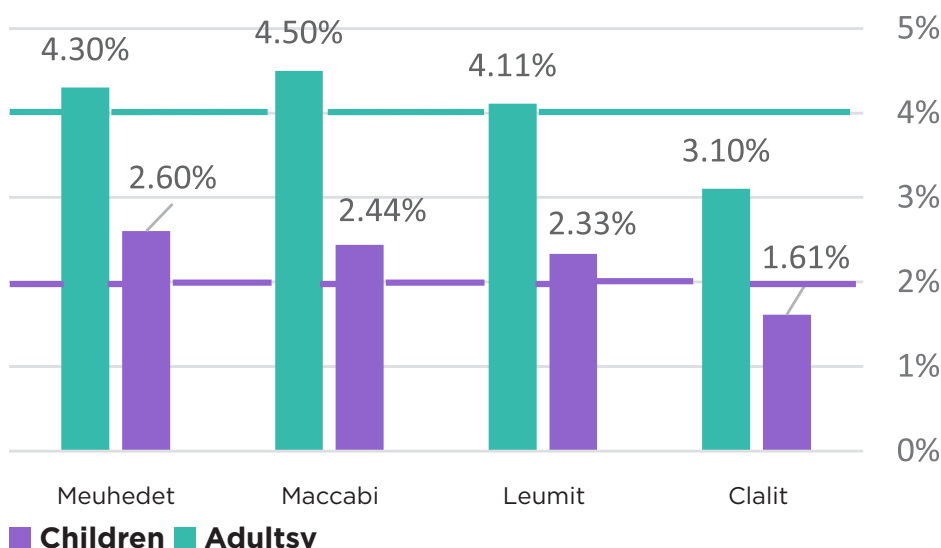
The Ministry of Health is pleased with the reform, although it believes some areas should be improved. The audit revealed that there were difficulties in implementing the reform, and that waiting times for treatments were often very long and reached 12 to 16 months. The Ministry must work with the Health Maintenance Organizations to evaluate the results of the reform, to monitor public services, to establish goals to strengthen the mental health system in the community, and to promote available and accessible treatment for the entire population.



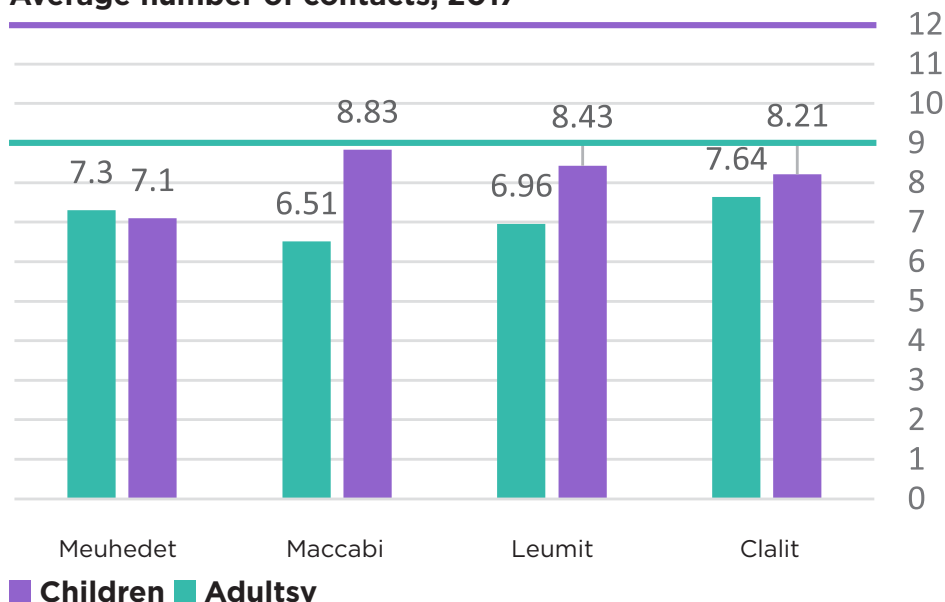
The rate of patients and the number of contacts they received in each of the Health Maintenance Organizations (2017)³

Source: According to data reported by Clalit, Maccabi and Leumit to the Ministry of Health, and data presented by Meuhedet in its internal report (Trend Report) for 2017

Proportion of patients from all HMO insured persons, 2017



Average number of contacts, 2017



³ The horizontal lines in the chart reflect the goals set in the Child Care and Adult Care Reform Agreement.



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Ministry of Health

Ministry of Health's Actions to Prevent Health Damage from Exposure to Contaminants and Pesticides in Food Products

Abstract



Ministry of Health's Actions to Prevent Health Damage from Exposure to Contaminants and Pesticides in Food Products

Abstract

Background

A food contaminant is any material that is not intentionally added to the food, and its presence in it is due to environmental contamination, improper preparation, inadequate handling, packaging, transport, storage, maintenance and more. Exposure to food contaminants can harm human health and even lead to death.

Examples of biological contaminants

- The *Listeria* bacterium, the cause of Listeriosis disease, is the leading cause of death among food-borne contaminants; it mainly affects the elderly, the immunocompromised and pregnant women and can cause complications and mortality among these population.
- The *Salmonella* bacterium is the cause of Salmonellosis disease, the symptoms of which will most often manifest in bowel dysfunction. In some cases, the bacterium can cause a serious illness that can end in death, especially in children.
- The *Campylobacter* bacterium causes Campylobacteriosis, which is manifested by intestinal and diarrheal illness, the complications of which can cause severe neurological damage and even life-threatening grave infection.

Example of chemical pollutants

- Dioxins are toxic substances that can impair the development of the fetus and the reproductive system, damage the immune system, lead to hormonal system disruption and even cause cancer.
- As part of the Ministry of Health's responsibility for public health, its role is to monitor food produced in Israel and imported thereto, through the public health services at the Ministry of Health - the National Food Services.

Key figures

0.85

Listeriosis patients per 100,000 people in Israel in 2018

2-fold

The approximate increase in serious cases of Listeriosis in Israel from 2008 to 2018

33

People contracted Listeriosis in Israel in the years 2017 - 2018

54

Salmonellosis patients per 100,000 people in Israel in 2017

88

People were infected with Salmonella Concord bacteria in Israel in the years 2018 - 2019, more than half of them children

10

Only about 10 marketers were registered in January 2020 in the Register of Food Marketers from the Palestinian Authority's (PA) territory to Israel, and another 80 were in the process of registration

400

Notices of food products removed from the shelves (recall notices) were published on the Ministry of Health website in Hebrew in the years 2010 - 2019

1000 NIS

The amount of the administrative fines actually imposed by the National Food Services for an administrative offense of manufacturers, importers and food marketers. The law allows a financial sanction of up to NIS 40,000



Audit Actions



In February - November 2019, the State Comptroller's Office examined the Ministry of Health's actions to prevent harm to public health from exposure to contaminants and pesticides in food products, including: operations to detect contaminants in food products; to handle incidents where contaminants associated with extensive morbidity were found in products; to monitor food products produced in the Palestinian Authority. The information that the Ministry of Health provides to the public regarding prevention of exposure to contaminants and taking effective enforcement action was also examined.

The Situation Reflected in the Audit Findings



-  The National Food Services did sample food products in 2017 - 2019, but it did not set national goals for sampling to detect the presence of *Listeria* bacteria.
-  Sampling to detect pesticide residues in fruits and vegetables carried out by the District Branches of the National Food Services, especially in Tel Aviv and the North, was incomplete; this is particularly evident in the Tel Aviv District Branch where partial or no sampling at all was carried out for long periods. In addition, the National Food Services headquarters did not receive a report of the sampling from the District Branches, thus the National Food Services did not have a complete picture of the consumers' exposure to food pesticides.
-  Despite the rise in the rate of illness from the *Campylobacter* bacteria in Israel, the Ministry of Health, unlike the requirement in other developed countries, does not require checking the presence of the *Campylobacter* bacterium in food products and therefore the laboratories do not check the presence of this bacterium in food products.
-  National Food Services supervisors do not examine standard food products brought from the PA and these products are marketed in Israel without testing (a "standard" food product is differentiated from food that is defined as "sensitive" such as dairy and baby food). In the absence of full registration of PA marketers, the National Food Services cannot locate food products that were or may be harmful to public health brought to Israel from the PA and stop their sale to the public.
-  In two cases of large-scale illness that occurred in Israel in 2018 and 2019 that were examined by the audit, the National Food Services did not take immediate actions to perform a recall or, at least, stop the sale of products concerning which alarms from Israel and abroad were received about infection due to *Salmonella* Concord bacteria.
-  The five recall notices published by the Ministry of Health on its website in 2018 and 2019, in respect of the three cases of large-scale illness reviewed in the audit, following the presence of *Listeria* or *Salmonella* Concord bacteria in food products - did not reflect the full information on the presence of bacteria and did not appear in the English and Arabic languages.
-  The Ministry of Health has not yet formulated a detailed procedure governing the establishment and operation of the monetary sanctions system and its enforcement policy towards food manufacturers, importers or marketers. In practice, the National Food Services make use only of low administrative fines.



During the large-scale Listeriosis event that took place in 2017 - 2018, the South District Health Bureau took necessary action, and from August 2017 to November 2018, sampled hundreds of food products in an attempt to locate the source of the infection.

In 2017 and 2018, the number of food products sampled by the National Food Services' District Branches in the Tel Aviv and North districts increased in line with the increase in the annual budget of the National Food Services during those years (by contrast, the number of food products sampled by the regional branches in Central and Ashkelon Districts decreased).

Main Audit Recommendations



The State Comptroller's Office recommends that the Ministry of Health examine the reasons for the significant increase in Listeriosis cases in Israel. The National Food Services should work to set national goals and prioritize the oversight activities carried out by the District Branches. In order to optimize the process, it is appropriate that this be done on the basis of national risk management focused on Listeria contamination.



The lack of Israeli laboratories' ability to test dioxins in food products increases the need for the National Food Services to ensure routine monitoring of dioxin levels in food products, in order to prevent illness and maintain public health. In order to optimize the monitoring process, it is important that the process be carried out in accordance with a multi-year program based on risk management.



It is proposed that the Ministry of Health consider regulating a mechanism to determine who has the authority to issue guidelines in cases of concern about food contamination that could adversely affect public health. In this context, it is proposed that the Ministry consider explicit delineation of the powers and functions of the National Food Services Administration and the district physicians.



It is appropriate that the Ministry regulate effective public information means regarding the provision of recall notices and that the information to the public on the Ministry of Health's website be provided not only in Hebrew but in other languages as well.



It is appropriate that the National Food Services enact administrative regulations setting out the manner in which it is to receive information from various bodies in Israel (such as the central laboratories of the Ministry of Health) regarding suspicion that a particular food product may be harmful.

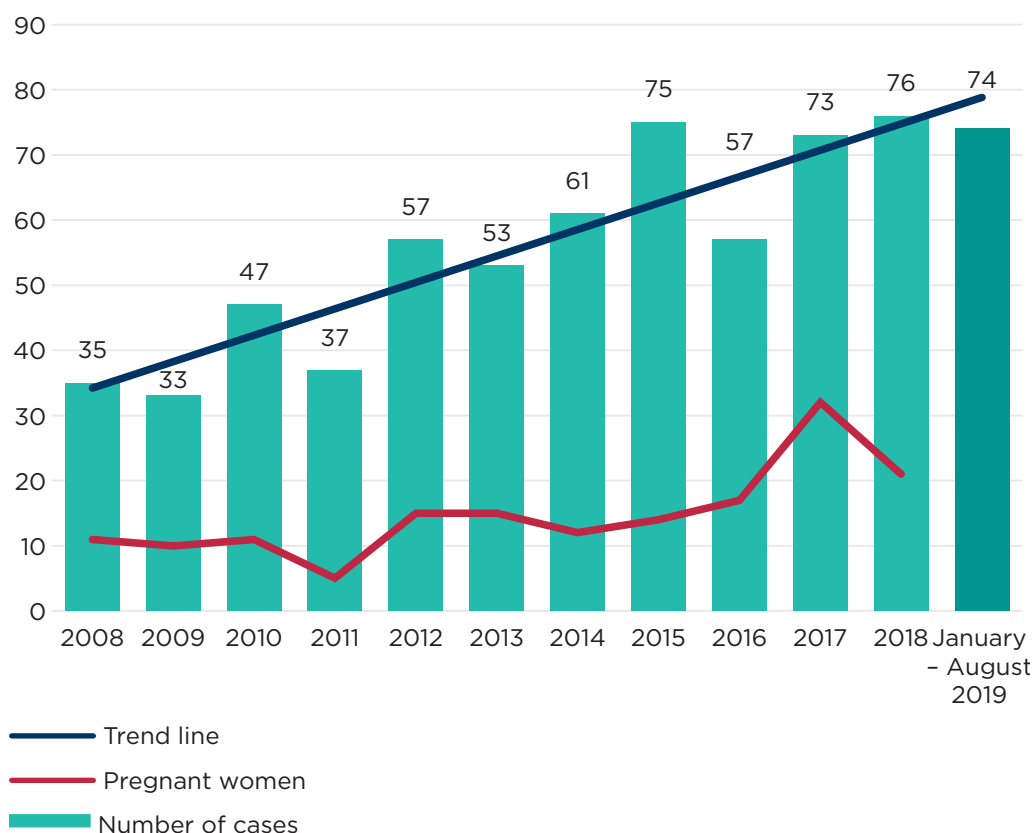


It is suggested to the National Food Services to consider a regular, ongoing format for monitoring the warnings of foreign entities concerned with these issues, such as the US Food and Drug Administration (the FDA), about suspected contamination in food products manufactured in Israel or imported thereto, and for deciding upon the steps to be taken following such warnings; inter alia, it is appropriate for the Ministry of Health to determine which foreign bodies should be monitored for such warnings.

Summary

The Ministry of Health is responsible for public health, including the monitoring of food produced in Israel or imported thereto. The deficiencies found in the audit indicate problems with the functioning of the Public Health Services in the Ministry of Health, and in particular the National Food Services, with regard to the need to prevent the consumption of contaminated food products which may cause illness. The Ministry of Health must act so that the National Food Services improve their control and oversight of food products as well as enforcement actions against food dealers who have violated the relevant legal provisions.

The serious Listeriosis morbidity data in Israel, 2008 to August 2019



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



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Ministry of Health

The Ministry of Health's Mixed Status as a Regulator and as the Owner of Government Hospitals

Abstract



The Ministry of Health's Mixed Status as a Regulator and as the Owner of Government Hospitals

Abstract

Background

The hospitalization system in Israel includes 27 general hospitals - some owned by the Ministry of Health, some owned by Clalit Health Services and some independent public hospitals. The Ministry of Health serves as a regulator of the health system, including in regard to economic regulation, and simultaneously it also owns 24 government hospitals (general, geriatric and psychiatric). It therefore operates under many hats - as a regulator, as an operator and as an owner, and even as an insurer in various health fields. Public committees have previously examined the issue of the Ministry's mixed status and many hats, and have determined that this fact has negative effects and suggested ways to segregate its duties.

In August 2015 and August 2016, government decisions were made to establish a division of the Ministry of Health, which will be responsible for the government medical centers, and the division's areas of activity and powers, and the management tools used by it were defined.

Key figures

approx. **50%**

Of the general hospital beds in Israel are owned by the Ministry of Health

11

General-government hospitals (out of 24 government hospitals, including psychiatric and geriatric ones)

22.7 NIS billion (net)

Scope of revenue of general hospitals (government, HMO owned and public-independent) in Israel in 2017

NIS **28** billion

Scope of expenditures of general hospitals (government, HMO owned and public-independent) in Israel in 2017

NIS **600** million

Total decrease in the net income of HMO's from 2014 to 2018, owing to the differences between their income and their expenses, due to gaps between a hospitalization day price and the health care cost index

An increase of **27%**

Within five years (in the years 2011 to 2016), in the amount of radiotherapy treatments, from NIS 450 million to NIS 570 million (gross)

NIS **1.8** billion

The financial volume of cardiac catheterization activity in 2018, which is approx. 6% of the total gross hospital revenue for the year (NIS 28.5 billion)

approx. **50%**

The difference between the price of therapeutic heart catheterization according to the Ministry of Health's price list (NIS 39,300) and the price of therapeutic heart catheterization according to the pricing of Clalit (NIS 18,600)






Audit Actions



From March to October 2019, the State Comptroller's Office examined aspects of the Ministry of Health's mixed status as a regulator and as the owner of 24 government hospitals, of which the 11 general government hospitals were examined. Among the issues examined: the cancellation of the decision to establish an authority for government medical centers and the establishment of a Government Medical Centers Division in the Ministry of Health; the effect of the Ministry of Health's mixed status on financial and pricing aspects in the health system.

The Situation Reflected in the Audit Findings









-  The dual role of the Ministry of Health as health regulator but also owner of about half of the general hospital beds in Israel creates an inherent tension between its ongoing activity through its hospitals which affects their revenues and its being involved in the process for updating the statewide pricing of medical procedures and services by virtue of its status as regulator.
-  The period from 2014 to 2018 saw a shortfall of approximately NIS 600 million being formed between the HMOs' revenues under the health basket and their paid expenses according to the tariff for a day's hospitalization. This stems from the differences in rate of change between the hospitalization day price index and the health care cost index, and it negatively affects the HMOs' financial status.
-  The frequency with which the Price Committee is convened is unregulated. The audit revealed that from 2016 to 2018, the Price Committee rarely convened to price new medical procedures and update prices. It is possible that this is due to a disagreement between the Ministry of Finance, according to which an update to the prices of radiotherapy is necessary, and the Ministry of Health, which has not take action to promote such an update to the pricing.
-  Although the price of cardiac catheterization according to the Ministry of Health's price list is twice as high as the price of cardiac catheterization according to Clalit's pricing (about 39,000 compared to 19,000), the Price Committee did not discuss the need to update the catheterization prices. In other areas as well, such as eating disorders and treatments in oncology orthopedics, there has been a delay in updating the pricing.
-  In 2017, government hospital deficits totaled NIS 1,550 billion. It was found that until 2017, despite the budgetary assistance provided to cover their deficits, the Finance and Health Ministries did not require them to become more efficient.



The Health Ministry's Hospitalization System Supervision Division has analyzed the efficiency measures to compare the condition of all general hospitals.

Main Audit Recommendations

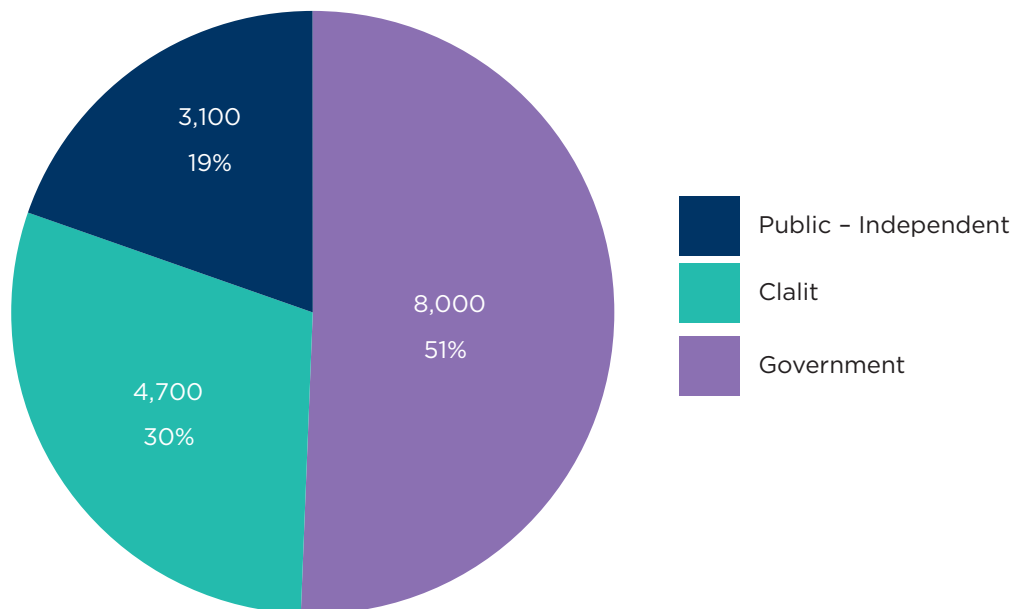
-  The State Comptroller's Office recommends that the Ministry of Health clarify the role of the Government Medical Centers Division with regard to the separation between its regulation functions and its management and supervision of the medical centers. It is also appropriate that it instructs the Division to take action to fulfill this role and that it conducts a regular, periodic examination of the Division's meeting of this objective.
-  There is a dispute between the Ministries of Health and Finance regarding the mechanism for updating the health care cost index. It is appropriate that, in accordance with the High Court of Justice ruling, the Ministries work to formulate a mechanism for resolving disputes between them, whether by bringing the issue to the government or in another method.
-  The Ministry of Health must complete the process of receiving the data necessary in order to update the pricing of radiotherapy treatments. The Price Committee must return to convene regularly, notwithstanding the dispute regarding the update of radiotherapy prices, and must hold discussions on the issue of tariff updates regularly.
-  The Ministry of Health must review the pricing of cardiac catheterization as soon as possible and present the need to update it before the Price Committee if necessary.
-  It is recommended that the Division of Government Medical Centers initiate and promote a systematic review program of tariffs for all government hospital medical services.
-  It is appropriate that the Ministry of Health consider setting conditions for allocating aid budgets to both governmental and public-independent hospitals, in a way that will incentivize them to become more efficient.



Summary

This report deals with the many hats of the Ministry of Health as a health system regulator and as the owner of the 24 government hospitals. The situation that emerges from the report highlights the inherent tension in the Ministry of Health, even after the establishment of the Government Medical Centers Division. In order to address the issue, it is appropriate for the Ministry of Health to instruct the Division to take action to fulfill its mission of establishing a separation between its regulatory functions and its functions in the fields of hospital management and supervision. This will allow the Ministry to make decisions based on substantive and objective considerations for the benefit of the entire health system and for the benefit of the public as a whole, improve public health, and give rise to efficient and effective conduct of all hospitals.

Number of beds in general hospital hospitalization system, by ownership



Source: Hospitalization System Supervision Division, General Public Hospitals: Draft Financial Reporting 2017 for Public Comments (June 2019).



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Ministry of Education

Management and Supervision of Education for Ultra- Orthodox

Abstract

Management and Supervision of Education for Ultra-Orthodox

Abstract

Background

Ultra-Orthodox students constitute approximately 30% of the students in the Hebrew education system in Israel, and their proportion is steadily growing. Unlike state education, the vast majority of ultra-Orthodox educational institutions are privately owned by non-profit associations (hereinafter - Ownerships) which employ the teaching staff. There are separate educational institutions for different ultra-Orthodox groups as well as separate schools for each gender. The budgeting of ultra-Orthodox educational institutions varies according to the type of Ownership and the proportion of core curriculum taught¹. In 2014, the Ministry of Education established the ultra-Orthodox District (the District), to conduct separate supervision adapted to ultra-Orthodox education.

Key figures

446,000

Ultra-Orthodox students attended some 6,600 educational institutions in 2018-2019. The institutions were operated by more than 1,000 Ownerships

29.7%

of Hebrew primary school students studied in 2017-2018 under ultra-Orthodox auspices. In 2023-2022, their proportion is expected to increase to 31%

NIS 4.4 billion

Ministry of Education budget in the year 2017-2018 for ultra-Orthodox primary and secondary education. The total budget of the Ministry for the year 2017-2018 - approx. NIS 50 billion

84% of the boys

in the ultra-Orthodox secondary educational institutions have studied in institutions that do not teach any part of the core curriculum. 56% of the boys in the ultra-Orthodox primary educational institutions studied only part of the core curriculum

13% of the boys and **21%** of the girls

who attended 12th grade in 2016-2017 in the ultra-Orthodox institutions that offer matriculation exams attained a matriculation certificate

¹ Core curriculum - literally meaning "Fundamental Studies in State Education". Core (fundamental) subjects are the compulsory subjects set by the Ministry of Education, which are a common, binding basis for all educational institutions.

60% of the girls

in Ultra-Orthodox schools continue to study in teaching seminars, after passing the Szold tests - tests that replace some of the matriculation exams

40%

of the ultra-Orthodox textbooks approved by the Ministry of Education are old books, only partially suitable to the current curriculum

76%

The proportion of students in the ultra-Orthodox district being taught by teachers about whom the Ministry of Education does not have full information





Audit Actions







In March - August 2019, the State Comptroller's Office examined aspects of ultra-Orthodox education and its supervision. These subjects were examined: situation with regard to the academic goals and achievements of ultra-Orthodox students; teaching staff in the ultra-Orthodox sector - data available to the Ministry of Education, employment, training and seminars; textbooks in the ultra-Orthodox sector in the core subjects; extent of core subjects studied in ultra-Orthodox primary education; overall supervision and control of ultra-Orthodox primary schools; supervision and control of ultra-Orthodox primary schools in "exempt" status - that teach core curriculum at a proportion of 55% ("exempt" institutions); and administrative and financial supervision of Ownerships and educational institutions.

The Situation Reflected in the Audit Findings



-  The Meitzav exams (measures school efficiency and advancement), the purpose of which is to provide objective pedagogical information for identifying problems and failures and for improving the teaching in schools, are only administered in a small proportion of the ultra-Orthodox schools and in those that have them, they are only administered partially. In practice, the achievements of the students in the ultra-Orthodox institutions who participate in the Meitzav exams in the mathematics and Hebrew subjects, fall short of the national achievements.
-  The Ministry of Education has not set goals in the Meitzav exams for the ultra-Orthodox sector, and the goals it has set for the ultra-Orthodox sector regarding eligibility for matriculation are low compared to the nation-wide eligibility goals.
-  Most of the ultra-Orthodox educational institutions do not send information to the Ministry of Education regarding their teaching staff, so the Ministry does not have full data on teachers in the ultra-Orthodox sector, which impairs its management and supervision capabilities.
-  There is a severe shortage of ultra-Orthodox male teachers for the core subjects. In the educational institutions for boys, some who do not have a teaching certificate also teach. Few ultra-Orthodox teachers participate in the seminars conducted by the Ministry of Education.




-  There is a shortage of updated textbooks approved and adapted for the ultra-Orthodox sector. Ultra-Orthodox schools use unapproved textbooks, and the Ministry of Education has no organized information on the subject.
-  According to the Ministry of Education Director General circular, the full extent of core curriculum set for the ultra-Orthodox schools is smaller than required in the other education groups. The examination of the core curriculum conducted by the Ministry of Education does not relate to the study hours required for each subject.
-  The Ministry of Education does not supervise the “exempt” institutions, which are budgeted for about NIS 250 million a year, in an optimal manner.
-  The Ministry of Education’s supervision, control and enforcement vis a vis the Ownerships and the way in which they utilize the budget given to them are very limited. Some cases have been found where Ownerships have tampered with their employees’ wages.



The establishment of the ultra-Orthodox district and the ultra-Orthodox state education group and their activities are bringing the ultra-Orthodox education closer to pedagogical goals. However, the gaps between ultra-Orthodox education and that of other groups are still very large.

Steps undertaken as part of the improvement processes - In 2019, the Administration began implementing multidisciplinary controls in ultra-Orthodox primary schools, but they are still partial and limited. In addition, the Ministry of Education has established in recent years six regional centers for the development of teaching staff (Pisga) that hold training courses for ultra-Orthodox teachers.

Main Audit Recommendations

-  It is appropriate that the Ministry of Education set goals for the ultra-Orthodox sector and work to achieve them. It is also appropriate for it to consider ways of expanding the number of schools participating in the Meitzav and matriculation exams and working to increase the proportion of those taking the matriculation exams and the proportion of those eligible for a matriculation certificate.
-  It is appropriate for the Ministry of Education to regulate the employment of teaching staff in the ultra-Orthodox sector in terms of the necessary requirements that must be met, including their training and reporting about them. It is also appropriate for it to work with the Ownerships to receive information on the entire teaching staff to create a basic database that will allow the identification of gaps and needs.
-  It is appropriate for the Ministry to take steps to increase the number of talented teachers to teach core subjects and to work in collaboration with the ultra-Orthodox training institutions, to adapt the curricula to the requirements.



The ministry must also ensure that the textbooks adapted for the ultra-Orthodox are up-to-date, work to increase the use of approved textbooks and explore ways to encourage their participation in the book-lending program. It is appropriate for the Ministry of Education to review the fundamental program set in 2011 regarding core studies in the face of the changing reality.

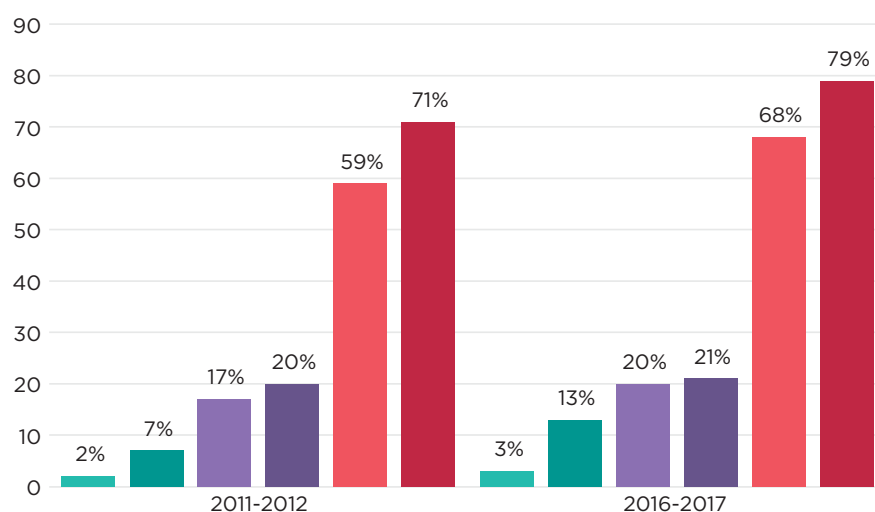


The Ministry of Education must regulate the control format in regard to the “exemption” institutions. It is appropriate for it to work to increase the effectiveness of the control and enforcement mechanisms and to examine the setting of additional enforcement measures against Ownerships that violate workers’ employment conditions.

Summary

In addition to the willingness of maintaining the cultural uniqueness of education in the ultra-Orthodox sector, providing peaceful independence for this group, but also providing state budgets, it is important to maintain a system of supervisory and enforcement requirements. Through the latter it should be ensured that the ultra-Orthodox education systems adhere to the rules set by the Ministry of Education and provide students with skills and knowledge that will enable them to earn a living in the future in a way that is appropriate to their skills. This is even more important in light of the forecast of growth in the ultra-Orthodox sector and the need for its proper integration into the national economy.

The proportion of those eligible for matriculation certificate, by gender, sectors and educational institutions; 2012-2011 and 2017-2016



- The proportion of ultra-Orthodox boys eligible for a matriculation certificate from all ultra-Orthodox male students in the yearbook
- The proportion of ultra-Orthodox boys eligible for a matriculation certificate from all the male students in the ultra-Orthodox institutions that offer matriculation exams
- The proportion of ultra-Orthodox girls eligible for a matriculation certificate from all ultra-Orthodox female students in the yearbook
- The proportion of ultra-Orthodox girls eligible for a matriculation certificate from all the female students in the ultra-Orthodox institutions that offer matriculation exams
- The proportion of those eligible for a matriculation certificate from all the 12th grade students in institutions that offer matriculation exams in Israel
- The proportion of those eligible for a matriculation certificate from all the students in institutions that offer matriculation exams in the non-ultra-Orthodox Jewish sector

Source: Ministry of Health's data, processed by the State Comptroller's Office.



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Ministry of Foreign Affairs

Israel's Foreign Affairs Framework and the Ministry of Foreign Affairs Budget Crisis

Abstract



Israel's Foreign Affairs Framework and the Ministry of Foreign Affairs Budget Crisis

Abstract

Background

In recent years, the activities of the State of Israel in the international arena have expanded greatly, and today dozens of government ministries and government bodies (hereinafter - the foreign affairs framework) maintain direct and indirect contacts with government agencies, professional entities and international organizations worldwide. This activity provides many opportunities for the State of Israel to advance its political position in the world, strengthen its international image, improve its economic capabilities and advance its interests in accordance with the government's policy. The Foreign Ministry, which operates through 103 diplomatic missions deployed around the world, plays an important role in the implementation of government policy in the international arena. In recent years, there has been a consistent reduction in the Foreign Ministry's share of the state budget, and in 2019 the Ministry's budget has been greatly reduced, a move that has impaired its activity in Israel and worldwide.

Key figures

161

The number of countries with which Israel has diplomatic relations in 2019

103

The number of Israel's diplomatic missions in the world in 2019

35

The number of state agencies active abroad in 2019

NIS 3.2 billion

2019 Budget for activities of Governmental bodies involved in the foreign affairs framework

NIS 1.385 billion

The original budget of the Ministry of Foreign Affairs for 2019 that constituted 0.29% of the total state budget

14.7% -

The rate of reduction of the original budget of the Ministry of Foreign Affairs for 2019 compared with 2018 against the increase of the total state budget by 4.3%

Audit Actions








In February-September 2019, the State Comptroller's Office examined aspects related to the activity of the Israeli foreign affairs framework in the international arena, as well as the procedures that led to the preparation of the Foreign Ministry's budget for 2019 and their implications. The examination was carried out in the Ministry of Foreign Affairs, in the Ministry of Finance and in the Prime Minister's Office. Supplementary inquiries were made at the National Security Headquarters, the Ministry of Economy and Industry, the Ministry of Diaspora, the Ministry of Strategic Affairs and Public Information, the Ministry of Defense and the IDF, and other bodies representing the country abroad. In addition, as part of the investigation, the State Comptroller's Office held a symposium in which former ambassadors and senior retired officials from the Foreign Ministry participated, and distributed a questionnaire among approximately 28 government ministries and government agencies to receive information on their activities in the international arena and their views on the activities of the foreign affairs framework in recent years.

The Situation Reflected in the Audit Findings




Operations of Israel's Foreign Affairs Framework in the International Arena




-  In 2019, the State of Israel's foreign affairs framework included decentralized operation of more than 35 government ministries and other government entities, alongside the Foreign Ministry, with a total budget volume of approximately NIS 3.2 billion and some 4,500 employees in Israel and abroad. The situation regarding the employment of employees within this wide-ranging framework, its budget and the operation of all the parties involved, is not presented in a centralized manner in the government work programs and the state budget.
-  This framework has created a wide range of areas of launch, overlap, parallelization and completion with regard to dealing with various issues in the international arena. It was found that, at the very same time, these issues are addressed by both the Foreign Ministry and by other government ministries and other entities, in the same countries and international organizations, and often also vis a vis the very same foreign governmental and state entities; this leads to a lack of coordination, syn-chronization and cooperation between these various state bodies.
-  The government's decisions on formulating a national strategy for the State of Israel's activities in the international arena, while optimizing the allocation of state resources, have not yet been implemented.
-  There are no fixed boundaries between authorities and definitions of fields of action and boundaries between the Foreign Ministry and the dozens of other government bodies operating in the international arena, and no examination or staff work has been undertaken regarding the proper working model, in a way that makes it difficult for the various bodies to work in their joint areas of activity and make proper use of their abilities to create effective coordination arrangements and relationships.

-  The government has not yet established who will be responsible for coordinating and integrating between the government bodies operating in the international arena. This is required in view of the rapid changes and developments in the mapping of global interests and the need to create an overall comprehensive assessment while utilizing the full knowledge available on the international level. In addition, no orderly mechanism, clear procedure or regulated practice have been set up for mutual updates of government ministries and other government bodies, making it difficult to consolidate effort in the international arena.

The Process of Formulating the 2019 Foreign Ministry Budget and its Implications

-  The substantial cut (by 14.7%) in the core budget of the Ministry of Foreign Affairs for 2019 compared to its 2018 budget has led to a budget crisis in the Ministry. As a result, many activities, including core operations, did not take place, which could affect the State of Israel's foreign relations, service to citizens abroad and more.
-  The Ministry of Finance has led a move to close Israeli diplomatic missions abroad, although its proposal did not rest on a thorough examination of the effects of this action on Israel's foreign relations.
-  The government's decision regarding the gradual closure of seven missions has not yet been implemented, following the decision by the political echelon. Consequently, the Ministry of Finance did not transfer the one-time budgetary supplement that was conditioned on the closure of the aforementioned missions.

 The dozens of government agencies operating abroad have expanded their interactions with foreign government bodies, with international organizations and with private corporations around the world, creating opportunities for the State of Israel to improve its position in the world and enhance its image.

The Ministry of Foreign Affairs is taking initiatives to promote the interests of the State of Israel around the world, and as part of this, it has initiated the establishment of a global forum, in collaboration with other government ministries, aimed at dealing with the climate crisis.

In 2019, the Prime Minister's Office promoted the establishment of an inter-ministerial committee to conduct regular staff work to focus government activities in the field of international development and to develop strategy in the field, in inter-ministerial coordination and cooperation.

Main Audit Recommendations

Operations of Israel's Foreign Affairs Framework in the International Arena



Given the decentralization of the operations of the governmental bodies within the foreign affairs framework, actions for the implementation of government decisions on this issue must be taken, including convening an Executive Committee for the establishment of common national strategic goals for the foreign affairs framework, creating an optimal operating mechanism, mapping of all government ministries and government bodies operating on behalf of the State of Israel in the international arena and defining the Foreign Ministry's place in this framework. The effectiveness of implementation of all the various bodies within the framework must be considered, as well as ensuring that these actions are derived from the national strategy and in line with developments in the technological sphere.



In order to manage the decentralized foreign affairs framework, it is recommended to appoint a government entity that will integrate the activities of all the relevant parties and work to regulate mutual coordination, cooperation and updating mechanisms. It is also appropriate to determine responsibilities, authorities and boundaries of the entities operating in the international arena.



It is appropriate that any government agency operating in the field of foreign affairs should formulate a work plan in its areas of activity and responsibility in accordance with national strategic objectives, while setting benchmarks for future examination and evaluation, and that all plans be formulated into a single government plan.



It is recommended to examine the budget for operations of the various bodies within the foreign affairs framework, in a manner that will be suitable to the responsibilities, objectives and operating mechanism of each governmental entity, based on principles of efficiency and resource pooling. It is also advisable to examine the possibility of an integrative presentation in the state budget of all the resources allocated to the various ministries and bodies within this sphere of operation.

The Process of Formulating the 2019 Foreign Ministry Budget and its Implications



It is appropriate that the budget allocation to the Ministry of Foreign Affairs shall be decided through discussions between the Ministry of Finance and the Ministry of Foreign Affairs after orderly staff work, balancing between budgetary considerations and diplomatic-political considerations, in view of the total budget allocated to the activity of the foreign affairs framework and its division among the various parties operating in this arena.

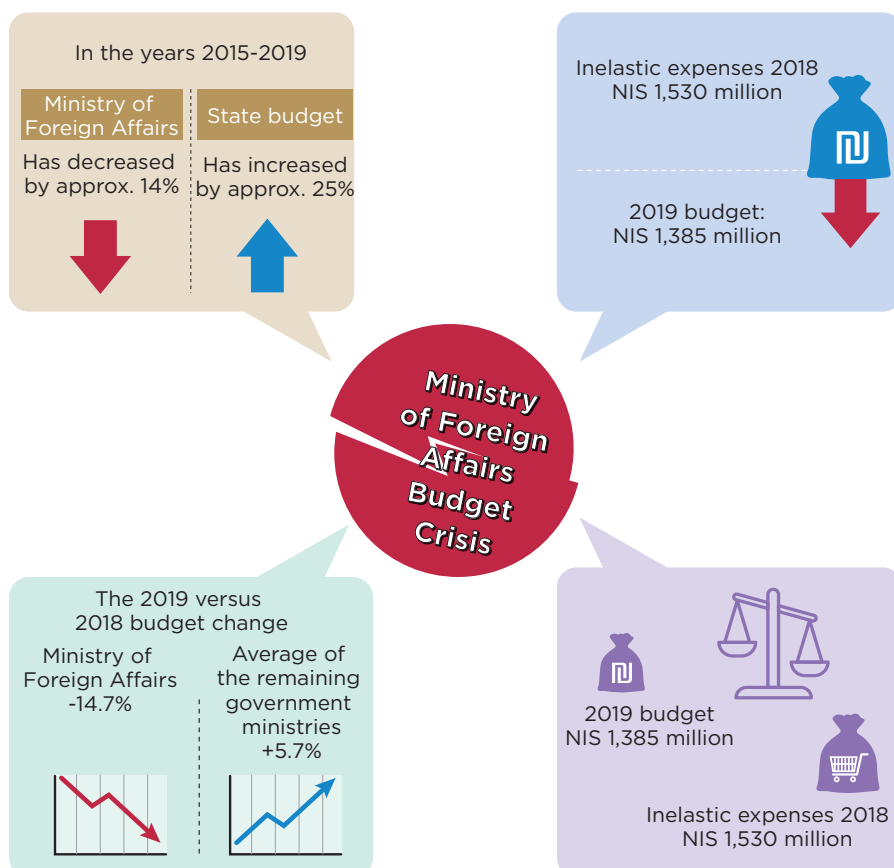


It is appropriate that the budgetary agreements to be drafted will give expression to elastic and inelastic expenses, along with the initiation of an implementable efficiency plan, which will prevent disruption of the Foreign Ministry's activities and allow it to continue to fulfill its mission.

- 💡 The Ministry of Finance and the Ministry of Foreign Affairs must formulate a methodology and mechanism for mutual accountability in respect of price increases or reductions in the countries where the diplomatic missions operate.
- 💡 It is recommended that the Ministry of Finance, in cooperation with the Foreign Ministry, consider allocating a permanent budgetary allowance for UN payments, which will not be affected by the changes in the Foreign Ministry's budget, in order to prevent delays in transfer of payments (that are not pursuant to specific policy decisions).

Summary

The State of Israel has to deal with complex challenges on a daily basis and act to ensure its national resiliency and strengthen its status and achievements in the world. The constraints within which the state operates - budgetary, security and others - emphasize more strongly the necessity that the foreign affairs framework operate according to meticulous planning and strategic thinking, efficiently utilizing the available financial resources and centers of knowledge. Therefore, the Israeli government and its arms must consider a comprehensive reform of Israel's foreign affairs framework in order to move it forward and maintain the strength of the State of Israel and its international status.



Integration of the Ministry of Finance and the Ministry of Health data, processed by the State



The government Foreign Array - The active headquarters and performance bodies in Israel with an affinity to the international arena

Ministry of Foreign Affairs		National Security Headquarters		Prime Minister's Office	
Civil Aviation Authority	National Security Headquarters	Ministry of Finance	Israeli Space Agency	Ministry of Tourism	National Cyber Directorate
'Nativ' in the Prime Minister's Office	Innovation Authority	Israel Police	Ministry of Education	Ministry of Public Security	Higher Education Council
Ministry of Economy and Industry	Ministry of Justice	Ministry of Health	Ministry of Diaspora	Ministry of Communications	Ministry of Defense
Ministry of Immigration and Absorption	Ministry of Labor and Social Affairs	Ministry of Regional Cooperation	Ministry of Culture and Sport	Ministry of Social Equality	Ministry of Science and Technology
IDF	Ministry of Intelligence Services	Ministry of Energy	Ministry of Interior	Ministry of Transport	Water Authority
	Ministry of Agriculture and Rural Development	Ministry Of Jerusalem And Heritage	Ministry of Environmental Protection	Ministry of Strategic Affairs and Public Information	

Source: Information provided by the various bodies, the websites of the bodies on the Internet, the Ministry of Finance website, processed by the State Comptroller's Office.



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Ministry of Agriculture and Rural
Development

Management and Supervision of the Ministry of Agriculture and Rural Development in the Field of Importation of Cattle, Fodder and Disease Prevention

Abstract



Management and Supervision of the Ministry of Agriculture and Rural Development in the Field of Importation of Cattle, Fodder and Disease Prevention

Abstract

Background

Meat is one of the animal source foods marketed in Israel, and naturally it may contain disease-causing bacteria. Prevention of diseases derived from animal source foods requires monitoring of the various stages of animal care, starting from the food and vaccine provision stage, through to livestock transportation (from abroad and within the country), slaughtering the livestock and packing the meat, and ending with its transportation to the marketing chains and storage therein. Supervision of the various stages up to the stage of conveying the meat from the slaughterhouses is carried out by the Ministry of Agriculture and Rural Development through the Veterinary Services (VS).

Key figures

247,198

Head of cattle were imported to Israel in 2019, which were intended mainly for the meat industry

334,517

Head of sheep were imported to Israel in 2019, which were intended mainly for the meat industry

Approx. **130**

Ships for transporting cattle and sheep arrive in Israel every year

NIS **865** million

The monetary value of the cattle imported in 2019

NIS **187** million

The monetary value of the sheep imported in 2019

137,000 tons

Beef consumption in Israel in 2018

NIS **10-14** thousand

Price of head of cattle for slaughter

NIS **1.5-2.2** thousand

Price of head of sheep for slaughter







Audit Actions



In February-August 2019, the State Comptroller's Office examined aspects related to the Ministry of Agriculture's supervision of the import of beef and sheep (livestock) for meat, for the purpose of disease prevention. The audit examined the process of approval of countries for importation of livestock and the manner in which the Ministry supervises the importation of the livestock and its raising including, inter alia, the manner of supervision by the Ministry of the conditions for transporting the animals from abroad; supervision of animal food imported from abroad; and its actions to prevent the spread of diseases among the animals. The audit was carried out at the Ministry of Agriculture, and especially in the VS.

The Situation Reflected in the Audit Findings



-  Despite the lowering of customs duties on imported calves and despite the additional reforms carried out by the Ministry of Agriculture in recent years to lower the price of beef for the consumer, from 2013 to the end of 2018 there was a 4.5% - 6% increase in the meat price index.
-  Despite the high rates of cattle infected with Brucellosis, the Ministry has not devised a new, viable plan to eliminate the disease and stop its spread.
-  The VS determined that it was the responsibility of the raisers of livestock to vaccinate against the Brucellosis and Leptospirosis diseases while the market was short of vaccines that did not allow for the implementation of these instructions.
-  During the supervision process of fodder import, visual inspection and sampling are not carried out. As a result, there is concern that fodder containing metals, pesticides, molds and toxins may enter Israel and harm the animals fed on it and humans consuming food produced from these animals.
-  Approving additional countries for importing fodder may increase competition and lower prices, however there are six countries that are in the process of approval, having waited two to eight years already for the VS approval for fodder import.
-  The VS did not hold regular visits to countries approved for fodder import for the purpose of monitoring their compliance with the health certificates they signed. Occasionally, data has been accumulated that seem to indicate that states are not in compliance. Findings have also emerged that reflect poor maintenance of the ships transporting livestock from abroad up to real danger to the animals and damage to their living conditions in a way that causes them great suffering. However, the Ministry of Agriculture did not sanction importers or ship owners who did not comply with the Ministry's instructions, except in very exceptional cases.



The State Comptroller's Office commends the removal of restrictions on beef and meat imports.

Significant improvement in human infection data for Brucellosis is apparent, and in 2019 it is expected to be much smaller than in previous years. Also, a downward trend is apparent in the amount of sheep which test positive. The reduction in human infection may be attributable to a campaign organized by the Ministry of Agriculture in areas that are prone to infection and to safety precautions by farmers.

The Ministry of Agriculture conducted a self-examination, in which it examined the amount of compensation it paid to owners of livestock that had been destroyed after an outbreak of Brucellosis, acknowledged its mistake, in that the amount paid was less than required, and paid out the difference, even with regard to closed cases.

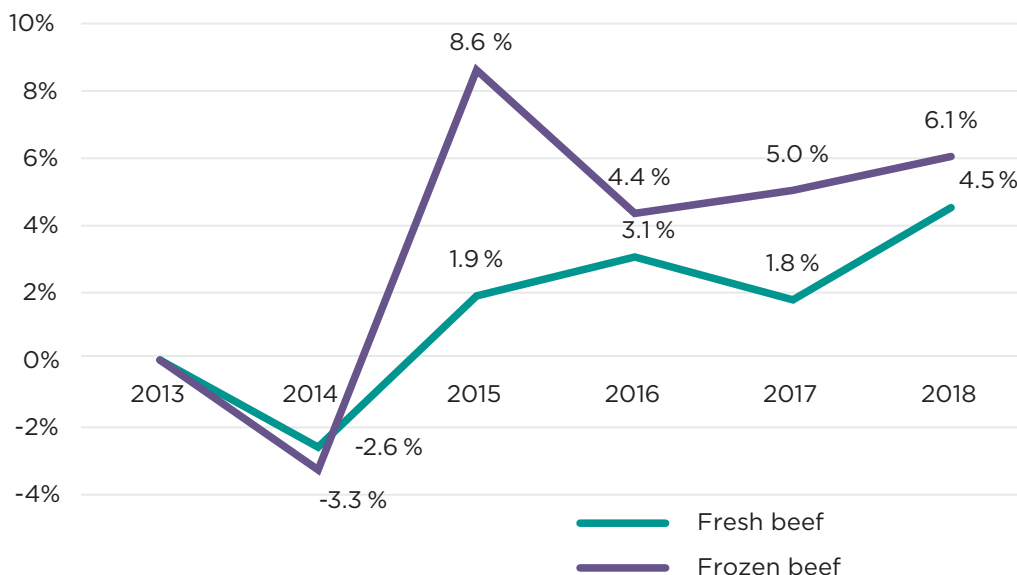
Main Audit Recommendations

- 💡 The Ministry of Agriculture must examine the prices of meat for the public, taking into account barriers and failures in the meat market and accordingly make decisions that will allow the reduction of meat prices. The Ministry of Finance, Economy and Industry and the Competition Authority should also be involved in this matter, to ensure that the steps taken will achieve the desired results.
- 💡 The Ministry of Agriculture must work to enforce the provisions of the law regarding import of livestock from abroad and to reduce the harm to animal welfare during transportation. To this end, they must employ advanced supervision measures and examine the possibility of exercising their powers, including the imposing of fines and suspending import licenses.
- 💡 In order to reduce the spread of the Brucellosis disease, it is appropriate that the Ministry work with determination to maintain a monitoring, diagnosis and control system in all farms, according to the risk level defined for them. The VS, which often encounters a shortage of vaccines, must examine alternatives to the stock of vaccines in the market to enable immediate treatment for stopping disease outbreaks when needed.
- 💡 In view of the dangers posed to public health in Israel and the local animals due to the importation of livestock into Israel and the exposure of the state to diseases not common in the region, the VS must carry out a careful examination and complete, periodic risk assessment of each approved, recognized country.
- 💡 In order to increase competitiveness in the livestock importation market, it is proposed that the VS should act as soon as possible to authorize imports from other countries.
- 💡 The VS must act as soon as possible to computerize the state approval process and publicize the various stages of implementation of the process in order for them to be accessible and transparent to the public. They must also work to computerize the audit forms regarding the living conditions of the livestock during transportation from abroad, to allow for ongoing, appropriate supervision of the matter and to prevent repeated violations of its guidelines.

Summary

Findings that could affect, among other things, public health, animal welfare and health, and meat prices in Israel were presented in the report. Optimizing the activities of the Ministry of Agriculture and the VS in the field which is entrusted to them, with emphasis on decision-making close to the time of identification of the risks, their execution and the exercise of their supervisory and enforcement powers, may improve the situation raised in the report. Improving the outdated computing infrastructure used by the Ministry should also contribute to efficient, focused and effective supervision of the issue. Due to the rise in consumer meat prices, the Ministry, in collaboration with the Ministry of Finance, the Ministry of Economy and the Competition Authority, is required to take effective measures, including measures to increase competitiveness, which will reduce the price of meat for the consumer.

Changes in the price of 1 kg of beef in Israel in 2013-2018



According to the CBS data, processed by the State Comptroller's Office.



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Ministry of Agriculture and Rural
Development

Training and Professional Service Unit in the Ministry of Agriculture and Rural Development

Abstract



Training and Professional Service Unit in the Ministry of Agriculture and Rural Development

Abstract

Background

The Ministry of Agriculture and Rural Development is appointed by the government to oversee the fields of agriculture and rural areas in Israel. The Ministry of Agriculture's Training and Profession Service Unit (Shaham) is responsible for producing objective knowledge in the field of agriculture and for providing it to farmers in various fields. Shaham's operations are aimed at improving the quality of agricultural produce and the profitability of the agricultural sector in Israel through an efficient use of the means of production available to agriculture - land, water, labor and capital - with a view to the public benefit inherent in agriculture.

Key figures

85%

of the territory of the State of Israel is rural, with approximately 830,000 residents living in 1,013 communities

NIS **30.5** billion

The value of agricultural produce in Israel in 2018 (about USD 8.5 billion)

204 kg

Average per capita supply of fresh fruits and vegetables to the domestic market from domestic production in 2018

140

The number of employment positions within Shaham as of August 2019. 114 of the jobs are related to farmers training

NIS **9.3** million

Shaham's expenditure budget in 2019

31

Courses conducted by Shaham in 2018 with a total of 1,208 participants

Audit Actions



In March-August 2019, the State Comptroller's Office examined various aspects of Shaham's activities, including Shaham's services in the light of farmers' needs; methodology, supervision and control of the work of the instructors; relations between Shaham and the Ministry of Agriculture's districts; counseling and training services from external consultants; the organizational structure and operating concept; and management of the research and development center under Shaham's responsibility. The examination was conducted at the Ministry of Agriculture, and supplementary examinations were carried out at the Civil Service Commission, and at the Ministry of Finance - the Budget Department, the Accountant General Division and the Government Housing Administration.

The Situation Reflected in the Audit Findings



Shaham did not map the needs and gaps among farmers with regard to its activities in the field of applied agriculture and other fields, and did not initiate a process to receive and evaluate feedback from farmers as to the level of their satisfaction with its operations.



Shaham does not have procedures in place that specify the principles and methods for its operation, even though Shaham operates more than one hundred instructors in the various agricultural industries engaged in the production and distribution of knowledge.



Much knowledge gained from experience of instructors throughout their years of work in Shaham was not fully documented in an orderly manner and was therefore not available for the use of other instructors and farmers.



Lack of supervision, control and documentation of the instructors' work and the response and service they provide to the farmers: No documentation regarding the identities of the farmers who were the recipients of services; counseling and training methods were not examined; and no record was kept of the length of time from the date of the farmer's application to Shaham until a response was provided to them.



In the interaction between Shaham and the Ministry of Agriculture districts - Difficulties have arisen in the work interfaces between Shaham's management and the district managers on issues related to the districts' operations and these may have had influence on Shaham's training programs.



Research areas in the Research and Development Center (R&D) owned by Shaham - Of the studies conducted in 2018, only about half were within the specific mission assigned to Shaham R&D - the effect of using effluent water of various grades on agricultural produce - while the other half were mainly concerned with the examination of new agricultural varieties and the improvement of existing ones.



The training structure and greenhouses in the R&D have long been neglected, and they have not been returned to the State Housing Administration to consider alternative use by the state; in addition, **Shaham provided space for the use of an external party** without a valid agreement for the entire period of use, and without collecting the entire proceeds due to the state.



Actions for correcting deficiencies - After the audit was completed, the Ministry of Agriculture issued a tender for the acquisition of organizational consultancy services for Shaham, and the requested consultancy products were related to the findings that emerge from the audit; Shaham is exploring ways to properly manage the instructors while increasing the capability of control over them.

In order to preserve the knowledge gained during the instructors' work, Shaham initiated a project, in conjunction with the Ministry of Agriculture training unit, to map the fields of knowledge and plan its conservation.

The Ministry of Agriculture's initiative to integrate elders of the Ethiopian population into agricultural community activity in the realm of R&D, is most welcome and should continue, develop and, if necessary, also be accompanied by consultancy and training of Shaham's instructors, provided that the activity is done in accordance with the relevant legal provisions.

Main Audit Recommendations



Shaham must **map the needs and gaps** in its field of operation to directly identify the lack of knowledge or capabilities of farmers and to assess relevant trends. Shaham must also examine farmers' satisfaction with its operations and learn if they do indeed help improve their professional level and profitability, and how to improve them, and improve supervision of instructor activities.



The Ministry of Agriculture must **establish cooperation between Shaham and the districts** to operate the training and counseling services optimally and efficiently and from an overall perspective reflecting the needs of farmers.



The managements of the Ministry of Agriculture and Shaham are required to **implement a structured process for documenting information** and sharing it effectively, including through a digital computing platform. In view of the benefits of digital learning and the benefit of making counseling and training accessible to farmers, Shaham must examine ways to implement this method in its services.

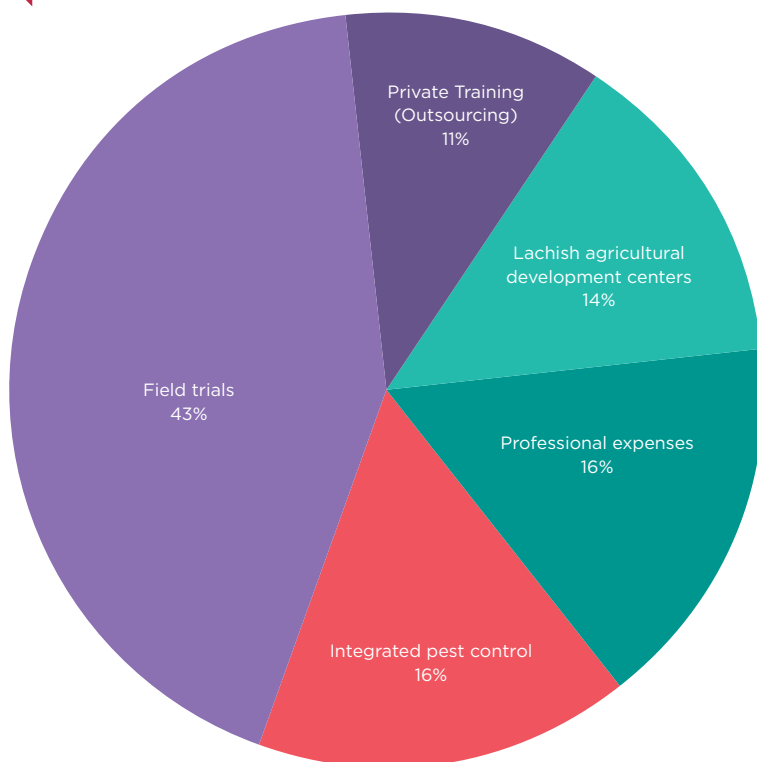


The Ministry of Agriculture and Shaham's management must examine **the mix of experiments conducted at Shaham's R&D and the need for a person to function in a management capacity and focus on the ongoing management of R&D**.

Summary

Over the past decade, there have been changes in all agricultural sectors in Israel aimed at improving their profitability. In addition, there is an increase in the prices of inputs and requirements for the quality of produce and the maintenance of a fair price, which increase the financial risk in the agriculture industry and undermine the viability of this occupation. In light of the findings presented in this report, Shaham - as a central body that is responsible for the production and distribution of applied professional knowledge to farmers in a timely, accessible and independent manner - is required to adapt its activities to its purpose in order to assist in developing farmers' professional capabilities and maximize the benefits that can result from its activity.

Shaham's expenditure budget distribution in 2019 (percentage)



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



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Ministry for the Development of the
Periphery, the Negev and the Galilee

Activity of the Ministry for the Development of the Periphery, the Negev and the Galilee and of the Negev and Galilee Development Authorities

Abstract

Activity of the Ministry for the Development of the Periphery, the Negev and the Galilee and of the Negev and Galilee Development Authorities

Abstract

Background

In January 2005, the government decided to establish the Deputy Prime Minister's Office, as a dedicated office that will initiate, among other things, projects for the development of the Negev and the Galilee. The purpose of the ministry is to provide specific assistance to communities in the Negev and Galilee and to communities that are under the definition of social periphery to strengthen social resilience, increase economic growth, reduce gaps in opportunity and improve the quality of life in these communities.

The Negev Development Authority and the Galilee Development Authority are statutory corporations (hereinafter - the Development Authorities). The minister responsible for them is the Minister of Development of the Periphery, the Negev and the Galilee (hereinafter - the Minister of Development).

Key figures

NIS **496** million

The budget of the Ministry for the Development of the Periphery, the Negev and the Galilee for 2017

NIS **40** million

The budget of each of the development authorities for 2017

35

Number of local authorities in the Negev

94

Number of local authorities in the Galilee





Audit Actions



In August 2017 - February 2018, the State Comptroller's Office examined aspects of the activities of the Ministry of Development of the Periphery, the Negev and the Galilee (hereinafter - the Ministry of Development) and the Development Authorities and their interactions. The audit focused on actions taken in the Negev and the Galilee, but not in (other parts of) the periphery. The State Comptroller's Office also examined the functioning of the Development Authorities and the Ministry of Development with regard to the appointment of the CEO of the Negev Development Authority, the employment of external consultants and administrative and personnel issues. The audit was conducted at the Ministry of Development and at the Development Authorities. Supplementary examinations were conducted in several local authorities, the Government Companies Authority and the Civil Service Commission.

The Situation Reflected in the Audit Findings



-  **Independence of the Development Authorities and recruitment of resources from external sources** - The Development Authorities function only on the basis of the budgets they receive from the Ministry of Development and do not make use of the additional methods allowed them by law to raise additional funding for their operation. As a result, despite their independence as separate authorities, the Ministry of Development treats them as one of its districts and intervenes in their activities and ongoing work.
-  **Barriers to fundraising by local authorities in the Negev and Galilee** - The local authorities do not exhaust the resources provided to them by the Ministry of Development and the Development Authorities because of the following barriers: the lack of possibility of submitting requests online in response to calls for proposals; lack of accessibility in the Arabic language; lack of a comprehensive distribution list prepared for the organized distribution of calls for proposals; the response time for a call for proposals is limited and does not allow the local authorities to meet the submission and document provision deadlines; the matching financing requirements from local authorities with low socioeconomic status; and delay in transferring the payments to the local authorities.
-  **Execution of projects** - It was decided to extend a joint venture of the Ministry of Development another year, even though the previous year, the venture partner did not meet its conditions. In the Negev Development Authority, a project was approved even though it was doubtful that it would meet the Authority's goals, and in another project, one of the local authority's employees worked to direct a local authority to amend its application to obtain a higher support.
-  **CEO appointment process for the Negev Development Authority in 2016** - A controversy arose among members of the committee regarding the work experience of the selected candidate, with regard to management of a system of significant financial scope. It should be noted that the Appointment Review Committee reviewed and approved the appointment.



Hiring consultants - The Tendering Committees of the Development Authorities selected via a tender procedure two government relations consultants and a female empowerment consultant without having been presented with a document detailing the need for their employment. The two consultants employed in the Galilee Development Authority had a professional background in providing service to the political party of the Minister of Development. Also, the Development Authorities did not do enough regarding the monitoring and control of the consultants' work.



In August 2017, agreements were signed between the Ministry of Development and the Development Authorities, the subject matter of which was maintaining the necessary balance between their independence and the need for supervision and control over them; However, certain differences were found in the wording of the Ministry of Development agreements with the two Development Authorities.

Main Audit Recommendations



The Ministry of Development must maintain the necessary balance between the need to maintain the independence of the Development Authorities and the need for supervision and control over them.



The Ministry of Development and the Development Authorities must identify barriers facing the local authorities in the Negev and Galilee and work to find solutions that will increase the utilization rate of resources allocated to the Negev and Galilee, including for example: to facilitate the submission of support requests in response to calls for proposals, match the response time to a call for proposal to the complexity of the project, transfer payments to local authorities at the relevant time and take a progressive financing method to reduce the gaps between the strong and weak local authorities.



The Minister of Development and the other Ministers must act to appoint members in the administrations and councils of the Development Authorities as required by the Negev Development Authority Law, 1991, and the Galilee Development Authority Law, 1993.



The Attorney General must consider the changing of the procedure for filing support requests in a manner that includes the applicant's declaration regarding those in the organization having a connection with the support providing body.



The Negev Development Authority Council must establish in advance clear benchmarks for scoring and evaluating candidates for positions in the Authority and consider ways to improve the work of the search committees and the information provided to them.



The Tender Committee in the Development Authorities must ensure that the course of its discussions are reflected in the protocols of its meetings, including the defining of needs, budgetary framework and detailing the reasons for the tender approval; the Authorities should improve the hiring processes of consultants while ensuring that they receive reliable reporting from them while supervising over and controlling their work.



Summary

The Ministry of Development of the Periphery, the Negev and the Galilee and the Negev and Galilee Development Authorities were established with the aim of bringing about economic, scientific and social development in the Negev and the Galilee, and their activities should have a significant impact on the Negev and the Galilee communities and their residents. The Ministry of Development and Development Authorities must work to remove various barriers to the participation of local authorities in the Negev and Galilee in projects initiated by the Ministry of Development and Development Authorities, in order to ensure that most of the budgets for the projects are directed to weak local authorities. In addition, they must work efficiently and effectively, and create proper control arrangements for the operation of projects and activities.



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Ministry of Justice

Registrar of Companies Database - Quality and Dissemination of Information

Abstract



Registrar of Companies Database - Quality and Dissemination of Information

Abstract

Background

In accordance with the provision of the law, one of the functions of the Registrar of Companies in the Ministry of Justice is to manage a database of companies by receiving information, reports and documents concerning companies and making them available for public review. The responsibility for managing the database rests with the Registrar of Companies unit, under the management of the Registrar of Companies. The Registrar of Companies database is a computerized, reliable and up-to-date database that enables the public to obtain information on listed companies and serves as a fundamental, central tier of the business sector's activities in Israel and in commercial life in general. The database had about 593,000 companies listed in April 2019, about 60% of which were active, in the sense that they underwent no legal action of liquidation or write-off (active companies), and it included past and present information about them: their address, the directors who served there, shareholders and the proportion of their holdings in the company's shares, liens on the company's assets and other documents submitted by the companies to the Registrar of Companies over the years, including their articles of association.

Key figures

593,000

Number of companies whose data are in the Registrar of Companies database

226,418

Inactive companies listed in the Registrar of Companies database

171,760

Active companies that are defined in the database as those who have failed to fulfill their obligations under the Companies Law

1.5 million

Requests for change of company details were submitted to the Registrar of Companies in 2016 - 2018

60,860

Companies are listed as active in the database and have never opened a portfolio in the Tax Authority

98,075

Companies active in the database, although they are not listed as active for Income Tax purposes

NIS 264 million

State revenues per year on average from collecting Registrar of Companies fees

NIS 1.161 billion

Debts of Companies to the Registrar of Companies as of December 2019






Audit Actions






From February to September 2019, the State Comptroller's Office examined aspects of the work of the Registrar of Companies. Among other things, the activities of the Registrar of Companies at the core fields of its activity were examined, including actions related to disseminating information from the database managed by it through the companies that won the 2019 franchise tender (the Franchisee Companies), as well as the reliability and quality of the information contained in this database and to what extent it was up to date. The Registrar of Companies protection of the information contained in the data of the said database was also examined. The examination was conducted at the offices of the Registrar of Companies Unit and at headquarter units in the Corporations Authority. Supplementary examinations were carried out in several units of the Ministry of Justice, as well as the Government Companies Authority, the Israel Securities Authority and the Israel Tax Authority. As part of the review, the audit conducted a public-sharing process with the banking and business sectors as well as with the Association of Insurance Companies and the Association of Life Insurance Companies, which are part of the institutional bodies in Israel (the Institutional Bodies).

The Situation Reflected in the Audit Findings



-  In the years 2005-2018, the Ministry of Justice extended its contractual engagement with franchisees that disseminated information for it from the Registrar of Companies database, using an exemption from public tender and without guaranteeing the receipt of the full payment due to the state in respect of the use they were making of the Registrar data.
-  The Ministry of Justice did not optimally manage its engagements with franchisee companies, did not maintain adequate control of their activities and did not work to enforce them to comply with the full terms of the agreements signed regarding the level of fees they charge from the public as well as compliance with the other provisions of the law regarding privacy protection.
-  The Ministry of Justice was not aware of the repeated use of the information produced through the direct, unique access to its databases, which was given to certain companies with which it engaged, and in any case did not assess the economic value inherent in such access.
-  As of December 2019, the companies' debts to the Registrar of Companies in respect of annual fees and financial sanctions amounted to approximately NIS 1.161 billion, of which approximately NIS 11.8 million were in respect of financial sanctions. Out of this amount, approximately NIS 730 million was transferred to the Fine Collection Center (and not yet collected).
-  The Ministry of Justice did not restrict the amount of commission a franchisee could collect for sale of a company extract. As a result, the franchisee companies charged a price between 170% to 350% above the fee level stipulated in the regulations.

-  There are several areas where there is a weakness in protecting the Registrar of Companies database from unreliable reporting; the scope of the information available for public review in a company extract and the "Reverse Search"¹ service provided by the Registrar of Companies is not optimal; it is necessary to improve the reliability and relevance of the information contained in the register, in view of its vital importance for the orderly operation of the banking sector, the business sector and the institutional bodies.
-  The regulation pertaining to submission by companies of their annual reports to the Registrar of Companies is not optimal, given the fact that more than 90% of the reports are submitted manually.
-  Since the beginning of the 2000s, including a new tender implemented from 2019, the database register in the Privacy Protection Authority of the Ministry of Justice and the Registrar of Companies have not made sure to enforce the provisions of the law - regarding dissemination of information originating in the Registrar of Companies database, which includes information protected by law - which were established to protect the right to privacy.




The Registrar of Companies has put in place an online system for conducting company registration and additional operations for updating company information, enabling improved service and alleviation of the bureaucratic burden, as well as increasing identification requirements for those executing operations within the database, which help maintain the reliability of the data obtained.

In the information dissemination tender, which was the basis for the contractual engagement commencing in January 2019, the Registrar of Companies made changes in two significant issues. Firstly, the entire database is not transferred every night, and secondly - there is immediate financial collection from the franchisee companies, which makes later controls in the matter unnecessary. The Registrar also clarified that during 2020, various aspects of the engagement agreement will be examined and further oversight of the franchisee companies carried out, based on lessons learned from the first year of engagement and the State Comptroller's Audit findings.

Prior to the conclusion of the audit, the franchisee companies carried out actions to promote the compliance of their activities with the provisions of the law and tender documents.

Main Audit Recommendations

-  It is appropriate that the Ministry of Justice draw conclusions from the findings about the deficiencies in its engagement with the franchise companies that disseminate information for it from the Registrar of Companies database and from those arising from failure to conduct financial and other oversight of their activities.

¹ Reverse Search is an output of a search of information that originates in the Registrar of Companies database, which contains information about a person's holdings in companies and directorship positions in which they serve, throughout every company listed in the database.



The Ministry must insist that the franchisee companies fulfil their obligations in accordance with the agreements signed with them with regards to their use of the unique technological medium for obtaining information from the Registrar, for the transfer of all payments due to the Ministry and for the collection of the payments from the public in a legal manner.



In view of the importance of the database of Registrar of Companies, as stated, the Ministry of Justice must hold a discussion as to the findings of this report and as to the manner it is appropriate to make the database accessible to the public; the Ministry must ensure that the content of the database is optimal. In this framework, it is also proposed to consult with the main information consumers of the database, including the banking sector, the business sector and the relevant institutional bodies, to ensure that the benefits it brings to the business sector are maximized, while maintaining an appropriate balance between the business sector's needs and the right to privacy of the persons whose data is in the database.



The Ministry of Justice must enforce the law on privacy protection with regards to provision of information from the Registrar of Companies database to the public's and business entities' review.



In view of the government decision of August 2016, in which it was decided to adopt a policy of receiving information from the public only once, and in view of the fact that there are companies listed as active in the Registrar of Companies database but do not have an active portfolio at the Income Tax Authority - it is proposed to explore ways to reduce regulation and create a uniform reporting of companies to relevant authorities in the country.



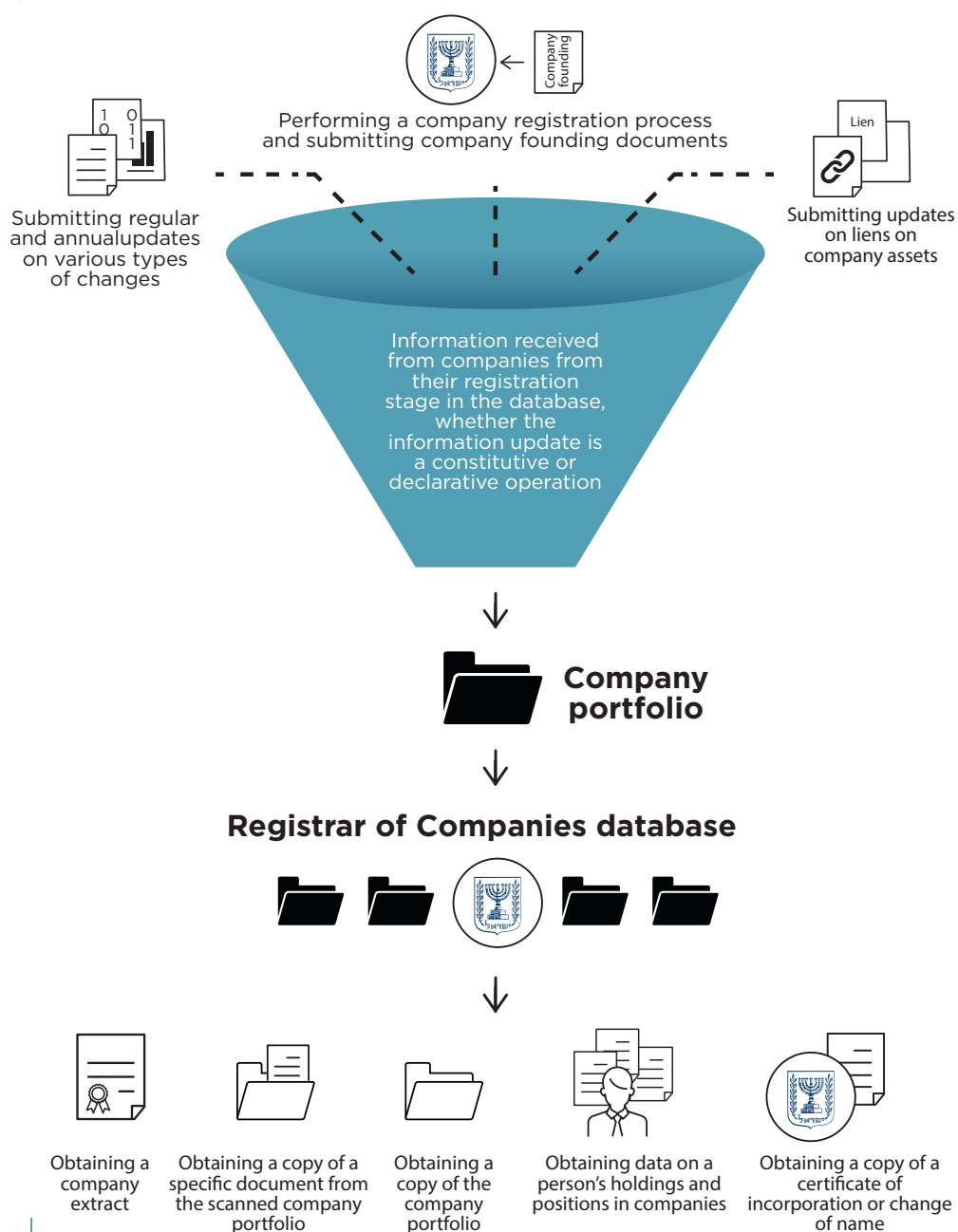
The state revenues from the sale of company extracts to the public amount to about NIS 10 million per year on average, which is a few percent of the total collection of the Registrar of Companies every year. Therefore, it is proposed that the Ministry of Justice consider the need for collection in respect of a company extract given the existing structure of its revenue-producing services, and in light of the fact that in some other countries data on companies is made available to the public at no cost.

Summary

The Registrar of Companies, which is in charge of the Registrar of Companies database, plays a major role in disseminating up-to-date, high-quality, relevant information that supports processes in the banking sector, the business sector and institutional bodies.

Given the centrality of the Registrar of Companies database as a source of information supporting economic activity, it is recommended that the Registrar of Companies draw conclusions from this report and hold consultations also with the main information consumers of the database, including the banking sector, the business sector and the institutional bodies - to ensure that the benefits that the database can provide to the aforementioned sectors are maximized, while maintaining an appropriate balance between their needs and the right to privacy of the persons whose data is in the database.

Company opening process, register update and disseminating the information to the public from the Registrar of Companies Database



Information provided by the Registrar for public review

According to the Registrar of Companies data, processed by the State Comptroller's Office



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Ministry of Labor, Social Affairs and
Social Services

Treatment of High- Risk Youth

Abstract



Treatment of High-Risk Youth

Abstract

Background

High-risk youth are 12 to 18 year-olds who have difficulty with personal and social functioning and undergo detachment processes to the point of deterioration to delinquency and social deviance. The state's treatment of these youths focuses on their rehabilitation in unique frameworks in the community or out-of-home settings for the purpose of returning them to normative social functioning. The Ministries of Education and Welfare and the local authorities are responsible for providing assistance to this population and for supporting and caring for it through a variety of solutions, some in the field of education, such as Technology Education Centers (TECs) and a basic education complementary studies program (Hila program), and some in the welfare sphere such as community day centers (Miftanim¹ and Meitars²) as well as locked or closed out-of-home dormitories, as detailed in this report.

Key figures

110,000

The number of teens and young adults (aged 13-25) who lived in distress, severance and high risk in 2018

17,200

Number of teens in the Ministry of Education TECs and in community day centers of the Welfare Ministry - Miftanim and Meitars - in 2018

18

Number of street patrol vehicles for locating stray teenagers in 2018

9

Number of government dormitories

827

Number of places in Youth Protection Authority frameworks (hostels, boarding houses, detention alternatives) in 2019 versus 648 places in 2009

14

Number of Youth Protection Authority frameworks (hostels, boarding houses, detention alternatives) closed from 2017 to 2019, out of 48

195

The number of teens waiting to be placed in government dormitories in June 2019, sometimes about six months

16-fold

The ratio of the annual cost of a teenager's stay in an out-of-home setting in a government dormitory (about NIS 444,000) versus a community day center - Meitar (about NIS 26,700)

1 A rehabilitative-educational care day program designed for teens aged 13 to 18 and includes, among other things, food (hot meals), theoretical studies and employment spaces.

2 Multidisciplinary supporting day center - a center operating throughout the day designed for 12 to 18-year-olds who dropped out of school settings or have difficulty keeping up.








Audit Actions



From November 2018 to October 2019, the State Comptroller's Office examined the state care for high-risk youth who are detached or undergoing detachment processes from educational frameworks, including the system for their detection, the range of therapeutic responses intended for them in the community; and manner of their treatment in government dormitories. The examination was conducted at the Ministries of Welfare and Education, several local authorities and through consultation groups (focus groups) of boys and girls staying in Welfare Ministry frameworks.

The Situation Reflected in the Audit Findings





-  The Ministry of Welfare has no data on the number and location of high-risk youth, and the actions for locating them - in educational settings, in localities and in cyberspace - are lacking; the Ministry of Education does not have full information on the extent of de facto dropouts, except for data on students at risk of dropping out that have already been placed in dedicated educational centers it operates.
-  The Ministries of Education and Welfare did not regulate work processes between them pertaining to day centers for rehabilitation of high-risk youth. As a result, teens often “fall through the cracks” - they are not located and are not treated in time - and it is not possible for Ministries to pool resources and utilize them efficiently to benefit the youth and save in costs of setting up and maintaining these frameworks.
-  The response of the Ministry of Welfare of the Miftanim and Meitars types is minimal, and this is reflected in the southern district, especially for populations with special characteristics, such as ultra-Orthodox and Bedouin youth.
-  The number of teens waiting to be placed in government dormitories is still large, and in June 2019, approximately 200 teens were on the waiting list for placement, sometimes up to six months. This is despite the fact that since 2008, the number of people waiting has been reduced by about two-thirds, and despite the fact that in the past two years, the Ministry of Welfare has devoted considerable resources and attention to expanding dormitories occupancy capability.
-  The Ministry of Welfare did not conduct a needs survey to examine the characteristics of youth in government dormitories and their and their families' therapeutic needs in order to formulate their optimal care practices, including formulating programs or guidelines for the treatment of sexual abuse and sexual education, psychological treatment and counseling, and family therapy.
-  Government dormitory staffs using physical restraint measures for youth did not receive training and guidance as required, and the Ministry of Welfare did not establish a procedure governing this use, including its supervisory mechanism.
-  Deficiencies have been discovered in the operation of the government dormitory for girls “Mesila” for many years - including a lack of basic conditions, in both physical and therapeutic-mental aspects, lack of skilled personnel and managerial instability. The Ministry of Welfare has begun to work on the matter.





The Ministry of Welfare has engaged with an outside nonprofit organization operating patrol vehicles for it, reaching places where teenagers tend to spend the night in order to locate and assist teen boys and girls at risk. In 2018, the patrol vehicle crews met with about 10,000 youth.


Main Audit Recommendations

- 

It is appropriate that the Ministry of Welfare work to consolidate data on the number and location of high-risk youth, undertake an in-depth examination of the need for appropriate day centers throughout the country, and formulate a plan for national deployment of these frameworks in coordination with the Ministry of Education and the local authorities. This program must also include solutions tailored to populations with special characteristics, such as Arab, ultra-Orthodox and Bedouin youth.
- 

It is appropriate that the Ministry of Education conduct staff work to determine the format for detecting teens in the process of becoming de facto dropouts so that their detection can be performed as early as possible.
- 

It is proposed that the Education and Welfare Ministries formulate a single, unified and inclusive vision to identify and treat high-risk youth, and accordingly, regulate their method of operation, including mechanisms for coordination, collaboration and resource pooling.
- 

It is proposed that the Ministry of Welfare conduct staff work based on data and up-to-date research regarding the needs of youth in government dormitories and their best care practices, as well as set goals and treatment policies from which the guidelines for the dormitory managers and care providers will be derived, and in particular the guidelines for use of physical restraint measures. The Ministry must continue to work to increase the number of potential solutions for youth within government dormitories to reduce the waiting list.
- 

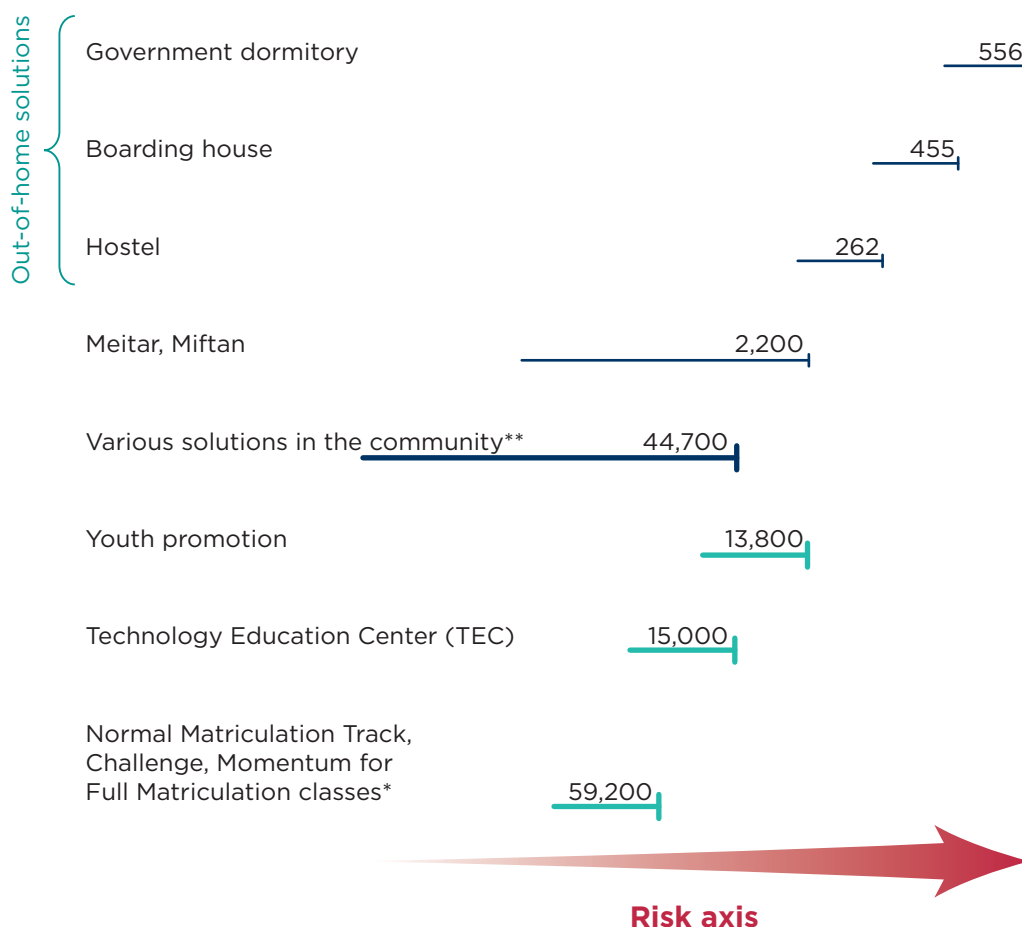
The Ministry of Welfare must continue to work for the rehabilitation of the “Mesila” dormitory in all its aspects, including the completion of the renovation of the entire dormitory structure, the stabilization and retention of staff, the improvement of basic living conditions and the expansion of appropriate responses and possibilities, both therapeutic and emotional.



Summary

High-risk youth are one of the weakest and most vulnerable populations in society. The Ministries of Education and Welfare must formulate a single, unified and inclusive vision to fulfil their responsibilities, and to act - each in its own field, in cooperation and resource pooling in the appropriate cases - for the well-being and welfare of this population, starting with locating teens who need assistance as early as possible, through adapting their appropriate educational or community therapy response, and continuing with placement in high-quality out-of-home settings. Improving the response and services to these youths will increase their chances of integrating into society and maintaining a normative lifestyle later in their adult lives.

Solutions for high-risk teens and the number of teens being treated in them, 2018



- Solutions on behalf of Ministry of Social Affairs
- Solutions on behalf of Ministry of Education

Risk axis - The degree of risk of youth at high risk, such as frequent school absences, covert dropout and overt dropout, use of hazardous substances, sexual exploitation, wandering to the point of breaking the law (axis tip).

Hila program - Can be given in the community and in out-of-home settings.

According to the data of the Ministries of Welfare and Education, processed by the State Comptroller's Office.

* The data also includes the students of MLA - Another Learning Space.

** In 2016.



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Ministry of Social Equality

The National Digital Israel Program

Summary

The National Digital Israel Program

Summary

Background

The need for establishing a digital strategy for Israel was raised by the National Economic Council and was marked in May 2013 as one of six strategic issues which the government needed to address. In the same year, the government decided to establish the National 'Digital Israel' Program (henceforth also "The National Program"). In 2017, the government approved the National Digital Program for the years 2017-2020. The program presented the initiative's goals and targets and the scope of its activities.

Key figures

144

The number of projects included in the Program in 2018. 89 of them were conducted by government ministries and 55 by the Digital Israel headquarters

1.114

 billion NIS

Total budget approved in the years 2016-2018 for the Digital Israel headquarters for carrying out its responsibilities


35%

The rate of activities marked for execution in the framework of the National Program in regard to which there were one or more obstacles delaying their execution

50%

The rate of activities executed in the projects included in the Digital Program during each of the years 2016-2018






Audit Actions

 During the months of February – September 2019, The State Comptroller's Office examined the following subjects: execution of tasks in the framework of the National Program; the work of the inter-ministerial steering committee; mutual ties between Digital Israel headquarters and the government ministries executing projects in the framework of the Program; activities for adoption of indicators for the examination of the ultimate goals and the Program's strategic targets; the execution of two horizontal tasks: adaptation of the legislative infrastructure and adaptation of the government procurement procedures to the digital era. The audit was conducted in the Digital Israel headquarters based in the Ministry for Social Equality, and it included five government ministries performing projects pertaining to their range of activities in cooperation with the Digital Israel headquarters (Henceforth: "the implementing ministries"): the Ministry of Health, the Ministry of Education, the Ministry of Labor, Welfare and Social Services, the

Ministry of Economy and Industry and the Ministry of Justice. Supplementary examinations were conducted in the Prime Minister's Office – the Government and Society Division, the Attorney General's Office, the Ministry of Finance, and the Central Bureau of Statistics.

The Situation Reflected in the Audit Findings



-  **The budget approval date** - In each year between the years of 2016 – 2019, the document summarizing the budget relevant to the joint annual work plan between the implementing ministry and Digital Israel headquarters, was signed during the work year rather than before it had begun. Only after the signing of the summary document, could Digital Israel headquarters transfer to the implementing ministry its portion of the budget. As a result, the budget was transferred from the headquarters to the implementing ministries only after a number of months had passed from the beginning of the work year and, in certain cases, only during the second half of that year. In some cases, the delay in the receipt of the budget caused the postponement of the execution of work plan activities.
-  **Obstacles to execution** - In regard to about 35% of the activities set to be executed in the frame of the national Program for the year of 2018, there were one or more obstacles which delayed their execution. The main recurring obstacles confronting the implementing ministries were the lack of time allocation and the non-prioritization of Digital Israel projects on the part of the managers in those ministries. The main obstacle facing Digital Israel headquarters was lack of employees at the operational or intermediate executive levels due to recruiting delays.
-  **The steering committee activity** - In Governmental Decision No. 1046 from the year 2019, which established the Digital Israel Program, it was resolved to form a steering committee for the Program. It was found that until the end of the audit, namely, as of September 2019, the committee had been convened only three times. The committee had not examined and not approved work plans for the years 2016, 2018 and 2019.
-  **Legislative adaptation team** - In the year of 2017, the Ministry of Justice set up a team for the adaptation of the legislation infrastructure necessary for 'the National Program – Digital Era'. One of the Attorney General deputies was appointed as team chairperson. The team commenced its work the same year, but by mid-2019 it had stopped functioning, due to, inter alia, the departure of the team chairperson from his work in the Attorney General's office. Since then and up to the audit completion, namely, as of September 2019, the team work was not renewed.
-  **Activity regarding adoption of indicators for the evaluation of the national program's achievements** - There was a delay in this activity: the budgets allocated to the Central Bureau of Statistics for the task were approved only after a year; therefore the activity was begun by mid-2019.



Government ministries which were engaged in digital projects in the national program have found that the cooperation with the Digital Israel headquarters has contributed significantly to their ability to conduct a digital transformation in their work with the aim of improving it and to provide better service to the public. Some of the projects initiated have already yielded deliverables for public use.

Main Audit Recommendations

- 💡 It is desirable that each of the implementing ministries aim to have the budget summary of their joint annual work plan with Digital Israel headquarters signed as far as possible before the start of the working year or at least near the beginning of the year. This will enable the headquarters to provide the implementing ministry with the budget for the tasks set out in the work plan sooner, so that the tasks are executed according to the timetable set for them.
- 💡 The implementing ministries and the Ministry for Social Equality – which oversees the Digital Israel headquarters – must act to remove obstacles found which might delay the projects included in the National Program.
- 💡 The Ministry for Social Equality is required to act so that the inter-ministerial steering committee (chaired by the Director General of this ministry) is performing all the functions attributed to it according to the government decisions regarding its work.
- 💡 The Attorney General's Office is required to act for the reactivation of the team formed in 2017 to advance the adaptation of the legislation to the Digital Israel Program.
- 💡 The Accountant General and the headquarters are required to act for the removal of obstacles in the domain of procurement procedures, including by means of advancing the execution of procurement and tenders online and the use of innovative means, such as challenge tenders, in order to encourage suppliers to offer innovative solutions to problems which the ministries confront and in order to assist the ministries to transact with suppliers.
- 💡 It is recommended that the Central Bureau of Statistics and the headquarters, with the cooperation of the Budgets Division, set up and approve in advance the resources necessary for the future stages of the task performed by the Central Bureau of Statistics – the measurement of the National Program's achievements.



Summary

During the six years since the Government Decision from 2013 regarding the establishment of the Digital Israel Program, considerable work has been accomplished by the Digital Israel headquarters and the government ministries involved in it, in order to implement a digital transformation of the government ministries and the local authorities. The ultimate goals and the strategic targets set by the government for the Program, have a broad economic and social impact. In order to advance those goals, the state has invested a large sum of money in the Program: the budgets of the years 2016 - 2018 show that the total budget approved to the headquarters for the implementation of its undertakings, was approximately 1.114 billion NIS. The other government ministries have budgeted their activities similarly. It is desirable that the government, in the framework of an inter-ministerial forum, examines the total investment dedicated to the Program as against the results yielded by it until now and in the future. It is recommended to communicate the results of such examination to the public.

National Program core and horizontal issues (updated for 2019)

Core fields



Transversal fields



Budget in 2019 in NIS million



Number of projects in 2019

Source: Digital Israel headquarters



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Ministry of Religious Services

Activity of the Jewish Identity Division in the Ministry of Religious Services

Abstract

Activity of the Jewish Identity Division in the Ministry of Religious Services

Abstract

Background

A government decision in September 2013 established the Directorate of the Jewish Identity as a division within the Ministry of Religious Services. The goal of this division, as defined in the government decision, is to act "for the advancement and strengthening of Jewish identity among various social groups and for the intensification of awareness and self-identification within the Israeli society with the basic elements of Jewish identity and the Jewish and national legacy to all parts of the Jewish people". In order to implement its goal, the division's activity is undertaken in cooperation with different organizations with which it forms agreements.

Key figures

September **2013**

Establishment of Jewish Identity Division

79 million NIS

Division budget in the year 2019


67%

Rate of budget utilization in 2019

131 million NIS


The budget utilized by the division in the years 2015 to 2019


Audit Actions


 In the months of August to September 2019, the State Comptroller's Office examined activities of the division in the domain of transactions including compliance with elementary principles of competitiveness and equality of opportunities; support and budgeting; control and supervision; and lack of conflict of interests. The audit was carried out in the Jewish Identity Division and in the Ministry of Religious Services - in the accountancy office, in the legal office and in the procurement section. Supplementary examinations were conducted in the Ministry of Education, the Ministry of Agriculture and Rural Development, the Ministry of Aliyah and Integration, the Ministry of Justice, and in the General Comptroller's Office in the Ministry of Finance. Supplementary checks were made in a number of associations carrying out projects for the division.


The Situation Reflected in the Audit Findings





 The ministry's website contains a page detailing the activities financed by the division. But the information does not contain references to the associations executing the activities, their specific dates, their location, the participating fee, etc..

 **Goals measurement** - The division has set quantitative goals for its activities focused on results - number of participants and the geographic distribution of activity - but it did not set up measures of outcome which check the quality of the activities, such as measuring the impact of activities on the participants and whether the government decision's goal was achieved - i.e. strengthening Jewish identity.

 **Public tenders publication** - In the year 2019, the division stopped performance of transactions by means of tender exemption by law (in a joint venture or by a transaction with the Jewish Agency) and began undertaking transactions by tender, so that there was additional incentive for competitiveness and equal opportunity; however, the findings of the audit indicate that during the years 2014 to 2018, in six out of nine transactions concluded by the division, which had begun with exemption from tender, the associations currently conducting the project also won the subsequent tender; in one transaction two associations won jointly, and in two transactions, the supplier was changed.

 **Transactions up to 50,000 NIS** - The division's examination of the offers received in the framework of the limited competition procedure was not optimal: in 16 out of 17 transactions examined by the audit, out of three price proposals received for each transaction, only one was in the range of 50,000 NIS, therefore the other two offers provided were rejected and only one offer complying with the rules was left. In five out of 17 cases (about 30%), the cheapest or the best economic offer was not selected; in four cases (about 24%), the division had not a basis for comparison in order to select the best offer.

 **Coordination with other ministries** - Although the division had taken steps to advance coordination with the Ministry of Education in regard to transactions in domains in which the Ministry of Education subsidizes and supports, the coordination referred to a general examination of the activities' subject matter without examining the planned activity details and without referring to all the activities types included in the various plans. It was further found that 2 out of 13 associations which were declared eligible for receiving a subsidy from the division, had received subsidies also from the Ministry of Agriculture, and there was no coordination between the ministries in this matter.

 **Double payment made by the division for activities financed by it** - The audit has found that the division had paid a total of 28,000 NIS to two different associations for the same activity conducted during the months of July-August 2018 in the same place and the same time. In his response to the audit report draft, the division manager reported that the issue had been taken care of and that a demand for a refund was issued to the relevant associations.



Conflict of interests regulation - When the Division Manager took office in 2014, he did not formulate a conflict of interest arrangement although this was required. During the audit, such an arrangement was formulated.



The division has created a pilot program for measurements and assessment of one of the projects by an external company. The company had detailed, in a report submitted in May 2019, recommendations and rules for the selection of criteria and measurement guidelines for projects assessment.

Main Audit Recommendations



It is recommended to include in the division website information regarding activities carried out by it, their goal and their locations in Israel and in regard to the method of registering with the organizations carrying out the programs.



It is recommended that the division formulates a uniform policy concerning the manner by which the various associations may provide online reporting regarding the activities planned and carried out by them, including the number of participants, by regional cross-section` on the basis of such reports, the division will formulate an annual report for all activity. It is further recommended that the division set qualitative goals regarding the measure of efficiency of its activities and their contribution to the strengthening of Jewish identity, and which examine compliance with its goals. In this framework, it is desirable to consider integration of feedback provided by the public which will enable the division to assess the measure of satisfaction of the participants in its activities.



It is recommended that the division formulate an orderly mechanism for coordination with other ministries, especially with the Ministry of Education and the Ministry of Agriculture in everything related to its activities.



In order to ensure control and supervision of the execution of its plans, the Ministry of Religious Services must consider the implementation of the Minister of Finance guidelines regarding control and supervision of bodies subsidiary to public institutions, including projects concluded by contractual transactions; it should also consider the allocation of at least 0.5 percent of the for the execution of qualitative and quantitative control and supervision activities.



It is proposed that the division, in coordination with the accountancy office of the ministry, consider integrating in its call to offers in the request for price proposals, a structured digitized form in which the required services and goods are detailed. In this manner, the price proposals will include all the items required and only them, so that a comparison between offers is possible. Also, it is proposed to consider to emphasize in that form that the price proposal shall not exceed 50,000 NIS, and that the inclusion of additional items by the offeror must be made in a separate section.

Summary

The situation as seen in the examination of the division transactions, points to the need for a significant improvement of some of its activities, and especially the creation of coordination mechanisms between the division and other ministries – the Ministry of Education and the Ministry of Agriculture, and a fundamental improvement of the control and supervision conducted by the division on the associations executing its plans and of the transactions made by it.

Main plans which the division had executed for Jewish identity, 2013

The plan	Plan goal	Countrywide deployment
"Periphery" project	Characterizing Jewish identity values as a likable, uniting and dominant element within Israeli society in general, and among youth and youngsters from the periphery, in particular.	30 centers countrywide
Seminaries for students.	Intensification of Jewish identity awareness among the country citizens with emphasis on the students population.	30 centers countrywide
Events during the course of the annual calendar.	Intensification of students' familiarity and self-identification with central themes of the legacy of the Jewish and / or Israeli nation.	30 centers countrywide
A plan for Jewish identity in the community.	Nurturing Jewish identity as a pivot of mutual connection in the family, the community and the Israeli society.	Countrywide
Zionism and Judaism	Establishing study groups of youngsters for ongoing volunteer work in different Zionist organizations.	Countrywide
Family, including connectivity plans ("Close to Heart").	Intensification of family values and prevention of family crises, connection among people, and nurturing communal fabric and unity by means of common ideological activity.	Countrywide

Source: Division data



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Ministry of Communications

Independence of Regulatory Bodies in the Broadcasting Sector

Abstract



Independence of Regulatory Bodies in the Broadcasting Sector

Abstract

Background

The media is of great importance in the fabric of democratic life and the exercise of freedom of expression. The field of broadcasting is a meeting point between varying public interests, between important economic interests and between political interests, arising from the fact that communication influences public discourse and public opinion formulation. This is particularly the case with news reports and current affairs content, through which the general public is provided with information on processes and decisions on political and economic issues.

The establishment of dedicated independent regulators, including the Broadcasting Councils, is intended to increase the professionalism and professionalization of the regulatory bodies and to provide stability, consistency and certainty in the area under their auspices, all while maintaining the independence of the regulator.

Key figures

3.23 billion NIS

Broadcasting domain revenues in 2018

18%

Proportion of revenues in the broadcasting sector from the total revenue of the communications market in 2018

1.7 million NIS

Number of multi-channel television subscribers in 2018

15

Number of members in the Second Authority Council for Television and Radio

13

Number of members in the Cable and Satellite Council

12

Number of members in the Council of the Israeli Broadcasting Corporation

74

Number of advisory bodies available for selection by the Second Authority Council members





Audit Actions



From November 2016 to April 2018, the State Comptroller's Office examined intermittently aspects of the regulatory bodies' independence in broadcasting. This includes aspects relating to the establishment of an independent communications authority; appointment of members of the Second Authority Council; independence of the Cable and Satellite Council. The audit was conducted at the Ministry of Communications. Supplementary examinations were conducted at the Second Television and Radio Authority, the Cable and Satellite Council, the Government Companies Authority, and the Ministry of Justice.

The Situation Reflected in the Audit Findings



-  **Commercial and multichannel broadcasting model:** For about two decades, public committees have recommended changing the regulatory structure of the communications field in general and the broadcasting sector in particular. These recommendations were anchored in government decisions, the last one from 2015, but have not yet been implemented.
-  **Complementary Procedure for Appointing Members to the Second Authority Council in 2018-2017:** Although 3 more members were appointed to the Second Authority Council (out of 6 applicants) in accordance with the existing directives, and calls were sent to all advisory bodies, only 17 of the 74 advisory bodies took active part in the consultation process; the list of 14 candidates for the Second Authority Council - of which 6 were submitted for approval by the nominating committee - included a large proportion of candidates sent on the part of the then-Minister of Communications (about 70%) compared to candidates proposed by the advisory bodies (30%); there is no record of the considerations and reasons that underpinned the Minister's decision whether to include or exclude the candidates proposed by the advisory bodies, from the list of candidates he formulated; 60% of the candidates proposed by the minister on the list of candidates had affiliation or past affiliation with the then Minister of Communications or his party or government ministers. In the end, three members were appointed to the council, two of whom were among the candidates proposed by the Minister and another candidate recommended by the advisory bodies.
-  **Delay in appointment of a permanent CEO to the Second Authority:** The Second Authority has been operating for more than three years without a permanent CEO. When an authority has been running for a long time without a CEO, its independence is vulnerable and it lacks the resilience required to perform its professional duties optimally.
-  **Independence of the Cable and Satellite Council:** The Cable and Satellite Council depends on the Ministry of Communications in many significant aspects of its operation, including budgetary and manpower aspects. This may affect its functional independence and ability to make decisions and implement them as required.



The State Comptroller's Office welcomes the adoption of the report's findings by the Ministry of Communications and the implementation of corrective actions.

Main Audit Recommendations

- 💡 It is proposed to implement the government's decisions on changing the structural model of the communications sector in general and the broadcasting sector in particular, including the split model of the two broadcasting councils. This is to ensure that regulation in this area is independent, efficient and uniform and will lead to the realization of long-term broadcasting goals.
- 💡 The Ministry of Communications should consider ways to improve the consultation process, including examining the weight to be given to the advisory bodies' recommendations, and to increase the responsiveness of the advisory bodies to be part of the council's appointment process. In this context, it is proposed to examine the list of advisory bodies with the aim of improving and reducing it to include the most relevant bodies for the purpose of consultation. This should help to streamline the consultation process and fulfil the requirements of the law and the guidelines of the Attorney General.
- 💡 It is recommended that the Ministry of Justice examine the need to refine its guidelines in regard to the appointment of the Broadcasting Council, including on the question of the time period set for severing political affiliation or otherwise, whether by means of setting general standards or by establishing detailed guidelines for the procedure.
- 💡 It is proposed to examine whether the organizational structure within which the Cable and Satellite Council operates, in terms of budget and operations, does indeed allow for the degree of independence required for an independent dedicated regulator. The same is true in regard to the model for appointing public representatives to the council, who are appointed without consultation.

Summary

The media is of great importance in the democratic fabric of life and the exercise of freedom of expression. Furthering the examinations and recommendations outlined in this report may contribute to the existence of independent regulation in the sensitive field of communications and broadcasting in three main areas: reorganization of the structural arrangement of the broadcasting field; modes of appointment and termination; and budgetary aspects.

Restructuring the regulation of the communications sector



1996

9

committees discussed the need to change the regulation of the communications field in general and the broadcasting field in particular

7

government decisions were made within which the committee recommendations were prescribed

X

the government decisions were not implemented

2019





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Chapter 3

Enforcement Agencies and State Representatives in Judicial Instances



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Fighting Crime Through Economic Enforcement and Forfeiture

Abstract

Fighting Crime Through Economic Enforcement and Forfeiture

Abstract

Background

Among the law enforcement agencies in Israel and around the world, there is an increasing realization that in order to combat serious crime and organized crime, criminal law and imprisonment or fines are not sufficient. Against this backdrop, the outline of economic enforcement has taken shape, according to which enforcement bodies cooperate with the aim of depriving the offender from the financial benefit gained from the offense. Forfeiture is a powerful means of depriving the offender from the property under his control, including the profit derived from the criminal activity, and transferring it to the State by judicial order. In order to prevent the smuggling of assets and to assist in the use of forfeiture, Israeli law permits the seizure of property temporarily already during the course of an investigation, pending the final decision in the legal process.

Key figures

4.2 billion NIS

The amount seized by the police in economic enforcement proceedings in 2016-2018. In the case of a large part of the forfeited items, a judgement has not yet been made

454 million NIS

The amount judged in forfeiture orders in cases that ended in the years 2016 to 2018, of which NIS 294 million were in cases that began with seizure of property

817 million NIS

The amount handled by the Administrator General in the forfeited property management fund. 78% of the amount in temporary seizure and the balance in finalized forfeiture

707 million NIS

The amount agreed to be paid in favor of the State Treasury, as part of the economic enforcement carried out in five cases that ended in a settlement and without a money laundering conviction

430 million NIS

The amount in the money laundering forfeiture fund that was pending for distribution to the budgeted enforcement bodies for the years 2016 through mid-2019. By mid-2019, the budgeted entities have utilized NIS 227 million of this sum.

800 million NIS

The amount caught in the framework of "mega files" and are in waiting more than a year for the prosecution's decision






Audit Actions



During the months of February - July 2019, the State Comptroller's Office reviewed the fight against crime through economic enforcement and forfeiture of property. Supplementary reviews were conducted until February 2020. The report has focused on examining obstacles to cases management that include economic enforcement and the scope of property seizure in the temporary phase relative to the final forfeiture. The examination was conducted at the Israel Police, the State Attorney's Office, the Office of the Administrator General and Official Receiver, the Tax Authority, the Anti-Money Laundering Authority (AMLA) and the Forfeiture Council.

The Situation Reflected in the Audit Findings



-  **Absence of a coordinating body** - which is responsible for obtaining, collecting and analyzing the full information available to all entities participating in the economic enforcement chain (including the police, the prosecutor's office, the tax authority and the GG) in order to obtain a complete and reliable picture and to derive effectiveness measures for the entire system.
-  **Bottleneck in the transfer of files from investigating units to the prosecutor and the forfeiture unit** - There is a significant gap between the increase in the investigation files opened by the police and other investigative authorities and the seizures of property and the ability of the prosecution bodies and the forfeiture unit to handle those cases and to realize the forfeited items. In the years 2016-2018, there was approximately a 220% increase in forfeitures, but there was no significant change in the personnel allocation that handles those cases. As of the end of 2019, the forfeiture unit has completed about 40% of the cases under its responsibility in which a final forfeiture order has been granted.
-  **Litigation and potential infringement of property rights and public finances as a result of long delays in handling and managing legal proceedings in economic enforcement cases and serious tax offenses** - Two large investigation case have been in the Prosecutor's Office for more than a year, with a forfeiture total of approximately NIS 800 million, waiting for a decision on whether to file an indictment. In the Tax Authority legal department (dealing with indirect taxation), more than 300 cases of serious tax offenses have been pending for several years.
-  **Need for effective management of temporarily seized funds** - During the years 2014-2018, approximately NIS 350 million were deposited in the financial system of the police comptroller without distinction between forfeited funds and other funds seized as exhibits. The seizure funds are deposited by the police, until the completion of the criminal proceedings, in the Accountant General (AG) account, which carries the Bank of Israel's interest rate (0.1% in 2017) and not in the property management fund for which the interest rate is higher (about 5% in 2017).
-  **Failure to deposit money in the Money Laundering Prohibition Fund** - It was found that in 2015-2018, approximately NIS 80 million were not deposited in the fund, partly because of legal obstacles to assets realization and due to IT difficulty

in the enforcement and collection authority to identify the appropriate entity to which the fines and money forfeited are to be transferred.



Forfeiture of assets abroad - Despite efforts made by the intelligence, investigation and enforcement bodies to identify, locate and seize assets abroad, no forfeiture funds were transferred to Israel.



Improving the work of the “Super Team” - Since the previous State Comptroller’s report on the issue was published, a strategic plan for mapping risks and formulating and enforcing economic enforcement policies has begun. This move is also expected to streamline the Standing Committee’s conduct.

Formulation of joint work practices - During the audit period, the enforcement bodies began to formulate and enact joint guidelines in the field of economic enforcement, divided by the types of forfeited items.

Maintaining the financial strength of the forfeiture fund - The forfeiture council allocated approximately NIS 430 million to the police, the tax authorities and the Anti-Money Laundering and Terrorism Financing Authority in 2016-2019 while maintaining the fund’s stability and preventing a future deficit.

Main Audit Recommendations



It is proposed that the State Prosecutor’s Office, the Police, the Tax Authority and the forfeiture unit work to build a joint, reliable, validated and controlled database, and establish an arrangement whereby one party will be responsible for the consolidation of all the data. This party will be required to submit a periodic report to all parties as well as to the Standing Committee and this information will be used to improve seizure and forfeiture procedures.



Policymakers in the Justice Department and the police must examine the discrepancies between the seizure amounts and the amounts forfeited according to the forfeiture orders, and any shortfalls between the value of the property that the court had taken from the offender and the amounts deposited in the forfeiture funds at the end of the forfeiture proceeding. This is to be made within the framework of the assessment actions that should be implemented regarding economic enforcement activities and how they are implemented.



The prosecution system must work to shorten the lengths of time for handling cases involving economic enforcement in order to increase the effectiveness of the procedure as a whole.



The Tax and Public Prosecutor’s Office must regulate the division of work regarding serious tax offense cases, given the scope and implications of the lack of treatment and of the harm to the public coffers, deterrence capability and public trust in the enforcement system.



The Department of Justice and the administration of the courts should look into the claims of senior enforcement officials and the recommendation provided in the Financial Action Task Force Report and to consider the establishment of

special courts - or the extension of the jurisdiction of economic courts - to deal with forfeiture and money laundering proceedings, or to adopt another means that will provide a professional and quick response to hearing these files.



It is appropriate that the Ministry of Justice, the Administrator General and the Budget Department of the Ministry of Finance examine the needs and challenges of the forfeiture unit, taking into account the scope of its activities and adapting the workforce to its diverse needs, in a forward-looking manner, including consideration of the possibility of increasing the unit's powers.

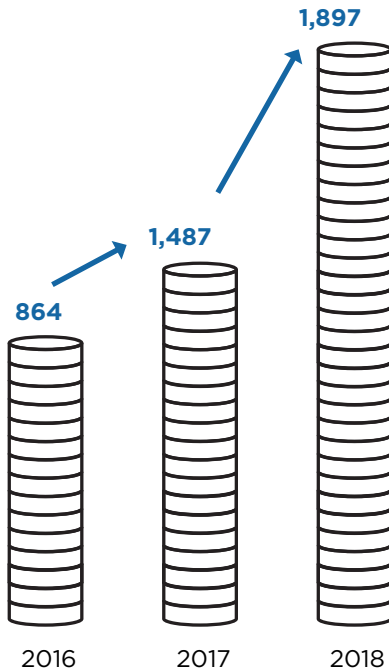
Summary

The findings of this report present three main challenges before the enforcement bodies: one, the compilation and consolidation of a comprehensive database that will serve, inter alia, as a basis for mapping the shortfalls between the initial seizure amounts and the disbursement funds for the forfeiture funds or the state treasury. The way economic enforcement data is analyzed is a fundamental issue related to the balance needed between the tools used in the fight against crime and the realization of forfeiture goals, and aspects of the rights of suspected and accused persons and damage to their property, and the concern for using forfeiture as a means of enforcement of other charges. The second challenge is dealing with the prolongation of the proceedings, which is a major obstacle to the efficiency and effectiveness of economic enforcement; and the third - strengthening and improving the work interfaces of the enforcement agencies, taking into account the technological developments that characterize the field of economic crime in Israel and around the world. It is appropriate that these challenges be in the forefront as policymakers and the professional level of the enforcement authorities proceed with the assessment and implementation of economic enforcement activities.

Economic Enforcement Data for 2018-2016

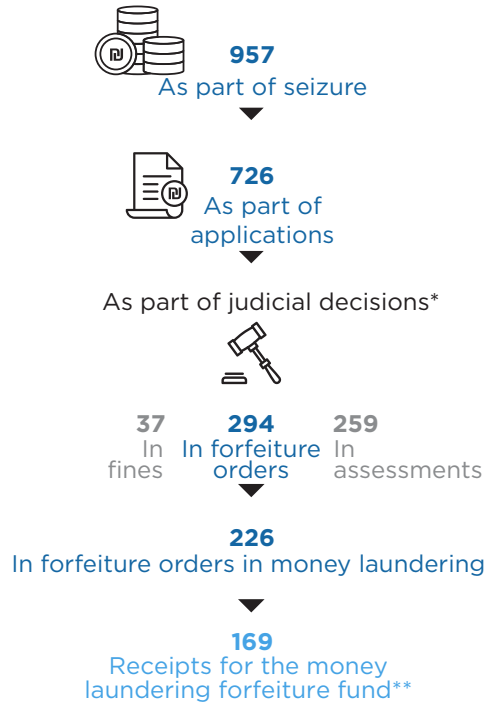
Police seizure data by section by years

Sums are in NIS million



Portfolios that ended in 2016-2018 that started with forfeiture

Sums are in NIS million



SOURCE: Police, prosecutor's office and forfeiture data processed by the State Comptroller's Office.

* The prosecutor's office deliverables include forfeitures, fines and assessments (tax charges) even in cases that did not commence in forfeited items. For example, in the framework of five cases that ended in agreements without a money laundering conviction, NIS 160 million in forfeiture orders, NIS 221 million in fines and NIS 326 million in income tax assessments, were judged.

** The sum refers to the fines and forfeiture receipts in 2016-2018 that were also received from cases that ended in previous years.



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Criminal Detentions in Israel

Detention Proceedings - Israel's Police and Courts

Abstract



Detention Proceedings - Israel's Police and Courts

Abstract

Background

The right to freedom is a fundamental right in Israel by virtue of the Basic Law: Human Dignity and Freedom. A person's arrest infringes upon the person's personal liberty. The Detention Act empowers law enforcement agencies to limit a person's freedom by way of detention or holding. Many elements are involved in criminal detention proceedings: The police decide on the detention according to the powers granted to them in or by the power of the Detention Act to take measures for the prevention and detection of offenses, catching criminals and the maintenance of public order and security of life and property. Arrest procedures are conducted in courts and the Courts Administration assists the judiciary.

Key figures

About **174,000**

arrests were made in the years 2016-2018 according to Israeli police data

16%

Proportion of all the detainees in 2016-2018 who were released before being brought before a judge

35%

The proportion of 2018 arrests in which there was a petition for detention of the suspect until the end of legal proceedings

21

Number of detainees per day brought on average before a judge in each of the district courts in 2018

156 million NIS

Were deposited in police and courts as bail and not returned as of August 2019. Most of it held by the court administration

7 days

Median detention duration from the earliest detention date to the date of the end of detention

66%

of (examined) requests for appointment of defense counsel were forwarded to the Public Defender's Office only after the detainee had already been questioned

5 years

The number of years police have not collected data on the use of a commissioned officer's authority to grant conditional release at the police station, so there is no clear picture regarding the situation in this matter




Audit Actions



From March to June 2019, the State Comptroller's Office examined the systemic treatment of various law enforcement agencies. This chapter deals with the conduct of the Police and the courts system. The audit actions included analyzing police databases for 2016-2018 and visits to police districts, police stations¹ and courts².





The Situation Reflected in the Audit Findings



-  **Detention records and their presentation to the public** - Israeli police data on the number of criminal arrests, published in the Statistical Journal, present only a partial picture of the extent of the detention authority's use. In the years 2016 to 2018, the data did not include about 123,000 arrests. In hundreds of cases, a double record of the arrest was found. In many cases, the detention reports only partially documented the actions taken during the detention: In 24% of the detention reports, the police officer did not specify the cause of detention; Only 57% of the detention reports stated the date the detainee was brought to the police station. It was also found that there was an inconsistency between the trend seen in the use of the holding authority (an increase of about 5% compared to 2017) and the trend in regard to the use of detention authority and the overall scope of cases investigated during the same period (a decrease of 11% and 2.5%, respectively).
-  **Exercise of the right to consultation with an attorney** - The police do not record in a regular and comprehensive manner all the actions it must take to ensure that the detainee exercises his right to consult with an attorney, including data on the time of filing an application for the appointment of a defense attorney. In 23% of the arrests examined, the application form was prepared and sent only after the detainee was interrogated, despite the overseeing officer's decision to send it before the interrogation. Therefore, there is concern that the right to consultation has been violated in these cases.
-  **Conditional release of detainees** - For a decade now, the court administration and public defender's office have argued that the police do not make sufficient use of its powers to decide upon conditional release of detainees at the police station, but rather bring them to court unnecessarily. On the other hand, the police say that this is because the powers of the officer in charge are limited, and they argue that his powers should be expanded. However, the police did not collect data on the matter. In approximately 52% of the approximately 30,000 arrests examined by the State Comptroller's Office, the court's ultimate decision for release had been within the authority of the officer in charge.

1 In the Capital Center Station (Jerusalem), the City Quarters Station (Tel Aviv), Ramle, Haifa and Be'er Sheva








2 The magistrates' courts in Jerusalem, Tel Aviv and Beer Sheva.

- 
Deposit guarantee and restitution - Over the years, the court system has accumulated large sums of money deposited as bail and which were not yet been reimbursed to the eligible persons. In August 2019, NIS 148 million were deposited in 42,855 arrests cases - about 47% of all deposits. All courses of action put forward by the courts to address the problem of reimbursement of the deposited funds, including the eligibility issue, have not been promoted or completed. Police have accumulated approximately NIS 8 million in deposited moneys which have yet to be reimbursed to the eligible persons.
- 
Availability of Courts - Courts limit the time for filing detention applications in the magistrate's courts in the early morning hours only. Also, the detention practices in districts across the country are not uniform.
- 
Controls regarding detention - The objectives set by the Commissioner of Police called for a reduction in use of goals involving indices of the number of detentions or indictments filed. However, in three districts, annual detention goals have been set in the area of arrests that are inconsistent with the Police Commissioner objectives. As a result, there is growing concern that district work is being shifted toward over-policing or under-policing, and that assimilation of conceptions of values within Police Commissioner indices will be harmed.
- 
Video Conferences - The issue of video conferences in connection with detention hearings has not been promoted for years, and since 2013, disputes between the parties involved have not been decided and no legislation has been furthered in the matter.



Lodging detainees at the stations - Since the previous audit, the number of detainees boarded at police stations nationwide has decreased - from 23,000 detainees in 2015 to 3,694 detainees in 2017.

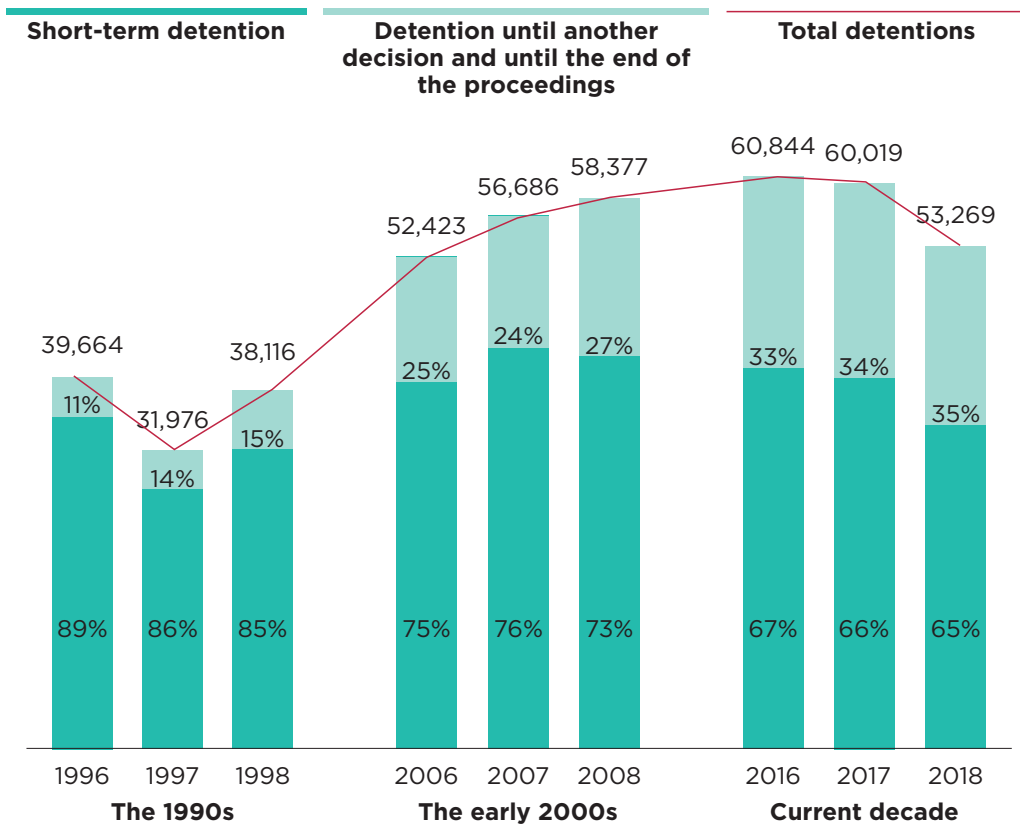
Main Audit Recommendations

-  The police is required to document data in regard to arrests in an orderly manner in the computerized systems. This documentation will enable it to conduct a comprehensive examination of the use of powers of detention and to make the complete data available to the public. It must ensure that the reports are prepared using the computerized systems and online.
-  The police must ensure that investigators and officers in charge document all precedent steps for the implementation of the right to consultation, to enable national-level supervision and control, and the examination of claims in a specific case file. This is also the case when the detainee was interrogated by an investigator prior to being brought before an officer in charge.
-  The police must collect data regarding the use of detention alternatives, from the decision of the officer in charge through the filing of a request in the secretariat of the court, and up to the conditions laid down in the court.
-  It is proposed that the Police Commissioner ensure that the number of controls is increased, and that the police station's incentive to comply with its obligations under law will increase. To this end, it is proposed that the control and audit activities conducted in the Investigations and Intelligence Division, in the districts, in the different areas, and in the stations, be brought before the senior command of the police in order to assess its nature and frequency.
-  The court administration must consider the allegations raised in connection with the filing of requests in the court secretariats and their effect, in practice, on the actions of all law enforcement agencies involved.
-  As for the return of deposit money – the courts administration is advised to consider further steps to assist in promoting a solution to the problem including, inter alia: launching the service on a website and publicizing it; launching an online form for contact and payment details; receiving the funds through the Post Bank in cash and not only by bank transfer; examining possible assistance in finding updated contact information from other parties.
-  The Ministry of Justice should consider advancing the regulation of video conferences within a proper legislative framework, and discuss and resolve disputes that have been raised over the years.

Summary

The management of detention requires a balance between the needs of criminal investigation and the right to personal liberty of the detainee and the presumption of innocence. There were flaws in the Israeli police activity in the area of arrests - lack of observance of detainees' rights, such as the exercise of the right to consult a lawyer, lack of documentation of its activities, and inadequate use of professional supervision and control in the area of arrests. It has also been found that the court administration limits its accessibility to the police, and that it has not yet found a solution for reimbursement of deposit money (bail) to eligible persons. Despite the fact that the police play an important role in this area - from the detention phase to the release decision - it does not have complete data on the actions it carries out and regarding the protection of the rights of detainees.

The changes in the scope of criminal arrests in the last three decades, by type of detention





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Criminal Detentions in Israel

Conditions of Detention in the Israel Prison Service

Summary

Conditions of Detention in the Israel Prison Service

Abstract

Background

The right to dignity and the right to liberty are recognized as fundamental rights and established as constitutional rights in the Basic Law: Human Dignity and Liberty. The arrest of a person who has not yet been convicted and still considered as innocent, violates the right to freedom in a most material way. The Israel Prison Service (IPS) - the incarceration organization of Israel - operates incarceration facilities throughout the country where detainees and criminal prisoners, security prisoners, and civilian prisoners are held.

Nachshon is the IPS's main unit for escorting incarcerated persons. The unit is responsible for securing the waiting wings in the courts, guarding the detainees in the courtrooms, transferring the detainees to detention centers and escorting them to police interrogations.

Key figures

33

Number of incarceration facilities operated by IPS across the country, including 9 detention facilities

9,020

Number of employment positions of IPS staff in 2018, of which 1,143 are within the Nachshon Unit

44,234

Number of detainees with criminal record which the IPS has absorbed in 2018; 62% of them were released as detainees for days

40%

The rate of short-term detainees released within about 24 hours

404,770

Number of inmates escorted by Nahshon in 2018 to about 200,820 legal hearings. Nahshon covers about 28,500 km in travelling daily

May 2020

The date set by the High Court for IPS compliance with the requirement to allocate a minimum living space of 4.5 square meters per inmate

2027

The year when, according to the government's decision 3595, the IPS will be able to meet the requirement to allocate a minimum living space of 4.5 square meters per inmate

700

Number of summonses of inmates for legal hearings are sent daily from court secretaries across the country to IPS







Audit Actions



From March to June 2019, the State Comptroller's Office examined the systemic treatment of various law enforcement agencies in the sphere of detention. This chapter deals with IPS audits and examines the conditions of detention and escorting prevailing in IPS and the interfaces between IPS and the Israeli police and the court administration. As part of the audit, representatives of the State Comptroller's Office visited six detention centers¹ and the Transition Division².


The Situation Reflected in the Audit Findings




-  **Compliance with the legal requirements regarding living area per inmate** - At the date of the second milestone (the final deadline) set by the High Court of Justice 3 for compliance in a full manner - May 2020 - only 50% of the inmates will have the required 4.5 square meters of living space. There is a shortfall of about 4,000 incarceration places between the actual number of places and the number of incarceration places that will be required according to the standard of 4.5 sq.m. per inmate in May 2020.
-  **Living conditions in detention centers** - A visit to the detention facilities revealed findings that indicate poor living conditions.
-  **Holding detainees in segregation** - Despite the guiding principle of the law, short-term detainees are not held separately from indicted detainees. Of the 2,370 detainees held by IPS in the wings of short-term detainees in each of the detention centers, only 1,117 were short-term detainees (about 47%), and the rest had been imprisoned in other detention wings, intended for indicted detainees.
-  **Conditions in court waiting cells** - In 12 out of 22 courts, prisoners are awaiting hearings in a congestion manner with less than one square meter per detainee. The situation is particularly severe in the Jerusalem Magistrates' Court and in the Tel Aviv courts.
-  **Arranging the work interface between the IPS and the Police** - Even after signing a new memorandum of understanding, detention issues regarding escorting detainees to the Execution Offices and regarding sentries 4 in hospitals for detainees with the status of "detainment until another decision", were not settled between the parties. The lack of a decision on these issues, harms both the IPS and the police operations.
-  **Escort of detainees by Nachshon unit** - The detainees' travel from detention centers to the courts is very long and involves being in transit - temporary detention facilities - with the average duration of detention hearings being about seven minutes. Thus, transport of a detainee who has to go a few tens of kilometers may take most of the day, while transport of a detainee over a distance of no more than 200 km. may take three and even four days.

1 The detention centers Kishon, Tel Aviv, Jerusalem, Nitzan-Maghen, Hadarim and Ohalei Kedar.

2 The transit wing of the Ayalon prison. A transit wing serves as an intermediate station for prisoners leaving their permanent confinement for various destinations.


 **Detainees with psychiatric backgrounds staying in the escort vehicles** - From the time the detainees are taken to the escort vehicle until they are examined in the psychiatric hospital, many hours (7-3 hours) elapse, during which they cannot be removed from the escort vehicle. Staying in the vehicle for long hours in harsh conditions, handcuffed, while movement is significantly restricted, constitutes a severe infringement of their dignity and right to basic living conditions.


 **Computer Interface for Summoning Detainees** - The court administration does not work to optimize the computer interface with the IPS, forcing both bodies to preserve outdated work procedures, which are not suitable for the information technology era and cause wasted public resources and burdens the IPS work.





IPS Interrogation Rooms - The State Comptroller's Office notes positively the progress of the preliminary (pilot) inquiry regarding interrogation rooms in the detention centers, as one of the alternatives for escorting prisoners by Nachshon unit, and the joint IPS and police efforts to achieve a result that first and foremost will help the detainees, and which will also lead to significant savings of public money.


Main Audit Recommendations

 The government should regard the implementation of the High Court decision as a national project aimed to secure the basic dignity of the inmates. It is desirable that planning and preparation procedures for formulating the response in the area of prison infrastructure be undertaken by IPS both to make up the shortfall in infrastructure in accordance with the High Court ruling (4,000 places) and in view of the long-term prison needs (about 8,000 places).

 IPS activity to improve conditions in detention centers in general and in the old detention centers and in the Jerusalem detention center in particular, must be based upon a comprehensive plan of action that will be formulated and budgeted after prioritizing the shortfalls required to be met and setting deadlines for implementation and detailed schedules.

 The court administration must map out which waiting cells in the courts contain a living area per detainee below the one square meter standard and formulate a plan to improve the living conditions of detainees awaiting their court hearings.

 The Ministry of Public Security must mediate the points that remain in dispute between the police and the IPS after the signing of the agreement between the two bodies and ensure that the parties meet their commitments and reach agreements by May 2021.

 IPS should review all of Nachshon's escort routes as soon as possible and analyze them in a computerized way so they may be optimized. It must also examine the extent of manpower required to perform the tasks, including the new tasks that have been detailed, as well as examine whether a systemic change of routes could reduce the number of Nachshon employees accompanying the inmates and the long journeys of the detainees to the courts. In addition, the IPS and the Ministry of Public Security must look into promoting alternatives to escorting detainees - using video conferences, building courts alongside detention centers and establishing police interrogation rooms in detention centers.



It is proposed that the court administration work to promote the development of the computer interface required between it and the IPS, so that the court secretaries can use it to obtain information from the IPS and reduce the burden of dealing with the summonses section.

Summary

The audit has revealed many findings regarding the IPS's detention and escort conditions. In light of these findings, it is worth noting the gaps between the progress in actions and the implementation of the High Court's decision on living conditions, and the planning in the area of prison infrastructure in the country, which is based on the forecast of the increase in the number of inmates.

The gaps between the number of incarceration places according to 4.5 square meters per detainee and the number of places that will actually be required according to the forecast by 2040



* According to a living space standard of 3 square meters

** According to a living space standard of 4.5 square meters

*** The year 2027 is presented relative to the incarceration forecast for 2040 according to a living space standard of 4.5 square meters

According to IPS data, processed by the State Comptroller's Office.



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Criminal Detentions in Israel

State Representatives' Conduct in Court Deliberations Concerning Arrest

Summary

State Representatives' Conduct in Court Deliberations Concerning Arrest

Summary

Background

At the investigatory stage, before the prosecutors decide on filing an indictment, hearings are held in the magistrates' courts regarding arrests during the investigatory period - 'day arrests'. At this point, the state is represented by investigators from the police investigative units, called "arrest pleaders".

After an indictment is filed, the court in which the indictment was filed has legal authority to order the arrest of the accused until the end of the legal proceedings or to release him under restrictive conditions. State representatives appearing before the court at this time are prosecutors from the Prosecutorial Unit of the Police or from the state Attorney General's office.

Key figures

41

Number of arrest pleaders regularly appearing in the Magistrates' Courts

42,216

Number of petitions filed with courts in 2018 requesting 'day arrests'

14,831

Number of petitions filed with courts in 2018 requesting an arrest until the end of proceedings

29%

Of those arrested in 2018 were arrested until the end of the proceedings.

120,000 NIS

The annual cost of maintaining an inmate in prison - twice the cost of maintaining electronic supervision and three times the cost of maintaining a suspect in a governmental institution for those released under restrictive conditions

600

Handcuffs systems for electronically supervised detainees; about 25% of these handcuffs are not used






Audit Actions



From March to June 2019, the State Comptroller's Office examined the systemic operation of those in law enforcement involved in the filing of petitions for arrest. This part of the report focuses on the conduct of state representatives in arrest proceedings in the courts, either for extension of a 'day arrest' during the police investigation or within the prosecution's request for arrest until the end of the proceedings after an indictment is filed. As part of the audit, representatives of the State Comptroller's Office visited four different courts¹.

The Situation Reflected in the Audit Findings



-  **Work Practices** - No national procedures have been established for the work of the arrest pleaders with the aim of regulating, among other things, their working conditions, their powers, their professional and command subordination, and the work interfaces between them and the investigating units.
-  **The rate of filings for arrest until the end of proceedings** - From the date of enactment of the Arrest Law until 2018, the relative proportion of arrests until the end of proceedings has increased from 11% to 35% of all arrests. There has been no change in the low rate of petitions for release under restrictive conditions initiated by the prosecutors.
-  **Oversight of Arrest Procedure** - The prosecutors have no ability to produce complete information on arrests until the end of proceedings for conducting systemic control and analysis regarding arrest policies.
-  **Adult Probation Service** - The employment positions For Probation Officers working in the realm of arrests, are not fully staffed; nationally, throughout 2018, approximately 7 positions on average were not staffed. In two Districts, the shortage reached twice the national average. Therefore, the probation service finds it difficult to submit the reports regarding arrest within the time limits set by the court.
-  **Electronically supervised detainees** - Electronic supervision is often successful in fulfilling the purpose of arrest or detention and is less detrimental to person's liberty. However, about 25% of the electronic means of detention are not utilized.



Report of the Public Committee for the Examination of Punishment and Treatment of Criminals - The State Comptroller's Office commends the work of the prosecution team, headed by the Deputy State Prosecutor (Criminal), to implement the public committee report on the matter. The team set out as a primary goal to consider changing the prosecution policy, in order to reduce rates of imprisonment (of both those arrested and those convicted) in favor of rehabilitation procedures that could prevent recidivism. The team assumed responsibility for all law enforcement agencies

¹ The Tel Aviv, Jerusalem, Ashkelon and Be'er Sheva Magistrates' Courts.



and worked to promote the assimilation of the public committee's conclusions among all relevant agencies.

Government framework for release under restrictive conditions - The State Comptroller's Office commends the activity of the Adult Probation Service to establish a government framework to which detainees will be released under restrictive conditions.

'Maoz' Unit - The State Comptroller's Office commends the activities of the IPS Maoz unit, which monitors how many detainees under electronic supervision violated the conditions of supervision. In each of the years 2017 - 2019 the proportion of detainees who did not breach the supervision conditions increased by about 10%; in 2019, 78% of detainees did not breach the terms of supervision.

Main Audit Recommendations



It is proper that the operation of arrest pleaders in court be clarified within detailed guidelines which will serve as an ethical and professional basis for their work.



Prosecutors should review the policy regarding arrests until the end of proceedings and continue to implement the recommendations of the public committee on this matter.



It is proposed that prosecutors analyze the causes of the limited use of the detention alternative by electronic supervision and take steps to make broader use of this alternative.

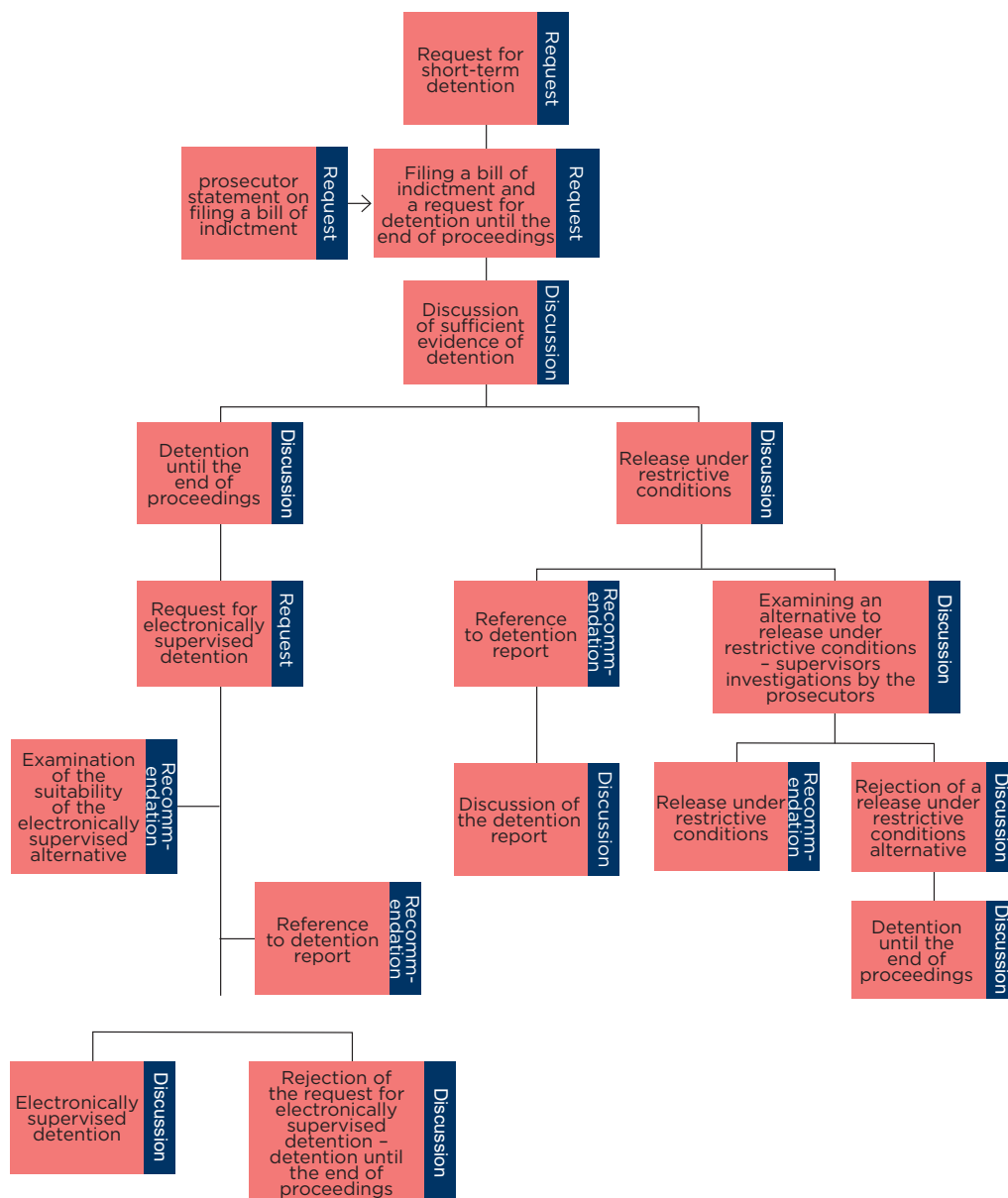


Solutions to the manpower recruitment problem should be found, including the possibility of placing the terms of employment of all probation officers in the domain of arrests, on equal footing. It is proposed that the Ministry of Finance's Department of Wages and the Probation Service work together to find agreed solutions.

Summary

Much of the work of state representatives in criminal proceedings is taken up with petitions for 'day arrests' and arrests until the end of the proceedings. The Israeli police must act to regulate the role of the arrest pleader and to define the powers of the regular pleaders, which are found at the intersection between the investigating unit and the court. In terms of punishment and treatment, prosecution officials must assimilate the recommendations of the public committee on this matter: reduce incarceration behind bars and increase the use of remand alternatives that will allow rehabilitation and prevent recidivism.

The legal proceedings at the request for detention until the end



In accordance with the Arrest Law, in the processing of the State Comptroller's Office.





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Chapter 4

State Institutions, Governmental Companies and Corporations



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Government Tourist Corporation

The interaction between the Ministry of Tourism and the Government Company for Tourism and aspects of the Company's conduct

Abstract

The interaction between the Ministry of Tourism and the Government Company for Tourism and aspects of the Company's conduct

Abstract

Background

The Government Company for Tourism (GCT) is a government company established in 1955 as the central execution arm of the Ministry of Tourism for the development of the public infrastructure for tourism. In 2012, the Ministry of Tourism and the Company signed a framework agreement regulating the interaction between them: The GCT develops public tourism infrastructure, and the Ministry of Tourism allocates the company's administrative and salary expenses. In 1965, a government land development company was established on the northern coast of Eilat - the Eilat Beach Development Company. In December 2010, the Ministerial Committee on Privatization decided to privatize the Eilat Beach Development Company. Since 2015, the GCT has been running the Eilat Beach Development Company.

Key figures

1.3 billion NIS

Ministry of Tourism budget for the year 2018

120 million NIS

Ministry of Tourism budget for the development of tourism infrastructure for the year 2018

11 million NIS

Budget transferred by the Ministry of Tourism to the GCT every year for administrative and salary expenses for the years of 2017 to 2019

100

The number of projects managed by the GCT and developed by it in 2017 - 2018 for the Ministry of Tourism

Audit Actions

In the period of December 2018 - October 2019, the State Comptroller's Office examined the interactions between the Ministry of Tourism and the Governmental Tourism Company (GCT) in 2017 - 2019, issues in the conduct of the Government Tourism Company, and aspects of the operation of the Eilat Beach Development Company (EBDC) and in its privatization process. The examination was carried out at the Ministry of Tourism, the Government Tourism Company and the Eilat Beach Development Company. Supplementary examinations were carried out at the Government Companies Authority, the Israel Lands Authority (ILA), and the municipality of Eilat.

The Situation Reflected in the Audit Findings








-  **Crisis of trust between the Ministry of Tourism and the GCT:** This crisis has lasted for more than four years, and is affecting the parties and their activities.
-  **Ongoing delay in the appointment of CEO to the GCT:** GCT has been operating without a permanent CEO for more than two years, during which it had to correct serious deficiencies that were observed in previous years' audit reports.
-  **Extending the framework agreement between the Ministry of Tourism and the GCT:** At the end of 2018 and mid-2019, the framework agreement between the Ministry of Tourism and the GCT was extended, each time for six months. These extensions impacted the internal management of the GCT (including the management of the annual budget, the formulation of an annual work plan, and the execution of long-term projects).
-  **Delay in payments made by the Ministry of Tourism to GCT for administrative expenses and salaries:** The Ministry of Tourism, which conducts monthly oversight of the payments, transferred to the GCT the funds used to pay salaries after the last date stipulated in the framework agreement between the parties.
-  **Company car to employees:** More than half of the employees of the GCT receive a company car. The procedure for using a GCT company car does not include reference to the positions and ranks to which the company may attach a car, does not set the eligibility criteria for a company car, and does not set rules regarding the coverage of expenses derived from the use of a company car.
-  **Privatization of EBDC:** Although the Ministerial Committee on Privatization decided in 2010 - 10 years ago - to privatize EBDC, and even though GCT has been managing EBDC for five years and EBDC has very reduced and limited areas of activity, the process was not yet completed. EBDC is still operating in Eilat, and no date, schedules or milestones have been set for the privatization process.
-  **Arrangement of conflicts of interest for the Deputy Mayor of Eilat who holds the tourism portfolio:** The person serving, in a voluntary capacity, as Deputy Mayor during the audit period, stated that he is the son of the Acting CEO of EBDC, but the arrangement, as formulated in the city's legal bureau, did not refer to this family connection and to rules of conduct that should apply in light of this connection.



Increasing financial transparency in the GCT: The Ministry of Tourism has been taking steps to appoint a financial supervisor to examine the financial conduct of the GCT and to increase transparency in its activities.

Correction of Financial Deficiencies: GCT has acted to correct deficiencies in its financial management.

Main Audit Recommendations

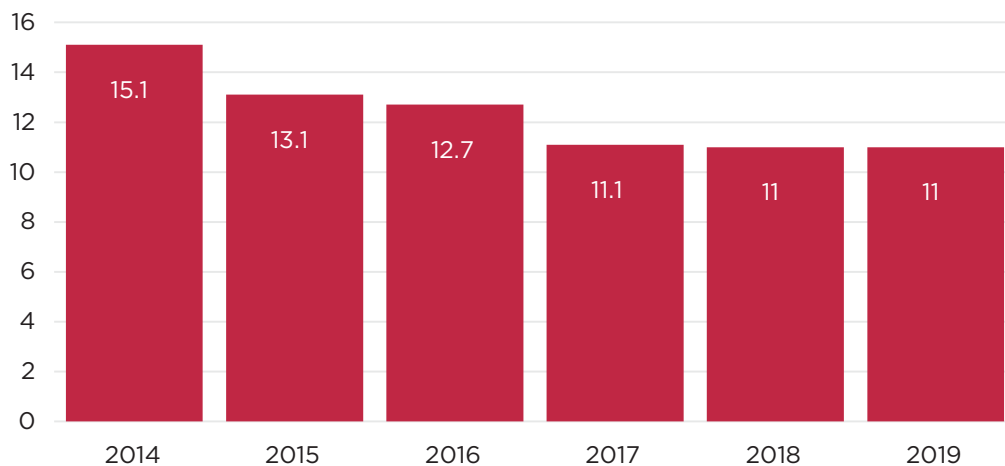
-  The Government Companies Authority, in its role as regulator of government companies, must monitor all government companies to ensure proper working order and compliance with the scheduled dates of appointment of CEOs in government companies.
-  The Ministry of Tourism, the Government Companies Authority and the GCT, must work to find an effective and long-term solution that will enable efficient working interaction between them, and to learn lessons from the deficiencies reflected in this report.
-  As the Ministry of Tourism and the Israel Lands Authority examine the transfer of responsibility for the implementation of certain projects from the GCT to the Dead Sea Preservation Government Company, it is necessary that the procedure be executed in accordance with the law, and in a process which will take various implications into account.
-  The GCT administration and the Board of Directors of GCT, must examine the procedure for using a company car and determine the criteria for eligibility for a company car, the functionaries to whom the company may award a company car, and rules regarding additional expenses derived from the use of a company car.
-  GCT, the Government Companies Authority and the Ministry of Tourism must act to finalize the EBDC privatization process, and to set schedules, milestones and deadlines. If it is decided to continue the privatization process through another government company, the Government Companies Authority must ensure that the move is carried out effectively and proficiently.

Summary

The audit shows that the Ministry of Tourism's management and its main execution company - GCT - have complex interactions. This impairs the ability of both entities to realize their goals and to promote tourism projects efficiently and economically. All the parties involved - the Ministry of Tourism, the Government Companies Authority and the GCT - must resolve this crisis without delay.

The Companies Authority must take into consideration the findings emerging from this audit report and examine how to balance the need to provide the government companies, which are the execution bodies of the government, with the operational flexibility needed to achieve their goals, and the requirement to secure in the hands of the state the ability to monitor their activities. It is also proposed to create mechanisms for resolving disputes between government ministries and their execution bodies.

The administrative budget passed by the Ministry of Tourism to GTC, 2014 - 2019 (NIS millions)



According to the GTC data, processed by the State Comptroller's Office.



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Israel Bar Association

Activity of the Israel Bar Association

Abstract



Activity of the Israel Bar Association

Abstract

Background

The Israel Bar Association is a statutory entity established under the Israel Bar Association Law, 5721-1961 (the Law), with the purpose of serving as an association for Israeli's attorneys, upholding the standards and ethics of the profession and protecting rule of law. The Israel Bar Association has 6 districts – Northern, Southern, Jerusalem, Haifa, Tel Aviv and Central. The Bar has established a number of entities, including a subsidiary corporation – the Economic Company of the Israeli Bar Association Ltd.

The Bar has a number of statutory duties, which include registration of interns, supervision of their internship and examinations, qualification of attorneys and holding of disciplinary hearings. In addition to this, the Bar has optional functions, such as organizing professional education courses for its members, activities serving its members' needs and more.

Key figures

68,500

Attorneys registered with the Israel Bar Association in August 2019

NIS **69** million

The Bar's 2019 budget. NIS 27 million of which was transferred to districts

NIS **54** million

Of the Bar's budget comes from membership dues paid by attorneys according to the provisions of the Law

9,941

Ethics complaints were filed to the Bar's ethics committees in 2016-2018. In this period, 826 criminal complaints were filed

549

Attorneys were convicted of a disciplinary offense and have authorization to train interns

59

Members of professional committees serving in the Bar were convicted by the disciplinary tribunal, about half of whom were suspended, either provisionally or actually

NIS **18.7** million

The revenue of the Economic Company of the Israeli Bar Association Ltd. in 2017

214

The number of indictments that the police prosecution office filed against attorneys in 2017 - 2018








Audit Actions





In March-August 2019, the State Comptroller's Office reviewed the activity of the Israel Bar Association in the following fields: planning and work plans, supervision of internships apparatus, ethics and disciplinary hearings apparatus, regulation of and action in cases of concern of conflicts of interest, the internal audit formation and aspects of the economic company's work. The review covered the Bar's institutions: the national council, the central board, the administrative apparatus and district boards and its economic company. Supplementary examinations were done at the Ministry of Justice and the Israel Police.

The Situation Reflected in the Audit Findings



-  **Rules on disciplinary hearings and penalties** - the Bar's ethics apparatus has no prescribed rules on holding disciplinary hearings or penalties that will be requested according to type and severity of offense.
-  **Reporting of indictments against attorneys by prosecution agencies** - in most cases, the police prosecution office is not aware that the defendant is an attorney. Thus, out of 214 indictments that the police prosecution office filed against attorneys in 2017-2018, it reported only 10 of them to the Bar's districts; the State Attorney's office does not pass on information on indictments and convictions to the Jerusalem or Northern Districts of the Bar of its own accord.
-  **Time for processing ethics complaints** - there are very long delays in dealing with ethics complaints in the Tel Aviv District, and the processing of many complaints, until the criminal complaint filing stage, takes several years.
-  **Regulating the field of conflicts of interest** - with the exception of the ethics committees, the Bar has not regulated the field of preventing conflicts of interest that may occur within its activity, such as in professional committees, in appointing arbitrators and in relation to friendship and business relations.
-  **Supervision of internships** - in recent years the Bar has started to develop an online tool for supervising internships, and a pilot program on this matter started three years ago. However, the pilot results were not analyzed and no supervision was conducted following the information received using the online tool. During those years, no alternative intern supervision actions were conducted.
-  **Authorization to train for convicted attorneys** - once granted, approval to train interns is permanent, and the Israel Bar does not consider cancellation of approval in the case of the attorney being convicted of a criminal or disciplinary offense. Even if the attorney has been suspended, his authorization to train interns is automatically reinstated once his suspension is over without examining the consequences of the conviction for his authorization to train interns.
-  **Functioning of the Bar's internal audit apparatus** - in 2012-2019, the Israel Bar's internal audit apparatus functioned only partially, and the Bar has functioned for more than twenty years without an auditing committee.







 **Financial statements** - in the last five years, the Bar's financial statements have not been approved within the statutory deadline. The 2017 financial statement does not reflect the Bar's actual financial status, inasmuch as it does not include figures for the Economic Company, which were consolidated in previous years as part of the Bar's financial statements.

 **Financial reporting system of the Economic Company** - in 2015-2017 entries were not made as required in the Economic Company's bookkeeping system. As a result of this, the reliability of the accounting information provided to the company's organs was compromised and the audited financial statements for 2014-2017 were approved about a year late. This data void impairs the ability of the board and CEO to make decisions that are consistent with the company's true economic state.



Internship acceptance interviews - in recent years, the Israel Bar has taken actions to improve the situation in the field of internship acceptance interviews.

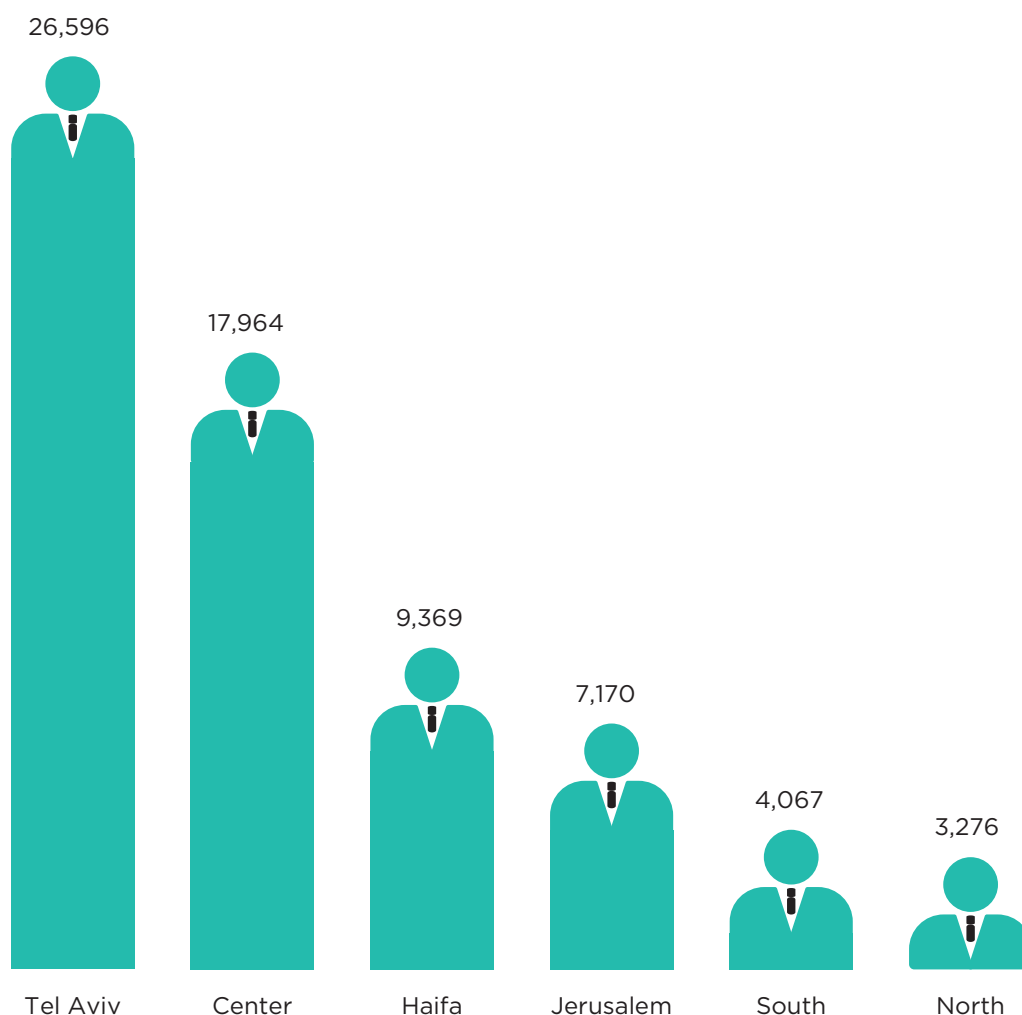
Main Audit Recommendations

-  All ethics committees should examine the disciplinary hearing process with the aim of harmonizing it and preventing allegations of selective enforcement.
-  The Tel Aviv District of the Bar must see to it that complaints are dealt with within a reasonable time and as prescribed in the rules, and that the processing of cases that were opened long ago to be completed. The Central District must expedite the establishment and operation of its ethics committee as required by law.
-  The Bar must complete its activity for overall regulation dealing with conflicts of interest at the Israel Bar.
-  The Bar must act to implement the online internship supervision pilot program and summarize feedback from its implementation. In addition to this, it must act to conduct alternative reviews at the same time as its computerization processes. Also, the Bar must act according to its power to cancel its authorization to train interns in the appropriate cases.
-  The Bar must act jointly with the auditing committee and the Bar's new internal auditor to restore its internal audit apparatus. Implementing this recommendation will help ensure an effective internal audit that covers all material risks in the organization.
-  The Bar should act to complete the process of setting up its new website, in order to ensure accessible, up to date information for attorneys, interns and the general public.

Summary

There are a number of flaws in the practices of the Israel Bar in a number of fields that impair its ability to fulfill its goals and statutory actions. The Bar must examine the issues that require improvement and form an action plan that will allow it to fulfill its purposes in the best possible manner. It must also plan the distribution of its resources to prioritize the execution of its mandatory functions. The Bar's districts must cooperate with the Bar to correct the flaws presented in this report, taking into account the hierarchy of the entities that has been laid down in the amendment to the Law.

The number of attorneys who are members of the bar, by districts, 2019



Source: according to the Bar's data, adapted by the State Comptroller's Office.



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National Insurance Institute

Service of the Medical Committees at the National Insurance Institute

Abstract

Service of the Medical Committees at the National Insurance Institute

Abstract

Background

Israel grants people with disability various rights that are contingent on a medical evaluation by a medical committee. The National Insurance Institute is responsible for medical evaluation through the medical committees that it operates. The main committees are “general disability” committees for a person with disabilities whose earning ability has been impaired, “work disability” committees for persons suffering from disability due to workplace injuries, “disabled child” committees for children and teenagers with disabilities, special services committees for assessing and evaluating the extent to which claimants are dependent on others, and income tax exemption committees for persons asking to be exempt from tax payments.

Key figures

NIS 20.9 billion

Payments for general disability (approximately 15.6 billion) and for work disability (approximately 5.3 billion), out of a total of NIS 76.3 billion in benefit payments in 2018

293,000 claims

were submitted to the National Insurance Institute in 2018

NIS 147 million

The operating budget of the National Insurance Institute's medical committees in 2018. The committees operate at 23 branches of the National Insurance Institute nationwide

113

The average number of days it takes for work disability committees to process claims. There are significant differences in processing time between branches, of up to 90 days

33

The average number of days it takes for general disability committees to process claims

93%

The proportion of elderly persons dependent on care from others who are not entitled to a nursing allowance and who employ a foreign worker and have not fully exercised their right to apply to an income tax exemption committee in 2018






Audit Actions



In February-August 2019, the State Comptroller's Office reviewed the management and functioning of the National Insurance Institute's medical committees, with emphasis on changes to the organization of the committees, an issue that had already arisen in the 2010 State Comptroller's report ¹. The examination was conducted at the National Insurance Institute, the Population and Immigration Authority and the Israel Tax Authority.

The Situation Reflected in the Audit Findings



-  The quality of the service at medical committees is unsatisfactory. This is reflected in the long waiting time for the committee to reach a decision (113 days on average for a work disability committee), variance in waiting times at different branches, a high rate of stopping of discussions (up to 32%), availability of the service at the committees and more. One of the key reasons for this situation is a shortage of physicians.
-  The organizational structure of the committee apparatus, which involves a large number of managers, is inefficient. About a decade after the publication of the previous State Comptroller report and after recommendations for change from various committees, the jointly declared goal of improving the medical committees' organizational and operating structure has not yet been achieved.
-  Over the years, attempts have been made to regulate the work processes of the medical committees and clearly define the party responsible for managing them and his powers, but these attempts have been unsuccessful. This regulatory hiatus prevents improvement in the quality of service provided by the committees.
-  There is concern that elderly persons dependent on care from others are not aware of their eligibility for evaluation by an income tax exemption committee and have therefore not exercised this right (about 93% of elderly persons dependent on care from others who are not entitled to a nursing allowance and who employ a foreign worker did not fully exercise their right to apply to an income tax exemption committee in 2018). The National Insurance Institute, the Israel Tax Authority and the Immigration Authority are not taking adequate steps to provide them this information.
-  The processes of requesting an income tax exemption and summons to medical committees are not accessible online.


¹ The State Comptroller, Annual Report 60B (2010), "aspects in the work of medical committees to determine disabled rights", pp. 1115-1157.





The National Insurance Institute has taken various actions over the years aimed at increasing public satisfaction, including through advancing an initiative to provide consultation and guidance services for medical committees at no cost within its Helping Hand centers.


The National Insurance Institute makes rights accessible to the public primarily through its website, and publishes a large amount of information on the procedures involving medical committees on its website.


Main Audit Recommendations

- 

Given the key barriers to improved quality of service that have not yet been addressed, which include an inefficient organizational structure and decentralized committee apparatus, the National Insurance Institute must consider appointing a single responsible person who will answer directly to the Director General to coordinate and manage the medical committees apparatus.
- 

It is recommended to examine the establishment of regional centers for medical committees, which will be subordinated to the appointed coordinating party. Accordingly, the National Insurance Institute should make a concentrated effort in this field to complete the formation of the reform and set schedules and objectives for doing so.
- 

The National Insurance Institute and the Israel Tax Authority must examine, each within its own field of responsibility, how it is possible to improve the accessibility of online service and information to the citizen within claim processes, including online transfer of payment vouchers and completion of applications.
- 

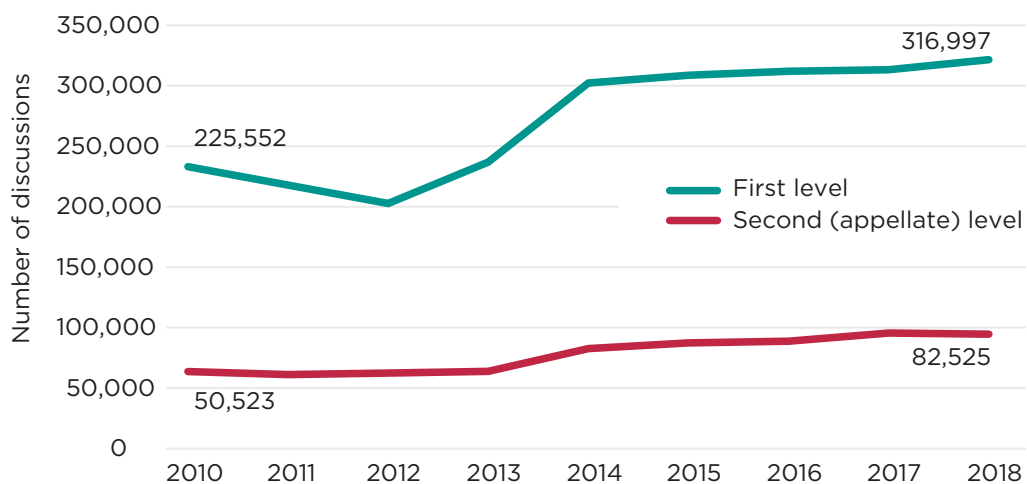
It is recommended that the Israel Tax Authority act to transfer information to the relevant entities for allowing taxpayers to exercise their full rights, such as discounted municipal tax bills, subject to the consent of each taxpayer to so transfer information related to them.
- 

The National Insurance Institute, the Immigration Authority and the Israel Tax Authority must examine the degree to which elderly individuals who are dependent on help from others, exercise their the right to exemption from income tax and establish ways of making information on this right accessible.

Summary

The National Insurance Institute has acted over the years to improve the quality of service in medical committees, but there are still key barriers that have not been attended to, the main ones being examination of the organizational structure of the medical committees' apparatus and possible changes to it to improve and streamline the management of the committees. The National Insurance Institute should make a concentrated effort in this field to complete a reform that will address the key barriers, including setting of schedules and objectives.

The increase in the number of discussions by medical committees, 2010-2018



According to National Insurance Institute data, adapted by the State Comptroller's Office.



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Israel Land Authority

Planning Work at the Israel Land Authority and Ministry of Construction and Housing

Abstract



Planning Work at the Israel Land Authority and Ministry of Construction and Housing

Abstract

Background

To ensure that housing solutions are provided to the country's entire population, land must be made available for residential construction through detailed planning procedures. The primary governmental entities that initiate and perform residential land planning are the Israel Land Authority (ILA), which is responsible for administering Israel's land, and the Ministry of Construction and Housing (Ministry of Construction), which is entrusted with initiating and implementing government policy in the residential construction field. These agencies conduct their planning operations by purchasing outsourced services from specialized private entities.

Key figures

246,000

Number of housing units whose building was initiated by the ILA in 2016-2018 in detailed plans

108,000

Number of housing units whose building was initiated by the Ministry of Housing in 2016-2018 in detailed plans

110,000

Number of housing units whose building was initiated by local authorities and government ministries in 2016-2018 in detailed plans

NIS 815 million

The budget of the ILA and the Ministry of Construction for planning activity in 2018 (about NIS 440 million of the ILA and about NIS 375 million of the Ministry of Construction)

More than **3** years

The planning process time for 22% of planning work that the ILA has assigned to planning companies and about 11% of work that the Ministry of Construction has assigned to planners and planning companies, out of planning work reviewed in the audit

237,000

Housing units planned by the ILA and the Ministry of Housing and approved in detailed plans in 2016-2018 - accomplishment of the Government's objective (170,000)






Audit Actions



From February to September 2019, the State Comptroller's Office examined the activity of the ILA and the Ministry of Construction related to assignment of residential planning and construction work to private planners, including selection of planners, the method of allocation of planning work and guidance provided. Also, the implementation of Government resolutions related to the transfer of planning from the ILA to other parties was reviewed. Supplementary examinations were carried out in the Ministry of Finance - in the Planning Administration, the Accountant General's Office the National Housing Authority, and the Ministry of Defense.

The Situation Reflected in the Audit Findings



-  Despite the decisions of the Government and the Israel Land Council (the Council) to assign the execution of the planning actions to other parties as part of the reform at the ILA, the ILA is still the primary entity tasked with planning action for Israel lands (from 2016 to 2018 the ILA planned some 53% of all housing units whose planning was done at the initiative of governmental agencies). Also, the draft agreement of principles for assignment of responsibility for planning, marketing and development of state lands formed by the Planning and Development Committee headed by a Ministry of Finance representative, has not yet been approved.
-  One of the criteria for evaluation of companies contending in tenders for providing planning services issued by the ILA and the Ministry of Construction is satisfaction with previous engagements with planners. The factual basis that the ILA has coordinated for forming this evaluation has been found wanting and in need of improvement; despite the essential need to learn at the organization level and despite evaluation of previous planning work being an essential part of the process of choosing a planning company, the ILA and the Ministry of Construction do not conduct such evaluations on a continuous, systematic basis.
-  About 22% of planning work that the ILA has assigned to planning companies and about 11% of work that the Ministry of Construction has assigned to planners and planning companies have been in the planning process for longer than prescribed in the agreement with the planning companies (three years). Moreover, through to the end of the audit (September 2019), most work is still at the early stage of the process.
-  Lack of detailed planning guidelines: the ILA made do with pronouncing that planning companies must supervise the quality of planning at the professional level required in each field and for the plan in its entirety, according to its requirements, and did not establish requirements or parameters for establishing minimum binding planning standards.
-  Shortcomings in inter-agency work interfaces: the agencies dealing with execution of planning works, including the Ministry of Construction and the ILA, do not have a joint database of planners. Also, despite the report according to which quarterly

monitoring meetings have been conducted, it has been found that the Ministry of Construction and the ILA have not laid down rules for sharing of information between them. They also did not conduct a joint process for gaining insight and learning from cases where the process of planning had to be repeated.



Data on approved plans shows variance between sectors in the number of housing units approved in the outline plans from 2017 to 2019. According to an estimate of the Ministry of Housing from December 2019, there is a shortfall between housing needs in the ultra-orthodox sector and the supply of housing units planned for it.



From 2016 to 2018, the ILA and the Ministry of Construction accomplished and exceeded the residential construction objectives that the Government established for them in its resolutions: in aggregate, about 237,000 housing units were approved in detailed plan, while the Government objective was 170,000.

The ILA and the Ministry of Construction have incorporated as part of their tenders for providing planning services the recommendations of the Zeiler Committee on assigning significant weight - 80% - to the quality component. In addition, the Ministry of Housing has been acting in recent years to form and develop measurement tools with the aim of advancing the planning of high-quality neighborhoods.

Main Audit Recommendations



Given the failure to implement the resolutions of the Government and Council on transferring the planning work from the ILA, and the long time that has passed since some were adopted, the Government (through the Minister of Finance) and the Council should reconsider the planning policy and its implementation to maximize benefit for the public. At the same time, as long as it has not been stated to the contrary, action must be taken to implement these resolutions, particularly formalizing the work distribution between the ILA and the Ministry of Construction, according to the priorities established in the Government resolutions.



The ILA and the Ministry of Construction must make sure to review and track closely all plans underway, including their main milestones and keeping to the set schedules.



The ILA and the Ministry of Construction must formalize and uphold joint processes and sharing of information in the planning field on aspects such as lesson learning, planning quality standards, arrangements for contractual engagements, tracking, review and evaluation of suppliers, and examining the setup of a joint database of planners, subject to legal constraints.



The ILA and the Ministry of Construction should consider working proactively to increase awareness of the possibility of very small, small and medium size businesses to participate in their tenders, including tenders for providing planning services. They should consider cooperation in the matter with the Agency for Small and Medium-sized Businesses.



It is recommended to the Ministry of Construction and the Planning Administration to continue to track accomplishment of planning objectives in the upcoming years and examine the need to update them according to the evolving needs of different sectors.

Summary

Planning of residential land is a basic, important stage in the production chain for providing housing solutions for the population. Given the flaws that have been uncovered, the ILA and the Ministry of Construction should take actions to improve their tracking and review of executing planning work according to the schedules set for them and for assuring the quality of their work based on a comprehensive shared vision. The Government should also consider reexamining its planning policy and its implementation to maximize benefit for the public, given the needs of the housing market and taking into account the aggregate of the ILA's actions.

Detailed plan diagram



Source: the Planning Administration. Plan No. 353-0121889. Pardes Hanna-Karkur, HaTriz Neighborhood.



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Israel Public Broadcasting
Corporation

Processes for Hiring Candidates Who Are Former Israel Broadcasting Authority Employees for the Israel Public Broadcasting Corporation

Abstract



Processes for Hiring Candidates Who Are Former Israel Broadcasting Authority Employees for the Israel Public Broadcasting Corporation

Abstract

Background

The Public Broadcasting Law, 5774-2014, based on which the Israel Public Broadcasting Corporation (IPBC) was established, was approved in the plenum of the Knesset in July 2014.

According to the law, the IPBC was established with the aim of establishing high-quality, efficient public broadcasting in Israel, and to replace the television and radio broadcasts of the Israel Broadcasting Authority (IBA) and the broadcasts of Israel Educational Television and serve as a source of creativity and content on the Internet and on a range of other digital media.

When it was passed, the law stated that the IPBC would start broadcasting on April 1, 2015. The commencement day was deferred a number of times, and its formation involved extreme difficulties and uncertainty, until the IPBC started its broadcasting on May 15, 2017. The law states that the IPBC must offer jobs to 510 former employees of the IBA without a tender. In addition to this, the IPBC's Director General was allowed to hire, before the commencement day, up to 600 employees necessary for the corporation's preparations without a tender.

Out of about 1,000 workers employed at the IPBC as of late 2019, about 100 are members of the Arab population (10.1%), 13 employees are from the ultra-orthodox population (1.3%) and 11 are of families from Ethiopian background (1.1%). In 2017-2019, 334 employees left the corporation, of whom 83 were former IBA employees and 251 were not.

Key figures

May 15, **2017**

The day of actual commencement of broadcasting

Approx. **1,600**

The number of people employed at the IBA before the decision to close it down

Approx. **470**

The number of IBA employees hired at the IPBC upon its formation

NIS **770** million

The IPBC's budget in 2019

987

Workers employed at the IPBC at the end of 2019

420

Former IBA employees who were employed at the IPBC at the end of 2019







Audit Actions



From July to November 2018, the State Comptroller's Office intermittently reviewed a number of actions of the IPBC related to hiring of IBA employees by the corporation, which were undertaken before the commencement day, as well as the documentation and protection of information in the IPBC's databases. The review was conducted in the corporation, and supplementary checks were performed at the Civil Service Commission and State Archive. Supplementary inquiries were also conducted in the corporation in 2019.

The Situation Reflected in the Audit Findings



-  The rules for recruiting employees for the corporation and the corporation's procedures have not formalized all aspects related to hiring of employees, which effectively impairs its ability to conduct a formalized, equal hiring process.
-  The corporation does not have full documentation of decision making processes related to acceptance of former Israel Broadcasting Authority employees.
-  In hundreds of cases, the corporation did not follow the legal provisions related to the date of giving notices to candidates for employment, in circumstances in which the hiring process was lengthy and involved high uncertainty.
-  Before starting to hire many workers for the IPBC without a tender, the Director General contacted various parties and asked for "unofficial" assessments of IBA employees. These assessments or results from processing them sometimes affected the processes of hiring former IBA employees in the corporation. In some cases, one of the writers of these assessment lists delved into parameters that had nothing to do with the professionalism of the workers, but rather offensive, degrading considerations related to their age, ethnicity, character, appearance, weight, marital status and pay. These considerations and other negative assessments were not communicated to candidates for jobs in the IPBC, and they were not given an opportunity to respond to them in any case.
-  Written comments that the corporation provided on its conduct during the recruitment of former IBA staff did not always fully reflect the use or products of the "unofficial" assessments.
-  All email boxes of employees who had left the corporation by the end of 2018 were closed and their contents erased. This move impaired the corporation's organizational memory and continuity of keeping necessary information in general and information related to personnel management in particular.



The circumstances in which the Israel Public Broadcasting Corporation were established are exceptional, and the conditions in which the heads of the corporation operated during its formation period were extremely challenging. Despite this, the corporation started to operate by the time specified in the amended law after its managers acted to accomplish its statutory tasks.

The corporation updated its procedures and prepared an orderly work procedure for employing former Israel Educational Television workers in 2018, and some of the audit's observations were taken into account and implemented in their hiring processes.

Main Audit Recommendations



Even in cases where the law establishes a tender exemption, employee selection and acceptance procedures must be undertaken in a manner that will ensure equality and propriety of procedures, while ensuring flexibility in cases of special circumstances.



It must be ensured that the digital system for documenting all hiring processes is kept up to date and that the information stored in it is precise and reliable.



If a process is initiated to receive candidate assessments, it should be supported by preliminary actions: updating the reviewers of the initiation and implementation of the process, prior legal consultation, reflecting the names of the evaluators who will be contacted and the nature of the evaluators' relationship and familiarity with the evaluated individuals, ensuring that the evaluations provided do not contain information that has been provided by unidentified third parties, clarifying to the assessors the character of the information being requested, formalization of the use of information while guiding the candidate selection staff as to the purpose, weight and treatment of the evaluations, and establishing review arrangements to ensure that only relevant, reliable information will be taken into account.



Given the importance of the documentation, protection and retrieval of the IPBC's information and information related to managing employee affairs in particular, the IPBC should work with the State Archive to advance the application of the provisions of the Archives Law, 5715-1955 to it. This way it will be ensured that important information possessed by the IPBC, which by nature is a public entity, will be properly saved, both for the corporation's future use and for supervision and review purposes.



It must be ensured that if new governmental units are established to replace existing ones, a detailed, orderly outline is to be established to ensure that the manner of recruiting human capital for the new units will be in accordance with the relevant legal provisions and will follow the values of equality and transparency.

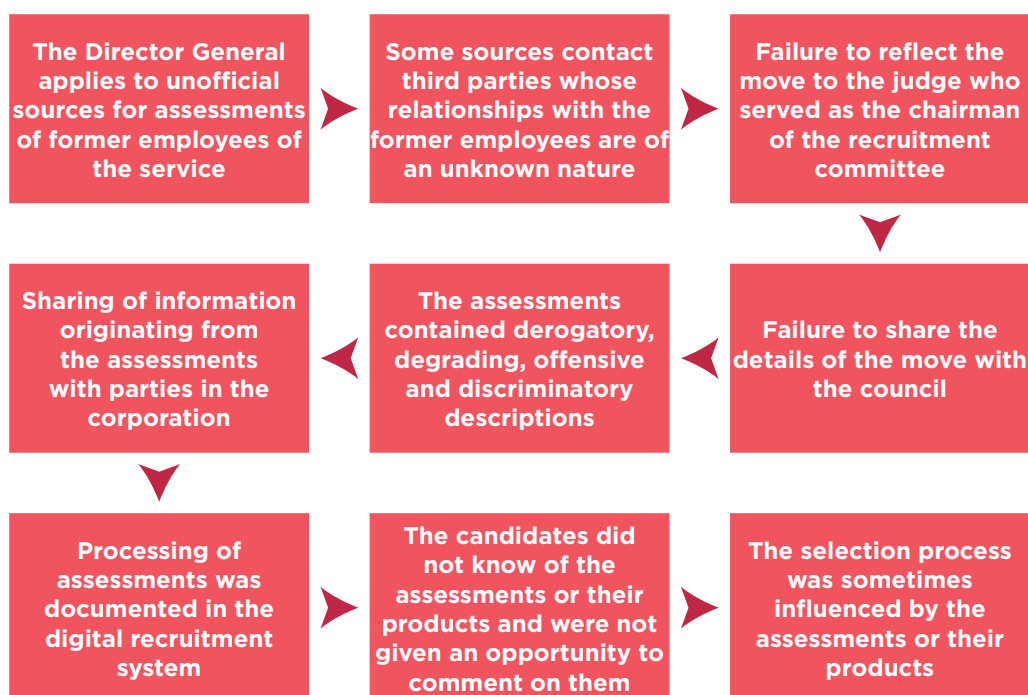


It is recommended for the IPBC to establish an orderly plan for encouraging increased representation of all populations of Israeli society within the workforce of the corporation, and that the data on the resignation of personnel since its formation be examined.

Summary

The safeguarding of public broadcasting, its quality and proper practice is a cornerstone for establishing its standing and importance in Israel's public sphere and for ensuring public trust in it. The circumstances of the foundation of the Israeli Public Broadcasting Corporation are exceptional, owing to the repeated deferrals of the day of starting operations and the examination that was conducted on closing down and restructuring the corporation. The findings of this report may serve as a compass of sorts for examining the way in which the corporation treats other administrative apparatuses that it maintains, insofar as the principles underlying the audit presented here, most of which are related to aspects of good governance, also apply to other fields.

The flaws related to obtaining and using worker assessments and their products







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Chapter 5

Local Government



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Municipality of Beitar Illit

Allocation of Land to Nonprofit Organizations in Beitar Illit

Abstract



Allocation of Land to Nonprofit Organizations in Beitar Illit

Abstract

Background

Beitar Illit, which received city status 2001, is a city with an ultra-orthodox character located in the territory of Judea and Samaria. The city's education system is managed mostly by nonprofit organizations, such as private amutot (fellowship societies). Public buildings in the city are in high demand owing to its diversity of communities, each of which is interested in establishing education institutes such as daycare centers, kindergartens, schools, yeshivas and community institutes such as synagogues and ritual baths (mikvaot). To this end, nonprofit organizations apply to the municipality for having land or public buildings allocated to them. Allocation of land by local authorities in Judea and Samaria for more than five years requires the approval of the Commissioner of Israeli Settlements in Judea and Samaria at the Ministry of Interior (the Commissioner).

Key figures

55,000	27,000	4,300 dunam	264
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Residents

Students

Area of the city

Allocation
processes since
2009
2.5 years

have passed on average from the time of approval of an allocation agreement by the municipality until its transfer to the Commissioner or until the end of the audit (whichever was earlier). Only 22% of the allocations that have been reviewed and require approval by the Commissioner have been forwarded by the municipality for his approval

2.5 years

Time taken, on average, for the Commissioner to approve 13 out of the 43 agreements that the municipality submitted for his approval. The remaining agreements submitted to him have not yet been approved






Audit Actions



In May 2018 - March 2019 the State Comptroller intermittently reviewed the land allocation processes at the municipality and the supervision of land use. Supplementary examinations were conducted at the Ministry of Interior and the Amutot and Dedications Unit of the Corporations Authority.

The Situation Reflected in the Audit Findings



-  The municipality publishes lists of land allocations but they do not contain all the necessary details, such as the allocation period, approval for extension of the time for developing the land, if given, cancellation of allocation requests or return of the land to the municipality.
-  A check of 30 allocations indicates that most of the allocations that were examined were completed despite the municipality not having received from the NGOs all the documents proving that all threshold conditions had been fulfilled: 94% of the allocations did not show development plans or financial sources, 47% did not submit foundation documents, 37% did not submit a budget proposal, 31% did not show proof of experience in the education field, 20% did not show audited financial statements or proof of need according to the municipality's criteria.
-  Out of all the allocations made by the municipality since the Judea and Samaria allocation procedure came into effect, it transferred just 43 agreements for approval by the Commissioner. On average, it took two and a half years from the council's approval of the allocation agreements to their transfer for approval by the Commissioner (or until the end of this audit). Out of the 43 agreements that were transferred to the Commissioner, the Commissioner approved just 13. On average, it took the Commissioner more than two and a half years to process each allocation application that he approved. As of the end of the audit, the Commissioner had not yet approved the rest of the allocations.
-  Publicly elected officials and workers of the municipality did not declare their affiliation with NGOs that the city council approved land allocations to. This failure to declare is inconsistent with the binding guidelines that are intended to prevent unethical situations and strengthen public trust in the municipal council's decisions.
-  The municipality did not supervise the use of the land that it allocated, and failed to cancel agreements with NGOs that had not developed the land that they received, did not retake possession of buildings that had been allocated for a short time despite the allocation time having expired, and did not enforce the allocation agreement conditions against the NGO that rented out land it was allocated to a third party in violation of its purposes, or against an NGO that operated a banquet hall in a synagogue.



The municipality is acting to maximize the utilization of areas for public buildings, including by issuing permits for addition of stories for synagogues and batei midrash (religious study halls) on rooftops of buildings used as kindergartens and daycare centers.

97% of the allocations examined were performed in accordance with the approved program for land use. The intent to allocate land was publicized as required for all allocations that were examined.

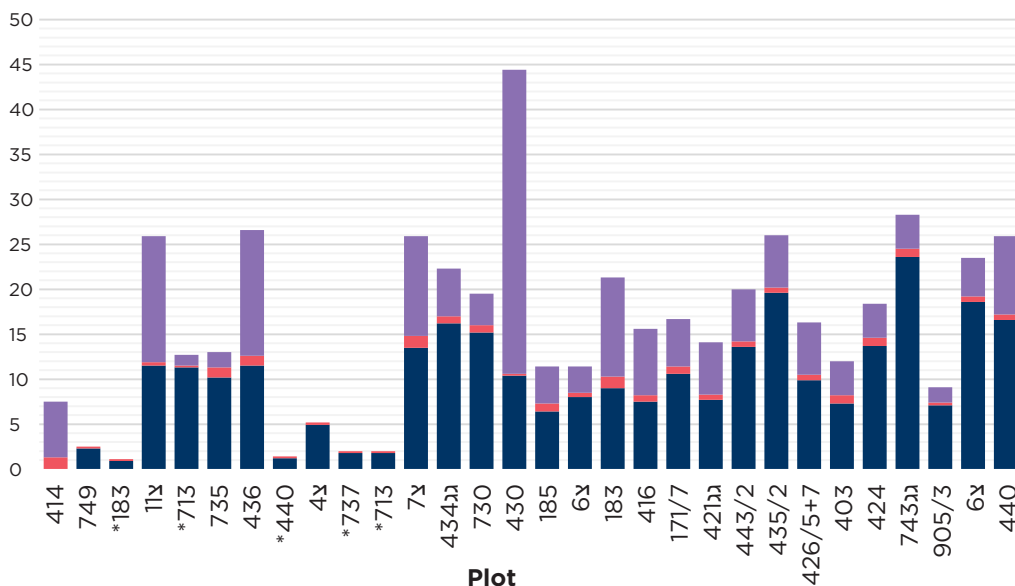
Main Audit Recommendations

- 💡 The municipality must act to have the flaws detailed in this report rectified. Inter alia, it must: prepare and publish a full, up to date allocations book; make sure that all documents that nonprofit organizations must prepare for allocation are completed; examine completion of the documentation for previously approved allocations; properly document its decision making process; act to shorten allocation processes; get Commissioner approval for land allocations; and formalize the supervision of nonprofit organizations' use of the land allocated to them.
- 💡 The municipality's legal advisor must review and renew the procedures and guidelines on affiliations and conflicts of interest and highlight the duty to make sure to follow them to the letter to prevent elected officials and municipal workers from having conflicts of interests, and to reinforce public trust in the municipality's decisions.
- 💡 Two decades have passed since the Ministry of Interior's allocations procedure was established, from which the procedure for allocations in Judea and Samaria was derived; owing to the lengthy allocation approval processes, there is room for the Ministry to examine and evaluate the requirements and guidelines to improve the service it provides the public on the subject of land allocations, including by making the service accessible online. At the same time, it is suggested that the Ministry examine its form of review, as a regulator, of the propriety of the allocation process and its supervision at the local authorities. It is also suggested that the Ministry of Interior examine the requirements of the procedure; inter alia, it should examine, jointly with the Registrar of Amutot if necessary, the requirement that even new NGOs must provide good governance confirmation from the Registrar of Amutot as part of the procedure.
- 💡 The Ministry of Interior must establish a time frame for approval of the allocation agreements by the Commissioner. This should not be at the expense of essential services that residents need, and the principles of good governance, reasonableness and efficiency must be upheld.

Summary

The findings of this report show that the municipality deviated from the guidelines of the Ministry of Interior in its land allocation and usage supervision practices. The municipality and its head must act as mandated by their public responsibility to safeguard public assets and their fiduciary duty towards the public and correct the flaws uncovered by the audit. The Ministry of Interior must act to reduce the time it takes to process the approval of allocations.

The time it took the municipality to process the allocations



- Number of months from submission of application to allocation committee's recommendation
- Number of months from allocation committee's recommendation to council approval
- Number of months from council approval to approval of agreement by the council

* An allocation that does not require council approval for the agreement.

** The council approved an agreement for allocating plot Z4 on the day it approved its execution.

According to the municipality's documents, adapted by the State Comptroller's Office.



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Municipality of Jerusalem

Cultural Events for the Ultra-Orthodox Sector in Hanukkah 2016 in Jerusalem

Abstract



Cultural Events for the Ultra-Orthodox Sector in Hanukkah 2016 in Jerusalem

Abstract

Background

A range of events were held in Jerusalem during the Hanukkah festival of 2016, by or in conjunction with the municipality. These included: Lighting up Jerusalem - a large-scale family event in nine neighborhoods, which was held by Jerusalem's municipality by buying service from the Ariel Municipal Company (Lighting Up Jerusalem Events) and the Hilchot Hanukkah quiz (hereafter - the radio station's Hanukkah event), which was a joint event of the Jerusalem Municipality and a regional radio station. The event was held on December 29, 2016, at the Payis Arena, with about 7,000 men participating. The municipality submitted two support applications to the Ministry for the Development of the Periphery, the Negev and the Galilee (the Periphery Ministry) for cultural events, but in the end no support was transferred.

Key figures

650,000 NIS

The planned cost of the radio station's Hanukkah event, which was held jointly by the Jerusalem Municipality and the regional radio station

1 million NIS

The actual cost of the regional radio station's Hanukkah event

660,000 NIS

The actual contribution of the municipality to the radio station's Hanukkah event

240,000 NIS

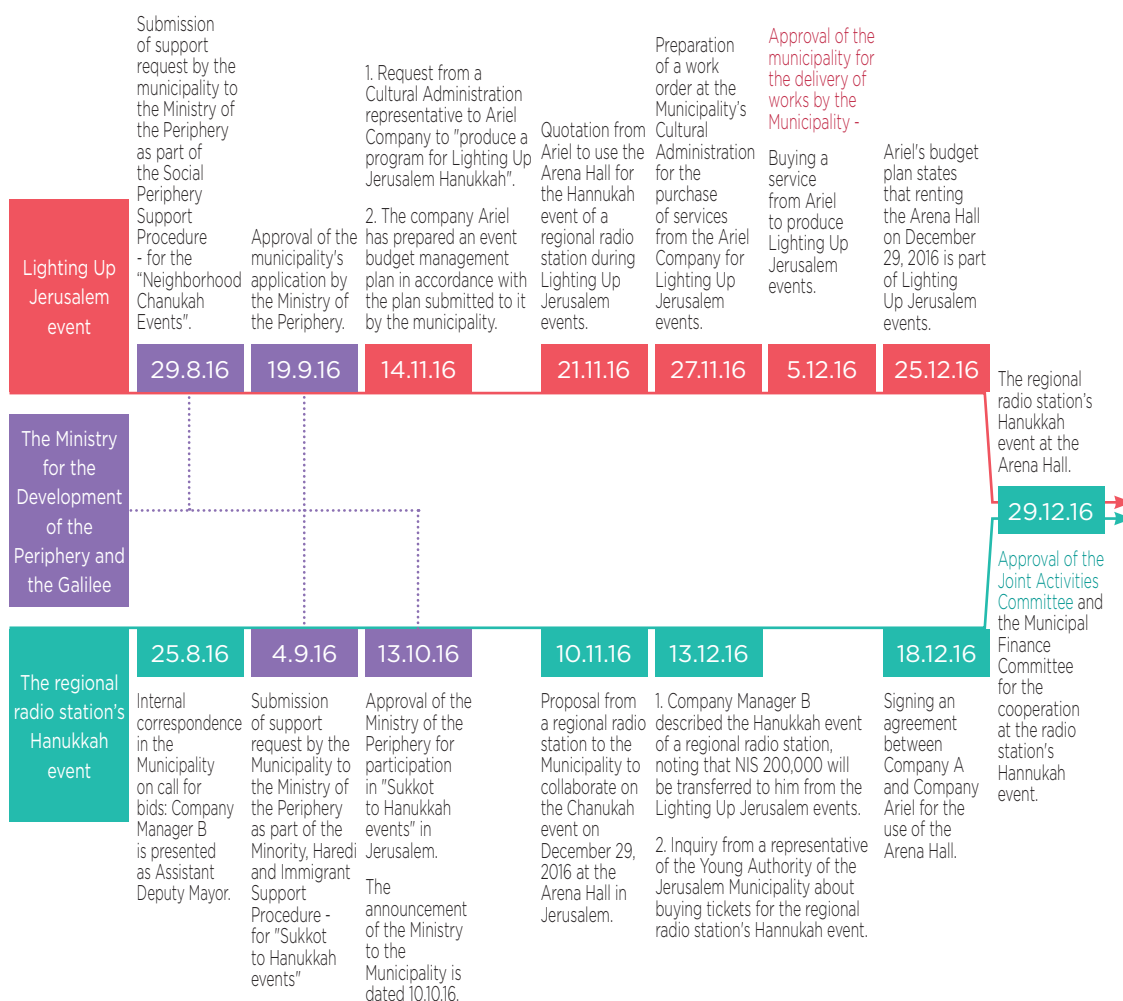
The contribution that the municipality approved for the radio station's Hanukkah event, of which some NIS 140,000 was supposed to be provided by the Periphery Ministry

Audit Actions



From May 2017 to November 2018, the State Comptroller's Office examined issues related to financing and organization of cultural events for the ultra-orthodox sector that were held during Hanukkah 2016 (5777) in Jerusalem and aspects of arranging payments for Lighting up Jerusalem events and for the radio station's Hanukkah event. The audit was conducted at the Jerusalem Municipality, at Ariel Municipal Company and the Ministry of the Periphery. Supplementary examinations were conducted until October 2019.

Time axis - Lighting Up Jerusalem events and regional radio station's Hanukkah event



The Situation Reflected in the Audit Findings



Invoices totaling more than a million shekels were submitted for the radio station's Hanukkah event, which was supposed to cost 650,000 shekels and for which a municipality contribution of 243,000 shekels was supposed to be given. In the end, at least 660,000 shekels from the municipal coffer was provided to finance the event, nearly 3 times the planned contribution.



The Jerusalem Municipality allowed payments from two sources (from the Lighting Up Jerusalem Events budget and the budget of the joint action with the regional radio station), in excess of the budget that was approved for the radio station's Hanukkah event. As a result, 400,000 shekels, representing a third of the Lighting Up Jerusalem events budget, were actually used for financing the radio station's Hanukkah event. Also, the municipality permitted payment from two municipal sources for identical services.



The actual cost of the radio station's Hanukkah event in two parallel tracks:

- The Jerusalem Municipality and the Ariel Municipal Company worked concurrently with two different production agencies, resulting in the municipality paying in excess for its part of the event production.
- Most of the security budget of the Lighting Up Jerusalem events was reallocated to the radio station's Hanukkah event, even though it was not originally intended for it and should have been used for the social periphery events in the Jerusalem neighborhoods.
- The Payis Arena Hall was rented for the radio station's Hanukkah event within the framework of financing for the Lighting Up Jerusalem events, despite the radio station's Hanukkah event not having been approved by the necessary Jerusalem Municipality officials as part of the Lighting Up Jerusalem event.



Payments made by the Jerusalem Municipality to the regional radio station for the radio station's Hanukkah event also raised questions and concerns among municipal officials with respect to the financing of this event as part of the Lighting Up Jerusalem events.



The Jerusalem Municipality was approved support from the Ministry for the Periphery for events of a specific character, but the Municipality reassigned this support to the radio station's Hanukkah event thought the character of the event did not correspond with the events described in the support application and it did so without permission from the Ministry for the Periphery. Also, the Jerusalem Municipality failed to submit the approvals required for getting the support promised from the Ministry for the Periphery in time for the radio station's Hanukkah event and for the Lighting Up Jerusalem events, resulting in the Ministry for the Periphery not transferring NIS 865,000 for all of the Hanukkah events described in this report, which the municipality funded.



Following the audit, the Jerusalem Municipality stated it learned lessons from the case and started to take action to change its cultural event planning, approval and financing processes.

Main Audit Recommendations



The Jerusalem Municipality must examine the approval and payment processes within the Lighting Up Jerusalem activity and its joint activity with the regional radio station and learn the necessary lessons.



The municipality must make sure that its share in the financing of joint activities is within its approved limit and follow its own procedures in this respect, while taking measures to prevent use of additional municipal sources without coordination and approval.



The municipality must make sure that an event's budget is routed for its intended purpose. Also, the municipality must avoid financing one event through two different budgets that have been approved in different budgeting tracks for different events.

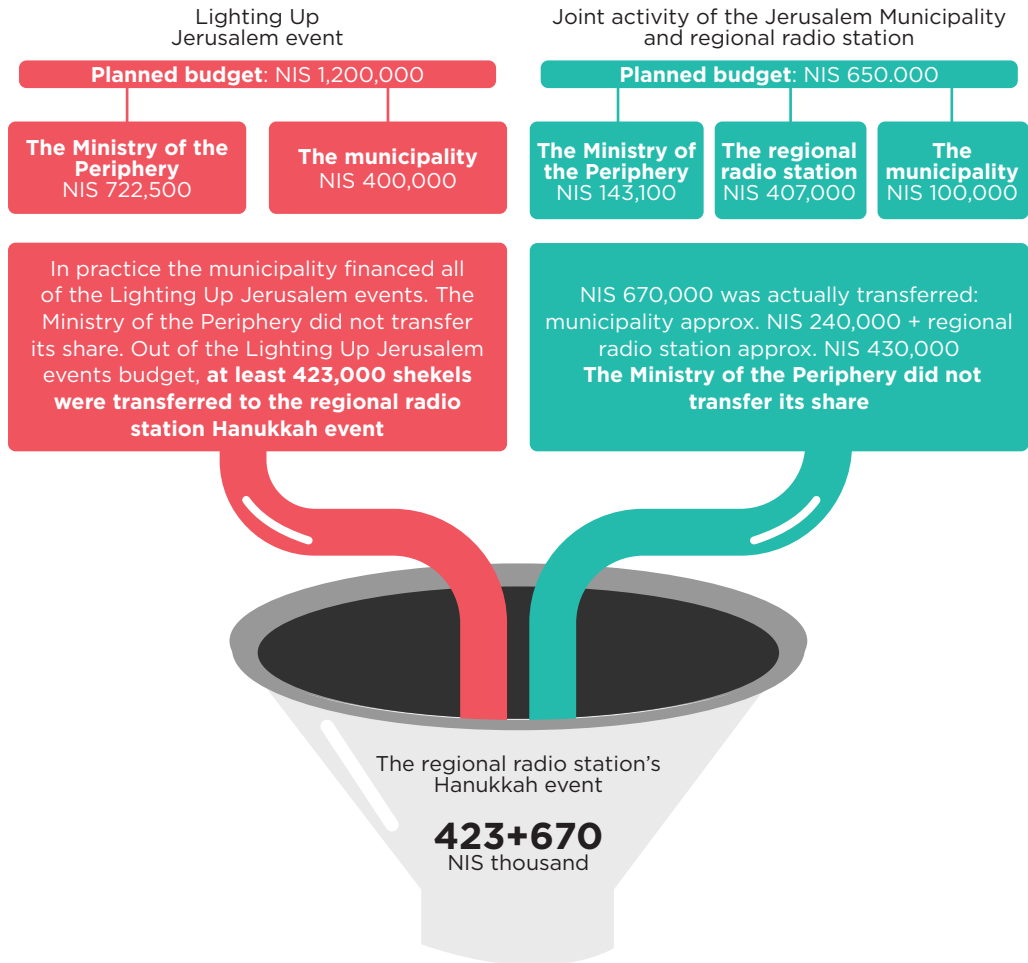


The municipality must regulate its actions for getting Ministry for the Periphery support approvals (and approvals from other ministries to the extent required) so that it can operate within the schedules mandated by good governance rules. Also, the municipality must take care to follow the rules for support that it receives from the ministries, ensure that support funds reach their destinations, and provide the required reports to the financing party.



The Ministry for the Periphery must examine the schedules for producing support approvals to allow local authorities to prepare in advance for events and make sure that only signed approvals are sent.

The regional radio station's Hanukkah event - financing sources



The event's budget was approx. NIS 1 million

*Different versions by the parties involved of the actual cost of the event

According to data from the Municipality of Jerusalem, the Ministry for the Periphery and the regional radio station, processed by the State Comptroller's Office.

** The planned budget of the Ministry for the Periphery, totaling 143,100 shekels, was planned to be used by the municipality, for regional radio station's event, in contradiction to the support application that it submitted to the Ministry for the Periphery, which it subsequently approved.

Summary

This report reveals many flaws in the approval and financing processes for the Lighting Up Jerusalem events and the radio station's Hanukkah event, which were held in Hanukkah 2016. The radio station's Hanukkah event was provided funds intended for the Lighting Up Jerusalem events, in contravention of good governance rules, and the Jerusalem Municipality financed an event that was branded as the Beitar Regional Radio Station's birthday celebration from two parallel financing tracks. For an event that was supposed to cost 650,000 shekels and receive 243,000 shekels as a contribution from the municipality, invoices totaling more than a million shekels were submitted, and the event was financed at the level of 660,000 shekels at least from municipal coffers.

The Jerusalem Municipality's conduct resulted in the Ministry for the Periphery not providing it the support funds that had been approved for it from the two support procedures, totaling about 860,000 shekels, and the municipality provided the proportion that the Ministry for the Periphery was supposed to provide too.

The Jerusalem Municipality must improve the efficiency of its review mechanisms for approving payments for special events, particularly for purchasing service from the Ariel Municipal Company, to prevent similar problematic cases from occurring in the future.





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Chapter 6

Other Issues



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Israel Defence Forces

Occupational Health in the IDF

Abstract



Occupational Health in the IDF

Abstract

Background

The aim of the field of occupational health is to safeguard the wellbeing of people at their workplaces by preventing occupational hazards. IDF High Command Regulations on the subject of safety and hygiene state that “military activity will not be conducted until after consideration of the safety and hygiene aspects arising from it, and as mandated thereby”.

The IDF Surgeon General is the authority who provides professional guidance in the field of “preventive medicine - hygiene”. The functions of the Occupational Health Branch at the Medical Corps HQ include serving as the professional body in regard to prevention of illness resulting from exposure to hazardous materials in workplaces, tracking the execution of Surgeon General instructions on the subject and undertaking reviews of these matters.

Key figures

4.3%

Share of all deaths in the world in 2017 attributed to occupational diseases¹

Approx. **800**

The number of people in Israel dying each year of occupational diseases

1,736

The number of people who contracted occupational diseases in Israel in 2017

79%

of combat servicemen who were referred to the IDF hearing and speech institute in 2017 did not use hearing protection or used earplugs incorrectly

100%

Increase in the number of servicemen with a hearing related medical fitness problem from the beginning of their service until the end of their service²

¹ Diseases caused by significant chronic exposure to occupational risk factors.

² Findings of an analysis of records of 50,000 servicemen who served in the Field Artillery Corps and Armored Corps in 2005 - 2016 conducted by the Medical Corps HQ.







Audit Actions



From October 2018 to July 2019, the State Comptroller's Office conducted an audit of occupational health in the IDF. The audit included, inter alia, the following issues: the staff work and decision making process on forming the Occupational Health Administration in the IDF; implementing the administration's formation; review of the Medical Corps HQ in the field of occupational health; managing information and knowledge in the field; and the protection of hearing of IDF servicemen. The audit was conducted in the IDF and the Ministry of Defense.

The Situation Reflected in the Audit Findings



-  Lack of options in staff work - The staff work documents for setting up an occupational health apparatus in the IDF did not include an examination of various options for formalizing the field, which would include: a presentation of the advantages and disadvantages of each option, comparing them and examining their implications, relevant examples and explanation of reasons for the selected course of action.
-  Four staff positions out of seven approved for 2018 for establishing the IDF's Occupational Health Administration have not been filled yet - The Quartermaster General Branch GHQ has not filled the position of occupational health desk officer that was authorized for it; neither has the armed forces corps allocated or staffed this position. At the Medical Corps HQ, only three of these positions - out of the five authorized - have been filled.
-  There is only partial cooperation between the Medical Corps HQ's Occupational Health Administration and the Chief Safety Officer Headquarters and Army Safety and Quality Assurance Headquarters³.
-  The Medical Corps HQ does not conduct reviews to ensure implementation of the directives prohibiting the use of an installation, equipment or material that endangers human health. Also, the Occupational Health Branch does not conduct GHQ audits in the occupational health field.
-  An occupational health field information system has been developed only partially and it does not provide a satisfactory solution in the information management field. Also, the Medical Corps HQ does not have systematic activity for retention of knowledge existing in the IDF in the occupational health field or sharing it with all relevant entities in the IDF.
-  Surgeon General instructions related to hearing protection for servicemen are not strictly followed, particularly in army corps training exercises.

³ Safety and Quality Assurance Headquarters.



In 2017, the Occupational Health Administration was formed in the IDF, entrusted with mapping of risk factors that may impact the health of IDF servicemen and civilian staff in a range of military frameworks, preventing illness by prevention of risk factor exposure, and conducting risk assessments and risk abatement activities.

Formation of a GHQ situation report in the occupational health field - In September 2019, the Deputy Chief of General Staff instructed the IDF Comptroller to conduct an audit during the 2020 fiscal year of the occupational health field for the purpose of "providing a GHQ situation report".

The Disabled Veteran Rehabilitation Division of the Ministry of Defense, together with the IDF Medical Corps HQ, began examination of claims that were submitted to the Division for injuries (including hearing damage) in 2010 - 2015 in order to show an accurate picture of the situation and provide the IDF information that would allow it to initiate preventive solutions. The Disabled Veteran Rehabilitation Division intends to broaden its investigations into additional years and into claims submitted to the Division in regard to illnesses.

The IDF is preparing to conduct hearing screening tests⁴ for defense service candidates, initially at the Be'er Sheva Recruiting Office.

Main Audit Recommendations

- 💡 The IDF must staff its positions in the Occupational Health Administration and later examine whether the formation of the administration and staffing of the positions led to a reduction in gaps.
- 💡 The Medical Corps HQ must make sure that it possesses the ability and tools required for conducting systematic, periodical review regarding the implementation of the directives prohibiting the use of an installation, equipment or material that endangers human health.
- 💡 The army must deal with the issue of the lack of an occupational health field management system in the IDF and remove existing barriers. Also, the Surgeon General must initiate the formation of an information and knowledge-sharing mechanism in the occupational health field that will assist in education.
- 💡 The army, its corps and field units must act to implement all Surgeon General instructions on protecting servicemen from harmful noise, including with regard to instruction and practice of the correct use of hearing protection equipment. Also they must ensure that servicemen use only Medical Corps approved protective means.

⁴ A screening test that a medic conducts for assessing hearing threshold by air conduction at certain frequencies.

Summary

It is important, even essential, to safeguard the occupational health of IDF servicemen and civilian staff. Despite this, as of the end of the audit, not all mechanisms required for fully managing this field and ensuring its correct functioning had been completed.

The State Comptroller's Office commends the IDF for its efforts in discussing the findings of the draft of this audit report and ordering the correction of flaws back in September 2019 in a discussion held by the Deputy Chief of General Staff.

Shortcomings that the IDF's Occupational Health Administration must address

