



State Comptroller and Ombudsman
Annual Report 70B | 2020

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.

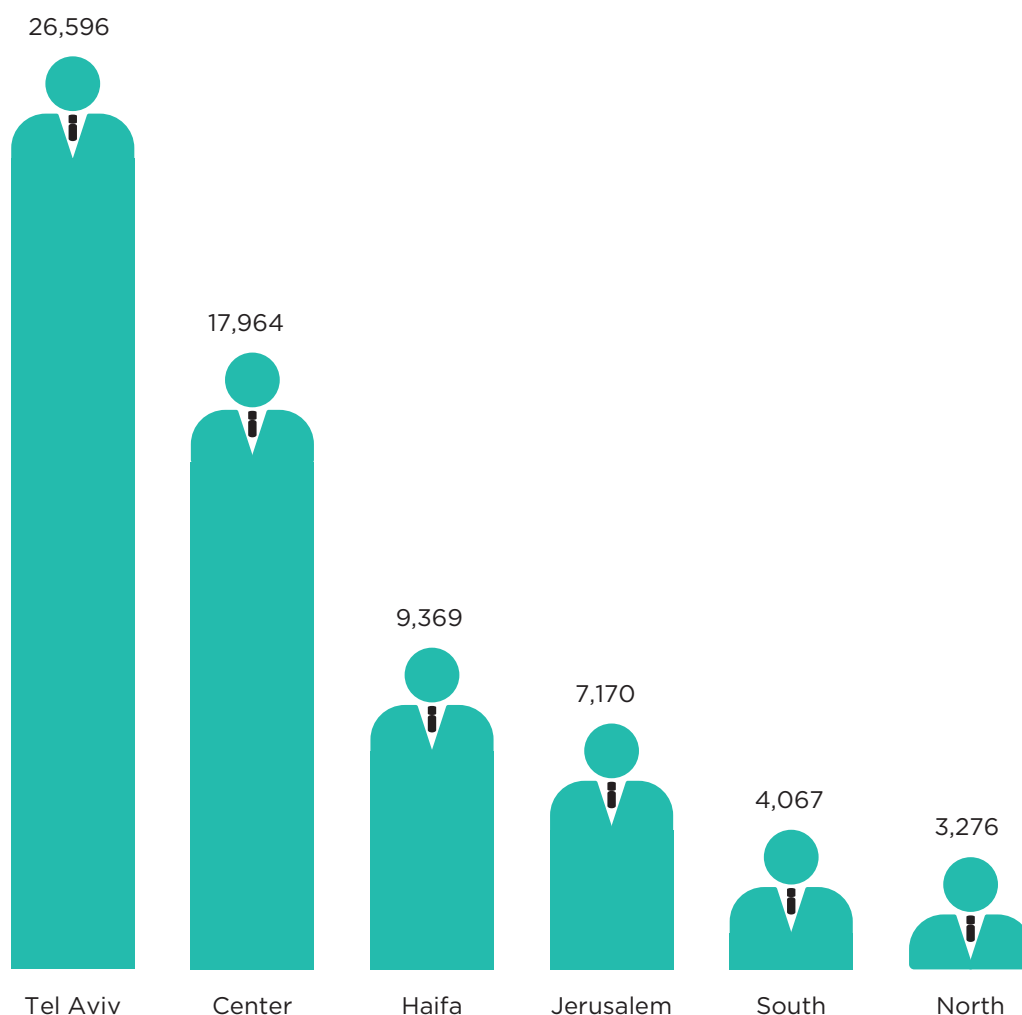
Main Audit Recommendations

-  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.