



Office of the State Comptroller
Annual Report 70C | 2021

**State Institutions,
Government Companies
and Corporations**

**Tevel Project for
Upgrading the
Computing Systems
in the National
Insurance Institute**

Abstract

Tevel Project for Upgrading the Computing Systems in the National Insurance Institute

Background

The Tevel Project for upgrading the computing systems at the National Insurance Institute is one of the largest, most complex and expensive computer projects in the public sector in recent years. The purpose of the project is to improve the service to the public through the implementation of central data infrastructure that will provide a comprehensive view of each insured, while focusing on the full exercise of his rights. The project began in 2010 and was scheduled to continue until 2020. Difficulties arose over the years in managing the project and many delays were caused.

Key figures

ILS 89.2 billion

the total sum of the pension benefits paid by the National Insurance Institute in 2018¹

3.04 million people

the number of pension recipients from the National Insurance Institute in 2018²

47 and 34 years

the ages of the information systems supporting the main pension categories - "old age and dependents" and "general disability," respectively

ILS 123 million

estimate of the annual reduction in overpayments and underpayments to insureds if the Tevel Project is fully implemented³

ILS 755 million

the budget utilized in the project up until the audit completion date,⁴ which reflects an increase of about 58% comparing to the budget approved for the project in 2009 (which was ILS 477 million)

November 2016

the initial operation date of the system in the project: the medical committees system relating to work injuries, which considerably improved the work processes (shift to work using computerized customer files)



1 Estimate including administrative expenses, according to the National Insurance Institute's budget proposal for 2019.

2 This number does not include 2.7 million children in the "Savings for Each Child" program.





3 Based on estimates presented by the project manager to the steering committee in June 2017.

4 This sum is based on National Insurance Institute data, whereby the budget utilization totalled about ILS 705 million, and on the Office of the State Comptroller's estimate totalling about ILS 50 million in respect of additional costs (such as direct human resources and consultants).

Audit actions




-  From February to November 2019, the Office of the State Comptroller conducted an expanded follow-up audit of the Tevel Project in the National Insurance Institute. The audit examined mainly the management of the project contents, its budget and work plan, including the rectification of deficiencies that the State Comptroller had pointed out in his report from 2015. Information security aspects of the project and the professional relations with the Government Information and Communication Technology Authority in the of the Prime Minister's Office were also examined.
-  The subcommittee of the Knesset State Control Committee decided not to submit to the Knesset and not to publish parts of this report for national security reasons, pursuant to section 17 of the State Comptroller Law, 1958 [Consolidated Version]. The classification of these parts does not prevent the understanding of the fundamental issues raised in this audit.

Key findings

-  The National Insurance Institute implemented several important and advanced systems within the framework of the project, but it is only a small portion of the systems originally planned in 2009: out of 31 systems in the core content, only 5 systems were implemented after a decade had passed since the launch of the project, and even this, only partially compared to the planning.⁵
-  Notwithstanding the partial execution of the contents, the budget utilized by the audit completion date exceeded the original planned budget by about 58% (about ILS 755 million were utilized, while the original budget approved for the project in 2009 was ILS 477 million).
-  As a result of the crisis that the project encountered in 2017, the National Insurance Institute re-examined its status and delineated the plan for continuing the project until the end of 2019, which included leaner content than in the original planning. It was found that a substantive delay in the planned activities occurred in 2019 due to numerous problems – this after most of the budget approved for the project had already been utilized.
-  It was found that the project budget did not include all of the direct costs attributed

5 The insureds system was implemented in relation to customer data but not in relation to the insurance; a financial services system was implemented in relation to pension benefits but not in relation to collections; a medical committees system was implemented solely in relation to work injuries; and general disability and special services systems (including medical committees) are in deployment stages.

to the project, such as direct human resources and engagements with consultants. These costs totalled about ILS 50 million for 2010 – 2019⁶ (about 7% of the inclusive cost of the project).

-  During the first half of 2019, the National Insurance Institute continued implementing the project without reaching an agreement between the entities involved concerning the existence of a detailed annual work plan. This could damage the performance of the budgetary control over the project as is required.
-  Within the risk survey performed by the National Insurance Institute for all information systems in the organization, some of the teleprocessing and information-security risks were mapped, but the feasibility of each risk and the potential damages were not estimated, even though some of the systems contain sensitive information.
-  The National Insurance Institute performed resiliency tests for one of the Tevel systems more than one year after the system was already activated.




In recent years, there has been significant improvement in the National Insurance Institute's senior management's involvement in the project. This involvement contributed to the resolution of material problems advancing the project and led to an examination and improvement of the work processes.

The National Insurance Institute's decision to form a budget control team headed by its comptroller contributed greatly to improving the individual supervision and control of the project budget.





The involvement of the National Insurance Institute's employees (the system's customers) in the various project implementation proceedings, and mainly in the assimilation stages, is an important component of its success.

Key recommendations

-  The National Insurance Institute should: analyze the reasons for the instances of nonconformance with the timetables and for the problems implementing the content; appoint a senior officer to be responsible for approving the changes in the project; and examine the existing work processes that may be simplified in order to reduce the number of necessary developments. It is also advisable to examine the attribution of all project costs to its budget.

⁶ According to the Office of the State Comptroller's estimate.







-  The National Insurance Institute should make sure that the project will operate according to the detailed annual work plan agreed upon by all stakeholders involved in order to enable optimal allocations of its resources and supervision of its progress.
-  It is advisable that the National Insurance Institute should tighten its professional relations with the Government Information and Communication Technology Authority in relation to the project in order to reap benefit from the authority's experience in finding solutions to problems that arose during the project.
-  It is appropriate that the National Insurance Institute should examine ways to expand its cooperation with the Government Information and Communication Technology Authority and the professional knowledge exchanges between them also in relation to additional teleprocessing issues in order to improve the efficiency of the service to the public. It is also advisable to consider adding the National Insurance Institute to the gov.il website, which assembles all of the government services and information for citizens, and to consider information sharing between the National Insurance Institute and government ministries within the framework of the government resolution of 2016,⁷ which would contribute to promoting the concept of "the insureds are in the center."
-  The National Insurance Institute should regularly and thoroughly manage information-security risks in the Tevel systems during all project stages, should rectify at maximum speed all deficiencies found during the resiliency tests being conducted on these systems and should take action to conduct resiliency tests in every additional system that shall be established in the Tevel Project before it is activated.

⁷ Government Resolution 1933 – "Improving Government Information Transfers and Making Government Databases Accessible by the Public." [30.8.16].

The project's original planning in 2009 and the implementation status in July 2019

According to National Insurance Institute data; processed by the Office of the State Comptroller.
Diagram texts:

	Original planning in 2009	Actual implementation up to July 2019
 Budget	477 ILS million	755 ILS million
 Project completion timetable	11 years until 2020	Unknown
 Core content	31 systems	5 systems*
 HQ content (ERP)	10 modules	3 modules

*partially



Summary

Tevel is a resource-intensive, technologically complex project that is expected to continue for another few years. The progress in the project is of high importance, both in terms of the need to improve the service to insureds and in terms of other aspects, such as preventing errors in the exercise of the insureds' rights and savings in erroneous payments. The extensive implementation gaps compared to the project's implementation plans are forcing the National Insurance Institute to continue using old systems in many spheres of activity, and are impeding the upgrading of the service to the public in additional pension benefit categories. The National Insurance Institute should thoroughly examine the project assessment and planning processes and maintain close monitoring of the progress in achieving the project's milestones at each stage in order to prevent additional implementation delays.