STATE OF ISRAEL

THE STATE COMPTROLLER

The State of Israel Response to the COVID-19 Crisis

Special Interim Report

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Foreword

We are in the midst of the second COVID-19 pandemic outbreak that is shaking the world and the State of Israel, significantly impacting our life and testing our personal and national resilience. During these times I believe that it is important for the State Comptroller's Office to continue its activity, subject to the current challenges, in order to improve the activity of Government authorities.

Our office monitored the Government's activity during the first wave, and during the first outbreak already began to conduct audits regarding several issues pertaining to the handling of the COVID-19 crisis and its effects, similar to the audits conducted in other countries in Europe and in the United States. These audits provided interim findings, and rectifying them could improve the functioning of government and public systems in handling the COVID-19 pandemic and the service provided to the public. In light of the importance of this issue, and the added value in correcting the deficiencies as quickly as possible, I found it appropriate to submit the interim findings to the Knesset and to publish these findings to the public.

This special report is published further to the interim findings published in September 2020 regarding the Government's handling of individuals who are unemployed as a result of the COVID-19 pandemic outbreak. The current report includes chapters addressing the Tax Authority's preparedness for the crisis and the Israeli Security Agency's (ISA) locating system during the crisis. It also includes interim findings on various matters, from the perspective of the individual, regarding the health system and the education system. I would like to stress that these interim findings were raised during audits still being conducted, and that these matters will be included in a complete and comprehensive report regarding the Government of Israel's handling of the COVID-19 crisis. The report is expected to be published in the course of 2021.

This audit report is published in addition to a special report of the State Ombudsman in my office that was published in September 2020. This report surveys the State Ombudsman's activity during the crisis and describes the complaints received during the first wave of the COVID-19 crisis, up to June 2020.

The importance of the matters examined is particularly evident at this time, in the midst of the second wave of the COVID-19 pandemic, and in light of the ensuing material implications regarding all matters relating to health, education and economic needs, in the aim of assisting the populations affected during and following the crisis, such as the Elderly, unemployed and furloughed individuals, and in respect of other needs as well. In such a reality, it is of great importance for the Government to act in a proper, efficient and effective manner.

The audit regarding **Aspects of the Tax Authority's activity during the COVID-19 crisis** indicated that, despite the Authority's rapid and advance preparation for ongoing functioning during the COVID-19 crisis, its customer service had difficulty providing a quick and efficient response to inquiries. Furthermore, deficiencies were found in the awarding of grants as determined by the government. It is recommended that the Tax Authority act to rectify the deficiencies s in order to improve its preparedness to operate alongside the COVID-19 crisis, and that in preparing to continue to contend with the pandemic, it periodically examine the economic damage caused to certain sectors and businesses, and accordingly assist in formulating exemptions for them.

In light of Israel's handling of the extensive spread of the COVID-19 pandemic, the Israeli Security Agency was authorized, initially by the government and subsequently by virtue of laws legislated by the Knesset, to contribute to the national effort to reduce the spread of the virus, by collecting and processing technological data. The audit regarding **Utilization of General Security Service's Technological Capabilities to Assist the Ministry of Health's Epidemiological Studies** found that the tools operated by the ISA did not enable it to fully fulfil the mission it received. Furthermore, the outputs of its activity reflect the potential of many individuals entering isolation, among them many who did not come in close contact with an infected individual. Considering the audit findings it is recommended to include the ISA findings, in a comprehensive and in-depth epidemiological investigation by questioning the infected individual. Furthermore, the Ministry of Health and the Ministry of Intelligence, with the assistance of the National Security Council, should act to effectively implement alternative digital means in lieu of the ISA tracking system. The Knesset State Audit Committee's sub-committee decided to maintain the confidentiality of certain parts of the State Comptroller's Office report regarding this matter in order to protect national security in accordance with section 17 to the State Comptroller Law, 5718-1958 [consolidated version].

In light of the interim findings regarding **Infrastructure for Remote Learning and Alternative Learning Spaces During the COVID-19 Crisis**, it is recommended that the Ministry of Education urgently complete the mapping of available end-user means in the homes of pupils and teachers, as well as access to internet connection; and act to urgently provide end-use means to pupils and teachers who do not possess such means, inter alia by engaging the third sector in distributing computers to disadvantaged pupils. It is also recommended that the Ministry of Education examine the matter of increasing the use of open spaces outside schools to conduct learning and meetings during this period.

The audit regarding **Care for Senior Citizens in Residential Care Facilities During the COVID-19 Crisis** found that 71,100 senior citizens resided in out-of-home institutions in April 2020, and that their share out of all COVID-19 deceased patients up to October 2020 was 36%. It is recommended that the Ministry of Health comprehensively examine various ways to isolate those residing in the institutions as a solution for stopping the contagion. It is also

recommended that the Ministry of Health examine the possibility of increasing the amount of tests performed to residents and workers in these institutions on weekends, due to the fact that according to the data as of August 2020 the number of tests performed on these days in the general population was more than 50% lower than during the other days of the week. It is also recommended that the Ministry of Health consider ways to optimally utilize the COVID-19 departments in geriatric hospitals for hospitalizing senior citizens.

On the issue of **Taking Samples and Laboratory Testing for Diagnosing COVID-19**, the findings indicate that there are 40 COVID-19 -testing laboratories in Israel; from mid-July to mid-August about 25,000 tests a day were administered on average. About 2 million COVID-19 tests were administered in Israel up to August 9, 2020. In light of the findings in this chapter it is recommended that the Ministry of Health find ways to improve the efficiency and shorten test processes and fully complete the collection of the data regarding the duration of the sampling and testing process; that it instruct to conduct quality assurance tests during the sampling stage; and that it analyze the reasons for incorrect test results and act to reduce their number. The Ministry of Health should consider the instruction to perform periodic tests for COVID-19 for the treatment and medical teams that come in contact with patients with a confirmed COVID-19 infection or with at-risk populations. The Ministry of Health should examine alternatives to the use of Styrofoam packaging for transporting the tests, that pollutes the environment.

The audit regarding **Community Health Services During the COVID-19 Crisis** indicated a 50% decrease in in-person visits to clinics in March-April 2020 compared to January-February the same year; the medical condition of some of the patients was severe, and avoiding a visit to a community clinic or to the hospital endangered their life. The audit also found that 3.4 million flu vaccines had been ordered, and that at the beginning of September 2020 preparedness for vaccinations had not been completed. To ensure that the largest possible population will be vaccinated against the flu, and that the vaccines will be performed safely and in a timely manner, it is recommended that a systemic plan for vaccinations be formulated. It is also recommended that the Ministry of Health, in collaboration with the Israel Medical Association professional unions, conduct a process for drawing conclusion regarding remote medicine based on the experience gained to date in this matter, and act to maintain the capabilities developed during the COVID-19 pandemic in order to elaborate and implement relevant regulations during routine times, in preparation for the outbreak of additional waves, should there be any.

The audit regarding **Epidemiological Studies to Break the Chain of Transmission** indicated that during the audit period (May-August 2020) the Ministry of Health did not have an advanced investigation system for an efficient management of the epidemiological investigation process. A random sample of 76 investigations conducted in the Jerusalem District in June and July 2020 indicated that about 64% of the epidemiological investigations began after four days or more after the diagnosis, even though the effective time to conduct such an investigation is 24-48 hours after receiving a positive

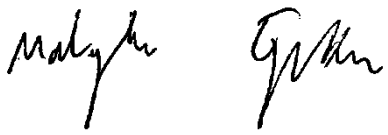
laboratory test's result and until the epidemiological investigation is completed. The audit also found that the investigations were documented on manual forms which are entered into an investigation management system at a later time, and that the part of the data entered is mainly based on free text, and not entered as a "smart" computerized form where data is selected from a list. Furthermore, even after increasing the number of epidemiological investigators, in September 2020 their percentage in Israel still remained small relative to their percentage in other countries.

This report reflects the State Comptroller's vision and goals, among them conducting constructive, relevant, objective and respectful audit that is facing future challenges, improving its activity and advancing the fulfillment of its mission for the public's benefit. The audit focuses on social issues, among them the service provided to individuals, as well as on the significant risks affecting the activity of the audited bodies, and acts to implement norms of integrity and propriety in government activity and public administration.

The audit, whose findings are presented in this report, was conducted by the Social and Welfare Division, the Economic Departments Division and the Defense Establishment Division in the State Comptroller's Office. I would like to thank the employees of these divisions as well as the other State Comptroller's Office employees involved in conducting this report for their professional, thorough and efficient work within a short timeframe, particularly during the COVID-19 pandemic outbreak.

The audited entities must act quickly and efficiently to correct the deficiencies that have not been rectified yet in order to improve the future handling of the COVID-19 crisis.

I wish us all optimal handling of the COVID-19 crisis and a safe return to routine life.



Matanyahu Englman
State Comptroller
and Ombudsman

Jerusalem, October 2020

Office of the State Comptroller | 2020

The State of Israel Response to the COVID-19 Crisis
Special Interim Report

Introduction

Background

At the end of December 2019, there was an outbreak in China of the coronavirus (SARS-Co.-2) which causes COVID-19 disease. From mid-February 2020, the virus began to spread rapidly to other countries, and by early April 2020, it had already spread to over 200 countries. On 11.3.20, about three months after the first outbreak, the World Health Organization declared COVID-19 a global pandemic. The outbreak is a global crisis, and as of 31.8.20, there is still no vaccine against the virus. On that date, the number of active cases in Israel totaled 20,673 of which 458 were hospitalized in serious condition. The number of deaths reached 919[1].

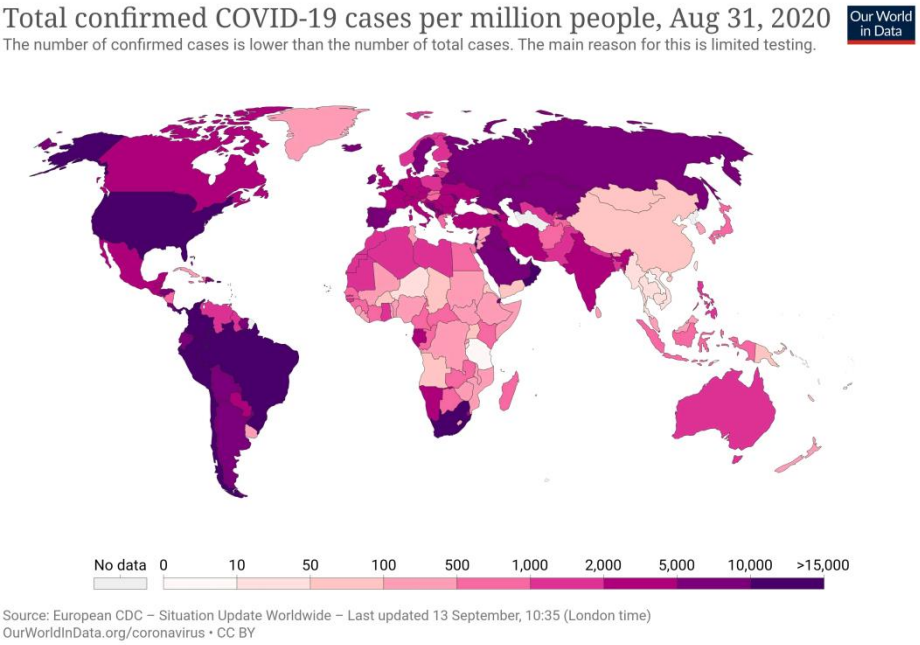
Global Overview

Following the outbreak of the pandemic, countries all over the world set restrictions on movement and gathering, social distancing, cancellation of events and imposed instructions regarding the reduction of activity, and full or partial lockdowns. The purpose of all these measures was to isolate confirmed cases from their surroundings in order to break the chain of infection. The measures led to a sharp decline in the number of active employees, to partial or full closure of many branches of the economy, and a slowdown in production and global trade.

Figure 1 below presents the global situation in terms of verified cases of COVID-19 per million population by 31.8.20:

1 Based on the daily situation report published by the National COVID-19 Information & Knowledge Center

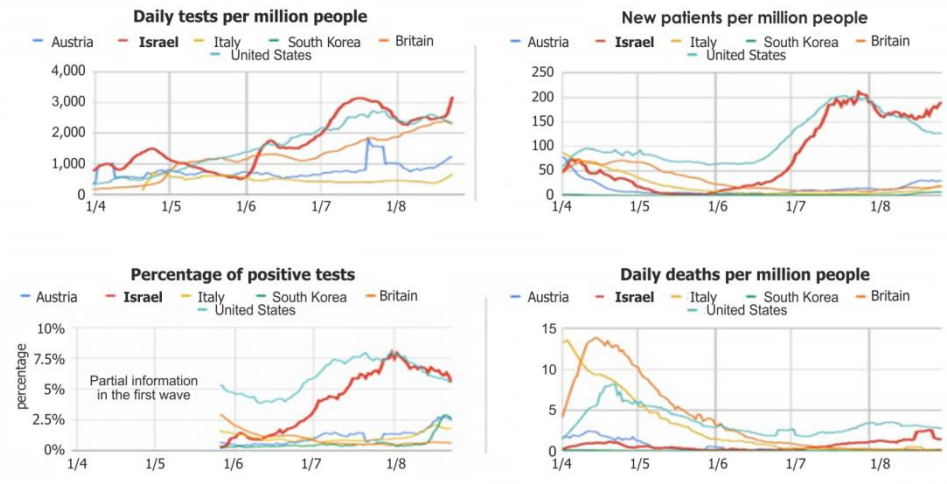
Figure 1: **Verified COVID-19 cases per million by 31.8.20 – global situation**



Source: Website of the European Center for Disease Prevention and Control

Below is a picture of the morbidity situation in Israel[2], compared to the situation in a number of other countries in April-August, 2020, as published by the National COVID-19 Information & Knowledge Center.

Figure 2: **Morbidity in Israel compared to the situation in a number of other countries, April-August 2020**



Source: Daily status update- 31.8.20, National COVID-19 Information & Knowledge Center

2 Differences between measurement methods used in different countries may affect the comparison.

Morbidity in Israel

Figures 3 and 4 present the COVID-19 morbidity situation in Israel:

Figure 3: **Cumulative number of patients in Israel from the outbreak of the pandemic to 31.8.20**

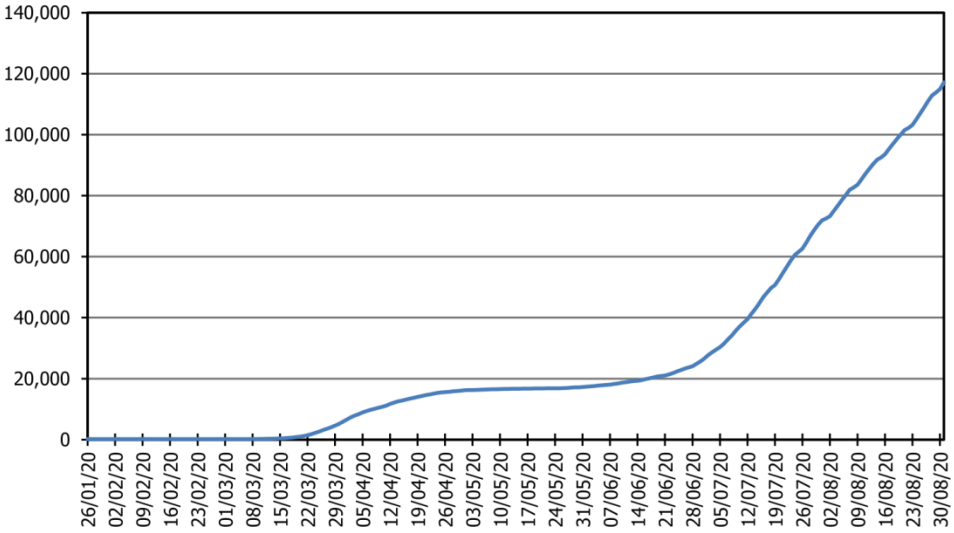
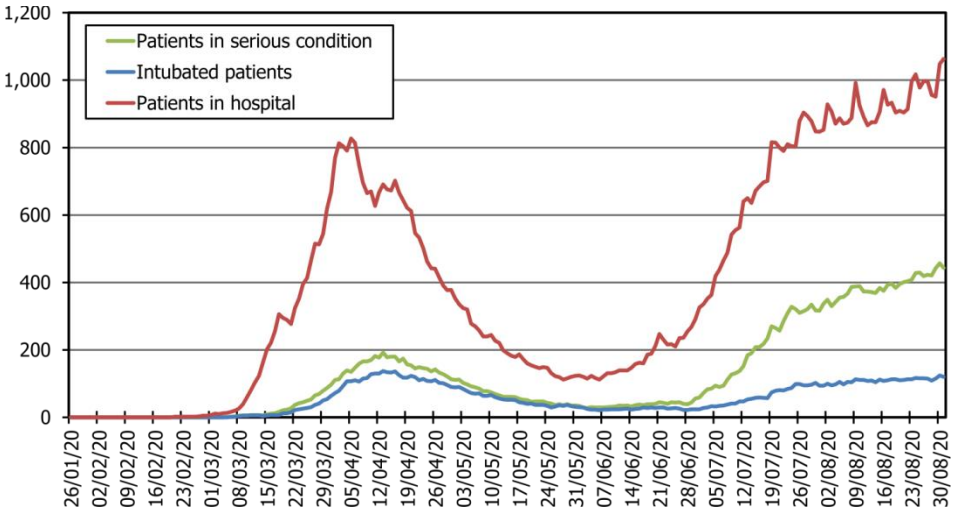


Figure 4: **Cumulative number of patients in hospital, intubated patients , and in serious condition[3] in Israel from the outbreak of the pandemic to 31.8.20**



Source: Ministry of Health website, data retrieved on 15.9.20 and processed by the State Comptroller's Office.

3 Note that on 7.7.20 the World Health Organization changed the definition of "seriously ill patient" and consequently the definition was also changed in Israel. This led to a rise in the number of patients deemed to be in serious condition.

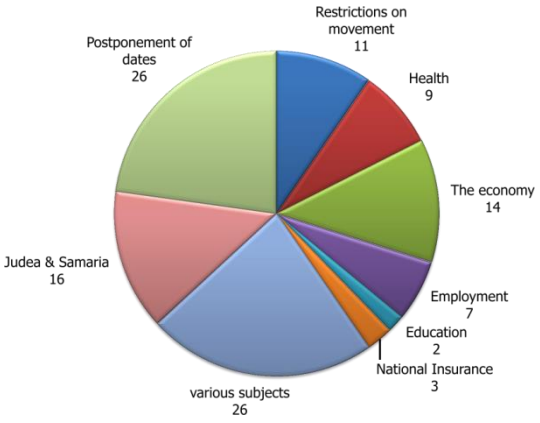
How Israel Handled the COVID-19 crisis

In order to handle the pandemic, the Government of Israel took a range of steps, affecting, inter alia, the following areas:

1. Imposition of restrictions on movement, according to the morbidity situation.
2. Preparing plans for financial aid to the economy, at three levels:
    a. Ensuring "social subsistence", including the payment of grants to the self-employed and employees who were fired or sent on unpaid leave, distribution of one-time grants by the National Insurance Institute.
    b. Payment of grants to ensure continuing economic function and to prevent a chain of economic collapse; this included fixed expenses grants. .
    c. Distribution of Employment grants and incentives to increase productivity, in order to assist the economy to recover from the crisis and return to economic growth.
3. Breaking the chains of infection by issuing temporary and future instructions to define the criteria for COVID-19 testing for the entities involved in the testing procedures, for the duration of time to provide test results, etc.
4. Closing the education system and moving to remote learning.

Since the beginning of the crisis, there have been 114 publications, including laws, regulations, injunctions and instructions. During this period, the Government set regulations by virtue of Section 39 of the Basic Law: Government, which authorizes the Government to institute emergency regulations in order to protect the state and public safety and ensure the continuing of the essential supplies and services. Figure 5 below shows quantitative segmentation of primary and secondary legislation by subject, from the beginning of the crisis until 21.9.20:

Figure 5: **Quantitative segmentation of primary and secondary legislation[4], from the outbreak of the COVID-19 crisis to 21.9.20, by subject**

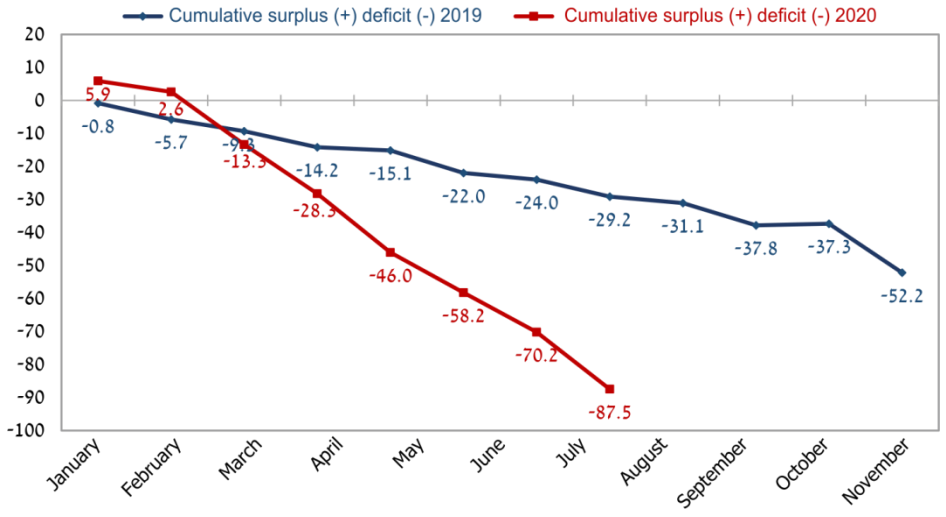


4 The quantitative data include publications no longer in force or canceled.

Economic Impact

The restrictions on movement that were imposed on the population led to the closure of of supply (factories, shops, service providers), a drop in global trade, and a drop in demand, and the impact of all this on the global and domestic economy was significant, as the following figures show.

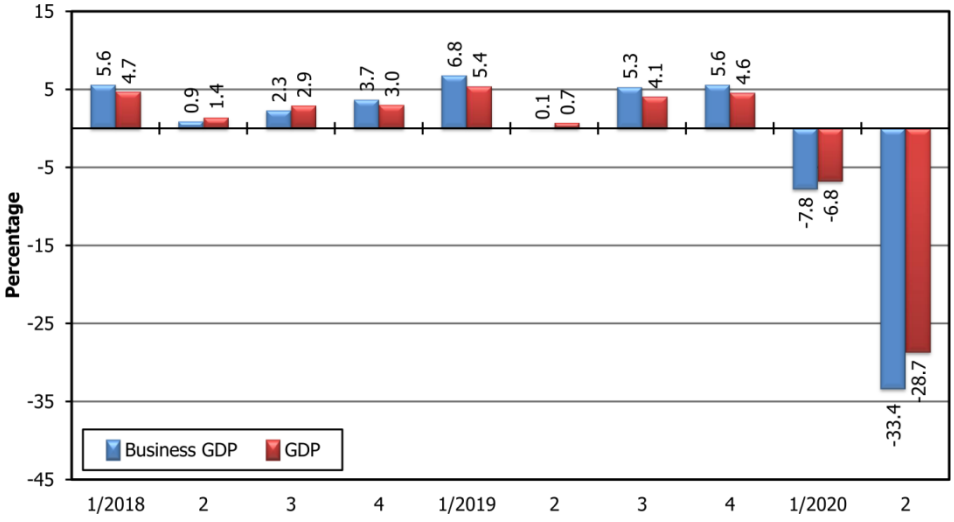
Figure 6: **Cumulative surplus or deficit without giving net credit for the years 2019-2020 (current prices, billions of NIS)**



Source: Website of the Accountant General

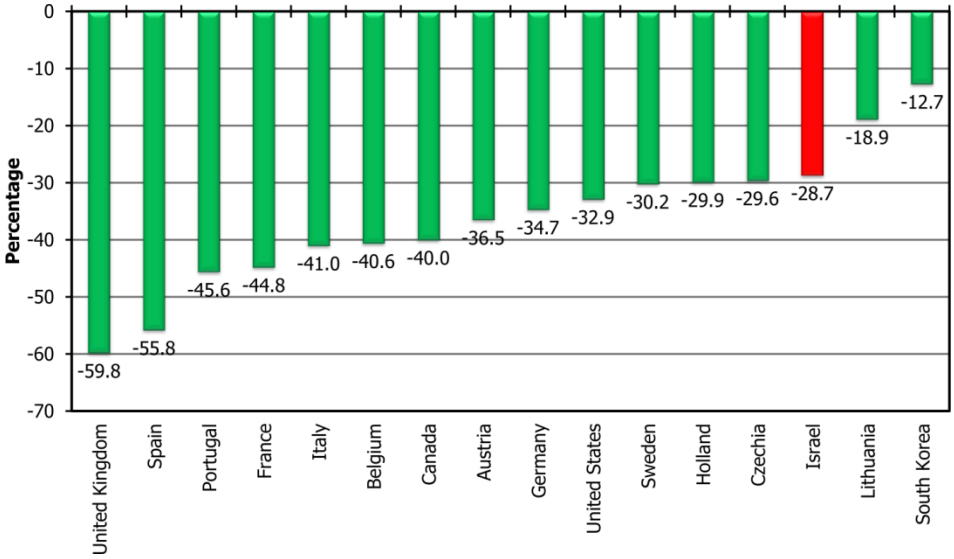
Below are figures from the Central Bureau of Statistics regarding changes in gross domestic product in Israel from the first quarter of 2018 to the second quarter of 2020.

Figure 7: **Changes in Israel's Gross Domestic Product from the first quarter of 2018 to the second quarter of 2020, quantitative change against the previous quarter by annual calculation**



Source: Website of the Central Bureau of Statistics

Figure 8: **GDP in Israel in the second quarter of 2020, compared to other countries, quantitative change by annual calculation, discounting seasonality**



Source: Website of the Central Bureau of Statistics

The Purpose and Content of the Report

This report is partly an interim report, towards future publication of a comprehensive report on how Israel dealt with various aspects of the State of Israel's handing of the COVID-19 crisis in 2021.[5] This report presents the interim findings raised in the audit carried out until early September 2020,[6] including the recommendations of the State Comptroller's Office. The purpose of the report is to point out to the audited bodies

Deficiencies that can be rectify immediately to improve their function, including the service provided to the public, with respect to the pandemic.

The report contains eight chapters and deals with a wide range of issuess, including a chapter presenting the interim findings on how the Government handled with the unemployed and job seekers during the crisis, which was published on 10.9.20. The issues were chosen because of their impact on the public, and because the correction of the deficiencies that were found is possible in the immediate term. The issues are as follows:

a. Aspects of the Tax Authority's Activity During the COVID-19 Crisis

b. Utilization of General Security Service's Technological Capabilities to Assist the Ministry of Health's Epidemiological Studies

c. Taking Samples and Laboratory Testing for Diagnosing COVID-19

d. Epidemiological Studies to Break the Chain of Transmission

e. Care for Senior Citizens in Residential Care Facilities During the COVID-19 Crisis

f. Community Health Services During the COVID-19 Crisis

g. Infrastructure for Remote Learning and Alternative Learning Spaces During the COVID-19 Crisis

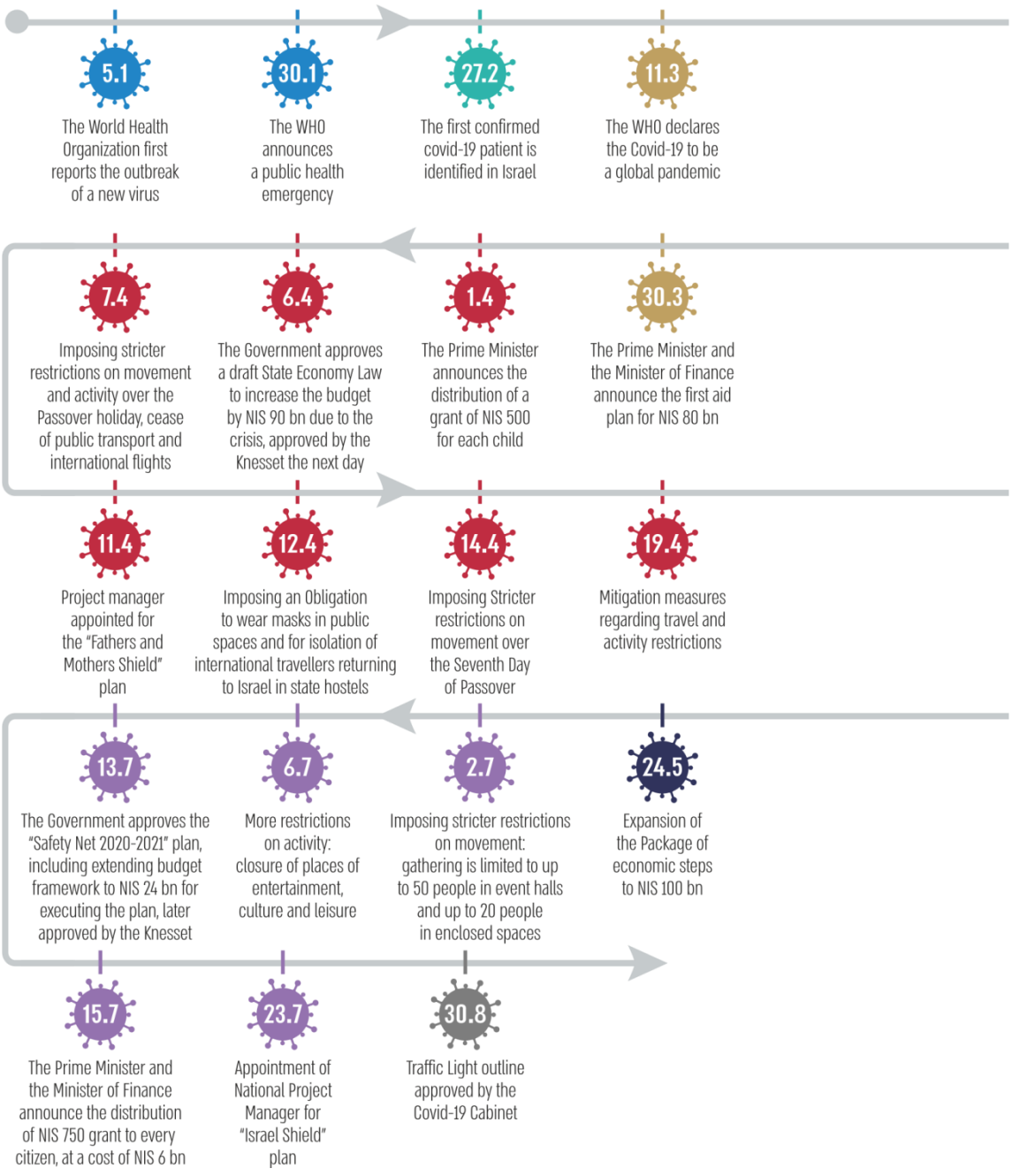
h. Government Handling of Job Seekers and the Unemployed During the COVID-19 Crisis

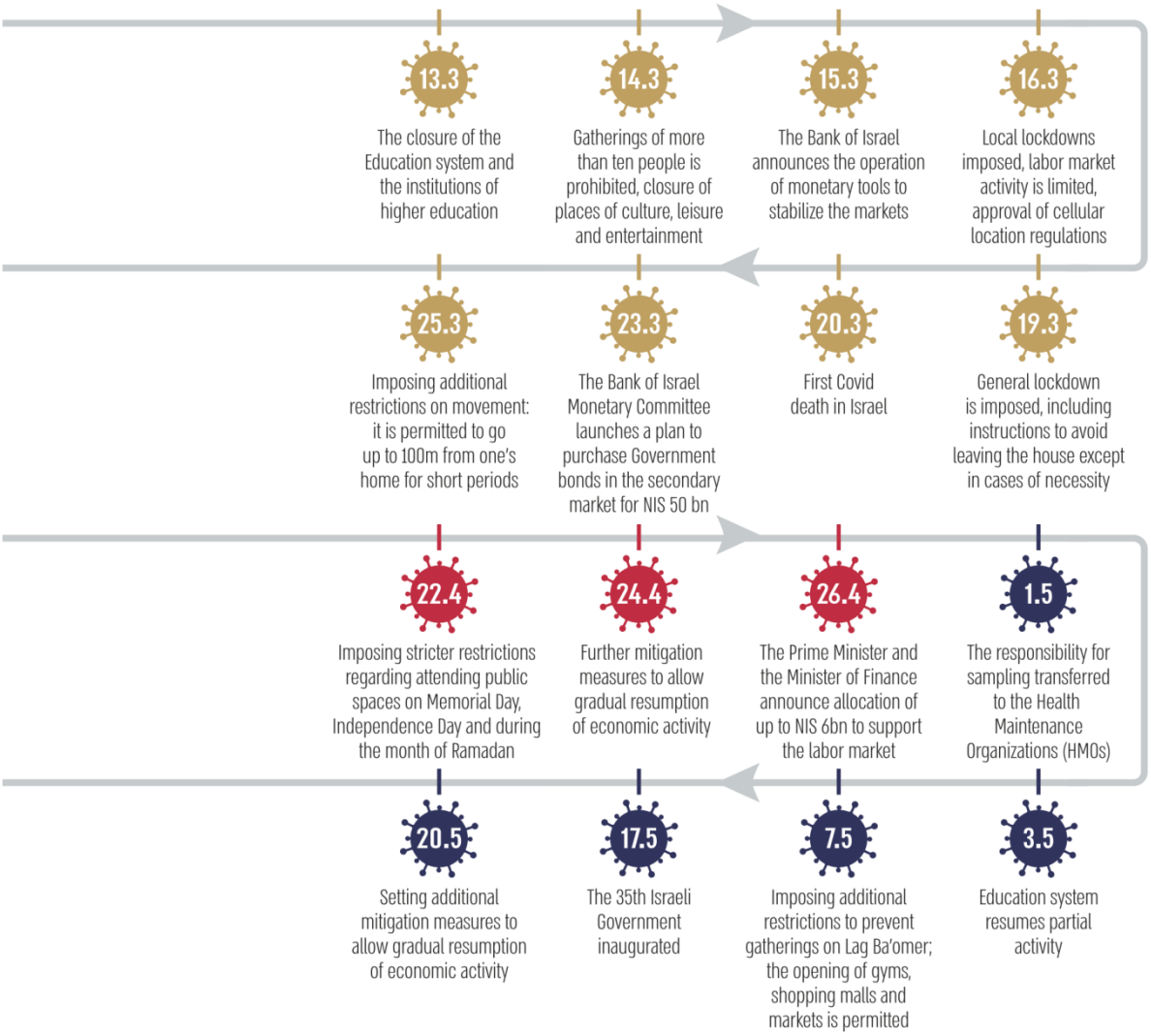
Note: Chapters A and B are final reports, while Chapters C-H contain interim findings.

5 It is noted that on 8.9.20 the state Ombudsman in the State Comptroller's Office published a report following the crisis.

6 The Audit of the Tax Authority's activity was completed in June 2020.

Timeline of Events from the Corona Outbreak until 31.8.20


5.1
The World Health Organization first reports the outbreak of a new virus
30.1
The WHO announces a public health emergency
27.2
The first confirmed covid-19 patient is identified in Israel
11.3
The WHO declares the Covid-19 to be a global pandemic
7.4
Imposing stricter restrictions on movement and activity over the Passover holiday, cease of public transport and international flights
6.4
The Government approves a draft State Economy Law to increase the budget by NIS 90 bn due to the crisis, approved by the Knesset the next day
1.4
The Prime Minister announces the distribution of a grant of NIS 500 for each child
30.3
The Prime Minister and the Minister of Finance announce the first aid plan for NIS 80 bn
11.4
Project manager appointed for the "Fathers and Mothers Shield" plan
12.4
Imposing an Obligation to wear masks in public spaces and for isolation of international travellers returning to Israel in state hostels
14.4
Imposing Stricter restrictions on movement over the Seventh Day of Passover
19.4
Mitigation measures regarding travel and activity restrictions
13.7
The Government approves the "Safety Net 2020-2021" plan, including extending budget framework to NIS 24 bn for executing the plan, later approved by the Knesset
6.7
More restrictions on activity: closure of places of entertainment, culture and leisure
2.7
Imposing stricter restrictions on movement: gathering is limited to up to 50 people in event halls and up to 20 people in enclosed spaces
24.5
Expansion of the Package of economic steps to NIS 100 bn
15.7
The Prime Minister and the Minister of Finance announce the distribution of NIS 750 grant to every citizen, at a cost of NIS 6 bn
23.7
Appointment of National Project Manager for "Israel Shield" plan
30.8
Traffic Light outline approved by the Covid-19 Cabinet


13.3
The closure of the Education system and the institutions of higher education
14.3
Gatherings of more than ten people is prohibited, closure of places of culture, leisure and entertainment
15.3
The Bank of Israel announces the operation of monetary tools to stabilize the markets
16.3
Local lockdowns imposed, labor market activity is limited, approval of cellular location regulations
19.3
General lockdown is imposed, including instructions to avoid leaving the house except in cases of necessity
20.3
First Covid death in Israel
23.3
The Bank of Israel Monetary Committee launches a plan to purchase Government bonds in the secondary market for NIS 50 bn
25.3
Imposing additional restrictions on movement: it is permitted to go up to 100m from one's home for short periods
1.5
The responsibility for sampling transferred to the Health Maintenance Organizations (HMOs)
26.4
The Prime Minister and the Minister of Finance announce allocation of up to NIS 6bn to support the labor market
24.4
Further mitigation measures to allow gradual resumption of economic activity
22.4
Imposing stricter restrictions regarding attending public spaces on Memorial Day, Independence Day and during the month of Ramadan
3.5
Education system resumes partial activity
7.5
Imposing additional restrictions to prevent gatherings on Lag Ba'omer; the opening of gyms, shopping malls and markets is permitted
17.5
The 35th Israeli Government inaugurated
20.5
Setting additional mitigation measures to allow gradual resumption of economic activity



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The State of Israel Response to the COVID-19 Crisis
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Aspects of the Tax Authority's Activity During the COVID-19 Crisis

Abstract

BACKGROUND

The Israel Tax Authority is responsible for collecting direct and indirect taxes, ensuring the legality of imports and exports, paying compensation for damage caused by hostilities, and paying the work grant. These functions are of particular importance at a time of economic crisis and a contraction in economic activity.

Because of the COVID-19 crisis, during March-April 2020, 74% of businesses in Israel suffered significant economic damage, and turnover dropped in almost every field of economic activity. The arts and entertainment, education, tourism, hospitality and catering industries suffered the most. Smaller businesses with a turnover of up to NIS 300,000 suffered more severely.

During the crisis, the Tax Authority was required to continue providing routine services such as processing tax refunds, confirming tax deducted at the source and multi-year reporting of severance payments, despite the government imposed restrictions on the number of personnel allowed to work. In accordance with several government resolutions, the Tax Authority operated a grant payment mechanism for grants intended to help businesses during the crisis. This involved defining the eligibility criteria, determining eligibility, calculating the grant amount for each business, and deciding how to pay the grant.

KEY FIGURES

~19%

Decrease in collection of direct and indirect taxes March-July 2020, compared to forecasts

25%

Rate of small businesses with annual turnover up to NIS 300,000, whose turnover in March-April 2020 fell by 80%-100%

NIS 1.1 billion

Allocated for first stage grant to self-employed. By 31.7.20, 88.3% of this amount (NIS 971 million) had been paid.

NIS 2.8 billion

Allocated for second stage grant payment. By 31.7.20, 92.6% of this amount (NIS 2.6 billion) had been paid.

NIS 5.2 billion

Allocated for a third stage grant to partially fund fixed costs.

NIS 1 billion

Tax refunds given by the Tax Authority in a concentrated move to tax payers

58,355

Inquiries on COVID-19 to the Tax Authority call center in March-July 2020

5,174

Answered calls out of 13,699 calls relating to COVID-19 in March-April (37.8%)

Audit Actions

The State Comptroller's Office examined aspects of the Tax Authority's activity during the COVID-19 crisis with the focus on its continued regular function, customer service, organizing and operating the grant payment mechanism. The Audit deals with the period from 15.3.20 to 30.6.20. Some of the information was updated to 31.7.2020.

Key Findings

- **Criteria for receiving grants**: the published criteria contained some distortions, which affected the ability of some groups of self-employed and businesses to receive the grants, for example, businesses who report on a cash basis, salaried controlling owners (in the first stage), businesses that reported losses in 2018, and businesses who report as a business association.

- **Control of grant payments**: in the first and second stages, the Tax Authority distributed grants without verifying the declaration from the recipients of a 25% drop in their turnover compared to the same period in 2019. It is uncertain whether these declarations will be retroactively examined. In this situation, it is possible that businesses that did not suffer a 25% drop in turnover received grants.

- **Computer system**: during the COVID-19 crisis, a number of problems arose in the Tax Authority online system, which affected services to the public. For example, 15,000 businesses simultaneously submitted grant applications which overloaded the system and additional users were unable to submit applications. 22,000 grant applications were not received due to a system fault, and the late upload of some segments of the system caused a delay in examining applications. Moreover, The Tax Authority computer system was not linked optimally to those of other Government ministries and other relevant bodies.

- **Regular services during the crisis**: some of the Tax Authority services during the COVID-19 crisis (refund of fixed costs and multi-year spread of severance payments and submission of annual reports) required manual filing of documents. In early May 2020, and only for the crisis period, taxpayers could submit annual reports and tax refund applications online, rather than manually.

- **The Call Center**: in the months March-July 2020, the average maximum waiting time for a telephone response was an hour or more in most cases; for responses on the subject of COVID-19 the average maximum waiting time was about 42 minutes, and on the subject of grants to small businesses it was about 1 hour and 18 minutes. The Audit also found that some callers waited over 2 hours for a response to questions on COVID-19 and the grant to small businesses.

- **Bad debts**: the Tax Authority makes significant demands on taxpayers to prove that bad debts are uncollectible, in order to obtain a refund of taxes paid on sales written off. The income tax section did not receive definitive guidelines on the conditions for recognizing bad debts during the COVID-19 crisis.

From the start of the crisis, the Tax Authority functioned according to emergency procedures, with regular reviews to resolve problems. This stabilized the system and optimized activities.

The Tax Authority was active in a number of areas to ease the burden on civilians and even found solutions to special challenges posed by the crisis.

Thanks to hard work and dedication of the Tax Authority's employees, especially the Shaam digital processing service, it was possible to operate the computer system and promptly pay the grants.

Key Recommendations

- The State Comptroller's Office recommends that the Income Tax Authority analyze, in a timely manner, provisions for dealing with the continuing pandemic and ensuing impact on segments of the national economy and specific businesses. Accordingly, it should help design accommodations for business segments and related firms.

- In the time remaining to submit grant applications, the Tax Authority should examine the option of allowing businesses' representatives to submit applications on their clients' behalf, also for future grants.

- In view of the continuation of the COVID-19 crisis and other emergencies that the country may encounter in future, the Tax Authority should draw conclusions from the grant program planning and implementation process, in order to optimize the system.

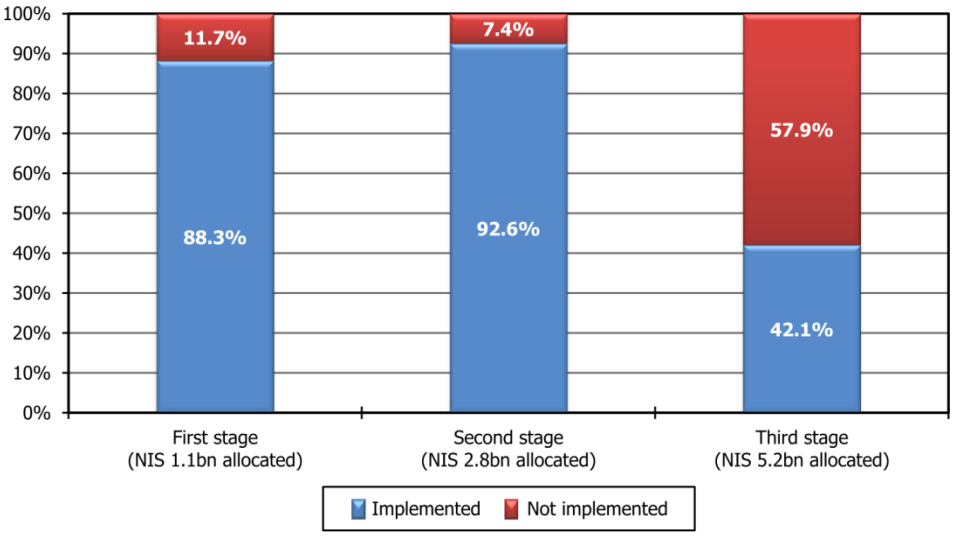
- To handle the need for a rapid emergency distribution of grants, the Tax Authority should consider setting up a system to review eligibility. This system could be based on randomized examination of grant recipients, online controls relying on the Tax Authority's database, or reviews as part of the examination of annual tax reports.

- The Tax Authority should consider ensuring optimal linkage of its computer systems to the systems of the National Insurance Institute and the Employment Service. It should also ensure that the Government Merkava (financial reporting) system specifies all the reasons for failure to transfer grants instead of just giving one reason each time. In addition, it must be possible to perform regular updates of the Merkava system.

- The State Comptroller's Office recommends that the Tax Authority utilize the experience it has acquired during the COVID-19 crisis to improve its service in normal times, and consider enabling taxpayers and their representatives to submit their annual reports and requests for tax refunds online, without the need to come to the Assessment office. The Tax Authority must also improve its service by introducing a computer system for booking appointments in all its offices.

- The Tax Authorities should consider a temporary easing of the conditions for recognition of bad debts during the crisis. It should also use the data at its disposal or that it can obtain, such as information about business closures, non-reporting of turnover and applications for protection against creditors, in order to support the debt write-off decision. This will assist taxpayers to establish their requests in these cases.

Budget allocation and usage of grants in each stage implemented by 31.7.20



Summary

The Audit found that in spite of the rapid preliminary preparations made by the Tax Authority to continue its normal operation during the COVID-19 crisis, there were still problems with the provision of a fast and efficient response to taxpayers who required its services. The Tax Authority must examine the problems that emerged in the Audit and draw appropriate conclusions, in order to improve its services, both in view of the continuing crisis, and in preparation for a return to routine operations.

Office of the State Comptroller | 2020

The State of Israel Response to the COVID-19 Crisis
Special Interim Report

Utilization of General Security Service's Technological Capabilities to Assist the Ministry of Health's Epidemiological Studies

Abstract

BACKGROUND

Since the State of Israel was facing a large outbreak of COVID-19, on 15.3.20 the Government authorized the General Security Service (the GSS) to assist in the national effort to limit the pandemic, by collecting and processing technological information that would help the Ministry of Health conduct epidemiological studies[1] (hereinafter: the assistance). The GSS operated in accordance with a Government resolution and legislation (as described below) in two rounds of activity. The first round of assistance was from 17.3.20 to 8.6.20, and the second, after a resurgence of the disease, from 1.7.20 onwards.

The GSS had two missions: (a) **verified patients**[2] – identification of their location and movements in the 10 to 14 days prior to the diagnosis; (b) **patient contacts** – identification of people who were in close contact with the patient (at a radius of less than 2 meters for at least 15 minutes).

1 The purpose of an epidemiological study is to track an outbreak of an epidemic at the individual level in order to prevent the spread of infection. In the COVID-19 context, it assists in the rapid isolation of people who may be infected and to locate possible sources of the infection in other people.

2 'Patient' means someone who has tested positive for COVID-19.

KEY FIGURES

A few dozen	**62,219**	**43,250**	**499,577**
Number of GSS workers who were directly exposed to data received from the Ministry of Health	Number of patients whose details were forwarded from the Ministry of Health3	Number of patients whose contacts were examined by the GSS	Total number of contacts located by the GSS for the patients that they examined
28.5%	**3.5%-4.6%**	**17,719**	**11.55**
Ratio of verified patients found among contacts to the total number of patients examined by the GSS	Ratio of verified patients to the number of contacts for each patient located by the GSS ("signal noise ratio")	Verified patients among contacts located by the GSS	Average number of contacts per patient

3 The key figures data refer to the period ending 3.8.2020. The GSS supplied the State Comptroller's office with updated information on the "signal noise ratio", in its reply to the draft audit findings on 22.9.2020.

Audit Actions

From early July 2020 to mid-August 2020, the State Comptroller's Office examined various aspects of the GSS assistance activities. Supplementary data was gathered from the Ministry of Intelligence and the Privacy Protection Authority in the Ministry of Justice. Simultaneously, the State Comptroller's Office conducted a separate audit in the Ministry of Health on the subject of epidemiological studies. The following audit focuses mainly on the GSS actions to assist the Ministry of Health.

The sub-committee of the Knesset's State Audit Affairs Committee decided not to place before the Knesset and not to publish certain parts of this document for reasons of national security, pursuant to Section 17 of the State Comptroller Law, 1958 [Consolidated version].

Key Findings

- **GSS compliance with the tasks assigned to it:** the tools used by the GSS did not enable it to comply fully with the tasks assigned it.

- **Ratio between the number of patients whose contacts located by the GSS and all located contacts:** during the audit period, about 3.5% of people found to have been in contact with patients and therefore required to quarantine eventually tested positive. This ratio, which the GSS calls the "signal-noise" ratio and is a measure of the effectiveness of GSS actions. It indicates the potential for a very widespread quarantine including many people who were not in close contact with a patient. The GSS response of 22.9.20 to the draft Audit Report stated that the "signal-noise" ratio gradually improved and rose to about 4.6%. According to the Ministry of Health figures, and after offsetting items relating to family members and duplicate contacts, the signal-noise ratio of the GSS activity improved in the second period of operation to 7.3%; and that the accuracy is continually improving. The audit found that the effectiveness of epidemiological studies done by questioning patients is considerably greater than the GSS assistance actions: the "signal-noise" ratio based on questioning patients was about 24% in the same period.

- **Fully utilizing the GSS capabilities:** The method employed by the GSS ultimately identified a substantial number of verified patients (GSS assistance identified almost 30% of verified patients). However, the locating process utilized did not make full use of the GSS capabilities, and is insufficient to complete the epidemiological studies process in full (i.e. a combination of GSS and Ministry of Health activity) or optimally utilize the capabilities required to break the chain of infection.

- **Problems with GSS activity that reflect specific deviations from rules and procedures:** although the GSS took many steps to minimalize invasions of privacy, there were four incidents in which they acted contrary to the rules and procedures, in a way that could affect the right to privacy.

- **Damage to GSS activity resulting from helping the Ministry of Health:** the GSS assistance provided to the Ministry of Health affected the regular activity of a particular department. It also led to some exposure of GSS capabilities, which could affect its future operations in the performance of its tasks.

- **The Shield Application:** The Ministry of Health developed the "Shield App". A Ministry of Health Report to the State Attorney General dated 6.8.20, stated that as of 5.8.20 there were about 900,000 users of the "Shield App"[4], and in the week from 29.7.20 to 5.8.20, the app was downloaded to the mobile devices of 71,600 users, but during the same period, 74,000 users removed it.

The GSS acted quickly to provide the required assistance, and the teams assigned to the project displayed dedication and determination.

In spite of difficulties and technological limitations, the GSS managed to locate almost 30% of verified patients. They estimated that their activity located about 40%-60% of all patients who are not family members of patients.

As a rule, the GSS used supervisory and monitoring methods to avoid an unnecessary invasion of privacy. It saved data on separate servers and limited the number of personnel involved in the activity and exposed to the data. Originally, data was deleted after 7 days and later after 14 days. It performed random quality checks and responded to appeals from the public to the Ministry of Health. The GSS legal advisers scrutinized the entire process and provided regular reports to the State Attorney and the head of the Knesset's Intelligence and Secret Services Sub-Committee.

4 There are about 5.6 million smartphones in Israel, and about 500,000 devices defined as "kosher". This refers to cellphones used by the Haredi public that are intended mostly for making telephone calls and do not have other features of most mobile devices, such as access to the Internet and use of Internet-based apps.

Key Recommendations

- Everyone involved in the subject, including the ministerial team coordinated by the Minister of Intelligence[5] and the Ministry of Health, must consider the limits on the effectiveness of GSS assistance to the Ministry of Health, inter alia, in view of the outcomes of GSS activity, including invasion of privacy.

- Epidemiological studies conducted by questioning patients should be augmented together with periodic examinations of the "signal-noise" ratio in the GSS locating method. Concurrently, epidemiological studies should incorporate the GSS location data.

- The Ministry of Health should examine the wording of the SMS that it sends to people who were in contact with patients based on GSS location data, in order to reflect the location findings more precisely.

- If there is a decision that the GSS will continue to help the Ministry of Health with epidemiological studies, everyone involved, including the ministerial team coordinated by the Minister of Intelligence and the Ministry of Health, must ensure performance of all necessary steps to make full and effective use of GSS results. This is crucial to ensure a comprehensive effort to break the chain of infection and, as much as possible, strike a reasonable and proportionate balance between the benefit derived from the GSS use of the data and the cost of invading privacy, as well as possible damage due to revealing GSS capabilities. The National Security Council (NSC) should take action to ensure the necessary inter-ministerial preparations.

- The GSS should examine the gaps between its capabilities and the required output, and present the decision makers with alternatives, given the legal restrictions on invasion of privacy, the resources required, its technological capabilities, the need for confidentiality, and without undue interference in performing its required tasks.

- The GSS must act with great caution in order to avoid the few incidents that occurred in the first round of its activity.

- The GSS must do everything possible to draw conclusions from the appeals the Ministry of Health forwards it, to determine whether faults in its location tools led to mistaken identification of contacts, and evaluate the entire process.

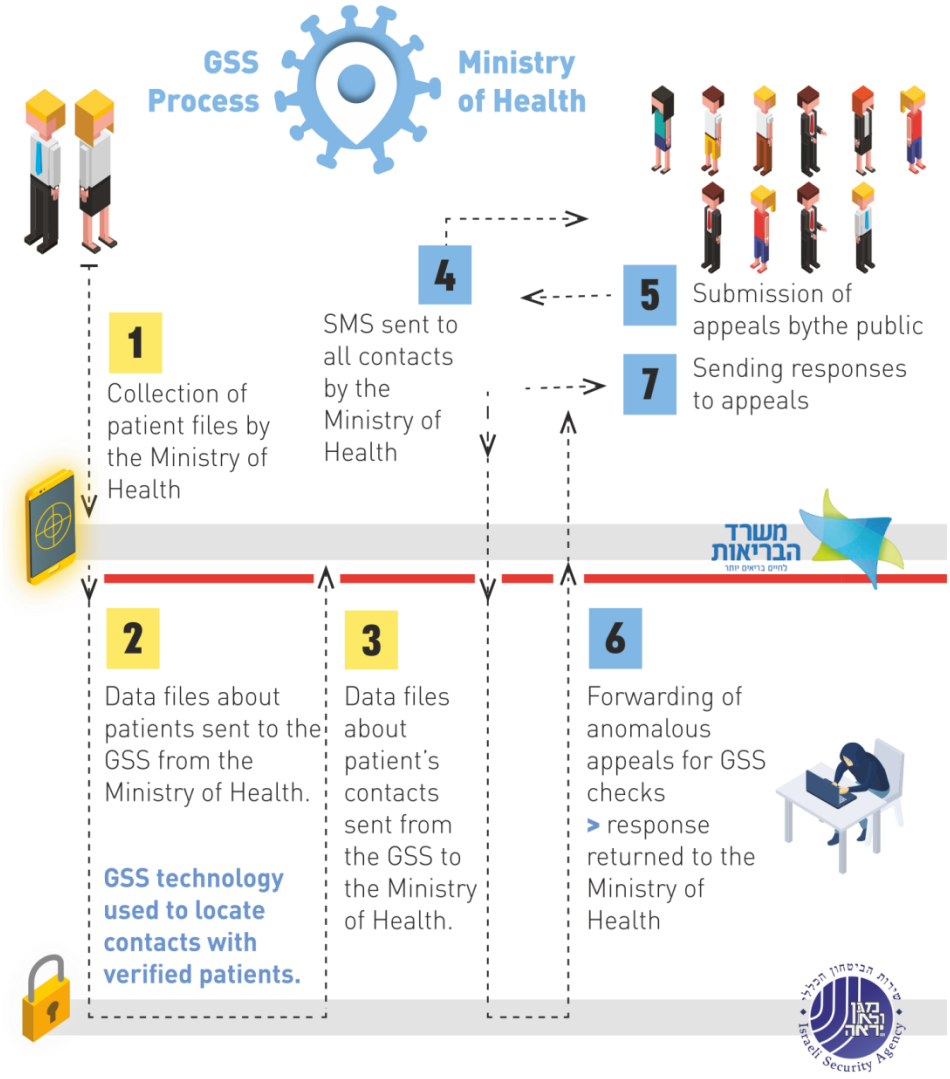
5 The "Authorizing the General Security Service to assist the national effort to limit the spread of the novel COVID-19 Law (Emergency Provision), 2020" passed on 1.7.20 states that the Government will appoint a team of ministers to "examine the need for further GSS assistance pursuant to this Law". Government Resolution 180 of 5.7.20 states that the Minister of Intelligence or his appointee will coordinate the team's work.

- The Ministry of Health must ensure that everyone conducting COVID-19 tests has the mobile phone number used by the test subject in the previous 14 days, and that these details are checked and obtained as a built-in part of the process of registering the subject's details. This means that the GSS will receive verified and up-to-date information, reducing the need for it to perform certain tests. It will also enable the GSS to locate a higher proportion of the patients whose details are sent to it by the Ministry of Health.

- GSS assistance with epidemiological studies for the Ministry of Health should be carried out in addition to thorough epidemiological studies done by questioning patients, and the information received from the GSS should be incorporated into the epidemiological studies process of questioning patients.

- The Ministry of Health and the Ministry of Intelligence, as applicable, and with the assistance of the NSC, must prepare very clear definitions of the methods to promote the use of digital means as an alternative to GSS assistance, and act to achieve the most effective implementation possible of these means considering the circumstances.

Overview of the GSS Process of Assisting the Ministry of Health in the Fight against COVID-19



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

Summary

The Audit found that the tools used by the GSS to provide assistance were restricted and did not allow complete performance of the main tasks assigned to it. These tasks were the basis of the decision to charge it with helping the Ministry of Health to perform epidemiological studies. Considering the findings in this report and the changes in circumstances since the decision authorizing this assistance, everyone involved in the subject, including the ministerial team coordinated by the Minister of Intelligence and the Ministry of Health, should map out the entire process. On one hand, they must consider all the outputs of the GSS activity, and the impact of the invasion of privacy deriving from the activity, as well as the implications of revealing GSS capabilities and possible damage to its ability to perform its regular tasks and fulfill its mission. On the other hand, they must examine the continuation of GSS assistance, or alternatively, ensure incorporation of the GSS assistance into thorough epidemiological studies based on interviewing patients. The NSC should ensure performance of the necessary inter-ministerial preparations. In addition, the Ministry of Health and the Ministry of Intelligence, with the help of the NSC, should act to achieve effective implementation of civilian applications.

Office of the State Comptroller | 2020

The State of Israel Response to the COVID-19 Crisis
Special Interim Report

Taking Samples and Laboratory Testing for Diagnosing COVID-19

The final report will be published in 2021

Abstract

KEY FIGURES

40
Number of COVID-19 testing laboratories in Israel

24,882
Average number of daily tests, Monday to Friday, from 17.7.20 to 17.8.20

2
Israel's world ranking relative to 11 other countries, presented in this report, in terms of positive tests per 1,000 people, latest figures for 20.8.20

1,930,844
Number of COVID-19 tests done in Israel up to 9.8.20[1]

2.1 million
Number of serological test kits[2] for which the Ministry of Health has not presented a plan for their use.

NIS 98m
Cost of 2.1m serological test kits for which the Ministry of Health has not presented a plan for their use.

1 As of 6.10.20, Israel had performed 4,019,656 tests.

2 Serological tests show if the subject is carrying or has carried the virus. They involve placing a normal blood sample in a special kit and sending it to a laboratory for evaluation.

Key Findings

- **Planning the number of daily tests as winter approaches**: There is a gap between Ministry of Health projections of health maintenance organizations' (HMOs) laboratory capacity and the laboratories' own actual estimates of the number of tests they can perform in the winter. The HMOs' laboratories are planning to expand their capacity by 24,000 tests daily more than the Ministry of Health plan.
- **Reagents**[3] - The planned scope, type and supply of reagents to various HMOs' laboratories is incompatible with the needs for their instruments.
- **Waiting time for test results**: 74% of subjects received their test results more than 36 hours after the first referral for testing, and of these 33% receive the results more than 72 hours later.
- **Serological tests**: the Ministry of Health purchased 2.4 million serological test kits at a total cost of NIS 112 million. The Audit found that the Ministry is planning to perform only 300,000 serological tests, and it has no plans for the remaining 2.1 million kits. 250 thousand kits arrived in Israel and by September 2020, but only 60,000 tests have been performed.

Key Recommendations

- **Coordination of supply of tests and reagents in the winter:** the Ministry of Health should complete its discussions with all HMOs and prepare a testing plan. This should be done in conjunction with all laboratory operators regarding the quantity and type of reagents to be supplied to them, based on the instruments at their disposal and the planned number of tests.
- **Waiting time for test results:** the Ministry of Health should collect all the figures regarding the time required for sampling and testing, so that it can identify and eliminate "bottle necks", thus making the process shorter and more efficient in order to break the infection chain.
- **Testing processes:** the Ministry of Health should examine ways of making the test process shorter and more efficient. This includes defining an expedited route for receiving referrals and using existing innovative technologies. The Ministry of Health should also remove any testing obstacles, such as long waits on the telephone to receive referrals.
- **Quality control checks for the sampling stage:** the State Comptroller's Office recommends that the Ministry of Health issue sampling guidelines to HMOs, Magen David Adom (MDA - local Red Cross chapter) laboratories and other parties

3 Chemical substances used to create chemical and bio-chemical reactions. Laboratories frequently use them for performing tests.

engaged in taking and handling test samples. These guidelines will define a standardized method for high quality sampling, not based on random checks, and analyze the causes of mistaken test results in order to limit their number.

- **Periodic tests of medical staff:** the Ministry of Health should examine the costs of COVID-19 tests for medical staff against the benefits they provide, and consider the proper frequency of testing and the most suitable types of tests.
- **Polystyrene packaging:** the Ministry of Health should check alternatives to the use of polystyrene packaging, that is environmentally unfriendly, for transporting tests, and it should consider instructing HMOs and MDA about the preferred alternative.

Office of the State Comptroller | 2020

The State of Israel Response to the COVID-19 Crisis
Special Interim Report

Epidemiological Studies to Break the Chain of Transmission

The final report will be published in 2021

Abstract

BACKGROUND

A central and essential component of the struggle against COVID-19 is a reduction of the infection rate by breaking the chain of infection. Running a fast and effective array of epidemiological studies helps to prevent widespread outbreaks of viruses and to break the infection chain before it spins out of control. The cumulative results from the studies provide a picture of the spread and scale of morbidity, in order to identify hotspots and estimate their extent. This data is essential for decision makers who have to deal with the spread of the pandemic, and enables them to give the public informed guidance: entering quarantine, advice on social distancing, lockdown, and so on. An effective and rapid set of studies is particularly essential during COVID-19 pandemic in order to reduce the load on doctors and hospital wards, and to enable the health system to cope better.

The audit in this report was done in the period May-August 2020, as COVID-19 spread significantly, with far-reaching effects on the economy, society and every individual in Israel and the whole world. The audit was carried out at a time when the data was constantly changing and decisions had to be taken constantly in the light of developing circumstances. The findings presented in this report are interim findings, based mainly on the audit period.

KEY FIGURES

106,888

Number of epidemiological studies from the outbreak of the pandemic until 25.8.20.

5,622 (5.3%)

Unfinished epidemiological studies from the outbreak of the pandemic until 25.8.20.

1 to 9,000

Ratio between the number of researchers and the population of Israel (compared to 1 to 4,000 in Germany and 1 to 2,200 in England) from the start of September 2020

3.4, 4.9

Based on data from the Home Front-Alon Command[1] in mid-September 2020, the average number of reported contacts in their studies is 4.9; in Ministry of Health studies the average reported number is 3.4. The Alon Command target is to reach an average of 10 reported contacts.

About 74%

Rate of patients located as contacts of confirmed cases[2] by epidemiological studies or actions by the General Security Service in the period 1.7.20-26.8.20

About 64%

Percentage of 76 studies reviewed by the State Comptroller's office in the Jerusalem district office for June/July 2020 that began more than four days after receipt of positive lab test results.

24-48

Hours – most effective time for performing an epidemiological study of a patient, after receipt of a positive lab test result to finally ordering quarantine for the patient's contacts.

1 The Home Front is a unit of the Israeli army responsible for civilian defense affairs. The Alon Command is a unit in the Home Front dedicated to curtailing the chain of infection from COVID-19.

2 People who have tested positive for COVID-19.

Key Findings

- **Computerized management system for epidemiological studies** – At the time of the audit, the Ministry of Health had no effective system for quality management of epidemiological studies. In September 2020, after linking with Alon Command, assimilation of an updated system for managing studies began, which will help in the performance of quality studies and their management. The system is planned to start full operation at the start of November 2020.
- **Locating patients to study and obtaining their cooperation** – Out of 76 studies from June-July 2020 that were examined in the Jerusalem district office, 22 documented only the subject's contacts with family members, or no contacts were reported. In 4 studies it was stated that the subject did not cooperate; according to Ministry of Health data as of 25.8.20, out of 106,888 epidemiological studies on patients, 5,622 were unfinished – most (61%) were not contacted and the rest either objected to being studied or were not located.
- **Time elapsed until the start of the study** – About 4% of the 76 studies that were examined by the audit started within a day of receiving a positive lab test result; slightly more than 5% of studies began within 48 hours; about 64% of studies began after four or more days.
- **Documenting study data** – Documentation of studies in July-August 2020 was done on manual forms in many district offices. It was only after increases in the number of researchers that some district offices moved to direct computer input of details. Some details were input into the study form as free text and not as on a "smart" computer form, by selection from a list. This method is slow, inefficient, not controlled, requires double the personnel and has high error potential.
- **Locating family members of subjects** – Due to the lack of a systematic study process, sometimes family members were studied concurrently by different researchers, unaware that they belonged to the same family, and without producing new knowledge about infection of family members.
- **Linking the study management system to Ministry of Education data –** the Ministry of Health's computerized study management system is not linked to the Ministry of Education pupil data management system. Therefore it is not possible to retrieve online data about pupils who may have been exposed to an infected pupil in their class or school or in any other institution they attend (kindergartens, yeshivas, boarding schools etc.) and researchers must approach the institutions directly.
- **Shortage of teams for epidemiological studies –** even after an increase in the number of researchers, in September 2020, their number in relation to the population was small compared to the ratio in other countries. The number of researchers affects the time needed to complete the studies, to locate potential contacts in order to limit the chain of infection.

- **Ministry actions based on location by the General Security Service (GSS) –** the number of people who were in close contact with a patient and located through the assistance of the GSS from 1.7.20 to 26.8.20 was three times greater than the number located in surveys done in-person. Only about 7% of the people located to have been in close contact with a patient were located either by studies in-person or with GSS assistance.
- **Call centers for clarification and objections –** about 62% of the objections to an instruction to quarantine submitted to the Ministry of Health call centers from 1.7.20 to 26.8.20 were accepted, and only about 13% were rejected. The rest were closed for various reasons.

Key Recommendations

- The Ministry of Health and Home Front-Alon Command should work in full coordination in order to achieve their defined objective, so that by the beginning of November 2020 there will be an effective, high quality computer system for running and managing the set of epidemiological studies. They should monitor system performance and update as necessary. They should also improve the management of study data and quality control of the data, so that the Ministry has a reliable database which is essential for making grounded decisions and in particular, to break the chain of infection.
- The Ministry of Health and Alon Command should define the proper format for performing the array of epidemiological studies. This includes defining a reasonable number of contacts to be located for each study, depending on the subject's characteristics, and researchers should have the tools to achieve this. They should also formulate technological and other tools to locate contacts, and train researchers to deal professionally with the difficulty of obtaining complete cooperation from the subjects. There should also be regular monitoring of the study outcomes, in quantitative and qualitative terms.
- The Ministry of Health, in collaboration with Alon Command, should analyze the time frame of the studies and identify the causes of delays in performing them, with the emphasis on the critical need to make the study process more efficient, including reducing the time between the various stages of the process, without compromising performance quality.
- The Ministry of Health, in collaboration with Alon Command, should put the emphasis on explaining the importance of the epidemiological studies and their contribution to public welfare, and to the subject's family. They should improve the method of documenting and reporting findings collected in studies, and also complete the assimilation of the updated system for managing studies in all district offices, including direct computer input of the new study form and the self investigation form.

- The Ministry of Health, in collaboration with Alon Command, should complete recruiting additional researchers to the extent required. The Ministry should also, as far as possible, match the researchers to the population under study – including cultural background and lingusitic ability, particularly given the gaps in cooperation from the different groups in Israel. The Ministry should also examine the reasons for the significant number of justified objections and take action to optimize the various methods of diagnosis from time to time, in order to reduce the unnecessary burden of quarantine on the public.
- The Ministry of Health should determine rules for identifying which district office should study a patient – where the infection occurred, or where the subject lives. It is also necessary to ensure that the updated computerized study management system allows precise identification of the place of infection (such as the event, educational institution, gym, factory) and geographical location. The Ministry should also complete the expansion of the set of studies in order to work together with local authorities where the infection occurred, as is done in other countries.
- The Ministry of Health and the Ministry of Education must complete the plan for exchange of information, including the protection of privacy according to the Protection of Privacy Regulations (Conditions for Holding and Saving Information and Exchange of Information between Public Bodies), 1986. They should also arrange a direct interface with the Population Register database.
- The Ministry of Health should make full use of epidemiological studies together with the auxiliary actions by the GSS and other actions taken to locate possible infected persons. The Ministry and enforcement bodies should act to ensure that anyone who was in close contact with a patient is isolated from their surroundings, to prevent possible infection, until this possibility is ruled out.



Office of the State Comptroller | 2020

The State of Israel Response to the COVID-19 Crisis
Special Interim Report

Care for Senior Citizens in Residential Care Facilities During the COVID-19 Crisis

The final report will be published in 2021

Abstract

KEY FIGURES

71,100
Number of senior citizens living in residential care according to latest figures for April 2020

619
Number of senior citizens living in residential care who died from COVID-19 according to latest figures for 3.10.20

36%
Senior citizens living in residential care who died from COVID-19 as a percentage of all COVID-19 deaths according to latest figures for 3.10.20

7,432
Average number of COVID-19 tests carried out in residential care facilities each day from the start of August 2020

NIS 19.2m
Cost of protective equipment distributed to residential care facilities up to August 2020

Key Findings

- **Number of care home residents who died from COVID-19**: The latest figures for 3.10.20 submitted to the State Comptroller's Office by "Parents' Shield"[1] show that from 15.3.20 to that date, 619 of 1,710 total COVID-19 deaths were senior citizens living in residential care (residents). This represents 36% of the deceased, although they constitute less than 1% of the population. The proportion of residents among COVID-19 deaths is almost six times higher than their share in the senior citizen population, and more than 40 times their share in the general population.
- **Testing to find COVID-19 carriers in care homes**: The fact that the head of Parents' Shield oversaw weekly testing of care home staff is commended. However according to the latest figures for mid-August 2020, Parents' Shield does not ensure that all care home staff who have contact with residents are tested, and it does not have a complete picture of the situation.

1 A Governing headquarters that deals with the subject of COVID-19 in all institutions for senior citizens.

- **Response to senior citizens with COVID-19 in care homes**: According to figures from 16.8.20, there were significant gaps in achieving the target of beds for COVID-19 patients in geriatric hospitals: The number of available beds were 38%-44% of the target (440 beds out of a target of 1,000 or 1,150). No date had been set for achieving the target of about 1,000 beds available for care home residents with COVID-19. In addition there were outstanding issues that could make it difficult to achieve the target.
- **Optimal utilization of COVID-19 wards in geriatric hospitals**: On each of the days between 10.8.20 and 24.8.20, 45 senior citizens on average were hospitalized in general hospitals, although in the assessment of the medical staff, they could be transferred to geriatric hospitals. If the patients had been transferred to the COVID-19 wards in geriatric hospitals, this would have released beds in the general hospitals for COVID-19 patients from the general population.

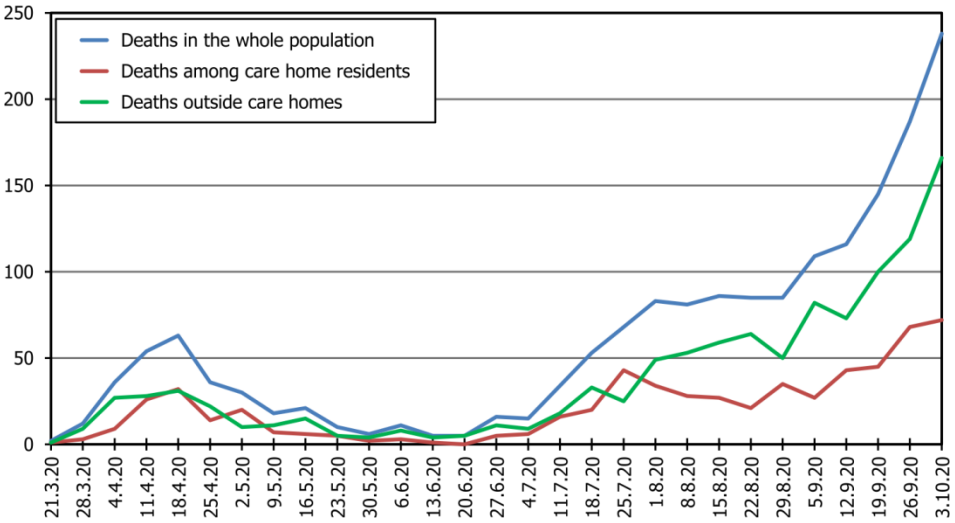
Key Recommendations

- **Tests to find COVID-19 carriers in care homes:** In view of the importance that can be attributed to testing to avoid the spread of infection among care home residents, the Ministry of Health should track the correlation between the number of COVID-19 tests allocated for care home staff and residents and the infection and mortality rates of the residents in residential care. It should also consider the option of increasing the number of tests done over the weekend, when the number of tests done on the general population is 50% less than on other days, according to the latest figures from August 2020. Parents' Shield should also determine priority for testing in care homes based on the risk level to residents, including the classification of the caregivers' town in the "traffic light" model[2], and make sure that the tests are indeed carried out. The Ministry of Health should also examine the option of defining special guidelines for care home staff; the Ministry should encourage them to download the Shield 2 app[3], and explain to them the importance of the app which can help to break the chain of infection, and thus protect residents.
- **Responses to COVID-19-positive senior citizens in care homes:** The Ministry of Health should make a comprehensive assessment of the range of options for isolating care home residents, while ensuring the proper conditions for providing the care they need. It should consider various scenarios, including the possibility of a high incidence of flu and COVID-19 this winter.
- **Optimal utilization of COVID-19 wards in geriatric hospitals**: The Ministry of Health should investigate whether there are obstacles preventing the transfer of senior citizens with COVID-19 from general hospitals to the COVID-19 wards of geriatric hospitals. It should also act to eliminate any barriers it identifies, and to optimally utilize available resources.

2 The traffic light model designates towns into three classifications based on the COVID-19 infection rate.

3 The Shield 2 application helps the user to know if he has been exposed to a verified COVID-19 patient.

Number of residents of care homes who died from COVID-19 compared to the number of deaths in the rest of the population and total deaths, by week, from 15.3.20 to 3.10.20



Figures received from "Parents' Shield", processed by the State Comptroller's Office



Office of the State Comptroller | 2020

The State of Israel Response to the COVID-19 Crisis
Special Interim Report

Community Health Services During the COVID-19 Crisis

Preparations by the Ministry of Health and the Health Maintenance Organizations to Administer Flu Vaccinations before Next Winter (2020-2021)

The final report will be published in 2021

Abstract

BACKGROUND

While dealing with the COVID-19 outbreak, the health system is required to ensure continuity of essential medical services in the community, in order to maintain public health and avoid deterioration in the health of patients. For example, primary health services and specialist medicine must continue to function, while providing regular treatments for the chronically ill. Routine medicine in the community as winter approaches also includes flu vaccinations to reduce the incidence of the illness in general and thus the need for hospitalization in particular. This is essential during the spread of COVID-19, in order to reduce the strain on doctors and hospitals and enable the health system to deal more effectively with the pandemic.

KEY FIGURES

3.4 million
Number of flu vaccine doses ordered by the end of August 2020 for winter 2020-2021

1.75 million
Number of people who were vaccinated against flu in winter 2018-2019

60.4%
Percentage of people aged 60+ who were vaccinated against flu in winter 2018-2019

36%
Percentage of health system staff who were vaccinated against flu in winter 2018-2019

50%
Reduction in actual visits to clinics in March-April 2020 compared to January-February 2020

35.1%
Reduction in patients diagnosed with a stroke in March 2020 compared to March 2019

53%
Of consultations with family doctors through Leumit Health Services in April 2020 took place remotely.

Key Findings

- Each winter preparations must be made for seasonal flu outbreaks, but in the winter of 2020-2021, seasonal flu will be accompanied by new cases of COVID-19. The best time for starting vaccination against seasonal flu is in September. When the preliminary audit findings were finalized in early September 2020, preparations to deliver the 3.4 million vaccines ordered were not yet complete.
- In Israel, there is a low vaccination rate against seasonal flu for health system staff, in comparison to developed countries. For example, in the winter of 2018-2019, only 36% of workers in the health system were vaccinated, compared to rates of 50%-78% in developed countries.
- During and after the first lockdown following the outbreak of the COVID-19 pandemic, there was a drop in the number of people who came to community clinics, outpatient clinics in hospitals and hospital emergency departments for treatment. For example, in April (week 15), about 24,500 people came to family clinics in a week, compared to 71,200 in a week before the outbreak began. The medical condition of some patients seen by all the health maintenance organizations (HMOs) was serious and they needed urgent treatment and without it they were in danger.
- The Ministry of Health did not prepare an optimal plan to reduce public reluctance to seek treatment in community clinics or hospitals, or to calm the fears of medical personnel about providing services to patients.
- During the COVID-19 crisis the use of remote medicine increased considerably. For example, remote consultations by family doctors in the Leumit Health Services rose from 22% in the months January-February 2020 to 53% in April 2020. It emerged that the health services gave staff technical training on the provision of remote medicine via mobile phones, video calls and other media. However there was no training based on medical guidelines, involving the professional associations in the Israel Medical Association[1], for identifying medical situations and patient characteristics that would be appropriate for remote care, and the proper conditions for providing remote treatment.
- Remote medical services are not available and accessible to everyone, including populations needing special assistance, those with poor digital literacy, or those who do not have a computer or a smartphone, or where there is no internet infrastructure.

1 The Israel Medical Association unites organizations in a range of specialist medical fields, such as the Family Doctors Association, the Israel Association of Chest & Thorax Surgery, the Israel Orthopedics Association.

Key Recommendations

- To ensure that as many people as possible are vaccinated against flu, safely and at the right time, the State Comptroller's Office recommends that the Ministry of Health and the health maintenance organizations should prepare a vaccination plan, including the required number of medical personnel; define the criteria for determining which groups should be vaccinated and publish these criteria; locate suitable premises for performing vaccinations; arrange the physical conditions to protect therapists and patients; consider home vaccinations for at-risk groups with complex medical conditions; set a target date to commence vaccinations (as soon as possible after the vaccine is received), and finally: to ensure vaccination of residents of institutions, particularly the elderly, and prepare a campaign to explain the importance of vaccination against seasonal flu.
- In view of the relatively low rate of flu vaccinations among health service workers, about 36% in the winter of 2018-2019, and according to the Ministry – about 47% in 2019-2020, the Ministry of Health and HMOs should prepare a strategy to raise this rate as close as possible to the Ministry's target vaccination rate of 85%-90% for all health system workers. On this matter, they should also examine the tools used by other countries to achieve high rates of vaccination.
- Due to the importance of vaccination against seasonal flu, expected high demand for vaccination this winter, and limited stocks of vaccine, the Ministry of Health should ensure that HMOs report vaccination rates once a week to the National Center for Disease Control, as instructed by them. This is essential for real-time monitoring of trends, proper regulation of vaccination rates, and to encourage the public – particularly at-risk groups – to be vaccinated.
- The options for returning to routine physical visits to clinics in general should be examined, including at times of restrictions on public movement (if any), in order to determine the optimal method of maintaining treatment continuity and providing safe, clean routes to allay public fears about seeking treatment in person if necessary. Once this is done, the arrangements must be explained to the public; explanations should be given at national level and in each local clinic, and in particular with the focus on populations at risk.
- The Ministry of Health together with the professional associations in the IMA must complete the process of drawing conclusions about remote medicine drawn from experience to date, and work to maintain capabilities that have developed since the outbreak of the pandemic. These capabilities can be implemented in normal times and for any future emergencies, including in preparations for any further waves of COVID-19.
- The Ministry of Health and the professional associations should draw up medical guidelines for the proper combination of frontal medicine and remote medicine, in particular the response for populations with special needs, and prepare plans to provide assistance for patients with poor digital literacy.

- ✓ In response to the interim audit findings, the Ministry of Health provided details of actions already being taken and planned for the near future, in line with the Audit recommendations.

Office of the State Comptroller | 2020

The State of Israel Response to the COVID-19 Crisis
Special Interim Report

Infrastructure for Remote Learning and Alternative Learning Spaces During the COVID-19 Crisis

The final report will be published in 2021

Abstract

KEY FIGURES

34%

Percentage of schools for which the Ministry of Education has data on the number of laptop computers they possess (that are available for remote learning purposes)

26.8%

Percentage of pupils who have no internet (online) access, as estimated by the Chief Economist of the Finance Ministry

150,000

Number of computers that the Ministry of Education intends to purchase in the 2020-2021 school year, only 50% will be available by the end of January 2021

1.82 million

Pupils in grades 1-12 in the school year of 2020-2021

Key Findings

- **Mapping the lack of end user devices and internet connections**: at the start of the 2020-2021 school year, the Ministry of Education did not possess updated information about the availability of internet access in the homes of pupils and teachers. Moreover, initial audit findings show that there is no clear target date for obtaining this information.
- **Lack of end user devices and internet connections**: the Ministry of Education estimates that approximately 135,000 pupils do not have a computer. There are additional estimates from other sources, but they cannot serve as a solid basis for making decisions over how to bridge this gap, since some estimates refer to pupils and others to households (sometimes even without noting whether they include pupils and if so, how many).
- **Lack of end user devices in specific population groups**: a map prepared by the Chief Economist of the Finance Ministry showed that 42% of pupils in the Haredi community (127,299) do not have a computer, and 72% of Haredi pupils have no internet access. Twenty six percent of pupils in the Non-Jewish community (120,370) do not have a computer, and 38% do not have internet access.
- **Simultaneous access to end user devices by household members**: almost a quarter of households with a 15-year old who participated in the 2018 PISA test[1] have at most one computer. Considering that the average number of children in an Israeli family (including the Haredi society) was 3.11 in 2016, this indicates that there is a problem of computer availability in families with more than one child of school age.
- **Computer purchases by the Ministry of Education**: the Ministry of Education target is to purchase 50% of the computers required by the end of January 2021, depending on budget availability. This means that the 2020-2021 school year commenced with many pupils (at least 135,000) without online access to remote learning.
- **Volunteer organization involvement in the distribution of computers to pupils:** there is no single Government entity, with a complete understanding of the situation, to coordinate initiatives by volunteer organizations to provide computers to pupils or that determines priorities in computer distribution.

The PISA (Program for International Student Assessment) is a test run by the OECD, which examines the level of literacy of pupils aged 15 in three areas: reading, mathematics and science. The test is carried out once every three years, and the last one was in 2018. The test largely excludes Haredi society (and is not a representative sample of that society).

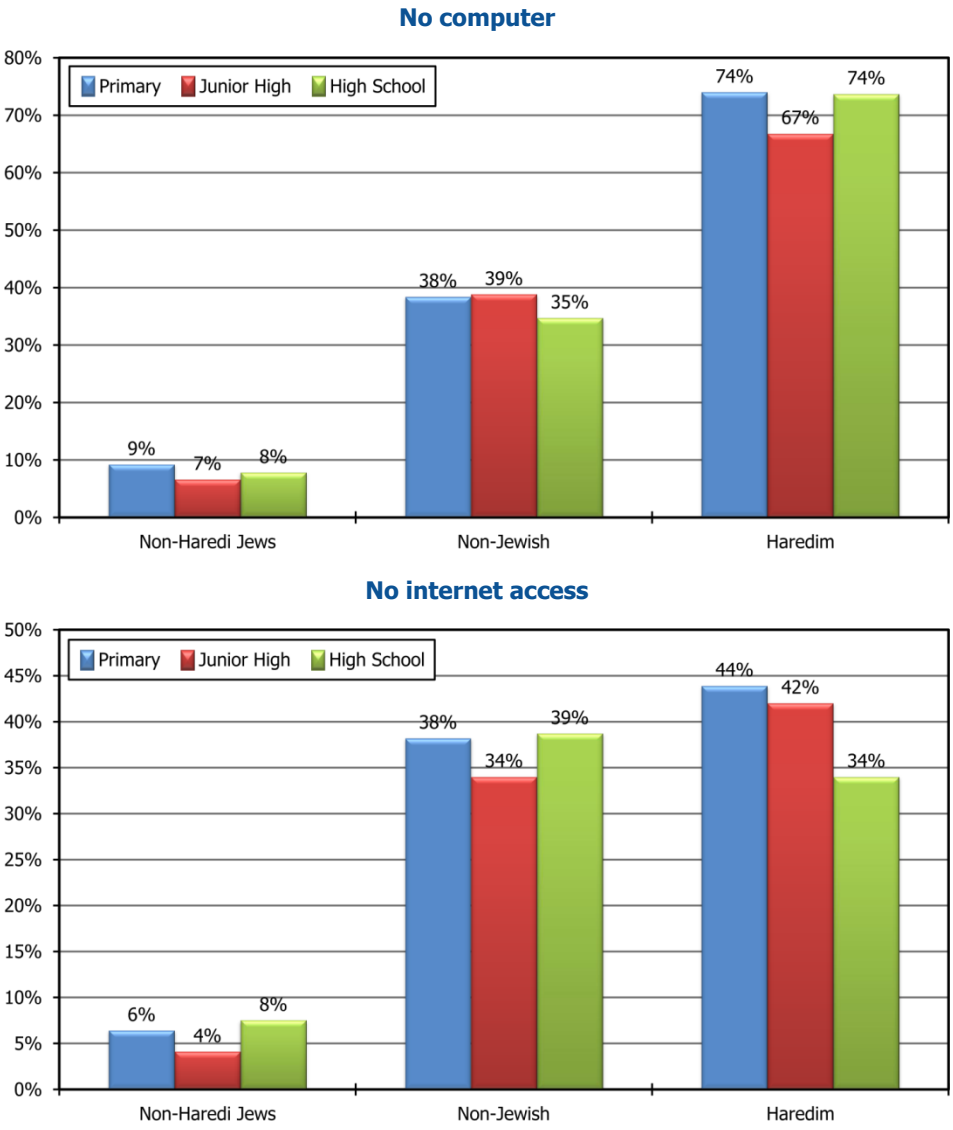
Key Recommendations

- **Mapping the lack of end user devices and internet connections**: the Ministry of Education should urgently complete a map of end user devices and internet connections in the homes of pupils and teachers, with special reference to households with more than one pupil needing a device. An action plan should be prepared together with the local authorities, who have the best access to the schools, to prepare a complete picture of the situation. Pupils in Non-Jewish society need special emphasis, as the number of computers per household is particularly low. Pupils in Haredi schools need a special response tailored to their lifestyle. The Ministry of Education should conduct a dialogue with these two groups in order to find an optimal and immediate solution for remote learning.
- **Immediately suppling end user devices**: a solution must be found for the prompt provision of computers to pupils, whether borrowed or with purchase vouchers, or any other equitable method. The Ministry of Education must examine the option of allocating budget authority for the immediate purchase of computers and other equipment through financial assistance to local authorities or to educational networks and schools.
- **Distribution of laptop computers already in schools for remote learning purposes**: the Ministry of Education should map the various types of computers available in schools and arrange with the Federation of Local Authorities a mechanism to facilitate, in emergencies, the loan of these computers to teachers and pupils for remote learning purposes.
- **Regulating the involvement of volunteer organizations in the distribution of computers to pupils in need of them**: the Ministry of Education should appoint someone to coordinate initiatives from volunteer organizations allocating computers to pupils in need. This coordinator must be aware of the activity of other organizations who provide computers to pupils, and should have information about shortages.
- **Increased use of spaces outside schools**: the Ministry of Education should lead in cooperation with the Finance Ministry, the Ministry of Culture & Sport, the Federation of Local Authorities and the Employment Service in formulating a detailed and practical plan to integrate learning in alternative spaces, suitable for different age groups. The Ministry of Education should define the resources required, and encourage local authorities and schools to implement the program. Simultaneously, it is necessary to examine how to integrate job seekers into the education system and integrate them into this program. This will increase the number of days in which pupils study outside their homes, reduce the number of recipients of unemployment benefits and stimulate the economy in related fields.

The Minister of Education responded to the State Comptroller's Office in October 2020. He stated that since assuming his position, the Ministry's primary objective is the establishment of an optimal remote learning system. It stressed providing the computer

infrastructure required for remote learning, in order to ensure, as much as possible, continuity of study for all pupils. This minimized the damage caused by the closure of educational institutions and its effect on pupils, their families, and teaching staff. The Minister specified the actions taken by the Ministry, some in line with the audit recommendations.

Proportion of pupils with no computer or internet connection, by sector and age group, 2018





Office of the State Comptroller | 2020

The State of Israel Response to the COVID-19 Crisis
Special Interim Report

Government Handling of Job Seekers and the Unemployed During the COVID-19 Crisis

Obtaining Reliable Monthly Data from Employers on their Employees' Salary

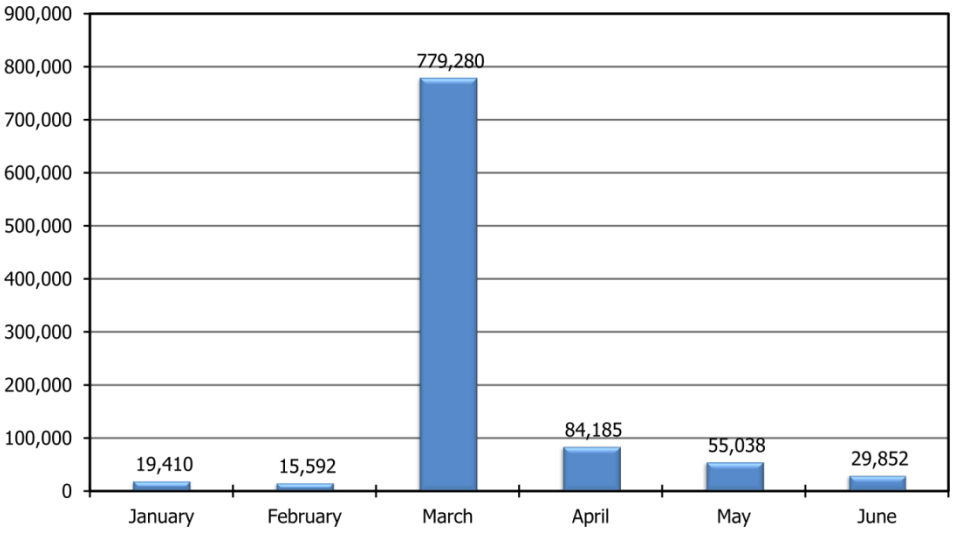
Interim findings | Published on 10 September 2020
The final report will be published in 2021

Background

The COVID-19 virus that spread throughout the world at the end of 2019 led to extensive morbidity and the World Health Organization declared it a pandemic in March 2020[1]. The outbreak of the disease caused an enormous and deep crisis unlike anything experienced by global society in recent decades. It brought not only illness and death to hundreds of thousands of people, but also inflicted economic damage and had far-reaching social consequences. The pandemic did not spare Israel, and its impact is readily apparent.

This report focuses on a particular aspect of the unprecedented unemployment level and the serious occupational crisis facing the country based on monthly reports from employers on their employees' pay. According to figures from the National Insurance Institution[2], from the outbreak of the crisis (March 2020) to the end of June 2020, there were 948,355 claims for unemployment benefits. By July 15, 2020, that number had risen to 966,120. These claims are in addition to 140,000 claims submitted before the crisis began. Figure 1 shows the breakdown of claims for unemployment benefits in the months January to June 2020:

Figure 1: **Claims for Unemployment Benefit (January-June 2020)**



As of July 15, 2020 approximately 1.1 million claims for unemployment benefit had been submitted. According to NII figures, in June 2020, about 521,000 claimants received unemployment pay. From March to the end of June 2020, unemployment benefits paid amounted to NIS 10.2 bn.

1 A pandemic or epidemic is the rapid spread of illness in the population. It generally refers to a sudden outbreak of an infectious disease caused by bacteria or a virus.

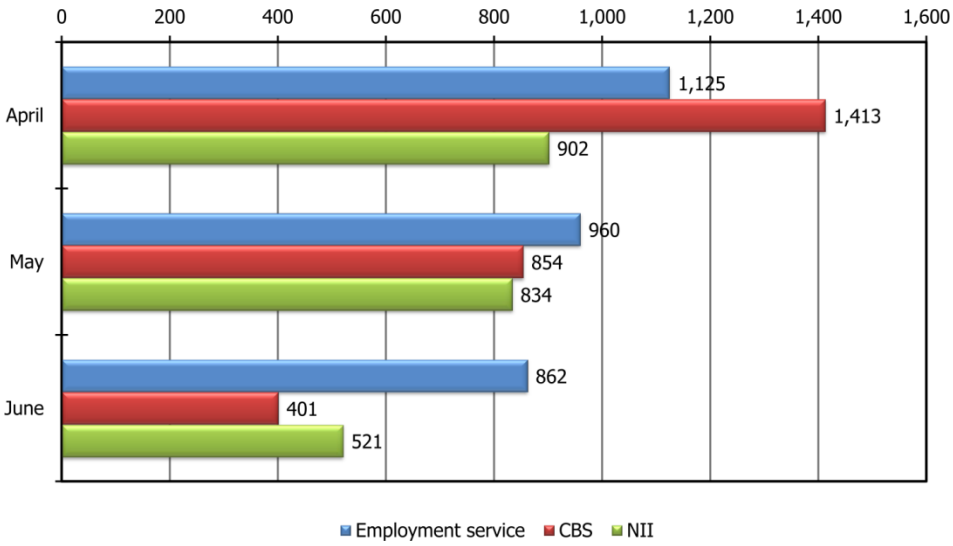
2 Forwarded to the State Comptroller's Office on 15.7.20.

National entities that coordinate data: three main bodies collect information about the state of employment in Israel: the National Insurance Institute (NII), the Israel Employment Service, and the Central Bureau of Statistics (CBS):

1. **The NII:** Calculates the number of unemployed individuals receiving unemployment benefits based on the number of claims it pays. Note that recipients of unemployment benefits are also obligated to register with the Employment Service.
2. **The Employment Service:** counts the number of job seekers who apply to the Service. Note that not everyone registered with the Employment Service is eligible for unemployment pay – for example if the has not completed the qualifying period[3].
3. **The CBS:** relies on surveys of the workforce according to its definition of unemployed[4].

The following diagram compares the figures from the three bodies for the months April to June 2020:

Figure 2: **NII, Employment Service and CBS figures (in thousands)[5]**



Source: Figures received from the NII on 15.7.20; figures from the Employment Service Pulse Report for May 2020; figures received from the Employment Service on 29.7.20; and figures from the CBS workforce survey for the months April-June 2020, processed by the State Comptroller's Office.

3 In cases of ineligibility for unemployment pay, job seekers apply to the Employment Service for help in finding suitable work.

4 According to the CBS website, an unemployed person is someone aged 15 and over who has not worked (for even one hour) in the past week; and has been actively looking for work in the four weeks prior to the survey. This is measured by registering with the Employment Service or applying for jobs in person or in writing, and being available to begin work immediately if suitable work was offered. "Available for work", includes someone promised work within 30 days.

5 The CBS figures include the number of unemployed persons (137,000, 170,000 and 192,000 in the months April, May and June respectively) and the number who were absent from their jobs during a whole week for reasons relating to COVID-19 (1.276 million, 684,000 and 209,000 in April, May and June respectively).

The diagram shows that there is a significant gap in the figures from the three bodies, to the extent that the number of job seekers in June 2020 according to the Employment Service is more than twice the number of unemployed according to the CBS workforce surveys.

The challenge – one of the main challenges that arise in managing the crisis is the lack of available and regular monthly data concerning; the number of employees whose work has terminated (due to unpaid leave or dismissal); the number of employees who have returned to work; their pay and characteristics; and salary information for workers whose job scope has been curtailed.

Damage due to lack of data – the lack of accessible, updated data could lead to an insufficiently grounded analysis of the employment situation in the economy, and result in making sub-optimal decisions. The need for precise salary data arises, for example, when the government examines plans for differential distribution of grants, such as the return to work incentive or plans to increase income-related benefits. The lack of current salary data arose in the summary report of the Committee on Promotion of Employment Towards 2030 (the Eckstein report) and also in the economic plan published in July 2020.

The State Comptroller's Office met with representatives from the NII, the Finance Department, the CBS, the Ministry of Labor, Welfare and Social Services, and economists from academia. It emerged that the NII can provide accessible and updated data. It can receive from employers, in "real-time", relevant data about every employee in Israel. Regular reports provide the infrastructure for building a comprehensive picture essential for making decisions about supporting needy populations and providing incentives to return to work, as described below.

Monthly Employers' Report

The statutory authority to ask employers for individual monthly reports on their employees' pay is stipulated in Section 8(a) of the National Insurance Regulations (Collection of Insurance Fees), 1954 (hereinafter: "the Collection Regulations"). According to the Collection Regulations, when paying monthly national insurance fees, every employer must submit a report on the wages paid to each of their employees in the relevant period.

The State Comptroller's Office dealt with this issue in detail in a report on the failure to exercise fully social rights published in May 2015[6] (hereinafter: the Failure to Exercise Rights report). The report noted that although the Regulations state that employers must report to the NII every month about the pay of each employee, the NII determined that the monthly report submitted by employers (Form 102) will not specify the pay of each employee, but only the total number of employees and the total amount paid to

6 See State Comptroller, Annual Report 65C (2015), "Non-exercise of Social Rights", p. 19.

them[7]. In response to the findings of the audit sent to the State Comptroller's Office in December 2014, the NII pointed out that neither the Law nor the Regulations impose an obligation for automated reporting, and that they "are not prepared to receive the enormous quantity of figures manually". They added that the monthly (regular) report on the wages of salaried employees is neither verified nor final, and the use of the report is problematic because each month there is a reckoning of certain wage components from previous months, such as differentials, premiums and adjustments. According to the NII, the experience with receiving regular monthly reports from employers with up to nine employees required individually processing non-automated reports, reports that contain errors and discrepancies, etc.

It should be noted that already in April 2007, the National Economic Council submitted to the government a document entitled "Economic social agenda for Israel 2008-2010"[8]. In this document, the Council recommended, inter alia, establishing a proper and accessible database of household income taken from all sources, and stated that the existence of this infrastructure was an essential and basic precondition for effective handling of problems of poverty and good governance. The Council also stated that the main drawback of Form 102 is that the report "is not at the individual employee level", and that many of the reports from employers are processed after a delay of a year or more.

In January 2016, about 6 months after publication of the report on non-exercise of social rights, and following an amendment to Section 355 of the National Insurance Law [Combined Version], 1995 (hereinafter: the NI Law), the NII asked employers to submit a detailed report of each employee and their cumulative pay once in six months (Form 126). This report is in addition to the overall report of total employees and total wages. The report is submitted three times a year: by July 18 for the period January to June each year; by January 18 for the period January to December of the previous year; and employers are also required to report by April 30 for the previous tax year (to match the Tax Authority report).

This amendment contributed to an improvement in the level of reporting the employment situation in the economy, giving a correct picture of the six months before the reporting date and not of the previous year, but this is still a retrospective report and not a substitute for a current, updated monthly report[9]. For example, if an employee stops working or changes his job in January, the NII will only learn of this six months later – in July. At the macro-economic level, the results in a lack of available and reliable data on which to base immediate policy decisions. This is especially crucial in a time of economic crisis.

On the positive side, during the COVID-19 crisis, the NII has used an online interface to receive reports directly from employers about workers that they have placed on unpaid leave (Form 100). This method enabled employers to submit hundreds of thousands of

7 In the period when the above audit was carried out (Report 65C), the NII received information about all salaried employees from the Tax Authority. The employers reported once a year to the Tax Authority on Form 126 for the entire previous year, with details of their employees and their wages.

8 Government Resolution 1586 of 22.04.07 adopted the document.

9 The report provides cumulative earnings for the whole period, not broken down by month.

reports online to the NII about workers that were placed on unpaid leave or terminated. The report included details about the worker and monthly wage figures prior to the crisis. Consequently, individuals claiming unemployment benefits do not have to attach pay slip[10]. It should be emphasized that in technological terms, there is nothing to prevent employers from providing the NII with all the monthly pay figures for every employee, whether or not they are on unpaid leave or still employed[11].

The conclusion emerging from the use of Form 100 during the crisis is that employers have the technological capability to give the NII monthly pay details of their employees, while the NII has the technological capability to receive monthly pay reports.

Obliging employers to submit online monthly reports could also help to simplify bureaucratic procedures, increase the utilization of incentives to return to the job market, and reduce unemployment payments, while increasing the income of recipients. For example, Section 176A of the NII Law states that recipients of unemployment benefits are entitled to a "**grant for the unemployed performing a low-paid job**" on the conditions specified[12]. The advantage of this grant is that it gives the recipients of unemployment benefits an incentive to work. They are entitled to the state grant if they are prepared to work for low pay so that in fact their total income from work will be higher than their unemployment benefit. There is also a significant benefit for the state in this arrangement. It reduces spending for unemployment benefits and encourages economic activity. **Nevertheless, the uptake rate of this "grant for low-paid unemployed workers" is negligible.** The reason lies in the complexity of the section. Moreover, the process of claiming is also very bureaucratic – the worker has to complete form NII/1517 and attach wage slips and the employer's confirmation. Regular receipt of detailed pay details from employers could reduce the bureaucracy and thus increase the uptake of the grant.

Requiring employers to submit monthly pay reports to the NII has other benefits, and above all the possibility of increasing the full exercise of rights by the workers. Thus, according to the NII explanations to the State Comptroller's Office in the non-exercise of rights report, the absence of monthly reporting is the main obstacle to full exercise of individual rights to benefits linked to an income test. This occurs when a condition for receiving the benefit is that the benefit claimant's income does not exceed the amount defined as the maximum qualifying amount[13]. In its response to the report, the NII stated that if they received a separate monthly report of the pay of every employee, it

10 Form 100 The NII developed Form 100 together with the companies that supply the payroll software installed by employers. The NII is also developing an interface with employers through which it can receive the bank account details of employees on unpaid leave.

11 A check by the State Comptroller's Office with three companies that develop payroll software through which employers can report to the NII found that they have the technological capability to enable employers to submit pay details every month.

12 An unemployed person who worked in a job where the average daily wage was lower than the daily benefit due to him may be entitled to the grant if he worked in this job for at least 25 days for at least 50% of full time. The maximum grant period is 100 days. The grant is the difference between the daily unemployment benefit the individual would otherwise receive and half of his average daily wage for the low paying job.

13 Including income support, income supplement, nursing benefit and old age pension at the stipulated age.

would be possible to initiate contact with people who were eligible for income-linked benefits and were apparently not exercising their right and to inform them of this. Moreover, monthly reports would enable the NII to initiate claims for benefits for certain insured individuals and automatically pay them the benefit, thus promoting the full exercise of rights.

The serious employment crisis requires the clear and immediate need for regular and reliable data. The employers have the data and the NII has already developed online interfaces to receive the data and has even begun receiving the figures from employers. Consequently, the State Comptroller's Office recommends that the NII should require every employer, at least during the current employment crisis, to submit monthly wage details for each of their employees, pursuant to Section 8(A) of the Collection Regulations – in the format of the semi-annual report currently in use, online or in any other way.

This step will probably place an extra burden on the employers or their representatives reporting to the NII. However, it could be of great benefit to the working interfaces between the NII and the employers, and each citizen, and to the national ability to obtain an overall picture of the job market, as an aid to preparing future economic plans to help the unemployed, workers on unpaid leave, and those with curtailed jobs.

This office also recommends an examination of the bureaucratic obstacles and the optimal ways of implementing Section 176A of the NII Law, which defines eligibility for the "grant for the low-paid unemployed". To ensure that the process is effective requires online implementation, which is also suitable for the current circumstances.

The Director General of the NII stated in his response to the State Comptroller's Office on 1.9.2020 that the Law requires monthly wage reports on a form. Online monthly reporting requires technology that is not available to all employers. Since the failure to report is criminal, the requirement for all employers to submit a monthly online report needs legislation. While working on an amendment to the Law, the NII has set up teams to consider the resources required to implement the monthly wage reports, and they will submit their conclusions in the coming weeks.