



State of Israel
State Comptroller and Ombudsman
Audit Reports on Municipalities 2020

The Municipality of Karmiel

Abstract

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Background

The city of Karmiel sits on the main highway between Acco and Tzfat. It was established in 1964 as part of the Jewish Settlement in the Galilee Project and was declared a city in 1986. During the 1990s, the city doubled in population, with the absorption of approximately 18,000 new immigrants from the countries of the Former Soviet Union. Today, it has approximately 53,700 residents and its jurisdiction covers about 24,500 dunams. On its eastern side, it has a large industrial area, and companies operating within its environs employ thousands of people from the city and the surrounding settlements. In October 2018, a new mayor was elected. Over the past few years, the city has witnessed accelerated development, including the construction of a new neighborhood of about 3,000 residential units and the opening of a train line.

Key figures

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The socioeconomic cluster in which the city was rated

NIS 317 million

The municipality's budget for 2018

NIS 152 million

The municipality's salary expenses for 2018

NIS 2.5 million

Irregularities in salary payments in 2018

NIS 10.5 million

The municipality's overtime salary expenses for 2018

1,029

Number of people employed by the municipality in 2019


304

Number of members of the same family employed by the municipality in 2019








24,000




Number of applications of residents to the municipality's call center in 2018

Audit actions

 In the months of June through October 2019, the Office of the State Comptroller audited the administration of the municipality of Karmiel in three areas: human resource management, salaries and additional associated payments, and the municipality's handling of public inquiries and complaints. The audit focused on the years 2016 through 2019. Supplemental examinations were performed in the Senior Division for Oversight of Human Capital in the Local Authorities in the Ministry of Interior and in the Division of Wage and Labor Agreements in the Ministry of Finance.

Key findings

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-  **Actual staffing levels versus the standard:** In the years 2016 – 2018, the average number of positions exceeded the authorized number of positions. The number of employees employed by the municipality was larger than what was permitted by its authorized budget. The deviation from the standard during these years was 5.4%, 1.6% and about 11%, respectively
 -  **The formulation of tenders:** In 139 of the 159 recruitment tenders examined, it was found that the Municipality did not include in the tenders all the required details (among others, the grade level and subordination); in nine cases, the municipality eased or tightened the minimum conditions, disregarding the guidelines.
 -  **Recruitment tenders for filled positions:** In 25 of the recruitment tenders, persons selected for the proposed positions were employees who were temporarily filling the position – as an actual appointment or a replacement, without these facts being included in the tenders.
 -  **Employment of family members:** The municipality did not complete mapping all the related employees in the municipality and did not act to resolve potential conflicts of interest in their employment.
 -  **Concern regarding a political affiliation:** In two recruitment tenders for senior positions, the municipality chose candidates who had a suspected political affiliation with the mayor. The candidates did not declare this affiliation. The municipality did not receive a legal opinion from the legal advisor regarding this issue, and did not provide details about the justification for preferring these candidates.
 -  **The position of the Municipality Comptroller:** The municipality did not hire a full-time comptroller as required by law.





-  **Employees' attendance:** An examination of 670 of the municipality's employees attendance for the period of November 2018 – February 2019, indicated that between 5% to 10% of them did not sign the time clock in and out as required at the beginning and end of the workday.
-  **Payment for overtime hours and on-call hours:** The municipality's overtime cost in 2018 was 10.5 million shekels, and its percentage of all salary expenses was 6.9%, high in comparison to municipalities of similar size. On annual average, the municipality paid (for the years 2016 – 2018) about 5% of its employees for being on-call, costing about 1.09 million shekels per year. There are no rules or criteria for allocating overtime and on-call hours.
-  **Handling of public inquiries and complaints:** The municipality does not have a central log and a system for organized tracking of public complaints and inquiries that do not arrive through the city call center, and has not established rules for handling them.



The municipality budget: The municipality had a balanced budget in 2016 – 2018.

Meeting minutes: From 2019, the personnel examination committees have improved the recording of minutes of meetings, including details and justification.

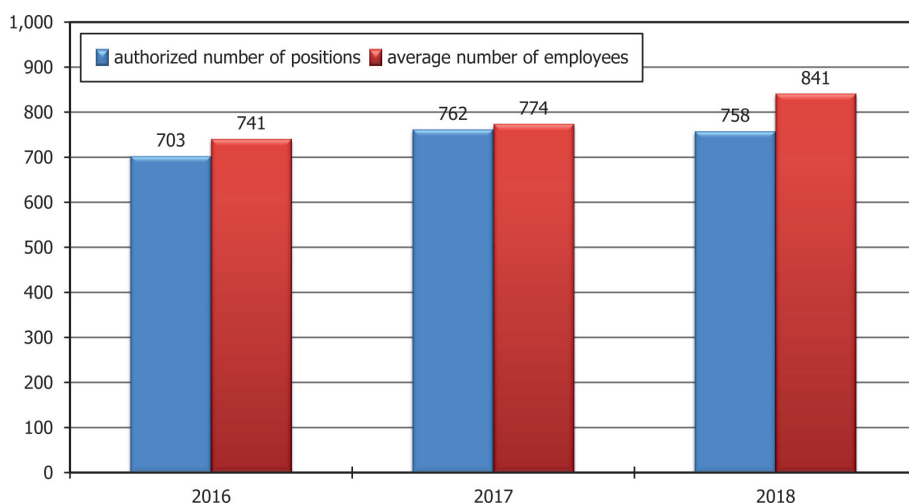
Key recommendations

-  The municipality should set a standard for human resources commensurate to its needs and act to hire a full-time auditor. It should be diligent in seeing that its recruitment tenders and the management of its examination committees follow procedures. It must act to reduce the use of temporary appointments, must map all its employees with family relationships, and mitigate any concerns about conflicts of interest in their employment.
-  The municipality must act to repair deficiencies related to its employees signing the time clock in and out of work, establish regulations for overtime employment and on-call status, including defining the positions eligible for these and their scope. It must be diligent in paying for these extra hours as set out by law. Further, it must take care to pay for car stipends, allocation of company cars and participation in gas expenses, for employees eligible for these, in accordance with regulations.
-  It is appropriate for the municipality to examine ways to reduce its salary expenses and streamline the management of its human resources operation.
-  The Ministry of Interior should examine the findings of this report and clarify its instructions to all local authorities regarding these issues.

Summary

The audit indicates that improvement is required in everything related to the municipality's human resources management. Due to the fact that salary expenses total approximately 48% of the municipality's overall budget, correction of the deficiencies enumerated in this report will contribute to increasing the municipality's operational effectiveness in handling different needs and improving the services, it provides to its residents.

The authorized number of staff positions vs. the average number of employees in the municipality of Karmiel, 2016 - 2018.



Brown bars average number of employees blue bar authorized number of positions
According to the data of Appendix 4 to Part B of the audited financial report of the municipality for the years 2016 – 2018. Processed by the Office of the State Comptroller. Not including retirees.