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Office of the State Comptroller

Annual Report 71B

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Chapter 4

The Defense Establishment



Foreword

Annual Audit Report 71B is the second part of the State Comptroller's annual report on the results of the audit of the audited bodies in 2020. This volume is dedicated to issues related to the Defense Establishment, which is responsible for the safety of the State of Israel. Following is a review of the issues included in it:

The audit regarding the **Relocation of the IDF's Intelligence Directorate and C41 Directorate to the Negev** found that the disputes and disagreements between the Defense Establishment and the Ministry of Finance and the Ministry of Transport and Road Safety, are a barrier to the process of the relocation of the Intelligence and IT directorates to the Negev. The relocation of these units to the Negev is part of a wide-ranging national initiative, embodying a meeting of political, defense and economic interests. It is therefore important that the parties reach the necessary understandings, with assistance from the National Security Council, and make decisions on the fulfillment of these understandings, in order to pave the way to successful relocation of the units to the Negev.

In order to maintain the preparedness and competency for war or operational activity, the IDF closes areas for training purposes. In the audit regarding the **IDF Land Training Areas**, it has been stated that the training areas are closed areas spread over one third of Israel's land area, and some of them include nature reserves, antiquities and agricultural areas. In view of the shortage of land in Israel, there is an inherent tension between the various national needs, including defense needs. The audit found that at the audit completion date, approximately 73% of the training areas that have been designated for repurposing to civilian needs in 2015 have still not been repurposed. It is recommended that the National Council for Planning and Construction, and the IDF, conduct a methodological examination of the IDF's processes for closing the training areas in view of the planning processes of land purposes as carried out by the Planning Administration, taking into account the various national development needs, including defense needs. It is also recommended that these two bodies coordinate between these two processes, which currently take place under separate sets of laws, draw conclusions and recommend to the Government accordingly.

The Israel Aerospace Industries Ltd. (IAI) is a Government company, and is one of Israel's largest companies. In 2019 its sales totaled approximately 1.4 billion dollars, and it employed approximately 15,000 employees. From January 2017 to January 2019, 29 senior executives were appointed in the IAI, accounting for 46% of the Company's senior executives.



The audit regarding the **Appointment of Senior Executives in Israel Aerospace Industries Ltd.** found deficiencies regarding the processes of recruiting and appointing certain senior executives, appointing temporary and acting executives and executives transfer. Consequently, principles of equality and competition in these areas were not fully complied. The IAI is a government company obligated to comply with norms of good governance, equality and competitiveness, including in all matters concerning the appointment of its senior executives, as required by law. It is appropriate that the Company's management and Board of Directors draw the necessary conclusions and take measures to prevent such deficiencies in the future.

According to the policy of the State Comptroller's Office, special emphasis is placed on monitoring the rectification of deficiencies that was raised in previous reports. This volume includes two follow-up audits as follows:

In November 2017, the State Comptroller's office published a special report on the **National Defense Preparedness against the Drone Threat**, and from October 2019 to June 2020, conducted an extended follow-up audit regarding this matter. It is estimated that in June 2020 there were 30,000 drones in Israel. The audit found that the audited bodies had not yet completed their operational preparedness for dealing with this threat, and that the areas of responsibility between the audited bodies were not fully defined. These bodies have to take measures to optimally complete the preparedness for dealing with the drone threat, covering all aspects, within a short period of time.

It should be noted that alongside the threats derives from use of drones, this use can contribute to the development of Israel's transport and economy in many aspects. Regulating the operation of drones in Israel's airspace is vital for maximizing the benefits that can be gained from using them.

In May 2017 an audit regarding **The IDF's Mental Health Services** was published. From November 2019 to May 2020, a follow-up audit regarding the rectification of the deficiencies that was raised in the previous audit was conducted.

The Mental Health Services are a significant component in the IDF's medical services. In light of the fact that the purpose of these services is to ensure the mental health and resiliency of the IDF soldiers, their quality and availability are of the highest ethical importance. Therefore, the IDF needs to focus on the aspects in need of improvement as presented in this chapter, addressing in particular the matter of the increase in the number of exemptions from military service in the IDF on grounds of the mental status of its candidates. This increase has national and strategic implications since it affects the building of the IDF's forces.



The sections in this report were conducted by the Defense Establishment Division in the State Comptroller's office. I wish to thank the employees of this Division and all employees of the State Comptroller's Office for their professional, thorough and objective work, especially in light of the challenges, during the COVID-19 pandemic.

The audited bodies must act quickly and efficiently to rectify the deficiencies that have not yet been rectified, as required by law. The Office of the State Comptroller will continue to monitor and ensure the rectification of the deficiencies.

I wish we all return to routine life soon.

A handwritten signature in black ink, appearing to read 'Matanyahu Englman'.

Matanyahu Englman
State Comptroller
and Ombudsman

Jerusalem, April 2021



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National-Strategic Spheres of Activity

National Defense Preparedness against the Drone Threat Expanded Follow-up Audit



National Defense Preparedness against the Drone Threat – Expanded Follow-up Audit

Background

A drone is a remote-controlled unmanned aerial vehicle. The use of drones has been increasing in recent years, due to their low cost and the constant technological improvements enabling longer flying times for longer distances, the improvements to their load capacities and to their navigation capabilities. Drones are used today for commerce and transport, for emergency incidents, for photography, etc. and they have also become a popular hobby. The proliferation of the use of drones offers numerous advantages, but the constant technological improvements to them and the fact that they are readily available also means that they pose emerging threats relating to the security and criminal aspects of their use that could also jeopardize human life and national security.

Considering the growing use of drones and the risks they pose, the Office of the State Comptroller published a special report in November 2017 entitled "National Defense Preparedness against the Drone Threat" (the Previous Report). Subsequent to the publication of the Previous Report, the State Security Cabinet passed Resolution 254/B entitled "Delegating Responsibilities for Handling the Drone Threat." The resolution delineated the areas under the purview of each of the security entities for handling the threat; issued guidelines for formulating work procedures; instructed the Ministry of Defense to lead a process of analyzing and developing a technological response to the threat; and issued guidelines for regulating this issue and for improving the enforcement of aviation laws relating to drone operators. The Ministry of Defense instructed the Air Force's "MAGEN" Administration to analyze and develop a technological response that would help contend with the drone threat.



Key figures

**About 30,000
drones**

existed in Israel correct to July 2020, according to the Civil Aviation Authority's estimate. Most are used for recreation or sport.

**More than
90,000
drone flights**

in the "Gush Dan" region of central Israel in 2019.

**Dozens
of incidents**

involving drones occurred at Israel Prison Service facilities in 2018 and 2019.

**ILS 87
million**

have been invested in a program for developing a technological response to the drone threat, even though this budget had originally been planned at ILS 150 million.

**About
22%**

of the means needed at IDF bases to thwart drone incursions were actually allocated.

**111
drone flights**

occurred in areas defined as "no fly zones" during the Eurovision events in Tel-Aviv in May 2019.

Audit Actions



From October 2019 to June 2020, the Office of the State Comptroller performed an expanded follow-up audit on the subject of the national defense preparedness against the drone threat. The follow-up audit examined the rectification of deficiencies specified in the Previous Report and the implementation of Resolution 254/B, which was passed as stated, subsequent to the publication of the Previous Report. The expanded audit was performed in the IDF, in the Ministry of Defense, in the Israel Police, in the Israel Security Agency, in the Israel Prison Service, in the Ministry of Public Security, in the Civil Aviation Authority, in the Airports Authority, in the Israel Electric Corporation Ltd. and in the National Security Council. Supplementary examinations were performed in Petroleum and Energy Infrastructures Ltd., in Europe Asia Pipeline Company Ltd. and in another security organization.

The subcommittee of the Knesset State Audit Committee decided not to submit to the Knesset's agenda and not to publish parts of this report for national security reasons, pursuant to section 17 of the State Comptroller Law, 1958 [Consolidated Version]. The withholding of parts of this section does not prevent the understanding of fundamental issues in this audit.



Key findings

Extent of rectification of deficiencies specified in the Previous Report



Regulating the conditions for effective criminal enforcement – The Previous Report stated that the administrative and criminal enforcement means vested in the Civil Aviation Authority by virtue of the Aviation Law, 2011 (the Aviation Law) do not provide an optimal solution for effective enforcement of the Aviation Law on drone operators. The follow-up audit found that, notwithstanding that required in Resolution 254/B, the Civil Aviation Authority and the Israel Police have not regulated the conditions needed for effective criminal enforcement of the laws applying to drone operators.



Delegation of responsibilities for contending with drone threats originating within the State of Israel – The Previous Report reported that neither the IDF nor the Israel Police considered themselves responsible for contending with the threat of drones operating inside Israel. The follow-up audit found that Resolution 254/B, which was passed by the State Security Cabinet in December 2017, delegated responsibilities for handling the threat of drones being operated inside Israel.



Findings of the follow-up audit on rectification of deficiencies specified in the Previous Report

Audit section	Deficiency reported in the Previous Report	Extent of rectification of the deficiency as found during the follow-up audit			
		Not rectified	Slightly rectified	Largely rectified	Fully rectified
No authority is responsible for defending against drone threats originating inside Israel	Up until the date of the audit update in September 2017, the State Security Cabinet had not yet reached a decision about defense against the drone threat, and the national responsibility for contending with the drone threat has not yet been regulated.				
Inadequacies in the regulation of the use of drones	Enforcement of the Aviation Law: The administrative and criminal enforcement authorities vested in the Civil Aviation Authority do not provide an optimal solution for effective enforcement of the Aviation Law on drone operators.				
	Administrative enforcement: Licensing: The authority of the Director of the Civil Aviation Authority to restrict, suspend, revoke or refuse to renew drone operators' licenses is inapplicable to the vast majority of drone operators, since they are flying drones for recreational or sports purposes and are not required to obtain a license.				
	Fine: The sum of the fine that the Civil Aviation Authority may impose on anyone who operates a drone for recreational or sports purposes in violation of the Aviation Law is insignificant, and therefore, is not a deterring factor.				
	Work by Civil Aviation Authority inspectors: The Civil Aviation Authority cannot carry out effective administrative enforcement against drone operators, whose numbers are growing steady, if it only has two inspector positions.				
	Criminal enforcement: On the one hand, the Minister of Public Security has not authorized Civil Aviation Authority inspectors to exercise investigative authorities for the purpose of criminal enforcement of the provisions of the Aviation Law and, on the other hand, the Israel Police does not consider itself responsible for enforcing all provisions of the law, but rather only in relation to "specific incidents."				
	Drone registration: The Aviation Law does not require drones being used for recreational or sports purposes to be registered.				
	The IDF's defense preparedness against drone threats originating outside Israel				
	The Air Force still does not have a complete defense response against the drone threat. It is true that the IDF is continuing its staff work on defense against the drone threat; however, force-building and force deployment processes in this regard have not yet been defined, approved or budgeted in its multiyear plan.				



Additional findings of the current audit

- 🔴 The Israel Police's defense preparedness against the drone threat** – The Israel Police has not implemented the operating doctrine that it had formulated and has not prepared itself in a way that would enable adequate defense against drone threats in accordance with Resolution 254/B. As a result, it lacks the capabilities needed to contend with drone threats at unscheduled events and its defense preparedness against drone threats at scheduled events is inadequate.
- 🔴 Defense of IDF camps and facilities** – The volume of procurements of Counter Unmanned Aircraft Systems (C-UAs) for defending IDF camps and facilities is at about 22% of the requirement presented by the IDF's Operations Directorate. The vast majority of IDF bases and facilities have no C-UAs. As a result, in the event of a drone threat on an IDF base or facility, there is a concern that the security teams will be unable to provide an optimal operational response.
- 🔴 Delegation and delineation of the responsibilities for handling drone threats** – The Israel Police, the IDF, the Israel Prison Service, the Airports Authority and the Israel Electric Corporation did not complete the delineation of the responsibilities or the drafting of procedures and rules for transferring responsibilities between them.
- 🔴 Consensual joint funding of the development of the technological response** – The State Security Cabinet's Resolution 254/B of December 2017 regarding consensual joint funding of the development of the technological response has not been implemented in its entirety. More than two years later, up until the conclusion of the audit in June 2020, consent has still not been achieved with regard to the funding model. As a result, the project funding for developing the drone threat response, including its contents, has shrunk from ILS 150 million to ILS 87 million. The project has focused on providing a response for the IDF's border defense mission and was incompatible with the needs and budgetary capabilities of the Israel Police, the Israel Security Agency and the Israel Prison Service.
- 🔴 Customizing the technological response for the needs of the security entities** – The project contents that were needed, primarily for the Israel Police, the Israel Security Agency and the Israel Prison Service, were not included as compulsory components of the technological response development project. The national plan for developing the technological response did not provide a defense response against drones to all of the entities and, in fact, the Israel Security Agency and the Israel Police opted to independently procure defense means that did not conform to the recommendations of the "MAGEN" Administration national defense team against the drone threat.
- 🔴 Regulation of drone operation pursuant to Resolution 254/B** – Due to the disagreements between the Air Force and the Civil Aviation Authority, the regulation







process has been delayed and Resolution 254/B has not been implemented. Until the conclusion of the audit in June 2020, the status of the regulation of drone operation remains unchanged: most drones in Israel are unregistered and most drone operators are not required to obtain any flight approval. Therefore, the security risks posed by the use of drones still remain. However, progress began to be made in September 2020 towards resolving the disagreements and advancing the regulation of drone operation.

 **Integration of drones in Israel's air space** – Staff work regarding the integration of unmanned aircraft in air space is being performed in the United States and in Europe. In Israel, specific actions are being taken to integrate drones in the air space, but they have not progressed to the stage of drafting of regulations in this regard. This would provide the foundation for deploying technological infrastructure for identifying and controlling drone traffic in Israel's air space.



Force-building processes at Ben-Gurion International Airport for contending with the drone threat – Force-building processes for defense against drones have been completed at Ben-Gurion International Airport. They currently provide a technological means to address this threat in the medium term.

Key recommendations






-  The various entities should take action to complete their preparations of all force-building aspects of contending with the drone threat, including the drafting of operating doctrines and procedures and the procurement of means. They should regulate their interactions and procedures for transfers of responsibilities between them.
-  The Israel Police should take the actions needed in order to contend with the drone threat during unscheduled events and to complete its preparations for handling this threat during scheduled events – all according to the responsibilities imposed on it in Resolution 254/B, including in relation to the aspects of institutionalizing procedures, force-building and budgeting.
-  The IDF's Operations Directorate should complete the update of its basic documents regulating defense of IDF bases against drone threats, should assess the risks to the various bases posed by this threat, and should prepare an organized force-building plan that takes into account the resources required in this regard.
-  The Ministry of Defense, which was instructed by the State Security Cabinet, should lead an analysis of the technological defense capability against the drone threat; examine ways to resolve the numerous disagreements between the various security



entities; and build an action plan for providing adequate operational means to the various entities, taking into account their budgetary constraints.

- 💡 It is recommended that the Civil Aviation Authority should complete the process of drafting regulations in order to implement the government's directive regarding compulsory drone registration and licensing of drone operators.
- 💡 The State Security Cabinet should continue monitoring the implementation of Resolution 254/B and, insofar as the existing obstacles to implementing it have not been removed, it should also consider initiating another discussion by the State Security Cabinet.
- 💡 It is recommended that the Civil Aviation Authority, in collaboration with the Air Force and the Israel Police, should advance activities to regulate the integration of drones in Israeli air space, similar to the actions taken in the United States and in Europe.

Entities' defense preparedness against the drone threat pursuant to Resolution 254/B

Entities Indicators	Israel Police 			IDF bases and facilities 	Israel Prison Service 	Controlled entities		
	Scheduled event	Unscheduled event	Guidance to guided entities			Israel Airports Authority 	Ben-Gurion Airport	Ramon and Haifa airports 
Drafting the reference threat								
Formulating work procedures								
Delineating responsibilities								
Executing force-building processes								
Procuring defense systems								
<div>Inadequate</div> <div>Partially executed</div> <div>Fully executed</div> <div>Irrelevant</div>								



Summary

The constant technological improvement of drones is creating an emerging and changing threat relating to security and criminal aspects of drone use. According to the recommendation issued in the Previous Report, the State Security Cabinet passed Resolution 254/B to regulate the responsibilities for contending with the drone threat. This resolution instructed defense authorities, law enforcement authorities and regulatory authorities to take integrated national action towards contending with the drone threat.

The audit found that the audited entities have still not completed their operational preparations for contending with the drone threat or delineated the responsibilities between them; the audit also found that the development of the technological response to drone threats has been delayed as a result of budgetary constraints and has failed to meet the needs of all security entities; and that the regulation process has not been completed.

The entities should take action to complete their preparations for contending with all aspects of the drone threat. The Office of the State Comptroller recommends that the entities should continue working collaboratively, with intensive information-sharing and mutual learning, particularly as it pertains to the sharing of knowledge and capabilities between entities that operate drones and the entities responsible for defense against the drone threat, so that the national defense preparedness against the drone threat is completed rapidly and optimally.

Notwithstanding the threats posed by the use of drones, their use can also contribute to the development of many aspects of Israel's economy and transportation sector. Regulating the operation of drones in Israel's airspace is vital in order to maximize the benefits that can be reaped from drone use.

All entities should scrutinize the findings of this report and take action to implement its recommendations.



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National-Strategic Spheres of Activity

Relocation of the IDF's Intelligence Directorate and C4I Directorate to the Negev

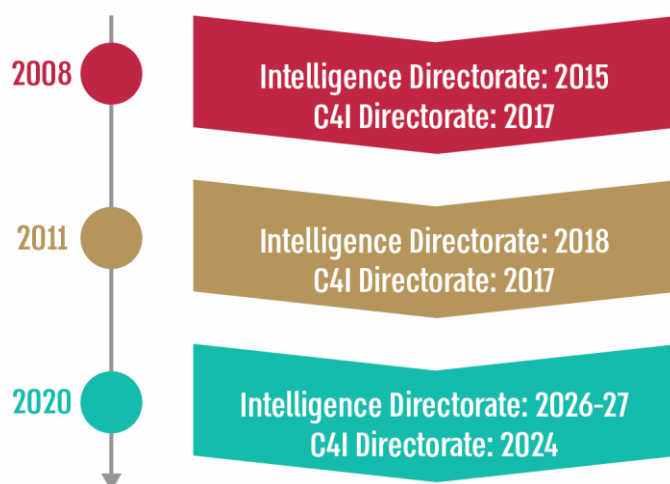


Relocation of the IDF's Intelligence Directorate and C4I Directorate to the Negev

Background

The relocation of the IDF's Intelligence Directorate and IT and Cyber Defense Directorate (C4I Directorate) to the Negev is a national initiative that fulfills the vision of Israel's first Prime Minister, David Ben-Gurion, for the development of this desert region, and epitomizes a congruence of political, defense and economic interests. This report addresses key issues requiring resolution by all entities involved in order to facilitate the successful relocation of the Intelligence and C4I Directorates to the Negev.

The following diagram depicts the updates to the timing of the directorates' relocation over the years according to the various government decisions:





Key figures

**ILS 19
billion**

Total budget approved by the government in 2011 for relocating the Intelligence Directorate (ILS 12 billion) and the C4I Directorate (ILS 7 billion) to the Negev

**ILS 1.3
billion**

Budget framework for the program to incentivize IDF career soldiers to relocate and serve in the Negev

2024

Forecasted year for occupancy of the C4I Complex in Be'er Sheva

2026-2027

Forecasted period for occupancy of the Intelligence Complex in the Lakiya region in the Negev

**14,000-
16,200**

Number of housing units that may be built on lands to be vacated in central Israel once the Intelligence and C4I Directorates relocate to the Negev

93%

Ratio of soldiers serving in the Intelligence and C4I Directorates who are not currently living in southern Israel

**Thousands
of career
soldiers**


from the Intelligence and C4I Directorates are expected to serve in the Negev

**Thousands
of career
soldiers
and
soldiers
under
compulsory
service**





are expected to serve in the Intelligence Complex and in the C4I Complex in the Negev



Audit Actions

 From October 2019 to May 2020, the Office of the State Comptroller performed an audit of the activities of the Defense Establishment, the Ministry of Finance and the Ministry of Transport and Road Safety towards resolving the obstacles and disagreements pertaining to the relocation of the Intelligence and C4I Directorates to the Negev. Supplementary examinations were performed in July and August 2020. The audit was performed in the IDF, in the Ministry of Defense, in the Ministry of Transport and Road Safety, in the Ministry of Finance and in the National Security Council in the Office of the Prime Minister.

Key findings

-  **Activities of the path clearing committee** –The purpose of this committee, which was formed pursuant to a government resolution dating back to 2008, is to remove obstacles and resolve disagreements between the Defense Establishment and government ministries about the transportation solution and about benefits and incentives to IDF career soldiers. In fact, this committee and its subcommittee have not convened since January 2016.
-  **Activities of the National Security Council** – About a year and a half have passed since the Prime Minister instructed the National Security Council in March 2019 to analyze the disagreements relating to the relocation of the directorates to the Negev. The National Security Council has held consultations and discussions, but they have not resolved the disagreements between the Defense Establishment, the Ministry of Transport and Road Safety and the Ministry of Finance.
-  **Transportation solution for the IDF Intelligence Complex** – A memorandum of understandings was signed between the Ministry of Defense, the Office of the Prime Minister, the Ministry of Finance and the Ministry of Transport and Road Safety in April 2016, under which a mass transport system would be established based on an economic analysis. Since then, alternatives have been examined, data have been presented, discussions have been held, but the ministries have not yet reached final agreements about how soldiers would commute to and from the Intelligence Complex.
-  **Retention of high-caliber manpower for the relocation to the Negev** – In May 2016, the Ministry of Finance and the Ministry of Defense reached agreement on a budgetary framework of ILS 1.3 billion for the retention of high-caliber manpower during the relocation to the Negev. Between 2015 and 2018, discussions were held about the composition of the benefits and incentives for career soldiers. No



agreements were reached – not about the definition of the eligible population or the sum of the grant to be given within the said budgetary framework, and not about an additional budgetary framework that the Defense Establishment demands in order to provide alternative housing for career soldiers moving to the Negev.



Relocation of the Intelligence and C4I Directorates to the Negev as part of a national initiative - This course of action is expected to strengthen Israel's outlying southern region and transform the Negev into a technology hub. It will result in the vacating of lands in central Israel and the construction of thousands of housing units; and enhancing the IDF's operational effectiveness by improving its infrastructures.

The higher education system's preparations – Ben-Gurion University of the Negev has taken preliminary actions in preparation for the directorates' relocation to the Negev. The memorandum of understandings regarding Ben-Gurion University's preparations for the directorates' relocation to the Negev, which was signed by the Ministry of Finance, the Council of Higher Education's Planning and Budget Committee, the Ministry of Defense and Ben-Gurion University, has been implemented. Nineteen new faculty members have been hired and 450 students have been admitted, new laboratories have been set up and initial plans have been prepared for the construction of three new buildings.

Key recommendations



It is recommended that the National Security Council should collaborate with the Defense Establishment, the Ministry of Finance and the Ministry of Transport and Road Safety in order to formulate agreements and make decisions about their implementation. Both in relation to the solution for transportation to and from the Negev and in relation to the composition of the benefits and incentives to IDF career soldiers; in order to facilitate the successful relocation of the Intelligence Directorate to the Negev in 2026-2027.



It is recommended that a clear and credible benefit and incentives program should be presented to the career soldiers serving in the Intelligence and C4I Directorates sufficiently in advance.



Once the transportation solution and the benefits and incentives program have been agreed upon, it is recommended that the IDF should proceed to launch an opinion survey about the relocation to the Negev among the career soldiers serving in the Intelligence and C4I Directorates. It is also recommended that the IDF should consider the risk that soldiers in compulsory service may not be motivated to serve in the Negev complexes due to the long daily commute to and from central and northern Israel.

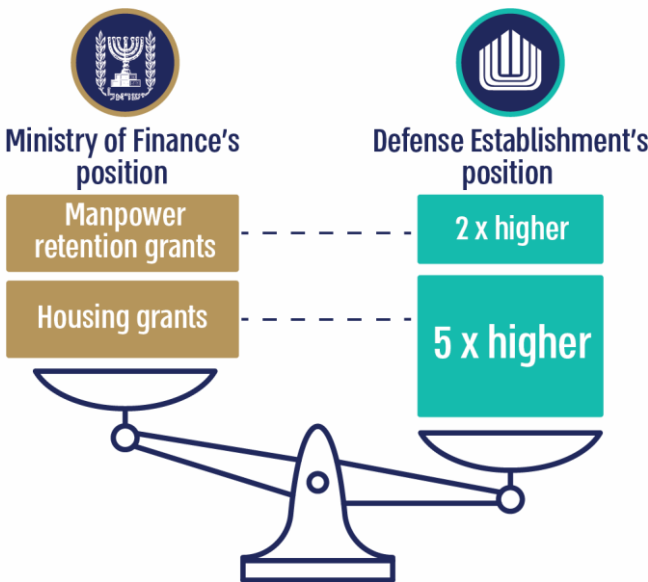


Ninety three% of the soldiers do not live in southern Israel, while lodging solutions are planned for about 64% of all soldiers in compulsory service.



It is recommended to continue taking actions needed to adapt infrastructures of the higher education system in the Negev in order to accommodate the numbers of students expected to be admitted when the Intelligence and C4I Directorates relocate to the Negev between 2024 and 2027.

Main disparities during the discussions between the Ministry of Finance and the Defense Establishment about benefits and incentives to career soldiers that are still unresolved



Total support required according to the positions of the Defense Establishment and the Ministry of Finance:





Summary

The disputes and disagreements between the Defense Establishment, the Ministry of Finance and the Ministry of Transport and Road Safety are a barrier to the process of relocating the Intelligence and C4I Directorates to the Negev. The relocation of these directorates to the Negev is part of a wide-scale national initiative that epitomizes a congruence of political, defense and economic interests. It is of utmost importance that the parties continue their negotiations in order to reach agreements with the assistance of the National Security Council, and make decisions about implementing them in order to pave the way for the successful relocation of the directorates to the Negev.



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National-Strategic Spheres of Activity

IDF Land Training Areas



IDF Land Training Areas

Background

In order to maintain the preparedness and competency for war or operational activity, the IDF closes areas and uses them for training exercises. The training areas are closed areas extending over about one third of Israel's land mass. The IDF closes these areas pursuant to section 125 of the Defense Regulations, regardless of the State planning institutions' zoning of the land (for industry, agriculture, housing). Some of the training areas include nature reserves, antiquity sites and agricultural areas. Pursuant to the law, any person wanting to enter or exit a closed area must coordinate with the IDF. Repurposing IDF training areas for civilian use requires the IDF or the Israel National Mine Action Authority (INMAA) in the Ministry of Defense to scan and clear the area of duds. Due to the shortage of land in Israel, there is inherent tension between the various national needs, including security needs.

Key figures

78

closed training areas exist in Israel (excluding Judea and Samaria)

About 35%
of the State lands

are closed areas being used for IDF training (about 7,660 square kilometers out of about 22,000 – excluding Judea and Samaria)

Fourfold

increase in the total volume of training areas in Israel since 1955, when the first closure order was issued, compared to the volume on the audit completion date

About 73%
of the training areas

designated for repurposing for civilian needs in 2015 have still not been repurposed by the audit completion date (11 out of 15 areas)

1,300
declared antiquity sites

are located within the training areas on the Golan Heights

3
coordination centers

in the IDF's regional commands coordinate civilian entries into training areas



Audit Actions






From February to June 2020, the Office of the State Comptroller examined the conduct of the IDF and other authorities with regard to the training areas (excluding training areas in the vicinity of Judea and Samaria). The examination focused mainly on training area lands as a national resource; evacuation of duds from the training areas; civilian entries into the training areas; and preventing damage and restoring antiquity sites within the training areas. The audit was performed mainly in the IDF – in the Ground Forces; in the Planning Directorate; in the Regional Commands; in the Ministry of Defense, including in the INMAA; in the Planning Administration; in the Antiquities Authority; and in regional and local councils.





The subcommittee of the Knesset State Audit Committee decided not to place on the Knesset's agenda and not to publish particular data in this report for national security reasons, pursuant to section 17 of the State Comptroller Law, 1958 [Consolidated Version]. The withholding of these data does not obfuscate the fundamental issues in this audit.

Key findings



-  **Implementation of national outline plans in the training areas** – The legal status, whereby the IDF may, at any time, select areas zoned for other purposes and close them for its training purposes – albeit for vital security purposes – creates uncertainty with regard to the ability to carry out the national outline plans for these areas and, in some instances, adversely impacts the integrity of the planning process itself.
-  **Training area closure orders** – Closure orders relating to three of the closed training areas were not found, and discrepancies in the borders of the closed areas were found between the closure orders and the various sources of information about them.
-  **Supervision and control over the extent of the use of the training areas** – The training department of the IDF Ground Forces, which is tasked with planning, operating and controlling the ground training exercises, has no reliable and complete situation report about the extent and mode of use of the training areas. The Planning Directorate is not proactively requesting reports from the IDF Ground Forces and the Regional Commands about the extent of utilization of the training areas in order to ensure that the training areas are being used efficiently and to enable repurposing of areas.





-  **Ongoing civilian uses within the training areas** – Civilians have been making use of some of the training areas for decades. This situation not only poses safety risks to civilians who are actually located in these areas, but also constrains the IDF in conducting trainings on the entire area because of this civilian presence.
-  **Evacuation of duds in training areas** – The processes of repurposing training areas that the IDF agreed may be evacuated and repurposed for civilian use have been delayed for at least five years as a result of a failure to demine those areas. This derives both from the IDF's procrastination when it comes to demining for civilian purposes and from the fact that the INMAA did not receive a budget designated for this purpose.
-  **Informing the public about training areas and the restricted entry into them** – The IDF's website displays no information about how civilians can coordinate entry into the training areas, about contact information, opening dates of the areas, warnings or any other relevant information.
-  **Damage to and restoration of antiquities within the training areas** – Over the years, damage has been caused to several antiquity sites in the training areas under the Northern Command as a result of training exercises. Joint efforts by the Antiquities Authority, the Ministry of Defense and the IDF to protect these sites, prevent additional damage to them and restore them have been unsuccessful, as of the audit completion date.



Publication of a directive to manage an archive of duds in firing ranges – In December 2019, while the audit was underway, the chief engineering officer published a new directive that defines the mode of management of such an archive, which will constitute the foundation for creating an information base to be used, inter alia, for evacuation of duds activities in firing ranges in the future.

Key recommendations

-  It is recommended that the national planning institutions and the IDF should form a joint forum for periodic examination of the planning needs on the one hand, and the need for training areas on the other hand. It is also recommended that they should consider formulating a mechanism to help them resolve conflicting demands that arise between defense and national civilian interests in relation to areas closed for training purposes and issue their recommendations to the government according to the outcomes of their examination.
-  It is recommended that the IDF and the planning institutions should routinely map the differently zoned areas that overlap with the training areas, as part of the information



base, for the purposes of future planning and while taking into account the IDF's operational needs.



It is recommended that all military units controlling training areas should perform annual mapping of their utilization of these training areas, both in terms of number of days of use and in terms of the size of the utilized area, and should forward these data to the Ground Forces for the purpose of optimal planning of training area utilization.



It is recommended that the Ground Forces should coordinate all of the usage data for all of the training areas and should define uniform indicators for measuring utilization; additionally, the Planning Directorate should proactively conduct examinations of the mode of utilization of all of the training areas, and not merely conduct examinations in response to incidental requests to repurpose areas.



It is recommended that the Minister of Defense should examine the duration of the evacuation of duds processes and the obstacles in the process and should define the entity responsible for such action (the IDF or the INMAA), especially if the evacuation of duds is in areas being used regularly by civilians. It is advisable that this examination should take into account the years of delays in evacuating duds from training areas earmarked for projects of national importance, particularly in outlying regions. It is further recommended that the Ministry of Defense and the Ministry of Finance should take action to formulate an annual budget for INMAA actions so that it can carry out its annual work plan.



It is recommended that the IDF should consider establishing an official website that is updated frequently, is accessible to incoming tourists and provides up-to-date information to the general public about how civilians can coordinate entry into training areas and about the restrictions imposed in these areas.



The IDF and the Ministry of Defense, in collaboration with the Antiquities Authority, should advance solutions to ensure that antiquity sites will not be damaged during military training exercises, to the extent possible, and to ensure that damaged sites are restored to their previous condition.

Training areas (excluding training areas in Judea and Samaria)



Source: IDF Unit 9900, May 2020 (based on the Ground Forces information on training areas)



Summary

Israel's population is steadily growing and so are its various land use needs for the purposes of housing, agriculture, tourism, industry, etc. The training areas, which extend over about one third of Israel's land mass and take up areas that have been zoned for diverse purposes in national outline plans, are closed to the public. The training areas are essential to the IDF for the purposes of maintaining its operational readiness. However, the IDF's closure of the training areas sometimes adversely impedes implementation of national outline plans. Considering the shortage of land in Israel, it is recommended that the National Planning and Building Council and the IDF should jointly examine the IDF's closure of the training areas against the Planning Administration's planned zoning. They should take a systemic view of all current and future national development needs, including defense needs, coordinate between these two processes, which currently take place under separate sets of laws, draw conclusions and accordingly issue their joint recommendations to the Government.



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Israel Defense Forces

The IDF's Mental Health Services

Follow-up Audit



The IDF's Mental Health Services – Follow-up Audit

Background

The IDF's Mental Health Department, which is subordinate to the Chief Medical Officer, functions as a principal professional mental health authority in the IDF. Pursuant to its organizational ordinance, its mandates are, inter alia, to provide medical-psychological therapy to soldiers, to strengthen their mental resilience and to improve mental health in the IDF.

Key figures

260

professionals in the Mental Health Department: 90% are mental health officers and 10% are psychiatrists

24%

of soldiers in compulsory service meet with mental health officers and psychiatrists (including one-time meetings); between 140,000 – 148,000 such meetings were held each year between 2017 and 2019

3%

of soldiers in compulsory service have a medical profile diagnosing a psychological deficiency

6.8%

of all soldiers were exempted from IDF compulsory service for psychological reasons (profile 21). Among lone soldiers, the ratio is 7.7% and among new immigrant soldiers, the ratio is 6.9%

26%

of soldiers wait at least three weeks for an appointment with a psychiatrist, and 8% of soldiers wait at least three weeks for an appointment with a mental health officer¹

14%

of the referrals for a psychiatric evaluation issued to soldiers were not used

24%

increase in the ratio of recipients of a psychological exemption from IDF service among conscripts in the national education system born in 2001– compared to 1999

2,000

fewer soldiers are forecasted to serve in the coming decade due to an increase in the ratio of psychological exemptions among IDF conscripts

¹ Cases defined as emergencies are not included in these data.



Audit Actions



In May 2017, the State Comptroller published a report entitled "The IDF Mental Health Services"² ("the Previous Audit"). From November 2019 to May 2020, the Office of the State Comptroller performed a follow-up audit on the mode of rectification of the deficiencies found in the Previous Audit. The audit was performed in the IDF: in the Manpower Directorate and in the Mental Health Department.

Key findings

Extent that the deficiencies reported in the Previous Audit have been rectified



Waiting time criterion for an appointment with a mental health officer – The Previous Audit found that the Mental Health Department has no criterion for deciding a soldier's maximum waiting time for an appointment with a mental health officer. The current audit found that **the deficiency has been slightly rectified**: the Chief Medical Officer has revised his directive in this regard, but has not yet published it. It was further found that the Mental Health Department did not perform staff work analyzing maximum waiting times for an appointment with a mental health officer with the objective of minimizing potential exacerbation of psychological and personal problems during the waiting period.



The Mental Health Department's initiation of mental health checkups – The Previous Audit found that mental health checkups were not initiated by the Mental Health Department for about 11% of the soldiers (checkup initiated by a mental health officer or psychiatrist with a soldier receiving therapy as part of a series of meetings intended to follow up on his mental state). The current audit found that **the deficiency has been slightly rectified**: Between 2017 and 2019, the Mental Health Department did not initiate a first mental health checkup for about 22% of the soldiers by 90 days after the date that a checkup was deemed necessary. It should be noted that the IDF's response to the audit findings was that by the time soldiers are discharged the Mental Health Department does not initiate a checkup for only 1% of the soldiers.



Medicines prescribed by psychiatrists – The Previous Audit found that only about 47% of the prescriptions for psychiatric medicines were dispensed to soldiers. The

² The State Comptroller, **Annual Report 67B** (2017), pp. 1683 – 1713.



current audit found that **the deficiency has been slightly rectified**: Approximately 58% of the prescriptions for these medicines were dispensed.

Additional findings during the current audit



Waiting time criterion for an appointment with a psychiatrist – The Chief Medical Officer did not define a criterion for the duration of the waiting time for an appointment with a psychiatrist.



Utilization of referrals to a psychiatrist – About 24% of the referrals for a psychiatric evaluation that were issued by military physicians and about 13% of the referrals for a psychiatric evaluation that were issued by mental health officers between January 2017 and July 2019 were not utilized. Mental Health Department staff did not check why these referrals were not utilized and, in any case, they are not addressing the causes of this phenomenon.



Follow-up on taking medicine – There is no computerized follow-up on soldiers' accounts on taking medicine. The Mental Health Department's request to the Ground Force's IT Systems Department to add a field in the system for entering data about taking medicine was not implemented and has not been prioritized.



Mental resilience – About two years ago, the Mental Health Department established a Mental Resilience Branch, which is tasked with strengthening the mental resilience of all IDF soldiers and preventing psychological morbidity.

Mental health officers' recommendations – The Previous Audit found that more than 50% of the recommendations submitted by mental health officers to commanders included a recommendation "that commanders provide emotional support to soldiers," without defining the format for doing so, without providing commanders with any practical training or guidance or explanations about how to provide such support. The current audit found that **the deficiency has been rectified**: The Mental Health Department removed the said recommendation from the computerized system in order to enable the provision of focused recommendations.

Key recommendations



It is advisable that the Mental Health Department should define the criterion for deciding the maximum waiting time for an appointment with a mental health officer after performing staff work that takes into account that soldiers' psychological distress may be exacerbated as a result of a prolonged wait. It is also advisable that the Chief



Medical Officer's staff, in collaboration with the Mental Health Department, should define the criterion for deciding the waiting time for an appointment with a psychiatrist.



It is recommended that the Mental Health Department should analyze the possibility of mental health officers informing commanders if their soldiers failed to report to a scheduled therapy session (subject to privacy protection), for the purpose of increasing commanders' awareness and follow-up on soldiers who were referred to psychological therapy but who did not show up.



It is recommended that the Mental Health Department should analyze the reasons why soldiers are refraining from using referrals to a psychiatrist, and take measures to make sure that soldiers who receive referrals will indeed meet with a psychiatrist. It is also recommended that the Mental Health Department should consider instituting a computerized process for monitoring non-utilized referrals in order to minimize this phenomenon.



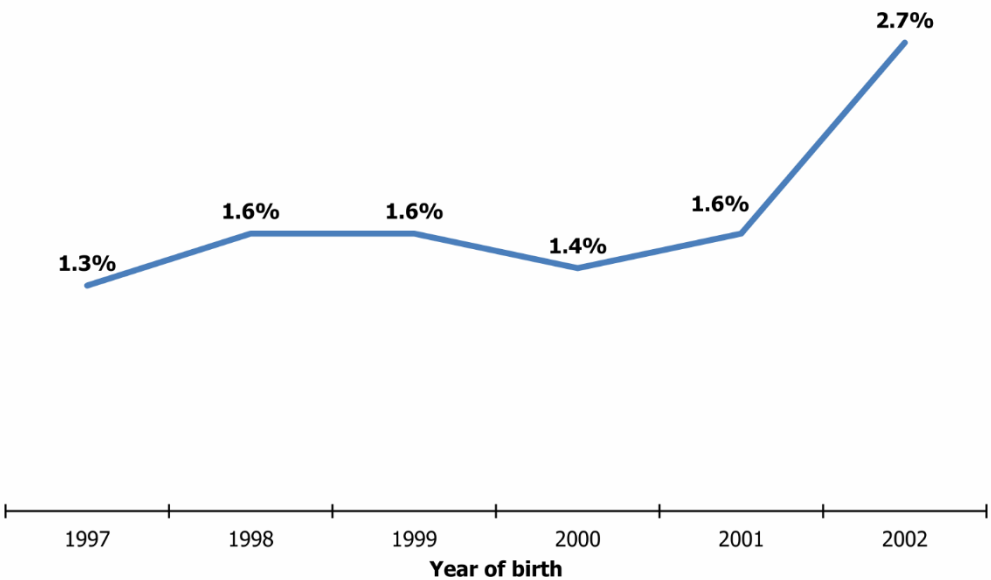
It is recommended that the Mental Health Department should investigate the reasons for the Mental Health Department's high ratio of failures in initiating mental health checkups and should incorporate controls to routinely verify that the Mental Health Department initiates and provides checkups. It is also recommended that the Mental Health Department should analyze why 42% of the prescriptions are not being dispensed and should consider incorporating computerized mechanisms for monitoring soldiers' medication adherence.



It is advisable that the Manpower Directorate and the Mental Health Department should perform an audit on the implementation of all measures instituted to reduce the ratio of IDF conscripts who receive a psychological exemption from military service, considering the forecasted reduction of about 2,000 soldiers in the coming decade due to the rise in this ratio.



Ratio of psychological exemptions to conscripts at the age of 17 and 4 months³



³ Data from the Manpower Directorate, processed by the Office of the State Comptroller.



Summary

The mental health services that the IDF provides to soldiers are a crucial component of the IDF's array of medical services. The quality and availability of these services are essential to ensuring soldiers' mental health and resiliency. Therefore, the IDF should focus on those areas needing improvement as specified in this report and pay special attention to the phenomenon of the rise in the ratio of conscripts receiving a psychological exemption from military service, a phenomenon with national and strategic implications due to its influence on the IDF's force design.

IDF Mental Health Services – Key Findings of the Follow-up Audit					
Audit section	Deficiency found during the Previous Audit	Extent of rectification found during the follow-up audit			
		Not rectified	Slightly rectified	Largely rectified	Fully rectified
Waiting time criterion for an appointment with a mental health officer	The Mental Health Department has no criterion for deciding a soldier's maximum waiting time for an appointment with a mental health officer				
Mental Health Department initiating mental health checkups	Mental health checkups were not initiated for about 11% of the soldiers				
Medicines prescribed by psychiatrists	47% of the prescriptions for psychiatric medicines were dispensed to soldiers				
Mental health officers' recommendations to commanders	More than 50% of the recommendations submitted by mental health officers to commanders included a recommendation "that commanders provide emotional support to soldiers"				



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Israel Aerospace Industries Ltd.

Appointment of Senior Executives in Israel Aerospace Industries Ltd.



Appointment of Senior Executives in Israel Aerospace Industries Ltd.

Background

Israel Aerospace Industries Ltd. (IAI) is a government company and one of the largest companies in the Israeli economy. ELTA Systems Ltd. (ELTA) is a wholly-owned subsidiary of IAI.¹ The Government Companies Law of 1975 and the regulations enacted pursuant thereto define the senior executives in a government company. Between January 2017 and January 2019, 29 senior executives were appointed in IAI, accounting for about 46% of the senior executives in the company, inter alia, subsequent to the appointments of the CEO and the Chairman of the Board of Directors and subsequent to a major reorganization executed in the company.

¹ In this report, reference to IAI also includes ELTA, unless otherwise specified.



Key figures

**USD 4.1
billion**

IAI's sales turnover in 2019.

**About
15,000**

Number of IAI employees at year-end 2019.

63

Number of senior executives of IAI at year-end 2019.

29

Appointments of senior executives in IAI between January 2017 and January 2019: 17 (about 58%) by way of external recruitments; 6 (about 21%) by way of internal recruitments; 6 (about 21%) by way of lateral transfers.

3.7 x more

candidates on average responded to external recruitment processes during the period under examination than candidates who responded to internal recruitment processes.

87

Average grade given to senior executives in 2019 who were appointed in IAI during the period under examination, compared to the average grade of 91 given to the rest of the senior executives.

5

executive offices were filled by temporary or acting executives for periods exceeding one year and up to 3.5 years.

16%

Percentage of women in senior management roles in IAI at year-end 2019. In 2013, this percentage was 4%.

Audit Actions



From February to December 2019, the Office of the State Comptroller performed an audit of the senior executive appointment processes in IAI from January 2017 until January 2019. Supplementary audits were performed until May 2020. The audit was performed in the IAI, in ELTA and in the Government Companies Authority.



Key findings

Temporary and acting executives – Instances were found in IAI where temporary or acting executives were managing major organizational units for periods of from sixteen months to three and a half years. This situation could impair the functioning of units due to the transiency of the temporary incumbency and compromise the principles of competition and equal opportunity.

Appointments through recruitment committees

Appointments in the Aviation Division – The former CEO of IAI applied to the Government Companies Authority for the appointment of senior executives to the Aviation Division, and provided the names of the candidates for these offices. Those same candidates were also appointed to roles in IAI's headquarters, which was taking action at that time to establish the Aviation Division. The appointment of these candidates to roles in the reorganized headquarters, coupled with their names being specified in the former CEO's application to the Government Companies Authority as the candidates designated for executive offices in the division, could be construed as inferring that these were the preferred candidates for office over all other candidates. Furthermore, the CEO and the Division Manager participated in the recruitment committees that evaluated, inter alia, the candidates whose names were specified in the CEO's application to the Government Companies Authority. In the final analysis, these candidates were appointed to the offices designated for them.

The Aviation Division's accountant – Since its establishment in January 2019 and until the end of April 2020, the Aviation Division had significant financial activity without a permanent accountant. This office was filled by an acting manager, even though the committee had not found him to be suitable to hold the office of permanent accountant during the first recruitment process, and because the second recruitment process ended without any candidate being recommended for the role. As an outcome of a permanent accountant not being appointed, four heads of the division's financial administration who are subordinate to him were also not appointed. In March 2020, about 14 months after the division was established, the IAI began a third external recruitment process in order to find a candidate for this office, which ended with the recruitment committee recommending the said manager for office. At the end of April 2020, the Board of Directors approved his appointment.

Another manager in the Aviation Division – The process of recruiting another manager to the Aviation Division, which began at the end of March 2018 and ended at the end of November 2018, was conducted improperly in relation to two aspects. (a) The grades given to the candidates during the previous recruitment process were revised, which is not included in IAI's procedure for senior executive appointments,



although the regrading was done with the approval of IAI's general counsel; (b) there were errors in the grading table and in the grades used to summon a candidate for an interview. That candidate was later selected to hold that office.



Promotion of women to managerial roles – The Office of the State Comptroller favorably mentions the actions that IAI took to increase the number of women in managerial roles in the company, including executive management roles, with the goal of assuring women fair representation. Between 2013 and 2019, the percentage of women in executive management roles rose from about 4% to about 16% and, in middle echelon managerial roles, from about 9% to about 17%. IAI's Management should continue taking action to promote women to such roles. IAI's Board of Directors should continue monitoring the implementation of its resolutions in this regard.

Key recommendations



It is recommended that IAI's Management take action, to the extent possible, to appoint replacements prior to the departure of outgoing executives for all future appointments. This will enable an optimal professional handover process between the outgoing and incoming executives.



IAI's Management should take action to appoint senior executives in conformity with that required by law and its procedures, within the framework of proper, egalitarian and competitive recruitment processes that include, inter alia, criteria for conducting internal recruitment processes and criteria for lateral transfers, all with the goal of facilitating optimal candidate selections. Furthermore, the recruitment processes should be under the supervision and control of IAI's Board of Directors.



It is recommended that, in instances whereby a manager recommends a candidate for office, particularly by way of a written opinion of the candidate's suitability, that manager should not participate in recruitment committees for that office, in order to comply with the principles of competition and equal opportunity during appointment processes.



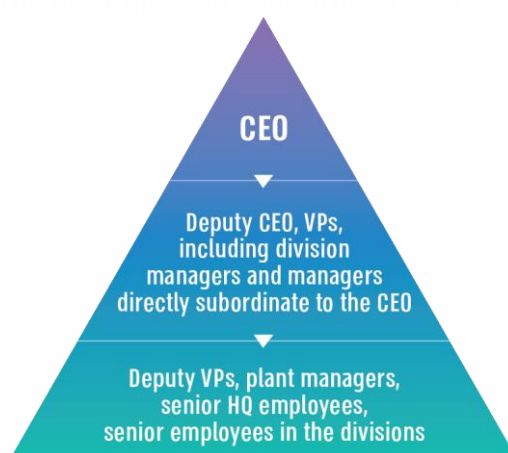
Personnel involved in the recruitment processes, including members of IAI's recruitment committee and its general counsel, should verify that all stages are being conducted properly and in compliance with the principles of good governance and IAI's procedure for appointing senior executives, including evaluation of the candidates' grades according to the criteria and threshold qualifications defined for the various offices and verification of the calculation of the grades given to the candidates. It is recommended that the IAI incorporate control mechanisms in its procedure for appointing senior executives to ensure the propriety of the conduct of the various



stages in the recruitment and appointment processes, particularly if a candidate receives a grade that barely passes the minimum grade.



For the purpose of ensuring fair representation of women, IAI's Management should continue taking action to promote women to managerial roles and should set targets relating to the percentage of women in managerial roles. IAI's Board of Directors should monitor the implementation of its resolutions in this regard. The Government Companies Authority should continue monitoring the implementation of the provisions of the "fair representation circular," which was disseminated to government companies.



Source: IAI data, processed by the Office of the State Comptroller according to the definitions of senior managers in the Government Companies Law of 1975.

Summary

IAI is a government company that is obligated to strictly maintain norms of good governance, equal opportunity and competition, including in relation to the appointment of its senior executives, as required by law. This audit report details deficiencies relating, inter alia, to the processes of recruiting and appointing particular senior executives and of appointing temporary and acting executives in the company, and deficiencies relating to lateral executive transfers. Consequently, IAI is not fully complying with the principles of equal opportunity and competition in this regard. IAI's Management and Board of Directors should draw the necessary conclusions and take measures to prevent similar deficiencies in the future.

