



STATE OF ISRAEL

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Annual Report

72A – Part One



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Foreword



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The **State Comptroller's Report No. 72A - Part One** which has been presented to the Knesset, is the first part of the State Comptroller's annual report, and it contains the findings of the 2020 audit of various audited bodies. The report deals with the audits of government ministries and governmental institutions, and with audits regarding various security issues. The report's chapters present important audit findings concerning a variety of areas – and the report will make them part of the public discourse and place them on the public agenda.

My vision is that State audit deal with the core areas of the audited bodies' activities, and focus both on audit subjects that relate to social issues and to the service provided to the citizenry, and to the substantive risks that impact on the activity of audited bodies. These audit subjects will be studied alongside the issues relating to good governance and to ethical behavior.

The State Comptroller's office puts a special emphasis on performing audits regarding systemic issues that have a broad national impact. This report sets out the findings of four system-wide audits that were conducted this year concerning the following issues: **aspects of governance in the Negev; the conduct of law enforcement agencies toward Israelis of Ethiopian background; inclusive employment of a variety of populations in the civil service; and government ministries use of the public cloud and preparations for the establishment of a central cloud.** The following is a short survey of the said audits.

There are 268,000 Bedouins living in the Negev, according to 2018 data. They make up 3% of Israel's population, including 14,000 women who live in polygamous families. Approximately one third of the men who live in the Negev and practice polygamy have ten children or more. The audit regarding **aspects of governance in the Negev** uncovered several defects dealing with municipal administration; water and sewage management; the struggle against polygamy; issues involving abuse of rights; student transportation; security of educational institutions; transportation infrastructure; receipt of data from the population needed by the Central Bureau of Statistics for statistical work; tax collection; environmental protection issues; welfare, health, and more. Alongside this, despite the government budgets – amounting to NIS 1.7 billion over the years – that have been approved in accordance with the government's resolutions in the context of the five year plan, and which were designated for the elimination of numerous and varied gaps between population sectors; and despite the allocation of ongoing budgets to Bedouin local authorities and regional councils in the Negev – the disparities between the Bedouin communities and the other communities in the Negev remain significant. The Bedouins in the Negev are entitled to a socio-economic framework that will enable them to integrate into Israeli society in a substantive manner. Their current status as the poorest group in Israel imposes on the Israeli government a duty to act to increase governance in the Negev, in order to allow the Bedouins to move on and out of their current situation and to give them, particularly the younger generation – the tools and physical infrastructure that they need in order to



successfully deal with the challenges of the future. The display of governance in all parts of the country is required in order to ensure that proper and regular services are provided to all residents, whatever their backgrounds.

The chapter dealing with the **conduct of law enforcement agencies toward Israelis of Ethiopian background** shows that there are approximately 155,300 Israelis of Ethiopian background, who constitute approximately 1.7% of the entire Israeli population. The State of Israel has done much to absorb them and to integrate them into Israeli society and has provided them with many resources. Nevertheless, their acclimatization has been accompanied by more than a few challenges. In addition to the socio-economic disparities between these citizens and the general population, there are also very substantial disparities in terms of the treatment received from law enforcement agencies. The audit was carried out through an analysis of the databases of the audited bodies and with the active involvement of members of this community, in order to hear their views regarding their treatment at the hands of law enforcement authorities. At the time of the audit's conclusion – which was five years after the start of a police program to strengthen trust between Israelis of Ethiopian background and the Israel Police, and after the an inter-ministerial team published its report presenting a plan for dealing with racism exhibited against this population – we found that although the issue remains a focus of public discourse, and despite the increased involvement of enforcement bodies with the issue and the significant efforts that the Israel Police has invested in the issue in the framework of the police anti-racism program – the rates of policing and enforcement against Israelis of Ethiopian background remain much higher than the rates that occur towards the general population. Furthermore, the level of trust that Israelis of Ethiopian background have in the police and their levels of satisfaction with the police remain very low. They have expressed a lack of personal security in public spaces; they have experienced discrimination from law enforcement bodies toward them, excessive policing, and the sense that they are being profiled. The law enforcement bodies must act to eliminate any trace of racism, as well as excess policing and profiling. These entities must also act with transparency; they must cooperate and share information; treat all civilians equally, fairly and impartially – so that citizens of Ethiopian background can feel that they are being treated as equals within the general Israeli population.

Another system-wide audit dealt with **inclusive employment of a variety of populations in the civil service**. The Civil Service employs some 80,000 people in 79 different government entities. This audit, like the audit of law enforcement treatment of Israelis of Ethiopian background, also included an element of public participation, in which government employees from the Arab community, the community of Israelis of Ethiopian background and the ultra-Orthodox community all took part. Seventy-five percent of the participants from the Arab community and the community of Israelis of Ethiopian background reported that they had experienced racism from other employees or managers. We found that over a period of 13 years, the government had not updated the target number of employees that had been established as constituting proper representation of the Arab community in the Civil Service (10%) and even this was a low target, given the percentage that members of the Arab community represent within the entire population



(21%); 63% of government ministries and 79% of auxiliary units did not satisfy the government's target for fair representation of Ethiopian-Israelis; the percentage of ultraorthodox in the Civil Service was approximately 1.2% in 2019, a percentage that is far from the percentage that the ultraorthodox population represents among all working age residents of Israel, which is approximately 8%; in 2019, 86% of the large government entities in the Civil Service did not satisfy the targets for fair representation of persons with disabilities, in terms of employment (5%). In thirty-six government ministries and auxiliary units, the number of women at management level (middle and senior) was less than 50%. The entire Israeli public and the entire economy will benefit from the improvement of employment figures for members of the Arab community, for the ultra-Orthodox, persons with disabilities, and from an improvement of the quality of employment for Israelis of Ethiopian background. It is proper that the Civil Service be the flagbearer with regard to the integration of employees from these population groups, in all parts of the Civil Service and at all ranks therein. This task is incumbent on the entire management of any entity within the Civil Service, and on the Civil Service Commission in its entirety, which is responsible for managing the human resources within the Civil Service.

In recent years, the Israeli government has been working to have the government ministries and its auxiliary bodies move over to cloud computerization, which enables easy and broad access to a shared bank of computer resources. The audit findings on the subject of **government ministries use of the public cloud and the preparations for the establishment of a central cloud** show that there are various obstacles that are delaying or preventing the implementation of cloud computer usage by government ministries. The findings also indicate various aspects that the ministries failed to consider in the context of the implementation, and which may cause harm, from financial harm through damage to the public image of the relevant entity; the findings also pointed to difficulties in control regarding the implementation of directions concerning the ministries' transfer to a cloud computer environment, and to difficulty in controlling entities who are subject to sectoral guidelines of the ministries but not to the guidelines of the Government ICT Authority and of the Government's National Cyber Directorate; and the lack of an overall approved framework for transferring governmental computer services to the cloud environment. In order to ensure the best possible implementation of the use of the existing cloud computer storage systems, and of those which will be established in the future, it is recommended that the relevant government ministries and entities act in response to the noted obstacles and deficiencies, and to the recommendations made in the audit report, including in the framework of the Nimbus tender, and the establishment of a Cloud Center of Excellence.

In the course of their ongoing activities, governmental bodies may accumulate rights pursuant to contracts, agreements, service provision and court rulings, along with rights to receive funds, the payment of which is established by law. The audit regarding the **state actions to secure its rights through civil enforcement** indicated that in 2019, the amount due to the State according to its balance sheets and consolidated financial statements was approximately NIS 67.2 billion, of which approximately NIS 39 billion consisted of components of exchange transactions and nonexchange transactions. In 2019, the State Prosecutor filed 184 civil suits initiated by the State, for a total amount of NIS 290



million. Our audit focused on mapping and identifying any damage done to the State's rights, and on examining the obstacles preventing the State from initiating maximum enforcement and collection of debts by government entities. The audit also indicated that in the years 2018-2019, no civil lawsuits were brought to obtain reimbursement for compensation funds paid by the State to terror victims. It should be noted that during these years, there were 374 individuals who were confirmed to be victims of 93 hostile attacks. In 2019, the National Insurance Institute paid 5,237 victims of hostile acts a total amount of approximately NIS 540 million. The violent acts that took place during May of 2021 cost the State further expenses for damage done to public property, and the State is also expected to pay compensation to victims of violent acts through the Israel Taxes Authority-Compensation Fund. These cases sharpen the need for civil enforcement alongside criminal proceedings, especially against those who have been convicted in a criminal proceeding – enforcement with the goal of obtaining reimbursement of the funds that have been paid, out of public funds, as compensation for damages suffered. The situation described in the audit report obligates the government, and in particular the State Prosecutor's office, to analyze their abilities and to determine how to realize their policies. This is especially important, since even now, ten years after the State Prosecutor's office adopted a policy of moving from a primarily defensive legal position toward a policy of initiating lawsuits as a plaintiff – we see that the State's main involvement is still to defend itself against lawsuits in which the State is the defendant. Efficient and complete civil enforcement requires that all the relevant parties within the government bodies become involved, and this includes the directors-general of the entities and the various relevant legal, accounting and professional parties. Because of the complexity of using civil enforcement and of preparing State-initiated lawsuits, all government bodies must cooperate with the Ministry of Finance and the Ministry of Justice.

Our office examined the **budget and expenses of the Central Elections Committee for the Knesset**. There were 6.45 million eligible voters in the elections for the for the 23rd Knesset, and the Central Knesset Elections Committee had a budget of NIS 392 million, of which NIS 166 million was for salaries of the Elections Committee's employees. It was noted that the average budget per voting station rose by 48% within 5 years (from NIS 25,000 to NIS 36,900). In light of the findings of this audit, it is recommended that the Central Elections Committee act to improve the presentation of the data regarding budgeted amounts and actual expenditure and increase its transparency both toward the entities who are authorized to approve its budget, and toward the public. It is also recommended that the Committee act to ensure that the approval of additional budgets and salaries be done with budgetary and operational efficiency and that the Committee act to improve the auditing and control in regard to its fiscal management. The need to implement these recommendations is even greater in light of the fact that after the audit was concluded in March 2021, there was an additional round of elections, this time for the 24th Knesset (the data from which were not reviewed in this audit), and the budget for that election amounted to approximately NIS 675 million, representing a 72% increase compared to the budget for the previous year's elections to the 23rd Knesset.



The Office of the State Comptroller puts special emphasis on following up on its audits, in order to check on the corrections undertaken in regard to defects mentioned in our reports; I intend to act to strengthen this practice significantly, and to expand the scope of the follow-up audits. This report includes a follow-up audit on the subject of the **non-exercise of social rights**. The non-utilization of social benefit rights, and in particular the right to support payments that are provided by the National Insurance Institute, is a problem that affects the entire population and primarily the population groups who are most in need of having their interests protected and promoted. The follow-up findings show that some of the defects noted in the previous report were either fully or mostly corrected; however, a significant portion of these defects were not corrected in any way, or were corrected only minimally. The National Insurance Institute and the other audited bodies that are discussed in this report must act to correct the deficiencies set out in the previous audit. They must take all the actions needed in order to reduce the bureaucratic burden imposed on the public and to help those who are entitled to the rights to utilize those rights.

The preparation of this report required great effort by the employees of the State Comptroller's Office, who prepared it professionally, with thoroughness, fairness and care and who carry out their public role out of a true sense of mission and I am grateful to them.

It is not unnoticed that audited bodies took positive actions. In accordance with the State Comptroller's Law, these actions have been properly reflected in this Report, in order to provide a whole picture of the situation indicated by the audit. The audited bodies are obligated to act quickly and efficiently to rectify the deficiencies raised in this report, in order to improve their activity and promote the public service in Israel.

Matanyahu Englman
State Comptroller
and Ombudsman

Jerusalem, August 2021

