



State Comptroller | Annual Report 72A - Part One | 2021

Central Election Committee

The Budget and Expenses of the Central Election Committee for the Knesset



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Background

The Knesset Central Election Committee operates under the Knesset Elections Law, 1969, and is the body responsible for organizing and conducting the Knesset elections, which form the basis of the democratic nature of the regime in Israel. The role of the committee is to maintain proper and efficient conduct of the elections, to ensure the fulfillment of the will of the voters.

The Central Election Committee is an independent statutory body. Its budget is determined by the Knesset's Finance Committee based on the proposal of the Central Election Committee, and the State Treasury makes this budget available to the Chairperson of the Election Committee, who is responsible for the expenses.

In the years 2013-2020, five elections were held in Israel, and another election was held in March 2021. Three of them took place within a period of just one year - between April 2019 and March 2020.



Key figures

6.45
million

Holders of the right to vote for the 23rd Knesset elections (an increase of 14% within 7 years)

10,630

Polling stations in the 23rd Knesset elections (8% increase in 7 years)

NIS 392
million

Budget of the Central Election Commission in the 23rd Knesset Election Campaign

48%

The rate of increase in the average budget per polling station within five years (between the election campaign for the 20th Knesset and the election campaign for the 23rd Knesset)

NIS 166
million

Expenditure on the salaries of employees of the Central Election Commission in the election campaign for the 23rd Knesset

57%

The rate of increase in wage expenditures within five years (between the 20th Knesset election campaign and the 23rd Knesset election campaign)

NIS 223
million

Total purchases of the Central Election Commission in the years 2016 - 2020

47%

The rate of increase in the number of employees on Election Day between the elections to the 20th Knesset and the elections to the 23rd Knesset

Audit actions



From May 2020 to December 2020, the State Comptroller's Office examined the issue of budget and expenditure of the Central Election Committee. The audit included the following topics: election management budget; expenditure on wages; expenditure on the purchase of services and products; spending on publicity; as well as recruitment and employment of employees. The audit was carried out in the Central Election Committee.



Key findings

- Election campaign management budget:** The average budget per elector for an election year in 18 countries included in an international survey was US \$ 7.8, a budget 46% smaller than in Israel (in the election campaign examined, for the 20th Knesset). The budget of the Central Election Committee (including all its changes) for the financing of the Knesset election campaigns increased between the date of the elections to the 20th Knesset and the date of the elections to the 23rd Knesset by 55%, from NIS 253 million to NIS 392 million, and the budget implementation increased by 62%, from NIS 227 million to NIS 368 million. After the audit completion, in March 2021, another election campaign was held for the 24th Knesset (which is not included in this audit report) and the budget for its implementation amounted to approximately NIS 675 million (the Central Election Committee defined approximately NIS 230 million of the total budget as a supplement required for holding the elections during the COVID-19 period) - an increase of 72% compared to the election budget for the 23rd Knesset that took place a year earlier.
- Presentation of budget implementation data:** The Central Election Committee specified in the budget proposals data that make it possible to compare the budget amounts and its implementation for only one similar previous year (election year or non-election year). In some cases it indicated requested budget additions without summarizing data of existing resources. Also, the increase in expenditure (implemented budget) relative to the number of polling stations was not presented to the competent committees so that they could examine the committee's budget proposals and decide whether there was room to approve them. The committee partially reflected to the committee's plenum, the committee's presidency and the Knesset's Finance Committee the expenses over the years for financing the preparations for the 21st Knesset elections.
- Audit of financial management:** From 2016 to 2018, not a single audit report was compiled. In 2019 and 2020, the committee's internal auditor was employed at a third of a position in the committee's organization. The auditor dealt with three audit reports: the preparation of one of them was completed and submitted to the committee's management, and he engaged in an "examination and counting of votes in outer envelopes", and two reports are still in progress at off the end of the audit - one deals with election day workers in the regional election committees, and the second concerns the work of secretaries of polling committees. These three reports do not concern the implementation of the committee's budget. It emerged that the scope of control over the election committee financial management is relatively limited compared to the scope of control of the management of funds in government ministries. Also, the audited financial statements are not displayed on the Committee's website.



- Data about wages:** In 2019, the Election Committee began implementing the recommendations of a public committee to provide wage supplements to some employees during the election period (estimated at an average rate of 6.8% of their wages), and a few months later an additional wage increase was approved and budgeted for all election period workers (at a rate of 32% of their wages). One of the main reasons for this wage increase - difficulty in recruiting workers for the election period - did not emerge from data presented by the Central Election Committee before the competent bodies to approve the increase and did not come up in an examination by the State Comptroller's Office. In addition, in the meeting for approval of the budget increase for the 22nd Knesset election campaign, the Election Committee did not state that there had been a comprehensive change in the salary during the 21st Knesset election campaign.
- Rate of wage increase:** Within about five years, between the elections to the 20th Knesset and the elections to the 23rd Knesset, the number of jobs of employees during the election period increased by 22%¹; Expenditure on their employment increased by 63%; and the average expenditure on employment increased by 34% - almost 8 times the increase in the average expenditure on wages in public bodies in the said period (4.3%) and 3 times the increase in the average expenditure on wages in government ministries in that period (10.4%).
- Transparency:** The Election Committee did not publish the budget proposals on its website. Nevertheless, budget proposals discussed in the Knesset Finance Committee are published on the Finance Committee's website as background material for the meetings at which they are discussed; the degree of transparency practiced by the Central Election Committee with regard to the number of jobs it employs and their salaries is not in line with the practice of the public service; the committee did not publish decisions it made regarding procurement exempt from tender as required by the tender obligation regulations and does not publish data on all its contractual engagements, as is customary in government ministries.
- Procurement exempt from tender:** during the 21st Knesset election campaign, the Central Election Committee often used the tender waiver that allows a contract with a value not exceeding NIS 50,000 (relative to government procurement, 31% and 10%, respectively); the committee often used the tender waiver for urgent contracting to

¹ In order to translate the number of hours into the number of months employed, the total work hours of those working during the election period were divided by 220 hours per month. The number of employment positions was calculated by dividing the total number of months employed by 3.5. The totals for employment positions in charts 18 and 19 include the entire period of employment for the workers at headquarter during the years in which the elections for the 21st, 22nd and 23rd Knessets took place, including months which weren't officially part of an election period. These figures do not include figures for employment of headquarter employees beyond the election period for the 20th Knesset, nor figures for service workers at the Knesset. The number of employment positions for the election period for the 20th Knesset was calculated on the basis of other figures supplied by the Central Election Committee. A similar method of calculating the figures for the 20th Knesset elections may have yielded a figure of less employment positions but a greater average expense per position.



prevent actual damage (relative to government procurement, 8% and 5%, respectively), thus its rate of use on this ground was 60% greater than the extent of use of this ground in all government procurement exempt from tender; The rate of use by the Committee of the waiver reason for continued contracting was 87% greater than the rate of its use in government procurement; And the rate of use by the Committee of the tender waiver for contracting with a sole supplier is similar to the rate of use of it in the framework of government procurement. The Central Election Committee's extensive use of the tender waiver in a contract that does not exceed NIS 50,000 and the tender waiver intended for urgent contracts and follow-up contracts may lead to the conclusion that the committee is required to purchase a significant portion of the goods and services required for holding the election within short periods of time, not allowing enough time for a tender procedure.

- Procurement exempt from tender:** The tiered control created by the legislature for the purpose of approving contracts exempt from tender is not implemented in regard to the procurement of the Central Election Committee. The Director General, the Accountant and the Legal Adviser of the Committee serve as members of the Tenders Committee and of the Ministry Exemption Committee as well as the Central Exemption Committee, and the Director General is empowered as an "Accountant General".
- Public information budget:** Between the election campaign for the 20th Knesset and the election campaign for the 23rd Knesset, the budget of the Election Committee for Public Information Activities increased 2.5 times, and the implementation of the budget increased 2.6 times during that period and amounted to NIS 6.7 million. This compares with the voting rates of 72.34% and 71.5% in the elections to the 20th Knesset and the elections to the 23rd Knesset, respectively.
- Free publicity broadcasts for the lists:** In January 2018, the Chairperson of the Committee for Evaluation of the Publicity Scheme presented the bill formulated by the committee before the Constitution, Law and Justice Committee in the Knesset. The Constitution, Law and Justice Committee held several meetings in the first half of 2018, and at its last meeting on this issue, in July 2018, it approved the bill, and this proposal did not include the issue of publicity broadcasts for the Knesset elections. The proposed bill was presented to the Knesset for a first reading in the 20th Knesset plenum, five months before the announcement of the 21st Knesset elections. But since then the bill has not been promoted which, according to the report of the Committee for the Examination of the Publicity Law, is intended to repeal the customary arrangement, which allocates time for publicity broadcasts to the lists for free. As a result, the 2017 recommendations of the Committee for the Examination of the Publicity Law, appointed by the then President of the State and the Chairperson of the Central Election Committee for the 20th Knesset, have not been implemented - including the recommendations regarding the cancellation of the arrangement regarding publicity broadcasts.






Utilization of human resources: There are considerable gaps between the degree of utilization of human resources in the various regional committees, given the number of polling stations and the number of those entitled to vote in them. For example, in the elections to the 23rd Knesset, the Safed and Kinneret regional committees were allocated 18 and 17 months of employment for every 100 polling stations, respectively, and 34 and 31 months of employment for every 100,000 eligible voters, while the Rehovot and Tel Aviv committees were allocated 5 and 7 Months per 100 polling stations and 9 and 12 months per 100,000 eligible voters, respectively. Similar discrepancies also occurred in the allocation of resources to the regional committees in the other audited election campaigns. Such gaps may indicate inefficient use of resources for the employment of hundreds of workers.







In the years 2013-2020, five elections were held in Israel, three of them during one year. The way in which the committee dealt with the multiplicity of election campaigns and the increase in the number of eligible voters, and the challenges involved, is commendable.

Key recommendations

-  It is recommended that the Central Election Committee present in the budget proposal to the Finance Committee of the Knesset the budget and implementation data at the level of the election campaign, which reflect the expenditures over the years and the gap between the election campaigns; and that it present data on the change in the budget in several election campaigns, including the influence of material changes, such as the changes in the number of polling stations and any budget analysis that may contribute to the existence of procedures for examining the committee's budgets and their approval. It is also recommended that the committee publish on its website its budget proposals for financing the election campaigns. It is also recommended that along with each proposal, full information be provided on budget execution data in the previous election campaign, including expenditures in previous years.
-  It is recommended that the Central Election Committee consider the possibility of formulating a plan to streamline and reduce the costs of holding an election campaign, so that it reflects the costs of the 20th Knesset election campaign, plus an increase due to price increases and population growth, while examining the need for budgeting and implementation of new projects and projects which have already begun to be carried out, which are required for the purpose of holding the election.
-  It is recommended that the Election Committee examine the budget per voter during the election year, which is relatively large compared to other countries (ranked 15th out of 18 surveyed countries) as well as the gaps between budgeting during regular years and election year, and formulate a plan to reduce these budgets.



-  It is recommended that the Central Election Committee examine ways to ensure that audits and controls are conducted over the management of its funds during the election period and in the periods between elections and then implement the most appropriate way. In addition, the auditors' audit of the committee's financial statements should also include audits such as those carried out by the Accountant General in government ministries.
-  It is recommended that, as a general rule, the Central Election Committee examine the need for salary supplements before requesting their approval, and that whenever it submits an application for approval of a salary supplement or its budget, it will present detailed data that can substantiate the need for those supplements. It is also recommended that the plenum of the Central Election Committee examine the wage increase it has approved in the past, in preparation for future election campaigns, taking into account the accepted wage increases in the market and the tax benefits related to work during the election period; Discussions and decisions of the Central Election Committee on changes in wage expenditure should also be based on data on changes already made to total wage expenditure over several years and between election campaigns, including the average increase per position, and in light of changes in the public sector wages at that time; It is also recommended that the committee publish to the public on its website comprehensive data on the scope of jobs and employees under its administration as well as data on its employees' salaries, according to the usual rules of publication in the public service, and include detailed data on this subject when submitting its budget to the Finance Committee for approval.
-  The Central Election Committee must compile data on all the goods and services that the Committee purchased under tender exemption (on several grounds for exemption), including the circumstances of each procurement transaction, and present the data to the Committee Chairperson to ensure that the extensive use of exemption is justified. It is proposed to hold tender procedures for the purchase of goods and services needed by the Committee for Elections in non-election years, and in this framework to be prepared in advance and to include in the tender procedures and their resulting contracts an option to expand the scope of contracts with suppliers for possible subsequent election campaign to be held within a short time, and to enter contracts after tender with suppliers committing to supply the goods and services during elections. In this way the committee will also be able, as other public bodies are required to do, to procure what is necessary through public tenders, thus giving bidders an opportunity to compete in conditions of equality and fairness.
-  It is recommended that the Chairperson of the Central Election Committee establish a hierarchy of powers between the various procurement committees as well as a course of action that will ensure the existence of control processes that compensate for decisions to allow procurement without tendering. Furthermore, the Central Election Committee must publish decisions on procurement without tender, in accordance with the mandatory tender regulations. In addition, it is recommended that the committee



publish to the public data on its contracts with suppliers for the purpose of purchasing goods or services.



The committee must act on the matter of public information within the budget allocated for this purpose. It is recommended that the committee examine the effectiveness of public information and the necessity of spending in the amount of NIS 6.5 million, especially in light of the fact that between the election campaign for the 20th Knesset and the 23rd Knesset election there was no significant change in the proportion of those entitled to vote who exercised this right. The need to examine the issue of the public information budget is sharpened in light of the fact that in the elections to the 24th Knesset the committee's public information budget was NIS 18.5 million, including an increase of NIS 12 million due to the COVID-19 pandemic, 2.8 times the public information budget for the 23rd Knesset elections and seven times the budget of the 20th Knesset.



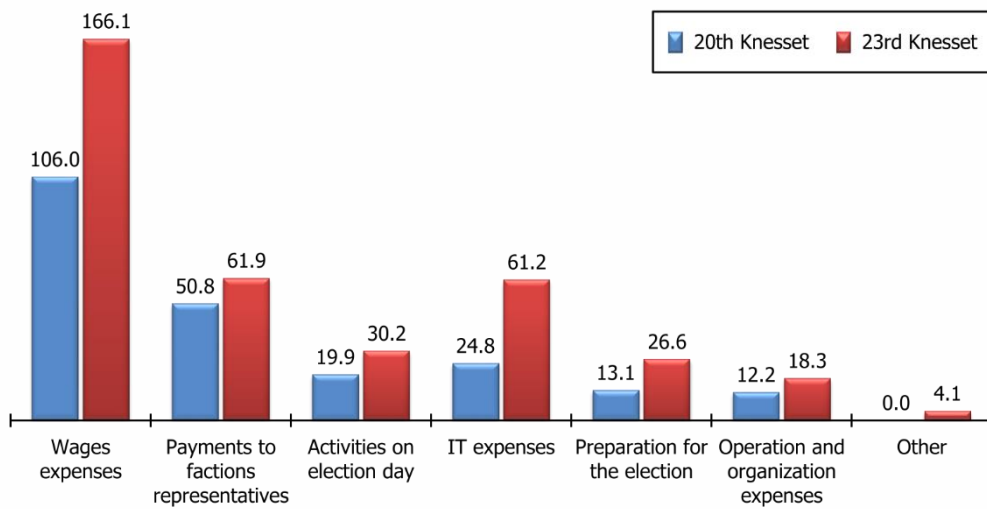
It is recommended that the Central Election Committee re-examine the issue of publicity broadcasts, including the need and way to make a change on the issue.



It is recommended that the Central Election Committee establish criteria for the allocation of human resources to the regional committees, including with regard to employees employed by the hour, and act to allocate the resources accordingly and take into account the need to streamline the allocation of human resources in this regard.



Segmentation of budget execution for the 20th Knesset election campaign (March 2015) and implementation of the budget for the 23rd Knesset election campaign (March 2020), by type of expenditure (NIS million)



Summary

In view of the findings of this audit report, it is recommended that the Central Election Committee work to improve the presentation of the budget data and its implementation and to increase their transparency towards the authorized institutions that approve its budget and towards the public. It is recommended that it work to ensure that budget and salary increases are provided with strict adherence to budgetary and operational efficiency; and that it will work to improve the audit and control operations of its financial management. This is exacerbated by the fact that after the end of the audit, in March 2021, another election campaign was held for the 24th Knesset (which is not included in this audit report) and the budget for its implementation amounted to NIS 675 million - an increase of 72% compared to the 23rd Knesset election budget that was held one year before.

