



State of Israel

Office of the State Comptroller and Ombudsman

Local Government Audit Report 2021



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Foreword

The Local Government Audit Report for 2021 presents findings and recommendations regarding various issues at the core of the local authorities' work. This includes social and welfare issues and planning and building issues. In addition, a special report is also being published on the matter of the protection from flood damages.

Following is a review of several of the issues examined:

One of the broad issues this report deals with is **the local authority's conduct during the COVID-19 Pandemic**. It is well known that in times of home front combat and in emergencies, the main burden lies with the local authorities, and their preparedness to these times is crucial. The COVID-19 Pandemic emphasized the importance of the welfare work in emergencies, in order to ensure solutions for disadvantaged populations and demonstrated the indispensability of the welfare workers in the local authorities in times of crisis. It is recommended that the central government and the local authorities provide the welfare services with all the tools and solutions necessary for dealing with the emergency tasks and challenges. In the area of education, the local authorities faced difficulties while dealing with the frequent changes in the instructions, not always ensuring the compliance with these instructions. It is recommended that towards the 2021 school year, the Ministry of Education and the local authorities conduct a drawing conclusion process to examine the deficiencies this audit raised, in order to provide solutions. It is further recommended that the Ministry of Education work to consolidate and distribute its guidelines to the authorities in advance. In view of the important role the local authorities filled in managing the crisis and their contribution to maintaining the public resilience the central government should act to involve the local authorities' representatives in the policy formulation process and consider increasing their autonomy and management flexibility, particularly in emergency times.

As part of the State Comptroller's goal to increase the audit diversity, the issue of the **Financial Resilience of the Local Authorities** was examined. The audit found that the accumulated deficit of all local authorities at the end of 2018 amounted to 3.7 billion NIS, and that the total municipal tax debts owed to the local authorities, that the local authorities assumed could be collected, reached 9.7 billion NIS. 80% of the authorities do not have the means of financing their expenses themselves and have to rely on balancing grants, and in 2018 the grant amount totaled 3.3 billion NIS. The audit also raised that in 2018 the average expenditure on local services per resident in the lower quintile of the authorities amounted 699 NIS, for the second quintile it was 1,126NIS, and in the upper quintile it was 2,101 NIS - three times as much as the lowest quintile and twice as much as the second quintile. Large gaps were found in the resources at the disposal of the local authorities and in their ability to provide services to their residents. As the third decade of the twenty-first century begins, the challenge the Ministry of Interior and the local authorities in Israel are facing is, then, to



narrow the gaps between the authorities, to examine the percentage of self-raised revenues, to diversify their sources of revenue and to increase efficiency and improve their financial resilience, alongside optimizing the service to their residents.

This past decade the public authorities have placed the service and customer experience challenge high on their priority list: they have been making efforts to improve their service through various means, including technological means. The audit on **Online Services of Local Authorities in Routine and Emergencies** found that despite the accomplishments of some local authorities and their knowledge regarding digital aspects, from a nationwide perspective there are still substantial disparities between the authorities - in the scope of online services they offer and the information they provide to the public, the quality of the services and their accessibility to the public. The audit also found that there is a lack of methodological guidelines for establishing and operating digital platforms that will enable the local authorities to provide essential services, especially in emergencies, by online means. It is recommended that the central government authorities and the local authorities act to reduce the gaps mentioned in this report and raise the level of ICT means in local authorities. In addition, it is suggested to improve the user experience and ensure accessibility of the services to all residents in various digital channels, while ensuring compliance with the accessibility requirements and protecting the privacy of users.

Society is tested in its ability to take care of all its members, including taking care of disadvantaged populations and to act to exercise their rights. Caring for the vulnerable is important not only due to its contribution to the individual, but also due to its contribution to society as a whole, both from moral and financial aspects. This is a test of society's moral resilience, which is fundamental to its existence. As a policy, the State Comptroller frequently deals with social issues and as part of this policy **Handling Domestic Violence Phenomenon** was examined. Domestic violence is an acute social problem relevant to all levels, cultures and ages of society. The audit on this issue raised that during the Covid-19 pandemic there was a substantial increase in the number of people reaching the welfare authorities for help - a 205% growth in the number of calls to the 118 hotline and a 26% increase in the number of people contacting the social services and the domestic violence intervention and prevention centers, and there was also a 12% increase in the number of cases opened by the police due to domestic violence. In 2020, 13 women were murdered by their spouses - a 160% increase compared to 2019. This significant increase emphasizes the importance of increasing the activity of the welfare services to prevent this phenomenon, to find those families trapped in a cycle of violence, and to assist and support victims of violence. In order to handle this issue, it is recommended that all relevant authorities collaborate and act to ensure a continuity of treatment - both for victims and for offenders, to provide professional training for responsible entities and reducing their workload, All bodies dealing with this matter - including the **Ministry of Labor, Social Affairs and Social Services** (Ministry of Welfare), the local authorities, the Ministry of Health, the Ministry of Education, the Minister of Public Security, the police and the Israel Anti-Drugs Authority - are facing this

challenge, having to cooperate out of a broad vision in an effort to stop domestic violence, which causes immediate and long-term damages both to the individual and the community.

The chapter on **financing welfare services** raised that the way the Ministry of Welfare funds social service departments in the local authorities can potentially increase the disparities between weak and strong authorities. Gaps were found in allocation of positions by the Ministry of Welfare for the social services departments in the local authorities in the lower socio-economic clusters and in the periphery. The process of which unspent funds are taken from local authorities reassigned to other local authorities is not transparent and the Ministry management lacks the information regarding what sums have been diverted and to whom. This lack of information and with no control of the Ministry over these money transfers within its districts, it is impossible to know if funds have not been diverted from weak authorities to strong ones. The Ministry of Welfare has not published tens of formulas which are intended to allocate funds and positions transparently to the public. To achieve an improvement in the entire method of caring for the welfare service recipients, the Ministry of Welfare ought to act, along with the local authorities, to rectify the deficiencies raised in this report for the benefit of the welfare service recipients as individuals and for the greater good of the society.

Another audit dealing with a core social issue examined the matter of **Students Transportation in Local Authorities**. Over 307,000 students are entitled to transportation and are transported daily to their educational institutions. Some of them are transported for tens of kilometers away from their homes. The daily cost of students' transportation, a cost that is covered by the local authorities, is estimated at approximately 2.7 billion NIS, with the Ministry of Education contributing approximately 1.4-1.5 billion NIS. The audit raised deficiencies regarding the funding of transportation and the safety of the transported students. This includes: The Ministry of Education has not examined whether there is a need to update the criteria it set approximately 13 years ago, and upon which the accounting with the local authorities has been based, and whether there is a need to update the decision it made in early 2012. As a consequence, the Ministry of Education's share in the cost of some of the special education transportation in the authorities that were audited totaled between 36% and 64% instead of totaling 50% to 85% - the level of expense sharing the Ministry had set for those authorities. There are no regulations regarding transportation of children with disabilities aged 3 and above. The local authorities that were audited did not conduct inspections and monitoring of the transportation, as is required. The Local Government Economic Services of the Local Authority Ltd. monitoring in the local authorities engaged in contracts with it were not conducted as frequently as required; deficiencies which were raised in the monitoring process concerning students' transportation were not sufficient. The Ministry of Education and the local authorities must rectify these deficiencies in order to ensure the students are transported safely to the educational institutions and are returned home safely, in accordance with the safety requirements. It is further recommended that the Minister of Education complete the formulation of the safe transport regulations for toddlers and children with disabilities.



The Office of the State Comptroller emphasizes the need to monitor the rectification of the deficiencies raised in its reports, and I intend to strengthen this trend significantly and expand the scope of follow-up audits. This report includes a follow-up audit regarding **The Local Authorities Handling of Unused Buildings**. Unused assets often turn into severe environmental, health, safety and social hazards. These assets are a financial burden on the local authorities, affecting the development of the urban space and the effective use of land resources. The previous audit raised many deficiencies concerning the way the audited local authorities were handling unused assets in their jurisdictions, including regarding classification of assets as unfit for use, charging municipality taxes for these assets, overseeing them and tracking their state of repair. The follow-up audit found that the Haifa municipality had rectify most of the deficiencies raised in the previous audit; the Regional Council Mateh Asher rectified the deficiencies to a large extent, and the Afula Municipality only partially rectified the deficiencies. Despite this rectification, there were, at the time of the audit, within the audited local authorities' jurisdictions - Haifa, Afula and Mateh Asher - approximately 961, 39 and 17 (respectively) unused assets.

This publication of the local government reports includes a special report on the preparedness for and protection from floods. Several exceptional precipitation occurred in the winter of 2020, which led to severe floods, primarily in the coastal towns. These events cost the lives of seven individuals and caused damage to property and infrastructure that amounted tens of millions NIS.

The audit regarding the **Local Authorities' Preparedness for Floods and Their Functioning During the Winter of 2020**, found that the local authorities had not prepared properly for floods in the winter of 2020 and that they are not adequately prepared for such occurrences, which are anticipated in the near future due to the increase in the severity of the precipitations and the rapid expansion of built-up areas. The issue of local authorities' preparedness for civil emergencies has not been settled and part of the municipal drainage infrastructures are dated and ill-suited for the updated scenarios of expected precipitations and the required flow rates. Some of the authorities audited had not carried out sufficient precautions for the winter; they had not trained their emergency array for floods events; and their procedures lacked important aspects of the preparedness for floods. This finding emphasizes the need to assign a government entity that will integrate all of the requirements and guidelines local authorities have to fulfill concerning civil emergency situations, including floods, and that will supervise their fulfillment. It is recommended that the local authorities draw the necessary conclusions from previous occurrences and work in coordination with the drainage authorities and the rest of the relevant entities, assigning clear areas of responsibility, in order to reduce the flood occurrences in their jurisdictions, improve their preparedness and their handling of such emergencies when they occur.

In addition to the examination of the Local Authorities' activity, the work of the Government Ministries and the Drainage Authorities was also examined, as part of the audit regarding the **Protecting against Flood Damage**. Recent decades increased the urbanization in Israel, and as a result, there is a reduce of open spaces and an increase in the space that is blocked

to water seepage. This situation increases the risk of severe flood damages and emphasizes the importance of preparedness, in terms of infrastructures and management. The audit found that for years the State's actions for reducing flood damage has been done primarily through the local authorities and the Drainage Authorities operating in the various basins around the country and that those actions are not based on integrative basin-wide perspective or relied on any nationwide analysis. The audit also raised that there is no single regulator regarding runoff, and this matter is handled by multiple government and municipal entities, each with differing interests and priorities. Therefore, deficiencies in Israel's drainage infrastructures have built up over the years and this strengthen the need to examine allocation of resources to bridge the gap between the needs and the available means. The audit examined two test cases and the raised that the plan for a fourth train track along the Ayalon corridor is being advanced without ensuring an adequate drainage solution. There are, therefore, entire neighborhoods in Tel Aviv in danger of being flooded. The Hazor Air Base has been flooded repeatedly in recent years but the issue has not been resolved due to a dispute over the source of funding for the handling of the nearby streams.

In view of this, all of the entities responsible for managing the water economy, runoff, streams and drainage factories, and first and foremost among them the Ministry of Agriculture and Rural Development and the Drainage Authorities, jointly with the Water Authority and the Ministry of Finance, are required to act together through a strategic, nationwide perspective, to reduce the risks and to prevent flood damage. Among other things, those entities must promote the regulation of all of the issues required for dealing with runoff, to complete mapping of the information regarding all of the flood risks and to integrate this information in order to form a national flood risk management plan out of a nationwide perspective. Basing on this plan, the responsible entities should conduct an examination of the cost-benefits in order to prioritize the relevant projects. Those priorities must be reflected in the annual plans and in the multi-year plans. There is also a need to improve the transparency and the provision of information to the public on the matter of runoff management and flood prevention and the publication of relevant forecasts, warnings and alarms for the benefit of the public in general and the emergency bodies in particular.

At the same time, there is a need to continue the frequent monitoring of the way the Drainage Authorities function, taking into consideration the challenges they face in order to ensure they are operating in accordance with their purpose, and examine the national budget for drainage-related projects. Future flood damage, in terms of human lives and property, can potentially be significantly greater than the costs of the projects necessary for their prevention. Therefore, it is extremely worthwhile to allocate budget to promote the most suitable and relevant projects and infrastructures,

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This report has been mostly prepared by the Local Government Division in the State Comptroller's Office, and I wish to thank the Division employees, and the rest of the Office's employees that were involved on its preparation. The audit work, during the Covid-19 pandemic, was complicated and challenging but as always, it was conducted professionally, thoroughly and objectively.

It is not unnoticed that many local authorities have taken positive actions, and in accordance with the State Comptroller 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 local authorities are obligated to act quickly and efficiently to rectify the deficiencies raised in this report, in order to promote the public service in Israel, and thus to improve the welfare of the public.

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

Matanyahu Englman
State Comptroller
and Ombudsman

Jerusalem, June 2021