



State of Israel

State Comptroller
and Ombudsman of Israel

Audit Reports on
Local Government | 2021

Abstracts



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Table of contents

Abstracts

Foreword	5
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Chapter 1 | **Systemic Audit**

The local authorities conduct during the COVID-19 pandemic	13
The Financial Resilience of the Local Authorities	23
Employment of Accompanying Accountants by Local Authorities	33
Online Services of Local Authorities in Routine and Emergencies	43

Chapter 2 | **Social Audit**

Dealing with the Phenomenon of Spousal Violence	55
Financing Welfare Services	67
Budgeting the Activities of Recognized Non-State Educational Institutions and their Supervision by the Local Authorities	77
Students Transportation in Local Authorities	85

Chapter 3 | **Planning and Building**

Optimizing Local Outline Scheme and Detailed Scheme Procedures	99
Optimizing Construction Licensing Procedures	109



Chapter 4 | **Follow-Up Audit**

Local Authorities Handling of Unused Buildings – Follow-up Audit	121
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Special audit report | **Preparing for floods and protecting against them**

Local Authorities Preparedness for Floods and Flooding and their Function during the Winter of 2020	137
Protection Against Flood Damage	145



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 local 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 NIS 3.7 billion, and that the total municipal tax debts owed to the local authorities, that the local authorities assumed could be collected, reached NIS 9.7 billion. 80% of the local 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 NIS 3.3 billion. The audit also raised that in 2018 the average expenditure on local services per resident in the lower quintile of the local authorities amounted NIS 699, for the second quintile it was NIS 1,126, and in the upper quintile it was NIS 2,101 – 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 local 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 local 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 local 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 **Dealing with the Phenomenon of Spousal Violence** 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 800% 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 22% 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 Ministry 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 local 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 local 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 NIS 2.7 billion, with the Ministry of Education contributing approximately NIS 1.4–1.5 billion. 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 local 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 local 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 rectified 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 local 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 sever 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.





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



State Comptroller of Israel | Local Government Audit | 2021

Chapter 1

Systemic Audit



State Comptroller of Israel | Local Government Audit | 2021

Systemic Audit

The Local Authorities Conduct During the COVID-19 Pandemic



The Local Authorities Conduct During the COVID-19 Pandemic

Background

On March 11, 2020, the World Health Organization declared the COVID-19 disease as a pandemic. The outbreak of the COVID-19 disease was first reported in Israel in late February 2020. Since the beginning of March 2020, the Ministry of Health has issued public guidelines that applied various restrictions to Israeli citizens, including quarantine and social distancing instructions to prevent infection, intended to eradicate COVID-19. These instructions have been found to have far-reaching effects both on the individual level and on the community level; both from the emotional-mental aspect and from the material-economic aspect. In a time of uncertainty, local authorities had an extremely important role to play – to serve as an anchor for the residents and the community – while continuing to provide the services required by the residents and to reduce negative consequences, to the extent possible.



Key figures

49%

Of the sample local authorities did not prepare a reference scenario according to the "Procedure of the Local Authority's Preparedness for an Influenza Pandemic" which was distributed by the Israeli National Emergency Economy Headquarters in May 2007.

NIS 2.7 billion

State indemnification to local authorities designed to affect the scope and quality of the essential services they provide to their residents.

91%

Of the sample and audited local authorities distributed information to residents through social networks.

45%

Of all local authorities in Israel did not submit their enforcement data to the National Coronavirus Enforcement Authority of Israel.

10%

Of the 204 local authorities that reported to the Ministry of Labor, Social Affairs and Social Services on staffing positions of the welfare system staffed less than 70% of the positions, after the date of exclusion of all social workers.

20%

Increase in the number of referrals regarding children at risk (according to a survey conducted by the Organization of Welfare and Social Services Managers in Local Authorities in 171 local authorities).

47%

Of the sample local authorities that used databases to locate populations in need of assistance reported that they encountered difficulties in using the various databases.

96%

Of the sample local authorities were assisted by food distribution volunteers; 84% were assisted by volunteers to purchase food and medicine, and 73% to create interpersonal relationships with lonely individuals.



Audit actions



The Office of the State Comptroller examined various aspects of the activity of local authorities during the COVID-19 Pandemic – especially during the first wave. The examination was conducted among ten local authorities (the examined local authorities); questionnaires were also distributed among 102 local authorities, selected according to a statistical sample, regarding their activity in times of emergency in the period between March and July 2020, and 85 of those local authorities responded to the questionnaire (sample local authorities); a public participation procedure was also conducted in two ways: the first, by questioning focus groups from among populations who were treated by the welfare system in the examined local authorities, and the second, through a survey conducted among a representative sample of 1,212 residents throughout Israel (public participation survey).

Key findings



Preparedness for an Emergency Scenario of an Influenza Pandemic – 31% of the sample local authorities were familiar with the 2008 circular of the Director General of the Ministry of Interior under which local authorities are required to prepare an operating procedure according to the “Procedure of the Local Authority’s Preparedness for an Influenza Pandemic” distributed by the Israeli National Emergency Economy Headquarters in May 2007, but did not prepare a procedure as required; 18% of the sample local authorities were not familiar with the circular of the Director General of the Ministry of Interior and did not prepare a procedure of preparedness for an influenza pandemic.



Conducting Situation Assessments and Drawing Conclusions – Only half of the sample local authorities fully documented the situation assessment meetings they conducted; three of the ten local authorities surveyed did not conduct or document a process of drawing conclusions at the end of the first wave, in order to map the aspects of their functioning that need to be preserved or improved.



Central Government Guidelines – 82% of the sample local authorities indicated that they had difficulty in implementing the central government guidelines due to numerous guidelines, and 56% of them indicated that there were conflicting guidelines.



Residents’ Positions Regarding the Local Authorities’ Handling of the COVID-19 Pandemic – The public participation survey shows that approximately 20% of the residents were very dissatisfied with the functioning of the local authorities, and



approximately 40% were partially satisfied with their functioning during the COVID-19 Pandemic; the reasons for lack of satisfaction differed respecting the local authorities.



Enforcement Actions of the Local Authorities – As opposed to fines amounting to approximately NIS 7.3 million issued by the examined local authorities, approximately NIS 1.3 million were collected by 1.12.20, which are 18% of the total fines imposed.



Employment of Welfare Workers – Even after the date of exclusion of all social workers (i.e., the date on which local authorities could employ them at a rate greater than the limited employment quota at the time), there were local authorities who chose not to staff the welfare worker positions in full – it arises from reports by 204 local authorities that 20% of them staffed no more than 85% of the positions specified in the organizational standards.



Remote Work of Professional Care – Local authorities that did not allow remote work had social workers and educational psychologists who were forced to take leave during the period of emergency, either because they could not get to work in the local authority offices, or because they chose not to come to the department (among other things due to their belonging to a risk group or fear of exposure to the virus); additionally, orderly methodologies and guidelines were not established for remote professional care.



Use and Sharing of Information – Local authorities encountered difficulties in using theirs and other bodies' databases (including databases of the National Insurance Institute of Israel, the Ministry of Health, the Ministry of Social Equality and the Ministry of Finance), for the purpose of locating populations in need of assistance: the databases were not immediately available for use, lacked details, included incorrect details, were set forth in various reporting formats and could not be consolidated until after they had been reprocessed, and with a lot of investment.



Feeding Enterprise – The social services departments were required to invest a significant portion of their resources, time and essential manpower in managing and implementing the feeding enterprise array – this came at the expense of the professional care that, during the crisis, was needed more than before for welfare populations and residents that required assistance.



Returning to School – In approximately 50% of cases (in kindergartens and up to 3rd grade and in 11th and 12th grades), the dates for going back to school set by heads of local authorities were later than those provided in the order, mainly due to local authorities' difficulties in preparation for opening educational institutions in accordance with the guidelines.



Cultural and Leisure Events for Residents of the Local Authority – All the examined local authorities found alternative ways to hold events to boost the morale of the residents, in a variety of activities that complied with the various guidelines and regulations.

Volunteer Assistance System – The extensive volunteer activity organized by the local authorities, in collaboration with non-profit organizations, public organizations and business companies, is commended.

Key recommendations

- 💡 It is recommended that the Ministry of Interior instruct all local authorities to conduct procedures for drawing conclusions at the end of each wave of morbidity and to report their results to the Ministry through its districts, so that the lessons learned will serve as an outline for action in emergencies and in case of further waves of morbidity, if any. It is recommended that the Ministry of Interior regulate the insurance aspect of the activities of local authorities in the field of epidemiological investigations, in cooperation with the responsible parties.
- 💡 In cases where local authorities encountered difficulty in enforcement within their jurisdiction, it is recommended that they increase cooperation with the Israel Police to ensure that nationwide enforcement is carried out according to equal criteria, thus helping to curb the spread of the pandemic.
- 💡 It is recommended that the National Coronavirus Enforcement Authority of Israel establish a nationwide, egalitarian enforcement policy, based also on the reports of local authorities and enforcement agencies, and accordingly guide the various enforcement agencies.
- 💡 It is recommended that local authorities prepare the necessary infrastructure that will ensure that their essential workers will be able to work remotely, and it is recommended that they examine the continued implementation of capabilities developed during the COVID-19 Pandemic even when returning to routine times.
- 💡 Given the importance of the work of welfare agents in general, and of social workers in particular, at a time of emergency, local authorities must act to continue their employment as usual, and if necessary, allow them to work remotely and during flexible hours.
- 💡 The Ministry of Labor, Social Affairs and Social Services, in collaboration with the local government, must develop orderly methodologies and guidelines that will include



treatment and monitoring methods while maintaining the privacy of patients, including regulation of the digitization procedures involved in remote professional care.



Due to the necessity to provide a response accessible to all special populations in need of assistance in times of emergency, it is recommended that the Ministry of Interior and local authorities, with the assistance of the Ministry of Justice, act to regulate local authorities' use of databases in government ministries and other public bodies, such as the National Insurance Institute of Israel and health maintenance organizations, in order to locate and map these populations online in accordance with the provisions of maintaining the law, including in the area of protection of privacy; it is recommended that the Ministry of Labor, Social Affairs and Social Services and the Ministry of Defense complete the establishment of a unified and up-to-date database for people with disabilities in accordance with the criteria to be determined and the legal provisions pertaining to the management of the database and joining it.



Under conditions of distance learning, it is not always possible to provide assistance in the student's home, and it is therefore recommended that all local authorities work to maintain learning centers for special education students who are integrated into the regular school system (by themselves or through educational institutions operating within the local authority's area), so that every integrated student has a supportive framework.



In times of emergency that cause mental and emotional difficulty, all local authorities must work to ensure that the Psychological-Educational Service (the PES) expands its circle of those receiving treatment. It is recommended that the Ministry of Education and the local authorities examine the need for dedicated budgeting for times of emergency, in order to enhance the activities of the PES and expand its clientele.



It is recommended that the Psychological Counseling Service (PCS) examine the various methodologies developed by some of the local authority PES regarding remote professional treatment and update its guidelines as needed among all PES, including guidelines regarding aspects of monitoring and maintaining patient confidentiality.



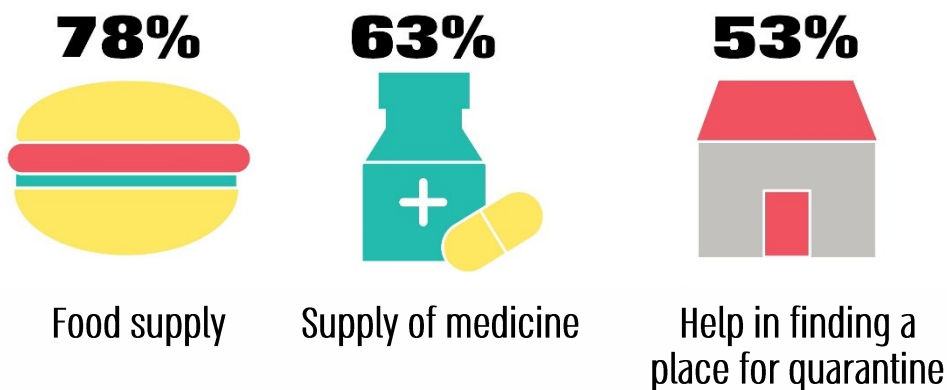
Given the pedagogical and social importance of group meetings, and in order to strengthen the mental resilience of students, it is recommended that local authorities encourage activities in local-area venues and assist in preparing such venues for the use of students and teaching staff.



In view of the importance of operating childcare services in times of emergency for the children of vital workers, it is recommended that local authorities that have not activated such childcare services examine whether there is a demand for them and ensure their opening, and especially ensure the operation of frameworks designated for children of special education staff.



The Sample local Authorities' Main Areas of Assistance to the Residents



According to the sample of local authorities, processed by the Office of the State Comptroller.

Summary

Local authorities play a key role in times of emergency: they are committed to continued provision of essential services to residents, they carry out the national emergency policy, and they play a key role in its implementation processes. In view of the important role played by local authorities in managing the crisis and their contribution to maintaining the public's resilience, the central government must act to integrate local authority representatives in policy formulation and examine the expansion of the local authorities' administrative independence and flexibility, especially in times of emergency.

The Covid-19 pandemic highlighted the importance of social service and welfare activities required during emergencies, to ensure an appropriate response and assistance to needy elements in society. The pandemic delineated the contribution of the local authority's social and welfare staff in emergency preparedness. The local authorities should provide their social and welfare staff with all available means and options for coping with emergencies and successful resolution of difficulties encountered. This includes employing all the staff, ensuring them access to critical information, guaranteeing them availability of all needed equipment and resources and developing the methodology for remote communication.



In the educational sphere, the local authorities encountered difficulty in coping with numerous directives coupled with frequent changes. Sometimes they did not comply with the directives as necessary. It is recommended that the Ministry of Education and the local authorities perform an evaluation to pinpoint deficiencies and impediments to facilitate the return of students to the 2020-21 school year. Additionally it is recommended that the Ministry of Education undertake all necessary actions to consolidate its directives and instructions to the local authorities and distribute them in advance.



State Comptroller of Israel | Local Government Audit | 2021

Systemic Audit

The Financial Resilience of the Local Authorities



The Financial Resilience of the Local Authorities

Background

There were 255 local authorities¹ in Israel in 2018. Local authorities are elected democratic bodies subject to the oversight of the central government in many areas. Local authorities provide their residents with state services, such as education, welfare and immigration integration, and local services, such as cleaning and sanitation, municipal supervision and planning. Financial resilience of the local authorities is necessary for them to be able to provide their residents with services at an adequate level and it ensures that the local authorities' autonomy and freedom of action is maintained according to their powers, since the Ministry of Interior has planning authority to intervene in their day-to-day management under circumstances in which the financial resilience is undermined and in financial crisis.

¹ Two industrial local authorities not included.



Key figures

**NIS 68.2
billion**

Total expenditure of local authorities in the regular budget in 2018 – an increase of 64% compared to 2008, when expenditure was NIS 41.6 billion.

**NIS 3.7
billion**

The cumulative deficit in all local authorities at the end of 2018 (average rate of 5.9%). This is an improvement, since the deficit amounted to NIS 4.7 billion (an average rate of 12.6%) in 2008.

**NIS 9.7
billion**

Property tax debts that can be collected by local authorities as of the end of 2018.

**NIS 3.3
billion**

Total balance grants given to local authorities in 2018. 80% of the local authorities were eligible for the grant to balance their budget.

23.8%

The average rate of loan burden in relation to revenues in all local authorities in 2018 – a decrease of 13.8% compared to 2008.

55.6%

The average rate of self-generated revenues from total revenues in all local authorities in 2018 decreased by 8.1% compared to 2008.

91%

The average rate of net property tax collection from the current charges in all local authorities in 2018 – an increase of 7% compared to 2008.

25%

The rate of increase in the average property tax rate per square meter for all types of assets between 2008 and 2018, the consumer price index rose by 17% during that period.

Audit actions



From April to December 2020, the Office of the State Comptroller audited the financial resilience of the local authorities in Israel by analyzing a financial database in the Ministry of Interior regarding all the local authorities. The audit referred to the data for the years 2008–2018, and aimed to examine the changing trends of several financial criteria and resilience, such as the rate of self-generated revenues, the current deficit rate and the collection rate. The Office of the State Comptroller also examined the financial structure of the local authorities, their ability to deal with monetary changes and their reporting to the public on financial issues. The audit was conducted at the Ministry of Interior, and supplementary examination was conducted at the Ministry of Finance and at two local authorities.



Key findings



Cumulative Deficit During an Election Year – 27 local authorities ended 2018 – a year in which local elections were held – with an exceptional current deficit, compared with the three years preceding it; in 2013, in which elections were also held, they numbered 34.



Non-Residential Property Tax Charges – A 2016 study by the Ministry of Interior showed a link between financial stability and the rate of non-residential property tax charges. The audit found that there is inequality between local authorities in charging non-residential property taxes: about 40% of the total non-residential property taxes are collected in the local authorities belonging to the top quintile (each quintile includes approximately 20% of the population), compared to 3.5% in local authorities belonging to the bottom quintile.



Expenditure on Local Services per Resident – The average expenditure on local services per resident in the bottom quintile of the local authorities (mostly local authorities from the non-Jewish sector) was NIS 699 in 2018, in the second quintile it was 61% higher and stood at NIS 1,126, and the expenditure was NIS 2,101 in the top quintile – three times higher than in the bottom quintile and twice as high as in the second quintile. The balance grant was found to cover a significant portion of the expenditure of local authorities in the bottom quintile, and yet their expenditure on local services is low relative to other local authorities. Therefore, the balance grant of a total amount of NIS 3.3 billion granted in 2018 does not enable reduction of the gaps.



Rate of Self-Generated Revenues – The goal of the Ministry of Interior was that the self-generated revenues will be 62%. The rate of self-generated revenues out of total revenues in all local authorities was 55.6% in 2018 – a decrease of 8.1% compared to 2008: in local authorities of socio-economic rankings 1–4 the rate of self-generated revenues in 2018 was 36.8%, and in local authorities in the non-Jewish sector – 20.9% – a decrease of 10.2% and 8.9% respectively compared to 2008.



Bylaws – An examination of bylaws that allow local authorities to collect fees indicated that there are certain areas where there is a significant disparity between local authorities in the Jewish sector and local authorities in the non-Jewish sector, such that in 69% of local authorities in the non-Jewish sector, for example, there are bylaws dealing with advertisements and signs, compared with 93% of local authorities in the Jewish sector.



The Property Tax Method – Approximately 80% of the local authorities' self-generated revenues comes from property taxes. In Israel, the charge for property is



based on rates set in 1985, which are updated in accordance with a formula. Contrary to what is customary in many OECD countries, the charge is determined according to the size and use of the property and not according to its value; a report by the OECD from September 2020 recommended changing the charging method used in Israel. The audit found that the existing method poses financial risks for the local authorities, does not make it possible to reduce disparities between local authorities, and has distortions that create inequality between residents. Resolutions by the Government of Israel from 2006 and 2016 to act to change the property tax system have not been implemented; a committee established in 2016 to change the property tax system has not yet published its recommendations.



Property Tax Debts – The volume of property tax debts to local authorities, which the local authorities estimate can be collected, amounted to NIS 9.7 billion in 2018. The collection of these debts, and even some of them, may significantly reduce the cumulative deficit of all local authorities.



Dealing with Changes, Long-Term Planning and Risk Mapping – there is a large gap between the local authorities and the government regarding the availability of tools to deal with unforeseen economic changes; local authorities have strict fiscal constraints.



Transparency – The government has a duty to publish detailed information on its budget, but the local authorities are only obliged to publish concise information. It was found that out of 12 local authorities whose websites were examined, seven publish detailed information on the budget to the public and the rest publish the concise information. The government is also obliged to publish information on contractual engagements with suppliers quarterly, but such an obligation is not imposed on the local authorities, and it has been found that none of the local authorities examined publishes such information.









Cumulative Deficit Rate – The average cumulative deficit rate in all local authorities decreased from 12.6% in 2008 to 5.6% in 2018. However, it was found that seven local authorities had a consistently high (over 30%) cumulative deficit during the period examined. In addition, in 2018, nine local authorities did not meet the criterion that the credit balance combined with the cumulative deficit will not exceed 60% of their revenues, compared with 94 that did not meet this criterion in 2008.

Current Ratio – The current ratio in all local authorities has improved and has increased from 0.56 in 2008 to 0.89 in 2018. There has been a significant improvement in the non-Jewish sector.



Net Property Tax Collection Rate – The average rate of property tax collection in all local authorities increased from 84% in 2008 to 91% in 2018. The largest improvement occurred in the non-Jewish sector.

Key recommendations

-  It is recommended that the Ministry of Interior examine ways to reduce the phenomenon of the high current deficit in the authorities in a local authority election year, which may harm the financial strength of those local authorities, and to issue guidelines on the subject for coming election years.
-  It is recommended that the Ministry of Interior formulate a national plan to reduce the disparities between local authorities by focusing on the inequality in non-residential property tax charges, given the great disparities among local authorities in non-residential property taxes charges.
-  It is recommended that the Ministry of Interior monitor the implementation of its goals for 2018 regarding the rate of self-generated revenues in all local authorities and instruct them to formulate budgetary plans for the development of self-generated revenues accordingly.
-  It is recommended that the Ministry of Interior, the Ministry of Finance and the Office of the Prime Minister of Israel complete the examination of property tax reform in accordance with the government resolutions of 2006 and 2016, in view of the ongoing distortion of the property tax system and the expected financial risks to local authorities as well as in view of that which is customary in the OECD countries and the recommendations of the OECD report of 2020. It is proposed that in the context of the examination, consideration be given to the gaps between local authorities, differences of property value in the various authorities, limitations of the physical-spatial planning capacity, and the financial risks of local authorities. It is further recommended to examine the model for updating property tax rates in a multi-year perspective, taking into account the burden added beyond the increase in the consumer price index.
-  It is recommended that the Ministry of Interior examine, in exceptional circumstances, the provision of tools to local authorities to deal with unforeseen economic changes so that the services to the resident, some of which they are required by law to provide, will not be negatively affected.
-  It is recommended that the Ministry of Interior consider publishing guidelines to increase transparency and promote publication on the internet of detailed reports of all local government budgets and their contractual engagements, in light of the disparity between transparency of government ministries as opposed to local authorities.



Expenditure on Local Services per Resident, 2018.



NIS 2,101

Top
quintile

NIS 1,487

4th
quintile

NIS 1,262

3rd
quintile

NIS 1,126

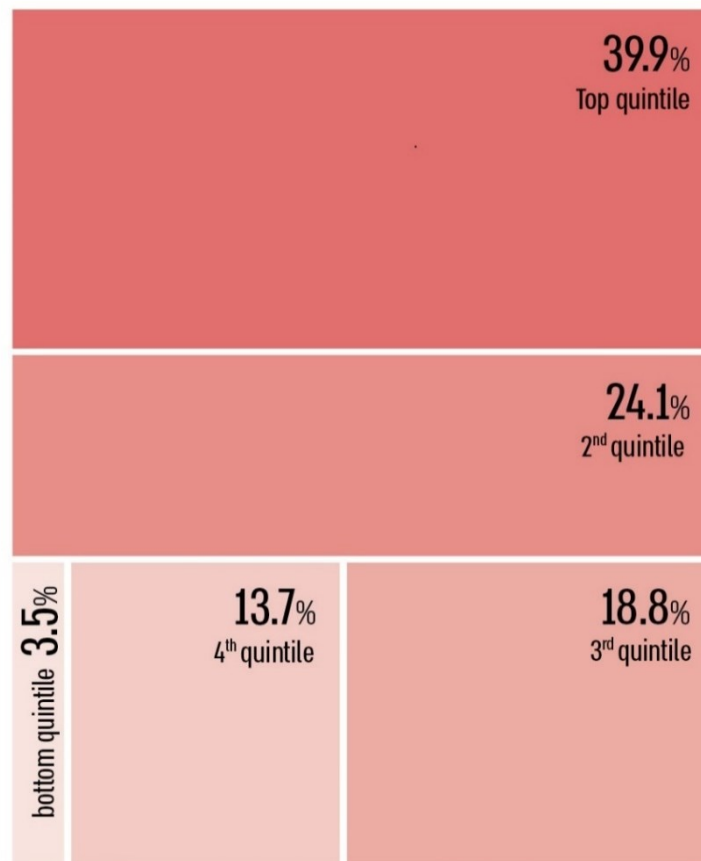
2nd
quintile

NIS 699

Bottom
quintile



The Rate of Each Quintile in the Population in Non-Residential Property Tax Charging, 2018.



Summary

There has been a major improvement in the decade audited in a number of financial indicators that reflect the financial resilience of the local authorities. At the same time, 80% of the local authorities are unable to finance their own expenses and need a balance grant. There has also been a decline in the rate of self-generated revenues, but this is mainly due to an increase in revenue from government sources in respect of state services.

The report found large gaps in the resources that local authorities have and their ability to provide services to their residents. Additionally, the authorities' funding methods involve risks and lack the tools to help local authorities deal with threats to their resilience. The challenge



facing the Ministry of Interior and the local authorities in Israel as we enter the third decade of the twenty-first century is to reduce the gaps between local authorities, examine their self-generated revenue rate, diversify their sources of income and act to improve financial stability along with improving service to residents.



State Comptroller of Israel | Local Government Audit | 2021

Systemic Audit

Employment of Accompanying Accountants by Local Authorities



Employment of Accompanying Accountants by Local Authorities

Background

The authority to appoint an accompanying accountant was granted to the Ministry of Interior by Government Resolution 1475 of February 2004. The decision was intended to address the solution to the severe financial crisis which many local authorities encountered. This crisis was manifested, among other things, in a limited ability to provide municipal services to their residents, difficulty in paying wages to their employees and current payments, and a considerable increase in their debts. The resolution granted the Ministry of Interior additional powers to deal with the deficits of the local authorities, such as the appointment of a supervising collector and the introduction of a recovery plan for the local authority.

The Ministry of Interior makes extensive use of employing accompanying accountant in local authorities suffering from budget deficits or an administrative, financial and organizational crisis. The role of the accountant is intended, among other things, to supervise the mechanisms by which money is spent by the authorities, to ensure that they are carried out in accordance with the provisions of the law, and that their financial management is proper and carried out while ensuring compliance with the framework of expenses and with collection targets. In order to fulfill his duties, the accountant was given the right of a "third signature" on all of the local authority's documents that have monetary value, in addition to the signatures of the elected head of the local authority and the treasurer.



Key figures

79

The number of local authorities, as of February 2020, for which the Ministry of Interior has appointed accompanying accountants. In 18 local authorities, the accompanying accountant who is also the supervising accountant.

21

The number of local authorities in which an accompanying accountant has been employed for more than 16 consecutive years, including Or Akiva, Bir-Elmaksur and Sakhnin.

62

The number of local authorities from the non-Jewish sector for which an accompanying accountant was appointed, which is approximately 78% of all local authorities for which accompanying accountants have been appointed.

**Approx. NIS
20 million**

The budget allocated by the Ministry of Interior to operate the system of accompanying accountants in 2020.

**Approx. NIS
16.7 million**

The total annual average expenditure for operating the system of accompanying accountants in the last decade.

156

The number of candidates, as of February 2020, who were registered in the database of accountants managed by the Ministry of Interior.

52

The number of accountants employed from the database as of February 2020.

7 out of 8

The number of local authorities examined, in which the rate of expenditure on local services out of the total current budget is lower than the national average (19%).



Audit actions



From May to November 2020, the Office of the State Comptroller examined the issue of employing accompanying accountants in 12 local authorities, five of which are municipalities: Or Akiva, Tiberias, Sakhnin, Qalansawe, and Kiryat Shmona, six are local councils: Buqata, Bir Elmaksur, Daliat El Carmel, Majdal Shams, Mas'ade and Ein Knia, and the Regional Council: Al-Qasoum (the local authorities examined). Inspections were conducted in the Ministry of Interior in the Senior Department for Monitoring, Budgeting and Development in local authorities (the Budgeting and Monitoring Department) and in the Division of Accompanying accountants and their Appointment, as well as completion inspections in two districts of the Ministry of Interior: Northern District and Haifa District.

Key findings



Meeting the Goals of the Recovery Plans – The six local authorities Or Akiva, Daliat El Carmel, Tiberias, Sakhnin, Qalansawe and Kiryat Shmona did not meet the goals of the recovery plans approved for them, and therefore had to formulate new plans with the Ministry of Interior or update the recovery plans. The municipalities of Tiberias, Sakhnin, Qalansawe and Kiryat Shmona based their property tax charges on old property surveys, conducted in 2004–2012, although they were required, as part of the recovery plans approved for them, to conduct new property surveys.



Accumulation of Deficits – Despite appointments of accompanying accountants for the local authorities examined and increasing the loans and grants they received in 2012–2018 to cover their deficits, the six local authorities Or Akiva, Daliat El Carmel, Tiberias, Sakhnin, Qalansawe and Kiryat Shmona failed to balance their budgets, and their cumulative deficits even increased greatly and amounted to approximately NIS 325 million at the end of 2018, even though they received grants and loans to cover the deficit for that period in the amount of approximately NIS 370 million.



Adherence to the Budget in an Election Year – In the years when elections were held for the local authorities and their elected representatives, the accompanying accountants in the local authorities examined were unable to prevent a breach of the budget. Thus, for example, in 2018, in which the last local elections were held, six of



the eight¹ local authorities examined breached their budget framework and created deficits totaling approximately NIS 59 million.



Functioning of the Accountants – The accompanying accountants appointed to the local authorities by the Ministry of Interior in eight² of the 12 local authorities examined have not succeeded over the years in bringing about the long-term recovery of the local authorities and their proper management. In seven of the eight local authorities, the accompanying accountants have been employed for more than eight years. Accompanying accountants are serving for about 16 years in the local authorities of Or Akiva, Bir Elmaksur and Sakhnin, and are serving for over 11 years in the local authorities of Daliat El Carmel, Qalansawe and Kiryat Shmona.



Services for the Residents – It was found that in seven of the eight local authorities: Al-Qasoum, Bir Elmaksur, Daliat El Carmel, Tiberias, Sakhnin, Qalansawe and Kiryat Shmona, in which accompanying accountants have been serving for years, the rate of expenditure for local services out of the total current budget is significantly lower than the national average – approximately 19%.



Process of Selection of the Accompanying Accountant – It is impossible to learn, from a review of the protocols of the professional team for selecting candidates for the position of accompanying accountant, about the conduct of the selection process within the team, the considerations that led to the selection of each candidate, and there are no details as to whether the selection was made according to rules, standards or criteria established in the Database and Appointment of Accompanying accountants Procedure of 2013, which led to certain candidates being preferred over others.



Period of Employment of the Accompanying Accountant – In accordance with the Database and Appointment of Accompanying accountants Procedure, the Ministry of Interior approved the employment of 17 accountants out of 52 who were employed in all local authorities for periods of eight consecutive years, during 1999 to 2010, and after leaving for a 12-month break, reemployed them for additional periods. As a result, there are accountants who have been employed for more than ten years in total. In practice, there is no refreshment in the selection of candidates from the database, and the employment of accountants has been limited to a small group.



Opening the Database to Candidates – Every six months, the Ministry of Interior publishes a notice on the opening of the database of accompanying accountants for those who are interested in applying to serve as an accompanying accountant. The notice is published on the ministry's website only and this may reduce the target

1 These eight local authorities do not include the local councils of Majdal Shams, Buqata, Mas'ade and Ein Knia, where direct elections for the council leadership were held for the first time only in October 2018, and their accompanying accountants were appointed in May 2018.

2 See footnote 1.



audience of potential candidates who are suitable to serve as accountants and who would be interested in applying for the position. It should be noted that the database³ includes 156 male candidates and 10 female candidates, of whom there are 49 male accompanying accountants serving, and only three female accountants serving.



Monitoring Procedure for the Functioning of the Accountants – The Budgeting and Monitoring Division has not established guidelines or work procedures regarding monitoring, including an official and written definition regarding the role of the National accountants Coordinator. Additionally, although the Division receives the findings of the reports from the local authorities that employ accompanying accountants and the findings of monitoring by the districts and the National accountants Coordinator, it does not integrate the findings and therefore, in practice, its ability to detect weaknesses and failures that arise from the field and that pertain to the functioning of local authorities in various matters, such as collection, execution and various accounting issues – is impaired.



Submission of Reports by the Accountants – The Ministry of Interior does not ensure that the accompanying accountants submit to the Ministry the initial diagnosis reports and work plans within 60 days from the date of their appointment to the position, as required in the Complete Professional Guide for the Local Authority's Accompanying accountant. The accompanying accountant of the Kiryat Shmona municipality did not prepare a diagnostic report when she took office, in February 2018, as required by the guide. The accompanying accountant of the local council of Buqata and Majdal Shams submitted the diagnostic report concerning Majdal Shams two years after being appointed, and in Buqata more than a year after his appointment, and the accompanying accountant of the two local council of Mas'ade and Ein Knia submitted the reports after about two years. The two accountants in Al-Qasoum and Sakhnin submitted diagnostic reports in a limited format, not in accordance with the guide.



Evaluation of the Accountants' Functioning – Shortcomings were found in the evaluation of the accountants' functioning and in the opinions written about them. In some cases, the evaluators lacked data on the accountants' functioning or on the financial performance of the local authorities in which they served. There have also been cases of significant gaps between the evaluators in the verbal assessment.









Cooperation Between the Accountants and the local Authorities – The proper working relations between the accompanying accountants and the managements of eight of the 12 local authorities examined and their heads should be positively noted, as well as the proper working interfaces between the accompanying accountant and treasurer in the local authorities where new treasurers serve: Majdal Shams, Ein Knia

³ The database that was transferred to the Office of the State Comptroller as on February 2020.



and Kiryat Shmona, which assist in the professional guidance and direction of the treasurers and elected officials of those local authorities.

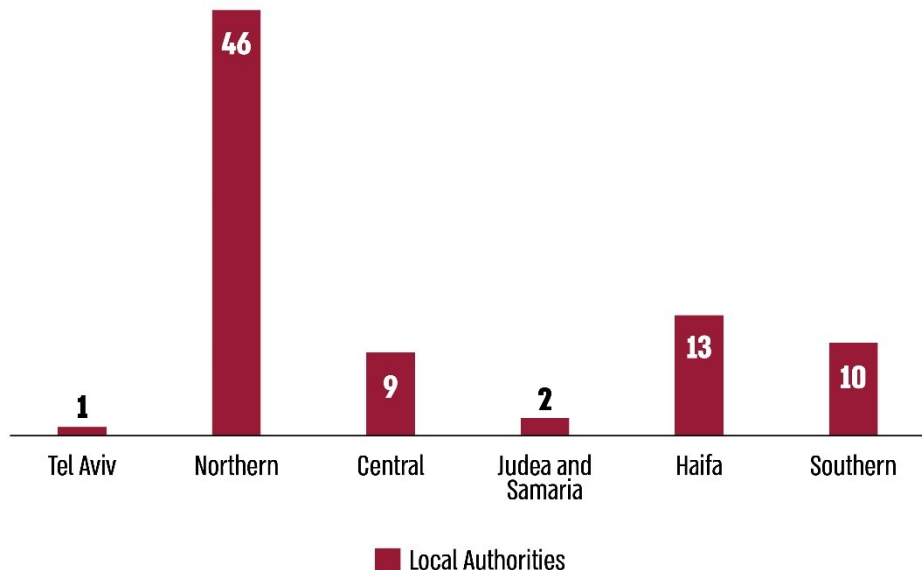
Key recommendations

-  It is recommended that the Ministry of Interior also appoint new accountants who have not yet served and examine the possibility of increasing the integration of women in order to promote the principle of equality and giving opportunities to new candidates, as well as to refresh the ranks and prevent burnout of those serving in practice. The local authorities that are under recovery programs and accompanied by an accompanying accountant must act to meet the goals of the recovery programs and in cooperation, using the services of the accompanying accountants wisely and efficiently.
-  Local authorities and the Ministry of Interior must prepare feasible recovery plans in order to be able to implement them within the specified time periods. Reducing the local authorities' deficits by obtaining loans does not contribute to the economic stability of the local authority, because although they show a decrease in deficit in their financial statements, they increase their liabilities and burden their long-term budgets.
-  The Office of the State Comptroller recommends that the Ministry of Interior examine the manpower situation in the Division of Budgeting and Monitoring in the face of the tasks assigned to it, and prepare a work procedure for monitoring and supervising the activities of the accompanying accountants. It is also recommended to map the failures and deficiencies in the local authorities to enable taking corrective actions and learning lessons. The same applies to the findings by monitoring – they should be forwarded to the districts and all the local authorities should be instructed on issues that arise.
-  The Ministry of Interior must assess the functioning of the accompanying accountant according to his performance in the local authority, while establishing clear indicators for examining the improvement based on the state of the local authority. The Ministry must also provide feedback and bring the contents of the assessment questionnaire to the attention of the accompanying accountants so that they can improve their performance, and generate insights regarding their continued employment.
-  The Ministry of Interior must tighten its control over local authorities under recovery programs, especially during election years, when the local authorities habitually breach the budget and accumulate high deficits, and instruct the accompanying accountants to act in this matter while paying special attention to such years.
-  The Ministry of Interior must assess the functioning of the accompanying accountant based on the state of the local authority and according to his performance in the local authority, while examining his function according to clear and uniform indicators concerning improvement or non-improvement in the local authority's state.



- 💡 The Office of the State Comptroller recommends that the Ministry of Interior and the local authorities examined draw conclusions and examine alternative courses of action, including an emphasis both on the collection actions in these local authorities, including periodic updating of property surveys while examining their revenue structure, as well as the examination of their expenditure and budgetary control necessary for compliance with the budget frameworks pursuant to the recovery plans.
- 💡 The Ministry of Interior must examine the effectiveness of employing the accompanying accountants and the failures in the budgetary conduct of the local authorities for which an accompanying accountant has been appointed, in light of the fact that the accompanying accountants appointed by the Ministry of Interior to the examined local authorities have not succeeded throughout the years to bring about their recovery and proper management, while focusing on increasing the revenue structure of these local authorities, in order to improve the local authorities' level of functioning, increase their self-generated revenues, and as a result improve the level of services they provide to their residents.

Distribution of the Local Authorities in which an Accompanying Accountant is Serving According to Districts of the Ministry of Interior





Summary

The audit findings indicate deficiencies in the functioning of the Ministry of Interior in the management, operation and control of the system of employment of accompanying accountants in the local authorities. Gaps have been found with regard to the appointment of accompanying accountants, the functioning of the accountants and the effectiveness of their employment in the local authorities in which they were appointed, including the implementation of recovery plans and meeting targets in order to bring them to a budgetary balance.

Six local authorities out of the 12 local authorities examined failed to meet the goals of the recovery plans they had signed over the years with the Ministry of Interior, and they continued to operate with deficit budgets. This had an impact on the level of services they provide to their residents and on their economic and social resilience. All this despite the grants and loans paid to those local authorities, and while an accompanying accountants served in all of them.

It is recommended that the Ministry of Interior conduct a process of learning and drawing conclusions and map the barriers in order to improve the accompanying accountants mechanism and examine what goals should be set, and what additional steps and measures should be taken to help local authorities improve their budgetary conduct, thus improving the level of services for their residents.



State Comptroller of Israel | Local Government Audit | 2021

Systemic Audit

Online Services of Local Authorities in Routine and Emergencies



Online Services of Local Authorities in Routine and Emergencies

Background

In the last decade, public authorities have placed the service challenge and customer experience at a high priority, and are expending efforts in improving service by a variety of means, including through technology. This issue is of great importance in crisis and times of emergency, during which the local authority must continue to provide services to customers, even in the reality of social distancing, as results at this time due to the COVID-19 pandemic. This reality poses many challenges to local authorities both routinely and in times of emergency. Despite the achievements and extensive knowledge accumulated in some local authorities in the digital field, from a national viewpoint there are considerable gaps between the local authorities. Furthermore, alongside the many advantages of using digital channels to provide online services to a variety of consumers, this use involves risks that require deliberate preparation.



Key figures

49%

The rate of Internet use in the (Jewish) ultra-Orthodox population compared to 92% in the general Jewish population and 85% in the Arab population, as of 2016. Following the COVID-19 pandemic, there has been an increase in the rate of Internet use by the ultra-Orthodox population. As of 2020, a survey has revealed that 76% of this population has an internet connection¹.

62%

The percentage of users who make payments and shorten queues from among Internet users in the Arab population, compared to 89% in the general population, as of 2020².

20 times, 50 times

The cost of performing an action over the phone and the cost of performing an action physically in front of a representative, respectively, compared to performing the same action digitally.

**44
local authorities**

Received a digitization score lower than 41 (out of 100) in a mapping conducted by the Ministry of Interior during 2020 among 174 local authorities.

**NIS 297
million**

The budget required to close the digital gap in the 174 local authorities mapped by the Ministry of Interior.

**110
local authorities**

Out of 255 local authorities³ are located at the two lowest digital levels according to the "Digilocally" Index⁴ for 2020.

1 According to the data of the Israel Internet Association.

2 According to the data of the Israel Internet Association.

3 Except for the two industrial-local authorities Neot Hovav and Migdal Tefen.

4 An index of digital services in local authorities developed by the consulting and accounting firm A. The data on which the index is based were collected from the websites and Facebook pages of all local authorities (except the industrial councils). In weighting the data, different levels of importance are given to the types of online services: digital services per resident (50%); business digital services (25%); digital planning and engineering services (12.5%); accessibility of digital platforms (12.5%).



Audit actions



From July to November 2020, the Office of the State Comptroller examined the issue of online services in local authorities in routine times and in times of emergency (test case: the "COVID-19 pandemic"). Within this examination, the gap in the content of online services offered by local authorities to users was examined, and the issue was examined in depth in six local authorities: **Elad, Ashkelon, Jerusalem, Nazareth, Sdot Dan and Tel Sheva**. The in-depth audit examined these issues: the scope and quality of online services; the process of developing and operating online services and diversification of digital responses; information security and privacy protection; online services in times of emergency. Completion examinations and requests for clarification were made in various central government bodies.

Key findings



Scope of Online Services in Local Authorities – Information published by various sources, including the Ministry of Interior, shows that there is great variance between local authorities in Israel in the scope of online services they offer to consumers for services and information they publish for the public, as well as in resources – budget and manpower – they invest in the field. As for the scope of online services, for example, only 37% of the local authorities allow an online request for a property tax discount, 24% of the local authorities allow an application for a change in holders regarding property tax, 8% of the local authorities offer a chat with a service representative, 9% allow scheduling a frontal appointment, 10% allow the payment of a business license fee, and only 2% of the local authorities allow the status of an application for placing signs to be checked online⁵. Disparities were found in the average rating received by local authorities in indices by type of local authority and district. For example, the average rating of all the local authorities surveyed in the "Digilocally" index was 46 (out of 100), the rating of the local councils was 36 and of the municipalities – 58. The average rating of the local authorities in the Northern District was 36 compared to the average rating of the local authorities of the Central and Tel Aviv districts, which stood at 58, which is about 60% higher.



Quality of Online Services – The local authorities of **Elad, Ashkelon, Nazareth and Tel Sheva** offer online services that are not uniform, are not accessible and available to customers in an easy and simple manner, and do not include feedback to update the user. In these local authorities, the services have been developed without seeing

⁵ Data for 2020 from the "Digilocally" index, relating to 255 local authorities.



"customer journeys"⁶ and there is no continuity of process in many processes they offer, which makes it difficult for the consumer to use the services and navigate between the digital channels they offer. After completion of the audit, the municipalities of **Elad and Nazareth** developed new websites with a response to the user interface. The local authorities of **Elad, Ashkelon, Jerusalem, Nazareth, Sdot Dan and Tel Sheva** do not maintain a mechanized and structured mechanism for measuring the level of service in the urban digital space.



Online Services Development Process – Over the years, the local authorities of **Elad, Ashkelon, Sdot Dan and Tel Sheva** have developed a variety of online services offered in various channels, such as websites and applications, without conducting a thinking and decision-making process based on systematic data collection, and without preparing a master plan or a multi-year or annual work plan for the development of services that will serve as a basis for their activities in this field or address the budgetary aspect. The local authorities of Elad, Ashkelon, Nazareth, Sdot Dan and Tel Sheva did not conduct frequent procedures to measure the extent of use of existing online services, process the data and raw conclusions for improving and upgrading online services, nor did they conduct surveys to measure consumer satisfaction with the services and their quality. **All the local authorities** examined did not conduct a public participation procedure to examine the needs of residents and businesses for the purpose of setting goals for the development of new online services.



Diversification of Digital Responses and their Accessibility to Customers – The local authorities of **Nazareth, Sdot Dan and Tel Sheva** have not developed a variety of digital responses for online services consumption, especially those tailored to consumers with a partial technology orientation or limited exposure to infrastructure – such as online information and service stations, information assistants helping with the use of online services and voice messaging service. The **Nazareth and Tel Sheva** local authorities did not act to make the services accessible through information and guidance to all consumers, especially to target audiences who, up to the end of the audit, made limited use of these services. Deficiencies were found on the websites of the local authorities of **Elad, Ashkelon, Jerusalem, Nazareth, Sdot Dan and Tel Sheva** in complying with the requirements of the Equal Rights for Persons with Disabilities (Service Accessibility Adjustments) Regulations, 2013 (the Service Accessibility Regulations).





Digital Service Level Agreement – The local authorities examined – **Elad, Ashkelon, Jerusalem, Nazareth, Sdot Dan and Tel Sheva** – do not have a declaration or service level agreement on digital issues in all the digital channels they operate, that reflect to the customer the digital service indices he should expect. In addition, these local authorities do not maintain a mechanized and structured mechanism for measuring the level of service in the urban digital space; on the user's (customer's) part, this is reflected by a lack of clarity about the level of service and


⁶ Part of a business model aimed at building a relationship with "potential customers" and maintaining or promoting the relationship with existing customers.



timeframes for completing the process and applications submitted, and on the local authority's part it is apparent that it has no tools and capabilities to monitor, follow-up and control the level of digital service and to produce continuous and significant improvement in the field.

 **Information Security** – Local authorities deal with the challenges and risks inherent in cyber and information security incidents, each according to its capabilities and awareness of the importance of the issue, and therefore they are not equally prepared to deal with such incidents. Deficiencies in the field of information security and protection of privacy were found in the local authorities of **Elad, Ashkelon, Nazareth, Sdot Dan and Tel Sheva**.

 **Online Services in Times of Emergency** – There is no regulated outline that includes professional guidelines for setting up and operating digital platforms that will allow local authorities to provide essential services in times of emergency through online means.


 **Integrating Entity** – The local authorities do not have an integrating and guiding professional entity in the digital field and in the field of information and cyber security, which has an impact on the scope and quality of the services that the local authorities offer to the residents.



Reducing Gaps – During 2020, the Ministry of Interior took steps to map the gaps between local authorities in the digital field, including collecting data from them and promoting a program to reduce these gaps, and participation in additional programs to train dedicated staff in local authorities to address their needs in this field.

Online Services During the COVID-19 pandemic – Local authorities, the Israel Home Front Command, the Ministry of Interior, the Digital Israel Headquarters, and the Federation of Local Authorities in Israel worked to promote the development and accessibility of new online services during the COVID-19 pandemic, and even developed new digital channels for this purpose, such as an authority emergency portal that serves as an alternative website to the local authority emergency site; "National Initiative 265 for the Development and Sharing of Knowledge for the Promotion of Digitization in Local Authorities", which aims to expand digital services and make them accessible to local authority residents as well as reduce gaps between local authorities through digital tools. The local authorities of **Elad, Ashkelon and Jerusalem** developed a variety of new online services and digital channels during this period.

Key recommendations

 It is recommended that those involved in the digital field in local government, the Ministries of Interior and of Digital Affairs, complete their activities to integrate the areas of digitization and teleprocessing in local authorities and determine the identity of the



central professional and guiding body for the local authorities in these matters. The Ministry of Interior must continue its efforts to map the gaps between local authorities in the digital field, and to promote a plan to reduce these gaps in order to improve the digital field in local authorities, including the field of online services.



It is recommended that local authorities expand the range of online services and diversify the digital responses and adapt them to the various service consumers, and act to ensure that online services will be uniform, accessible and available to customers in an easy and simple manner, and include feedback to update the user. In this context, it is appropriate that they conduct an orderly procedure of preparing work plans for the development of online services, which will be based on a long-term vision and will address the required resources, after considering the needs among the various service consumers.



Local authorities should establish Service level agreements (SLA), including in the field of digital service, publish them on their websites, and establish measurement and evaluation mechanisms for examining their compliance with these level agreements, and initiate steps to continually improve customer service and experience.



All local authorities, and in particular the local authorities examined – **Elad, Ashkelon, Jerusalem, Nazareth, Sdot Dan and Tel Sheva** – must take the necessary actions to meet the requirements of the website Service Accessibility Regulations and the Privacy Protection (Information Security) Regulations, 2017, and rectify the deficiencies raised in these areas.



It is recommended that local authorities continue their efforts to upgrade and make services accessible to consumers of all kinds during the COVID-19 pandemic, improve the service experience of residents in times of emergency, and close gaps in places that still require it, and preserve the capabilities developed for routine times.



Major Challenges in the Digital Field in Local Government



Gap between local authorities

Difference in prioritizing the assimilation of advanced technologies



Lack of a guiding professional entity



Gap in expectations

given the gap in residents' experiences in the use of services in the various sectors



Lack of standardization for (advanced) technological processes and tools



The absence of appropriate human capital

Lack of professional manpower with knowledge and skill in the digital field



Deficient budget allocation

Summary

The use of digital channels and the provision of services by online means contribute to improving the service to the public and the efficiency of work processes, and enable the local authority to be available and provide the public with an efficient service at a relatively low cost. This becomes even more important in times of crisis and emergency. Although some local authorities have gained knowledge in the field and developed a wide range of online services offered in diverse digital channels, some offer a very limited range of services, in channels that are not always tailored to the needs of all customers, which impairs consumers' access to the services and efficient use of them. This matter becomes even more acute in light of the fact that local authorities have no central and integrated professional entity in this field. It is appropriate that the central government and the local authorities work to reduce the aforementioned gaps and to improve the level of information and communication



technology in the local authorities and the scope and quality of the online services they offer to the residents. Within these actions, it is proposed to work to improve the user experience and make the services accessible to all customers in a variety of digital channels, while ensuring compliance with the accessibility requirements in accordance with the Service Accessibility Regulations and protecting users' privacy.



State Comptroller of Israel | Local Government Audit | 2021

Chapter 2

Social Audit



State Comptroller of Israel | Local Government Audit | 2021

Social Audit

Dealing with the Phenomenon of Spousal Violence



Dealing with the Phenomenon of Spousal Violence

Background

The phenomenon of spousal violence is a social problem prevalent among all classes, cultures and ages. The Ministry of Labor, Social Affairs and Social Services (the Ministry of Welfare) in collaboration with local government, government ministries, enforcement agencies and third sector organizations, operates and develops services and solutions to prevent domestic violence and treat its victims. The departments of social services in the local authorities are responsible for dealing with the direct and indirect victims and assailants in families where violence erupts. The departments intervene in emergencies and are responsible for the treatment of the direct and indirect victims and assailants. In 2020, those requiring treatment were treated in approximately 110 dedicated centers for the prevention and treatment of domestic violence, which operate in local authorities (centers).




Key figures




13 women	NIS 128 out of 300 million (43%)	25,327	9,758 patients
Were murdered by their spouses in 2020.	The budget allocated in practice versus the estimated budget for implementation of the National Plan for the Treatment of Domestic Violence for 2017–2020, that was adopted by the government.	The number of those in need of treatment for domestic violence, that were defined in local government social services departments in 2019.	Which are 38% of those in need of treatment for domestic violence, were treated in 2019 in 95 of the 110 centers – 6,546 women, 2,458 men and 754 children.
Approx. 23,000 case files	Only 10%	An increase of 800%	Approx. 50% of the women
Were opened by the police for spousal violence in 2019. In that year, the police forwarded approximately 6,500 applications to centers for the prevention and treatment of domestic violence.	Of the budget of the Ministry of Welfare for a grant for women leaving the shelter was used in 2019. The budget used amounted to NIS 1.24 million.	In the number of applications to the 118 hotline in may 2020, during the COVID-19 pandemic compared to the corresponding period last year; during this period, there was also a 26% increase in the number of applications to social services departments and centers, and a 22% increase in the number of case files opened by the police.	Who were murdered in the years 2004 to 2019 were known to the welfare services prior to the murder.








Audit actions

 From May to November 2020, the Office of the State Comptroller examined the manner in which the governing authorities – central and local – deal with the phenomenon of spousal violence. The audit was conducted at the Social and Personal Services Administration at the headquarters of the Ministry of Welfare and its districts. Audits were also conducted in the social services departments of the **Yavne Municipality**, the **Kadima-Zoran** and **Shibli-Umm al-Ghanam** local councils, the regional councils of **Drom HaSharon** and **Mateh Yehuda**, and in the centers for the treatment and prevention of domestic violence in the municipalities of **Beit Shemesh**, **Bnei Brak**, **Dimona**, **Hadera**, **Lod**, **Sakhnin**, **Acre**, **Kiryat Malakhi**, **Rosh HaAyin** and **Rahat**. The audit was also conducted in the Adult Probation Service and the Prisoner Rehabilitation Authority in the Ministry of Welfare, the Ministry of Public Security, the Israel Police, the Israel Prison Service, the Ministry of Education, the Ministry of Health and the Ministry of Construction and Housing. The audit was conducted at a time when restrictions on movement and gatherings were imposed in Israel due to the COVID-19 pandemic, and therefore most of it was carried out through written and telephone inquiries.

Key findings

-  **Definition of the Phenomenon of Spousal Violence** – In the absence of a uniform, binding and comprehensive definition of the behaviors protected under the definition of spousal violence, and in the absence of an up-to-date database on the phenomenon of spousal violence, the ability to efficiently deal with this phenomenon is impaired.
-  **Partial Budgeting of the National Plan** – In 2017–2020, the government allocated only NIS 128 million out of the NIS 300 million estimated as necessary to implement the national plan for dealing with domestic violence, even though the government has adopted the main points of the plan. As a result, dealing with the phenomenon remains partial and is accompanied by temporary solutions.
-  **Initial Prevention** – Although informative actions and initial prevention have the potential to reduce the extent of the phenomenon of spousal violence and reduce the resources invested in dealing with it, the budget of the Ministry of Welfare and the Authority to Combat Violence is about 1.4% of the budget allocated for tertiary prevention of the phenomenon (incarceration of domestic violence offenders and protection of women through shelters).



-  **Locating Families in the Circle of Violence** — The Ministry of Welfare, which serves as a central link in locating cases of violence, does not have an orderly policy regarding the location of families in the circle of violence through the departments of social services and the centers for treatment and prevention of domestic violence in local authorities.
-  **Geographical Distribution of the Centers for the Treatment and Prevention of Domestic Violence** — Most of the centers (62 out of 110) operated in the local authorities associated with medium to high socio-economic status in the Jewish sector, although calculating the number of those in need per 1,000 residents showed that as the socio-economic level of the residents of the local authority decreases, the number of people in need of domestic violence treatment increases. Data available to the Ministry of Welfare, relating to 95 centers, show that only 9,758 (38%) of the 25,327 of those in need of domestic violence treatment were specifically treated in centers, and that those in need in 41 local authorities were not referred to professional treatment in the aforementioned centers in 2019, although the centers are supposed to provide services also to nearby local authorities.
-  **Waiting Periods** — In 2020, the waiting periods for treatment in centers in the municipalities of **Lod, Sakhnin and Dimona** were three months, a month and a half and a month, respectively. Additionally, people in need who are not residents of **Beit Shemesh, Bnei Brak and Sakhnin** are required to wait for treatment in the centers in these local authorities for a longer time than the local authorities' own residents in need.
-  **Number of Patients in the Centers** — In 2019, 8,641 families were treated in 95 of the 110 centers for the prevention and treatment of domestic violence. However, reports from local authorities entered into the Ministry of Welfare's computerized system for budgeting indicate that they reported only 4,266 (approximately 49%) of the families actually cared for in the centers. The local authorities refrain from reporting the exact number of families treated in the centers in order to avoid a situation in which the local authorities record a higher expenditure than the income they will receive from the Ministry of Welfare and in practice the workload of the social workers (SW) increases.
-  **Dedicated Budget for Handling Domestic Violence Phenomenon** — A dedicated budget for dealing with the phenomenon of domestic violence is transferred to the local authorities in which the center operates. The designated budget per needy person allocated by the Ministry of Welfare in 2019 to local authorities with a low socio-economic level was considerably smaller than the designated budget for the needy person received by local authorities with a medium and high socio-economic level (NIS 680 and NIS 1,480, respectively). Additionally, most of the local authorities participating in dedicated programs of the Ministry of Welfare and other ministries, dealing with the phenomenon of violence, are at a medium and high socio-economic level.



Activities of the Centers for the Prevention and Treatment of Domestic Violence — Most social workers in the centers are not employed directly by the local authorities but through external corporations and budgeted by the Ministry of Welfare and the local authority. The local authorities examined in the audit reported in 2019 to the Ministry of Welfare, for the purposes of receiving funding, that the number of treated families was 307, but in practice 1,042 families were treated in the centers, and as a result a heavy workload was placed on the social workers.

Training Social Workers and Training in the Field of Domestic Violence — In the years 2015-2019, the social workers employed in 22 (about 20%) of the centers were not sent for training or advanced training held by the Ministry of Welfare. Although the Ministry of Welfare finances the training of social workers in the field of domestic violence and coordinates participation in the training, it does not monitor the implementation of the relevant provision of the Israeli Social Work Regulations, does not obligate the treating SW to attend refresher courses and annual seminars in the field, and compiles only partial data on the matter.

Rehabilitation of Violent Men — Only approximately 4,000 of the approximately 20,000 men included in the circle of violence in 2019 were treated through the centers, the Israel Probation Service, the Israel Prison Service and the Prisoner Rehabilitation Authority of Israel. There are few treatment frameworks accessible to violent men, and they do not work continuously. Additionally, not enough action is taken to “court” the abusive man in order to harness him for treatment, and there are men who are not consistent in receiving treatment and who drop out during the treatment.

Shelters — Although according to the centers and departments of social services, they sometimes have difficulty finding a vacant place in a shelter, especially for unique populations such as (Jewish) ultra-Orthodox women and Arab women, in October 2020 the Ministry of Welfare did not have accurate data on waiting times for women in need of shelter protection. It was also found that in 2019, 38% of women stayed in shelters for up to a month and 7% stayed in them for up to two months, and therefore they were not entitled to a grant or a guaranteed minimum income allowance. Additionally, 24% of the women who stayed in a shelter in 2019 had more than two children, and are not eligible for grants for their additional children. These things may make it difficult for these women to rehabilitate and break out of the cycle of violence.

Early Release — The vast majority of prisoners are released on administrative release due to the burden on the prisons, with their degree of danger being examined only as far as possible in terms of the time frame and without the Israel Prison Service notifying the victim of the offense of the expected release of the prisoner. In addition, most of the existing centers find it difficult to receive for treatment prisoners who have been imprisoned due to domestic violence and have been released, especially in the case of



complex cases or prisoners with a high level of danger. As a result, most of them do not receive further treatment and rehabilitation in the community.



"Silent Appeal" – During the COVID-19 pandemic, the Ministry of Welfare activated a device known as a "silent appeal", which allows female victims of violence to contact the welfare services center by text message.

Establishment of Additional Centers – During the audit, the Ministry of Welfare proposed to 59 local authorities to establish a center in their territory through participation in financing the staffing of a single position of a social worker for the treatment of violence.

"Community Courts" Program – Since 2014, the Israel Probation Service has been running a "Community Courts" program in collaboration with the Ministry of Justice, the Israeli courts administration, the Israel Police and the Joint (the American Jewish Joint Distribution Committee). It was found that as at the end of 2019, no new indictments had been filed against approximately 90% of the program graduates, and that by February 2020, approximately 930 people had participated in the program.

Key recommendations



It is recommended that the Ministry of Finance and the Ministry of Welfare work to promote additional budgetary sources for the implementation of the plan to deal with the phenomenon of violence adopted by the government in 2017. According to the plan, the budget allocation should be gradual – so that NIS 50 million will be added to the budget from 2018, and the annual budget for its implementation from 2022 will be NIS 250 million.



It is recommended that the Ministry of Welfare examine the distribution of centers throughout Israel according to the extent of the need to treat the phenomenon, taking into account the number of persons needing treatment in the local authority, along with the number of residents in the local authority and the local authority's desire to establish a center in its area; it is recommended that the Ministry of Welfare consider changing the budgeting method of the centers in such a way that the budget of the local authorities for their operation will be based on a report of the number of actual people treated in the previous year; it is recommended that the Ministry of Welfare examine the discrepancies between the allocation of jobs for social workers dealing with violence and the actual needs and the lengths of time for receiving care in the centers, in order to improve the service for those in need.



It is recommended that the Ministry of Welfare examine the waiting times of women victims of violence for shelters, as well as the difficulties raised by the centers for the treatment and prevention of violence in the interfaces between them and the shelters. It is also recommended that the Ministry of Welfare work to increase the intake capacity



of the shelters and to improve the service and therapeutic response in them, as well as to examine the possibility of additional responses tailored to the needs of unique populations.



It is recommended that the Ministry of Welfare, in collaboration with local authorities, work to formulate a policy to increase the number of men participating in programs for the treatment of violent men, to monitor and accompany them, while compiling data and identifying areas of difficulty in recruiting patients and causes for dropping out. It is also recommended to formulate a response for violent men from designated populations, such as the (Jewish) ultra-Orthodox and Arab populations.



It is recommended that the Ministry of Public Security and the Ministry of Justice act to regulate the administrative release mechanism for domestic violence prisoners while preparing for it in advance, and after examining the degree of danger of the prisoners, and examining incentives for treatment, whether within the prison walls or after their release, and subject to the provision of prior notice to the victim of the offense.



Handling the Phenomenon of Spousal Violence, 2019

25,327

**Persons who needed treatment
due to domestic violence**



255

departments of social services



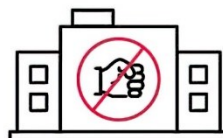
6,546
women treated



754
children treated



2,458
men treated

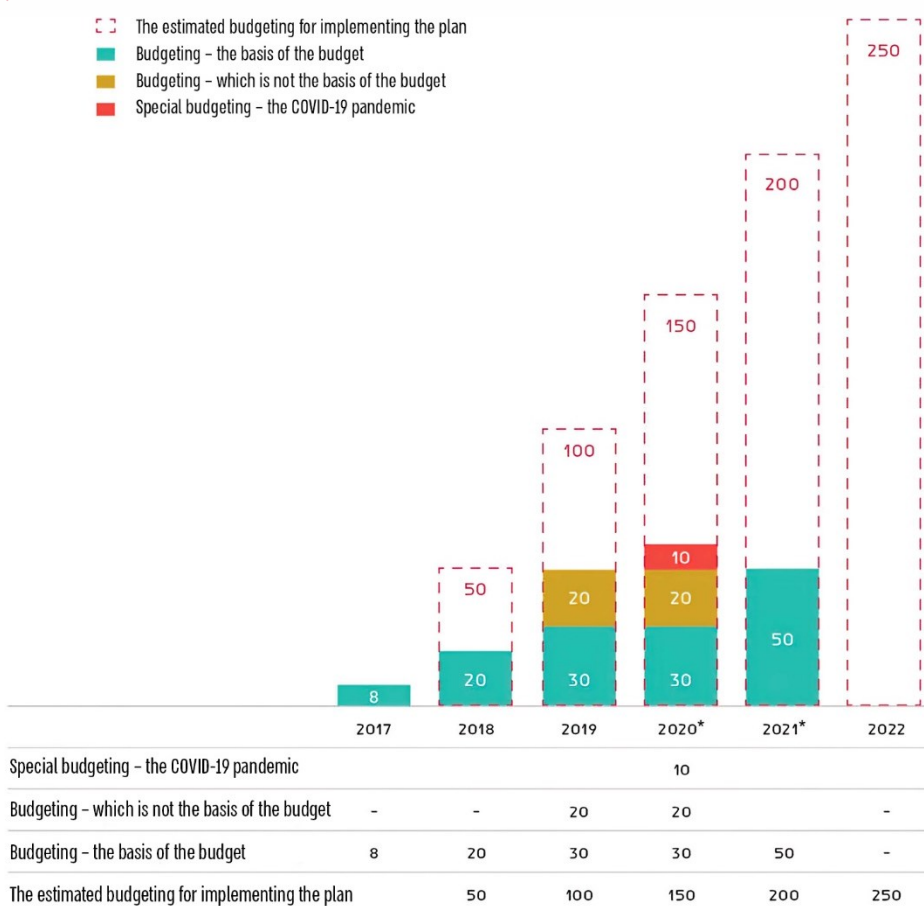


**38% of all persons who
needed treatment in 95 center
for the prevention
of domestic violence**

According to the data of the Department of Family and Youth in the Community of the Ministry of Welfare,
processed by the Office of the State Comptroller.



Budgeting the Five-Year Plan for Implementing the Recommendations of the Inter-Ministerial Committee (2016), 2017–2022



* The State of Israel did not have an approved budget from the beginning of 2020 and close to the date of publication of the report in July 2021.

According to the data of the Budget Department of the Ministry of Finance, processed by the Office of the State Comptroller.



Summary

During the covid-19 pandemic there was a considerable increase in the number of applicants seeking help from welfare agencies. In the month of May 2020 as opposed to May 2019, there was an increase of 800% in the number of call to the 118 hotline, 26% in the number of applications to departments of social services and centers for the prevention and treatment of violence within the family, and 22% in the number of files opened by the police. In addition, there was a rise of 160% in the number of women murdered by their partners in 2020 as opposed to the previous year. This palpable increase emphasizes the crucial need to augment the activity of welfare services to prevent this phenomenon, to identify families locked in a circle of violence, to give help and support to victims of violence and to rehabilitate violent males. It is recommended that the bodies involved in the field work cooperatively to deal with this phenomenon, while ensuring continuing treatment of victims and of perpetrators, providing appropriate training to therapists and reducing their heavy workload.

The many factors involved in the field, including the Ministry of Welfare, local authorities, the Ministry of Health, the Ministry of Education, the Ministry of Public Security, the Israel Police and the Authority to Combat Violence – must cooperate from a systemic perspective to eradicate the phenomenon of spousal violence, which causes immediate and long-term damage to both the individual and the community.



State Comptroller of Israel | Local Government Audit | 2021

Social Audit

Financing Welfare Services



Financing Welfare Services

Background

The system of personal welfare services is designed to meet the needs of those requiring services (recipients of the services). The Ministry of Labor, Social Affairs and Social Services is the central link in ensuring the existence of effective and comprehensive welfare services in Israel, and it implements its programs through the local authorities. These operate through the departments of social services (DSSs), which constitute a professional system that deals with the provision of welfare services to the residents who receive the services, identifying needs and developing an appropriate response to them.



Key figures

27

Israel's position among the 36 OECD countries in the field of total public expenditure on social services.

NIS 10.1 billion

The budget of the Ministry of Welfare for the beginning of 2019, of which about NIS 7.8 billion from government budgets and about NIS 2.3 billion – the participation of local authorities in expenditures. The budget of the Ministry of Welfare at the end of the year was approximately 14% higher and amounted to approximately NIS 11.5 billion.

61%

The rate at which the state increased the welfare budget in the last 8 years: from approximately NIS 6.3 billion in 2012 to approximately NIS 10.1 billion in 2019.

NIS 61 million

The amount not used by the Ministry of Welfare and local authorities from the welfare budget at the end of 2019 (0.53% of the budget).

30%

The rate of increase in the budget allocated to welfare activities in local authorities at the end of 2019 (approximately NIS 8.2 billion) in relation to the budget approved by the Ministry of Welfare at the beginning of the year (approximately NIS 6.3 billion).

49%

The gap in favor of local authorities belonging to high socio-economic clusters (7–10) in terms of the average expenditure per resident registered in the DSSs, compared to residents of local authorities from lower clusters (1–4).

21.5%


The rate of increase in the number of social workers employed in the DSSs in the last four years (6,197 at the end of 2019).

656




The number of unfilled positions in the DSSs, of which 558 are positions for social workers. This is approximately 10% of the total positions approved for the departments for 2020.



Audit actions

 From July to November 2020, the Office of the State Comptroller examined the financing of social services provided by the State of Israel to its residents, mainly through the local authorities' social services departments. The budgeting of services and the budgeting of manpower positions in the social services departments of the local authorities were primarily examined. The audit was conducted at the Ministry of Labor, Social Affairs and Social Services, in the ministry's Southern District and Central District, in the municipalities of Rehovot, Netivot, Baqa al-Gharbiyye and Kiryat Ono and in the Rekhasim Local Council. Supplementary examinations were conducted in the Budget Department of the Ministry of Finance and at the Federation of Local Authorities in Israel. It should be noted that the report was prepared in the midst of the COVID-19 pandemic, and that during this period the bodies examined in the report were required to deal with many and special challenges exceeding their daily activity.

Key findings

-  **Update of the Welfare Law** – The law imposes responsibilities on local authorities for the establishment of welfare services, but does not define which services they should provide and how they will be funded. Researchers, along with central government and local government officials, have argued against the ability of the existing Welfare Law to address the current needs of Israeli society, in the absence of a clear definition of the service offered, eligibility conditions, scope and level at which the local authority should operate. The Ministry of Welfare's initiatives to advance the Welfare Services Law of 2008 and 2016 have not been completed.
-  **Social Work Regulations** – The regulations include 18 chapters, and each chapter includes provisions – sometimes dozens of provisions. Most of the provisions, which include professional guidelines and serve as a primary tool for welfare workers, have not been updated for a long time: for example, there are regulations that were updated for the last time between 1970 and 1999 (42 provisions); between 2000 and 2010 (59 provisions); and between 2011 and 2015 (58 provisions). If a need arose for regular updates of the professional provisions, they were distributed as internal guidelines or through the ministry's Director-General's circular, and were not published in the Social Work Regulations.
-  **Reports Concerning Manpower in the Local Authorities** – The local authorities are still required to manually fill in the reports of DSSs manpower and transfer them to the districts of the Ministry of Welfare, where the data is entered into a computer. They



are then transferred to the Ministry's headquarters for settlement of accounts with each local authority.



Gaps in the Budgeting of Local Authorities – In 2019, the average welfare budget for a registered resident in DSSs in local authorities from the strong socio-economic clusters 7–10 (NIS 5,110) was approximately 67% higher than in the weak clusters 1–4 (NIS 3,056). Both the budget and the average expenditure per patient are higher in local authorities from high socio-economic clusters.



Budgeting of Local Authorities – In the last three years, the Ministry of Welfare did not transfer a budget framework to local authorities before the beginning of each year, and thus for example, at the beginning of 2019, the budget approved for welfare activities in the local authorities (consisting partly of a government budget and partly of the local authorities' participation in the budget) was approximately NIS 6.3 billion, growing during the year by approximately 30% up to NIS 8.2 billion at the year's end. Local authorities learned of the amount allocated to them in each of the budget items towards the end of January. The municipalities of Rehovot, Kiryat Ono, Baqa al-Gharbiyye and Netivot, the local authorities examined, said they structure their welfare budget on the basis of the previous year's welfare budget. It follows, therefore, that the local authorities are forced to plan the welfare budget under conditions of uncertainty as to the amounts to be allocated. Some of them were unable to utilize budgets they received from the ministry during the budget year because they found it difficult to get administratively organized to use them and obtain budget supplements from their sources in the middle of the year. For example, in September 2019, the Municipality of Baqa al-Gharbiyye received approximately NIS 219,000 for the program "Towards the Community", but failed to utilize 92% of it that year; in July 2018, the Municipality of Rehovot received approximately NIS 52,000 for the "Relieving Loneliness on Weekends" item, and was unable to use it at all that year; and in June 2019, the Municipality of Kiryat Ono received approximately NIS 60,000 for the item "Services for Holocaust Survivors" and failed to utilize 50% of it that year.





Start of Year Budget – The budget allocated by the Ministry of Welfare to the local authorities examined in the financial budget items for the beginning of 2018 – 2019 was 9% – 67% lower than the budget for those items for the end of the previous year.




Publication of Criteria and Allocation Formulas for Budgeting Local Authorities – The Ministry of Welfare has for years distributed the budget to local authorities using 124 formulas for the distribution of funds and criteria and coefficients for distribution, which are considered in the committee with the participation of the local authorities' representatives, but has not published them to the local authorities and the public. In this way, the right of the Local authorities and the public to appeal the formulas, criteria and coefficients may be violated.



 **Transfer of Budgets from One Local Authority to Another (Adjustments)** – The Ministry of Welfare does not have centralized information on the adjustments it carries out each year: from which local authorities were budgets deducted, and from which items; what are the amounts deducted from each local authority; how did the ministry determine to which local authorities the deducted budgets would be transferred; and which local authorities received the funds.

 **Allocation of Positions to Welfare Workers in DSSs in Local Authorities and the Issue of their Workload** – The Ministry of Welfare assigns positions to local Local authorities from time to time, following receipt of a budget from the Ministry of Finance, but has not examined and mapped the actual needs of each local authority, and as a result, it does not have data regarding the number of social workers (SW) required in local government in general, and in each local authority separately. The ministry did not even determine the desired ratio between the number of social workers and the number of people requiring treatment, did not set a maximum standard for this and did not examine the workloads of social workers. From April 2015 to April 2020, the number of total non-predetermined positions in DSSs remained almost unchanged (increased by only 3%), while the number of total predetermined positions doubled to approximately 2,900. As of April 2020, a total of 6,915 positions were allocated to DSSs, of which 5,595 are SW positions.

 **Assignment of Total Positions (Social Workers and Other Welfare Workers)** – The Ministry of Welfare has assigned fewer positions to DSSs in local authorities of weak socio-economic clusters as well as to geographically peripheral clusters compared to other clusters. For example, the number of positions allocated per thousand persons known to DSSs in local authorities of a socio-economic cluster 5 is approximately 155% higher than the number of positions allocated compared to cluster 1 local authorities; the number of positions per thousand persons in relation to the population of the cluster assigned to the local authorities of a socio-economic cluster 5 is approximately 25% higher compared to cluster 1 local authorities; the number of positions allocated per thousand persons known to DSSs in a geographically peripheral cluster 7 is approximately 51% higher compared to a cluster 3; the number of positions allocated to DSSs in a geographically peripheral cluster 3 is approximately 57% higher compared to cluster 1.







Utilization of Welfare Budgets – The Ministry of Welfare and local authorities almost fully utilized the welfare budget in 2015–2019, and there has been a decrease in the last four years in the amount of unutilized budget.

Reports by Local Authorities to the Ministry of Welfare for the Purpose of Receiving its Participation in Financing Welfare Expenditures – The Ministry of

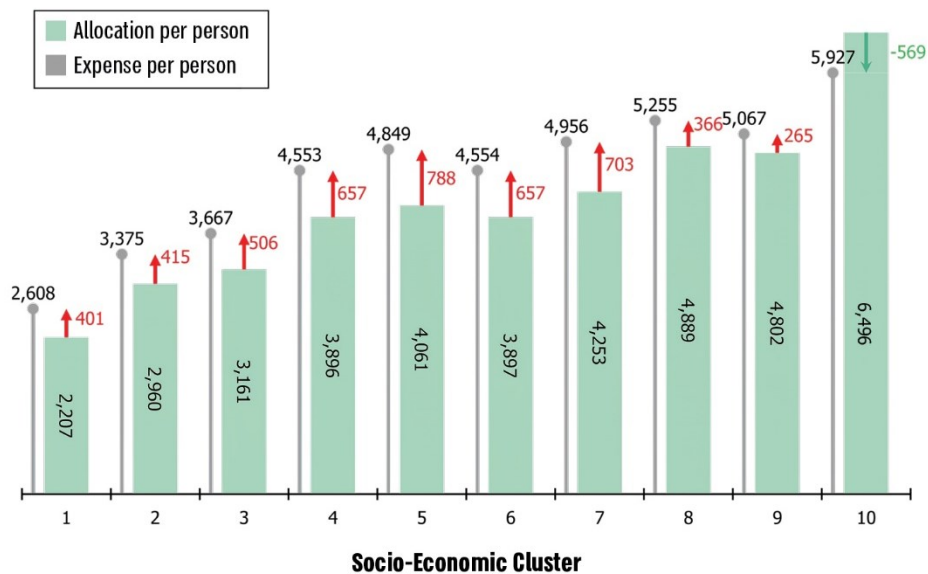


Welfare computerizes the process of reporting the placements of patients in treatment frameworks and institutions, and the local authorities presently perform the process in a computerized manner (except for two local authorities where the process has not yet been completed).

Key recommendations

-  It is recommended that the Ministry of Welfare and the Ministry of Finance act to transfer budget frameworks to local authorities no later than two months prior to the start of the fiscal year, to enable them to plan their welfare budgets in keeping with the resources allocated by the Ministry of Welfare. It is also recommended that the Ministry of Welfare work with the Ministry of Finance and all relevant parties to examine options for allocating the full budget of the financial items at the beginning of the year. In this way, the ministry will increase the degree of certainty for the local authorities in managing their budgets, the local authorities will be able to plan their budgets intelligently, and the ministry will be able to monitor optimally execution of the actions by the local authorities throughout the year.
-  It is recommended that the Ministry of Welfare conduct an examination of the amounts transferred through adjustments in order to examine the claim that funds are actually transferred from local authorities of low socio-economic clusters to strong local authorities. It is also recommended that the Ministry of Welfare establish detailed procedures and criteria for performing budget adjustments, including a description of the process of conducting the adjustments, the manner of recording the adjustments to be carried out, provisions regarding monitoring of the process and production of a central report at the ministry level, to ensure that the process runs optimally. This procedure and the criteria for carrying out the adjustments, as well as the adjustments made annually, should be made public to the local authorities and the public. It is also recommended that the Ministry of Welfare increase transparency regarding the distribution of welfare budgets to local authorities and publish on the Ministry's website the formulas and criteria according to which the budgets are distributed to the public.
-  It is recommended that the Ministry of Welfare consider, in cooperation with local authorities, the gaps in total allocation of positions and staffing in DSSs in local authorities belonging to low socio-economic clusters and low geographically peripheral clusters, and in SW position staffing in particular.
-  It is recommended that the Municipality of Baqa al-Gharbiyye, the Municipality of Netivot, the Municipality of Kiryat Ono, the Municipality of Rehovot, and the Rekhasim Local Council act to fully staff the positions in the DSSs, to ensure optimal care for welfare service recipients in their area of jurisdiction.

The Budget* and Actual Expenditure on Welfare Services in Relation to Those Registered in the DSSs, by Socio-Economic Clusters, 2019 (NIS per Patient)



According to data from the Ministry of Welfare, processed by the State Comptroller's Office.

* The allocation consists of a budget received from the Ministry of Welfare plus the participation of local authorities in expenditure.

Summary

The manner in which the social services departments in the local authorities are budgeted by the Ministry of Welfare may lead to a widening of disparities between weak and strong local authorities. Gaps have been found in the allocation of manpower positions that the Ministry of Welfare assigns to local authorities in low socio-economic clusters as well as among the geographically peripheral population. The manner in which funds unused by the local authorities are deducted and transferred to other local authorities is not transparent, and the ministry's headquarters does not know what amounts were transferred and to whom. In the absence of such information, and in the absence of control by the ministry of these transfers of funds carried out in its districts, it is not possible to know whether some of the funds were transferred from weak local authorities to strong local authorities. The Ministry of Welfare has



not published dozens of formulas designed to allocate funds and manpower positions in a transparent manner to the public.

In order to improve in the overall treatment of welfare service recipients, it is appropriate that the Ministry of Welfare, in cooperation with the local authorities, act to rectify the deficiencies raised in the report and examine the recommendations; this is for the benefit of the recipients of welfare services as individuals and for the benefit of society as a whole.



State Comptroller of Israel | Local Government Audit | 2021

Social Audit

Budgeting the Activities of Recognized Non- State Educational Institutions and their Supervision by the Local Authorities



Budgeting the Activities of Recognized Non-State Educational Institutions and their Supervision by the Local Authorities

Background

The right to education has been recognized as a basic right of every person since the dawn of the State of Israel's existence, and in light of this, the existence of educational institutions has been imposed jointly on the state and local authorities. The local authorities, in their role as local education authorities, serve as a key factor in managing and regulating the budgeting of the education system in their territory, which also includes recognized non-State institutions (RNS institutions). Most of the budgetary dealings with the educational institutions in their territory are managed by the local authorities, whether through transfer funds or through budgeting and grants. RNS institutions are not owned by the State, but have accepted a certain degree of supervision by it, and accordingly some are budgeted at a lesser rate than that given to the official State educational institutions. The obligation of local authorities to participate in the budgeting of RNS institutions in their territory is set forth in law, and it was provided that it be proportional to their participation in the budgeting of similar state institutions in their territory - according to the rate determined by the Ministry of Education – and that the local authority has the power to set a higher budgeting rate for the RNS institutions in its boundaries.



Key figures

698

The number of RNS regular elementary schools in the 2018–2019 school year.

217,325

The number of students in RNS regular elementary schools in the 2018–2019 school year.

**65%–
75%**

The rate of compulsory participation of local authorities in the budgeting of an RNS institution in relation to a similar State institution.

**Approx.
22%**

The proportion of students of elementary school age who studied in RNS regular schools in the 2018–2019 school year.

**NIS 2.2
billion**

The budget of the Ministry of Education for the education system in the five local authorities examined in the 2018–2019 school year.

**NIS 54
million**

The budget of the Ministry of Education for the RNS elementary schools in the five local authorities examined in the 2018–2019 school year.

4,600

The number of students in the RNS elementary schools in the 2018–2019 school year in the five local authorities examined.

**NIS 4.57
million**

The scope of the financial investment from the sources of the five local authorities examined in the RNS schools in their territory in 2019.

Audit actions



From July to October 2020, the Office of the State Comptroller examined the budgeting of the activities of RNS institutions in elementary education by the local authorities. Issues related to the following aspects were examined: the manner and scope of budgeting; the inventory of the buildings and infrastructure in which the RNS institutions operate; and the way in which the local authorities monitor the use of the funds they transfer. The audit also examined how the local authorities allocate property for the activities of the RNS institutions in their territory and the licensing of these institutions. The audit was carried out in the municipalities of Be'er Sheva, Raanana and Shfaram, and in the local councils of Zichron Yaakov and Pardes Hanna-Karkur. Completion examinations were conducted at the Ministry of Education.



Key findings



Comparison of the Financial Investment in a Student Resident of the Local Authority Versus a Student in an RNS Institution in its Territory

– The average investment per student in the five local authorities examined amounted to an average of NIS 1,000 to NIS 6,000 per student in the local authority, compared to an average investment of NIS 257 to NIS 2,567 per RNS student who is a resident of the local authority. The level of investment was affected by the size of the local authority and its socio-economic status. It should be noted that the average investment of the local authority in all the students from among its residents included budgeting of activities for special education students and secondary education as well as other educational activities that made up some of the aforementioned gaps.



The RNS Institutions – Buildings and Infrastructures

– There are gaps in the inventories of the buildings and infrastructures in which the RNS educational institutions operate in the local authorities examined. Some of the RNS institutions do not have sports fields, and most of them do not have gyms and computer classrooms. Permission was given to the RNS institutions to use community facilities, such as community centers and public libraries, in the local authorities that were examined and which have such facilities, but the facilities were not adjacent to those institutions.



Institutionalization of the Obligation of the Local Authorities to Budget RNS Institutions in their Territory






– Although there was uncertainty about the scope of the local authorities' obligation to budget RNS institutions in their territory, no guidelines were established for local authorities regulating the actual implementation of legislation and clarifying the existing legal situation.



Mechanisms and Criteria for Budgeting the RNS Institutions

– The budget of the local authorities examined, which also includes the budget for the RNS institutions, was approved within the framework of the overall approval of the local authority's budget. However, the policy accepted by the local authority to provide budgeting beyond the established budget was not brought to the local authority's plenum for approval. A mechanism was not established by which the local authority will operate when determining the supplementary budget with respect to RNS institutions in its territory, in a manner that will promote equality and transparency in the distribution of public budgets. Despite the government's resolution on the matter, the Ministry of Education did not collect information online or publish information in an annual report to the public regarding all the resources transferred by local authorities and the costs of education for all the institutions in their territory, including for the RNS institutions.







-  **Budgeting the RNS Institutions in the Local Authorities Examined** – The examined local authorities acted in different ways when budgeting the activities of the RNS institutions in their territory: the **Municipality of Be'er Sheva** – funds that the municipality was obligated to transfer as budgeting were transferred through provision of grants; **the Municipality of Shfaram and the Pardes Hanna-Karkur Local Council** – did not budget the RNS institutions for their part in financing ancillary services as required; **the Zichron Yaakov Local Council** did not budget any RNS educational institution in its territory despite its obligation to do so.
-  **Fees for External Students – The Municipalities of Be'er Sheva and Raanana, and the Zichron Yaakov and Pardes Hanna-Karkur Local Councils** did not charge fees for external students who studied in the RNS institutions of the (Jewish) ultra-Orthodox education networks in their territory, neither from the sending local authority nor from the students' parents; fees whose basic amount per student in an elementary school for the 2018 – 2019 school year and the 2019 – 2020 school year were set at a total of NIS 670 and NIS 680, respectively. They also did not alternatively establish arrangements to transfer authority to the educational institutions for the collection of fees for external students.
-  **Supervision and Monitoring of Budget Use** – It was found that all the local authorities examined required improvement in the supervision and monitoring of the use of the supplementary budget transferred to the RNS institutions in their territories. The **Municipality of Be'er Sheva and the Zichron Yaakov Local Council** transferred funds earmarked for RNS institutions in their territory to non-profit organizations that are not registered as beneficiaries in the Ministry of Education's records.
-  **Allocation of Property** – Deficiencies were found in the conduct of some of the local authorities examined when allocating real estate property to RNS educational institutions operating in their territory: the **Municipality of Be'er Sheva** – until the end of the audit, not all real property allocation procedures had been completed as required for three properties, including signing contracts with the property users and their approval by the council's plenum; the **Municipality of Raanana** – a municipal property was transferred to a non-profit organization without documentation that this was conducted in accordance with the real estate allocation procedure and without the municipality having a signed valid contract with the non-profit organization regulating the allocation of the property and its use; **Zichron Yaakov Local Council** – the local authority's properties were transferred to a non-profit organization without documentation that this was conducted in accordance with the real estate allocation procedure.
-  **Licensing and Safety** – Only half of the RNS educational institutions examined have a long-term license for five years; the other nine institutions have a short-term license only.



The local authorities examined, with the exception of the Zichron Yaakov Local Council and the Municipality of Shfaram, budgeted all the RNS elementary education institutions within their territory at a rate of 100%.

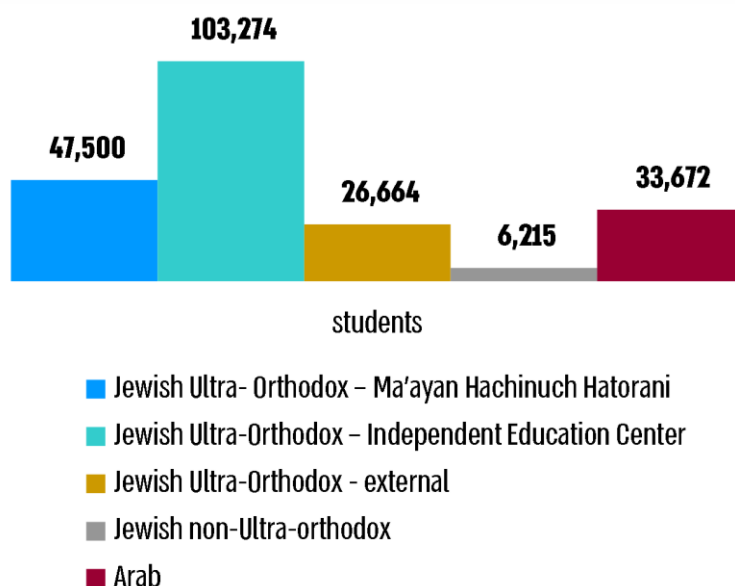
The **Municipality of Be'er Sheva** acted during the audit to obtain the approval of the City Council for its decision on the budgeting policy of the RNS institutions in its territory.

Key recommendations

-  It is recommended that the Ministry of Education, in collaboration with the Ministry of Interior, examine the need to regulate and clarify the rules applicable to local authorities when budgeting the RNS institutions and instruct local authorities to establish a supplementary budgeting mechanism that will promote equality and transparency in allocation of public budgets to RNS institutions in their territory. It is recommended that as part of the regulation and clarification of the rules, the Ministries of Education and Interior consider a format for online reporting by local authorities about their participation and the participation of school owners in the budgeting of all educational institutions within their territory.
-  Local authorities must act to gain approval of their policy for budgeting the RNS institutions in the plenum of the local authority's and ensure that the budgeting of the RNS institutions complies with their policy.
-  Local authorities must act in accordance with the tools at their disposal to improve the supervision and monitoring of the additional budgets they transfer to the RNS institutions operating in their territory and ensure that the sums reach their destination and are used for the purposes for which they were allocated.
-  It is recommended that local authorities examine the gaps in the buildings and infrastructure inventories in which the RNS educational institutions operate when formulating the local authority's programs for the deployment of public buildings adjacent to schools.



Number of Students in RNS Institutions, Divided into Sectors, 2018–2019 School Year



According to data from the Ministry of Education (students in regular education and special education), processed by the Office of the State Comptroller.

Summary

The right to education is a fundamental right, and the recognition that the state must give the opportunity, to those who wish to do so, to educate their children in their own way, and that the state must be responsible for budgeting the education of children studying in non-state educational frameworks, was established in law, out of a desire to preserve the balance and distinction between the official State educational institutions and the RNS educational institutions.

The budgeting of the RNS institutions in its territory is part of the obligation of the local authority, and must be done in accordance with the law and in a manner that ensures equal treatment of all students that reside in the local authority, including those studying in RNS institutions. The local authority must act in a way that ensures that it budgets the RNS institutions in accordance with clear rules and criteria, transparency and equality.



State Comptroller of Israel | Local Government Audit | 2021

Social Audit

Students Transportation in Local Authorities



Students Transportation in Local Authorities

Background

In order to enable the fulfilment of the Compulsory Education Law, 1949 (Compulsory Education Law), under which every child and youth in Israel must study in an educational institution, it is necessary to transport those students who do not have an educational institution in the area of their residence or whose educational institution is far from their home. The transportation is intended to ensure that students who are eligible for transportation on a daily basis and in accordance with the timetable will be safely transported to the educational institutions and will be safely returned home, in accordance with the required safety conditions.



Key figures

**Approx.
337,000**

The number of students eligible for transportation who were transported daily in 2020 to the educational institution where they study. Approximately 279,000 of them in regular education and the rest in special education.

**Approx. NIS
2.7 billion**

The estimated annual cost of student transportation by local authorities.

**Approx. NIS
1.1 billion**

The overall annual participation of the Ministry of Education in financing the transportation of special education students in each of the years 2018 and 2019.

**7 times to 9
times**

The amount of the Ministry of Education's annual participation in transporting a student in special education in 2018 and 2019 compared to transporting a student in regular education.

473

The number of buses designated for transporting students (school buses) operated by 49 regional councils, only 298 of them of 10 years and under.

**75,000
km**


The average distance traveled by a school bus owned by the Golan Regional Council in 2019 is three times the distance traveled by a school bus of the S'dot Negev Regional Council.

**NIS 800 –
NIS 2,500
compared to
approx. NIS
61 million**


The cumulative amount of sums demanded by the six local authorities examined for agreed compensation from transportation companies that violated agreements in 2019, compared to their total expenditure on student transportation that year.




Audit actions

 In the second half of 2020, the Office of the State Comptroller examined aspects of students' transportation to regular education institutions and to special education institutions in local authorities. The examination was conducted at six local authorities; the municipalities of Modi'in Ilit and Arraba, the Even Yehuda Local Council, and the Golan, Lachish and S'dot Negev regional councils, as well as the Ministry of Education. Completion examinations were performed at the Ministry of Transport and Road Safety, the Ministry of Interior, the National Road Safety Authority and the Local Government Economic Services Company Ltd. (Mashcal). Complementary examinations were made in eight additional local authorities.

Key findings

 **The Population Entitled to Transportation** – Despite the expansion of the Compulsory Education Law to children aged 3–4, the Ministry of Education does not participate in funding transportation for children of those ages. The Ministry also does not participate at all in funding transportation for 11th and 12th grade students – in the locality of residence – in municipalities and local councils and does not participate in funding transportation for students who choose to study in supra-regional, experimental and unique schools and in state Torani religious schools that are gender separation. The population entitled to transportation in the (Jewish) Ultra-Orthodox population amounts to approximately 24,000 out of 471,000 students (approximately 5.1%)

 **The Criteria Forming a Basis for the Ministry of Education's Participation Rates** – The Ministry of Education's rates of participation in financing transportation in each local authority were established in February 2008. Over the years, it has not been considered whether to change the criteria entitling local authorities to participation of the Ministry of Education in their student transportation and to adjust them to changes that have occurred in the "profiles" of the local authorities. For example, according to criteria of the Ministry of Education from February 2008, the Ministry is expected to reduce its participation rate in financing student transportation in the Modi'in Ilit Municipality from 80% to 50%, since it has more than 75,000 residents due to its population increase, even though Modi'in Ilit is ranked in cluster 1 (the lowest) in the socio-economic index and even though it receives a balance grant from the Ministry of Interior.



Amounts of the Ministry of Education's Participation in Regular Education

Transportation – In four local authorities (Carmiel, Modiin-Maccabim-Reut and Ramat Gan municipalities and the Even Yehuda Local Council), the amount of the Ministry of Education's participation in financing students transportation according to the basic rates by a method determined by the ministry was higher by 26% (participation of NIS 2.77 compared to a cost of NIS 2.2 per day) to 87% (participation of NIS 6.73 compared to a cost of NIS 3.6 per day) of the amount paid by the local authority for transporting students by public transport. In the fifth local authority (the Municipality of Ramla), the amount of participation was higher by approximately 97% from the actual cost (participation of NIS 8.27 per day compared to a cost of NIS 4.2 per day). On the other hand, participation in funding students transportation in some local authorities was significantly lower than the actual cost of their transportation. For example, the Ministry of Education's participation in the cost of student transportation in the regular education of the S'dot Negev Regional Council in 2018 and 2019 amounted to only 55% and only 59%¹.



Freezing the updating of the base tariff for participation rate

– In 2012, the Ministry of Education freezing the updating of the base tariff for participation rate in the cost of the transportation was determined, and it is not consistent with the actual cost – which imposes an additional financial burden on local authorities. As a result of the erosion, the Ministry of Education's participation in some of the special education transportation routes in the six local authorities examined amounted to 36% to 61% instead of 50% to 85% – the participation rate set for those local authorities. Thus, for example, the Ministry of Education has determined that the participation rate in the cost of transportation for the Even Yehuda Local Council will be 50% of the total cost. It was found that the daily cost of operating 11 routes (out of 42), which the local council operated in the 2019-2020 school year, amounted to approximately NIS 579,000, while the Ministry of Education's participation amounted to approximately NIS 210,000 per year – approximately 36% only of their operating costs, and that the annual cost of operating eight routes (out of 49) in the Golan Regional Council, for which an 85% participation rate was set, amounted to approximately NIS 570,000, while the participation of the Ministry of Education amounted to approximately NIS 347,000 – approximately 61% only of their operating costs.







Management Agreements Between Mashcal and the Local Authorities and Between Mashcal and the Supervisor on its Behalf

– Until the end of the audit period (February 2021), Mashcal had signed management agreements with 111 local authorities, out of 126 local authorities for which Mashcal provides management and supervision services in the 2020–2021 school year. Mashcal has not yet signed management agreements with the other local authorities. It was also found that from

¹ Transportation cost in 2018: NIS 5,919,319. The Ministry of Education's participation: NIS 3,245,341. Transportation cost in 2019: NIS 5,623,749. The Ministry of Education's participation: NIS 3,338,115.



February 2018 to September 2020, Mashcal paid approximately NIS 35.5 million to a company that provides it with services related to the management of the transportation system in the local authorities, with which it contractually engaged in December 2017, not on the basis of a tender².

- 
Integration of Transportation to Special Education Institutions – Out of five special education schools examined, to which 478 students are transported in 137 transportation routes, five shared routes were implemented in two schools. In another school, one shared distribution route with two students was implemented. In another school, one shared distribution route with two students was implemented. With the exception of the unification of these routes, the local authorities from which students are transported have not examined the possible combinations of students transportation to schools from neighboring local authorities given the sensitivities of the students studying in them and the distance between their place of residence and the school.
- 
Monitoring of the Transportation Companies – Five of the six local authorities examined did not carry out inspections of the transportation companies that operated in their territory, while the sixth - the S'dot Negev Regional Council performed a few inspections. In the 2019-2020 school year, Mashcal performed 80 inspections for the Lachish Regional Council, although it undertook to perform 240 inspections, it performed 144 inspections on 91 vehicles for the Modi'in Ilit Municipality, and it performed 48 inspections on 42 special education transportation routes for the Even Yehuda Local Council. They also rarely took deterrence measures against transportation companies that violated agreements, not even against companies that transported students in an unsafe manner.
- 
Contractual Right to Agreed Compensation – In 2019, three of the six local authorities examined (Modi'in Ilit and Arraba municipalities and the S'dot Negev Regional Council) did not exercise at all the right given to them in agreements with transportation companies, to collect agreed compensation for violations by the transportation companies they employed. The other three local authorities (Even Yehuda Local Council and the Golan and Lachish regional councils) demanded agreed compensation of only NIS 800 to NIS 2,500 in 2019, as opposed to the total expenditure of the abovementioned six local authorities in 2019 on students transportation in the total amount of approximately NIS 61 million.
- 
Safety in Transportation of Special Education Students – The Ministry of Education has not completed the enactment of regulations for the safe transportation of children with disabilities from the age three and up. Deficiencies were also found in the selection of special education student transport companions by the local authorities examined, in documents they submitted about their skills and the trainings in which

² The obligation to hold a tender was applied to Mashcal at the beginning of 2018.



they participated for the determination of their suitability for the position in preparation for their work with children with disabilities.



Transportation Stations Used to Pick Up and Drop Off Students – The transportation stations in the educational institutions of the Golan Regional Council and the Even Yehuda Local Council were found to be well ordered, covered, enclosed with guardrails and regularly maintained.

Complaint Handling Procedure – Following the audit, the Even Yehuda Local Council prepared a complaint handling procedure, including determining who will handle the complaint in the council from the time it is received until conclusion.

Key recommendations



It is recommended that the Ministry of Education and the Ministry of Transport and Road Safety examine the principles applied in different countries and consider, while formulating agreements with the Ministry of Finance, the Ministry of Interior and the Federation of Local Authorities in Israel, if it is appropriate to adopt those that are suitable also for student transportation in Israel, such as improving the level of service of public transportation, allocating routes according to students' needs, including providing eligibility for transportation to students whose route to school is not safe, along with conducting an annual service quality survey.



The Ministry of Education, in collaboration with the Federation of Local Authorities in Israel and the Ministry of Finance, should examine the criteria it has previously established for participation rates in the local authorities' transportation costs, taking into account the changes that have taken place in the Compulsory Education Law. It is also recommended that the Ministry of Education periodically examine the basic fares it has set for each local authority and consider whether there is room to update them in light of changes in transportation costs at the Office of Public Transport or any other relevant component. It is also recommended that the Ministry of Education examine the special arrangements established for the municipalities of Jerusalem, Tel Aviv-Yafo and the Al-Qasoum and Neve Midbar regional councils, which were formulated by it over the years, and their necessity.



In order to ensure that public transport lines and other solutions are adapted to the needs of students in the most efficient way, it is recommended that the Ministry of Education consider encouraging local authorities to use public transport and examine the suitability of the amounts of its participation in the transportation of students in regular education to the actual expenditure of the local authority, especially in places where the



transportation is carried out, in any case, by means of regular public transport. It is also recommended that the Ministry of Education re-examine the amounts of its participation in those local authorities where, due to their special characteristics, the participation does not cover 50% of the actual transportation costs. It is also recommended that all local authorities, which use public transport for student transport, consider an alternative of funding "Rav-Kav" cards (smart cards used on public transport in Israel) for students eligible to participation in the financing of their transport.



It is recommended that the Ministry of Education and local authorities conduct a feasibility study of the options to unite transportation routes between different local authorities, while examining the need to balance their desire to reduce cost and their desire to avoid unreasonably extending travel time, especially when transporting students with disabilities in special education.



It is recommended that the municipalities of Modi'in Ilit and Arraba, the Even Yehuda Local Council and the Lachish and S'dot Negev regional councils formulate plans to promote safety and security in transportation.



Local authorities must ensure that the transportation companies report in detail in the invoices that will be submitted for payment for all transportation services provided during the reporting period. It is also recommended that the examined local authorities consider the integration of a requirement that the representatives of the educational institutions to and from which the students are transported will confirm, by signing, the details of transportation of students to and from the educational institution, in accordance with their eligibility in the agreement.



The six local authorities examined have a duty to keep a full and orderly record of all the complaints they receive, and it is their duty to deal with them in the best possible way and while responding to the complainants and documenting them. It is also recommended that they consider collecting compensation agreed upon by them, whenever required, in the face of violations committed by the transportation companies.

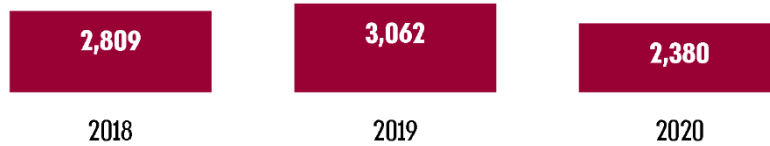


It is recommended that the Minister of Education complete the enactment of safe transportation regulations for toddlers and children with disabilities, while examining additional relevant reasons insofar as raised from the date of the end of the discussions in the Education Committee regarding the regulations, in January 2019.

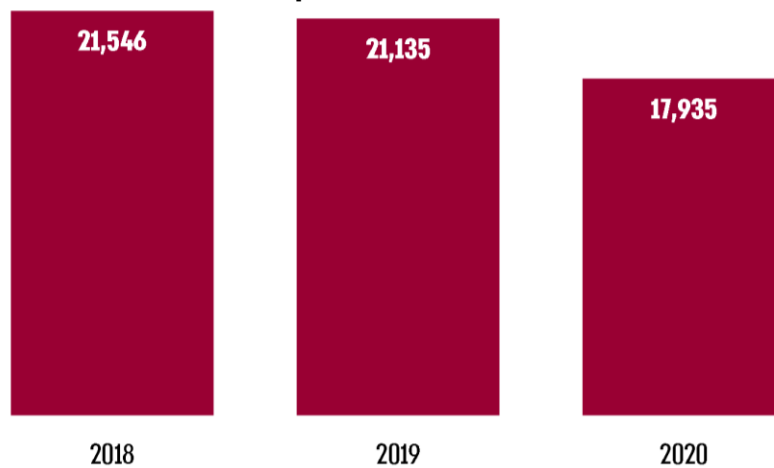


The average national participation of the Ministry of Education per student for students transportation, 2018–2020

Regular Education



Special Education



Summary

The direct and indirect cost of students transportation is estimated at NIS 2.7 billion each year. The audit raised deficiencies regarding the financing of transportation and the safety conditions of the transported students, the main ones being: the Ministry of Education has not examined whether it is necessary to update criteria established approximately 13 years ago, on which it relied for its accounting with the local authorities, and a decision it made in early 2012 - to freeze the fare increases that occurred in the cost of transportation; non-



regulation of safe transportation for children with disabilities from age 3 and up; failure to perform inspections and monitoring as required of the local authorities examined on how the transportation is carried out; executing inspections by Mashcal less frequently than required in the same local authorities that entered into contracts with it; unsatisfactorily dealing with deficiencies raised in the inspections conducted and with regard to the manner of handling complaints relating to student transportation.

The Ministry of Education and local authorities must rectify the deficiencies raised in the report and consider the implementation of the recommendations.



State Comptroller of Israel | Local Government Audit | 2021

Chapter 3

Planning and Building



State Comptroller of Israel | Local Government Audit | 2021

Planning and Building

Optimizing Local Outline Scheme and Detailed Scheme Procedures



Optimizing Local Outline Scheme and Detailed Scheme Procedures

Background

The physical-spatial planning anchored in outline schemes and detailed schemes is intended to regulate land designations and the use of physical space and should take into account a wide range of aspects - social, economic, environmental and safety. There is no construction in the absence of planning. In 2014, a comprehensive amendment was enacted to the Planning and Building Law (Amendment 101), designed to distribute powers to local committees while creating a hierarchy and division of powers between the district committees and local committees, in order to speed up planning procedures and improve the service to the citizen. Another major objective of Amendment 101 was to shorten the time required to advance plans by setting a maximum schedule for decision making.



Key figures

**NIS 405
million**

The comprehensive budget, including its changes, of the Planning Administration for 2019.

274

Consultants were employed by the Planning Administration in 2020. Of these: 200 external consultants and 74 overhead consultants in addition to 361 positions.

5,663

Local outline schemes and detailed schemes were advanced in 2019. In that year, 1,318 plans were approved, and they included planning for 140,608 housing units.

2.1 years

The average time required for approval procedures of local and detailed outline schemes in the district committees in 2019. In 2012, the average time was 3.5 years.

22

Local committees out of 131 (approximately 17%) are certified as independent committees. About half of the committees are certified for a period of less than three years.

3,081

Plans were addressed in 2019 by 123 local committees. In the same year, 944 plans were approved.

44%

Of all plans submitted to the district committees in the years 2016–2018 were published for entry into force, as of August 2020.

6.7%

Of all the plans approved by the district committees in the years 2016–2019 are plans that allow for the addition of more than 200 housing units and the period of time required for the overall approval process was 40 months.



Audit actions



From June to December 2020, the Office of the State Comptroller audited the Planning Administration with regard to optimizing the local outline scheme and detailed scheme planning procedures. The audit examined the implementation of the main points of Amendment 101 – decentralization of powers from the district committees to the local committees, optimizing the planning procedures and shortening their duration, management of the procedures and management of the planning inventory. Issues related to the Planning Administration's preparation for the efficient execution of its functions were also examined – in the field of budget, human resources and organizational infrastructure.

Key findings



Budget Preparation by the Planning Administration – The analysis of the budget of the Planning Administration indicated that in the years 2016 to 2019, the average expenditure budget including its changes was consistently higher by approximately one third than the original average expenditure budget; in 2019, the original budget was NIS 298.1 million, while the budget including its changes was NIS 405.1 million. The budgeting format that relies on the budget supplements mechanism undermines the day-to-day operations of the Planning Administration.








Employment of Consultants in Core Positions – approximately one-fifth of the personnel employed in the core of planning activity is based on outsourced consultants (overhead consultants). In the Southern District, their employment rate is even half.




Decentralization of Powers to Local Committees – more than six years after the entry into force of Amendment 101, 22 of 131 (17%) local committees are authorized as independent committees. A 2010 government resolution stipulated that all local committees would be required to meet the conditions and receive certification within four years until the end of the reform in the field of planning and construction; the explanatory notes to Amendment 101 state that “the decentralization of powers will be done gradually and is conditional on the conduct and professional ability of the committees”. It was found that since the entry into force of Amendment 101, there has been no real increase in the number and identity of most of the certified local committees. It was also found that as of August 2020, only 28% of the non-certified committees are eligible for certification – due to inadequate professional level or dysfunction in at least one aspect examined. The certification process itself is long as




well (about nine months on average), and in fact the period of time required to certify a committee is about 23% of the entire certification period.

-  **Specific Planning by the District Committees** – 54% of the local outline schemes and the detailed schemes dealt with by the district committees in the years 2016 to 2019 apply to an area smaller than five dunams (dunam – a unit for measuring land area, approx. 0.25 acre). The Jerusalem District is particularly noticeable, where the vast majority of the schemes (approximately 82%) apply to an area smaller than five dunams and the percentage of plans that apply to an area smaller than one dunam is 46%. The multiplicity of specific plans prolongs the duration of the planning periods, burdens the planning institutions and indirectly even increases the exposure of the planning institutions to pressure or unnecessary inquiries from interested parties, because any such plan is required to go through the entire planning process.
-  **Initiation of Plans by Local Authorities and Local Committees** – According to data from the Planning Administration, it can be estimated that out of 6,381 plans submitted to the district committees in 2017 to 2019, approximately 1,140 (approximately 18%) were submitted by local authorities or local committees, and about two-thirds of these plans (approximately 760 plans) applied to an area larger than five dunams.
-  **Duration of the Process of Approving a Plan Under the Authority of a District Committee, by Stages** – Along with a shortening of the time required to approve plans, there are stages in the process that take a relatively long time – for example, the stage of intake of the plan lasts 3.7 months on average, and the stage of fulfilling conditions for depositing a plan lasts an average of 9.7 months.
-  **The Time Required to Approve Plans at the Central District Committee** – Even after Amendment 101, the duration for approving plans under the authority of the Central District Committee remained long: 58.5 months (close to 5 years) on average. Analysis of the data of the average time required to complete the various stages of the process showed that in the Central District all stages, except the stage of depositing the plan, had average durations that exceeded those prescribed by law.
-  **Data on Planning Inventory** – The data on planning inventory does not include information on its availability and actualization. Thus, for example, the plans for approximately two-thirds of the housing units included in large-scale local outline schemes approved in 2018 to 2019 and including about 45,000 housing units, established conditions for implementation that did not allow their availability for construction in the short term. This information, despite its importance for inventory management, is not reflected in data of the Planning Administration. In addition, the Planning Administration has no information on the implementation of plans and their withdrawal from the inventory.



 **The Time Required to Decide on Outline Schemes Under Local Authority** – In the years 2016–2019, most of the plans (55%) were not decided upon in the maximum period of time set in the plan for the decision (one year). Moreover, as to 16% of the plans a decision is rendered after a period longer than two years. At the same time, there is some improvement in the rate of plans decided on within the maximum timeframe, from 43% in 2016 to 50% in 2019.


 **The Lack of an Automated Computer Interface Between the Information Systems of the Planning Administration and the Systems of the Local Committees** – It was found that plan data collection is done individually with each local committee and this involves encumbrance and mistakes.





The Time Required for the Overall Approval Process of Plans in the District Committees – There has been a significant improvement in the average time required for the overall approval process of plans in the district committees and it has been shortened from an average of 3.5 years in 2012 to an average of 2.1 years in 2019 – a decrease of 40% in the timeframe for completing the process.

Compliance With the Period of Time Set by Law for Deciding on Plans in the District Committees – It was found that out of all the plans decided on, the rate of those decided on within 18 months, as stipulated by the law, increased from 63% in 2016 to 77% in 2019.

Key recommendations

 It is recommended that the Budgets Department of the Ministry of Finance, in cooperation with the Planning Administration, work to regulate the budget frameworks of the Planning Administration within the budget base, insofar as possible, in a manner that minimizes the need for budget supplements throughout the year.

 It is recommended that the Planning Administration, the Budgets Department of the Ministry of Finance, and the Civil Service Commission jointly examine the scope of employment of employees and consultants in core positions in the Planning Administration compared to the administration's manpower needs in terms of its scope, skill and distribution and the relevant guidelines, and formulate a multi-year plan that will provide a full and appropriate response to these needs.

 The Planning Administration must continue the actions it has already taken to improve the functioning of the local committees, analyze the reasons why only 17% of committees have been found fit for certification, and formulate an effective plan of action



to improve the professional level and functioning of local committees according to their needs, in order to optimize the plan approval process, to improve the service to the public and to shorten the prolonged processes for plan approval, and to meet the objective stipulated in the government resolution for certification of all the committees. This is in accordance with the conditions set out in the law for certification.



It is recommended that the Planning Administration examine the multiplicity of specific outline schemes submitted to the district committees. In particular, special attention is required to the existing situation in the District of Jerusalem. It is further proposed that the Planning Administration produce a format for reporting and monitoring control of the range of the specific outline schemes for the plenum of the district and local committee and the relevant professional bodies, and formulate guidelines for the local and district committees in order to minimize specific planning as much as possible, and prioritize broad plans that allow a comprehensive planning point of view.



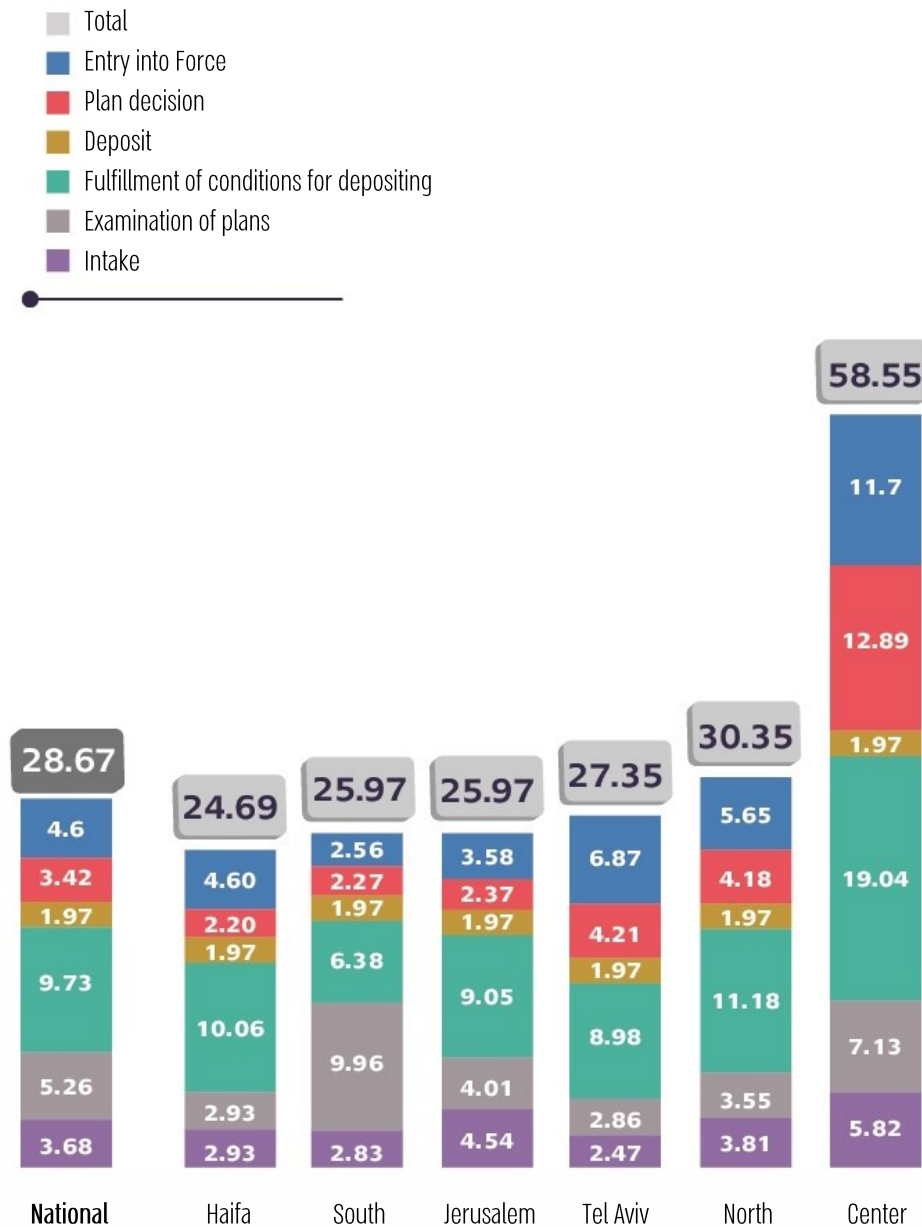
It is proposed that the Planning Administration examine which stages are still longer than desired, including stages that are under the responsibility of the program submitters, and the reasons therefor, in order to further shorten the time required for planning procedures, taking into account not to shorten the duration at the expense of the plans' quality and weighing all the necessary considerations regarding their impact on society, the environment and the economy. This is especially true of the Central District, where the various stages in the overall approval process are particularly long.



The Planning Administration must continue to act to collect data from all local committees and make rectification in order to obtain a good and up-to-date general picture of the activities of local committees in the realm of planning, and to have reliable information on the planning inventory created at the local level. It is proposed to develop an automatic computerized interface between the information systems of the Planning Administration and the systems of the local committees in order to receive the reporting online.



The Average Duration of Stages of the Comprehensive Approval Process of Plans Approved by District Committees, 2016–2019 (in months)



According to data by the Planning Administration, processed by the Office of the State Comptroller.



Summary

The objectives of Amendment 101 were partially achieved – with regard to the decentralization of powers, it was found that 17% of the local committees were authorized. As a result of the decentralization measures taken, there are more plans that are handled by the local committees, but the onus of handling plans imposed on the district committees remains heavy. It was also found that in accordance with the reform objectives, the average duration of approval procedures for plans under district authority was shortened by 40%. However, for most plans (66%), the process was prolonged for more than a year and a half, and for more than three years for approximately one-fifth of them. Furthermore, out of all the plans as to which a decision was rendered, the percentage of those decided on within 18 months, as stipulated by law, increased from 63% in 2016 to 77% in 2019.

In order to accelerate the planning activity that constitutes a key engine for the economy's growth, especially in light of the housing crisis and other needs of society and the economy, the Planning Administration must continue its efforts to optimize planning procedures, shorten their duration and improve certainty thereof. The Planning Administration, in collaboration with the Ministry of Finance and the Civil Service Commission, must examine the budget structure and employment patterns of outsourced consultants so that the Administration can fulfill its central role as Israel's national planning body and meet the planning objectives and challenges facing the planning system.



State Comptroller of Israel | Local Government Audit | 2021

Planning and Building

Optimizing Construction Licensing Procedures



Optimizing Construction Licensing Procedures

Background

According to the Planning and Building Law, 1965 (Planning and Building Law), the execution of construction work requires, as a rule, the receipt of a building permit. Licensing is designed to ensure that the construction is in accordance with district outline schemes and other legal provisions pertaining to the type of construction and the safety of the buildings. Licensing procedures have a direct impact on the activity of the construction industry, which contributes greatly to the economy. Hence the importance of optimizing procedures and their quality control. In 2014, the Knesset (Israel's parliament), passed a comprehensive amendment to the Planning and Building Law (Amendment 101) which included provisions for improving the efficiency of licensing procedures.



Key figures

131

Local planning and building committees operate in Israel under the Planning and Building Law.

NIS 151.5 billion

The total investment amount in the construction industry in 2018.

25,336

Building permits were issued in 2019, approving the construction of **60,762** housing units.

NIS 65 million

The cost of developing and operating "rishuy zamin¹" in 2016–2019.

5

Of the 15 building code chapters have been published as regulations

58

Permit applications were processed in 2018–2020 (until July) through the control institutes, while the number of applications that were suitable for handling by the control institutes was estimated at approximately 3,000.

47 work days

The average length of time for the issuance of an information file for files produced between September 2018 and September 2020.

319 days

The average length of time for obtaining a building permit in the second half of 2019. An average of **407** days were required to obtain permits which included building or usage exceptions.

¹ Rishuy zamin is a government online system designed to make the licensing process accessible and efficient.



Audit actions



In June-December 2020, the Office of the State Comptroller audited the process of improving the efficiency of construction licensing procedures in the Planning Administration and in the local planning and building committees. The audit examined the implementation of the main points of Amendment 101 in the field of construction licensing. The audit also examined Issues related to the preparedness of the local committees for effective performance of their role – in the field of equipment, human resources, organizational infrastructure and the provision of services to the public. Some of the issues were examined in all 131 local committees; in eight local committees – the local committees of Beer Sheva, Beit Shemesh, Haifa, Mordot HaCarmel, Ma'ale Hagalil, Netivot, Kesssem, and Rosh HaAyin – an in-depth examination was conducted (hereinafter – the examined committees).

Key findings



Organizational Preparedness – In 54 local committees (approximately 58% of those who reported) there is a shortage of more than 30% in database managers relative to the recommended standard. In 15 committees (approximately 16% of those who reported) the number of permit examiners in the committees is 30% greater than the number recommended in the standard. No relationship was found between a surplus or shortage of permit examiners and the average timeframes for obtaining permits in the second half of 2019.



Professional Training and Development – The local committees examined did not prepare professional training and development programs for permit examiners and database managers.



The Administrative Infrastructure for Optimizing Licensing Procedures – Only three of the eight committees examined had procedures for managing licensing procedures, two of the eight had work plans, and three of the eight maintained the legal quorum of committee and Licensing Authority meetings throughout the years reviewed. In the committees examined, the possibility of obtaining management reports on the processes is limited and does not include data slicing according to several parameters, presentation of processing and analysis of the data and trends, and a visual display of the progress of the processes and alerts regarding anomalies (BI system).



Accessibility of the Websites of the Examined Committees – The websites of the committees examined were not fully accessible as required by law to people with visual impairments and blindness, and as a result complete familiarity with them and locating



all relevant information is not possible. The **Be'er Sheva** Local Committee did not publish an accessibility statement on its website, and in statements issued by the other committees, with the exception of the **Rosh HaAyin** Local Committee, incorrect details were specified about accessibility coordinators – including incorrect phone numbers – and thus the public was unable to contact them by phone.



Publication of Planning and Building Notices to the Public – The notices published to the public include many technical details and data which are densely printed. The cost of publication in newspapers (publication required by law) in 2019 is estimated at approximately NIS 15 million. The format of publication of the notices and its cost raise doubts about the usefulness of the publication; the Planning Administration did not examine these aspects.



The Building Code – At the end of the audit, the enactment of five of the 15 chapters of the building code had been completed and the enactment as regulations of four chapters is in advanced stages. The drafting of the other six chapters of the code has not yet been completed, and they include chapters dealing with the building's frame and foundation, accessibility, fire safety and user safety. The expected date for their enactment as regulations is not even known.



Control Institutes – In the years 2018–2020 (until July), the six control institutes established dealt with 58 permit applications. During this period, the government allocated grants and additional payments in the amount of approximately NIS 13.7 million to support the institutes due to their limited activity. At the end of the audit, it was found that the control institutes are not yet authorized to process all types of permit applications. Additionally, they do not have controllers authorized by the Ministry of Health and the Ministry of Protection of the Environment as provided in the Planning and Building Law, and they do not serve as a control center that concentrates all control processes under one roof.



"Rishuy Zamin" System – It was found that the system is not fully tailored to meet needs. For example, in the absence of an interface between it and the committee management system, the committees are required to perform double and manual work in both systems – which causes excessive manpower costs, impaired ability to manage and control processes, and the possibility of errors, such as differences in recording permit issuance dates in both systems, and other risks and legal complications as well. Due to the lack of an interface, no government body has comprehensive information that integrates the data contained in all systems and as a result, the necessary data to complete updated key findings in the field of planning and licensing, are missing.



The Time Required to Receive an Information File – in the years 2017–2020 (until September), the stage of receiving requests for information lasted an average of approximately 17 working days. In September 2018, the period of time for producing



an information file after intake of the application was shortened from 45 working days to 30 working days. It was found that the average time required to produce information files did not exceed that determined by the law. However, in 16% of the cases of files received between September 2018 and September 2020, the period of time for producing an information file exceeded more than 10 working days from that determined by law; it should be noted that this calculation does not refer to periods of vacation not documented in the database.



The Time Required to Obtain a Building Permit – It was found that the issuance of permits in all tracks in the second half of 2019 took an average of 319 days; in the exceptions track an average of 407 days, in the full track 276 days and in the shortened track 144 days. These durations are longer than the average time of 114 days that the World Bank measured in countries that operate online systems for submitting permit applications.



The Effect of Amendment 101 on the Timeframe for Obtaining a Building Permit – The audit shows that until the end of the audit, Amendment 101 did not significantly shorten the time required to obtain building permits in the examined committees, and the average time required to obtain the permit in two of the examined committees became even longer: the average time in **Be'er Sheva** took approximately 32.6% longer, and in **Kessem** approximately 64.6% longer. It should be noted that after Amendment 101, the period of time required for the stage of receiving information in its new format, which lasts an average of approximately 47 working days, must be added to the periods of time for obtaining a permit. Thus, in terms of the length of all the procedures required to obtain a building permit after Amendment 101, it appears that the licensing processes take even longer.



In the years 2017–2019, the local committees increased their use of the "rishuy zamin" for the issuance of building permits. The number of permits issued in "rishuy zamin" increased from approximately 3,400 in 2017 to approximately 14,500 in 2019.

The **Mordot HaCarmel** Local Committee is the only one of the eight committees examined that held **annual discussions** at its meetings on the status of licensing, promotion of the reform, and the scope of permits in the area of its authority.

Key recommendations



The number of personnel in the Local Committees and the Efficiency of its Allocation – It is recommended that the Planning Administration examine from time to time whether the recommended personnel guidelines lead to efficient allocation of



manpower that suits existing needs, and it is recommended that the local committees periodically examine whether their allocation of personnel fulfills the aforesaid. In order to examine this, it is proposed to establish indices for the outputs of workers in the field and desirable goals on the subject.



Professional Training and Development – It is recommended that all of the examined committees prepare professional training and development programs based on the analysis of the required knowledge and skills, while establishing mechanisms to cultivate a learning atmosphere in the organization. This may contribute to improving the quality of work of permit examiners and data managers and increasing their efficiency.



Conducting Fundamental Discussions on improving the efficiency of Licensing Procedures and Service to the Resident – It is proposed that local committees consider from time to time the status of building licensing in the committee to address bottlenecks, barriers to the optimizing procedures and ways to improve service to the resident. It is recommended that the Planning Administration instruct all local committees to hold discussions on these issues and conduct follow-up to ensure that its instruction is implemented and that the discussions take place as required.



Development of BI Systems in Local Committees – It is proposed that local committees examine whether there is a need to develop BI systems that will enable effective and efficient management and control in the field of licensing procedures, help locate bottlenecks created in these procedures, and contribute to shortening the processing time for permit information applications and building permit applications. Since the issue concerns many committees, it is proposed that the Planning Administration, the Federation of Local Authorities in Israel, and the local committees consider working together to characterize a basic BI system and lower development costs.



Accessibility of the Websites – It is recommended that the examined committees act to significantly improve the accessibility of the sites, with the assistance of the authorized service accessibility consultant as required. In order to allow uniformity between the accessible sites in terms of their design and level, it is recommended that the Planning Administration prepare guidelines for all local committees, in cooperation with the Commission for Equal Rights for Persons with Disabilities.



Publication of Notices to the Public in Matters of Planning and Building – It is proposed that the Planning Administration initiate a staff project on the desired manner of publishing the notices to the public, with the participation of the public which is the target audience of those notices, and that the effectiveness of publication in the written press and transition to publication on the internet be examined within the aforesaid project. It is also advisable to consider clearer graphic ways of presenting the



information, including the use of maps or other means of illustration, and to match existing digital technology with the manner of publication.



Control Institutes – It is recommended that the Planning Administration act in accordance with the need to regulate the number of approving bodies in the control institutes in order to increase the efficiency of the process and to concentrate it, if possible, in one place. Alternatively, it is proposed that the control institutes be authorized to contact, on behalf of the online applicant, other parties required to improve the service for the applicants, as part of the procedures they perform. It is also proposed that the Planning Administration work to expand the scope of activity of the control institutes during the preparation period and to implement the provisions of the law within the framework of monitoring the local committees.



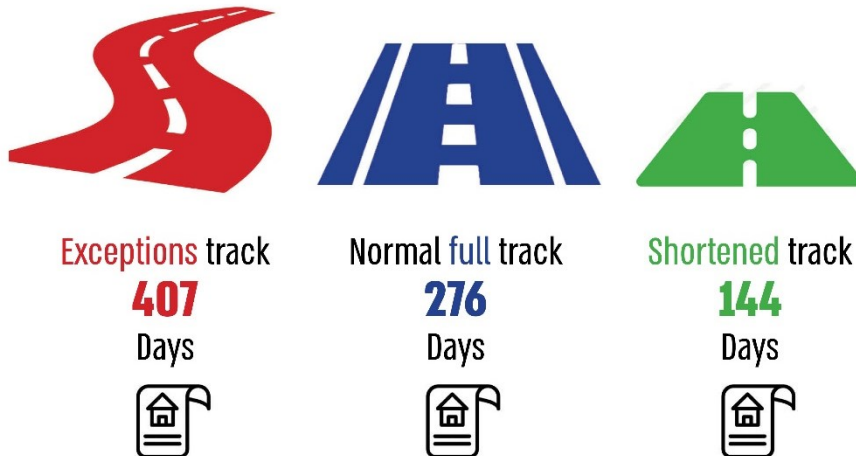
Interface Between "Rishuy Zamin" and Committee Management Systems – In view of the damages and risks arising from the lack of an interface between the systems and in view of the value of the option of online submission of applications to local committees, the Planning Administration must formulate a plan of action to complete the development of a comprehensive innovative system and of a unit for online submission of information and building permit applications, that will be adapted to the needs of users and the requirements of the law, reflect current technological developments and capabilities, and be flexible enough to adapt itself to future technological changes.



The Manner of Processing Approval of Applications for Building Permits – It is proposed to consider formulating arrangements that will lead to uniformity in the stage of intake of permit application and to concentrating the required coordination and approvals from various parties who act separately. Since the stages of processing a permit application are carried out in a serial process, there is room to consider having all relevant parties receive the applications simultaneously. It is also recommended to consider setting a maximum period of time to complete the overall processing of applications for building permits and to monitor the matter to ensure that the committees meet these time limits.



Average Durations for Issuing Building Permits, by Track



According to the data of the Planning Administration for the second half of 2019, processed by the Office of the State Comptroller

Summary

In the six committees examined, Amendment 101 did not result in a real shortening of licensing procedures and there are still structural and cross-cutting issues underlying the processes – multiplicity of factors without a coordination mechanism, multiplicity of requirements that are not necessarily uniform, cumbersomeness resulting from the process of granting building and usage exceptions, and very limited activity of the control institutes, so that as yet there is no center for performing content control under one roof, and content control that is not effective enough from the engineering aspect in the local committees. It is proposed that the Ministry of Interior, the Planning Administration, local authorities and local committees work to rectify the deficiencies raised in this report, with the participation of all relevant parties to the licensing process and with comprehensive preparations for improving the efficiency of construction licensing procedures in Israel, based among other things on the recommendations of this report.



State Comptroller of Israel | Local Government Audit | 2021

Chapter 4

Follow-Up Audit



State Comptroller of Israel | Local Government Audit | 2021

Follow-Up Audit

Local Authorities Handling of Unused Buildings – Follow-Up Audit



Local Authorities Handling of Unused Buildings – Follow-up Audit

Background

Within the jurisdiction of many local authorities, numerous unused properties can be found. Such properties may have, in the past, accommodated as residences, commercial buildings or industrial structures. Some have not been in use for a very long time and are abandoned and neglected and constitute an environmental, health, safety and social hazard. To create an incentive to use these buildings, as part of the effort to cope with the housing shortage and in order to prevent these structures becoming a nuisance and danger to the public, the municipal ordinances¹ and local authority ordinances² were amended, and the laws for levying property taxes on a derelict or uninhabitable structure were updated, so the structures, which were permanently exempt from property taxes, having undergone repair, will be required to pay property taxes for a defined period.

Key figures

276,261
Sqm

The total area of buildings classified as unfit for use within the jurisdiction of the city of Haifa in January 2021.

961

Buildings classified as unfit for use within the jurisdiction of the city of Haifa in January 2021.

39

Buildings classified as unfit for use within the jurisdiction of the city of Afula in January 2021.

17

Buildings classified as unfit within the jurisdiction of the Matte Asher regional council in January 2021.

¹ Municipal Ordinance [new text].

² Local Authority Ordinance (A) 1950 and Local Authority Ordinance (Regional Councils) 1958.



Audit actions



In 2016 the Office of the State Comptroller published a report in the matter of local authorities handling of unused buildings³ (the previous audit). In February 2021, the Office of the State Comptroller examined the actions of the local authorities and the Ministry of Interior to rectify the main deficiencies that were raised in the previous audit regarding levying of property tax on unused structures and for handling unused structures that become a safety and environmental hazard. In the present report, the findings of the follow-up on the rectification of the main deficiencies noted in the previous audit are presented. The follow-up was conducted in the cities of Haifa and Afula and in the Matte Asher regional council.

Key findings



Ministry of Interior Preparedness for the amendment taking effect – In the previous audit, it emerged that the Ministry of Interior did not instruct the municipalities to prepare for collecting property tax on unfit structures in accordance with the amendment to the municipal ordinance that took effect on 1 January 2015, and did not check if they were ready to implement the amendment and especially if they were set up to collect the property tax. The follow-up audit found that the Ministry of Interior had not prepared for the amendment taking effect as part of the council ordinances as of 1 January 2021, did not check the preparedness of local and regional councils for implementing the amendment and their property tax collection arrangements, and did not formulate a program for monitoring the implementation of the amendment instructions to the teams including through the checks conducted by the external auditors appointed by the Ministry.



Multi-year plan to reduce the number of unfit buildings – The present audit found that the local authorities that were examined have 1017 unfit buildings covering a total of 276,261 sqm. Despite this, there is no multi-year plan for reducing the number of unfit buildings and their use, a plan that would help decrease the phenomenon that has many economic and environmental implications, and that they do not make a distinction between unfit structures situated on land under the management of the Israel Land Authority and land owned by other bodies.



Classifying structures as unfit for use – In the previous audit, it was shown that no guidelines for defining a structure as unfit were issued and the decision about the matter

³ See State Comptroller, Audit Report on the Local Authorities (2016), the chapter "Local authorities handling of unfit buildings", pages 407–462.



was left to local authorities, which interpreted term in various ways. The follow-up audit found that the Ministry of Interior did not publish guidelines or framework principles on the subject.



Maintaining a database of all the unfit structures – In the previous audit, it was noted that the city of Afula did not have a database that included all the structures within its jurisdiction that had been given an exemption on the basis of being unfit and the date when such an exemption had been issued. The follow-up audit found that the city of Afula's database of unfit structures does not record when these structures were classified as unfit. It was further found that details of the structures exempt from property tax in the city's general database were not updated and details were missing, and that for more than half of these structures no address appeared, which impinged on the oversight, control and execution of actions required by law.



Submission of applications for an exemption from property tax on unfit structures – In the previous audit, it was shown that the city of Afula and the Matte Asher regional council classified properties as unfit for use and granted them an exemption from payment of property tax without receiving the applications for this in writing as required. The follow-up audit found that in the city of Afula this failure had not been rectified: for four of ten structures that were checked, no application in writing was submitted; in the Matte Asher regional council, this shortcoming had been mostly rectified: for seven structures that the council had classified as unfit at the conclusion of the previous audit, the application regarding one structure had not been found and the council permits applications for classifying a structure as unfit to be submitted online.



Assessing property taxes according to amendment section 330 of the municipal ordinance – In the previous audit, it was noted that the city of Afula did not levy taxes on properties classified as unfit, as required by the ordinance. The follow-up audit found that the municipality continued to levy a reduced tax on properties even though the five years stipulated in the ordinance had passed and notwithstanding that a notification by the owner had not been submitted regarding the properties remaining in an unfit condition. The municipality began rectifying the deficiencies during the follow-up audit.



Handling of unfit properties that constitute environmental and safety risks – In the previous audit, it was shown that the city of Afula contained properties defined as unfit and that constituted environmental and safety risks, but the information about them had not been given to the engineering administration responsible for dealing with these structures, and the latter were unaware of them and had not checked them. The follow-up audit found that the revenue collection bureau had not passed on to the engineering administration the information about the properties that it had found to be unfit for its handling of and follow-up.



Applying the amendment to the municipal ordinance on local and regional councils

– In the previous audit, it was shown that the regulations established in the amendment to the ordinance, which were intended to significantly limit the exemption from property tax on unfit structures, were not applied to the local and regional councils. The follow-up audit found that in June 2020 the Minister of Interior signed the ordinances applying all these regulations to the local and regional authorities.

Assessing property taxes according to amendment section 330 of the municipal ordinance – In the previous audit, it was shown that the city of Haifa did not assess property tax on several structures. The follow-up audit found that the city of Haifa continually monitors the properties within its jurisdiction, to ensure that unfit structures within its jurisdiction are taxed according to the ordinance.

Monitoring and control of unfit structures – In the previous audit, it was noted that the city of Haifa was not conducting oversight of the properties within its jurisdiction at the frequency fixed in the municipal regulations and some of them had not been inspected for many years. The follow-up audit found that the municipality customarily maps the properties that have not been inspected and prepares a work program for the purposes of conducting an inspection each year in at least 10% of the structures classified as unfit.

Key recommendations



It is recommended that the local and regional councils map the unfit structures within their jurisdictions and thus implement the amendment to the local council ordinances that came into effect in January 2021.



It is recommended that the Ministry of Interior check the readiness of the local and regional councils for assessing property tax on unfit structures in accordance with the legislative amendment, instruct them on the subject and also collect data from the local authorities regarding the scope of properties within their jurisdictions classified as unfit.







It is recommended that the Ministry of Interior prepare a multi-year plan and instruct the local authorities to reduce the number of unfit buildings within their jurisdictions and repair them.



It is recommended that the local authorities, in cooperation with the engineering bodies in the respective authority, discuss at intervals the possibility of creating incentives for reducing the number of unfit buildings within their jurisdiction, and include, as part of their property surveys, instructions and follow-up regarding these structures, and formulate a plan to reduce the number of unfit buildings within the jurisdiction of the respective local authority.






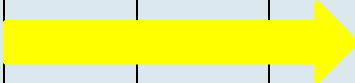
-  It is recommended that in light of the unique ownership structure of the Israel Land Authority, the Ministry of Interior instruct the local authorities to distinguish between property administered by the Israel Land Authority and property owned by other entities or people, and act in coordination with the Israel Land Authority regarding everything related to the properties it manages, in order to include in the multi-year plan additional tools that can help them incentivize making use of the buildings and reducing the number of unfit structures.
-  It is recommended that the Ministry of Interior set guidelines for defining a structure as unfit, and examine the need for publishing instructions regarding giving exemptions when ownership changes hands, in light of the different interpretations that the local authorities give to the definition of an unfit structure, and their arrangements when ownership changes hands.
-  The city of Afula should update its database and fill in the missing information; classify unfit structures and give them exemptions from property taxes after the proper application is submitted; complete the handling of the property taxation of unfit structures as laid out in its regulations; and look after unfit structures as laid out in its regulations. The city of Afula should act to organize the transfer of information about unfit structures from the revenue collection bureau to the engineering administration in order to improve the city's ability to handle the unfit structures that may endanger the public.
-  The Matte Asher regional council should establish a procedure for classifying unfit structures; ensure that it has a complete and updated database of all the unfit structures within its jurisdiction; classify unfit structures and give them a property tax exemption after the proper application is submitted; and make supervision of these structures part of its regulations.



Local authorities handling of unused buildings – The main findings of the follow-up audit

Audit section	Audited body	Deficiency found in the previous audit	Degree of rectification of the deficiency as seen by the follow-up audit			
			Not rectified	rectified to a small degree	rectified to a large degree	Rectified completely
Application of the rectified to the municipal ordinance to the local and regional councils	Ministry of Interior	The regulations that were established by the rectification to the municipal ordinance were not applied to the local and regional councils.				
Ministry of Interior preparedness for the rectification to the municipal ordinance to take effect	Ministry of Interior	The Ministry of Interior did not issue instructions to prepare for collection of property taxes & did not check the preparedness of the local authorities & their arrangements for collecting the tax.				



Audit section	Audited body	Deficiency found in the previous audit	Degree of rectification of the deficiency as seen by the follow-up audit			
			Not rectified	rectified to a small degree	rectified to a large degree	Rectified completely
Classifying structures as unfit	Ministry of Interior	Guidelines for classifying structures as unfit were not established & the matter remains open to the local authorities to interpret it as they see fit.				
Changing the ownership of an unfit structure	Ministry of Interior	The Ministry of Interior did not eliminate the ambiguity & did not establish regulations for the local authorities to follow when ownership of an unfit structure changes.				
Management of the databases of unfit structures	City of Afula	The city did not have a database of the unfit structure that were given an exemption from property tax & the date when they received this exemption.				
	Matte Asher regional council	The database of unfit structures that were given an exemption did not include all the structures in the local authority's jurisdiction.				



Audit section	Audited body	Deficiency found in the previous audit	Degree of rectification of the deficiency as seen by the follow-up audit			
			Not rectified	rectified to a small degree	rectified to a large degree	Rectified completely
Submission of applications for exemptions from property tax for unfit structures	City of Haifa	The city did not act in accordance with the ordinance & procedure that were established & applications as required were not found for some structures; the city did not require, when ownership of the property changed hands, that the new owner submit an application for re-classifying the structure as unfit.				
	City of Afula	The applications in writing by the owners of some structures could not be found.				
	Matte Asher regional council	The applications in writing by the owners of some structures could not be found.				
Charging property tax according to the rectification to the municipal ordinance	City of Haifa	The city did not levy property tax upon the dates fixed by the ordinance.				
	City of Afula	The city did not levy property tax upon the dates fixed by the ordinance.				



Audit section	Audited body	Deficiency found in the previous audit	Degree of rectification of the deficiency as seen by the follow-up audit			
			Not rectified	rectified to a small degree	rectified to a large degree	Rectified completely
Monitoring and control over unfit structures	City of Haifa	The city did not act in accordance with the city ordinance & did not inspect the structures as often as set out in the ordinance.				
	City of Afula	The city did not act in accordance with the city regulations – did not inspect the structures as often as set out in the ordinance & no documentation was found regarding physical inspection of the structures.				
	Matte Asher regional council	The regional council did not establish ordinance for inspecting unfit structures.				



Audit section	Audited body	Deficiency found in the previous audit	Degree of rectification of the deficiency as seen by the follow-up audit			
			Not rectified	rectified to a small degree	rectified to a large degree	Rectified completely
Collecting property tax for unfit structures previously used as a place of worship	City of Haifa	The city did not inspect the places of worship & did not levy property tax after these places were no longer being used as places of worship.				
Handling of unfit structures that are a safety & environmental hazard	City of Haifa	No information was transferred between the revenue collection bureau & the body responsible for enforcing payment & no regulations were established for transfer of this information.				
	City of Afula	No information was transferred between the revenue collection bureau & the body responsible for enforcing payment & no regulations were established for transfer of this information.				



Audit section	Audited body	Deficiency found in the previous audit	Degree of rectification of the deficiency as seen by the follow-up audit			
			Not rectified	rectified to a small degree	rectified to a large degree	Rectified completely
	Matte Asher regional council	No information was transferred between the revenue collection bureau & the body responsible for enforcing payment & no regulations were established for transfer of this information.				

Summary

Unfit properties can often become serious environmental, health, safety and social hazards. Such structures are a financial burden on local authorities and they impact negatively on the development of urban space and efficient use of land resources. In the previous audit, many deficiencies related to handling by local authorities of unfit structures were detailed, including classifying structures as unfit, levying property tax and inspecting and monitoring their condition. The follow-up report shows that the city of Haifa rectified most of the deficiencies listed in the previous audit; the Matte Asher regional council rectified the deficiencies to a great degree; and the city of Afula only partially rectified the deficiencies described in the previous audit. Nevertheless, as of the date of the audit, within the local authorities that were checked – Haifa, Afula and Matte Asher – there are 961, 39, and 17 (respectively) unfit structures. The local authorities and the Ministry of Interior must act to rectify the deficiencies described in this report. Implementation of the directives established by the amendment to the municipal ordinance and the amendment to the council ordinances can potentially incentivize the use of such structures and prevent their turning into a hazard and danger to the public. It is further recommended that the Ministry of Interior and all the local authorities formulate a multi-year plan for reducing the number of unfit buildings in their jurisdictions and making such structures usable. Joint action by all the factors involved in handling unfit structures in the local authorities should minimize the phenomenon and prevent injury to the general public, while collecting property tax in accordance with the regulations.



State Comptroller of Israel | Local Government Audit | 2021

Special audit report

Preparedness for Floods and Protecting Against Them



State Comptroller of Israel | Local Government Audit | 2021

Local Government Audit Division

Local Authorities Preparedness for Floods and Flooding and their Function during the Winter of 2020



Local Authorities Preparedness for Floods and Flooding and their Function during the Winter of 2020

Background

In recent years, the number of floods and flooding in Israel has increased because of raise in the frequency and intensity of exceptional rainfall events, along with a considerable expansion of the built-up and impermeable areas that impair the water's ability to seep into the ground. In the winter of 2020, there were several exceptional rainfall events across Israel that led to severe floods and flooding, mainly in the coastal cities. During these events, seven people lost their lives, property and infrastructures damages amounting to tens of millions of new shekels.

The local authority plays a vital role in the preparation of the civilian home front for exceptional weather events, especially to the care and assistance of the residents. Thus, it is very important that it will be prepared to deal with floods and flooding when they occur.



Key figures

7

People lost their lives in the events of winter 2020.

590

Cases of floods and flooding occurred in 2020 in which the National Fire and Rescue Authority of Israel was called to rescue residents.

250 mm. rainfall

Which are approximately 40% of the annual amount of precipitation, of rain falling in the Nahariya area from the 3rd to the 9th of January 2020.

10

Years have passed since the preparation of the flood defense plan for the city of Nahariya, but it has not yet been completed.

174

Inquiries were received at the Ashkelon Municipality's 106 hotline on December 8th and 9th, 2019, due to the flooding events in the city.

NIS 172 million

Total investments in the drainage infrastructure of the local authorities examined in the years 2016–2020.

NIS 55 million

Total canalization levies collected by the local authorities examined in the years 2016–2020.

NIS 69 million

Insurance estimated amount claim of the Nahariya Municipality for the flood damage in the winter of 2020.

Audit actions



From March to October 2020, the State Comptroller Office examined aspects of preparedness for preventing floods and flooding and the drainage infrastructures in the municipalities of Ashkelon, Kfar Saba, Nahariya, and the Jisr a-Zarqa Local Council. Aspects of the functioning of the Ashkelon and Nahariya municipalities at the events of winter 2020 were also examined. Completion examinations were conducted at government ministries and other regulatory bodies. The audit was based, among other things, on the results of examinations conducted by an external expert consultant.



Key findings



Regulating the Handling of Local Authorities' Preparedness for Floods – The existing normative infrastructure does not have an entity authorized to enforce local authorities to issue guidelines regarding civilian emergency events. The preparedness of each local authority for these events depends on its desire and ability to comply with the instructions given to it. In addition, the division of responsibilities between the drainage authorities and the local authorities regarding the drainage infrastructure located in the municipal area has not been defined.



Conservation and Maintenance of Drainage Systems – Three of the four local authorities examined – Ashkelon, Nahariya and Jisr a-Zarqa - did not regularly maintain the drainage systems in their area and have not prepared a work plan for regular and systematic examination that will maintain the integrity of the system.



Infrastructure Mapping and Formulating Drainage Master Plans – The Nahariya Municipality and the Jisr a-Zarqa Local Council did not map their drainage systems and did not prepare drainage master plans; the municipalities of Ashkelon and Kfar Saba prepared a drainage master plan but only partially implemented it. These municipalities have mapped their drainage systems, but do not have information on the age of the systems.



Preparedness of Drainage Infrastructures – The drainage infrastructure of the local authorities examined, do not address the updated reference scenarios of expected rainfall amounts and flow rates. The planning of the defense plan for the city of Nahariya has not yet been completed.



Canalization Levies – In determining the canalization levy calculations, the Ministry of Interior did not directly take into account the degree of flood risk in the local authority; the Jisr a-Zarqa Local Council did not collect the canalization levies in accordance with the by-law it enacted; in 2016, the Nahariya Municipality used part of the canalization levy money for projects unrelated to the city's canalization. In the years 2016 to 2020, the investments of the four local authorities, examined, in the drainage infrastructure within their area amounted to approximately NIS 172 million, and in those years, they collected approximately NIS 55 million canalization levies.



Ensuring Adequate Drainage Solutions in New Construction – The municipalities of Ashkelon and Nahariya carried out construction that did not comply with the provisions of the NOP (National Outline Plan - a zoning and development statutory plan in a specific field on a national level in Israel) and the opinions of the relevant drainage authorities, therefore did not provide adequate drainage solutions. For example, in Ashkelon - in the



planning of the Ir Haya'in (Wine City) neighborhood, which is planned for 40,000 residents; and in Nahariya - the municipality did not remove barriers for pedestrians over the Ga'aton River despite requests from the Drainage Authority to do so.



Establishment of Internal Procedures and Drilling – The municipalities of Ashkelon and Nahariya and the Jisr a-Zarqa Local Council have not established comprehensive procedures for preparedness and function in flood events; and they did not exercise their emergency arrays in preparation for such events.



Functioning of the Local Authorities in the Winter 2020 Events – The municipalities of Ashkelon and Nahariya did not keep an event log to document the winter 2020 events; the Ashkelon Municipality did not document the activities of its operating center; the Nahariya Municipality's operating center was not prepared to deal with the flood event in January 2020, and the municipality's representatives who were there during the event moved their operation to the Nahariya Police Building; the Nahariya municipal hotline did not operate for several hours, and referrals to it were not documented in real time and were not handled.



Flood Forecasting – The Center for Flood Forecast, established by the Israel Meteorological Service and the Israel Hydrological Service in October 2019, distributes forecasts of floods in streams, but does not make forecasts for floods and flooding in urban areas.



Municipal Runoff Management – The Kfar Saba Municipality has implemented innovative solutions for runoff management: it has established a bio-filter system for the treatment of municipal runoff; reservoirs for collecting rainwater and using it to water public gardens; and special drainage facilities for storing and discharging runoff water.

Lessons Learned – The Nahariya Municipality has conducted orderly processes of lessons learned from the events of winter 2020, established new internal procedures for preparing and dealing with floods and flooding, and has begun to implement them.

Key recommendations

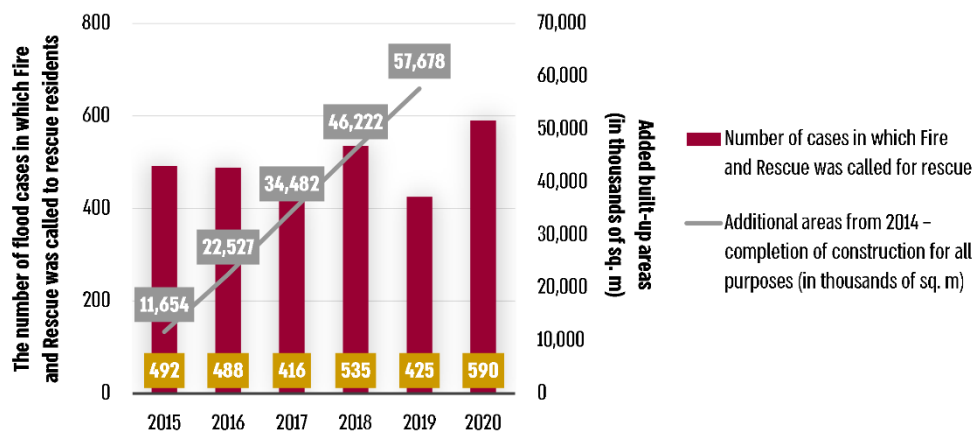


The issue of local authorities' preparedness for civilian emergency events, including floods and flooding caused by extreme rainfall events, must be urgently regulated. It is recommended that the Ministry of Interior act to regulate the issue and determine a state body that will integrate all the requirements and guidelines that local authorities must fulfill, regarding the said events, and will oversee their implementation.



- 💡 Local authorities should prepare updated master plans for drainage, in consultation with the drainage authorities; map the drainage infrastructure within their area including the age, length and diameter of the drainage lines, and update the GIS systems accordingly; inspect the drainage infrastructure, upgrade and maintain it properly; and cooperate with the drainage authorities, to adapt them to the reference scenarios adapted to the growth of the population and the built-up areas.
- 💡 Local authorities must include adequate drainage solutions in new building projects. It is recommended that the local authorities act in accordance with the opinion of the drainage authorities and the drainage appendices of the plans applicable to the area.
- 💡 Local authorities should establish internal procedures for preparing and dealing with exceptional weather events and include all necessary aspects in them. This, given their unique characteristics and their degree of risk of floods.
- 💡 It is recommended that local authorities exercise their emergency systems in preparation for flood and flooding events, combined with other emergency bodies, and draw lessons from exceptional weather events that have already occurred.

The Increase in Built-Up Areas and the Number of Rescue Cases due to Flooding



According to the data of Fire and Rescue and Central Bureau of Statistics, processed by the State Comptroller Office



A vehicle Sinks in Flooding in the Sprinzak Neighborhood in Nahariya, 8.1.20



Courtesy of the A. family of Nahariya.

Summary

The audit findings indicate that the local authorities which were examined, were not properly prepared for floods and flooding in the winter of 2020, and are not sufficiently prepared for such and even more severe events in the near future due to rising rainfall intensities and considerable expansion of built-up areas. The preparations of local authorities for civilian emergency events has not been regulated, and municipal drainage infrastructures are old and not adapted to the updated reference scenarios of rainfall amounts and expected flow rates. Some of the local authorities, examined, did not sufficiently prepare for the winter season; did not exercise their emergency arrays for floods and flooding; and their procedures lacked important aspects for flood and flooding events.

These findings indicate the need to establish a state body that will integrate all the requirements and guidelines that local authorities must meet regarding civilian emergency events, including floods and flooding, and will oversee their fulfilment. It is recommended that local authorities draw the necessary lessons from previous incidents and act resolutely, in coordination with drainage authorities and other relevant parties and in a clear division of responsibilities between them, to reduce the number of flooding incidents in their jurisdiction, improve their preparedness, and deal quickly and efficiently with these events as they occur.



State Comptroller of Israel | Local Government Audit | 2021

Government Ministries and
Institutions Audit Division

Protection Against Flood Damage



Protection Against Flood Damage

Background

Floods and flooding are mainly caused by heavy rains falling in a relatively short time. Runoff water is rainwater that flows or pools on the ground (surface runoff or runoff). Every year, the floods in Israel cause significant damage to property, infrastructure, agricultural land and disrupt economic activity, and even claim lives. In the winter of 2019/20, seven people drowned in floods.

Urbanization has accelerated in Israel in recent decades, resulting in the decrease of open areas, thus increasing the impervious surface for runoff seepage. These factors have increased the risk of flood damages and require infrastructure preparation to treat runoff water and prevent future flood events.

There are 11 drainage authorities in Israel whose role is to regularly drain the area assigned to them. To this end, they develop drainage plans, which are in fact construction or infrastructure projects that are supposed to prevent flood damage or hold an area or strip of land in order to preserve stream areas (drainage project). The Ministry of Agriculture and Rural Development (the Ministry of Agriculture or the Ministry), is entrusted with land conservation and the runoff management under the law; and it is the regulator of the drainage authorities. Local authorities are authorized to manage drainage in their area.



Division of the State of Israel into Districts under the Responsibility of the Drainage Authorities




Data of the Ministry of Agriculture, processed by the Office of the State Comptroller.



Key figures

49%	1,133%	132 million	NIS 2.5 billion
Rate of floods out of the total nature disasters that occurred in 2019.	Rate of increase in the number of floods in the world in the years 1971–2019.	Number of people in the world who are expected to be affected by flood damage each year until 2030.	The total compensation paid by insurance companies to policyholders for flood damages in the years 2010–2021.
11	NIS 55 million	Approx. NIS 6 billion	NIS 347 million
Number of drainage authorities whose responsibility it is to drain the area assigned to them.	The annual support of the Ministry of Agriculture for drainage projects in the years 2013–2020.	Total cost of drainage projects required in Israel.	Total expected revenue for all the drainage authorities for 2020.
NIS 160–200 million	NIS 2.4 million	243	Approx. NIS 702 million
Estimated cost of implementing the June 2019 plan to protect the Hatzor Air Force Base from flood damage.	The cost required to operate the Flood Forecast Center for one year.	Active hydrometric stations.	The amount of open claims filed against the drainage authorities in the years 2013–2020.

Audit actions

-  In the period of February 2020 to January 2021, the State Comptroller Office examined aspects related to the management of the surface runoff in Israel and the reduction of flood damage. The State Comptroller Office examined the normative framework of the matter; aspects of planning and construction relating to the runoff and drainage projects; the budgetary conduct of the drainage authorities, including aspects of insurance and legal claims due to flood damage; the deployment of the hydrometric stations, the establishment of the Flood Forecast Center and the drainage of streams flowing from the



Palestinian Authority to the State of Israel. The state comptroller office examined in depth two test cases: The integration of drainage solutions in the plan to build the fourth railway track in Ayalon and the flood damage in the winter of 2019/20 at the Hatzor Air Force Base.

The audit was conducted at the Ministry of Agriculture and the drainage authorities. Completion audits were conducted at the Ministry of Finance, the Planning Administration, the Water Authority, the Ministry of Environmental Protection, the Ministry of Defense and the IDF (Israel Defense Forces), the Ministry of Transportation, the Federation of Local Authorities in Israel, the Israel Land Authority (ILA), Netivei Israel – National Transport Infrastructure Company Ltd., and at the Ariel Sharon Park Company Ltd. In order to present a broad and comprehensive picture of the issue of drainage, the State Comptroller office is currently completing another audit on the subject of “Preparedness of Local Authorities for Floods and Flooding and their Functioning during the winter of 2020”.

Key findings



Amendment of the Drainage Law – In July 2014, the government submitted to the Knesset an amendment memorandum of the Drainage and Flood Protection Law, 1957 (intended to address many changes that have taken place in the field of drainage since the law was enacted in 1957). As of the audit’s completion date, approximately six years after the submission of the amendment memorandum date, the Ministry of Agriculture and the Federation of Local Authorities in Israel have not reached an agreement on the subject, and therefore the legislative procedures to regulate the field of drainage were not advanced.



Marking the Area of the Streams and their Floodplains in NOP1 – NOP1¹ determines the provisions on how to lay out a plan aimed at management, drainage and optimal utilization of surface runoff water, as well as optimal planning of the stream, in a local or detailed plan. Its provisions express an acknowledgment of the importance of maintaining the proper functioning of the stream, but this is not reflected in the NOP blueprint, where the streams are marked as a line and not as a polygon² that reflects all areas of the stream and its various uses, although the marking of the stream as a polygon in the NOP1 blueprint could constitute a planning basis for the provisions and

1 NOP is a National Outline Plan – a zoning and development statutory plan in a specific subject (such as transport, antiquities and other) on a national level in Israel. NOP1 is a national outline plan that determines the provisions on how to lay out a plan for management, drainage and optimal utilization of surface runoff water, as well as optimal planning of the stream.

2 A graphic expression for the stream's area in the blueprint.









blueprints of the plans that are subject to the NOP. In accordance with the examinations of the ministry and the drainage authorities, the flood plains³ listed in NOP1 are not updated.

-  **Exemption from Submitting a Document for Runoff Management** – According to NOP1, in some cases a planning institution may exempt a submitter of a plan that covers a large area, or that may impact drainage outside the plan's boundaries in surface runoff, flooding or groundwater issues, from submitting a runoff management document. The drainage authority's recommendation is not required for granting the exemption, and it is not obligatory to bring this matter to the drainage authority's attention, although the authority is responsible by law for the drainage in its area, and has the professional information and overall basin perspective regarding the runoff in the area.
-  **Flood Risk Management** – The Ministry of Agriculture is leading the formation of runoff management methodology according to flood risk management plans; however, the runoff management methodology focuses on managing the regional risks of each authority separately, and does not provide guidance on the integration of regional plans for a national flood risk management program in a nationwide perspective.
-  **Treatment of Drainage Projects Plans and their Approval Procedures** – The approval process of a drainage projects, involving several entities, including the Planning Administration, drainage authorities and the Ministry of Agriculture, which relies on extensive information, was carried out without being based on a uniform procedure and template for the submission of plan documents.
-  **Public Participation in the Provisions of Approved Drainage Project Plans and in their Blueprints** – The information made available to the public by the Ministry of Agriculture on its website, regarding the plans of drainage projects, does not include the plan documents and their blueprints. The geographic information layer of approved drainage project blueprints is also not included in the government map site.
-  **The Government Budget of the Drainage Authorities** – The government budget intended to support the drainage authorities, totaling NIS 550 million for ten years, was set in 2010 and does not reflect current and future drainage needs affected by urbanization and weather changes estimated, as of 2019, at NIS 6 billion.
-  **Determining the Quota Rates Charged by the Drainage Authorities** – The plenum of the drainage authorities (most of whose members are representatives of the relevant local authorities) determine the quota rates for the local authorities (NIS 11 – 62 per household – a difference of more than 500% between the rates) and of ILA (NIS 1.9 – 6 per dunam (1,000 m² – approx. 0.25 acre) – a difference of more than 300%

³ Flow that the stream cannot convey.








between the rates), and there is no orderly and uniform mechanism that takes into account the level of the quota rates compared to the rates of the other drainage authorities and the needs of the drainage authorities; additionally, minimum and maximum rates have not been set. Therefore, there is concern that the rates to be determined will not be based on a financial calculation for the needs of every drainage authority.

-  **The Drainage Quotas Paid by ILA** – The calculation of the areas for which ILA pays is done by subtracting the areas of the local authorities from all the areas under the responsibility of every drainage authority. The calculation is based on the data of the areas as they were with the establishment of the 11 drainage authorities, in 1997, and has not been updated since. Additionally, the entrenched practice, according to which the quotas of the drainage authorities imposed on ILA will be paid subject to a government resolution to be made each year anew, delays the payments of the quotas to the drainage authorities.
-  **Debts of the Local Authorities to the Drainage Authorities** – It was found that the local authorities have debts of approximately NIS 11 million to the drainage authorities, 79% of which are debts from the years 2019–2020 and the rest are older.
-  **The Ministry of Agriculture's Participation in Projects of the Drainage Authorities** – The Ministry of Agriculture's participation in projects (between 60% and 90% of the project costs) is also based on the rate for a household set by the drainage authorities, and as a result important drainage projects might not receive sufficient funding and therefore will not be executed.
-  **Lawsuits** – In the years 2011–2020, more than 500 lawsuits were filed against the drainage authorities. 95 lawsuits that ended between 2013 and 2020 amounted to approximately NIS 37 million, of which NIS 4.6 million was imposed on the drainage authorities. 410 lawsuits that started between the years 2013–2020, and have not yet ended, amount to approximately NIS 702 million.
-  **Drainage Authorities Insurance** – Due to the large number of claims filed for flood damage, the number of local insurance companies willing to insure the drainage authorities is limited, the insurance premiums paid by some drainage authorities are high, and they even have difficulty obtaining the necessary insurance, and as of 2021 three drainage authorities are not insured at all. In addition, a government resolution from 2002 to oblige the drainage authorities to insure themselves has not been implemented.
-  **Hydrometric Stations** – There is a shortage of ten hydrometric stations in open areas causing a lack of essential hydrological data that relies on the data of the hydrometric stations used to monitor and document information about the flow height and speed and the flowrate of stream runoff. Additionally, due to professional disputes between



the Hydrological Service of Israel and the Soil Erosion Research Station at the Ministry of Agriculture, not all the information collected at the hydrometric stations is stored in the Hydrological Service of Israel database.

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Flood Forecasting Center – The State Comptroller office notes positively the establishment of the forecast center, but the disparities regarding its involvement in flood event warnings have not yet been mapped, and no insights have been formulated regarding the regulatory and organizational preparation required to regulate its activity. In addition, the dates of the information transfer, its content and how it is updated have not yet been formulated and coordinated with the consumers of the forecast center. The allocation of the budget required for its day-to-day operation and development of its capabilities has also not been decided upon.
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Cleaning Streams from Sewage Coming from the Palestinian Authority territories – Despite the Ministry of Environmental Protection's advancement of a solution for sewage pollution flowing from the Palestinian Authority to Israel, there has been virtually no real change in the situation. The streams are still polluted, and the sewage that reaches Israel causes serious sanitation hazards.
- 
The Cost of Drainage Solutions in the Fourth Railway Track Plan in Ayalon – The costs of drainage solutions required for the addition of the fourth railway track and narrowing the canal of the Ayalon Stream which were presented in 2016, and served as a parameter in choosing the drainage solutions to be implemented in the project, were under calculated. The cost of all drainage solutions as presented in the National Infrastructure Committee in 2016 amounted to approximately NIS 2.1 billion, while during the audit time it emerged that the cost of all the solutions amounts to approximately NIS 3.1–3.6 billion, and there is a gap of 1.5 billion between the previous cost estimate and the cost estimate at the time of the audit.
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The Duct from the Ariel Sharon Park to the Sea – Although the 2016 decision stated that the fourth railway track plan in Ayalon will also include the duct to the sea (a canal that will serve as an exit route of excess water towards the sea), National Infrastructure Plan 33A, which was submitted for comments and observations in September 2020, indeed specifies the drainage solutions required prior to the completion of a project except for the solution of a duct to the sea but does not require its continued advancement. In the absence of the duct, which will lead the runoff to the sea, the risk of flooding is only once in 35 years and even more often if the urbanization trend in the area continues, compared to the risk of flooding once in 100 years with the duct.
- 
The Flooding at the Hatzor Air Force Base – Flooding resumes every few years. The position of all parties is that if the issue of drainage in the streams near the Hatzor Base is not resolved, the danger of flooding and damage to the base and its



surroundings will remain in future. The cost of implementing the Sorek-Lachish Drainage Authority's plan of June 2019 to protect the base is estimated at NIS 160–200 million, but at the end of the audit in 2021, no budget has yet been allocated for funding, and no timetable has been set for its implementation.



Damages in the IDF Air Force Base – The findings of the investigations of the flooding events that occurred at the Air Force base in 1991, 2013, 2014 and 2020, and the conclusions that followed regarding the actions required to properly prepare for flooding in the base and reduce its damage, were repeated. Failure to implement the full recommendations contributed to the fact that the flooding, even if, as the Air Force claims, had exceptional characteristics, caused repeated damage to infrastructure, aircraft and valuable military equipment as well as a decrease in activity, and may have even led to endangerment of human life. As for the flooding in 2020, the cost of the damage that followed was estimated at NIS 42 million. In addition, even though the Air Force already completed the plan to protect the base from flooding in December 2015, the implementation of some of the plans sections was not fully done until the flooding event in January 2020 – some of the sections of the plan depend on the Air Force and some depend on other parties. As a result, the ability to delay the penetration of water and reduce the damage caused to the base or prevent some of it was impaired.



The State Comptroller Office commends the actions of the Ministry of Agriculture to promote a specific amendment of the Drainage Law; to establish a methodology for managing flood risks by the drainage authorities; and the joint initiative of the Ministry of Agriculture and the Planning Administration to prepare a NOP for the mitigation of floods and the management of runoff at the basin level.





The State Comptroller Office also commends the recommendation of the strategic planning team at the Planning Administration to mark the entire area of the streams on the blueprint of NOP1 and to update the floodplains on the blueprint.

Key recommendations



It is proposed that the Ministry of Agriculture, the Federation of Local Authorities in Israel and the other parties involved promote a comprehensive and all-inclusive regulation of the drainage area, which implement the conclusions of the ministry's strategic process. If necessary, disputes between the parties should be resolved by the Ministers of Interior and Agriculture. It is also proposed that the Ministry of Agriculture, in cooperation with the Planning Administration and its planning bureaus, complete the formulation the procedure to improve the approval procedures of drainage projects.



-  It is proposed that a planning institution, that deals with granting an exemption from submitting a runoff management document for a plan that applies to a large area, or for a plan that may have an impact outside its boundaries on issues of surface runoff, flooding or groundwater, positively consider bringing the issue of exemption to the attention of the drainage authority in whose area the plan is located, and it is also appropriate that the planning institutions examine the need to appoint an observer on behalf of the relevant drainage authority in the committee discussing the said plan.
-  It is recommended that the Ministry of Agriculture complete its plan to establish the methodology for managing flood risks and also include in it tools for formulating decisions to address the flooding risks that will be identified and to determine the priority of risk management at a national level. The ministry must work with the Ministry of Finance to complete the formulation of the budget response required for the purpose of completing the said risk mapping. The collection of information and the preparation of flood risk management programs should be done in cooperation with local authorities. This will also allow the drainage planners in the local authorities to act in coordination with the drainage authorities according to the insights collected. Furthermore, it is recommended that the Ministry of Finance, Ministry of Agriculture and ILA formulate an updated multi-year budget agreement to allow the drainage authorities to carry out their role in preventing flood damage.
-  It is recommended that the Ministries of Finance, Agriculture, and Interior, in cooperation with the Federation of Local Authorities in Israel, conduct a comprehensive economic examination of the resources required for drainage authorities compared to the sources available to them and formulate an updated economic model for collection of quotas required from local authorities and ILA. It is also appropriate to create congruence between the drainage needs, the degree of their urgency, and the damage that may be caused if they are not addressed, and the level of the Ministry of Agriculture's participation in financing the projects. At the same time, all drainage authorities must act to collect the debts of local authorities on an ongoing basis. It is recommended that the Ministry of Agriculture monitor the actions of the drainage authorities to collect the debts from the local authorities within their area of authority.
-  It is proposed that the Hydrological Service of the Water Authority, in coordination with the Ministry of Agriculture and other parties involved in drainage planning and infrastructure construction, including the National Transport Infrastructure Company Ltd, conduct an examination procedure designed to ensure that the network of hydrometric stations will provide optimal response for drainage solution planning. It is recommended that after completion of the examination procedure, the service will formulate a multi-year plan for the construction and operation of all the hydrometric stations required in Israel. It is also recommended to establish professional guidelines regarding the manner in which the hydrometric stations are to be constructed and operated, in such a way that



all the information gathered from them is collected and made available to all relevant parties.



It is proposed that the National Emergency Management Authority, the Israel Meteorological Service and the Water Authority jointly establish an inter-ministerial committee that will manage the preparations for flood and flooding forecasting and warning, regulate the operations of the forecasting center and its interfaces with all relevant bodies, and establish a mechanism that will ensure the allocation of the required budget.



It is recommended that the Planning Administration complete the approval of the detailed plans for the drainage solutions for flood prevention in the Ayalon stream, whether they include the duct to the sea or whether they adopt alternative solutions insofar as they are found to be preferable to the duct solution. Provided, it is the combination of these solutions that will meet the conditions set out in NOP1, which requires protection against flooding in rain events with a probability of once every 100 years.



It is recommended that the Air Force draw conclusions from the non-implementation of some of the lessons learned from the sequence of flooding events that were investigated and complete their implementation, so that in the future unusual weather event, it will work optimally to reduce similar damages. To this end, the Air Force is required to renew the monitoring of implementation of the recommendations of the commissions of inquiry, that have been closed, that require further treatment, as well as to continue to periodically monitor the implementation of the full recommendations given following previous investigations it has conducted.

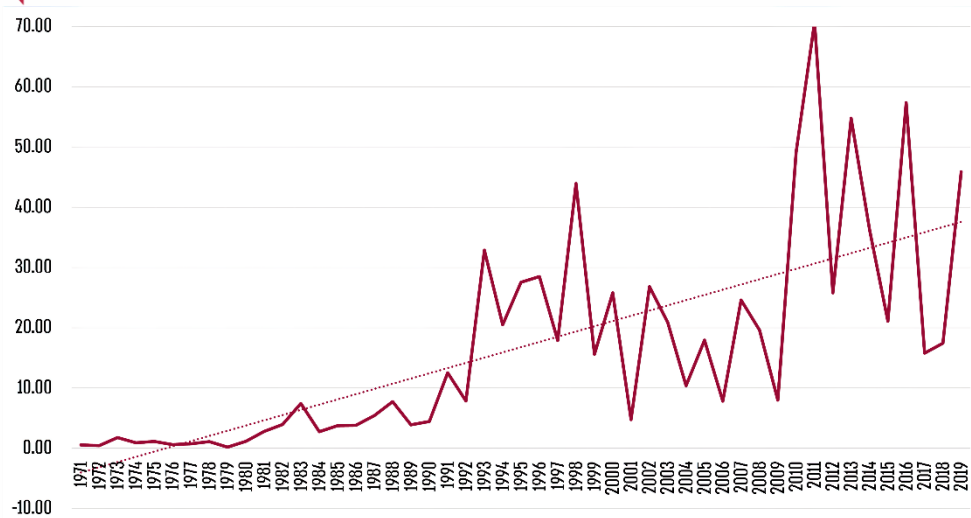


The State Comptroller Office recommends that the Ministry of Finance, the Ministry of Defense, the Air Force and the Sorek-Lachish Drainage Authority, in coordination with the Ministry of Agriculture, implement a drainage plan to protect the Air Force base and its surroundings from floods and reach an agreement as to its funding.



Management of the Surface Runoff and Protection from Flood Damage, in Data

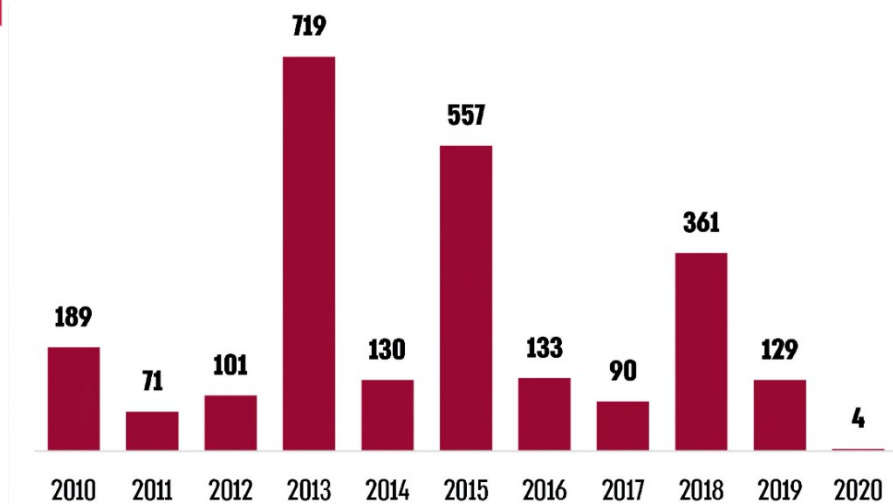
Economic Damage in the World in the Wake of Floods, 1971–2019 (In USD billion)



The data of the Our World in Data website,
<https://ourworldindata.org/grapher/economic-damage-from-natural-disasters?country=~Flood>
 Processed by the Office of the State Comptroller.



The Total Compensation Paid by the Insurance Companies to policyholders for Flood Damage, 2010–2020⁴ (in NIS million)



Data from the Capital Market, Insurance and Savings Authority, processed by the State Comptroller Office.

Types of Property Damaged by Floods and Insurance Companies' Payments for the Damages, 2010–2020 (in NIS million)⁵



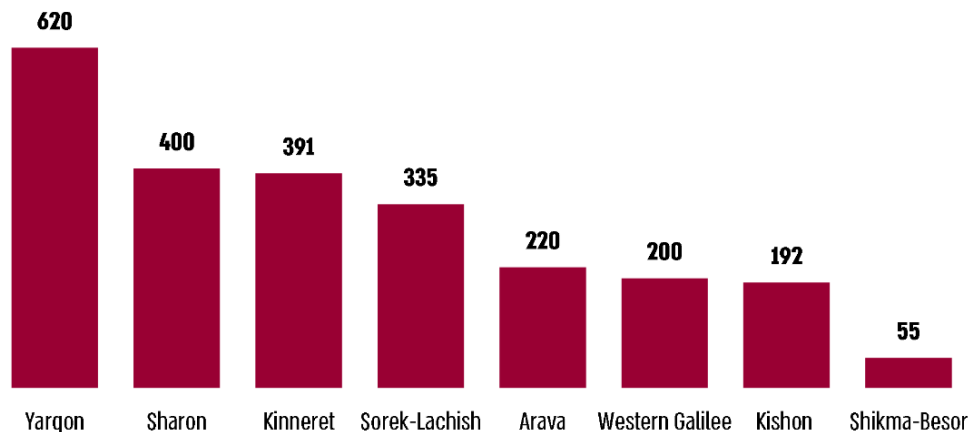
Data from the Capital Market, Insurance and Savings Authority, processed by the State Comptroller Office.

⁴ The data for 2020 is not complete as it was received from the insurance companies before the year ended.

⁵ In addition, small sums were paid for damages to agriculture, liabilities, and third parties in the amount of NIS 14 million.



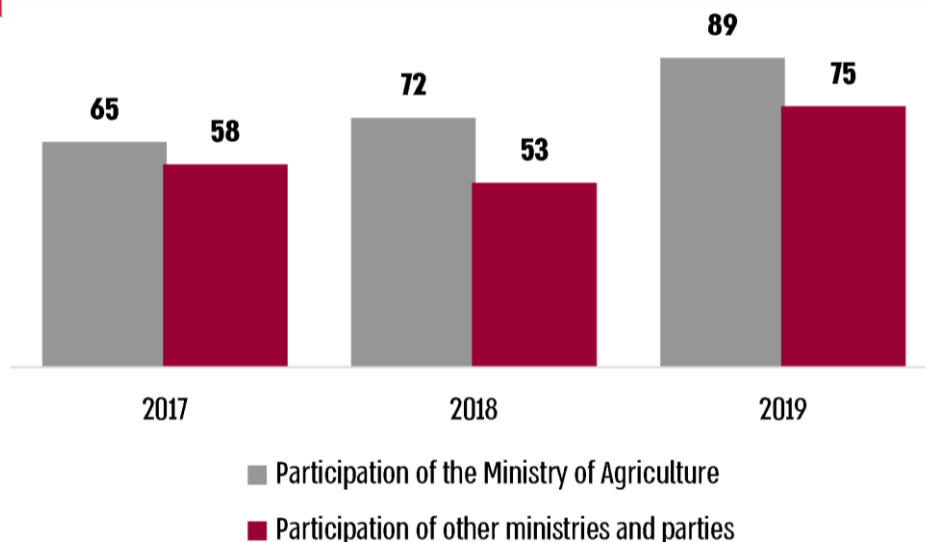
The Cost Required to Carry Out all the Required Drainage Projects, 2019–2020 (in NIS million)*



Data from the Ministry of Agriculture, processed by the State Comptroller Office.

* Without the Kishon project and the fourth railway track project.

Total Budgets Received by all the Drainage Authorities from the Ministry of Agriculture and Other Parties, 2017–2019 (in NIS million)



Data from the Ministry of Agriculture, processed by the Office of the State Comptroller.



Summary

The audit indicated that the State of Israel's actions to reduce flood damage, for years, has been carried out mainly by local authorities and drainage authorities operating in various basins throughout Israel and does not rely on an integrative basin perspective and nationwide analysis. The audit also found that there is no single regulator dealing with the issue of runoff, and that the issue is distributed amongst many government and local authorities with different interests and priorities. As a result, over the years, deficiencies have accumulated in the drainage infrastructure in Israel. Moreover there is a need to examine the allocation of resources to bridge the gap between needs and resources.

In view of this, all parties in charge of water, runoff, streams, and drainage project management, headed by the Ministry of Agriculture and the drainage authorities, together with the Water Authority and the Ministry of Finance, are required to work together, with a nationwide strategic perspective, to reduce risks and prevent flood damage. Among other things, they must promote the regulation of all required runoff issues, complete the process of mapping information on all flood risks, integrate this information in creating a national flood risk management plan in a nationwide perspective, and accordingly prioritize projects for execution through a cost-benefit review, and give expression to this in annual and multi-year plans. There is also a need to improve transparency on the subject and the information provided to the public in the field of runoff management and flood prevention, and to publish forecasts, alerts and warnings about weather disasters and floods that can also be used by emergency bodies.

At the same time, the functions of the drainage authorities should continue to be monitored on an ongoing basis, taking into account the challenges facing them, to ensure that they operate in accordance with their purpose and to examine the national budget allocated to drainage projects. The damage caused by future floods to life and property can often be immeasurably higher than the cost of the projects required to prevent these floods, and therefore there is great value in investing in projects and infrastructure based on full information and their prioritization.