State Comptroller of Israel | Local Government Audit | 2022

Information Systems Audit

Local Government - Central Government Work Interface and the Use of Digitization

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Background

The relationship between local and central government is complicated and Israel is widely perceived as one of the most centralized countries in the western world. The 255 local authorities are relatively autonomous regarding some domains but in some other domains their autonomy is limited and they serve as a branch of the central government. Many of the local authorities' activities are regulated and budgeted by ministries and auxiliary units. The regulation is expressed in numerous rules and instructions the ministries applied to the local authorities and in complicated work interfaces which require multiple resources. Throughout the years, several governmental decisions were made to relieve the regulatory and bureaucratic burden, but those were used to help civilians and business owners and no objectives were set to relieve bureaucratic burden from the local authorities. The main way to relieve the regulatory and bureaucratic burden is to establish digital interfaces between central government and local authorities and improve the ones that already exist, since integration of advanced information systems into the work processes will reduce resources and HR costs, optimize and accelerate transfer of information and budgets and prevent errors in databases. In November 2021, the government passed resolution 675 – "Decentralizing powers to local government and reduction of excessive regulation." Accordingly, the Ministry of Interior composed in November a team to examine and write recommendations under the jurisdiction of the Ministry of Interior. In addition, an inter-ministerial committee was formed in December 2021 to form recommendations about decentralization of powers for local authorities in the areas of activities of the various ministries

Key figures

44%

of the local authorities' revenues in 2019 – NIS 28 billion, are from government budgets; moreover, the central government sets over 95% of the local authorities taxes

42

central government bodies that budgeted local authorities in 2020

approx. 51%

of local authorities submitted, from March 2020 to October 2021, applications to approve by-laws through "Zavit Mekomit", the Ministry of Interior's online system

25

out of 250 of the Ministry of Education's computerized systems used as part of its interaction with local authorities

295

proposals calls for financial support published by central government entities for local authorities in 2021 (compared with 41 calls published in 2013)

over 50%

of the local authorities that filled in the questionnaire, purchased external systems for the identification of calls for proposals; moreover, more than 50% of the local authorities employ a designated employee for this purpose

approx. 88%

of the local authorities in 2019 with low socio-economic status, scored low on the 2020 "Digilocally Index," which measures the range of digital services provided to citizens and businesses in local authorities

12

out of the total local authorities, with no interface with the Population & Immigration Authority's databases in 2020

Audit actions

From May to December 2021, the Office of the State Comptroller examined the work interfaces between the ministries and auxiliary units and the local authorities through questionnaires, interviews, digital systems review, correspondence, and various documents. Questionnaires to collect detailed information about work processes and digital interfaces were sent to 25 ministries, auxiliary units, and 30 local authorities.

In addition to the findings from the questionnaires, some in-depth audits were conducted in **Ofakim, Eilat, Jerusalem, Rishon le Zion, Daliyat al-Karmel,** and **Yavne'el** local authorities; and in the Ministry of Interior, Ministry of Education and Ministry of Welfare and Social Services (Ministry of Welfare). Moreover, audits were conducted in the information system departments of the Ministry of Transportation and Road Safety (Ministry of Transportation), in the Population & Immigration Authority, and a supplementary audit was conducted in the Accountant General Department in the Ministry of Finance. Supplemental information was collected from two private entities that provide computing services to local authorities.

Key findings

Regulation of relationships between central and local government – by the audit completion, the relationships are not regulated by consolidated legislation but are based on a combination of mandatory legislation, different laws and specific agreements accumulated over the years. It is particularly important to note that the decentralization process in Israel has not been consistent and relied on formal arrangements which remained centralized.

Alleviating the burden of regulation and information sharing – the regulation reduction processes advanced by the government, including the RIA and the Regulation Authority forming, do not refer to the local authorities as regulated entities, and representatives of local authorities or the Center for Local Government have not attended the relevant discussions. However, central government authorities intensively regulate their activities. Moreover, it was found that the Ministry of Health and the Ministry of Environmental Protection have not shared with **Ofakim** municipality information that might have helped it deal better with the outbreak of Leishmania disease.

Digitization between the central government and local government – it was found that there was no official policy regarding digitization in local government in general and concerning the reduction of regulatory and bureaucratic burden on local government through digitization in particular. Moreover, the Ministry of Interior has not

advanced the establishment of a central, professional integrative body for advancing central-local government system interfaces, such as the e-Government Unit, in different ministries and the ICT Authority. In addition, the questionnaires have shown that 76% of local authorities claimed they do not collaborate with the central government to form new interfaces.

👎 **A Leading, representative digitization body for local authorities** – it was found that, similar to the findings of previous State Comptroller's audits, the local authorities lack a leading representative digitization body in charge of advancing internal digitization, minimizing the gaps between different local authorities and the digitization of local – central government work interfaces.

👎 **Correlation between the ranking of local authorities on the socio-economic indexes and their ranking on the "Digilocally Index"** – 88% of local authorities with low socio-economic status in 2019 scored low on the 2020's "Digilocally Index," which examines the range of digital services provided to residents and businesses in local authorities.

👎 **The Ministry of Interior's circular and other ministries' guidelines** – it was found that as of the audit's date, the local authorities are subject to 300 circulars from different periods on various topics that are binding regulatory guidelines. The guidelines are not categorized, and the Ministry of Interior's search engine, for locating specific guidelines, is not user-friendly and does not provide accurate results, which makes it more difficult for the local authorities to study all the relevant, binding instructions. Moreover, there are numerous guidelines and instructions from additional ministries.

👎 **Ministry of Interior** – **local authorities work interfaces related to human capital management** – this domain's primary six work interfaces are still mainly managed through email or forms rather than digital systems.

👎 **Ministry of Education** – **local authorities work interfaces** – the audit raised that although the local authorities are required to use digital systems developed by the Ministry of Education, they cannot use the systems consistently and efficiently. For example, the Attendance Officers' Net in local authorities has various faults. It is inconvenient, has a slow response time, shuts off frequently, cannot be used to cross information with other systems, and has limited capabilities of finding and updating information. These faults undermine the ability of attendance officers to dedicate their time to the students who need their help. It was further found that the Assistants' Net does not issue useful reports to the local authorities and does not enable effective follow-up and control regarding payments transferred by the Ministry of Education and assistant hours financed by the local authority. Moreover, it was found that the special education eligibility and characterization committee causes unnecessary bureaucracy since it is not adapted to the local authorities work.

Ministry of Welfare – **local authorities work interfaces** – despite the Ministry of Welfare attempts to promote the use of the "Tik Lakoah" (customer record) system, which saves information about the customer (treated individual) and shares the information with various care entities in different welfare bodies, it was found that many work interfaces, such as filing applications for the exceptions committee and service eligibility issues, have not been incorporated into the system and that not all local authorities use it sufficiently.

Calls for proposals for local authorities – since 2013, there has been growing use of calls for proposals by public entities for local authorities, and in 2021, there was a total of 295 calls (compared with 41 calls published in 2013). It was found that different public entities publish calls for proposals independently, using other platforms. The Ministry of Interior has established a reservoir of calls for proposals. However, it does not include all the calls published by public entities. Some local authorities still use private entities' systems to locate calls for proposals, or alternately, employ a designated employee who locates relevant ones and files support applications. The questionnaires filled in by the local authorities indicate that they differ from one another in terms of their response to calls for proposals published by the central government – some local authorities, such as **Drom HaSharon** regional council, do not respond to calls, while others, such as the municipalities of **Or Akiva, Eilat, and Jerusalem** respond to hundreds of calls. The local authorities of **Ofakim, Beit She'an, Kuseife, and Kfar Yona** wrote in the questionnaire that since 2018, some years they avoided filing applications for support as part of a call for proposals because of technical complexities involved in the filing process. It was further found that filing applications for support as a response to calls for proposals take the local authorities between 5 to 200 working hours and involves collecting and feeding multiple data even when the body that published the call already has that information. Thus, for example, the regional council **Lev HaSharon** invested 200 working hours in collecting data and 50 hours in submitting them in response to the "Protection of Open Spaces" call for proposals by the Israel Land Authority. **Rishon le Zion** municipality also invested many hours in collecting and submitting data related to new immigrants receiving support. However, the Ministries of Aliyah and Integration and Education know the number of new immigrants in it.

Information about municipality tax discount eligibility – information about residents that are eligible for discount is scattered across multiple entities (Ministry of Defense, Ministry of Aliyah and Integration, The National Insurance, Ministry of Welfare, Holocaust Survivors' Rights Authority) and to obtain information, the local authorities are forced to interact with the different entities through various types of work interfaces since there is no unified platform where all the relevant information can be found.

👎 **Ministry of transportation payment collection** – the Ministry of Transportation charges the same rate from local authorities and private entities to provide them with the information they need to provide services. Thus, the Ministry imposes expenses on the local authorities in return for the essential information they need to offer services to their residents. For instance, in 2020, **Tel Aviv** paid the Ministry of Transportation more than NIS 4.7 million, and **Jerusalem** paid approx. NIS 1.4 million for the information obtained throughout the year.

👍

Ministry of Interior's computerized systems – the Office of the State Comptroller commends the "Zavit Mekomit" and "Rotem" computerized systems launched by the Ministry of Interior from 2018 to 2021.

Inclusion of local authorities' representatives in the development of computerized systems – the State Comptroller commends the Ministry of Welfare for the inclusion of local authorities' representatives and software companies in steering committees for the development of central modules in the "Tik Lakoah" system, as they are the main beneficiaries of the system.

Key recommendations

💡 It is recommended that central government entities, including the Prime Minister's Office, the Ministry of Interior, the ICT Authority, and Digital Israel Headquarters, advance a comprehensive national program that includes a digitalization strategy for local-central government work interfaces.

💡 It is recommended that the Ministry of Interior gather all the relevant norms scattered across the different circulars to enable the local authorities to follow all binding instructions. Until it is done, it is recommended that the Ministry of Interior improves the circular search engines to enable more accurate identification of all the different norms applied to local government. It is further recommended that the Ministry of Interior examines ways to alleviate the burden imposed on local authorities' resources during the search for calls for proposals and corporate with all relevant public entities to gather all publications of calls for proposals under one roof and that the Human Capital Management Department in the Ministry of Interior advances digitization in this field to reduce the regulatory and bureaucratic burden imposed on local authorities.
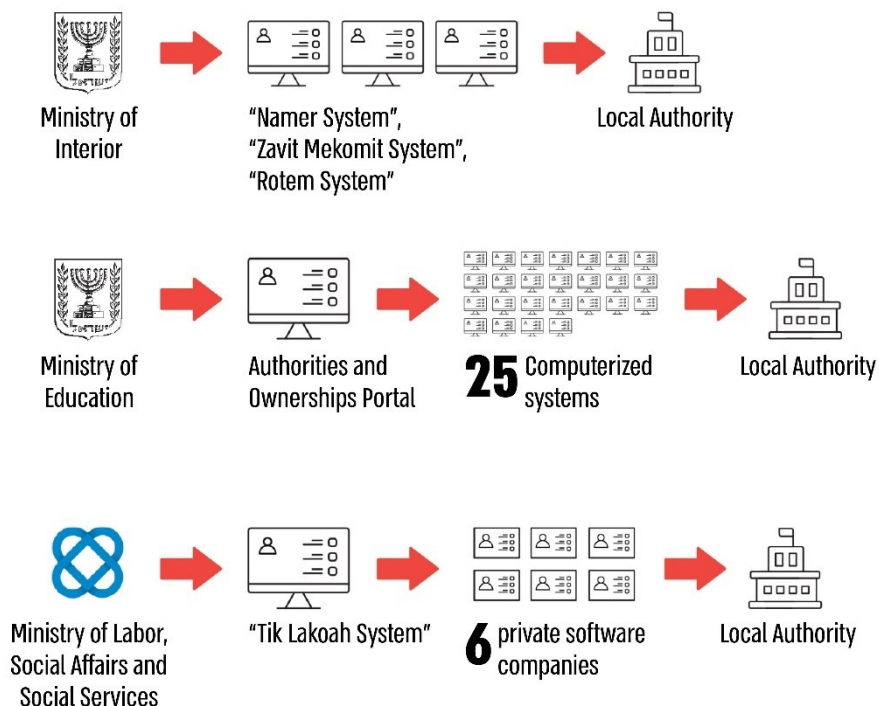
💡 It is recommended that the Ministry of Education upgrade its information systems that will also reduce bureaucracy and that it assemble, as much as possible, the different systems in one single digital platform, working together with all local authorities to get periodic feedback on systems performance.

💡 It is recommended that the Ministry of Welfare optimize the "Tik Lakoah" system to present a complete description of care continuity to the local authority and the Ministry of Welfare. In addition, it is recommended that all forms used by welfare workers are computerized and that additional systems through interface will be connected through with the "Tik Lakoah" system as necessary. Moreover, it is recommended that the system will supports communication between the Ministry and the local authority, as it will optimize the process and allow efficient follow-up on activities.

💡 It is recommended that the Ministry of Interior consider building a digital platform, like the one created by the Water Authority, including information on all residents eligible for municipality tax discount, from all relevant central government entities – Ministry of Defense, the National Insurance, Holocaust Survivors' Rights Authority and the Ministry of Aliyah and Integration – and compose a list of eligible individuals in each of the 255 local authorities which will be sent online to the local authorities' information systems.

Characterization of the digital systems of three significant ministries that interact with local authorities

Ministry of Interior → "Namer System", "Zavit Mekomit System", "Rotem System" → Local Authority

Ministry of Education → Authorities and Ownerships Portal → **25** Computerized systems → Local Authority

Ministry of Labor, Social Affairs and Social Services → "Tik Lakoah System" → **6** private software companies → Local Authority

Summary

Government discourse does not refer to local government as a customer regarding alleviating the regulatory burden and using digital measures to improve and optimize services and reduce bureaucracy. Thus, there is no comprehensive national program that outlines a strategy for the digitization of central-local government work interfaces and the alleviation of the regulatory and bureaucratic burden imposed on local authorities.

The government resolution "Decentralizing powers to local government and reduction of excessive regulation" and the establishment of an inter-ministerial committee for that purpose are the very first steps towards a comprehensive regulation of the relationships between central and local government and they facilitate the acknowledgment of local government as a significant partner in pursuing government objectives of multiple aspects at the local level.

It is recommended that the inter-ministerial committee examine the audit's findings and that the Ministry of Interior and all other ministries plan to reduce the regulatory burden imposed on the local authorities and the costs involved. Thus reduce bureaucracy and make it easier for local government to interact with the central government for the best interests of the citizens and residents of Israel.