



State Comptroller of Israel | Local Government Audit | 2022

Follow-up Audit

Legislation of By-Laws of Local Authorities – Follow-up Audit



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Background

The local authority council enact By-laws, to fulfill its functions, act by its powers and regulate the operations of its departments providing services to residents living within its jurisdiction. In addition, by-laws allow the local authority to impose on property owners or occupants the obligation to perform certain actions on those assets and to refrain from other actions, to protect the public interest, health and safety. By-laws authorize the local authorities to impose various payments on the residents (levies, fees, participation fees and expense payments) to fund certain services.



Key figures

2,384

number of by-laws enacted by local authorities, according to the data of the Computing Division of the Ministry of Interior as of November 2021

13%

rate of by-laws (71 of 535) which were processed by the Legal Bureau of the Ministry of Interior for more than nine months before they were approved for publication

6 months

the Ministry of Interior's lag time in updating local authority by-law records on its website

27 local authorities

enacted up to 10 by-laws: Harish and Majdal Shams (10 by-laws); Al Batuf, Basma, Zemer and Hura (9); Abu Ghosh, Arvot HaYarden and Mazra'a (8); Bustan al-Marj, Mas'ade and Kiryat Ya'arim (7); Migdal Tefen and Ein Qiniyye (6); Buq'ata, Mevo'ot HaHermon, Megilot, Ar'arat an-Naqab (5); Mount Hebron (4); Baqa al-Gharbiyye, Jatt and Ghajar (3); Kaseifa and Lakiya (2); Ka'abiyye and Neve Midbai (1); al-Kasom (0)

48 local authorities

did not enact any by-laws for the demolition of hazardous structures

36%

of the "non-delay" notices were sent more than a hundred days after the date on which the local authorities forwarded their requests for approval of the by-laws to the Ministry of Interior

Audit actions







In 2016, the State Comptroller's Office published an audit report on the enactment of by-laws by local authorities (the Previous Audit)¹. From May to November 2021, the State Comptroller's Office audited the actions of local authorities and the Ministry of Interior to rectify the key deficiencies mentioned in the Previous Audit. The follow-up audit was conducted at the Ministry of Interior and five local authorities: The municipalities of Kfar Yona, Lod and Rehovot, the Binyamina-Givat Ada Local Council and the Hof Hasharon Regional Council. In addition, a questionnaire was sent to the seven additional local

¹ The State Comptroller's Office, **Audit Reports on Local Government for 2016** (November 2016), "Legislation of By-Laws of Local Authorities", pp. 529 - 596.



authorities audited in the Previous Audit², regarding rectifying their deficiencies mentioned in the Previous Audit.

Key findings


-  **Sample by-laws and recommended version for by-laws** – the Previous Audit found that all sample by-laws³ were published decades ago (the last one in 1988), and that the Ministry of Interior did not update them over the years despite changing circumstances. The follow-up audit raised that the Ministry of Interior did not update the sample by-laws and did not publish new sample by-laws; although its policy prefers formulating recommended versions⁴ than promulgating sample by-laws – since the publication of the Previous Audit, it has published one recommended version for a by-law.
-  **The Ministry of Interior Economic Unit handling by-laws** – in the Previous Audit, the State Comptroller's Office recommended that the Ministry of Interior anchor in the procedures or instructions or guidelines the examinations that the Economic Unit is required to perform. The follow-up audit found that no above-mentioned procedures were established regarding the by-laws submitted to it, nor are there any guidelines or tables in the Economic Unit to compare fee rates approved by various local authorities.
-  **The Ministry of Interior Economic Unit handling by-laws** – the Previous Audit found that the Ministry of Interior does not have detailed information on the rate of fees and levies charged by the various local authorities from their residents. The follow-up audit found that the deficiency had not been rectified, and that the Ministry of Interior's new computer system did not include detailed information on the rate of fees and levies charged by local authorities.
-  **The local authorities' engagement with companies and offices calculating tariff** – the Previous Audit found that Rehovot municipality contracted consultants to prepare the levies calculations without a competitive procedure. The follow-up audit found that Rehovot municipality continued to engage consultants to prepare the levies calculations without conducting a competitive procedure.


² The municipalities of Hod Hasharon, Kfar Saba, Kafr Qassem and Sderot, the local councils of Ka'abiyye-Tabbasha-Hajajre and Mazra'a and the Hof Ashkelon Regional Council.


³ A sample by-law is a law published by the Minister of Interior in the Official Gazette, and the local authority may adopt it without changes. The adoption of a sample by-law by the local authority is beneficial in several respects, including in terms of resource saving, the quality of the by-law and the uniformity of the arrangement.


⁴ To assist local authorities seeking to enact by-laws, the Ministry of Interior has decided to formulate recommended standard versions of five by-laws that the local authority may adopt and make changes to, unlike the sample by-laws, which are adopted as is by the local authority.



 **Local authorities Publication of by-laws on the internet** – the Previous Audit found the following deficiencies: 20 local authorities did not launch a website; 139 authorities that had websites did not publish by-laws in them; 64 authorities referred to the Ministry of Interior website, which had quite a few errors. The follow-up audit of the 12 local authorities examined in the Previous Audit found that seven of them published on their website all the by-laws they had enacted. However, the remaining five did not publish as required 18 laws out of 89 laws.

 **Local authorities that have enacted a small number of by-laws** – the follow-up audit found 27 local authorities that have enacted up to 10 by-laws.

 **Protection levy** – the Previous Audit found that the Ministry of Interior did not have basic information on the protection expenses of most local authorities, the actual collection rate of all charges and the number of employees whose employment was financed by the levy money. The follow-up audit found that the Ministry of Interior has no data on the revenues of local authorities from protection levies and on their expenditures in this area. In addition, it does not have data on the actual collection rate in each local authority and on the number of employees in this field whose employment was funded by the levy funds.

 **By-laws in a consolidated local authority** – the Previous Audit found that at the time of the audit, more than 12 years after the consolidation of the local councils in Binyamina-Givat Ada, five of the 25 by-laws were by-laws of the consolidated council. The two local authorities separately before the consolidation enacted the other 20 by-laws, of which nine are identical laws. At the time of the follow-up audit, about 18 years after the consolidation and about five years after the Previous Audit, it was found that the consolidated local council had enacted one additional by-law, and that the consolidated authority has 39 by-laws applicable to residents of one of the two authorities.









Duration of processing of by-law proposals by the Legal Bureau at the Ministry of Interior – the Previous Audit found that 74 of the 355 by-law proposals whose processing was completed (21%) were processed by the Legal Bureau for more than nine months. The follow-up audit found that the Legal Bureau processed 71 of the 535 (13%) by-laws approved by the Ministry of Interior for more than nine months.

The Ministry of Interior's engagement of companies for checking calculations – the Previous Audit examined the calculation examination of 42 out of 256 by Company A (16%), and found that most of them took three to five months, and that some took about a year. The follow-up audit found that only 10% of the calculations took more than four months.







Key recommendations

-  It is recommended that the Ministry of Interior complete its examination on decentralization of powers, including in the field of by-laws, and examine ways to help local authorities regulate their powers in a way that makes redundant the enactment of by-laws, or alternatively enact by-laws in an uncomplicated way, reducing bureaucracy, according to the authorities' needs. It is further recommended that upon completion of the examination, the Ministry of Interior will update and remove from the website past versions of sample by-laws that are no longer relevant according to the Ministry's position.
-  It is recommended that the Ministry of Interior examine the delays caused in handling by-laws and minimize them to the extent possible. It is also recommended that the Ministry of Interior instruct the local authorities to formulate by-laws within periods to be determined by it and to limit the entire procedure to a period of up to one year.
-  It is recommended that the Ministry of Interior maintain in the computerized system an updated database of fees and levies charged by the various local authorities to examine the applications submitted to it by local authorities for approval of their by-laws. It is further recommended to include alerts to the local authorities reminding them to update the by-laws every five years in the computerized system.
-  Local authorities that have enacted a small number of by-laws should enact by-laws in all areas necessary to fulfill its functions, including by-laws that will allow them to collect amounts required for their development. The Ministry of Interior should encourage the local authorities to enact by-laws to improve their situation and provide their residents with services as required, including as part of the formulation and approval of recovery plans.
-  It is recommended that Rehovot municipality contact other bidders for quotations before contracting consultants to prepare the calculations, even when pertaining to a contract that is exempt from tender, so that the selection of consultants will be carried out in a competitive procedure.
-  The municipalities of Lod, Kafr Qassem and Sderot and the Ka'abiyye-Tabbash-Hajajre local council should update their websites for the public. In addition, the Mazra'a local council should launch a website, operate it according to the law and publish its by-laws therein.



It is recommended that Binyamina-Givat Ada local council repeal the by-laws that apply only to one of the consolidated authorities and promote the enactment of new by-laws by the consolidated council.


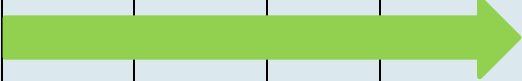
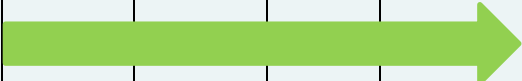


The extent of Rectification of the Key Deficiencies noted in the Previous Audit

The Audit Chapter	The Audited Body	The Deficiency/ Recommendation in the Previous Audit Report	The extent of Rectification of the Deficiency noted in the Follow-Up Audit			
			Not Rectified	Slightly Rectified	Consider-ably Rectified	Completely Rectified
Update of sample by-laws	Ministry of Interior	The Ministry of Interior has not updated the sample by-laws.				
Recommended versions for by-laws	Ministry of Interior	Apart from the recommended versions of four by-laws, the Ministry of Interior has not published any other recommended versions.				
The Economic Unit of the Ministry of Interior Handling by-laws	Ministry of Interior	No procedures have been established for the examinations that the Economic Unit is required to perform regarding by-laws.				
Handling by the Economic Unit of the Ministry of Interior	Ministry of Interior	There are no guidelines or tables in the economic unit to compare tariff.				




The Audit Chapter	The Audited Body	The Deficiency/ Recommendation in the Previous Audit Report	The extent of Rectification of the Deficiency noted in the Follow-Up Audit			
			Not Rectified	Slightly Rectified	Consider-ably Rectified	Completely Rectified
Handling by the Economic Unit of the Ministry of Interior	Ministry of Interior	The Ministry of Interior does not have detailed information on the amounts of fees and levies charged by the various local authorities.				
Handling by the Legal Bureau of the Ministry of Interior	Ministry of Interior	The Legal Bureau at the Ministry of Interior often sent a notice of non-delay to the local authority many days after the lapse of the 60 days, although no approval was required.				
Duration of the Legal Bureau's handling of by-laws	Ministry of Interior	The Legal Bureau has processed 74 of the 355 proposals for by-laws whose processing has been completed (21%) for more than nine months.				
Local authorities' contracting with companies for tariff calculations	Rehovot municipality	The municipality contracted consultants to prepare the calculations of the levies without a competitive procedure.				
Ministry of Interior contracting with companies for checking calculations	Ministry of Interior	The company's processing of most by-laws lasts three to five months, and the processing of some of them lasts about a year.				



The Audit Chapter	The Audited Body	The Deficiency/ Recommendation in the Previous Audit Report	The extent of Rectification of the Deficiency noted in the Follow-Up Audit			
			Not Rectified	Slightly Rectified	Consider-ably Rectified	Completely Rectified
Publication of by-laws on the internet by the Ministry of Interior	Ministry of Interior	Lag in updating the records in the Ministry of Interior's database of by-laws on the internet.				
Publication of by-laws on the internet by the Ministry of Interior	Ministry of Interior	The database contains 11 local authorities that have been abolished, dismantled or merged.				
Publication of by-laws on the internet by the Ministry of Interior	Ministry of Interior	19 by-laws of the Hod Hasharon municipality were repealed in 1997 but on the website of the Ministry of Interior they were still listed as effective laws.				
By-laws for the demolition of hazardous structures	Local authorities	62 local authorities have not adopted the sample by-law and have not enacted their own by-law.				
Enforcement of by-laws by local authorities	Lod municipality	The municipality does not enforce 15 of the by-laws it has enacted. The municipality has not enacted fine offense orders in its by-laws, and in any event has not enforced the by-laws through such order.				



The Audit Chapter	The Audited Body	The Deficiency/ Recommendation in the Previous Audit Report	The extent of Rectification of the Deficiency noted in the Follow-Up Audit			
			Not Rectified	Slightly Rectified	Consider-ably Rectified	Completely Rectified
	Hof Hasharon Regional Council	The council has not enacted fine offense orders in by-laws relating to the demolition of hazardous structures, clearing of plots and preservation of streets, and therefore there was no enforcement in these areas.				
	Binyamina-Givat Ada Local Council	The local council did not enforce most of its by-laws by issuing fines, as it did not enact fine offense therein.				

Summary

The findings of this audit indicate that the deficiencies noted in the Previous Audit regarding the publication of by-laws on the internet by the Ministry of Interior have been rectified, except for the deficiency of lag in updating the records in the database. However, some deficiencies have not yet been rectified: no procedures have been established regarding the inspections that the Economic Unit in the Ministry of Interior is required to perform and no guidelines have been set for comparing tariffs; the Ministry of Interior has no detailed information on the total fees and levies charged by the various local authorities; no-delay notifications to local authorities is delayed by the Legal Bureau at the Ministry of Interior; the Ministry of Interior did not set minimum and maximum prices for certificates of approval; the Ministry of Interior did not issue instructions regarding signs or advertisements and the components to consider determining the signage tariff rate. In addition some deficiencies have been partially rectified: one recommended version of a by-law has been published; the processing time of the Legal Bureau at the Ministry of Interior of proposals for by-laws and the process of examination of the calculation of the by-laws has been shortened; some of the



authorities that in the Previous Audit did not have a by-law for the demolition of hazardous structures, have enacted this by-law in recent years.

Regarding the five local authorities audited – in some of them the procedure for processing proposals for by-laws took too long, at times more than two years; Rehovot municipality contracted consultants to prepare the calculations of levies without a competitive procedure, though the procedure is exempt from tender; Out of the five authorities audited, the Hof Hasharon Regional Council has two by-laws for which the calculations are not up to date.

It is recommended that the Ministry of Interior examine ways to optimize the legislative mechanism for by-laws to reduce the bureaucratic procedures required for the enactment and updating of thousands of by-laws in local authorities.