

State Comptroller Report

July 2024 | 75A Part One

A b s t r a c t s



State of Israel

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Foreword

The State Comptroller's annual audit report – July 2024 is submitted to the Knesset under the State Comptroller's Law, 1958 [Consolidated Version]. The audit includes reports on government ministries, corporations, and the defense system.

Since the end of October 2023, Israel is in a state of war following the sudden murderous attack carried out by the Hamas terrorist organization on communities around the Gaza Strip during the Jewish holiday of Shmini Atzeret, October 7th, 2023. As previously announced, our office is conducting a comprehensive audit examining issues related to the massacre on October 7th, 2023, and the Swords of Iron war. In my view, there is a public and moral obligation to conduct an audit that will examine the performance of all ranks on the day of the massacre, in the period leading up to it, and in the period thereafter.

In addition, our office continued to conduct audits in other areas. Following is a review of some of the report.

The Office of the State Comptroller places special emphasis on audits on systemic issues with broad national implications such as: **English Language Studies in the Education System; The Ministry of Welfare's Treatment of Adults with Disabilities; Outsourcing Social Services by the Ministry of Welfare and Social Affairs; Cellular Communication Infrastructure**. Below is a review of three of the above-mentioned reports.

- English is recognized as the most central language in the world, essential for basic functioning in many areas and an important tool for integration into modern life in Israel and outside it. Therefore, English is one of the core subjects in the education system, taught in schools at all age levels and across all sectors. It is a mandatory subject from the 3rd grade to the 12th. The audit on **English Studies in the Education System** raised that although the primary goal of the national program for English is to increase the number of students studying for the English matriculation exam in an enhanced track (of 4 and 5 units) was achieved, large discrepancies were found in the students' proficiency in English upon completing their studies in the education system: in the higher socio-economic cluster, the rate of those taking the matriculation exams in English at the 5 units level, out of all 12th grade students, was much higher than that in the lower clusters (66% versus 26%). Similar disparities were found among Jewish students compared to non-Jewish students (54% versus only 27%). Within the Jewish sector, the weakness of ultra-Orthodox education students in English studies is apparent: over half of them (55%) did not even take the English matriculation exams, and only a minority took the exam at the advanced levels (11% taking the 5-unit exam and 12% taking the 4-unit exam). Furthermore, five years after the implementation of the national program for English, in 2022, the proficiency level of high school graduates in English



who took the 4 and 5-unit level exams remained low: according to English proficiency exam data of applicants for studies in higher education institutions, the majority did not reach the 'exemption' level from further English studies. In 2022, the rate of high school graduates who studied 5-unit level English and who received an exemption in their SATs from further English studies in higher education institutions was 30%, a decrease compared to the rate in 2015 (36%). 4% of the graduates were required to take four courses in 2015 and 2022. Another of the program's key goals was not achieved: the shortage of English teachers – both quantitatively and qualitatively – remained high. Towards the 2022 academic year (which began in September 2022), there was a shortage of 711 English teachers, with 375 teachers (over half) in the Tel Aviv and Central districts. The qualitative shortage of English teachers also remained high, and in June 2023, around 26% of English teachers (approximately 3,300 teachers) did not meet the qualification requirements for the teaching the subject.

Despite the achievements of the national program for English, even if partial, the Ministry of Education drastically reduced the implementation of the program in 2020 without a formal decision, without deriving lessons from its implementation, and without evaluating its overall impact on achieving its goals. It is recommended that the Minister of Education, in collaboration with its professional bodies and led by the English Coordinating Supervisor, develop a continuation plan for the national program, based on comprehensive lesson learning from the national program's implementation, set annual and multi-annual goals, reducing the achievement gaps among various student populations, allocating the necessary resources for implementation, and monitor its execution.

It is further recommended that the Minister cooperate with its professional bodies, led by the Teaching Staff Administration, other government ministries, representatives of the business and civil sectors, and teachers' organizations – recruit high-quality English teachers, examine the forecast of future demand for English teachers and, according with the forecast, set multi-year goals for teacher recruitment to address the shortage of teachers or, at the very least, reduce it.

- Cellular communication infrastructure is essential for maintaining a proper way of life and for the development of the Israeli economy and industry. The Ministry of Communications has granted cellular infrastructure companies licenses to use radio frequencies, which are a limited resource of the state, to ensure an adequate level of cell services to the public. According to the Ministry of Communication, data consumption in Israel through cell networks has increased 28-fold from 2013 to 2022, at an exponential rate of 40% per year, and by 2030, it is expected to increase up to 43-fold. As of August 2023, Israel is ranked only 64th in the world out of 145 countries in the median index of download speed in mobile surfing. The audit on **Cellular Communication Infrastructure**, raised significant difficulties in cell reception quality in dozens of local authorities in the country and deficiencies in the activities of government ministries responsible for ensuring efficient and safe cell services to the



public. A significant portion of the audit findings relate to the manner in which the Ministry of Communications fulfilled its role as the sector regulator. Thus, for example, it was found that the Ministry of Communications did not fully exercise its authority to obtain information from cell companies about the cell service they provide to the public and relied on the companies' estimates, which do not reflect the service in practice. Additionally, a State Comptroller's survey and questionnaire distributed to local authorities raised significant discrepancies between the data held by the Ministry of Communications and the reports of the local authorities and interviewees on the quality of cell reception. For example, in the 18 local authorities included in the survey, 11% to 78% of the interviewees reported moderate or poor cell reception. In contrast, according to the Ministry of Communications' data, the cellular coverage in these local authorities ranges from 99.92% to 100%, meaning full or near full coverage. Audit findings raise concerns that cellular infrastructure companies are not meeting the coverage and reception requirements mandated by the licenses. At the core of the issues highlighted in the audit concerning significant difficulties in cell reception in the examined local authorities is a shortage of transmission facilities. The Ministry of Communications did not evaluate the extent of the required facilities, so it does not have data on the scope of the facilities' shortage. The examination of the deployment and operation rate of 5G transmission facilities indicates that, the number of facilities deployed in Israel by July 2023, 1,943 facilities, did not meet the requirements of the Ministry of Communications' licenses, and Israel's coverage rate with this technology is lower than the rates in most European Union countries in the previous year. Moreover, significant disparities were found in the deployment of 5G communication infrastructure between large local authorities and peripheral authorities, and the scarcity of 5G transmission facilities is most severe in peripheral Arab communities. The Ministry of Communications promoted legislative amendments to improve the planning and licensing processes of the cellular infrastructure in Israel, but did not improve them. The report also raised deficiencies in protecting the public from radiation from cellular transmission facilities. With respect to government transparency, deficiencies were found in the publication of information and data to the public, both regarding the extent of cellular coverage and the quality of cell service, as well as in the results of measurements of radiation from cellular transmission facilities. Deficiencies were also found in the public information format regarding the health implications of radiation from cellular transmission facilities – information that is essential to provide reliable data to the public on the topic and to reduce its objections to expand the cellular infrastructure, as required for providing quality cell service. It is recommended that the relevant government ministries, led by the Ministry of Communications, the Ministry of Health, and the Ministry of Environmental Protection, along with their respective ministers, address all the deficiencies raised in the audit to improve the level of cell service provided to the public in Israel, while ensuring proper safeguarding of public health.

- Stroke is the second leading cause of death worldwide. Strokes can affect various areas of the brain, causing a wide range of motor, cognitive, speech, emotional, and behavioral



disorders, and may lead to disability and even death. In 2020, about 18,400 new stroke events occurred in Israel, with an average age of 71.7 among stroke patients that year, and 20% of stroke patients under the age of 60. The direct and indirect costs of the consequences of stroke in Israel are estimated at NIS 2.3 billion per year as of 2018. Timing is a critical factor in providing treatment, and treatment within the recommended time window influences the recovery of stroke patients, leading to a significant reduction in disability rates and deaths caused by stroke. In the audit on **Stroke – Treatment and Rehabilitation**, deficiencies regarding the provision of the necessary optimal treatment to stroke patients have been identified, including: treatment of patients in wards not specializing in stroke treatment, where stroke treatment is not within the expertise of the treating staff, especially doctors and nursing staff; The Ministry of Health lacks a mechanism for efficient and central management of the catheterization array, resulting in patients in need of catheterization potentially not receiving it or wasting valuable time arriving at a hospital without an available catheter doctor, risking deterioration in their condition; Stroke patients do not receive the full range of rehabilitation services required during general hospitalization, and the services they receive in rehabilitation frameworks are not always available and accessible as needed, especially in districts where the ratio of rehabilitation beds to stroke patients is lower than in others. Furthermore, the Ministry does not assess the effectiveness of the entire rehabilitation system for stroke patients. The number of stroke events is expected to increase significantly in the coming decades due to demographic changes in the population size and composition, particularly due to the predicted increase in the 65 and older age groups – from about 18,400 events in 2020 to 30,000 in 2030, 1.7-fold higher. This is compared to the expected growth of the population over 18 years old age group, which is 1.2-fold higher. The estimation indicates that one in every four people in the world will experience a stroke of some severity during their lifetime. Therefore, it is important to promote the prevention of stroke events, and it is important for the Ministry of Health to increase awareness for identifying a stroke event and the need to promptly arrive at the hospital, so that the patient receives optimal treatment within the appropriate time frame and in a treatment-bed dedicated for stroke patients. Additionally, it is necessary that the Ministry improve the disperse of the catheter doctors and increase their availability to provide optimal coverage in all parts of the country, as well as providing useful rehabilitation that can restore stroke patients to independent functioning, while improving their quality of life and that of their families.

The law, under which the National Fire and Rescue Authority operates, imposes on the Authority to investigate fire incidents to identify their circumstances and causes. The findings of the investigations and their conclusions are intended to assist authorities, businesses, and the general public in preventing fires that cause harm to life and property, and primarily to save lives. Between 2019 and 2023, 117 people died in fires, and about 328,000 dunams were burned in fire incidents that occurred in 2019. According to estimates, the cost of fire damage nationwide in a year is over NIS 7 billion. The audit on the **Investigation of Fires by the National Fire and Rescue Authority** raised disparities in the following aspects: the



operation of the investigation system on building up of the force and exercise of the force; Planning, management, and training of human resources and the supply of material resources for conducting investigations, including technological and other means; And management of internal and external working interfaces of the investigation system. The audit findings indicate that the Authority is not prepared to carry out investigations to the extent required by law; And, since the establishment of the investigation system in 2012, an average of about 10% of fire incidents handled by firefighting teams have been investigated, without the decisions not to investigate the remaining incidents being made through formal examination processes and authorized decision-making by the relevant authorities. Reconciling the disparities highlighted in the audit requires the National Fire and Rescue Authority to formulate an effective operational concept of the system in relevant aspects of fire investigation; Develop an organizational structure that meets the needs; Establish risk-based policy; Formulate a structured methodology; Equip with necessary equipment; Train specialized personnel and preserve their capabilities over time; And regulate working interfaces with peer bodies. In the broader concept, the Authority should focus on achieving the goal of investigating fires, through public information activities based on investigation findings, to embed the necessary messages in the fire prevention and protection.

One report at the defense system about **The Protection of the Traffic Roads in the Judea and Samaria** passed a confidentiality process in the subcommittee of the State Audit Committee under section 17 of the State Comptroller's Law, 1958 [Consolidated Version], and it was decided to publish only some of its findings to the public for considerations detailed in the said section. Two additional issues were examined at the Prime Minister's Office: **Protection of Computerized Information in the Prime Minister's Office and Information Security in the Conversion Division of the Prime Minister's Office – Resilience Test Results**. They also underwent a confidentiality process and only parts approved by the committee were published.

Monitoring the rectifying of deficiencies raised in previous audits is an important tool ensuring that the audited bodies have indeed rectified what is required. Hence, we increase from year to year the scope of follow-up audit we conduct and improve their conduct. This audit presents the findings of two follow-up audits: **The Regulation of Clinical Training of Doctors Between the Healthcare System and Academia and the Purchase and Sale of Public Housing Units**.

The preparation of the report required a significant effort by the personnel of the Office of the State Comptroller, all of whom worked hard to prepare it with the utmost professionalism, thoroughness, fairness and meticulousness. The Office staff conduct their public roles out of a sense of true dedication and they have my gratitude.



Foreword

We will continue to pray and hope for the victory of the IDF and the defense system in this difficult war forced on us by our most bitter of enemies seeking to destroy us as a people and as a state, for the return of the hostages to their homes, and for peaceful and tranquil days

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

Matanyahu Englman
State Comptroller and
Ombudsman of Israel

Jerusalem, July 2024



Report of the State comptroller of Israel | July 2024

Chapter One

Systemic Issues



Report of the State Comptroller of Israel | July 2024

Ministry of Education

English Studies in the Education System



English Studies in the Education System

Background

English is widely regarded as the most prominent language in the world, and proficiency in it is essential for effective functioning in many fields. It is a vital tool for integration into modern life, both in Israel and internationally. A wealth of important knowledge is conveyed in English today, and its use is widespread in daily life: in communication, culture, electronic media, the internet, education, science, and international trade. Proficiency in English is a prerequisite for admission to academic institutions in Israel and other countries. Additionally, knowledge of English facilitates social mobility and integration into the evolving job market, enabling individuals to find better employment opportunities, pursue entrepreneurship, establish businesses domestically and internationally, and transition seamlessly between jobs. Therefore, English is one of the core subjects in the education system.

The teaching of English in Israel is based on the principle that every graduate of the education system should master all four language skills: listening and comprehension of spoken language, speaking, reading, and writing. Additionally, students should be able to use the language for various purposes: academic, occupational, personal, and public. English is taught in schools across all age groups and sectors and is a compulsory subject from 3rd grade through the end of 12th grade.

In the mid-2010s, the Ministry of Education reached the conclusion that the issues associated with teaching English in schools needed to be addressed. These included students' poor proficiency in English, particularly in spoken English, and a shortage of properly trained English teachers. In an attempt to resolve these issues, the Ministry launched a multi-year program in September 2017: the National Program for Advancing English Education (the National English Program), to strengthen students' spoken English, increase the students rate taking advanced levels of matriculation (Bagrut) exams, and improve the quality of English instruction. It was intended for elementary schools, middle schools, and high schools. Initially planned to last five years, the program was significantly scaled back in 2020 and, in effect, unofficially discontinued.



Key Figures

66%
compared to
only 26%

the students rate taking the English Bagrut exam at the advanced 5-unit level was significantly higher in socioeconomically advantaged municipalities (clusters 710) at 66%, compared to only 26% in municipalities in the lowest socioeconomic clusters (1–3)

54%
compared
to only 27%

in the Jewish sector, 54% of students took the English Bagrut exam at the 5-unit level, compared to 27% in the non-Jewish sector

**55% and
23%**

among specific populations, 55% of Haredi students and 23% of Bedouin students did not take the English Bagrut exam at any level

30%
compared
to 36%

the rate of 5-unit English graduates exempted from supplementary English courses in higher education institutions decreased from 36% in 2015 to 30% in 2022. Meanwhile, 4% of graduates in both years were required to take four supplementary English courses

**711, 26%,
and 3,300**

before the 2022–2023 school year (which began in September 2022), the education system faced a significant shortage of English teachers. As of June 2023, 31% of English teachers in the Jewish sector and 11% in the Arab sector lacked the required qualifications to teach the subject

**3 out of 5
years**

the National English Program, initially planned for five years, operated as a cohesive framework for only three years. It was discontinued with neither an official decision nor an evaluation of its contribution

**75% and
88%**

a decline was observed in the allocation of dedicated hours for the "Sulamot"¹ program, aimed at 4 and 5-unit English students, during the 2020–2021 school year


only 53%

only 327 schools out of a target of 620 implemented the Let's Talk spoken English program for 7th-grade students during the 2022–2023 school year

¹ The "Sulamot" program operated as part of the National English Program and was aimed to increase the number of students enrolled in advanced tracks for Bagrut exams. Under this program, high schools received additional weekly hours to support students with potential, in order to increase their number of study units (from 3 units to 4 units, from 4 units to 5 units) and integrate into the 3-unit track students who were not initially planning to take the English Bagrut exam but have the potential to do so.





Audit Actions

 From February to September 2023, the State Comptroller's office examined the policies and actions of the Ministry of Education and its regional departments in 2017–2023, to enhance students' proficiency in the English language across all educational stages. The audit reviewed the following areas: implementation of the National English Program; the shortage of English teachers and strategies to address it; changes in English curricula; disparities in the quality of English studies and academic achievements among students and graduates of the education system; and the measurement and evaluation of English education. The audit was conducted in the following entities and units within the Ministry of Education: the National English Inspectorate (Head English Supervisor); the Pedagogical Secretariat, responsible for curriculum development and instructional and assessment patterns in English; the Senior Division for Teaching Personnel, overseeing employment conditions for teachers and the recruitment of new teaching staff; the Teaching Personnel Administration, responsible for professional development and learning of teaching staff within the Ministry of Education; the English supervisors in the ministry's regional departments; and the National Institute for Testing and Evaluation (NITE), which assists in selection processes for candidates applying to higher education institutions in Israel through examinations.

Key Findings



 **Students' Achievements in English Studies Across Socioeconomic Clusters** – data from 2022 raise significant disparities in English proficiency levels among students from different population groups, as reflected in their Bagrut exam results upon completing their education in the school system. The English proficiency of students from higher socioeconomic strata, predominantly residing in municipalities classified in higher socioeconomic clusters, as reflected in their Bagrut exams in English, is significantly higher than that of students from lower socioeconomic strata, predominantly residing in municipalities classified in lower clusters: the students rate taking the Bagrut exam at the highest level (5 study units) was 66% among students from socioeconomic clusters 7–10, compared to only 26% among students from clusters 1–3. Similarly, the rate of high achievers among 5-unit examinees was 74% in clusters 7–10, compared to 64% in clusters 1–3 (as well as clusters 4–6).

 **Students' Achievements in English Studies: a Comparison Between the Jewish and non-Jewish Sectors** – according to 2022 data, the level of English proficiency



among students in the Jewish sector, as reflected in Bagrut exams, was significantly higher than that of students in the non-Jewish sector. The students rate taking the Bagrut exams at the highest level (5 study units) was 54% among Jewish students compared to 27% among non-Jewish students. Additionally, the rate of high-achievers at the 5-unit level was 71% in the Jewish sector compared to 59% in the non-Jewish sector. Within the Jewish sector, students in the ultra-Orthodox (Haredi) education system displayed significant weaknesses in English studies: over half (55%) did not take Bagrut exams in English at all, and only a small rate took the exams at advanced levels (11% at 5 units and 12% at 4 units). In the non-Jewish sector, Bedouin students exhibited significant weaknesses in English proficiency. Nearly a quarter (23%) did not take Bagrut exams in English, about one-third (33%) took the exams at the 3-unit level, and among those tested at the 5-unit level, the rate of high-achievers was significantly lower than in other non-Jewish groups (30% in the Bedouin sector compared to 66% in the Arab sector and 49% in the Druze sector).

English Proficiency Among Graduates of the Education System – according to English placement exam data from candidates for higher education institutions in 2022, the level of English proficiency among graduates of the education system remains low, even five years after implementing the national English program. Most examinees failed to achieve "exemption" level from supplementary English courses in these institutions: only about 30% of those with the highest-level Bagrut in English (5 study units) and 4% of those with a 4-unit Bagrut reached exemption level. While there has been some improvement compared to 2015 in the performance of examinees with a 4-unit Bagrut, evidenced by a decline in the rate scoring at the lowest levels (pre-basic) in the placement exams (from 51% in 2015 to 38% in 2022) and an increase in those reaching advanced levels (from 23% in 2015 to 32% in 2022), a deterioration was noted among 5-unit graduates. The rate of 5-unit examinees failing to reach exemption level rose from 64% in 2015 to 70% in 2022. The low rate of examinees in English placement tests who achieved exemption from remedial English courses raise concerns about potential "grade inflation" in English matriculation scores². This concern, although highlighted in studies conducted by NITE and the Central Bureau of Statistics in 2013 and 2021, has been examined by the Ministry of Education neither prior to nor following the implementation of the National English Program.

Duration of the National English Program – although the program was intended to run for five years, it operated as a cohesive and structured framework for only three academic years, from 2017 to 2020. The last status report on the National English Program was prepared in May 2020, toward the end of the 2019–2020 school year. Some of the program's components were not budgeted for the 2020–2021 school year, leading to their discontinuation or significant reductions in funding and scope (as described later,

2 An artificial increase in English Bagrut scores that does not reflect a corresponding improvement in the knowledge and skills of examinees.



for instance, regarding the "Sulamot" program). The Ministry of Education never made a formal decision to terminate the program and, therefore, failed to draw lessons from it to ensure its objectives would be achieved. No systematic monitoring was conducted for the Program components that continued in subsequent years, and the Ministry no longer treated them as part of a national program but rather as part of routine education. Additionally, the Ministry did not formulate a new strategic plan for English instruction.

Funding for the National English Program – no dedicated budget plan was prepared for the annual and multi-year implementation of the National English Program, reflecting its primary goals. In practice, funding for the Program was included within the budget of the Department for National Programs at the Ministry of Education. Its components were allocated budgets on an ad hoc basis, according to need and in response to ongoing requests made by the English subject inspector (Mafmarit) to the department's director. As a result, the National English Program operated without a stable financial foundation, precluding prior planning for its full implementation and causing persistent uncertainty. Consequently, the National English Program was unable to meet its quantitative targets.

Increasing the Number of Students Pursuing Advanced Bagrut as Part of the National English Program – the primary means to achieve the goal of increasing the number of students pursuing advanced-level Bagrut was the "Sulamot" program. As part of this program, high schools received additional weekly hours to strengthen students with potential, to increase the number of study units they complete (from 3 study units to 4, from 4 to 5, and, for students not initially planning to take an English Bagrut exam, to integrate them into the 3-unit track). Despite results indicating the program's positive impact and the initial intent to expand it starting in the 2020–2021 school year, the Ministry of Education decided instead to significantly reduce its scope. In the 2020–2021 school year, the hours allocated to the "Sulamot" program were reduced by about 75% for the 5-unit track and about 88% for the 3- and 4-unit tracks. In the 2021–2022 school year, further budget cuts led to the program being implemented in only 200 schools, compared to 533 in the 2019–2020 school year (out of roughly 1,100 high schools – a decrease from about 48% implementation in high schools in 2019–2020 to about 18% in 2021–2022). The decisions to cut back the program were made without a supporting framework to justify them. The program's outcomes were not evaluated, nor was the expected impact of the reductions on the rates of students taking Bagrut exams at various levels examined. Furthermore, the Ministry failed to formulate any alternative plan to achieve the set goals or preserve the achievements already attained.

Implementation of Programs to Promote Spoken English as Part of the National English Program – to achieve the primary goal of the National English Program promoting spoken English, the Ministry of Education developed a continuum of programs for all educational stages: elementary schools, middle schools, and high schools. However, after two to three years of operation, the Ministry ceased implementing some of these programs: the Classroom Libraries Program was discontinued at the end of the 2019–2020 school year, after the establishment of 692




libraries (compared to a target of 1,350 libraries, which was to be achieved by the 2024–2025 school year). The Keep Talking Program was discontinued at the end of the 2019–2020 school year, after being implemented in 580 high schools (only 51% of the target for that year). It was relaunched in the 2022–2023 school year in about 300 high schools (only 44% of the target for that year). The Virtual Mentoring Program was discontinued even earlier, at the end of the 2018–2019 school year, despite a target of reaching 1,500 students through 250 student mentors in the 2019–2020 school year. The Ministry's decisions to discontinue these programs were neither accompanied by internal assessments justifying the need for such action nor supported by data providing a rationale for them. Furthermore, these decisions contradict the results of studies and evaluations, which were positive and indicated high levels of satisfaction among both students and teachers with the spoken English programs. This raises concerns that the decision to terminate these programs was driven by budgetary considerations rather than the programs' inability to achieve their goals or their lack of contribution to students.


Addressing the Shortage of English Teachers Within the National English Program – one of the primary objectives of the National English Program was to enhance teaching quality, specifically by addressing the ongoing shortage of English teachers. This shortage encompasses both quantitative aspects – unfilled English teaching positions in schools; and qualitative aspects – teachers lacking the necessary qualifications to teach the subject. The Ministry of Education set a goal to recruit 1,000 new English teachers annually during the 2017–2020 school years. It successfully met or even exceeded this target. Despite these efforts, the quantitative shortage persisted, with hundreds of English teaching positions remaining vacant each year as the academic year commenced. This ongoing deficit suggests that the initial recruitment goals did not fully account for the increasing future demand for English teachers, raising concerns about the factual basis upon which these targets were set. As of the 2022–2023 school year, which began in September 2022, there was a shortfall of 711 English teachers, with over half (375 teachers) needed in the Tel Aviv and Central districts. The qualitative shortage remained significant as well. As of June 2023, about 26% of English teachers (around 3,300 individuals) failed to meet the required qualifications for teaching the subject.

Evaluation of the National English Program – in the 2016–2017 academic year, the National Authority for Measurement and Evaluation in Education (RAMA) conducted an assessment of the National English Program, focusing on the state of the education system before the program's implementation. RAMA carried out another evaluation in the 2017–2018 academic year, examining certain components of the program. This evaluation did not include the Debate Program, the Keep Talking Program, or the Virtual Mentoring Program. The findings from RAMA's evaluation for the 2017–2018 academic year indicated positive signs justifying the continued operation of the National English Program and the expansion of accompanying evaluations to its other components. Despite this, the Ministry did not conduct any further evaluations of the program, neither



through RAMA nor any other entity. Consequently, after the 2017–2018 academic year, the Ministry of Education lacked a central monitoring tool to assess the program's implementation, which would provide information and insights at both the overall program level and its components to improve and refine its execution. Additionally, no comprehensive evaluation of the National English Program was conducted to study its outcomes and impacts, although its operation effectively ceased after the 2019–2020 academic year.

 **Teacher Training in English Instruction in Schools** – the Ministry of Education employs educational staff as instructors within the education system, who assist teachers with professional and pedagogical matters. According to data from the end of the 2022–2023 school year, about 28% of all schools (1,346 out of 4,870) received guidance in English instruction. About 10% of schools required guidance but neither requested nor received it (506 schools), with the majority located in the Northern District (349 schools, accounting for 69% of this group). Additionally, 78 schools (2% of all schools) requested guidance from the Ministry of Education but did not receive it.

 **Program for Teaching English at an Early Age (pilot in the 2022–2023 school year)** – the Ministry of Education decided to implement a program for teaching English in kindergartens and grades 1–2 as a pilot in the 2022–2023 school year across several hundred kindergartens and elementary schools, with plans to expand it later. In the 2022–2023 school year, the program was implemented in 689 kindergartens and 420 schools across 110 local authorities. A continuation plan for the pilot was prepared for the 2023–2024 to 2025–2026 school years, to expand English instruction to 6,500 kindergartens and 2,010 elementary schools. The estimated average annual budget required is about NIS 27.3 million. An accompanying evaluation conducted by RAMA indicated initial positive results from the program's implementation. However, in May 2023 (during the 2022–2023 school year), before the evaluation results were presented, the then-Director General of the Ministry of Education decided to continue the program only within its existing pilot framework, rather than expanding it as planned. Additionally, the then-Director General instructed an examination of the possibility of expanding English instruction to grade 2 and subsequently to grade 1, following an evaluation of the program's effectiveness, which he directed to begin in March 2024. The decisions made by the then-Director General, including the choice not to wait for RAMA's evaluation results, were not substantiated with explanations or data-based evidence.



Meeting the National English Program's Goal of Increasing the Rate of English Matriculation Examinees Among all 12th-Grade Students, Particularly in Advanced Levels (4–5 study units) – in 2017–2022, the rate of students taking the English matriculation exam at the 5-unit level increased from 37% to 48%, representing an 11-percentage-point rise. At the same time, there was a decrease in the rate of examinees at the other two levels (3 and 4 study units) and in the rate of students not



taking the exam at all, a total decline of 11 percentage points. Specifically, the rate of examinees at the 4-unit level dropped from 26% to 22%, at the 3-unit level from 20% to 17%, and the rate of non-examinees from 17% to 13%. Additionally, following the program's implementation, in 2022, the rate of students taking the advanced English matriculation exam (4–5 study units) reached 70%, meeting the program's target.

Updating English Curricula in Alignment with the CEFR Principles – in September 2019, the Ministry of Education published a new English curriculum for elementary education, followed by a new curriculum for middle school in February 2020. Both curricula are based on the Common European Framework of Reference for Languages (CEFR), an international framework of standards and concepts for teaching and assessing foreign languages, including English. The new principles adopted by the Ministry aim to impart language knowledge that facilitates communication and skills for active engagement, ensuring that the acquired language is practical and functional.

Key Recommendations



Formulating a Multi-Year Plan to Advance English Studies Following the 2017 National English Program – it is recommended that the Ministry of Education, led by the English Language Supervisor and in collaboration with other relevant units, formulate a multi-year follow-up plan for the 2017 National English Program. This plan should be based on a comprehensive review of lessons learned from the National English Program's implementation and other key initiatives promoting English in schools. The plan should be accompanied by evaluation processes conducted by RAMA. The objectives of the follow-up plan should take a holistic view of their contribution to addressing the system-wide challenges in improving English instruction in the coming years and enhancing students' language proficiency. This includes goals that advance the integration of CEFR principles, already embedded in the curricula, into the methods used for assessing student achievements and in the professional development of teachers. This is to ensure that graduates of the education system are well-equipped to integrate successfully into higher education institutions and the job market.



Reducing Achievement Gaps in English Studies – in light of significant disparities in student achievements in matriculation exams among different population groups five years after the launch of the National Program for Advancing English Education, it is recommended that the Ministry of Education analyze the underlying causes of these gaps. This analysis should assess the impact of the Program's components on narrowing the gaps, whether due to difficulties in implementing the Program among various student groups or other barriers, such as the scope and quality of English instruction. Accordingly, it is recommended that the Ministry develop a plan focused on reducing achievement gaps between students from lower socioeconomic clusters and those from higher clusters,



between non-Jewish and Jewish students, as well as among different non-Jewish sectors. To ensure the reduction of these gaps, the plan should include measurable goals that reflect resource allocation priorities and enable continuous monitoring of changes in student achievements across sectors. Regarding the ultra-Orthodox sector, where participation rates in the English matriculation exam are particularly low, it is recommended that the Ministry consider developing an English curriculum adapted to the cultural characteristics of this sector. The curriculum could include partial instruction in English, incorporate individualized training sessions for English teachers, and apply systematic oversight of its implementation and outcomes through English supervisors.



Alignment and Continuity in English Teaching Principles from the Education System to Higher Education

– it is recommended that the Ministry of Education examine the reasons why most high school graduates who were tested at the 4 and 5-unit levels in the English matriculation exams do not achieve exemption-level scores in English entrance exams for academic institutions, with many requiring extensive remedial English courses spanning three or four semesters. The Ministry should distinguish between the quantitative increase in graduates from higher levels of study, a target that has been achieved in principle, and the qualitative improvement in English language instruction and proficiency among graduates. It is further recommended that this issue be addressed in coordination with the Council for Higher Education (CHE) to establish alignment and continuity in English teaching principles and emphases, from school education to academic studies. Additionally, the Ministry should address the unusual phenomenon where 5-unit English graduates, expected to have a strong command of English, score at a pre-basic level on the psychometric exam and require four remedial courses to reach the exemption level. The Ministry should also monitor the entrance exam results of graduates from advanced levels in the matriculation exams, identify schools with significant gaps between matriculation exam performance and psychometric test results, and develop tailored programs for these schools in collaboration with English supervisors.



Developing and Implementing Assessment Tools for English Proficiency Across all Educational Stages

– it is recommended that the Ministry of Education headquarters develop professional assessment tools based on uniform standards. These tools should enable the evaluation of students' English proficiency at different educational stages and facilitate the identification of barriers in teaching and learning to address them. The Ministry should also implement these tools effectively. In terms of external assessments, it is recommended that RAMA, in collaboration with the English Language Supervisor, promptly roll out the new assessment and measurement system nationwide and at the school level (developed by several teams since the 2018–2019 school year). Simultaneously, it is recommended that the English Language Supervisor, in collaboration with RAMA and regional supervisors, evaluate the contribution of internal English assessment tools developed by RAMA. Using these tools, they should collect feedback from schools to gather data on internal evaluations and analyze the difficulties, challenges, and benefits they raise. It is recommended to evaluate potential changes in the implementation of internal



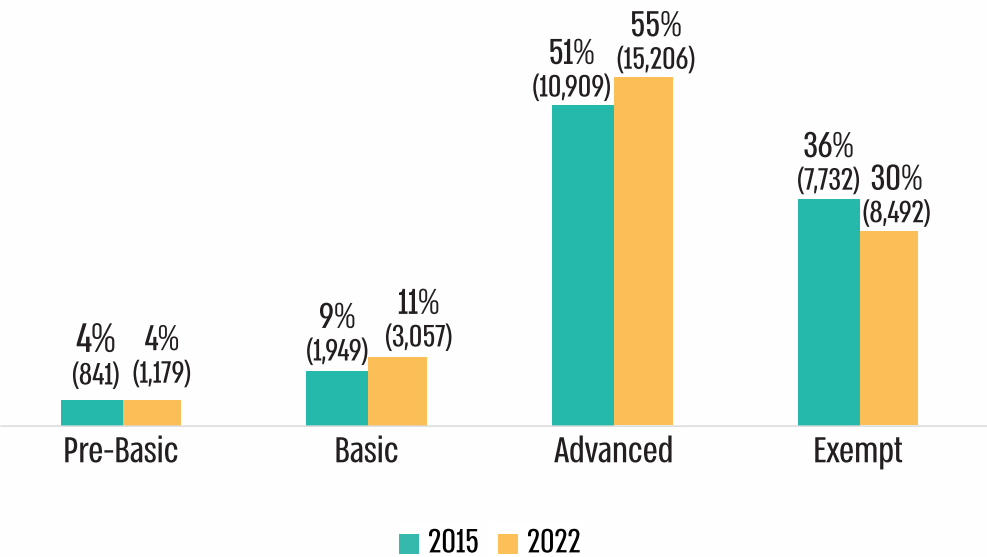
assessments as needed and to conduct awareness campaigns among teachers and principals to increase their use and maximize their benefits.



Addressing the Quantitative and Qualitative Shortage of English Teachers – it is recommended that the Ministry of Education utilize the teacher supply and demand forecasting model it began developing nearly a decade ago, to estimate the future demand for and supply of English teachers. This will ensure a reliable understanding of the current situation, and serve as a well-informed basis for long-term planning of the teaching workforce and the development of programs to address the shortage of English teachers. Additionally, it is recommended that the Ministry set a strategic goal to strengthen the status of teachers in Israel and achieve it by addressing all aspects related to the teaching profession. These include employment conditions, work environments, teaching quality, and the relationships between teachers and school principals, students, and parents. To meet this challenge, the Ministry should collaborate with various stakeholders: academic institutions, teacher training colleges, teachers' organizations, parents' and students' organizations, other government ministries, and representatives from the business sector and civil society. Such a coalition of partners will help achieving this goal. It is also recommended to examine how this issue has been addressed in relevant countries around the world.



Results of English Placement Tests for Higher Education Institutions Among 5-Unit English Graduates, Categorized by Levels, 2015 and 2022



According to data from the National Institute for Testing and Evaluation (NITE), processed by the State Comptroller's Office.



Summary

Although the primary goal of the National English Program, to increase the number of students taking the matriculation exam in advanced English tracks (4 and 5 study units) – was achieved, significant gaps were found in students' English proficiency upon completing their studies in the education system. Among higher socioeconomic groups, the rate of 12th-grade students taking the 5-unit English matriculation exam was significantly higher than that among lower socioeconomic groups. Similar disparities were observed between Jewish students and students from non-Jewish sectors. Audit findings further indicate that about five years after the launch of the National English Program, in 2022, the English proficiency of graduates who took the 4 and 5-unit matriculation exams remained low. According to English placement test results for candidates applying to higher education institutions, the vast majority failed to achieve the level of "exemption" from remedial English courses. Another key goal of the program remained unachieved: the quantitative and qualitative shortage of English teachers remains significant.

Despite the partial achievements of the National English Program, the Ministry of Education significantly scaled it down in 2020. This was done without a formal decision, without drawing lessons from its implementation, and without evaluating the impact of its various actions on achieving its goals.

It is recommended that the Minister of Education, in collaboration with professional staff at the Ministry's headquarters, led by the English Language Supervisor, develop a follow-up plan for the National English Program. This plan should be based on a comprehensive review of lessons learned from the program's implementation, set annual and multi-year goals (including objectives for reducing achievement gaps among different student populations), allocate the necessary resources for its implementation, and monitor its progress. These goals should include advancing the integration of CEFR principles, which have been incorporated into the curricula, into the methods for assessing student achievements as well as into the professional development of teachers. It is particularly recommended that the Ministry focus on this effort as preparation for the 2025 PISA international assessment, which will evaluate the application of these principles in English teaching. Additionally, it is recommended that the Minister, in collaboration with professional staff (led by the Teaching Personnel Administration), other government ministries, representatives from the business and civil sectors, and teachers' organizations, recruit qualified English teachers. The Ministry should assess future demand forecasts for English teachers and set multi-year recruitment targets accordingly, to address the teacher shortage or at least mitigate it.



Report of the State Comptroller of Israel | July 2024

Ministry of Welfare and Social Affairs

The Ministry of Welfare's Treatment of Adults with Disabilities



The Ministry of Welfare's Treatment of Adults with Disabilities

Background

The rights of people with disabilities are based on the principle of equality and the recognition of the value of the human being created in the image of God, and they are entitled to equal treatment and enjoy human rights and fundamental freedoms. A person with a disability is defined as an individual whose functioning is significantly limited in key life areas due to a physical, mental, or cognitive impairment. This report focuses on about 44,500, adults with disabilities aged 18 to 40, eligible to receive services from the Ministry of Welfare and Social Affairs (the Ministry of Welfare). Upon completing their high school education, young adults with disabilities may need support to facilitate their integration as equal members of society. To this end, the Ministry of Welfare offers services encompassing support in essential life spheres: housing, employment, leisure, family, and community.

The main services the Ministry of Welfare provides for people with disabilities include housing and employment assistance. The Ministry's policy is to offer comprehensive services to enable People with disabilities to reside within their families and communities before considering options outside their community. Housing services are designed to support individuals living at home through guidance that promotes optimal functioning – community living or in residential frameworks ran by the Ministry of Welfare for people who cannot live in their home – out-of-home housing frameworks. Regarding employment, the Ministry's policy aims for an independent employment of a person with disabilities as much as possible. Employment services encompass support for those working in the open market and programs within the Ministry for those who cannot secure employment outside of protected settings.

According to the Ministry of Welfare's policy, person-centered service is a cornerstone of providing services to people with disabilities, including tailoring services to individual needs, involving individuals in decision-making processes, ensuring freedom of choice, and fostering a sense of purpose and self-worth.

The Welfare Services for People with Disabilities Law, 2022, regulated and anchored the right of people with disabilities to receive social services supporting independent and autonomous living. As of 2022, the Ministry of Welfare has allocated about NIS 2.9 billion for these services. To implement the law, the government allocated an additional NIS 2 billion to the Ministry of Social Affairs for five years, beginning in 2024.



Key Figures

**about NIS
2 billion**

to implement the law, the additional budget the government allocated to the Ministry of Social Affairs for five years, beginning in 2024, is a 14% increase in the annual budget of NIS 2.9 billion (as of 2022)

37%

of the special education system graduates (about 3,700 people) recognized by the Ministry of Welfare and entitled to receive its services – do not receive any services from the Ministry of Welfare

5% only

of the special education system graduates participate in the Ministry of Welfare's adult life preparation programs (about 2,100 people)

4% only

of people with disabilities in the Ministry of Welfare's housing frameworks live in the community, compared to an average of 71% living in the community in selected countries

**less than
1%**

of people with disabilities placed in out-of-home housing frameworks move to more community-based housing settings (about 600 people)

41%

of people living in the Ministry of Welfare apartments are transferred to another apartment or room on weekends and holidays, according to their reports in the State Comptroller's Office questionnaire

100%


of the people with disabilities living in a protected residence reported in the State Comptroller's Office questionnaire that intimacy between partners is impossible

8% only

people with disabilities (about 1,050) advanced to more independent employment with an average payment (adjusted wage) of NIS 17 per hour compared to (compensation) NIS 0–3 per hour in protected employment



Audit Actions

 From January to October 2023, the State Comptroller's Office audited the Ministry of Welfare's treatment of adults with disabilities, including key components necessary for implementing the Welfare Services Law and utilizing the allocated budget. Key areas examined included the implementation of the Ministry of Welfare's policy for people with disabilities; The integration of young adults with disabilities into society post-graduation; Housing services and employment services for people with disabilities; And the oversight of these services. The audit was conducted at the Disability Administration and the Welfare Employment Division within the Administration of Personal and Social Services at the Ministry of Welfare and the Special Education Department at the Ministry of Education. Completion examinations were conducted at the National Insurance Institute and various housing and employment settings, at the Ministry of Health, and in local authorities.

The audit included: (a) Analysis of data regarding eligibility and placements in housing and employment for people with disabilities aged 18 to 40 at the time of the audit, regarding all of the Disability Administration's settings operating from 2013 to 2023 or during part of said period, regarding all supervision visits conducted in settings of the Disability Administration from 2018 to 2022, and regarding students who completed their studies in special education frameworks and were aged 19 to 28 at the time of the audit; (b) The State Comptroller's Office questionnaires: to people with disabilities residing in housing facilities managed by the Ministry of Welfare; to professionals in the field of disabilities at the Ministry's headquarters; to districts and local authorities, and housing inspectors within the Disability Administration; (c) Focus groups with people with disabilities, their parents, and social workers at local authorities.

Key Findings



The Ministry of Welfare's Policy Regarding Adults with Disabilities Treatment

– most of the components in the Ministry of Welfare's policy on the treatment of people with disabilities are lacking, including critical components such as the definitions of fundamental concepts related to community and community housing, the establishment of a multi-year work plan for policy implementation, the identification of priorities, the setting of measurable objectives, the development of standardized measurement tools, and the leadership of an inter-ministerial process involving relevant government offices involved in the provision of services for people with disabilities to enable them to reside within the community, and for development of services offered by the Ministry of



Welfare. Despite the Ministry asserting that "community" and "housing in the community" are core concepts to its policy and the implementation of the Welfare Services for People with Disabilities Law, it has failed to provide definitive descriptions of these terms. Additionally, the status update compiled by the Ministry of Welfare lacks data concerning the service recipients and the quality of services available to people with disabilities, as well as their alignment with individual needs. The significance of defining "housing in the community" is underscored by the Ministry's data indicating that the average monthly cost for community housing services is about NIS 1,700, compared to about NIS 13,000 for out-of-home housing frameworks.

The Integration of Young People with Disabilities into Adult Life Post-Education

- **Receipt of Services from the Ministry of Welfare** – over a third of special education graduates recognized by the Ministry of Welfare (about 3,700 people, equal to 37%) do not receive any services from the Ministry. Of those recognized as eligible, around 20% (about 530 people) are graduates of special education with intellectual developmental disability, and about 32% (about 820 people) with autism are similarly unserved by the Ministry of Welfare. Furthermore, about half of the special education graduates (about 3,200 people) who access welfare services in adulthood get these services only a year or more after graduation. Such delays impede the ability of young people with disabilities to foster independence, with some remaining idle in their parents' homes and potentially losing the advancements gained during their education due to a lack of meaningful engagement.
- **The Exhaustion of Rights** – the Ministry of Welfare supervises service processes for people with disabilities and their families. It was found that these processes are deficient in key components: receipt of information is challenging (only 20% of respondents indicated that they could access a designated website or representative for understanding their rights during transition or crisis periods), a bureaucratic burden (75% of professionals believe that the guidelines published by the Ministry of Welfare provide limited assistance), an absence of care management and initiative (only 11% of professionals reported proactively reaching out to the people with disabilities in their care), lack of available professionals, and no transfer of data. These barriers may significantly hinder access to necessary services for people with disabilities and their families, ultimately leading to the non-recognition of eligible people by the Ministry of Welfare.
- **Participants in Preparation Programs** – only about 6% of special education graduates (about 2,400 people) participated in the adult life preparation initiatives jointly offered by the Ministry of Education and the Ministry of Welfare. The overwhelming majority (94% at about 41,000 people) did not systematically receive



opportunities from the Ministry of Welfare and the Ministry of Education to develop life skills and social and occupational competencies necessary for integration into military or national service, further education, or employment in the open market following graduation.

👎 The placement of People with Disabilities Within Housing Frameworks – the monthly rates for housing frameworks are higher for more institutional framework. Specifically, the cost of residing in a sheltered residence is about NIS 14,600 per month per person, which is about NIS 2,000 (16%) higher than the rate for a hostel (about NIS 12,600). Furthermore, the hostel rate exceeds that of an apartment (around NIS 11,500) by about NIS 1,200 (10%), while the rate for an apartment is about NIS 9,700 higher (about six times) than that of a supportive environment, which costs about NIS 1,700. The placement committees under the Ministry of Welfare review requests for out-of-home housing frameworks for people with disabilities, often proposing three potential residential settings such as sheltered residence. However, these committees do not meet the people with a disability before determining their housing framework, and they do not involve the person himself or their family members in the decision-making process. The placement committees at the Ministry of Welfare determine the course of a person's life with limited participation on said person's part in such a fateful decision, which affects them for many years and gives them a limited right to choose their place of residence. Making fundamental decisions regarding a person in their absence undermines the person's dignity and reflects a failure to consider their preferences and desires.

👎 Community Living for People with Disabilities – the Ministry of Welfare prioritizes community-based settings over institutional ones. Despite this policy, data from the Ministry indicates that from 2020 to 2022, 96% (about 11,300 people on average) of those receiving housing services from the Ministry lived in out-of-home settings, with a similar figure of 95% (around 8,700 people) in 2018–2019. In practical terms, only a tiny fraction (4%, about 500 people) of those receiving housing services live in community settings. Moreover, less than one percent (1%) of all people with disabilities transitioned to more community-oriented environments, with 90% remaining in their initial placement settings. Comparatively, the rate of people with disabilities living in out-of-home settings in Israel is notably high, at 96%, compared to an international average of 29%. In the USA and France, only 3% and 8% reside in such environments, respectively.

👎 Employment of People with Disabilities in Hostels and Apartments – integrating people with disabilities into the workforce enhances their potential for independent and meaningful living, enabling them to engage actively in community life. However, the audit raised that about 24% (about 600 people) living in hostels and apartments were not employed at all during 2022, and were idle.

👎 Employment of People with Disabilities – the average tariff in protected employment settings (day centers and rehabilitative work enterprises) is around NIS 3,800, with hourly wages ranging from NIS 0 to 3. In contrast, the average tariff in




independent employment settings (work groups and individual market integration) is about NIS 1,900, with an average wage of NIS 17 per hour. In 2022, the Ministry of Welfare employed only about 10,000 people with disabilities across various employment frameworks out of about 37,000 people eligible for Ministry services. The Ministry of Welfare's policy promotes independent employment over protected employment and encourages a transition from protected to less protected frameworks, ultimately reaching an independent framework. However, the audit raised that most people with disabilities (70%, about 7,200 people) are engaged in protected employment. Only 8% (around 1,050 people) of those with disabilities who received employment services from the Ministry advanced to more independent employment. Furthermore, about one-third (35%) have remained in protected employment for over five years, indicating a lack of progression to more independent roles that offer higher income potential (an average of NIS 17 per hour compared to NIS 0–3). Additionally, 62% of respondents in protected employment believe they could secure more independent employment, suggesting that about two-thirds of those in protected employment do not feel they are realizing their full employment potential.

👎 The Provision of Service and Treatment of People with Disabilities in Housing and Employment Frameworks – one of the fundamental principles of the Ministry of Welfare's policy is a person-centered service. Key principles include tailoring services to each person's individual needs and ensuring the freedom to choose. Despite the long-term residency of people with disabilities in these frameworks, many report a lack of autonomy regarding daily activities. In a questionnaire evaluating their experiences, average scores were remarkably low: the questionnaire assessed welfare frameworks on a scale of 0–10, and an average score of 1.4 was given for daycare centers, 3.8 for hostels, and 4.5 for apartments provided by the Ministry of Welfare, contrasted with a score of 8.8 for private homes of a person with welfare assistance on the Freedom to Decide Index. Individuals expressed being deprived of privacy, intimacy, and the potential for personal relationships (the questionnaire awarded an average score of zero for daycare centers, 2.8 for hostels, and 5 for Ministry apartments, against a score of 10 for those living in private homes with welfare assistance). Additionally, it was noted that about 27% of individuals are relocated to other apartments during weekends and holidays. Those in protected employment reported feelings of disrespect and a sense of purposelessness compared to individuals in independent employment frameworks. Notably, most people with disabilities reside in northern regions of the country, where the concentration of those receiving employment and housing services is lower. Conversely, a more balanced distribution is observed in central areas.

👎 Monitoring the Situation of People in the Housing and Employment Frameworks – to determine the transitions of a person with disabilities to more communal living arrangements, their state must be assessed. The audit raised that individuals in less communal and more institutional settings have limited interactions with community professionals who could provide holistic assessments, including the person's



family and the resources available in the community, and who can assess their situation and assist in developing the person's abilities for returning to the community, through an appropriate tailored plan. While 5% of professionals indicated they do not meet with people residing in their homes, 52% reported the same regarding those in institutional settings. Regarding employment, 42% of social workers in local authorities admitted to being uninformed or only partially informed about the status of people with disabilities within their first year in an employment setting. This figure doubled to 78% after the first year.


 **Supervision by the Ministry of Welfare of the Housing and Employment Frameworks** – under the regulatory guidelines established by the government team to enhance the provision of outsourced social services and approved by the government in 2016, inspectors are required to conduct inspections of each housing framework between 13 and 18 times annually and each employment framework 6.5 times per year. The audit raised that inspections in the employment frameworks are performed only once every 3.5 years on average, and in the housing frameworks, about once every 18 months, constituting about 4% of the mandated inspection frequency. Despite person-centered service being a core component of the Ministry's policy and an area of expertise for inspectors, only about 5% of inspection inquiries pertain to this topic.



The Impact of the Ministry of Welfare's Preparation Programs on Societal Integration – a clear positive correlation exists between participation in the Ministry of Welfare's preparation programs for military service (an improvement of 22 percentage points) and national service (an improvement of 20 percentage points), as well as transitioning to community residence (an improvement of 22 to 35 percentage points), and securing employment in the free market (an improvement of 18 to 30 percentage points), and the length of employment in the free market (an improvement of about three months).



Key Recommendations

-  **The Ministry of Welfare's Policy Regarding the Treatment of Adults with Disabilities** – it is recommended that the Ministry address the gaps in the policy formulation by establishing a comprehensive situational analysis based on systematic data evaluation, setting clear priorities for policy implementation, defining measurable objectives, particularly in housing and employment, and developing a reliable measurement tool for consistent monitoring of these objectives.
-  **The Integration of Young People with Disabilities into Adult Life Post-Education** – the Ministry of Welfare should analyze the causes for the discrepancies between the number of special education graduates eligible for services, in all aspects, and those recognized, as well as the factors contributing to the partial realization of their rights to services. Furthermore, the Ministry should monitor the rights to services, publish monitoring outcomes, identify barriers to these rights, and eliminate them. Additionally, the Ministry of Welfare should review the service processes it supervises for people with disabilities and their families, map the "customer journey," and identify unique needs at each stage to implement a quality service concept. It is also recommended that the Ministry expand transitional and preparatory programs to encompass all special education graduates.
-  **Housing Placement for People with Disabilities** – the Ministry of Welfare should involve people with disabilities in the decision-making process concerning their residence. Updates to the procedures should mandate that placement committees consult with the person and engage their family members in decisions, depending on need.
-  **Community Living and Independent Employment** – it is recommended that the Ministry of Welfare develop a strategic work plan to define community living and establish multi-year objectives for transitioning people with disabilities into such frameworks. Additionally, the Ministry should collaborate with professionals in examining the barriers to community living and adapt the range of services and the scope of support and guidance it provides to people with disabilities living in the community to their needs, thus enabling the expansion of community living. It is further recommended that the Ministry facilitate independent employment opportunities for people with disabilities through regular occupational ability assessments, monitor the duration of their employment, investigate the reasons for extended stays in employment settings, and ensure the implementation and updating of treatment plans designed to support individuals in these frameworks.
-  **The Service and Treatment of People with Disabilities Within Housing and Employment Frameworks** – it is recommended that the Ministry of Welfare clearly define what constitutes a person-centered service. This definition should be reflected in the services provided within the housing frameworks under its jurisdiction. Additionally, the Ministry should delineate the parameters that classify community residences based on the



services offered. Continuous monitoring of the quality of service in these frameworks is recommended. Furthermore, the Ministry should instruct the operators of employment frameworks to provide training for staff members regarding respectful interactions with people with disabilities. Generally, the sense of belonging within employment frameworks and, specifically, within protected employment frameworks should be enhanced. The Ministry should guide these frameworks through tenders and supervision to foster diversity, engagement, and meaningful employment opportunities. Improvement of person-centered services across all operational frameworks is also recommended. Lastly, the Ministry of Welfare should ensure that all individuals residing in apartments and hostels have access to employment that aligns with their needs and aspirations.



Monitoring the State of Individuals in Housing and Employment Settings – it is recommended that the Ministry of Welfare supervise social workers in local authorities, ensuring they conduct independent, objective assessments annually for people with disabilities living in out-of-home settings and those in employment environments. These assessments should yield reliable progress evaluations and the potential for transitioning to community-based and more independent living arrangements.



Supervision by the Ministry of Welfare over Housing and Employment Frameworks – it is recommended that the Ministry of Welfare enforces compliance with the required scope of inspection visits and that it expands the inspection components focusing on person-centered services by clearly defining the service components to be evaluated, outlining the methods for assessing these elements and specifying the pertinent questions to be addressed by the inspector.



Drawing of the Experience of Service for People with Disabilities from a Parents' Group



I drew a mountain, this is the process we go through with our children. You have to continuously climb the mountain and you get small and large stones, you don't know. You have to protect all the time, protect yourself and your son.



We have a problem. We have a roommate we do not like. We are a married couple and we live with a roommate. We do not get along with her and she doesn't get along with us, she too has intellectual developmental disability. They tried to find us an apartment for ourselves, and then the neighbors refused to lease us an apartment.

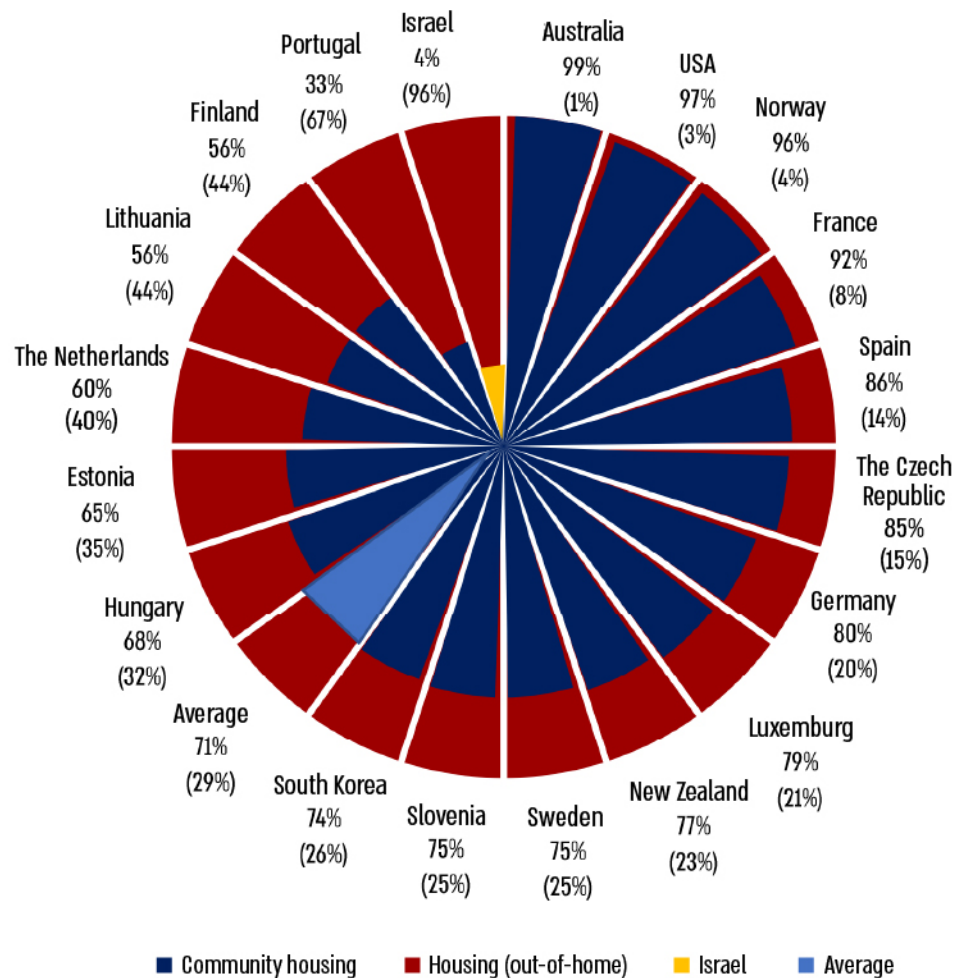


My dream is to work in the open market. I do not want to stay at the rehabilitative work enterprise for ever. 16 years I am there and I do not feel like I am advancing. 16 years I am given excuses and I do not like it. They say that because I have a disability no employer can take me on.

The diagram below presents a comparative analysis of the rate of people with disabilities residing in the community in Israel versus that in 18 selected countries. The data indicates that the rate of people with disabilities living in the community in Israel is the lowest at 4%, in contrast to an average of 71% in other countries. Conversely, the rate of people with disabilities residing in out-of-home housing frameworks in Israel is higher than the norm observed in other countries, recorded at 96% compared to an average of 29%.



Rates of People Living in the Community and in Out-of-Home Settings in Selected Countries, 2021



According to data collected during the audit.



Summary

About one million people in Israel live with a disability. In 2022, around 44,000 were eligible to receive services from the Ministry of Welfare, with about 57% (about 25,500) receiving those services. People with disabilities are, first and foremost, human beings; hence, the Ministry of Welfare is committed to providing services that respect them and enable them to live as equals within society, with freedom and independence. Implementing the Welfare Services for People with Disabilities Law at the beginning of 2024, accompanied by a budget increase, presents a significant opportunity for the Ministry of Welfare to fulfill this commitment.

Although the vision outlined by the Social Services Law and the policy of the Ministry of Social Affairs can be realized immediately among those who join the Ministry's services, many adults with disabilities are left without adequate support. A substantial rate (37%) of young adults with disabilities do not receive any services from the Ministry. Additionally, despite the Ministry's emphasis on independent living in the community, the audit raised that most people with disabilities do not reside in community settings (96%) or engage in independent employment (60%). Moreover, although the housing frameworks operated by the Ministry have housed people with disabilities for many years, the main principles of community living and person-centered services do not exist in them, nor do they exist in employment frameworks, particularly in the protected frameworks.

To effectively realize its commitment to people with disabilities, it is recommended that the Ministry of Welfare develop housing services that enable residents to lead meaningful lives within the community, with respect and freedom of choice in their lifestyles. In addition, employment services should provide meaning and self-fulfillment, facilitating independent employment to the greatest extent possible. The necessary changes within the Ministry of Welfare are extensive and challenging. Therefore, it is recommended that the Ministry focus on removing barriers and enhancing the services provided, particularly for people with disabilities entering the services for the first time, including graduates of the special education system, and ensure a continuum of services throughout various life stages.



Report of the State Comptroller of Israel | July 2024

Ministry of Welfare and Social Affairs

Outsourcing of Social Services by the Ministry of Welfare and Social Affairs



Outsourcing of Social Services by the Ministry of Welfare and Social Affairs

Background

An outsourced social service refers to an educational or treatment service purchased by the government and provided by external operators – private companies or non-profit organizations. These services are financed fully or partially by the government, which holds responsibility for their provision, regulation, and supervision (social procurement). The personal welfare services provided by the Ministry of Welfare and Social Affairs (Ministry of Welfare) encompass outsourced social services, categorized into two primary types: community services, where recipients do not reside at the service location (frameworks for at-risk children), and out-of-home services, provided in settings where recipients live permanently or temporarily outside their homes (residences for persons with disabilities). Local authorities are responsible for the provision of the community services, while the Ministry of Welfare is responsible for the provision of out-of-home services, including the selection of suppliers through social procurement tenders.

This report focuses on the procurement of out-of-home social services by the Ministry of Welfare within the Disability Administration, the Social and Personal Services Administration (SPSA), and the Rehabilitation, Support and Prevention Administration (RSPA). The significance of procurement in this domain is underscored by its financial implications; in 2022, the Ministry of Welfare expended about NIS 3.5 billion on outsourcing within these administrations, at about 36% of the Ministry's total budget for that year. The Ministry operates out-of-home services through selected bidders from tenders, with 254 external operators providing these outsourced welfare services in 2022.

Outsourcing welfare services presents several advantages, such as enhancing service quality, accessibility, and availability. However, it also poses challenges, including limitations on supervision and enforcement capabilities, as well as a lack of expertise in tender management. Furthermore, there exists a concern regarding "regulatory captivity", which refers to the significant dependence of regulators on service operators, potentially leading to biased decision-making favoring the operators and challenges in directing their activities. The extent to which these challenges manifest in the outsourcing of social services is heavily influenced by the actions of the Ministry of Welfare in its capacity as the regulator of social procurement.



Key Figures

NIS 3.5 billion

the scope of the Ministry of Welfare's annual expenditure in 2022 on the purchase of out-of-home social services from 254 operators in the Disabilities Administration, the Social and Personal Services Administration (SPSA), and the Rehabilitation, Support and Prevention Administration (RSPA)

2.5 times

the ratio between the average profitability rate in 2021 of private companies operating out-of-home frameworks for the Ministry of Welfare (9.7%) and the profitability rate set by the Ministry of Welfare (3.8%)

over 200%

the rate of accumulated surpluses (totaling NIS 393 million) among operators of frameworks classified as non-profit organizations, compared to the revenue turnover of 20% of them, most of whose revenue is predominantly derived from providing out-of-home services for the Ministry of Welfare

NIS 512 million

the estimated budget that the Ministry of Welfare pays to operators for unfilled positions

60%

the Ministry of Welfare tenders' rate of the procurement of social services in 2013–2022 in which every bid that passes the threshold conditions wins the tender, i.e. tenders in which there is no real competition (74 out of 128 tenders)

68%

the Ministry of Welfare bids' rate of tenders for the procurement of welfare services out of those that passed the threshold conditions that received the maximum score in category of recommendations (273 out of 401 bids)

89%


of the total payments for the provision of out-of-home welfare services, are paid by the Ministry of Welfare to operators with 17 years or more of experience in providing services to the Ministry of Welfare (about NIS 3.1 billion)

only 2–3 visits instead of 13–18

the median annual number of visits by inspectors in out-of-home settings compared to the recommendations of the Government Team for Improving the Provision of Outsourced Social Services from 2016




Audit Actions

 From January to October 2023, the State Comptroller's Office audited the Ministry of Welfare's actions regarding the procurement of outsourced welfare services. The audit focused on the structure of the out-of-home welfare services market, the rates for service provision, the supervision of service providers, and the planning of out-of-home welfare service offerings. The audit was carried out at the Disability Administration, the Social and Personal Services Administration (SPSA) and the Rehabilitation, Support and Prevention Administration (RSPA) within the Ministry of Welfare. Supplementary examinations were also conducted at the Competition Authority, the Prime Minister's Office, and the Chief Economist and Budget Divisions at the Ministry of Finance, as well as the Corporations Authority at the Ministry of Justice. It is important to note that the audit mainly examined the management of outsourced social procurement by the Ministry of Welfare and Social Affairs and did not assess the conduct or activities of the service providers.

To analyze the tender process for social procurement, and given the absence of a database from the Ministry of Welfare, the audit team collected tender documents and committee minutes discussing the bids submitted and electing the winning bids, for all social procurement tenders from 2013 to 2022. It extracted key data from these documents and converted them into quantitative variables, enabling analysis using advanced statistical tools such as regression analysis.

Key Findings



 **Redundancy (profit margins and surpluses) Among Operators of Out-of-Home Social Service Frameworks** – in 2022, the Ministry of Welfare procured out-of-home social services at about NIS 3.5 billion from 254 operators. "Redundancy" is identified among private operators when their income exceeds expenses, leading to profit margins, and among non-profit organizations when their surplus exceeds their revenue cycle. Aggregate data from the Chief Economist Division of the Ministry of Finance indicates that, among the 84 private companies providing social services to the Ministry of Welfare, the average profitability rate in 2021 is about 2.5 times higher than the intended profitability rate according to the level of revenues established by the Ministry of Welfare, resulting in an estimated difference of around NIS 106 million. When analyzing only those operators where at least 70% of their revenue cycle is derived from the provision of out-of-home services for the Ministry of Welfare, the profitability rate is found to be 2.3 times higher than the intended profitability rate, with an estimated difference of about NIS 88



million. Furthermore, an examination of the financial statements of all non-profit organizations, where at least half of the income is generated from out-of-home frameworks for the Ministry of Welfare (67 organizations) raises, among 38% of these organizations, surpluses exceeding 100% of their revenue cycle, at about NIS 725 million, while 20% have surpluses exceeding 200%, at about NIS 393 million.

📌 Dynamism Within the Welfare Services Market – the audit highlights the low level of dynamism within the welfare services market. Despite the high profitability rates that should encourage new entrants, the market remains predominantly controlled by operators with over 17 years of experience in providing services to the Ministry of Welfare. These operators constitute 76% of all framework operators (192 out of 254), at about 89% of total payments made in 2022 for out-of-home welfare services (about NIS 3.1 billion). This lack of operator turnover within existing frameworks, combined with limited entry of new operators, raises concerns regarding the concentration of power among these operators and the potential reliance on outdated treatment methods. The Government Team report from 2016 indicated that long-term engagements could lead to regulatory captivity regarding service operators and result in stagnation in service quality.

📌 Analysis of the Ministry of Welfare Tender Procedures for the Procurement of Social Services from External Operators

- **Competition in Tenders** – the outsourced social procurement tender market at the Ministry of Welfare, is unique as the service rates are predetermined and disclosed to all bidders, with competitive focus being placed solely on service quality rather than pricing. Within the tendering method employed in the provision of welfare services, competition among operators occurs at the tender stage. Analysis indicates that competition in the outsourced welfare services market is limited; about 60% of tenders from 2013 to 2022 (74 out of 128 tenders) exhibited no competition among the submitted proposals, with any qualifying proposal securing the tender. Consequently, the bidding mechanism fails to foster genuine competition in most instances.
- **Impact of Operator Tenure on Threshold Condition Compliance** – compliance with threshold conditions serves as an essential filter to determine whether bidders fulfill the requirements outlined in the tender. These conditions pertain to factors such as the operational structure, the workforce to be employed therein, and the bidder's financial stability. Bidders failing to meet all threshold conditions are disqualified from advancing to subsequent stages. Veterans in the bidding process (entities that have retained contracts with the Ministry of Welfare since 2005 or earlier) have a roughly 10 percentage point higher likelihood of meeting all threshold conditions compared to new bidders, who entered the market thereafter or have no engagements with the Ministry of Welfare. This indicates that



a fundamental cause of the stagnation in the social services market and the consolidation of power among established operators is the threshold conditions in tenders, which act as an entry barrier for new bidders. This is particularly evident in the administrative requirements that present a technical barrier, posing challenges for new entrants to meet.

● **Benchmarks for Evaluating Bids for Operating Out-of-Home Frameworks**

– benchmarks serve as the main criteria for assessing the quality of bids for managing out-of-home frameworks. Findings indicate that 68% of bids meeting threshold conditions received the maximum score in recommendations, while 77% achieved the maximum score in terms of the bidder's experience. This suggests that these benchmarks are not effectively utilized as mechanisms for evaluating bid quality. Furthermore, the Ministry inspectors lack access to information regarding the contents of successful bids, and the Supervision and Control Division of the Ministry of Welfare is uninformed about the treatment plans and personnel proposed by winning bidders. Consequently, this division is unable to confirm that the services rendered align with the commitments made by operators. Ultimately, the established benchmarks intended to differentiate bid quality do not effectively bind winning bidders to deliver the promised service quality, leading to a scenario in which the tendering process, designed to stimulate competition on service quality, results in a competition merely "on paper". This framework benefits veteran bidders who are cognizant of tender process limitations and supervisory mechanisms, understanding that they are not necessarily obligated to fulfill their submissions in practice.

 **Involvement of the Competition Authority in the Regulation of Out-of-Home Welfare Services**

– the Competition Authority, operating under the Economic Competition Law, 1988, is responsible for preserving and promoting free competition within the economy. The audit raised that the Competition Authority did not conduct a comprehensive examination of the welfare services market. Although a consultation took place between the Ministry of Welfare and the Competition Authority in February 2017 regarding specific tenders, this did not evolve into thorough cooperation or an in-depth analysis of market competition.

 **Determination of Out-of-Home Settings Rates**

– to ensure adequate service levels for social service recipients, the Ministry of Welfare has set a uniform rate for social services by the operators, intended to reflect the anticipated costs associated with the inputs required per service recipient as per agreements with the Ministry. The audit raised that the rate mechanism is not differential and fails to align with the actual expense structure of operators, resulting in distortions, and creates disincentives for operators to fulfill all their contractual commitments to the Ministry of Welfare. For instance, the salary rates set within the rates system for nurses and doctors (NIS 11,000 and NIS 17,000, respectively) are significantly lower than their average salaries (NIS 22,000 and NIS 36,000, respectively) and are less than 40% of their median salary in



the civil service (NIS 19,000 and NIS 29,000, respectively). Additionally, the rent component in the rate is based on average costs, which may not appropriately reflect market conditions in central versus peripheral areas. The Ministry of Welfare has not amended the profitability rate, which has remained unchanged at 4% for over 25 years. In a high-interest rate environment, this static profitability rate does not incentivize new entrants to the social services market, as they are unaware that actual profitability is significantly higher and as they face the requirement of making new infrastructure investments at the outset of the contract.

Sanctions Against Operators for Insufficient Personnel Allocation – the enforcement procedure permits the Ministry of Welfare to offset payments from operators who fail to meet contractual obligations. Despite being aware of substantial personnel shortages among framework operators (notably a 42% deficit in social workers), the Ministry of Welfare refrains from applying the enforcement procedure concerning offsets. Consequently, of the estimated NIS 512 million disbursed annually, the Ministry pays operators for positions that remain unfilled, suggesting suspected damage to the public purse. The Ministry's failure to sanction the offsets and its ongoing payment for services not rendered reflects a disregard for compliance among contract violators, highlighting the Ministry's dependence on these operators. This situation not only undermines the integrity of public funds but also permits operators to deliver substandard services to recipients without facing consequences.

The Ministry of Welfare's Supervision of Out-of-Home Settings – the Ministry of Welfare has set a standard of 485 supervisory positions for out-of-home settings, yet currently employs only 453, leaving 32 positions unfilled. The supervisory role encompasses 50% control and enforcement tasks and 50% consulting tasks, yet many control components outlined in a 1950 government resolution are either absent or only partially fulfilled by the Ministry of Welfare. Thus, for example, there is inconsistency between the contract content and the inspectors' work, accompanied by an absence of monitoring for the rectification of deficiencies. Inspectors do not receive information regarding the successful bids or treatment plans associated with the frameworks in which they operate, nor do they verify that the services provided align with the commitments made by operators to enhance service quality. Moreover, the limited frequency of supervisory visits, averaging 2–3 per year, falls short of the government-recommended 13–18 visits annually, hindering the identification by the inspectors of service deficiencies, including issues related to shortages in treatment staff and substandard living conditions. Notably, between 2020 and 2022, the Ministry stopped placements in frameworks in about 40 instances of contractual violations by operators, relying solely on this sanction, without imposing financial penalties. Unlike some countries, for example the UK, where the Care Quality Commission (CQC) is an independent regulatory body involved only in supervision and enforcement, in Israel the district inspectors are tasked with both oversight and advisory roles.

**The Ministry of Welfare's Financial Control over Out-of-Home Frameworks Operators**





— the financial control exercised by the Ministry of Welfare over the operators of out-of-home frameworks is intended to ensure proper allocation of budgets in line with tender requirements, to provide optimal care for the residents, and to enhance financial transparency and supervision. However, the audit found that the Ministry does not effectively monitor the operators' financial practices. Beyond the initial tender phase, the Ministry does not require financial statements from operators incorporated as private companies, nor does it analyze the published statements of those incorporated as nonprofit organizations, even though they are published on the Ministry of Justice website. This inadequacy means that the Ministry does not routinely assess the financial stability of operators or identify warning signs of potential risks to their viability, if any, or to identify significant redundancies (profit margins and surpluses) among operators. Furthermore, it does not carry out a comprehensive financial audit to ascertain whether operators are utilizing the funds provided as agreed.



The Structures Threshold Conditions — a central component in the operation of out-of-home frameworks, mandates the existence of a structure suitable for the residence of service recipients. This threshold condition posed a significant barrier, particularly for new bidders who had not previously operated out-of-home frameworks. Until 2016, bidders were required to demonstrate ownership of a building as early as the first stage, as part of the threshold conditions. To facilitate this process for bidders and to expand competition, the Ministry of Welfare decided to suspend the requirement for proof of ownership of a building for a period exceeding one year. Following this policy change by the Ministry of Welfare in 2016, there was a marked decrease in the number of bidders disqualified for not meeting this threshold condition. The State Comptroller's Office commends the Ministry of Welfare's decision to ease this threshold condition, promoting the entry of new participants into the market.



Key Recommendations

-  **Analysis of the Bidding Process** – to enhance competition for the quality of social services, the Ministry of Welfare should increase the number of bids by implementing in tenders or in any other way, "nascent protection", which safeguards new bidders against the influence of dominant operators with longstanding market presence, thereby improving the level of competition in the initial phase. Additionally, it is recommended that it consider adjustments to the threshold conditions for bidders to enable participation by new entrants, thereby expanding competition in the subsequent phase and enabling effective ranking of bids based on quality. Furthermore, the Ministry should strengthen the interfaces between the selection phase of framework operators and the supervision and control phase, both by ensuring effective ranking of proposals based on accumulated experience with bidders and by notifying inspectors of winning proposals to monitor the fulfilment of operators' obligations.
-  **Benchmarks for Evaluating Bids for Out-of-Home Frameworks** – to guarantee that the benchmarks effectively function as a framework for the commitment of the winning bidders to service quality and promote competition in service quality during the bidding process, it is recommended that the Ministry of Welfare ensure that inspectors are informed about the content of the successful bids in the tender and verify that the operators comply with them. Furthermore, the Supervision and Control Division should receive information regarding the treatment plans and personnel proposed by the tender winners.
-  **Rates for the Provision of Out-of-Home Welfare Services** – to improve and refine the welfare services market, the Ministry of Welfare should reduce distortions in the existing rate mechanism and ensure that service operators deliver the full spectrum of required services. Rate structures should incorporate incentives for operators to retain treatment staff and mitigate burnout, impose offsets for absentee personnel, and periodically adjust profitability rates in line with changes in the economic environment, including fluctuations in the Bank of Israel interest rate or profitability of similar employment sectors.
-  **Supervision Scope over Out-of-Home Frameworks** – to ensure effective supervision of out-of-home frameworks, it is recommended that the Ministry of Welfare establish a standard for supervisory frequency tailored to the characteristics of various frameworks. This should inform the optimal number of frameworks each inspector oversees in accordance with established priorities and necessary staffing levels. Moreover, the Ministry should ensure that inspectors are well-informed of operators' obligations as per their agreements with the Ministry and the bids made during the tender process, imposing sanctions for repeated violations. Given the limited scope of the Ministry's supervision of out-of-home settings, coupled with the diverse responsibilities of inspectors, including consulting functions, it is recommended that the Ministry conduct an occupational analysis of the inspector position. This analysis should explore potential updates to the role, drawing



from successful models in other jurisdictions, such as the Care Quality Commission (CQC) in the United Kingdom, which focuses exclusively on control and enforcement.



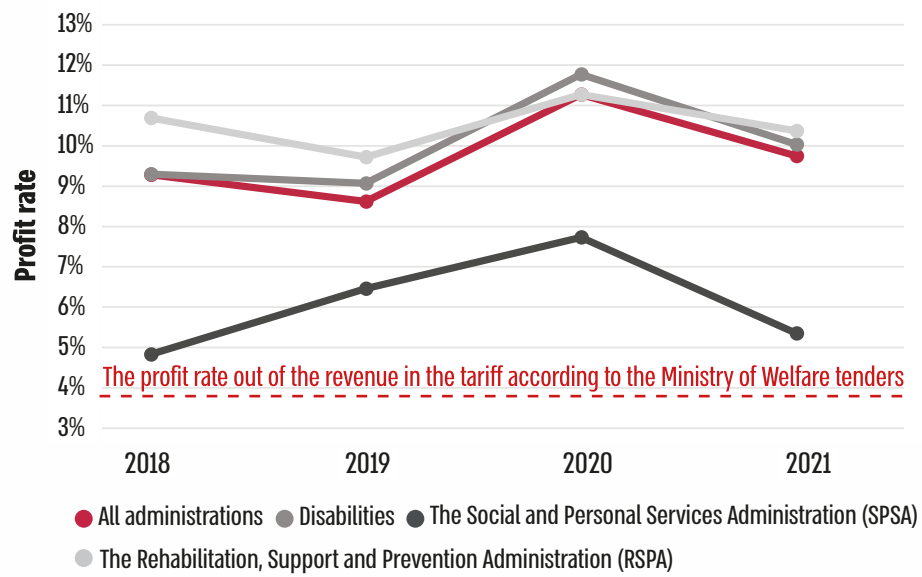
Financial Supervision of Out-of-Home Framework Operators – it is recommended that the Ministry of Welfare supervise the financial management of out-of-home framework operators. This should be achieved through the regular receipt of financial statements from operators and periodic in-depth assessments of their financial practices, conducted either in a sample-based manner or utilizing risk management principles.



Reevaluation of Welfare Service Provision Methods – globally, various recognized methods for providing social services, including welfare services, exist, which present differing levels of competition among providers. The specific combination of methods and the range of services encompassed within each are determined by the regulatory body, considering the nature of the service and the characteristics of its recipients. The "armored markets" approach grants licenses to non-profit organizations, resulting in limited competition. The "tenders combining price and quality" method bases competition on a combination of price and quality criteria. The "customer at the center" approach allocates the service budget directly to beneficiaries, allowing them to select their service providers. The "licensing" method offers recipients choice, emphasizing competition among suppliers as a key factor. Therefore, the pertinent government entities including the Ministry of Welfare, the Prime Minister's Office, the Competition Authority, and the Ministry of Finance should collaborate to form an inter-ministerial team tasked with evaluating service provision methods against global practices, and considering the diversity of services offered by the Ministry of Welfare and the characteristics of the service recipients. This includes factors such as the recipients' ability to make choices, the duration of assistance required by them, and their family environment.



The Average Pre-Tax Profit Rate of all Private Companies that Operated Out-of-Home Frameworks for the Ministry of Welfare in 2018–2021, Broken Down by Disabilities Administrations





Summary

The regulation of welfare services in Israel is governed by the Mandatory Tenders Law and its associated regulations, to ensure a sufficient number of bids to facilitate the selection of the most advantageous proposal and to promote fair and equitable competition. In 2022, the Ministry of Welfare allocated about 36% of its total budget, at about NIS 3.5 billion, towards the procurement of outsourced out-of-home social services. The current state of affairs, with respect to the characteristics of the social procurement market outsourced by the Ministry of Welfare, indicates signs of redundancy (profit margins and surpluses) among the operators of out-of-home frameworks. Audit findings indicate that the current tendering mechanism fails to foster genuine competition, as about 60% of tenders result in any compliant bid being awarded, and stifling dynamism in the social services market, which remains predominantly under the control of long-standing providers. A substantial 89% (NIS 3.1 billion) of payments for these services are directed to operators with 17 or more years of experience in providing services to the Ministry. This scenario stems from threshold conditions set within tenders that act as entry barriers for new bidders, including stringent administrative requirements that are challenging for newcomers, as well as benchmarks that do not necessarily correlate with the actual service quality provided, thus favoring established operators. The audit further reveals that the structure of the rate disbursed by the Ministry of Welfare to the operators of out-of-home frameworks does not align with their genuine expense structures, and the Ministry has not recouped over half a billion NIS for services reportedly unprovided. Additionally, there are challenges in the effective supervision of service quality.

Consequently, the tendering approach employed by the Ministry of Welfare for the management and procurement of outsourced welfare services is suboptimal, failing to achieve the intended competitive market structure that would enhance, in practice, service quality for its recipients.

To promote competition and improve the quality of social services in the short term, the Ministry of Welfare should strive to increase the number of bids in tenders by exploring the provision of "nascent protection" or alternative strategies. It is recommended to consider revising the threshold conditions for bidders to enhance competition without compromising bid quality, to inform inspectors of awarded bids, to mitigate distortions in the existing rate mechanism, and to offset the rate for insufficient staffing levels. Moreover, it is recommended that the Ministry conduct an occupation analysis for the inspector position and evaluate the necessity of updating the role in line with global models. From a strategic perspective regarding the long-term vision of the Ministry of Welfare's outsourced social procurement market, the Competition Authority, in cooperation with the Ministry of Finance, the Prime Minister's Office, and the Ministry of Welfare, should establish an inter-ministerial team to thoroughly assess the market for outsourced welfare services and identify optimal mechanisms to leverage competition advantages, while also considering alternative models for welfare service provision recognized internationally. This initiative to ensure the delivery



of quality services to recipients, particularly those belonging to the most vulnerable populations in Israeli society.



Report of the State Comptroller of Israel | July 2024

Ministry of Communications

Cellular Communication Infrastructure



Cellular Communication Infrastructure

Background

Cellular communication infrastructures are essential for maintaining a normal lifestyle and developing the Israeli economy and industry. The implementation of advanced cellular infrastructures promotes initiatives in various sectors, including health, transportation, and agriculture, resulting in economic benefits. The cellular market is regulated through licenses issued by the Ministry of Communications to cell companies under the Communications (Telecommunications and Broadcasting) Law, 1982, and the Wireless Telegraph Ordinance [New Version], 1972, permitting the use of a limited state resource – radio frequencies. As stipulated in these licenses, cell companies are obligated to establish cellular broadcasting installations and ensure coverage across areas via cellular communication networks, thereby delivering reliable service to the public while accommodating the increasing volume of cellular data consumption in Israel. Cellular communication technology is categorized by "generations" (from 2 to 5), with any significant technological advancement necessitating a redeployment or enhancement of the physical communication system classified as a new generation. The transition between generations enables the evolution of new services and the enhancement of existing services and user experiences. The Ministry of Environmental Protection issues, under the Non-Ionizing Radiation Law, 2006, construction and operating permits for cellular broadcasting installations (antennas) and supervises the compliance of cell companies with permit conditions.



Key Figures

NIS 9.1 billion

cellular infrastructure companies' revenues in Israel in 2022

64th place out of 145

Israel's rank in the median mobile download speed index out of 145 countries as of August 2023

0 financial sanctions

imposed by the Ministry of Communications on cellular infrastructure companies regarding cellular coverage

8,262

active cellular broadcasting installations (antennas) in Israel – as of July 2023

over 17 years

the Ministers of Environmental Protection have not regulated maximum exposure levels to radiation from cellular broadcasting installations, as required by law

only 3% of local authorities

declared that reception in the residential neighborhoods under their jurisdiction is good

55% of residents

in 18, local authorities reported reception difficulties in internet usage on cell phone (without a wireless internet network)

53%

of peripheral Arab communities have no 5G technology broadcasting installations (local authorities with 10,000 or more residents)



Audit Actions



From February to July 2023, the State Comptroller's Office audited cellular communication infrastructures, including obligations of cellular companies and their supervision; Planning, licensing, and placement of cellular broadcasting installations; Protection against radiation from cellular broadcasting installations; And cellular communication infrastructure utilizing 5th generation technology. The audit was conducted at the Ministry of Communications, with completion examinations carried out at the Ministry of Environmental Protection, the Ministry of Health, the Ministry of Finance, the Ministry of Transport and Road Safety, the Planning Administration, and the following municipalities: **Harish, Beit Shemesh, Rahat, Modi'in-Maccabim-Re'ut, Baqa al-Gharbiyye, and Herzliya.**

Additionally, data and information were collected from local authorities and residents using two audit tools. An internet survey combined with telephone interviews was conducted from September to October 2023 among 2,139 residents across 18 local authorities in Israel. This survey focused on the nature and quality of cell reception, interviewing a representative sample of the local authority surveyed. A questionnaire distributed to 35 local authorities, adequately representing districts, municipalities, local authorities, and regional councils. The questionnaire addressed the quality of cell reception within the authority's territory as of July 2023, public inquiries regarding cell reception, and the establishment of cellular broadcasting installations on properties owned by the local authority. 32 local authorities responded to the questionnaire.

Key Findings



Quality of the Cellular Infrastructure

- As of August 2023, Israel ranks 64th among 145 countries in the median download speed index for mobile browsing.
- The Ministry of Communications has not exercised its authority to impose financial sanctions on cellular infrastructure companies concerning their cellular coverage obligations.



Cellular Coverage and its Quality

- **The Ministry of Communications' Data on Cellular Coverage and its Quality**

The Ministry of Communications has delineated in the licenses for operators of mobile radio telephone, specific obligations to reliably deliver services to their subscribers, ensuring quality that meets the standards outlined in their licenses. Additionally, the Ministry has established coverage obligations in the licenses granted to cellular infrastructure companies, when as of February 2023, these companies are required to comply with coverage obligations for 4th generation technology, ensuring coverage for 99% of the population. This includes providing coverage for 95% of the area within each local authority and coverage ranging from 80% to 95% for roads. It was found that:

- The Ministry of Communications does not require cellular infrastructure companies to provide coverage data, settling for reports relying on their projections, which may not accurately reflect cell reception. In March 2023, cellular infrastructure companies reported meeting coverage obligations in 98.9% to 100% of local authorities. However, significant discrepancies were identified between these reports and audit findings on cell reception, as detailed below.
- Until 2023, the Ministry did not evaluate the accuracy of the reports submitted by cellular companies regarding compliance with coverage obligations in their licenses. There was no assessment of compliance based on actual data or projections.
- The Ministry of Communications' information, was based solely on the cellular infrastructure companies' projections. Hence it is insufficient to draw reliable conclusions regarding their adherence to the obligations outlined in their licenses related to cellular coverage and network quality. Consequently, the Ministry cannot perform comprehensive supervision of the companies or determine whether there is justification for imposing financial sanctions for non-compliance.

- **Cellular Coverage and Quality**

- In the analysis of cell reception quality in Israel, it was found that the public faced challenges regarding cell reception in various local authorities, resulting in moderate to poor reception and malfunctions while using cellular phones. These findings were generated from responses provided by local authorities to the State Comptroller's Office questionnaire, consultations with local authorities' engineering units, and a survey conducted among residents. Specifically, 28% of responding authorities reported reception difficulties in



their jurisdictions; 37% of surveyed residents indicated that cell reception in their homes was average or poor, while 50% experienced malfunctions when attempting to use their cell phones within a month before the survey. Additionally, 29% reported moderate or poor cell reception outside their homes, and 42% experienced malfunctions while attempting to make calls outdoors during the same period. Furthermore, 37% reported difficulties in contacting them due to reception issues at home or in their residential areas, and 55% reported challenges using the internet on their cell phones without a wireless internet connection.

- Significant discrepancies were identified between the the Ministry of Communications' data, by which the quality of reception is generally good or even optimal, and the reports from local authorities and residents regarding actual cell reception quality. For instance, in the 18 local authorities surveyed, 11% to 78% of respondents experienced moderate or poor cell reception outside their homes, contrary to the Ministry's claim that cellular coverage in these areas ranges from 99.92% to 100%, indicating full or nearly complete coverage.
- These audit findings raise concerns that the cellular infrastructure companies do not meet the coverage and reception threshold required by the licenses.
- **Cell Reception in Judea and Samaria** – the State Comptroller's Office survey in May 2022 on the security of residents in Judea and Samaria on the traffic routes, found that 81% of respondents reported little to moderate cellular coverage in their regular travel areas.
- **Cell Reception in Bomb Shelters** – cell reception may be inadequate in sheltered structures, hindering mobile phone use for those staying in such buildings. In November 2023, the Ministry of Communications issued a public notice regarding the possibility of conducting cellular calls in sheltered structures with weak reception (such as bomb shelters or apartment shelters) using Wi-Fi calling technology. However, this option is conditional and may not adequately address all instances where the public needs mobile phone access within sheltered structures.
- **Complaints Regarding Cell Reception Difficulties** – complaints received by the Ministry of Communications regarding cell reception difficulties for two and a half years indicated issues concentrated in 21 specific local authorities and neighborhoods, inconsistent with the data provided by cellular infrastructure companies. Nonetheless, the Ministry did not demand that the cellular infrastructure companies provide accurate data (as opposed to projections) on cell reception in the above local authorities and neighborhoods and did not independently verify cellular coverage in these areas.
- **Transparency of Information Regarding Cellular Service Coverage and Quality** – it was found that the Ministry of Communications does not publish the coverage data it possesses, including projections from cellular infrastructure



companies. Furthermore, the Ministry has not published the findings, either through maps or any other means, related to cellular coverage along Route 40 and Route 13 (in the Eilat and Arava area), as raised in inspections conducted in October 2022.

Planning, Licensing, and Placement of Cellular Broadcasting Installations

- **Shortage of Broadcasting Installations** – according to the Ministry of Communications' information in May 2023, there is a shortage of thousands of broadcasting installations in Israel. However, the Ministry lacks comprehensive data on all the missing broadcasting installations, particularly at the local level, which is essential for providing quality cellular services to the public.
- **Amendment No. 128 to the Planning and Building Law** – Amendment 128 established a licensing track for cellular broadcasting installations through the National Infrastructure Commission. As of June 2023, this licensing track, established by the amendment enacted in January 2022, had not been utilized.
- **Updating the National Outline Plan** – in August 2021, the government instructed the Ministry of Communications and the National Council for Planning and Building to promote changes to the national outline plan for small and miniature broadcasting installations (NOP 36/A). However, about two years later, the Planning Administration and the Ministry of Communications have not completed the implementation of this decision, mainly due to the Ministry's failure to provide the Planning Administration with a professional planning team, due to budgetary shortage for hiring the team's services.
- **Placement of Broadcasting Installations on Government Buildings** – the government's resolution from August 2021 to promote the establishment of cellular broadcasting installations atop government housing buildings was minimally implemented. The number of broadcasting installations on these buildings increased from 11 to only 17 between January 2021 and June 2023. Additionally, during the two years from August 2021 to the audit end, the ministers of communications did not report to the government of the implementation of the decision according to the format set out in the government decision.
- **Broadcasting Installations in the Territories of Local Authorities**
 - **Placement of Broadcasting Installations on Local Authority Buildings** – 59% of authorities responding to the questionnaire did not install broadcasting installations on buildings or land owned or leased by the authority. In situations where cell reception quality is inadequate, and no broadcasting installations exist on authority properties, there is a concern that the authority does not increase the number of broadcasting installations in its area despite the potential for such an increase to enhance cellular coverage and reception quality for residents.



- **Collection of Rental Fees for Broadcasting Installation Placement** – a discrepancy was noted in the average rental fees for broadcasting installation placement across nine local authorities, with differences reaching up to 400% (ranging from NIS 2,083 per month in Elad to NIS 10,583 per month in Herzliya). Furthermore, the gap in average monthly rent paid by one cellular company to various local authorities in 2023 reached up to 500%. These disparities indicate significant differences in the rental fees demanded by local authorities when imposing disproportionately high rental fees compared to local authorities with similar characteristics, which may lessen a cellular company's incentive to install a broadcasting installation within its jurisdiction.
- **Planning Cellular Infrastructure in New Local Authorities and New Residential Neighborhoods** – the Planning and Building Law, 1965, permits planning authorities to include guidelines regarding cellular communication infrastructure in their plans; However, it does not mandate this inclusion. Twelve out of thirty-two authorities (37%) responded in the questionnaire that no guidelines were established for erecting cellular antennas in the plans related to neighborhoods that were planned, constructed, or inhabited between 2019 and 2023. Including guidelines pertaining to cellular broadcasting installations in plans for new local authorities and neighborhoods that may enhance service quality for residents upon initial occupation and potentially mitigate objections to establishing cellular facilities in designated areas. Some authorities reported that cell phone coverage in the neighborhoods was moderate or low after the building and population.
- **Planning Cellular Infrastructure in Tunnels** – in August 2022, Highway 16 at the entrance to Jerusalem opened to traffic; However, the road tunnel's cell reception regulations were not established until May 2023. Consequently, the Ministry of Transport has decided that future projects involving tunnels will require executing plans incorporating cellular communication infrastructure. As of August 2023, this decision has yet to be anchored officially by the Ministry of Transport.



Protection Against Radiation from Cellular Broadcasting Installations

In 2011, the World Health Organization's International Agency for Research on Cancer classified non-ionizing radiofrequency radiation as a potential carcinogen in humans, a classification still recognized in 2023.

- **Determining Maximum Exposure Levels to Radiation from Cellular Broadcasting Installations**
 - **Enactment of Regulations** – for over 17 years, regulations have not defined the maximum permissible exposure levels for humans to radiation from radio frequency sources (radiation from cellular broadcasting installations), as stipulated by the Non-Ionizing Radiation Law, 2006. Maximum exposure levels are set in rules published by the Radiation Commissioner in the Ministry of



Environmental Protection in 2009 and in the operating permits issued by the Radiation Commissioner.

- **Determining Maximum Exposure Levels Without the Involvement of the Ministry of Health** – the Ministry of Environmental Protection consulted the Ministry of Health regarding maximum exposure levels in 2007 while the latter was formulating draft regulations. Since then, for about 17 years, there has been no consultation on the matter between these two ministries. During this period, the Ministry of Environmental Protection established maximum exposure levels to radiation from cellular broadcasting installations in 2009 and ratified these rules in 2010 and 2020 without consulting the Ministry of Health, which is responsible for public health, and without rendering its opinion.
- **Formation of National Knowledge on the Health Consequences of Non-Ionizing Radiation** – Israel lacks a governmental entity dedicated to the health effects of non-ionizing radiation. Following the closure of the "Tnuda" knowledge center in 2022, there is no source of research information available to government ministries on the subject, also for informing and educating the public.
- **Examination of Health Aspects Regarding the Deployment of Fifth-Generation (5G) Infrastructure** – the Ministry of Health did not participate in the inter-ministerial team operating within the Ministry of Communications beginning in August 2020, at the initiative of the Ministry of Health to assess the health implications of radiation exposure from cellular infrastructure utilizing 5G technology. Consequently, the Ministry of Health did not formulate the team's decisions regarding health risks associated with deploying 5G technology. Although the Ministry of Health considered the "Tnuda" center as its representative within the team, concerns have been raised regarding the potential for decisions affecting public health to be made without direct involvement from the Ministry.

Monitoring Radiation from Broadcasting Installations

- **Measuring Radiation Intensity in Practice** – the Ministry of Environmental Protection monitors radiation emissions from cellular broadcasting installations using four methods, one of which includes a "continuous monitoring system" linked to the radio switches of cellular infrastructure companies. It was noted that the Ministry's only independent monitoring measure assessing actual radiation intensity in the field was implemented on less than 1% of active broadcasting installations in 2020–2022.
- **Collection of Fees Vis-a-Vis the Allocation of Supervision Resources** – the Ministry of Environmental Protection collects annual fees from cell companies in exchange for permits to construct and operate cellular broadcasting installations, which was about NIS 8 million in 2021 and NIS 11.3 million in 2022. However, these



fees are transferred to the State Treasury and are not allocated as the Ministry's resources for monitoring purposes. Consequently, these payments are inaccessible to the Ministry of Environmental Protection for monitoring broadcasting installations. The Ministry of Environmental Protection indicates that it lacks data on the total budget for monitoring radiation from cellular broadcasting installations in those years. However, the Ministry of Environmental Protection's data indicate that the budget for the calibration of measuring devices and the budget for the continuous monitoring system combined was about 11.5% of the cellular permit fees collected in 2021 and about 8% of the fees collected in 2022.

- **Publication of Information About Radiation from Cellular Broadcasting Installations** – the Ministry is not in compliance with the Non-Ionizing Radiation Law, 2006, and its associated regulations, as it has failed to publish data about the actual radiation intensity of broadcasting installations to the public.
- **Information to the Public** – providing adequate information regarding the health consequences of non-ionizing radiation and the necessity for additional broadcasting installations to mitigate radiation exposure levels may significantly reduce public objections and facilitate the expansion of cellular infrastructure. However, the relevant government ministries – the Ministry of Communications, the Ministry of Environmental Protection, and the Ministry of Health – do not recognize their responsibility for carrying out such outreach initiatives, nor have they established any requirements for outreach activities. According to findings from the State Comptroller's Office questionnaire to local authorities, outreach activities were not conducted in 91% of the local authorities that responded between 2019 and 2023.

Cellular Communication Infrastructures Through 5th Generation Technology

The 5th generation technology facilitates rapid data downloading and uploading and enhances cellular service capabilities that were unattainable in earlier generations.

- **Deployment of 5th Generation Infrastructure** – from August 2020 to the end of 2020, 762 broadcasting installations utilizing 5th-generation technology were established. Additionally, the companies awarded deployment grants in the 5th generation tender received, cumulatively, NIS 200 million, disbursed at the end of 2022. As of July 2022, the average coverage of 5th-generation cellular networks in households within the European Union was about 80% (coverage in at least one network), while in Israel, cellular infrastructure providers (except for one) were required to achieve 70% coverage of the population in residential areas and 65% coverage of residential areas by October 2023 within the 700 MHz frequency bands allocated in the 5G tender. Furthermore, they were required to achieve deployment in statistical areas that will provide them with at least 200 points within the frequency bands ranging from 3,500 to 3,800 MHz allocated in the 5G tender. However, as of October 2023, the Ministry of Communications had not received



coverage data for 5G technology, enabling it to assess compliance with license obligations or determine whether sanctions were necessary. The rates of deployment and operation of the installations above suggest, as of July 2023, that the scope of deployment did not align with the Ministry of Communications' licensing requirements, and Israel's coverage rate with this technology is lower than that of the previous year in most EU countries, with 1,943 active 5G broadcasting installations in Israel at that time.

- **Geographical Distribution of 5th Generation Infrastructures** – an analysis of active 5th generation broadcasting installations relative to population size raised significant disparities between large and peripheral local authorities. Notable gaps existed among more significant peripheral local authorities with populations exceeding 100,000, with discrepancies reaching 285% (comparing **Tel Aviv-Jaffa**, which had 5.86 installations per 10,000 residents, with **Bat Yam**, at 1.52 installations per 10,000 residents). In peripheral local authorities with populations under 10,000, the gap widened to 692% (comparing **Eilat**, at 6.89 installations per 10,000 residents, with **Netivot**, at 0.87 installations per 10,000 residents). The most alarming findings were raised regarding infrastructure in Arab settlements: as of July 2023, 44 out of 58 (76%) peripheral Arab local authorities had no active 5th-generation broadcasting installations. Additionally, disparities were evident in peripheral local authorities (populations of 10,000 or greater) between Arab and non-Arab local authorities, as Arab ones have less than one-fifth of the average number of installations compared to Jewish ones.



Supervision of the Ministry of Communications over Cellular Companies

- **Supervision Methodology** – as of the audit date, the supervisory authorities at the Ministry of Communications lack a methodology and tools for assessing the compliance of cellular infrastructure companies with the cellular coverage obligations outlined in their licenses.










The State Comptroller's Office commends the inter-ministerial team, led by the Ministry of Communications, established in December 2020, for its efforts in promoting legislative amendments to enhance the planning and licensing processes for cellular infrastructure in Israel.

The State Comptroller's Office also commends the Ministry of Communications for its initiatives to foster competition among cellular operators by reducing barriers to subscriber transition and facilitating the entry of virtual operators into the market since 2010, resulting in lower subscription prices for consumers charged by cellular infrastructure companies.



Furthermore, the State Comptroller's Office commends the initiatives of the Ministry of Environmental Protection in operating the "continuous monitoring system" – a computerized framework that remains connected to the radio switches of cellular companies, designed to retrieve data on the broadcasting capacities of each facility.

Key Recommendations

-  Given the anticipated increase in cellular data consumption in the coming years, the Ministry of Communications should prioritize enhancing cellular service quality in Israel.
-  The Ministry of Communications should obtain regular and comprehensive data from cellular infrastructure companies regarding the actual cellular coverage of their networks, as well as data about the quality of these networks. This data should be analyzed continuously, and an independent audit should be conducted to ensure that the companies comply with their license obligations. Such measures will enable adequate supervision and enforcement of the obligations imposed on cellular infrastructure companies under their licenses.
-  Additionally, it is recommended that the Ministry utilize surveys and questionnaires to identify discrepancies between its data and actual reception reports from the public and local authorities, and address these disparities.
-  The Ministry of Communications, in collaboration with the Civil Administration in Judea and Samaria, should complete cellular coverage on the roads of Judea and Samaria, as stipulated in the licenses awarded to the cellular infrastructure companies operating in this region. Completing cellular coverage is essential in a high-risk area where security incidents and terror attacks occur frequently.
-  It is recommended that the Ministry of Communications publish information on cellular coverage levels in Israel, including quality data at the local level derived from independent testing. Regular updates should reflect any new findings based on the data maintained by the Ministry.
-  The Ministry of Communications should compile data on the scope of necessary broadcasting installations to ensure high-quality cell reception, categorized by geographic areas and local authorities, and subsequently establish broadcasting installations in areas where they are insufficient.
-  The Ministry of Communications and the Planning Administration should expedite the update of NOP 36/A (the national outline plan for small and miniature broadcasting installations) under Government Resolution 209 of August 1, 2021, to align the plan with public needs in mobile communications. Hence, the Ministry should allocate a budget to support the implementation of the government's resolution. At the same time, the Planning



Administration should convene the Draft Committee to form and approve the plan by the governmental.



Local authorities and the Ministry of Construction and Housing should ensure that both outline and detailed plans for the new neighborhood adequately address the requirements for cellular infrastructure. Furthermore, it is recommended that the Planning Administration, in collaboration with the Ministry of Communications and the Ministry of Justice, regulate by incorporating a mandate within local outline plans and detailed plans to guarantee the necessary cellular infrastructure response.



The Minister of Environmental Protection should enact regulations concerning permissible radiation exposure levels from cellular broadcasting installations, following consultations with the Minister of Health and the Minister of Communications, as mandated by the Non-Ionizing Radiation Law, 2006.



The Ministry of Health, responsible for safeguarding public health in Israel, should systematically compile and continuously update professional information regarding the effects of non-ionizing radiation on public health, ensuring this information is accessible to both the public and relevant government ministries involved in mobile communication infrastructure deployment, as well as in monitoring and controlling the activities of mobile communication installations.



It is recommended that the Ministry of Environmental Protection and the Ministry of Finance collaborate to secure an adequate budget for monitoring operations related to broadcasting installations, considering the collection of fees from cellular companies in exchange for permits for the construction and operation of broadcasting installations. Additionally, the Ministry should enhance supervisory operations to ensure compliance with the maximum power limits established by the Ministry.



The Ministry of Environmental Protection should publicly disclose the data regarding radiation measurement results and inspections of radiation sources under the Non-Ionizing Radiation Law, 2006.



The Ministry of Communications, the Ministry of Environmental Protection, and the Ministry of Health should develop a standardized format for informing the public about the health impacts of radiation from cellular broadcasting installations. This includes identifying the responsible party for disseminating this information, outlining specific tasks, and ensuring accountability for task completion. Should there be a lack of consensus among the ministries on these issues, the matter should be addressed through a governmental resolution.



The Ministry of Communications should collect data on the number of 5G broadcasting installations required to ensure adequate service quality for the public and assess the cellular coverage of these installations. The Ministry should enforce cellular companies' compliance with their licensing obligations concerning 5G network coverage and



deployment, utilizing available enforcement tools, including sanctions for violations, as permitted under the Wireless Telegraph Ordinance [New Version], 1972, and the Communications (Telecommunications and Broadcasting) Law, 1982.



The Ministry of Communications should establish detailed minimum infrastructure deployment targets across all local authorities, ensuring that peripheral and Arab communities can access advanced infrastructure.

Comparison of the Interviewee's Rate Reporting Moderate or Poor Cell Reception with Data from the Ministry of Communications Regarding the Rate of Cell Coverage in the Local Authority

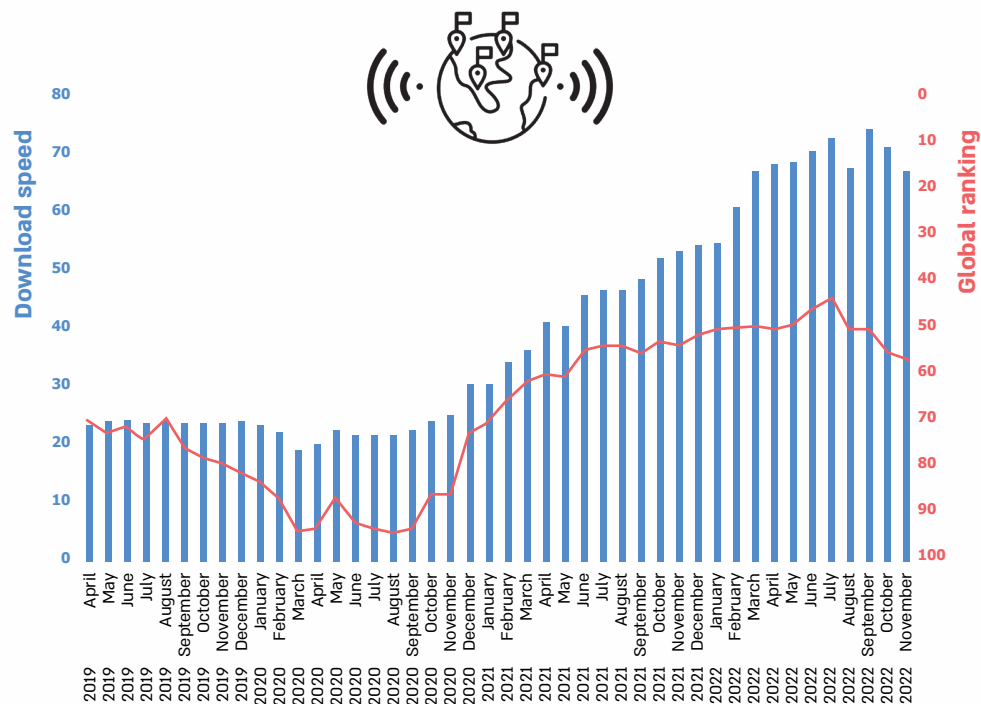
The Local Authority	Respondents rate who reported average or poor cell reception outside their home	Cell coverage rate according to the Ministry of Communications data
Rahat	78%	99.67%
Baqa al-Gharbiyye	74%	100%
Harish	61%	100%
Majd al-Krum	59%	100%
Beit Shemesh	37%	100%
Elad	35%	100%
Tiberias	32%	100%
Rosh Ha'ayin	28%	100%
Netivot	27%	100%
Ashkelon	20%	99.97%
Nahariya	19%	100%
Ashdod	19%	99.96%
Modi'in-Maccabim-Re'ut	18%	100%
Tel Aviv-Jaffa	17%	99.98%
Beer Sheva	16%	100%
Rishon Lezion	16%	100%



The Local Authority	Respondents rate who reported average or poor cell reception outside their home	Cell coverage rate according to the Ministry of Communications data
Haifa	14%	99.92%
Herzliya	11%	99.95%

According to the findings of a survey conducted by the Office of the State Comptroller and according to data from the Ministry of Communications based on reports from cellular infrastructure companies processed by the Office of the State Comptroller.

The Average Mobile Download Speed (in megabytes per second) and Israel's Rank Among 145 Countries, April 2019 to October 2022



According to data from the Ministry of Communications, processed by the Office of the State Comptroller.



Summary

Cellular communication infrastructures are essential for maintaining a normal lifestyle and developing the Israeli economy. Implementing advanced cellular infrastructures promotes initiatives in various sectors, including health, transportation, and agriculture, resulting in substantial economic benefits. The Ministry of Communications has authorized cellular infrastructure companies to utilize radio frequencies, a finite state resource, to ensure adequate cellular services for the public, particularly in response to the growing demand for these services.

According to the Ministry of Communications' data, data consumption in Israel through cellular networks increased 28-fold from 2013 to 2022, at an exponential rate of 40% annually. An expected 43-fold increase in data consumption is anticipated by 2030, driven by the development of new cellular infrastructure applications. As of August 2023, Israel ranks 64th among 145 countries in the median surfing speed index. This audit report highlights significant challenges in cell reception quality in numerous local authorities throughout Israel. It identifies deficiencies within the governmental bodies responsible for ensuring efficient and secure cellular service for the public. Much of the audit's findings pertains to the Ministry of Communications' regulatory role in the industry. It was determined that the Ministry did not fully exercise its authority to gather information from cellular companies regarding public service delivery; instead, it relied on the companies' projections, which do not accurately reflect actual service levels. Moreover, the Ministry has not established supervision methodologies to assess the extent of compliance by cellular infrastructure companies with their obligations, nor does it possess sufficient information to ascertain whether and how well the companies are meeting their service coverage and quality requirements as stipulated in their licenses.

Furthermore, the State Comptroller's Office survey raised notable discrepancies between the Ministry of Communications data and the reports from local authorities and survey participants regarding the quality of cell reception. In the 18 local authorities surveyed, 11% to 78% of respondents experienced moderate or poor cell reception. Conversely, the Ministry of Communications reported coverage rates in these local authorities ranging from 99.92% to 100%, indicating full or nearly complete coverage. These findings raise concerns that the cellular infrastructure companies may not meet their licenses' coverage and reception standards.

The audit underscores the significant difficulties in cell reception within the examined local authorities stemming from a lack of broadcasting installations. The Ministry of Communications has not evaluated the needed number of installations and thus lacks data on the extent of absent broadcasting capabilities. An analysis of the deployment and operational status of 5G installations indicates that, as of July 2023, the deployment of 5G technology broadcasting installations did not align with the requirements outlined in the Ministry of Communications licenses. Moreover, Israel's coverage rate for this technology appears to be



inferior to the coverage rates that existed a year earlier among most European Union countries, despite 1,943 active 5G technology broadcasting installations in Israel as of July 2023. The audit also raised considerable disparities in deploying 5G technology communication infrastructures between central and peripheral local authorities, with the most severe coverage gaps observed in peripheral Arab ones. Although the Ministry of Communications has pursued legislative amendments to enhance the planning and licensing processes for cellular infrastructure in Israel, these processes have not improved.

Additionally, the report raised deficiencies in public protection against radiation from cellular broadcasting installations. The monitoring measures implemented by the Ministry of Environmental Protection, designed to assess actual radiation levels from these installations, primarily rely on data provided by the cellular infrastructure companies. Furthermore, no regulations have been enacted to define maximum exposure levels mandated by law. Instead, the Ministry of Environmental Protection has set permitted exposure levels without consulting the Ministry of Health, as the Ministry of Health does not address the health effects of non-ionizing radiation.

The Ministry of Health, responsible for public health, has not compiled professional information on the effects of non-ionizing radiation on public health, resulting in a lack of resources following the closure of a government-established knowledge center. Although the Ministry of Health acknowledges the insufficiency of the information available on the implications of radiation from 5G technology broadcasting installations on public health, which complicates the assessment of health risks associated with such exposure, it did not participate in the decision-making processes related to health risks associated with the deployment of cellular communication infrastructures.

Government transparency in presenting data from various ministries to the public could empower residents to make informed choices regarding cellular phone usage. While some states disclose information about cellular coverage through projections and measurement results via maps, notable deficiencies exist in the publication of data regarding the extent of cellular coverage and service quality and findings from radiation assessments of cellular broadcasting installations. Additionally, a lack of a standardized public information format regarding the effects of radiation from these installations on public health has been identified. This information is crucial for providing the public with reliable insights and addressing concerns, thereby facilitating the expansion of cellular infrastructure necessary to ensure high-quality service.

It is recommended that the government ministries, led by the Ministry of Communications, the Ministry of Health, and the Ministry of Environmental Protection, along with their respective ministers, address all deficiencies raised in the report. Rectifying these deficiencies may improve the quality of cellular services offered to the public in Israel while ensuring the protection of public health.



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Chapter Two

Government Ministries



Report of the State Comptroller of Israel | July 2024

Prime Minister's Office

Protection of Computerized Information Within the Prime Minister's Office



Protection of Computerized Information Within the Prime Minister's Office

Background

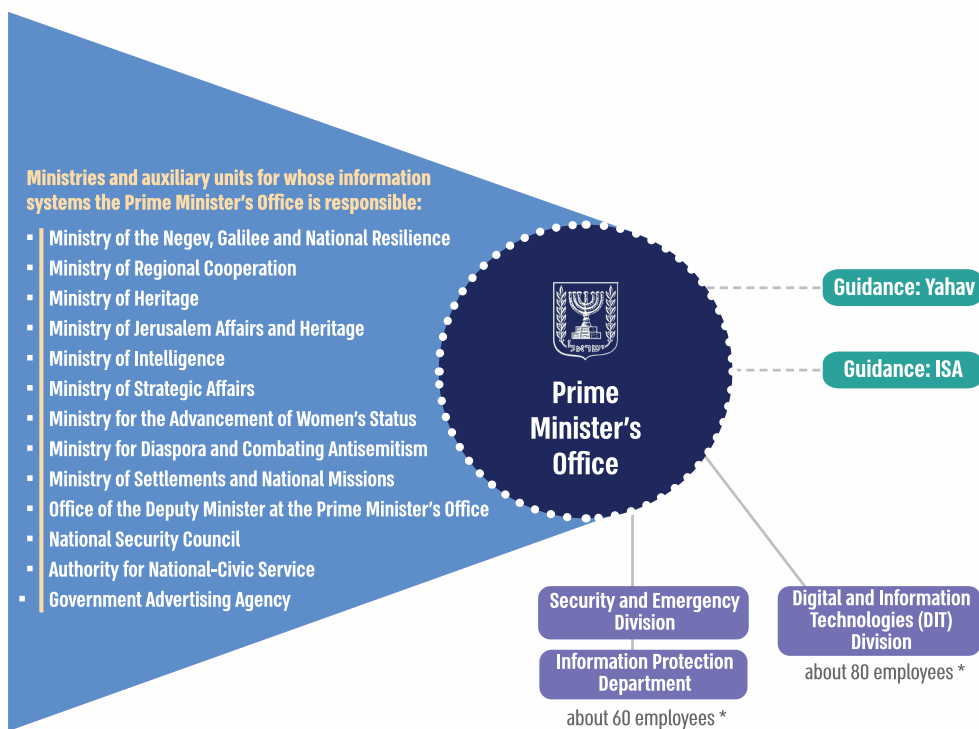
The Prime Minister's Office is responsible for the implementation of the political, economic, social, and administrative vision of the Prime Minister and the government regarding key agenda issues. The Office provides information systems management services and data protection to 13 auxiliary units and to other government ministries. The National Security Council (NSC) operates as an auxiliary unit of the Prime Minister's Office, serving as the headquarters for the Prime Minister and the government in regard to Israel's foreign and security affairs. All bodies and units receiving information systems management and data protection services from the Prime Minister's Office shall be referred to hereinafter as the Prime Minister's Office.

The computerized systems within the Prime Minister's Office contain substantial information, including sensitive information, information that is considered 'classified' from a security perspective, and information categorized as highly confidential. Any damage in regard to this information, including its leaking, disruption, or unavailability, could result in severe long-term harm to the security of the State of Israel or its critical infrastructure, particularly during times of war when incidents of cyber-attacks increase. Therefore, the protection of classified information managed by the Prime Minister's Office is of utmost importance.

In terms of information protection, the Prime Minister's Office adheres to guidelines set forth by regulatory authorities, following the established protection doctrine set by the relevant regulator for each network. The professionals assigned to data protection within the Prime Minister's Office include the Senior Digital and Information Technologies Division (DIT Division), responsible for information technologies and the safeguarding of unclassified information, as well as the Information Protection Department within the Security and Emergency Division, which oversees the protection of classified information.



The General Organizational Structure of Digital Technologies and Information Protection in the Prime Minister's Office, the Ministries and the Auxiliary Units for Whose Information Systems the Prime Minister's Office is Responsible and the Bodies Guiding the Office



Source: The Prime Minister's Office, the DIT Division, Presentation 2022; The DIT Division, Cyber Defense Steering Committee Presentation, May 2, 2023; Regulation of Security in Public Bodies Law, 1998; Government Resolution 2443 (February 15, 2015).

* Employees in the Prime Minister's Office as well as employees hired by the Office (outsourcing). According to data from the Security and Emergency Division in the Prime Minister's Office, about 10 of the 60 employees in the Information Protection Department were involved in cyber defense.



Key Figures

low protection level

Prime Minister's Office's classified networks have a lower level of protection than required

about 49 million

attempted attacks on the remote connection service at the Prime Minister's Office in January-May 2023 alone

dozens

active users on a classified network at the Prime Minister's Office entered the network, contrary to the logical settings established by the Prime Minister's Office

Audit Actions

From March to August 2023, the State Comptroller's Office audited the protection of computerized information, primarily within the classified computer networks of the Prime Minister's Office. The audit included several key areas: the overall management of information protection within the Prime Minister's Office, including budgetary aspects; the user identification system and authorization management; the monitoring of systems within a specific network; the currency of operating system and software versions; and security of classified information. The audit focused mainly upon the Prime Minister's Office and the National Security Council (NSC), with supplemental examinations conducted at the Cyber Defense Unit ('Yahav'), the Israel Security Agency (ISA), and the Civil Service Commission.

For protection of state security, the sub-committee of the Knesset State Audit Committee decided not to bring this report before the Knesset in its entirety, but to publish only parts thereof, under Section 17 of the State Comptroller's Law, 1958. The confidentiality of this data does not prevent the understanding of the nature of the audit.

Key Findings



Overarching Management of Information Protection

- Management of Steering Committees and Frequency of Meetings – the Steering Committee for Cyber Protection is mandated to raise the level of cyber protection within the government ministry and to supervise the implementation of



such measures. The audit found several deficiencies concerning the operation of the steering committees in the Prime Minister's Office: the Committee for Information Protection did not convene with the required frequency from 2018 to 2022; the position of chairperson was unoccupied in 2020; between 2020 and 2022, the Committee was not chaired by the Director General of the Prime Minister's Office, contrary to government resolutions. The Committees for Protection of Unclassified Information and for Classified Information did not adequately address the process for examination and approval of annual work plans from 2019 to 2022.

- **Formulation of a Cyber Protection Policy and Risk Surveys** – the Prime Minister's Office approved the unclassified information protection policy in November 2018, but it has not been updated or validated for four and a half years, as required by the regulatory authorities' guidelines, despite significant organizational changes, including: the establishment of the Information Protection Department in the Security and Emergency Division, and the assumption by the Prime Minister's Office of responsibility for managing information systems and information security across other government ministries. The established information protection policy did not encompass all required areas, nor was it approved by the Director General as mandated. Furthermore, the risk survey conducted by the Prime Minister's Office did not adhere to the stipulated guidelines.
- **Control Over Cyber Protection Implementation in the Office** – the Steering Committee failed to address the findings calculated by way of the index created by "Yahav" (which assesses governmental administrative control regarding cyber protection), despite indicators reflecting a decline in the overall score of the Prime Minister's Office (from 86% to 68%) and a significant decrease in three levels of control: management responsibility and compliance and two other levels of protection.
- **The IT Budget of the Prime Minister's Office** – the execution of the Prime Minister's Office budget for information technologies under the regulation entitled "computing expenses" from 2018 to 2023 varied between about NIS 49 million and NIS 68 million annually. Data from the SIGMA (System for Integrated Government Management and Administration) System do not clarify the Prime Minister's Office's total IT budget or the specific allocation for cyber defense, impeding transparency regarding compliance with the government resolution to allocate 8% of the budget for cyber defense. Moreover, the classification of the Office's expenses across 11 different budget regulations complicates data aggregation, hindering the Steering Committee's ability to confirm adequate resource allocation for cyber protection. From 2018 to 2023, the Steering Committee for Unclassified Information did not ensure sufficient resources were allocated for cyber protection, as required by the government resolution.



- **Discharging of Core Positions by the Digital and Information Technologies Division Director** – from 2021 and continuing until mid-2023, the Director of the DIT Division discharged, in effect, three out of five key positions in the information technology sphere of the Prime Minister's Office. Additionally, in 2018, 2019, and 2022, the Director served as the interim chair of the Steering Committee for Protection of Unclassified Information. The dual responsibilities may impair the performance of the tasks for which he is responsible. Furthermore, managing the DIT Division while performing the duties of an information security officer, may hinder the ability to supervise and regulate information security tasks effectively. The Civil Service Commission permitted the Prime Minister's Office to forgo one position – the Office's technology manager – without providing reasons.

User Identification and Authorization Management

- **Identification for Accessing the Network** – access protocols to the networks of the Prime Minister's Office do not adhere to the standards outlined by regulatory authorities. Additionally, the logical settings established for user passwords are inconsistent with established guidelines.
- **Management of Network Access Privileges** – the Prime Minister's Office exhibits deficiencies in managing access privileges across its computer networks. Deficiencies were identified in the identification system that was set up and implemented by the Prime Minister's Office, including with respect to regular network access password updates, which fail to align with established office procedures. Such deficiencies have arisen regarding user accounts in various groups. These deficiencies compromise system protection and pose significant risks to the integrity, confidentiality, and availability of information on the Office's networks, and this requires prompt rectification.
- **Management of Permission Groups on a Specific Network** – in addition to network access permission, employees are also given permissions set for the work groups to which they belong. In a particular network that was examined, permission groups were found that were no longer relevant, such as a group that was assigned to the team of a former minister without portfolio who left office more than a decade ago, as well as dozens of "duplicate" groups with the same name, each of which included different members. The Prime Minister's Office lacks centralized supervision regarding the contents and subject matter of each authorization group.
- **Setting Expiration Dates for Accounts** – the setting of expiration dates for user accounts is vital for effective management and oversight of permissions and enables control over permissions granted. The Prime Minister's Office has implemented expiration dates for only a portion of active user accounts (ranging from 19% to 62% across networks examined). Moreover, certain accounts designated as expired remain "enabled", with findings indicating 6% to 40% of accounts retaining "enabled" status post-expiration in the networks examined. Additionally, several



accounts were identified with expiration dates set far into the future, between 2033 and 2071, rendering them ineffective.

- **Control of User Management** – in a specific network reviewed within the Prime Minister's Office, there has been a lack of supervision concerning user group permissions and employee access approval, as required by regulatory guidelines, for a period extending from early 2020 to August 2023.
- **Access to Networks of Inactive Accounts** – the Prime Minister's Office permits access to networks through inactive user accounts, with findings raising that between 18% and 43% of accounts remained enabled despite non-usage. Furthermore, access is granted via accounts belonging to former employees. Permitting access to networks through these accounts allows unauthorized parties – internal or external – to view and use information, and therefore poses a significant risk to the information stored on networks.
- **Suspicion of Unauthorized Account Use After End of Employment** – audit findings raise suspicion that former employees accessed their accounts after they were no longer employed, or that others, in the Office or outside it, may have made use of these accounts, while being exposed to information on the Prime Minister's Office networks that they were not authorized to access and being able to perform actions that they were not supposed to perform. Among other things, the account of a former Minister and the account of a senior official in the Prime Minister's Office, who had long since finished their terms, were used. These suspicions require an exhaustive in-depth examination of each of the cases, to verify or dismiss any such suspicion.



Monitoring Systems in a Specific Network

- Monitoring operations on the network enables the detection of unauthorized attempts to access systems, identification of attacks, and support for recovery from information security incidents. It was found that the Prime Minister's Office did not activate the monitoring system in a specific network examined as required: certain network components were not connected to the Office's Monitoring System (SIEM), while others failed to generate LOG files. Additionally, the audit raised concerns regarding insufficiently established rules for monitoring systems, particularly in defining the scenarios that would trigger alerts. Consequently, the Office's capacity to detect system attacks and recover efficiently has been impaired.
- The Office also did not establish a standard duration for addressing alerts within the specific network examined. Furthermore, there were concerns regarding information security due to the partial staffing of the SOC position responsible for the same network, particularly in relation to high-severity alerts.



Currency of Versions of Operating Systems and Software

- **Systems Functioning After the End of Their Life Cycle**
 - In a specific network examined within the Prime Minister's Office, servers and several communication components were found to be beyond their support phase, thereby exposing them to discovered vulnerabilities. The utilization of these components by the Prime Minister's Office contravenes regulatory guidelines, and no adequate security measures have been implemented for their use, which would constitute a violation of the Privacy Protection (Information Security) Regulations, 2017.
 - Within the networks examined, there are servers and communication components operating with outdated versions of their operating systems, with the life cycle end date having long passed (between 17% and 27% of the servers on the networks examined). This situation leaves these servers susceptible to vulnerabilities associated with their operating systems, contravening regulatory guidelines.
- **Installation of Security Updates** – the Prime Minister's Office has not ensured timely installation of required updates for server operating systems, resulting in exposure of the Office's information systems to numerous vulnerabilities, including those frequently exploited by cyber attackers globally. A significant number of servers have at least six-month delays in critical security updates as of the examination date (July 2023).

Protection of Information in Classified Security Networks

- **Information Protection Level in Classified Networks Within the Prime Minister's Office** – the information protection level on the networks is lower than the required standards and does not meet regulatory requirements. This is particularly concerning as the Prime Minister's Office is a target facing constant threats at a critical severity level. The existence of classified networks with insufficient protection could lead to substantial damage to the State of Israel in various aspects, including political, security, economic, and reputational harm.
- **Information Protection on a Specific Classified Network Examined** – for more than a year and a half, from the date the Information Protection Department submitted its findings regarding information security on the classified network examined until the audit end date, no significant deficiencies identified during the examination were rectified. Consequently, this network remains at risk due to these deficiencies.
- **Resilience Testing and Protective Measure Installation on a Specific Classified Network** – the Prime Minister's Office has not conducted a penetration



test on this classified network, as mandated, for at least six years (from 2018 to 2023).

- **Prevention of Information Leakage** – the Prime Minister's Office has not implemented protective measures on the particular classified network equivalent to those installed on another classified network.










The State Comptroller's Office commends the Prime Minister's Office's response to the audit findings. The Prime Minister's Office stated that the recommendations of the State Comptroller Office were consolidated by the Digital and Information Technologies Division, responsibilities for implementation were assigned, and a timetable was established for the completion of implementation according to their designated urgency. The Office indicated that the relevant parties are committed to the matter and are dedicated to its advancement.

Key Recommendations

- 💡 The Prime Minister's Office should achieve the required level of protection for its networks in accordance with the guidelines set forth by regulatory bodies.
- 💡 The Prime Minister's Office should establish steering committees for cyber protection, led by the Office's Director General, and convene these committees as frequently as needed. These committees should review the information security work plans annually, make decisions on their approval, and document these decisions in meeting summaries. Furthermore, it is recommended that an updated policy for the protection of unclassified information be presented to the steering committee for review and approval, as required.
- 💡 The Prime Minister's Office should compile data on all available budgets for information technology management across all bodies it is responsible for, while also maintaining a separate budget record specifically for cyber defense initiatives. It is recommended that the Office formulate its information technology management budget requirements annually to minimize the need for significant budget increases throughout the year.
- 💡 The Prime Minister's Office should implement a mechanism to ensure appropriate protection when accessing the Office networks, adjusting logical access requirements accordingly. It is essential that passwords for all accounts active within the Office networks are changed at the required frequency.
- 💡 The Prime Minister's Office should: regularly update user groups established on the specific network examined and remove unnecessary groups; to assign expiration dates for all



temporary employee accounts; to develop a policy concerning expiration dates for tenured employee accounts; to ensure that individuals with expired account access are prohibited from network entry; and to establish an effective control system for managing access privileges across the networks.

-  The Prime Minister's Office should revoke access privileges of employees upon their departure from the office, deactivate unused accounts, and ensure these accounts maintain an "inactive" status. It is also recommended that the Prime Minister's Office generate an "anomalies report" to identify irregularities in the management of access systems to the Office's networks.
-  In collaboration with the Israel Security Agency, the Prime Minister's Office should conduct thorough inspections to investigate potential misuse of employee accounts post-employment, perform lateral inspections of all office networks, and act based on the inspection findings.
-  The Prime Minister's Office is required to finalize activities pertaining to the monitoring system on the specific network examined: connect all system components to the SIEM, ensure each component generates LOG files, and establish rules for analyzing the resultant data. Additionally, it is recommended that the Prime Minister's Office set a standard duration for handling alerts from the monitoring system.
-  The Prime Minister's Office should ensure that products are not utilized beyond their life cycle and guarantee that security updates are installed in accordance with the manufacturer's instructions.
-  The Prime Minister's Office should address deficiencies related to the security of information on the specific classified network examined, verify the protection measures in place, and conduct penetration tests as necessary, acting based on the results.
-  The Prime Minister's Office should mitigate the risk of information leakage from its defense targets.
-  Regulatory bodies responsible for supervising the Prime Minister's Office concerning information security on the Office networks should ensure that the Prime Minister's Office rectify any deficiencies found in the audit.



Summary

The Prime Minister's Office is responsible for the planning and implementation of the policy of the government and Prime Minister regarding key agenda issues. The Prime Minister's Office has information systems which are used by sensitive organizations, including the Prime Minister's Bureau, the Government Secretariat, the Prime Minister's Military Secretariat, and the National Information System. Additionally, operating therein is an auxiliary unit serving as the headquarters for the Prime Minister and the government in regard to Israel's foreign and security affairs. The audit raised several overarching deficiencies concerning information protection within the Prime Minister's Office, including with respect to the work of cyber protection steering committees operating within the Office and the management of the Office's information technology budgets.

The computerized systems within the Prime Minister's Office contain substantial information, including sensitive information and information that is highly classified. The required protection for classified information is at the highest level. The audit found that the network protection level within the Prime Minister's Office is inadequate, which poses a risk of significant detrimental effects for the State of Israel in the political, security, economic, and reputational spheres.

Deficiencies were found in managing access privileges to the computerized systems of the Prime Minister's Office. A monitoring system was not activated on one network as required, diminishing the Office's ability to detect and respond to system attacks adequately. Furthermore, essential updates for various systems, including server operating systems, were not implemented, leaving information systems vulnerable to cyber threats widely exploited by attackers worldwide.

The State Comptroller's Office commends the Prime Minister's Office's response to the audit findings. The Prime Minister's Office stated that the recommendations of the State Comptroller's Office were consolidated by the Senior Digital and Information Technologies Division, responsibilities for implementation were assigned, and a timetable was established for the completion of implementation according to their designated urgency. The Office indicated that the relevant parties are committed to the matter and are dedicated to its advancement. The Security and Emergency Division stated it would initiate operations in 2024 to supervise and control unclassified information networks concerning functional continuity and information leakage.

The responsibility for addressing the deficiencies found in the audit regarding the management of information technologies and security of computerized information within the Prime Minister's Office lies with the Director General of the Prime Minister's Office, who also chairs the Cyber Defense Steering Committee. It is imperative for the Prime Minister's Office to rectify the deficiencies outlined in this report.



The Israel Security Agency and the "Yahav" Unit within the National Digital Agency, tasked with advising the Prime Minister's Office on information security, should ensure the audit findings rectifications.



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Prime Minister's Office

Information Security in the Conversion Authority at the Prime Minister's Office – Results of Resilience Test



Information Security in the Conversion Authority at the Prime Minister's Office – Results of Resilience Test

Background

Conversion refers to the process by which an individual joins Judaism. The Conversion Authority within the Prime Minister's Office was established by government resolution in February 2008 and is responsible for all processes related to the State of Israel conversion. This Authority supervises the special conversion courts, facilitates the instruction of converts prior to conversion, provides them support throughout the process, and implements the conversion procedures leading to the issuance of the "certificate of conversion", which serves as a civil-legal confirmation of religious conversion and is recognized in all relevant contexts within Israel.

The Conversion Authority handles over 5,000 conversion processes annually across various demographics, employing about 70 staff members, including rabbinical judges. The processes are administered via the "Maor" system, a computerized application developed by the Prime Minister's Office. The information and documents stored within this system are sensitive; any breach in regard to the confidentiality, integrity, or availability of said information could result in significant financial and reputational harm to both the State of Israel and the converts.



Key Figures

3

types of breaches were raised by the audit, through which the audit team was able to generate false conversion certificates

6 deficiencies

were found in the resilience test and defined as "critical" or "high" level risks

Audit Actions



In August 2023, the State Comptroller's Office conducted a resilience test for the Maor system used by the Conversion Authority operating within the Prime Minister's Office.

For the protection of state security, the sub-committee of the Knesset State Audit Committee decided not to bring this report before the Knesset in its entirety, but to publish only parts thereof, under Section 17 of the State Comptroller's Law, 1958. The confidentiality of this data does not prevent the understanding of the nature of the audit.

Key Findings



Critical Risk Level Deficiency – Circumvention of Established Business Logic Within the System, Enabling the Issuance of a Fraudulent Conversion Certificate – the audit was able to circumvent existing work processes and control measures within the system and generate a fake conversion certificate, which would allow its holder to falsely represent themselves as Jewish, thereby misleading individuals and state institutions that view such a certificate as official certification of a religious conversion.



Five High-Risk Deficiencies Were Identified, including the susceptibility to an anonymous attacker overwhelming the system by automated submission of forms for the mass opening of files.



Five Moderate-Risk Deficiencies Were Identified.



Ten Low-Risk Deficiencies Were Identified.

It should be noted that the majority of the identified deficiencies pertain to an "internal threat", indicating a potential risk from users with access to the Maor system, as opposed to an "external threat" from unauthorized parties.



In its response dated March 2024, the Prime Minister's Office outlined its initiatives to address the deficiencies identified during the penetration test, including rectification of the critical deficiency soon after the test was conducted. The State Comptroller's Office commends the actions taken by the Prime Minister's Office to rectify these deficiencies prior to the compilation of the final audit report.

Key Recommendations



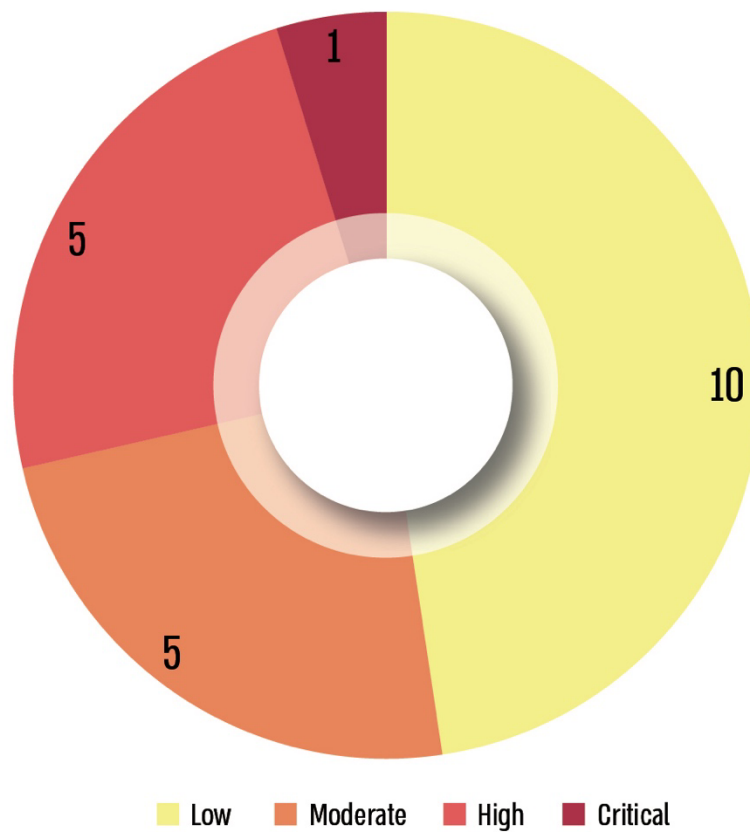
It is recommended that the Prime Minister's Office address the deficiencies identified during the test.



It is recommended that the Prime Minister's Office, the Cyber Defense Unit (Yahav), and the "e-gov" Unit rectify the online form for the "Request to open a conversion file".



The Number of Deficiencies Found in the Resilience Test Conducted on the "Maor" System in August 2023, Broken Down Into Risk Levels





Example of Fake Conversion Certificate Generated by the Audit



מוערך הגיור
משרד ראש הממשלה

תאריך: כ"ח אב תשפ"ג

15/08/2023

תעודת רישום חמרת דת מס': 306269

לפי פקודת העדה הדתית (חמרה), 1927

תעודת המרה

שם משפחה	אביב	שם פרטי	אלי
שם תאב	מיכאל שמירא	שם פרטי חדש	
מספר זיהוי	000000018	מין	נקבה
ארץ דרכון	אבחזיסטאן	ארץ לידה	איטליה
תאריך לידה	02/09/1990	עדה אליה נתקבלה	יהודית
מען	יפו 11 ירושלים		
בית דין המיוחד	צפון		

בהתאם לפקודת העדה הדתית (חמרה) לשנת 1927, חריני לאשר כי
ההמרה לעדה יהודית נרשמה על ידי כנדרש

תאריך הגיור	כ"א אב תשפ"ג	08/08/2023
תאריך חטבילה	כ' אב תשפ"ג	07/08/2023



המסמך על המחזור לענייני המרת דת
הרב משה זלר - ראש מערך הגיור



Summary

Conversion refers to the process by which an individual joins Judaism. The Conversion Authority within the Prime Minister's Office is responsible for all processes related to state conversion in the State of Israel. This Authority supervises the special conversion courts, facilitates the instruction of converts prior to conversion, provides them support throughout the process, and implements the conversion procedures leading to the issuance of the "certificate of conversion", which serves as a civil-legal confirmation of religious conversion and is recognized in all relevant contexts within Israel.

The State Comptroller's Office assessed the integrity of the computerized system utilized by the Conversion Authority. The information and documents stored within this system are sensitive; any breach in regard to the confidentiality, integrity, or availability of said information could result in significant financial and reputational harm to both the State of Israel and the converts. The audit uncovered a critical vulnerability within the "business process" of the Conversion Authority, specifically, the potential for the generation of fake conversion certificates, which would enable their holders to falsely represent themselves as Jewish, thereby misleading individuals and state institutions that recognize this certificate as official certification of religious conversion.

In its response dated March 2024, the Prime Minister's Office outlined its initiatives to address the deficiencies found during the penetration test, including rectification of the critical deficiency soon after the test was conducted. The State Comptroller Office commends the actions taken by the Prime Minister's Office to rectify these deficiencies prior to the compilation of the final audit report.

The Prime Minister's Office is urged to address the deficiencies highlighted in this audit, as detailed in the report. Additionally, it is recommended that the National Digital Agency and e-gov Unit evaluate whether the deficiencies identified are applicable to other computerized government services involved in the issuance of official certificates to the public.



Report of the State Comptroller of Israel | July 2024

Ministry of National Security

Fire Investigation at the National Fire and Rescue Authority



Fire Investigation at the National Fire and Rescue Authority

Background

The National Fire and Rescue Authority (the FRA or the Authority) operates under the National Fire and Rescue Authority Law, 2012 (FRA Law) to extinguish and prevent fires. According to the FRA Law, the Authority should investigate fire incidents to ascertain their circumstances and causes. Moreover, it outlines investigation protocols, certifies investigators and their powers, ensures the integrity of criminal investigations, and submit conclusive reports regarding the investigation. The National Fire and Rescue Authority (Investigation of Fires) Regulations, 2014 (the Regulations) detail guidelines concerning the investigation's objective, methodology, including eligibility criteria to perform an investigation. Fire investigation is at the core of the Authority's activity, and its findings may contribute to preventing future fires and assist the courts in determining the scope of direct liability and insurers' liability for fire damages.



Key Figures

**117
people**

died in fires in 2019–2023

**about
328,532
dunams**

burned in fires in 2019

**over NIS 7
billion**

fire damage cost across the country per year¹

**about
50,000**

fire incidents (responding to the call and extinguishing the fire) per year are handled by the FRA

**only about
9%**

of the fires handled by the FRA in 2022 were investigated (4,016 fire incidents), and about 14% of the fires handled by the FRA in 2023 were investigated (6,107 fire incidents)

**at least
50%**

of the fire investigation cases FRA opened in 2020–2022 (8,011) were closed only about a year later, and about 10% of the cases (1,537) were still open in September 2023

75%

of the investigation cases opened by the police on suspicion of arson crimes in 2019–2022, (9,030 out of 12,084) were closed without indictment


228

investigation cases were opened by the police in 2019–2022 on suspicion of arson on a nationalistic background, of which 33% resulted in indictments

¹ Estimated by the FRA, Keren Kayemet L'Israel – The Jewish National Fund and the Nature and Parks Authority



Audit Actions

 From January to September 2023, the State Comptroller's Office audited the Fire and Rescue Authority (FRA) fire incident investigations including the operational concept of the investigation system, its regulation, and the methods of its implementation; The management of human capital, including training programs and the maintaining of personnel competence, the investigation process and its outcomes, and the collaborative working interfaces between the investigation system and police officials. The examination was conducted at the FRA Commission and its districts, with supplementary examinations at the Police Forensics Department.

Key Findings



The Operational Framework of the Fire Investigation System – the FRA operates without written policy documents approved by the Authority's headquarters, delineating its operational principles in the fire investigation. Additionally, the current policies in fire investigation do not derive from a documented risk analysis or optimal management.



The Initiation of Fire Incidents Investigations – the FRA's procedures do not specify the officials who are authorized to decide whether a fire incident require investigation, and if the conditions set out in the Regulations are met. This ambiguity, particularly concerning the decision-making process during non-business hours and on rest and Sabbath days, may result in delayed decision-making, undermining the investigation's effectiveness. Furthermore, the procedure for launching an investigation into a fire incident varies by different districts of the FRA, lacking uniformity in the instructions and guidelines to investigators across regional fire stations nationwide. The risk levels for fire incidents outlined in the Authority's operations department's procedures, which relate to the contours of the fires (vehicles, open space, buildings) do not necessarily align with the event classifications established in the Regulations, which focus on different parameters (e.g., suspected arson, fire with casualties, and fires in buildings handled by the Authority).



Decision to Not Investigate Fires – the Authority failed to investigate, on average, about 89% of the fires it handled between 2019 and 2022 (around 188,000 incidents) that were reported to the Authority's investigation system by the FRA control center. This occurred without the authorized officials assessing whether these incidents required investigation according to the Regulations. In 2022, the investigation system conducted a total of 4,016 investigations. According to the segmentation performed by the FRA's



research department, 184 instances, were not investigated (4.5%) due to documented reasons such as difficulties in investigating (96 cases), minor damage (74), and due to police orders (12). However, no documentation was available detailing the decision-making process for not launching an investigation regarding the 40,573 fire incidents reported to the investigation system in 2022 (constituting 90.6% of all fires handled by the FRA that year).

🔴 Decision to Not Investigate Vehicle Fire Incidents – the bodies specified within the Regulations – the Commissioner or the District Commander – are not authorized to sweepingly decide not to investigate all vehicle fires. Nevertheless, it has been determined that initiating investigations into vehicle fire incidents, particularly those occurring while driving, is not mandatory in the Authority's Coast, and Judea and Samaria districts. In 2022, these districts handled 736 vehicle fires, of which only 25 were investigated. Hence, the competent bodies in the Regulations did not examine about 96% of the incidents reported to the investigation system in the aforementioned districts in 2022.

🔴 The Employment of an Information Gathering and Investigations Division – in 2002, an Information Gathering and Investigations Division was established within the FRA to facilitate ongoing activities related to information gathering and research regarding fire incidents and manage the fire investigation system within the Authority. However, the Authority's operations department has yet to define workforce headcount standards or operational objectives for the new division. As of February 2024, about 62% of the professional positions within the Information Gathering and Investigations Division remain unfilled (8 out of 13). Thus, four years following its establishment, the newly added units within the investigation system operate only partially. The current operational state of the investigation system is deficient, functioning in an outdated format, lacking a planning, guidance, and regulation unit, and lacking the capability for continuous supervision and oversight over investigators' activities across the FRA's districts and stations.

🔴 Staffing of Positions in the Investigation System – in 2023, the positions of commanders and investigators within the investigation system were understaffed. Of seven branch head positions, one remained vacant; Among the seven heads of investigation bureaus, two positions were unfilled. Additionally, 18% of regional fire station investigator positions were not staffed. Since 2020 the number of investigators who are firefighters conducting investigations in addition to their main tasks is 108. In 2023, only two-thirds of these positions (78) were filled, reflecting a significant decrease of about 70% in the workforce of firefighters conducting investigations in addition to their tasks since 2016, when 258 such positions were staffed.

🔴 Drafting of a Conflict of Interest Policy for Fire Investigators – the FRA has not established regulatory provisions within its procedures to prevent conflicts of interest for firefighters acting as fire investigators in addition to their tasks. In this state of affairs, a



firefighter functioning also as a fire investigator may be compelled to gather testimony from colleagues concerning their involvement in extinguishing a fire during a joint shift, potentially creating a situation that raises concerns regarding conflicts of interest.

Training of Fire Investigators and Maintenance of Competency – aside from an introductory investigator course, the Authority does not offer advanced training programs to improve the quality and level of investigations or mentor new fire investigators. Consequently, investigators are impeded from advancing their professional skills and improving investigation processes and outcomes. Furthermore, the senior commanders' course, intended, among other things, to elevate operational commanders' proficiency in investigations, was not conducted during 2022 and 2023. Hence, about 30% of all certified investigators (54 out of 183), including those holding investigator positions, do not engage in fire investigations in practice, rendering them unqualified to conduct investigations in 2023.

Disruption of the Incident Site – the FRA procedure stipulates that fire investigations should commence promptly after receiving a report about a fire incident. However, 28% of investigations (4,428 out of 15,868) carried out between 2020 and 2022 were initiated with a delay of two days or more; Additionally, 5% (825 investigations) were delayed by a week or more. Delayed arrival at the incident site may result in compromised evidence, negatively impacting the effectiveness and reliability of investigations. It was raised that in 8% of all fire incidents investigated from 2020 to 2022, the disruption of the incident site hindered the formulation of accurate conclusions.

Working Interfaces Between the FRA and Police Units – an analysis raised that 74% of investigation cases (6,728) opened on suspicion of arson from 2019 to 2022 were closed due to "unknown perpetrator" status, while 21% (1,869) were closed because of insufficient evidence. The high rate of cases labeled as "unknown perpetrators" suggests a deficiency in suspect apprehension concerning arson offenses.


Duration of Handling of Investigations – according to the Investigations Section guidelines, fire investigations should be completed within one month from the opening of the investigation case. However, FRA data from 2020 to 2022 indicates that at least 50% (8,011) of investigation cases were processed for an average duration exceeding 11 months. In 2023, about 10% of all fire investigation cases initiated from 2020 to 2022 (1,537) remained open for over 20 months, with about 85% lacking documented justification, thereby not providing adequate service to fire-affected citizens.


Professional Equipment and Safety Measures – the investigation system lacks innovative technological tools recognized in fire services globally, which could enhance the investigation process and optimize resource utilization. Examples include laser scanners for rapid documentation of fire scenes in 3D, LIDAR² technology for scene decoding, portable X-ray devices for imaging burned objects, hydrocarbon detectors, and

2 Light Detection and Ranging.





combustion accelerators to trace the cause of the ignition, drones and the use of advanced applications installed on mobile devices to collect evidence. Furthermore, except for the Dan district, the investigation system failed to compile a uniform list of investigative equipment for fire investigators based on the classification of investigations, locations of fires and evolving arenas; also, discrepancies exist between districts concerning the equipment required for investigators according to the equipment lists. Additionally, the currently available equipment for fire investigators, both investigative and personal protective gear, fails to meet professional and safety standards. This results in an inadequate supply of essential equipment such as gloves, helmets, safety shoes, flashlights, adapted cameras, and advanced technological tools, endangering investigators' health and safety and hindering investigation.

 **Information Sharing Between the FRA and Various Authorities** – the data archived in the FRA's investigation system regarding fire causes, could significantly aid various enforcement, security, regulatory, and local authority bodies in preventing fire incidents in populated areas. However, no defined information-sharing mechanisms are embedded in routine activities among these bodies.

 **Lack of Targeted Information Available to the Public** – failures in household electrical appliances is the leading cause of fires, accounting for 31% (1,310 out of 4,178 incidents), with the leading flammable items – various components in air conditioners (59%) being installed in nearly every building in Israel. However, the FRA website does not provide targeted information on failures of these products or guidance on preventing fires in air conditioners, refrigerators, washing machines, dryers, and other electrical products.

Key Recommendations

 The FRA should establish a coherent and systematic policy for the operation of the entire investigation system, including the publication of a comprehensive organizational procedure addressing all operational matters that will be obligatory for all units within the system, while also considering the unique circumstances of each district that may necessitate a separate operational approach. It is also recommended that the policy formulation and the procedure's publication be determined in a work plan that includes a timetable and milestones for implementation.

 Given the critical significance of senior roles within the investigation system (at the Commission and districts) for the sustained high-quality operation of fire investigators nationwide, the Authority should prioritize the staffing of these positions. Additionally, considering that 80% of investigator roles at fire stations are occupied by firefighters conducting investigations in addition to their tasks, with one-third of these positions and



about 18% of investigator positions at regional fire stations remaining unfilled, it is recommended that the Authority engage with relevant stakeholders, including the Ministry of National Security and the Civil Service Commission, to address the current staffing structure of fire investigators. This will ensure that the investigation system is equipped with the personnel necessary to effectively perform its responsibilities as mandated by law.



Since the main objective of fire investigations is to ascertain the circumstances and causes of fires, hence increasing the number of investigations, in line with the conditions set out in the Regulations, can enhance both the effectiveness of fire prevention efforts and the dissemination of pertinent information to the public, particularly to those impacted by fires. Therefore, the FRA should identify the structural, operational, and administrative barriers that contribute to the significant disparity between the number of fire incidents annually and the number of investigations conducted. This includes evaluating the functional framework surrounding the employment of firefighters conducting investigations in addition to their tasks and exploring viable organizational solutions to close this gap. Additionally, authorized bodies within the FRA should develop detailed procedures regarding the decision-making process and documentation in cases of fire investigations not initiated, ensuring these procedures are integrated into the work of investigation officers in the Authority. Emphasis should be placed on the regulatory authority granted solely to the Commissioner and district commanders in making command decisions in this context.



Initiating an investigation into a fire incident within 12 hours following the fire's extinguishment allows the investigator to access the scene without restrictions, thereby increasing the likelihood of preserving evidence integrity. It is recommended that commanding officers at stations and the district's Head of Investigations verify the investigator's timely entry into the arena, ideally during the extinguishing operations, as outlined in the procedure. Furthermore, the district's Head of Investigations should assess the time elapsed from fire extinguishment to the commencement of the investigation, taking necessary measures to minimize this duration.



The Authority should ensure that investigators have adequate protective measures to conduct their investigations effectively, including the necessary equipment to safeguard their health and operational safety. Given the current lack of advanced technological resources for fire investigations, it is recommended that the Ministry of National Security, responsible for the Authority's proper functioning, collaborate to address these deficiencies. Concurrently, the Authority should consider the potential ramifications of insufficient investigative equipment and appropriate personal protective gear for fire investigators.

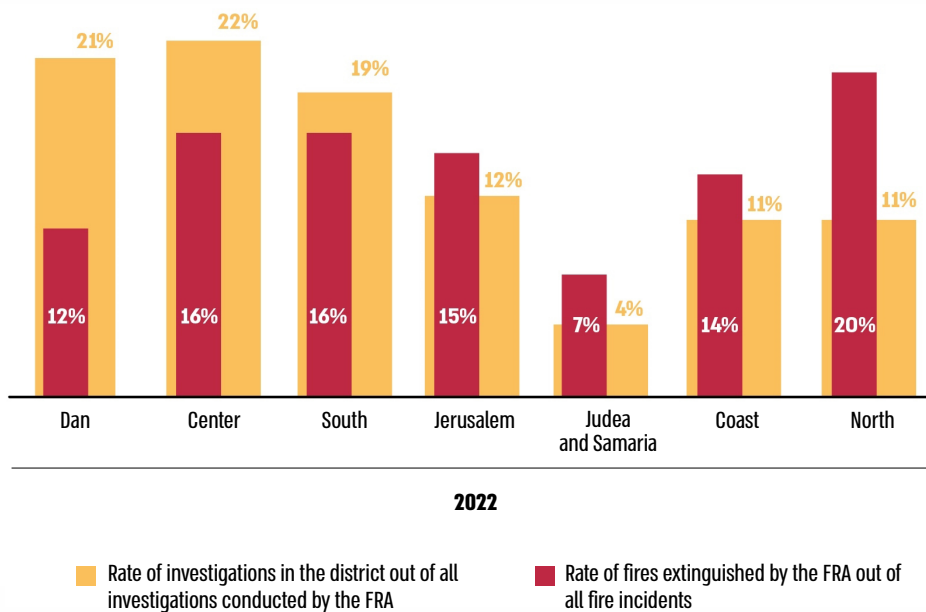


To ensure ongoing collaboration among the following bodies: FRA, pertinent government ministries (including the Ministry of National Security, the Ministry of Environmental Protection, and the Ministry of Economy), the national security system, and local authorities – concerning the investigation, protection, and prevention of fires, it is recommended that the FRA initiate inter-organizational regulation to facilitate the mutual exchange of information, including relevant insights from investigators.



Given the reduction of the outreach activities budget and the critical importance of prevention activities, the Authority should conduct a forward-looking situation assessment regarding the informational efforts of its fire protection department vis-à-vis the general public. As part of this assessment, an evaluation should be made to determine whether the resources allocated by the Authority for this matter are adequate to support a comprehensive outreach strategy across various media platforms targeting different population groups. Furthermore, it is recommended that targeted public information regarding the risks associated with household electrical products and a fire prevention guideline for these products be published on the FRA website.

The Investigations Rate Conducted by the Districts out of the Total Investigations Conducted in 2022, Compared to the Fires Rate Handled in the Districts out of the Total Fire Incidents Handled by the FRA





Summary

The National Fire and Rescue Authority Law and its regulations imposed the Authority to investigate fire incidents to identify their circumstances and causes. The outcomes of these investigations are intended to assist authorities, business entities, and the general public in preventing fires that threaten life and property, ultimately prioritizing the preservation of human lives.

The audit raised deficiencies related to the following: the activity of the FRA investigation system in building its force and its operation; The planning, management, and training of human resources required for the full conduct of fire investigations, in addition to the provision of necessary material resources for this purpose, including technological tools; And the management of both intra-organizational and extra-organizational interfaces within the investigation system.

The findings of this report indicate that the Authority is not adequately prepared to conduct comprehensive investigations as mandated by law. Since establishing the investigation system in 2012, an average of about 10% of fire incidents addressed by fire crews have been investigated. The decisions to not investigate the remaining incidents have not been based on systematic examination and proper decision-making procedures conducted by the authorized officials as required by the Regulations.

Addressing the gaps noted in this report necessitates the commitment of the FRA to implement the following actions: developing an effective operational framework for the investigation system, designing an organizational structure that meets operational needs, establishing a risk management-based policy, creating a systematic methodology, training, equipping, and retaining dedicated personnel to ensure sustained competency, and regulating collaborative interfaces with relevant organizations. The FRA should concentrate on fulfilling the purpose of fire investigations, including holding public outreach programs based on the findings of investigations to disseminate key messages regarding fire prevention and protection.



Report of the State Comptroller of Israel | July 2024

Ministry of Construction and Housing

Purchase and Sale of Public Housing Apartments – Follow-up Audit



Purchase and Sale of Public Housing Apartments – Follow-up Audit

Background

The government's housing assistance framework is a key component of the safety net provided to vulnerable populations in society. One form of assistance is the rental of state-owned apartments, offered without time limits and at subsidized rent, to households meeting eligibility criteria set by the state. The Ministry of Construction and Housing is in charge of managing the public housing inventory, including the purchase, allocation, and maintenance of apartments, as well as their sale to tenants in alignment with government decisions and the Public Housing (Purchase Rights) Law, 1998. The law objective is to mitigate with poverty among underprivileged populations through the transfer of capital to tenant families. The law expired in February 2023; however, as of December 2023, legislative procedures are underway in the Knesset to extend its validity, following private member bills that the government decided to support at the preliminary reading. It should be noted that in recent decades, the number of public housing apartments has steadily declined, mainly because the state sold more apartments to tenants than it purchased. Simultaneously, the number of eligible individuals waiting for public housing has continued to rise.



Key Figures

**about
48,000**

the number of public housing apartments in the public housing inventory in 2023, compared to about 54,000 apartments in 2018

only 460

the number of apartments purchased by the Ministry of Construction and Housing in 2020–2022 for about NIS 676 million, compared to about 3,500 apartments sold during the same period for NIS 1.13 billion

**only
1.7%**

the public housing apartments and housing units rate for the elderly managed by the Ministry of Construction and Housing out of all apartments in Israel in 2022 – lower than the in 2018 which was 2%

0

public housing apartments included in the "Reduced Price" and "Target Price" programs in 2021–2023, in which the state marketed land at a discount for the benefit of those without housing

**about
4,300**

the number of eligible individuals waiting for public housing in May 2023, compared to 3,700 in 2019

35 months

the national average waiting time for a public housing apartment as of May 2023, compared to 31 months in 2019 (increase of about 13%)

6


public housing apartments purchased by the Ministry of Construction and Housing in Modi'in Illit by the end of 2023, where there were no public housing apartments at all, out of 11 apartments approved for purchase in the city in 2022

0

public housing apartments purchased by the Ministry of Construction and Housing in minority communities, where there were no public housing apartments at all by the end of 2023, despite a 2020 decision to purchase 10 apartments in these communities




Audit Actions


 In May 2020, the State Comptroller published a report on the purchase and sale of public housing apartments (the previous audit). From February to September 2023, the State Comptroller's Office conducted a follow-up audit to assess the rectification of the main deficiencies highlighted in the previous audit. The current report presents the findings of the follow-up, including the implementation of decisions, actions taken to increase the inventory of public housing, and measures by the Ministry of Construction and Housing to maximize utilization of the existing public housing stock. The audit was conducted at the Ministry of Construction and Housing and Amidar, the National Housing Company in Israel Ltd. Supplementary examinations were carried out at the Ministry of Finance, the Ministry of Justice, and the Ministry of Aliyah and Integration.

Key Findings




 **Increase in the Number of Eligible Individuals Awaiting** – in May 2023, the number of eligible individuals awaiting for a public housing apartment was approx. 4,300, compared to 3,700 in 2019 (about 16% growth).



 **Average Waiting Time for Public Housing** – it was found that the national average waiting time for a public housing apartment increased since the previous audit period, from about 31 months in 2019 to about 35 months in May 2023, an increase of about 13%, averaging about 4% per year.



 **Public Housing Apartment Purchases and Sales** – it was found that in each of the years 2014–2022, the number of apartments sold by the Ministry of Construction and Housing under the Public Housing Law exceeded the number of apartments purchased. In total, about 12,900 apartments were sold for NIS 3.55 billion, compared to the purchase of about 3,100 apartments for NIS 3.93 billion. Additionally, in 2016–2019, the total cost of purchasing apartments exceeded the total revenue from apartment sales (about 2,300 apartments purchased for NIS 2.93 billion versus about 5,700 apartments sold for NIS 1.53 billion). However, in 2020–2022, the total revenue from apartment sales exceeded the total cost of apartment purchases (460 apartments purchased for NIS 676 million versus about 3,500 apartments sold for NIS 1.13 billion). As a result, the amount allocated in the Public Housing Fund for apartment purchases increased from about NIS 453 million in 2020 to about NIS 1.254 billion at the beginning of 2023 – nearly a threefold increase. Notably, by September 2023, about NIS 1 billion from the fund was allocated for paying for apartments under signed purchase agreements, leaving



an actual available balance of about NIS 250 million for further purchases. It should also be noted that the Public Housing Law expired in February 2023, and as of December 2023, the legislative process to extend its validity, which began in the Knesset with government support, had not yet been completed.

📌 Decline in the Public Housing Apartments Rate Out of the Total Housing in Israel – in 2022, public housing apartments were about 1.7% of all housing units in Israel, a decrease from 2% in 2018. This decline occurred as the number of public housing apartments decreased from about 54,000 in 2018 to about 48,000 in 2022 (a reduction of about 10%), due to the sale of apartments to eligible individuals. Simultaneously, the total number of housing units in Israel increased from about 2.65 million to about 2.85 million (an increase of about 8%).

📌 Policy Work on the Public Housing Inventory – in the previous audit, it was found that an inter-ministerial team established by the government had not submitted recommendations for a multi-year action plan to increase the public housing stock. The follow-up audit found that this deficiency was only partially rectified. In February 2022, a public committee was established to examine the eligibility criteria for public housing. By the end of 2023, the committee was working on formulating its conclusions and recommendations, but these had not yet been submitted. The committee's discussions addressed issues such as integrating public housing into housing tenders and long-term rental housing, which have not been implemented. Additionally, in August 2021, the Ministry of Construction and Housing and the Budget Department at the Ministry of Finance agreed to allocate funding for the purchase of 1,700 public housing apartments as part of a multi-year plan. However, by the end of the audit, no such plan had been formulated or submitted to the government. The importance of developing a plan to integrate public housing into long-term rental tenders has grown in light of the rise in the Rent Index by approx. 12% in 2020–2023, according to data from the Central Bureau of Statistics (CBS)¹.

📌 Failure to Purchase Public Housing Apartments in Certain Local Authorities Where Eligible Individuals Await Housing, Particularly in Minority Ones (Arab, Druze, and Bedouin) and in an ultra-Orthodox (Haredi) Ones Where no Public Housing Existed – the previous audit raised that, as a matter of policy, the Ministry of Construction and Housing did not purchase apartments in local authorities without existing public housing. These included cities in low socioeconomic clusters, most of which were predominantly inhabited by minorities or ultra-Orthodox populations. The follow-up audit raised **that this deficiency was only partially rectified**. The Ministry

¹ It should be noted that this index reflects changes in rent for tenants under existing contracts, tenants who have renewed contracts, and new tenants. For the latter two groups, it is possible that the increase in the index was higher. On this matter, see, for example: Central Bureau of Statistics, press release on "Consumer Price Index for June 2022," p. 4 (published July 2022).



of Construction and Housing changed its policy and initially decided to purchase apartments in local authorities without public housing: ten apartments in three minority ones, Umm al-Fahm (Arab), Rahat (Bedouin), and Shfaram (Arab-Druze), and 11 apartments in the ultra-Orthodox local authority of Modi'in Illit. However, the efforts by the Ministry of Construction and Housing and Amidar to purchase apartments in these local authorities were incomplete, and potential channels to facilitate apartment purchases in minority local authorities were not fully utilized. These included measures such as advertising on online platforms relevant to the populations in these areas and offering vouchers. As a result, by the end of 2023, no apartments had been purchased in the aforementioned minority local authorities, and only six apartments were purchased in Modi'in Illit.

Construction of Public Housing Apartments Within "Discounted Housing" Projects

– in the previous audit, it was found that until August 2019, the Israel Land Authority (ILA) issued tenders for only some of the projects, which included the construction of 203 public housing apartments within various "buyer's price" projects in six localities. The follow-up audit raised that this deficiency has not been rectified. It was found that by the end of 2020, the ILA marketed land through "discounted housing" tenders that included only 232 public housing apartments (including the 203 apartments cited in the previous audit). In 2021–2023, the ILA did not market any land that included public housing apartments, partly due to a policy change by the Israel Land Council on this matter. According to the Accountant General's Department in the Ministry of Finance, the construction of public housing apartments within these projects gave rise to methodological challenges that did not align with fiscal rules and national accounting standards. As a result, in 2021, the Israel Land Council's resolution permitting such construction was amended. Thus, the state has made almost no use of its primary tool to assist public housing eligibility amid the housing crisis. In 2020–2022, the state signed agreements for the construction of about 33,000 housing units under the "target price" and "reduced price" programs, providing land discounts of at least NIS 8.6 billion, according to the Accountant General's Department.

The Discrepancy Between Household Size and Number of Rooms in Public Housing Apartments

– the previous audit raised that about 2,100 public housing apartments were mismatched in size relative to the size of the families residing in them; for example, four-room or larger apartments occupied by a single tenant or two tenants only. The follow-up audit found that this deficiency remains unrectified. Aside from defining "housing surplus" as a situation where tenants hold more than one apartment, the Ministry of Construction and Housing failed to address the definition of "excess space housing", where a household eligible for public housing consists of one or two individuals living in an apartment with four or more rooms, as noted in the previous report. Furthermore, the Ministry of Construction and Housing has not yet examined potential mechanisms to incentivize tenants to exchange their apartments for smaller ones, nor has it assessed the proportion of tenants who would be willing to make such a change.



Expanding Ways of Identifying Apartments for Purchase – in February 2022, the Ministry of Construction and Housing launched a pilot program for apartment purchases by eligible individuals, titled: A Home for You. As part of this program, 400 eligible individuals were given vouchers that allowed them to identify an apartment for themselves, which the ministry would purchase for their residence. In December 2022, the Ministry's Director General instructed to expand the program, to include an additional 1,100 eligible individuals, bringing the total to about 1,500 participants. This initiative by the Ministry of Construction and Housing, allowing eligible individuals to locate apartments independently, is commendable. However, by the end of 2023, only 185 individuals had successfully purchased an apartment through this program, out of about 1,500 who received vouchers in 2022–2023.

Addressing Vacant Apartments – the Ministry of Construction and Housing sold 116 vacant apartments for which there was no demand by eligible individuals, with the proceeds from their sale earmarked for purchasing additional public housing apartments. Additionally, the ministry worked to refurbish 278 apartments to accommodate new immigrants.

Key Recommendations



The Ministry of Construction and Housing, together with the Ministry of Finance and in collaboration with other relevant bodies including the Israel Land Authority (ILA), the Ministry of Welfare and Social Affairs, and the Ministry of Aliyah and Integration, should formulate a multi-year national action plan to provide optimal government support for those in need of housing assistance. This plan should consider the work of the public committee established in February 2022 by the then-Director General of the Ministry of Construction and Housing, to examine eligibility criteria for public housing. Additionally, it is recommended that the Minister of Construction and Housing monitor the implementation of the government's March 2021 decision to develop a multi-year plan for those eligible for public housing assistance, provided by the Ministry of Construction and Housing. Following the government decisions from June 2023 to extend the validity of the Public Housing Law and as the legislative process advances, it is further recommended that the Ministry of Construction and Housing and the Ministry of Finance reach relevant agreements. These agreements should include a review of eligibility criteria for purchasing apartments, such as an assessment of the tenant's financial situation and the scope of the benefit.



It is recommended that the Ministry of Construction and Housing and Amidar purchase apartments for the public housing inventory in local authorities without existing public housing, particularly in minority communities such as Arab, Druze, Bedouin, and Circassian



communities, and in Ultra-Orthodox (Haredi) ones. They should fully utilize all available channels, including advertising in local newspapers and websites relevant to these communities, and organizing informational seminars for real estate agents and residents in collaboration with local authorities.



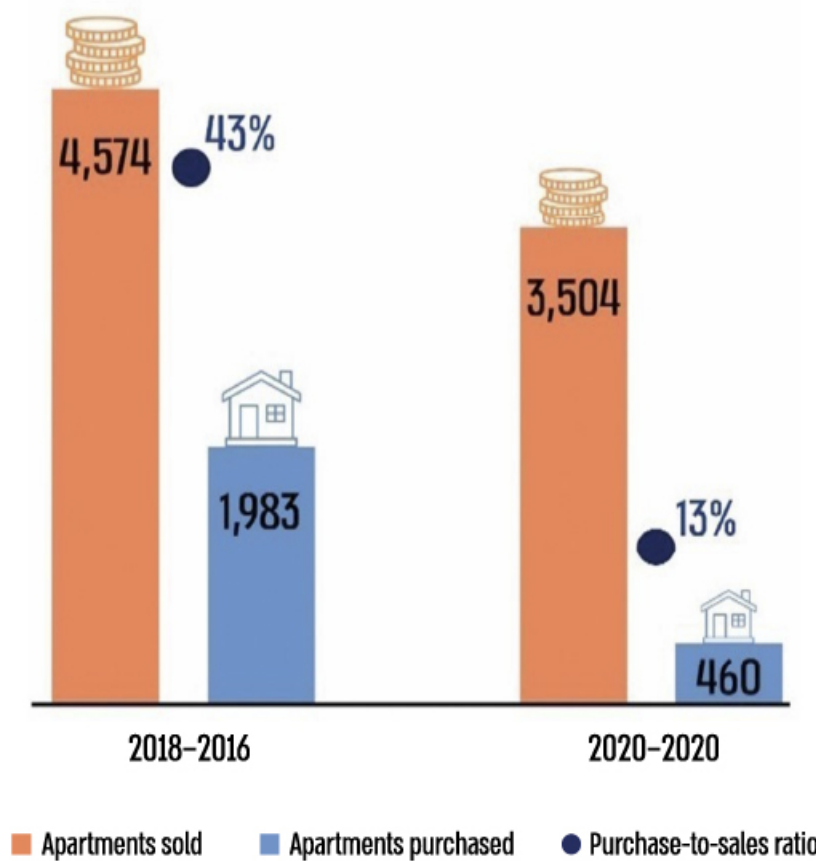
It is recommended that the Minister of Construction and Housing consider advancing the allocation of public housing apartments as part of the state's land marketing efforts. The Ministry of Construction and Housing, in collaboration with the Israel Land Authority (ILA), the Budget Department at the Ministry of Finance, and the Accountant General's Department, should consider including public housing apartments in "discounted housing" tenders. This would involve allocating funding for their construction, where only the land cost component would be discounted. Such an approach would enable the Ministry of Construction and Housing to acquire new public housing apartments at a reduced price through one of the government's key tools for addressing the housing crisis. This would improve the response to public housing-eligible individuals, particularly in local authorities where purchasing apartments has proven challenging.



It is recommended that if the validity of the Public Housing Law is extended in the future, the Ministry of Construction and Housing will issue a notice to public housing tenants regarding their right to purchase the apartments they reside in, in their native languages, including Amharic. Additionally, this information should be published on the Ministry of Construction and Housing's website.



The Number of Public Housing Apartments Purchased and Sold, and the Rate of Purchased Apartments Relative to Those Sold, 2016–2018 (previous audit) Compared to 2020–2022



Based on data from the Ministry of Construction and Housing, as processed by the State Comptroller's Office.



Summary

Over the years, the number of public housing apartments has decreased, while the number of eligible individuals awaiting public housing has risen to about 4,300 in 2023. Consequently, the national average waiting time for a public housing apartment has increased from about 31 months in 2019 to 35 months in 2023.

The follow-up audit raised that some deficiencies noted in the previous audit were partially or significantly rectified. Examples include the Ministry of Construction and Housing's policy shift to purchase apartments in local authorities that previously had no public housing, the Ministry's handling of vacant and uninhabitable apartments by selling or refurbishing them, and the return of apartments rented for public purposes to the public housing inventory. However, significant deficiencies raised in the previous audit remain unrectified or were only slightly rectified. These include the lack of a multi-year plan for the public housing stock, the exclusion of public housing in "discounted housing" projects, and the failure to advance efforts to match apartment sizes to household sizes.




The Minister of Construction and Housing should rectify the remain deficiencies and implement the recommendations detailed in this report, to improve responses for those eligible for public housing. It is further recommended that, following the government decisions regarding the extension of the validity of the Public Housing Law and depending on the progress of the legislative process, the Ministry of Construction and Housing and the Ministry of Finance should reach relevant agreements. As part of this, they should review eligibility criteria for apartment purchases, such as evaluating the tenant's financial situation, as well as the scope of the benefit.



The Rectification Extent of the Key Deficiencies Noted in the Previous Report

The Audit Chapter	The Audited Body	The Deficiency Noted in the Previous Audit	The Extent of Deficiencies Rectification Noted in the Follow-up Audit			
			Not Rectified	Slightly Rectified	Significantly Rectified	Fully Rectified
Staff work on the public housing stock	Ministry of Construction and Housing	The mismatch between household size and the number of rooms in public housing Apartments.				
Failure to purchase public housing apartments in certain localities where eligible individuals await	Ministry of Construction and Housing	The Ministry of Construction and Housing did not purchase apartments in local authorities without public housing, including cities in low socioeconomic clusters, most of which are predominantly inhabited by minorities or Ultra-Orthodox (Haredi) populations.				



The Audit Chapter	The Audited Body	The Deficiency Noted in the Previous Audit	The Extent of Deficiencies Rectification Noted in the Follow-up Audit			
			Not Rectified	Slightly Rectified	Significantly Rectified	Fully Rectified
Construction of public housing apartments within "discounted housing" projects	Ministry of Construction and Housing Israel Land Authority (ILA) Accountant General's Department Budget Department at the Ministry of Finance	The Israel Land Authority (ILA) issued tenders for only some of the projects, which included the construction of about 200 public housing apartments as part of various "buyer's price" projects in six local authorities.				
Mismatch between household size and number of rooms in public housing apartments	Ministry of Construction and Housing	In 2,100 public housing apartments, there was a mismatch between apartment size and size of family residing in them.				
Addressing the issue of vacant apartments	Ministry of Construction and Housing	The previous audit raised that about 270 public housing apartments were unoccupied and remained vacant for over a year.				



The Audit Chapter	The Audited Body	The Deficiency Noted in the Previous Audit	The Extent of Deficiencies Rectification Noted in the Follow-up Audit			
			Not Rectified	Slightly Rectified	Significantly Rectified	Fully Rectified
Issuing notifications to tenants in various languages regarding eligibility to purchase public housing apartments	Ministry of Construction and Housing	The Ministry of Construction and Housing sent letters to public housing tenants about their right to purchase the apartments only in Hebrew, through the companies managing the housing inventory.				



Report of the State Comptroller of Israel | July 2024

Ministry of Health

Clalit Health Services – Financial Audit



Clalit Health Services – Financial Audit

Background

The four Health Maintenance Organizations (HMOs) (Clalit Health Services, Maccabi Healthcare Services, Meuhedet Health Fund, and Leumit Health Services) provide healthcare services to their members under the National Health Insurance Law, 1994, which came into effect on January 1, 1995, and as part of health services the members are entitled to under this law (the basket). Clalit Health Services (the HMO or Clalit) is the largest of the four HMOs. As of December 2022, it provided healthcare services to about 51% of Israel's population (about 4.8 million members). Clalit operates in two main sectors: the community sector, which includes about 1,400 clinics providing healthcare services across nine districts nationwide; and the hospital sector, where Clalit owns and operates 14 hospitals, also distributed throughout the country.



Key Figures

**44.5
NIS billion**

the consolidated revenue of Clalit for 2022, 54% of the total revenue of the four HMOs combined (NIS 83 billion)

**NIS 5.7
billion**

deficit in Clalit's working capital as of December 31, 2022

**current
plus
93 days**

Clalit's payment terms to suppliers – longer than those stipulated by the Payment Ethics Law (which does not apply to the fund)

**1
NIS billion**

equity (surplus balance) of Clalit's subsidiaries as of December 31, 2022 – a sum that Clalit cannot withdraw from its subsidiaries for the benefit of its members due to the absence of holding permits¹

**NIS 287
million**

Clalit's annual rental expenses in 2022, (which increased compared to 2021, totaling NIS 260 million)

38%

primary clinics rate in Clalit (215 out of 568 clinics) with a real estate efficiency index below 70%, the efficiency threshold set by the HMO

**NIS 70
million**

annual value of unique benefits provided to Clalit's employees, retirees, and their family members


40 years

duration of Clalit's engagement with its accounting firm, noting that the partner in charge of Clalit's account at the firm was replaced only in 2019

¹ A holding permit delimits the scope of activities of the related corporation and establishes the HMOs supervision framework for its operations. Accordingly, the permit stipulates conditions regarding the structure and percentage of holdings, the related corporation's areas of activity and their relevance to the healthcare sector, its relationship with the HMO, profit distribution (dividends), management, supervision, and monitoring.



Audit Actions


 From February to September 2023, the State Comptroller's Office audited the financial matters related to Clalit Health Services, including issues concerning the HMO's financial statements, the recording of state support funds received as income for the community sector in the financial and comparative reports of the Ministry of Health; the holding permits for subsidiaries and their operating profits; real estate management; and corporate governance matters, such as the tenure of the external auditor and adequate representation of various sectors and genders on the fund's board of directors and council. The audit was conducted at Clalit, the Ministry of Health, and the Ministry of Finance. Supplementary examinations were carried out at the other three HMOs: Maccabi Healthcare Services, Meuhedet Health Fund, and Leumit Health Services.

Key Findings

In the years 2019–2021, Clalit Health Services demonstrated an improving trend in its net asset surplus (deficit). However, in 2022, its financial position deteriorated, with the surplus decreasing from NIS 710 million in 2021 to NIS 190 million. By the end of 2022, Clalit reported a deficit of NIS 589 million. The changes in this trend can be explained by the impact of the Covid-19 pandemic in the years 2020–2021, which altered the mix of services provided by the fund. During these years, Clalit received additional funding from the state to help address the pandemic, including increased personnel budgets for hospitals and financial support of approximately NIS 900 million for each of the two years (2020–2021).


This additional funding enabled the fund to end 2020 and 2021 with surpluses of NIS 354 million and NIS 495 million, respectively. In contrast, Clalit ended 2022 with a deficit of NIS 589 million, partly because the state ceased compensating the fund for Covid-19-related expenses and due to increased payroll expenses following new agreements. The deficit in Clalit's working capital could exacerbate its cash flow crisis and hinder its ongoing operations. Additionally, the war that broke out on October 7th, 2023, could worsen the fund's financial position, as its expenses are projected to increase by about NIS 500 million, according to the fund's estimates at the end of October 2023, a time when Clalit had yet to receive compensation for these expenses.




 **Recording State Support Funds** – the government establishes financial arrangements with the HMOS (stabilization agreements and stabilization support tests). These arrangements are intended to support the funds, ensuring their continued operations (a safety net) and assisting them in maintaining budgetary balance. Since these funds are



provided to Clalit for budgetary stabilization, Clalit records the revenues received from the state for this safety net as income for its community sector operations. However, it is the hospital operations that are in deficit and are balanced by this safety net. The Ministry of Health recognizes this method of recording by the HMO. For instance, in 2022, Clalit's community sector operations were reported as having a deficit of NIS 78 million, while the general hospital operations recorded a deficit of NIS 2.45 billion. After registering the state support funds and safety net revenues in the community sector results, this sector was presented with a surplus of NIS 2.2 billion. This method of recording revenues in Clalit's financial statements and the summary report of the Ministry of Health's Supervision Department on the HMOs gives a distorted presentation of the financial results of Clalit's operational sectors. It portrays exceptional profitability in the community sector, which, even before receiving the support funds, had balanced results and, in some years, a surplus of revenues over expenses. Such a presentation undermines the ability to compare data on community operations across the four HMOs. Additionally, it raises questions about the justification for the support funds, the need to expand services for HMO members, and the reduction of wait times for community-based physicians.

 **Deficits of Clalit's Medical Centers (Hospital Sector)** – the deficit rate of Clalit's hospitals in 2019–2022 was about 20% of their operating turnover. In contrast, in 2019–2021 government hospitals had a deficit rate of about 5%–9% and reported a surplus of 11% in 2022. Clalit's hospitals do not have health corporations², and due to the employment structure of most Clalit employees (salaried workers under collective agreements), afternoon operations are limited to providing certain services through a wait-time reduction project. The cost of providing services outside regular working hours is particularly high, making it economically unviable for the HMO. Furthermore, increasing the volume of services in its hospitals could boost their revenues but simultaneously increase community sector expenses, thus exacerbating Clalit's overall deficit. As a result, Clalit's hospital infrastructure is not fully utilized (e.g., some operating rooms remain unused after 3:00 PM), and wait times for certain medical services remain long.

 **Timing of Support Fund Transfers to HMOs** – the cash balance of Clalit for 2020–2022 does not accurately reflect its actual financial position for most of the year. During these years, the support tests were finalized in December, resulting in the transfer of support funds to the HMOs during that month. Over 60% of the support amounts for these years were transferred by the government only in the final month of the year. The delay in transferring support funds from the Ministries of Health and Finance (about NIS 2.3 billion for Clalit and the other HMOs) hinders Clalit's ability to manage its cash flow. It creates uncertainty regarding the budget available for financing its ongoing operations and impairs its ability to plan activity, set goals, and implement cost-saving and efficiency

² The health corporations in government hospitals conduct medical activity in the afternoon and evening hours, as well as medical research. Their activity is regulated under the Budget Foundations Regulations (Rules for the Operation of a Health Corporation), 2002.



measures. In addition, this delay complicates the Ministry of Health's ability to optimally fulfill its role as the regulator of the healthcare system.

Deficits – (a) The deficit in Clalit's net assets for operational use³ increased from NIS 9.5 billion as of December 31, 2021, to NIS 10.6 billion as of December 31, 2022. In comparison, the deficits in net assets for operational use as of December 31, 2022, for the other three HMOs – Maccabi, Meuhedet, and Leumit – were NIS 2.4 billion, NIS 2.7 billion, and NIS 1.8 billion, respectively. (b) Clalit's working capital deficit in 2022 increased by NIS 1 billion compared to 2021, amounting to NIS 5.7 billion. Similarly, the working capital deficit in the other three HMOs also grew in 2022. The increase in the working capital deficit could indicate challenges faced by the HMOs in meeting their financial obligations, as well as an increasing reliance on state support to make payments.

Supplier Payment Terms – the average credit days for suppliers at Clalit increased from 62 days in 2019 to 68 days in 2022, a rise of about 10%. This delay negatively impacts suppliers by imposing a significant financial burden on them. The non-application of the Payment Ethics Law to HMOs allows them to determine payment terms for suppliers at their discretion. In Clalit's case, the terms are current +93 days, a considerably longer period than stipulated by the Payment Ethics Law.

General and Administrative Expenses Per Member – (a) In its summary report on the Supervision Department on HMOs, to improve their efficiency, the Ministry of Health does not examine the general and administrative expenses per member of the HMOs. (b) In 2022, general and administrative expenses per member was NIS 172 at Clalit, NIS 241 at Maccabi, NIS 189 at Meuhedet, and NIS 419 at Leumit (about 120% higher than those at Meuhedet). (c) An analysis of Clalit's general and administrative expenses per member raised a 12% increase between 2019 and 2022, from NIS 154 to NIS 172 per member, 12 times the growth observed at Maccabi, where these expenses increased by only 1%.

Holding Permits for Subsidiaries of Clalit Health Services – only half of Clalit's subsidiaries currently hold valid holding permits (five out of ten). Discussions between the Ministry of Health, the Ministry of Finance, and Clalit regarding the holding permits for Mor Institute and SHILA Medical Services began as early as 2013. Discussions concerning two subsidiaries of Mor Institute began in 2020 and 2023, while discussions for another subsidiary have yet to start. As of December 2022, the equity (surplus balance) of the subsidiaries exceeded NIS 1 billion. Under these circumstances, the Minister of Health, the Minister of Finance, and Clalit are failing to comply with explicit provisions of the National Health Insurance Law, which require prior authorization from

3 The HMO possesses dedicated fixed assets required to provide its unique services. The remaining balance of its fixed assets does not necessarily represent a net positive flow of future economic benefits, as is typically expected in a regular business entity (usage value). The net assets surplus (deficit) for operational use is calculated by deducting the HMO's fixed assets balance from the surplus (deficit) in net assets reported in the financial statements.



both ministers for the acquisition or holding of a corporation. The absence of signed holding permits constrains the Ministries of Health and Finance in effectively supervising Clalit's subsidiaries. This creates a potential for the subsidiaries to expand into unauthorized activities and to set prices for services provided to Clalit without proper supervision. Moreover, the absence of holding permits has allowed some subsidiaries to accumulate profits without returning them as dividends to Clalit, thereby depriving the HMO of resources that could be used to improve health services for its members. These profits have accumulated to about NIS 1 billion, 85% of which (NIS 892 million) came from Mor Institute and 6% (NIS 59 million) from SHILA, subsidiaries that still lack signed holding permits.

Recording Fixed Assets in Financial Statements – Clalit records its fixed assets in its financial statements based on their purchase cost. The depreciated cost of fixed assets for 2022 was about NIS 10.3 billion. While this presentation is permissible under accounting standards, it does not reflect the real value of the fixed assets. In the absence of a valuation (including disclosure in the notes to the financial statements), discrepancies may arise regarding the assets' value, potentially leading to a "hidden reserve" that represents an asset theoretically available for realization. For example, in 2012, Clalit sold an upgraded asset that had been used as a supply center on Derech Begin in Tel Aviv for about NIS 240 million. This asset had been listed in the HMO's balance sheet⁴ at a value of NIS 60 million.


Assets Owned by Clalit – in recent years (2018–2022), Clalit has continued both to purchase properties for clinics (three clinics at a total cost of about NIS 40 million) and to lease properties for clinics (94 clinics with an annual rental cost of approximately NIS 38 million). Economically, this suggests that, in the long term, the cost of leasing properties may exceed the cost of purchasing comparable assets. Additionally, although Clalit's pilot project in Jerusalem identified the potential for upgrading eight properties, with an estimated enhancement value of about NIS 500 million, the pilot was not extended to a nationwide examination of all properties owned by Clalit to identify additional assets for potential upgrades. Furthermore, despite seven years having passed since the initial mapping, Clalit has yet to begin the enhancement process in Jerusalem. It was also found that Clalit does not regularly evaluate the potential upgrading or relocation of its properties, including those in high-demand areas where land values are among the highest in the country. These properties are not used as clinics, and there is no imperative for them to remain in their current locations, suggesting the possibility of relocating them to other areas.


Economic Metric for Evaluating Clinic Real Estate Efficiency – for 38% of primary clinics, the real estate efficiency metric (the ratio of physician and caregiver hours to opening hours and the number of rooms in the clinic) is below 70%. Clalit has established that a clinic is considered efficient if its efficiency metric exceeds this threshold. This

⁴ Cost less accumulated depreciation.



indicates that these clinics are not fully utilizing the available real estate to provide the maximum range of medical services. Alternatively, it suggests that the clinic's real estate space is disproportionately large relative to the volume of activity it handles, leading to excess costs for the fund.

 **Unique Benefits for Clalit Employees** – from November 2012 to October 2013, following a Supreme Court ruling, discussions were held between the Ministries of Health and Finance and Clalit regarding the possibility of discontinuing employee benefits and replacing them with monetary compensation. These discussions did not result in an agreement due to opposition from Clalit's labor unions, including the physicians' union. Under the stabilization agreement signed by the Ministries of Health and Finance with Clalit for 2017–2019, Clalit was prohibited from granting personnel benefits to employees who began working at the HMO after January 2019. However, due to opposition from the Clalit workers union, Clalit failed to comply with this provision. As a result, in 2019, Clalit did not receive NIS 100 million intended for hospital development or an additional NIS 10 million in regular support funding. In subsequent years, Clalit continued to provide these benefits to new employees, despite their prohibition under the fund's stabilization agreement. The Ministry of Health did not take any action against Clalit for this non-compliance.







 **Adequate Representation on Clalit's Board of Directors** – to meet the requirements for adequate representation on Clalit's Board of Directors, as outlined in the HMO's bylaws and similar to the requirements under the Government Companies Law, about half of the board members should be women – five to six members. However, only three women currently serve on the board. Adequate representation of the Arab community would require three Arab board members, but in reality, there is only one representative. Similarly, adequate representation of the ultra-Orthodox community would require one ultra-Orthodox board member, but there is currently none. In March 2024, as of the audit end, Clalit appointed a female board member from the ultra-Orthodox community.



Investment in Fixed Assets – in 2018–2021, Clalit's investment in fixed assets across all its general hospitals at about NIS 2.2 billion. This exceeds the depreciation expenses, which was about NIS 1.5 billion, indicating that the total value of the HMO's assets is being maintained.







Key Recommendations

-  It is recommended that the Ministry of Health and the Ministry of Finance monitor the implementation of the framework approved in December 2023, assess its effectiveness in halting the trend of increasing deficits among the HMOs, and ensure that public services are not adversely affected. The Ministry of Health should evaluate the needs of the HMOs, considering both population growth and increased life expectancy, as well as technological advancements and their relevant inputs. Based on these findings, the Ministry should identify risks to the healthcare system that could undermine its financial resilience and public health. Subsequently, it should determine appropriate budget allocation priorities for the health services basket.
-  The Ministry of Health should consider a support model that addresses the deficit stemming from Clalit's hospital operations. This model should ensure that support funds are recorded in Clalit's financial statements in alignment with the activity they are intended to support and allow the financial results, as presented in the statements, to accurately reflect the performance of each operational sector (both community and the hospitals).
-  It is recommended that Clalit, in collaboration with the Ministry of Health, consider expanding its hospital operations, particularly in areas where long wait times for services exist (e.g., underutilized operating rooms after 3:00 PM). Such measures would enable increased output while maintaining the HMO's financial stability. Additionally, it is recommended that the Ministries of Health and Finance analyze the reasons behind the disparities in the gross surplus (deficit) rates between Clalit's hospitals and government hospitals. Based on the findings, they should consider instructing Clalit to expand its hospital operations as part of the wait-time reduction project or through alternative means that will help shorten wait times.
-  The Ministry of Health and the Ministry of Finance should ensure that the timing of support fund transfers, not incorporated into the health services basket, aligns with the payment schedules of the HMOs for the activities entitling them to receive these funds. This alignment would enhance the HMOs' budgetary certainty and facilitate better cash flow management.
-  To improve payment terms for suppliers, it is recommended that the Ministry of Health, the Ministry of Finance, and the Ministry of Economy and Industry approve a framework allowing the regulations under the Payment Ethics Law to apply to healthcare institutions and HMOs.
-  Under the law, and to ensure compliance with its requirements, the Ministry of Health, the Ministry of Finance, and Clalit must expedite the arrangement of holding permits for Clalit's subsidiaries. This measure would also enable, among other things, the distribution of their accumulated profits, at about NIS 1 billion. The Minister of Health and the Minister of

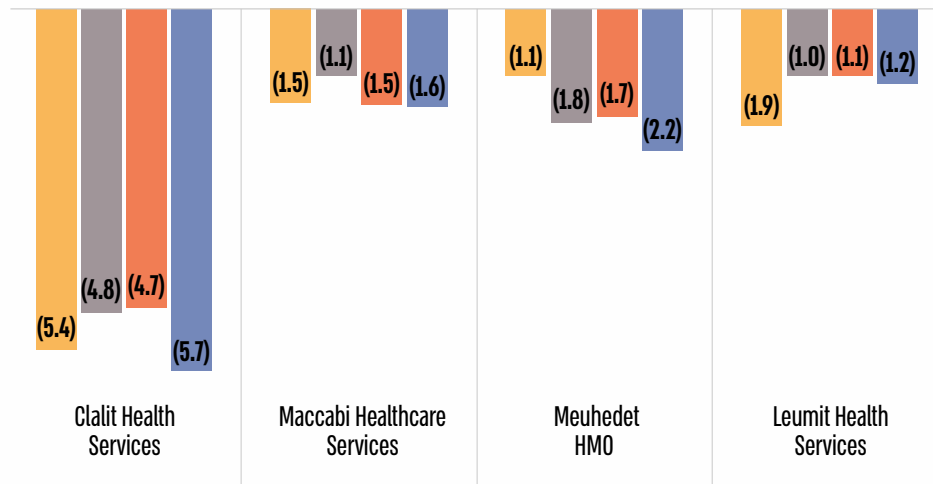


Finance comply with the law and ensure that Clalit is granted holding permits for its subsidiaries.

-  To evaluate its existing assets, Clalit should map the clinics with low real estate utilization, examine the reasons for inefficiency, and, in collaboration with its regional offices, develop a tailored plan for each clinic to implement measures that improve efficiency. By doing so, Clalit can maximize the use of resources at its disposal. As part of this process, it is important to uphold the principle established by the National Health Insurance Law, according to which healthcare services must be provided within the HMO's available financial resources, at a reasonable quality, within a reasonable timeframe, and at a reasonable distance from the insured's residence.
-  Clalit should align with the real estate management strategy it has developed to efficiently maximize the value of the real estate assets it operates. It is also recommended that Clalit prepare a work plan for managing new real estate assets that it acquires or leases, reflecting the principles of its policy in this area. Additionally, Clalit should map and categorize all its owned assets and define an appropriate management strategy for each. The Finance Committee of Clalit's Board of Directors should supervise the implementation of the fund's management strategy.
-  The Ministry of Health, in collaboration with the Ministry of Finance and Clalit, should resolve the issue of personnel benefits in alignment with the resolution reached and the stabilization agreement signed with Clalit. This resolution should align with the Supreme Court directive, instructing the Ministry of Health to examine the issue and formulate conclusions regarding the transition from a system of privileges and in-kind benefits to a system of monetary compensation incorporated into salaries and compliant with administrative law principles.
-  It is recommended that Clalit promote adequate representation of all segments of Israeli society within its Board of Directors, in alignment with its bylaws.



The Working Capital Deficit of the HMOs, 2019–2022 (in NIS billions)



According to the financial statements of the HMOs for 2019–2022, as processed by the State Comptroller's Office.



Summary

Clalit Health Services is the largest HMO in Israel. At the end of 2022, it had about 4.8 million members, about 51% of Israel's population, and owned 14 hospitals spread across the country. As an organization serving the public, maintaining its financial stability and ensuring its proper and optimal operation are of great importance for the benefit of its members.

The audit raised that, compared to 2019–2021, Clalit's financial position deteriorated in 2022. An analysis of the fund's financial ratios indicated that its working capital deficit could deepen the cash flow crisis and hinder its ongoing operations. Additionally, the war that broke out on October 7th, 2023, could worsen the HMO's financial position, as its expenses are projected to increase by about NIS 500 million, according to the HMO's estimates at the end of October 2023, a time when Clalit had yet to receive compensation for these expenses. The Ministry of Health, the Ministry of Finance, and Clalit have failed to regulate the operations of all of Clalit's subsidiaries through holding permits, as required by the National Health Insurance Law. This lack of regulation limits the ministries' ability to supervise and monitor the activity of these subsidiaries (which have a surplus balance of about NIS 1 billion) and delays the transfer of profits to Clalit. Clalit, which owns substantial real estate, has a significant proportion of clinics in which the efficiency metric (the ratio of physician and caregiver hours to opening hours and the number of rooms in the clinic) falls below the threshold it set. The HMO has not completed the pilot project conducted in Jerusalem, which identified the potential for upgrading eight properties, nor has it extended the evaluation to a nationwide review of all its assets to identify additional properties with upgrade potential. Clalit has failed to comply with the stabilization agreement regarding the cessation of granting privileges and benefits to new employees. According to Clalit's estimates, total employee and retiree benefits at about NIS 70 million annually from 2019 to 2022. Furthermore, Clalit's Board of Directors and Council lack adequate representation of the Arab community, the ultra-Orthodox community, and women.

Clalit should achieve balance across all its areas of activity, particularly by expanding operations in its hospital sector while leveraging the economies of scale it enjoys. Additionally, Clalit should map and characterize all its owned assets and establish an appropriate management strategy for each one of them. It is recommended that the Ministry of Health enhance the budgetary certainty of the HMOs. In collaboration with the HMOs and the Ministry of Finance, the Ministry should examine the mechanisms by which the health services basket budget is updated, to ensure they achieve their objectives and halt the trend of growing deficits among the HMOs. Furthermore, the Ministry of Health, the Ministry of Finance, and Clalit must regulate holding permits for Clalit's subsidiaries to ensure compliance with legal requirements.

Advancing all the issues raised in the report by Clalit's management and the Ministry of Health, in collaboration with all relevant parties, will lead to the optimal utilization of Clalit's budget, resources, and the advantages inherent in its size and structure as a HMO. As the owner of a



nationwide network of hospitals, Clalit serves roughly half of Israel's population with community-based healthcare services.



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Ministry of Health

Stroke – Treatment and Rehabilitation



Stroke – Treatment and Rehabilitation

Background

A stroke or cerebrovascular event (stroke)¹ occurs due to a blockage of blood supply to a part of the brain or bleeding from a blood vessel in the brain. A stroke results in damage or death of different parts of the brain, potentially causing long-term brain injury, disability, or even death². A stroke can affect various brain areas, leading to a wide range of motor, cognitive, linguistic, emotional, and behavioral impairments. Time is critical for treatment, and providing care within the recommended time window significantly affects the recovery of stroke patients, reducing disability and mortality rates associated with stroke. The medical principle in this context is "time is brain."

In 2020, there were about 18,400 new cases of stroke in Israel. The average age of stroke victims that year was 71.7, while 20% of the cases occurred in individuals under the age of 60. Global statistics from the Western world indicate that one in four people will experience a stroke during their lifetime. While some strokes are mild, many are significantly life-altering. There are three types of strokes: ischemic stroke (the majority of cases, accounting for 68% in 2020), hemorrhagic stroke (a minority of cases, 8%), and transient ischemic attack (TIA) (24%)³.

Stroke has medical implications requiring treatment and rehabilitation, as well as additional consequences such as loss of work capacity, loss of independence, a burden on the family, and more. Some of these consequences lead to ongoing costs, contributing to the economic burden on the healthcare system and other systems, such as the National Insurance Institute. Possible treatments for a stroke include, among others, administration of the thrombolytic drug TPA intravenously (TPA-IV)⁴, catheterization of brain blood vessels, and other treatments (conservative) during general hospitalization, such as administering medication to regulate blood pressure. After hospital treatment, patients are referred to a rehabilitation process, either in an inpatient facility or in the community. Rehabilitation focuses on treating stroke victims whose functioning has deteriorated or been impaired by the disease to improve motor, cognitive, sensory, linguistic, and emotional functions and to restore them, as much as possible, to an independent and active lifestyle.

1 CVA – Cerebrovascular Accident or Stroke.

2 According to the CDC (Center for Disease Control and Prevention).

3 Ischemic stroke (obstructive): blood flow to the brain is interrupted due to a blood clot blocking an artery; hemorrhagic stroke (bleeding): a blood vessel in the brain leaks or ruptures, and the accumulated blood presses on brain cells, causing damage; transient ischemic attack (TIA): blood supply to the brain is temporarily interrupted due to a blockage in a blood vessel, which resolves spontaneously.

4 Intravenous drug treatment that dissolves the clot in the blocked blood vessel, thereby restoring blood flow to the brain tissue.



Key Figures

18,373 stroke cases

reported in Israel in 2020. By 2030, about 30,000 cases are expected. It is estimated that 100,000 stroke cases occur annually in Israel, 5.5-fold of reported cases⁵

71.7

the average age of stroke victims in Israel in 2020, compared to 75 in the United States and 74 in Britain

the second cause of mortality

stroke is the second leading cause of death worldwide

NIS 2.3 billion

according to estimates, the total direct and indirect costs of stroke in Israel⁶

46.5%

in 2021, about 8,300 stroke victims in Israel did not reach hospitals by ambulance but rather by private means, potentially delaying their arrival, causing additional health, psychological, and indirect (e.g., financial) damages and reducing their chances of recovery

about 50%

in 2020, around 9,000 stroke victims in Israel were not admitted to a neurology or neurosurgery department, particularly not to dedicated stroke units. The European Stroke Organization's target for 2030 is for 90% of stroke victims to be admitted to specialized stroke units

only 25 neurologists specializing in stroke

in 2024, there are fewer neurologists available in hospitals than recommended by the Neurology Evaluation Committee – 39 neurologists – a shortfall of 36%

about only 50%

out of 11 centers performing thrombectomy, only a few were available to conduct procedures outside regular operating hours on certain days in March and May 2023, necessitating the transfer of stroke patients to another hospital for brain thrombectomy⁷

⁵ An assessment by the Israeli Stroke Society, which operates under the Neurological Association of the Israel Medical Association. The Israeli Stroke Society advises the Ministry of Health and publishes position papers that assist in establishing guidelines and professional standards regarding stroke.

⁶ An economic assessment by the Neeman Association for Stroke Survivors from September 2021, which addressed costs in 2018.

⁷ For three days in March 2023 and seven days in May 2023.



**about
50%**

in 2019–2021, some stroke patients requiring thrombectomy who were transferred from non-thrombectomy hospitals to thrombectomy-capable hospitals (248 in 2019, 222 in 2020, and 200 in 2021) did not undergo the procedure, some of them missed the "time window" in which it was feasible

**about
39%**

in 2020, about 4,830 stroke victims out of 12,450 who were potential candidates for rehabilitation did not receive rehabilitation services after discharge from general hospitalization

**about
20%**

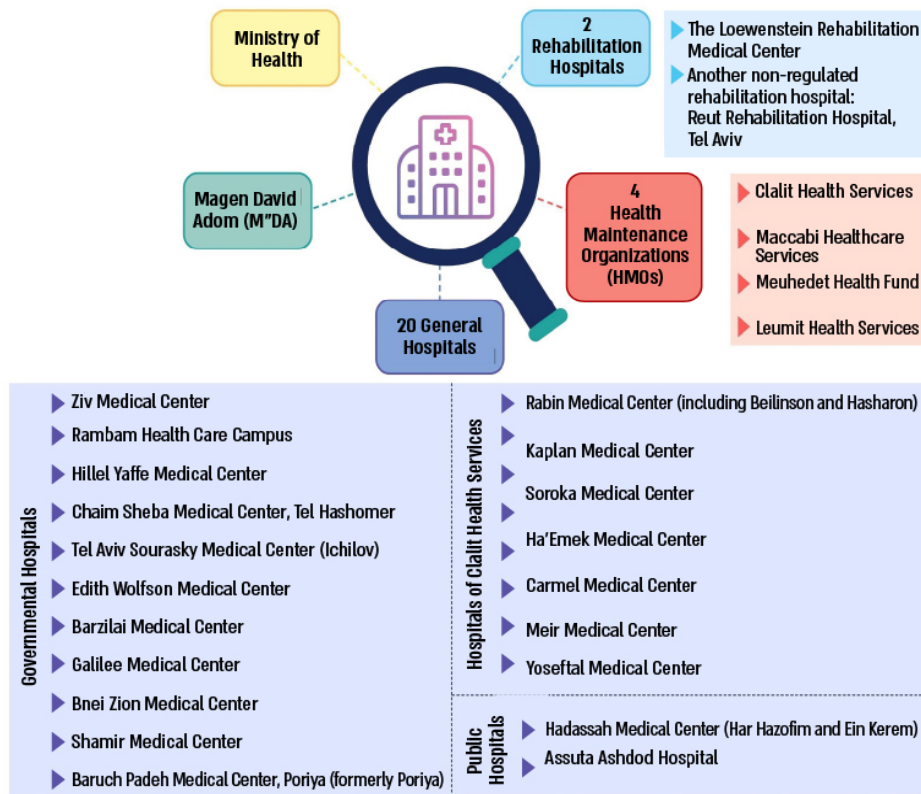
the stroke patients rate in 2023 who waited over a week to be transferred from general hospitalization to rehabilitation hospitalization

11.6 days

the average waiting days for community rehabilitation in 2020

Audit Actions

From February to October 2023, the State Comptroller's Office examined the treatment and rehabilitation of stroke patients, including the national plan for the treatment and prevention of stroke damage; stroke beds and stroke units in hospitals; types of treatments tailored for stroke patients; resource management within the thrombectomy system – thrombectomy and neuro-interventionist hospitals; the transfer of stroke patients between hospitals for thrombectomy; the rehabilitation of stroke patients; and psychological and social support for stroke victims. The audit was conducted in the following entities.



Public participation processes were conducted as part of the audit, including ten individual interviews and four focus groups with 25 adults. The participants included individuals who had suffered a stroke, most between 2020 and 2023, or their immediate family members who accompanied them during the event. The public participation process was intended to gather the participants' perspectives on stroke treatment and subsequent rehabilitation. The participants represented all regions of Israel. The stroke victims, who exhibited varying levels of functionality, were treated in general-government hospitals, public hospitals, and hospitals operated by Clalit Health Services.

Additionally, the audit team reviewed about 90 sample files of stroke patients hospitalized in neurology and internal medicine departments at two hospitals (Clalit's Beilinson Hospital and the public Assuta Ashdod Hospital) in 2022–2023.



Key Findings



The National Program for the Treatment and Prevention of Stroke Damage – in 2014, the Ministry of Health developed a national program for the treatment and prevention of stroke damage (the National Program), which guided the operation of the healthcare system. The audit raised that the Ministry had neither established timeline for implementing the National Program for the years following 2016 nor defined updated goals and additional evaluation metrics for the participating entities. Although the Ministry of Health designated this as a national program, given its impact on a large population (about 18,000 individuals annually) and despite the Ministry's recognition of the need to update the baseline budget by an additional NIS 14.4 million (beyond a one-time allocation of NIS 60.2 million in 2014), the Ministry lacks comprehensive data on the full scope of its budgetary investment in the program. From 2015 to 2023, the Ministry's available data indicate that NIS 2.5 million was funded for 2022–2023 only and that NIS 6.3 million were funded in 2016–2022. The funding for the National Stroke Program came from the Ministry of Health's regular annual budget, with no designated budget line within the Ministry's budget to ensure a fixed annual allocation for the program's implementation. Due to the lack of comprehensive data on the Ministry's investment in the program, it cannot assess its outputs relative to its cost or the estimated direct and indirect costs of stroke-related consequences in Israel, valued at about NIS 2.3 billion in 2018. Furthermore, the Ministry cannot evaluate whether the budget allocated to the program is adequate to meet its needs, whether the program's benefits reflect an efficient use of resources, whether there is overfunding, or, conversely if a higher allocation is required to optimize the program entirely.



Stroke Beds and Stroke Units – optimal care for stroke patients is provided in general hospitals with dedicated beds for stroke patients (stroke beds), particularly when organized into stroke units. The audit raised that the Ministry of Health's data on stroke beds, their distribution across hospitals, and the existence of stroke units are incomplete and inconsistent with hospital-reported data. For example, stroke units exist in Sheba, Rambam, and Beilinson hospitals, yet they are not listed in the Ministry of Health's records. Conversely, according to the Ministry's data, there is a stroke unit in Shamir Hospital, although none actually exists. This discrepancy undermines the Ministry's ability to evaluate hospitals' capacity to provide adequate care for stroke patients. Additionally, it was found that six general hospitals (Bnei Zion, Meir, Kaplan, Carmel, HaEmek, and Yoseftal) lack stroke beds altogether; five of these are Clalit Health Services hospitals. Although the Ministry planned for stroke units to exist in all 20 hospitals reviewed, as of July 2023, they were operational in only 13 hospitals. In 2020, about 50% of stroke patients were hospitalized in departments not designated for stroke treatment; 39% of



them were admitted to internal medicine departments⁸, where care is less suitable for stroke patients compared to neurological or neurosurgical departments. These figures do not align with the European Stroke Organization's target, which at the time of the audit required 80% of stroke patients to be admitted to stroke units⁹. It should be noted that the target for 2030 is for 90% of stroke patients to be hospitalized in dedicated stroke units¹⁰.

📌 The Importance of Immediate Ambulance Transport to the Hospital – as of 2021, nearly half (46.5%; about 8,300) of stroke victims arrived at hospitals independently rather than by ambulance, which may delay arrival, cause health, psychological, and indirect (e.g., financial) harm, and reduce their chances of recovery. In 2020, a higher rate of Jewish patients arrived at hospitals by ambulance compared to Arab patients: 57% versus 36%, respectively. Additionally, older individuals were more likely to come by ambulance than younger individuals. For example, 69% of victims aged 80 and above arrived by ambulance, compared to 50% of those aged 60–79 and about 38% of those under 60.

📌 Administration of Intravenous Thrombolytic Therapy (TPA) – TPA is a medical treatment used in ischemic stroke when applicable. This therapy restores blood flow to brain tissue, significantly reducing mortality rates and lowering the risk of disability and impairment among stroke victims. According to the position paper of the Israel Stroke Society (ISS)¹¹, TPA administration is suitable for 25% of ischemic stroke patients. In 2021, all 17 audited hospitals (excluding data from Shamir and Hillel Yaffe) administered TPA in fewer than 25% of cases, except for Ziv Hospital. There was considerable variation between hospitals in the patient rate receiving TPA, ranging from only 5.8% of stroke cases at Bnei Zion Medical Center (the lowest) to 30.4% at Ziv Medical Center (the highest).

📌 Management of Thrombectomy Resources – Thrombectomy Centers and Specialists

- **Distribution of Thrombectomy Centers and Specialists** – the Ministry of Health has not established standards for the required ratio of thrombectomy centers to population size or the ratio of thrombectomy specialists to population size. Additionally, the Ministry does not manage an online dashboard consolidating real-time information on the availability of thrombectomy specialists. As a result,

8 Ministry of Health, National Center for Disease Control, National Stroke Registry in Israel – Report for 2020 (May 2022).

9 The Israeli Stroke Society (ISS) and the Neurological Association, Stroke Units in Israel – 2020.

10 European Stroke Organization website.

11 ISS operates under the Neurological Association of the Israel Medical Association (IMA) and advises the Ministry of Health. It also publishes position papers that aid in establishing guidelines and professional standards regarding stroke care.



ambulances and hospitals transferring stroke patients for thrombectomy procedures do not have up-to-date or immediate information about which hospitals have available thrombectomy specialists.

- **Availability of Thrombectomy Specialists During Regular and Off-Hours (afternoons/evenings/weekends/holidays) and Their Distribution Across Districts** – when thrombectomy specialists are absent, the availability of thrombectomy procedures decreases significantly. In six of the 11 thrombectomy centers, only one specialist is available. If that specialist is lacking, the hospital cannot perform thrombectomy procedures. This applies to Rambam, Nahariya, Poriya, Soroka, Barzilai (all in peripheral areas), and Hadassah Ein Kerem. In March 2023, six (Soroka, Barzilai, Rambam, Nahariya, Poriya, and Ichilov) of the 11 thrombectomy centers had days with no available thrombectomy specialists during off-hours. By May 2023, this had expanded to eight hospitals, including Hadassah Ein Kerem and Beilinson. The southern district has the lowest availability of thrombectomy specialists during off-hours. In March 2023, there were 11 days when no thrombectomy specialist was available after regular hours, and in May 2023, this number increased to 14 days.
- **Management and Supervision of Thrombectomy Resources** – unlike other countries that have mechanisms to regulate patient transfers between hospitals for thrombectomy procedures, Israel's healthcare system has no such mechanisms. In 2021, the Ministry of Health's Director-General decided to establish and develop a national control center for thrombectomy resources. Like the national control center, the Ministry operates for emergency departments in hospitals; this center was also intended to manage all thrombectomy resources, both centers, and specialists, and provide a real-time dashboard displaying availability. Such a system would streamline transferring stroke patients between hospitals and maximize the use of existing resources for thrombectomy procedures. However, the Director-General's decision has not been implemented, nor has the national control center been established as of the end of the audit period.


Transfer of Stroke Patients Between Hospitals for Thrombectomy


- **Developing an Overview of Transfers Between Hospitals** – the Stroke Registry at the Ministry of Health holds raw data on the number of stroke patients transferred to other hospitals and the duration of these transfers. However, it lacks the comprehensive information required to establish an efficient resource management mechanism. For example, it does not have data on the total number of patients, those requiring transfer for thrombectomy, the number of failed attempts to coordinate transfer, the rate of thrombectomies carried out on transferred patients, the time elapsed from transfer initiation to procedure, the distance between the transferring and receiving hospitals, ambulance wait times for transfer, thrombectomy outcomes, reasons why transferred patients did not



undergo a procedure and other information that may be critical for developing an effective management system.

- **Data on Transfers of Stroke Patients Designated for Thrombectomy** – about half of the stroke patients transferred from non-thrombectomy hospitals to thrombectomy hospitals (248 in 2019, 222 in 2020, and 200 in 2021) did not undergo thrombectomy. This was primarily due to missing the "time window" to enable the procedure, which is no later than six to eight hours after the onset of stroke symptoms. In 2019–2021, the median transfer time from the emergency department of a non-thrombectomy hospital to a thrombectomy hospital ranged from 174 minutes in 2019 and 2020 to 192 minutes in 2021. These times exceed the recommended 120 minutes outlined by the Israeli Stroke Society by 45% and 60%, respectively. As for the total time from arrival at the emergency department of a non-thrombectomy hospital to the actual thrombectomy procedure, the median duration was 270 minutes (4.5 hours), 120 minutes longer than the time required for patients who arrived directly at a thrombectomy hospital in each of these three years.

 **The Transfer of Imaging Scans Between Hospitals for Thrombectomy Decisions** – despite the need raised by the national councils¹² with the Ministry of Health in 2014 and the recommendations of the Israeli Stroke Association in 2021 to share imaging scans among all hospitals using dedicated interfaces for the hospitals' digital imaging archives, only some of these interfaces currently exist. As a result, not all hospitals can access imaging scans from other hospitals. Physicians transfer imaging scans without proper interfaces through alternative methods, such as messaging apps like WhatsApp. However, this transfer method compromises image quality and could lead to incorrect medical decisions. For example, a decision might be made to transfer a stroke patient for thrombectomy, but further imaging at the receiving hospital could reveal that the patient was never suitable for the procedure.


 **The Stroke Victims Rate Receiving Rehabilitation After Discharge from General Hospitalization** – in 2020, about 39% (4,830) of the 12,450 stroke victims eligible for rehabilitation (out of 18,373 stroke cases that year) did not receive any rehabilitation services following discharge from general hospitalization. Only about 61% (7,620) received rehabilitation services in rehabilitation institutions (inpatient), in the community, or both. Lack of access to rehabilitation services reduces the likelihood of stroke victims returning to an active and healthy lifestyle and achieving optimal functioning while increasing their risk of mortality.

¹² The national councils are professional, multidisciplinary bodies that advise the Director-General of the Ministry of Health, each within its area of expertise in various fields of medicine. The councils mentioned above are the National Council for Logistics in the Health System and the National Council for Imaging.



Rehabilitation During Hospitalization in General Hospitals


- Staffing Standards for Paramedical Professions in Neurology Departments and Provision of Paramedical Treatments During General Hospitalization** – the audit found that, among the 20 audited general hospitals, six hospitals do not allocate positions in their neurology departments for three essential paramedical professions physiotherapy, occupational therapy, and speech therapy, necessary for the rehabilitation of stroke victims (Shamir, Bnei Zion, Barzilai, Nahariya, Beilinson, and Yoseftal) which does not have a neurology department, with stroke victims admitted to the internal medicine department. Seven hospitals allocate positions in their neurology departments for only one or two of the three paramedical professions (Wolfson, Kaplan, Ziv, Ichilov, Sheba, HaEmek, and Poriya). Seven hospitals allocate positions for all three professions (Assuta Ashdod, Hadassah, Meir, Carmel, Soroka, Hillel Yaffe, and Rambam). Additionally, four of the 20 audited general hospitals (Barzilai, Rambam, Soroka, and Yoseftal) which does not have a neurology department do not provide rehabilitation treatment for stroke victims in any paramedical profession during general hospitalization. One hospital (Wolfson) does not offer two types of paramedical treatments. Three hospitals (Ichilov, Ziv, and Sheba) do not provide one of the three types of treatments. These gaps hinder the ability of neurology departments to deliver necessary services to stroke victims, potentially impairing their rehabilitation and increasing the risk of physical, cognitive, and emotional damage.
- Psychological Support for Stroke Victims** – 11 of the 20 audited hospitals (Ichilov, Assuta Ashdod, Bnei Zion, Shamir, Barzilai, Galilee Medical Center, Soroka, Poriya, Sheba, Wolfson, and Yoseftal) do not provide psychological support by a psychologist.
- Assistance from Social Workers for Hospitalized Stroke Victims to Maximize Their Rights** – five of the 20 audited hospitals (Wolfson, Sheba, Rambam, Ichilov, and Poriya) provide guidance and assistance regarding entitled rights to only some stroke patients before discharge.

 **Medical Specialists in Rehabilitation and Geriatrics and Functional Assessment for Stroke Victims** – only four of the 20 audited hospitals (Poriya, Sheba, Nahariya, and Ichilov) conducted functional assessments for stroke victims during hospitalization to recommend rehabilitation by a geriatric or rehabilitation physician, subject to Ministry of Health guidelines. Regarding rehabilitation specialists, as of 2021, there were 204 registered specialists in rehabilitation, though about 400 are needed nationwide. The national shortage of rehabilitation and geriatric specialists, combined with the lack of work force head count standard in general hospitalization departments, hinders the ability to perform functional assessments for all stroke victims under guidelines.



Consolidation of Information Regarding Hospitals' Rehabilitation Recommendations for Stroke Patients

– the Stroke Registry collects data on every stroke patient who receives rehabilitation treatment, both during hospitalization and in the community. However, it lacks information on the rehabilitation recommendations provided to patients upon discharge from general hospitalization, specifically whether rehabilitation was recommended in an inpatient setting or within the community, as well as the specific focus areas. Under these circumstances, the Ministry of Health has data only on those who received rehabilitation but does not have data on all stroke victims who required rehabilitation, the recommended rehabilitation framework for each of them (inpatient or community), and the types of rehabilitation treatments they needed. Consequently, it cannot present a comprehensive overview of the needs of patients requiring rehabilitation or analyze the actions it should address them. This indicates insufficient monitoring, supervision, and control over this area.

 **Waiting Time for Rehabilitation After General Hospitalization** – the Ministry of Health does not monitor waiting times between the decision by a general hospital to transfer a stroke patient to a rehabilitation facility and the actual transfer. A review of sample days in June-August 2023 across 20 hospitals for 117 hospitalized patients raised that 67% of the patients (79 individuals) waited over 48 hours for the transfer, and 20% (24 individuals) waited a week or longer. Delays in initiating the rehabilitation process can adversely affect patients' recovery prospects.

Rehabilitation Frameworks for Stroke Patients After Hospital Discharge

- **Evaluating the Quality of Rehabilitation for Stroke Patients** – although rehabilitation is critical for stroke patients to regain as much normalcy and routine as possible, and despite the Ministry of Health defining rehabilitation as a significant and integral part of patient care, directly influencing improvements in motor and cognitive function, and establishing a quality metric reflecting the rate of functional assessments conducted upon admission to and discharge from rehabilitation facilities, the Ministry has not determined that the effectiveness of the rehabilitation process itself should be evaluated. This includes a failure to define methods for assessing the efficiency of rehabilitation systems and the impact of rehabilitation activities performed at various facilities on patients' functional improvement. Furthermore, the Ministry lacks data that could provide a basis for assessing the effectiveness of the rehabilitation framework.
- **The National Plan for Stroke Rehabilitation and Setting a Target for the Number of Rehabilitation Beds** – in 2021, the overall number of rehabilitation beds in Israel (for stroke patients and other conditions) was 0.3 beds per 1,000 population, compared to an OECD average of 0.5 beds. This places Israel 11th among the 23 OECD countries included in the comparison (out of 31-member states). Of all rehabilitation beds in Israel, 2,100 are suitable for stroke



rehabilitation. Since 2014, when the national program was formulated, and as of the end of the audit, the Ministry of Health has neither established an action plan for stroke rehabilitation nor determined how many rehabilitation beds are required based on population size. As a result, the rehabilitation system operates without a structured plan, defined goals to guide its activities, knowledge of future needs for rehabilitation beds, or proper planning of resources, including specialized personnel and necessary budgets. Additionally, there are disparities in the ratio of rehabilitation beds to stroke patients across regions: the Central District has the highest ratio, with 0.196 beds per stroke patient, while the Jerusalem and Judea & Samaria District has the lowest ratio among the six districts, with only 0.035 beds per stroke patient.

- **Waiting Time from Hospital Discharge to Receiving Community-Based Rehabilitation** – the Ministry of Health's guideline is to transfer the patient to a rehabilitation framework without delay to ensure continuous and immediate rehabilitation. However, in 2020, the average waiting time for community-based rehabilitation (home hospitalization, day rehabilitation hospitalization, or paramedical treatments in the community) was 11.6 days, similar across the four HMOs (health maintenance organizations). It was also found that the upper quartile waiting time was 15–17 days across all HMOs¹³. This waiting time, which delays the start of community rehabilitation, can result in patients missing the optimal rehabilitation window, seeking private rehabilitation services at their own expense, or foregoing rehabilitation altogether, thereby harming their physical and mental health.







Admission to the Emergency Department in Hospitals – Stroke Coordinators –

it should be noted that in all 20 audited general hospitals, a dedicated staff member was appointed for stroke management in the emergency department. This individual supervises the efficient and rapid admission of stroke patients and their transfer for further diagnosis and treatment.

13 In other words, 25% of patients waited more than 15–17 days to receive community-based rehabilitation, divided among the four health funds.



Key Recommendations

-  Given the severe implications of stroke, both in terms of the health and quality of life of stroke patients and the broader economic consequences of this condition, as well as the projected increase in the number of stroke cases, it is recommended that the Ministry of Health concentrates the budgetary data of the national program. This would enable an assessment of performance vis-à-vis planning. Furthermore, it is recommended that the Ministry establish timelines for program implementation and define updated goals and evaluation metrics for the program's participating entities.
-  It is recommended that the Ministry of Health consolidate complete and accurate data regarding stroke beds and hospital stroke units. Additionally, the Ministry, in collaboration with hospitals, should examine why certain hospitals still lack stroke beds and units. This includes assessing the necessary infrastructure, ensuring that all hospitals establish stroke units, and addressing the shortage of beds, as outlined in the Ministry's 2014 national program.
-  It is recommended that the Ministry of Health investigate why nearly half of the public does not arrive at hospitals via ambulance and raise awareness about appropriate transportation methods among various populations and age groups; this, among other objectives, is to improve adherence to the critical time window for treating stroke patients. Additionally, the Ministry should address the issue of covering transportation costs for individuals showing signs of stroke who are ultimately not hospitalized. This should be evaluated vis-à-vis the potential health, psychological, and indirect damages to the stroke victim and their family, as well as the costs incurred due to delayed hospital arrival stemming from the decision not to use an ambulance.
-  It is recommended that the Ministry of Health define appropriate standards for the ratio between thrombectomy centers and the number of thrombectomy specialists relative to the population size they serve, considering the geographic distribution of the population and its distance from the centers. The Ministry should ensure adherence to these standards and continue encouraging specialization in thrombectomy, particularly in peripheral areas. It is also recommended that the Ministry establish a national control and management center to enable centralized supervision of thrombectomy resources nationwide and ensure their availability at all times and in every district. Such a center could provide real-time information on the availability of thrombectomy facilities and specialists, efficiently identifying suitable hospitals and physicians. Furthermore, it is recommended that the Ministry set timelines for advancing this initiative, establish specific goals for each area, define potential funding sources, and outline the necessary steps to secure them. These measures save critical time in transferring stroke patients for thrombectomy and prevent delays that could affect their medical condition. Additionally, it is recommended that the Ministry define interfaces for transferring or viewing imaging test results between hospitals,



set a maximum timeframe for ambulances to arrive at hospitals for patient transfers, and monitor its implementation.



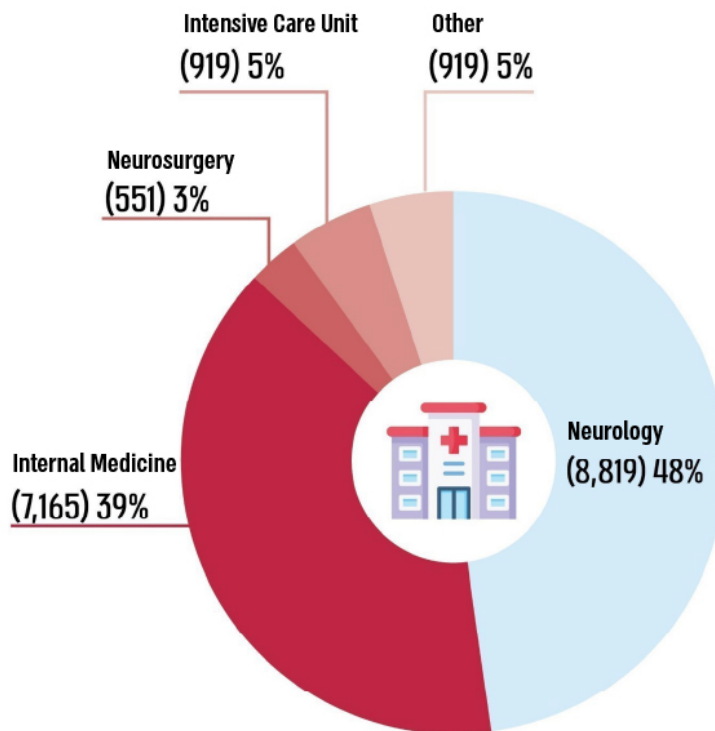
It is recommended that the Ministry of Health examine why over one-third of stroke patients eligible for rehabilitation did not receive rehabilitation following their discharge from general hospitalization and expand the proportion of those receiving such care. This is essential to improve the chances of stroke patients returning to an active, healthy lifestyle and optimal functionality while reducing their risk of mortality. It is further recommended that the Ministry map the need for allied health professionals essential to rehabilitation across all hospitals and develop a multi-year plan to fill gaps in these services. The Ministry should ensure that general hospitals inform all patients and their families about their rehabilitation rights and direct them to the appropriate services for assistance. Additionally, the Ministry should devise a plan to address shortages in specialist rehabilitation and geriatric physicians. It is also recommended that the Ministry instruct hospitals to code rehabilitation recommendations for stroke patients according to fields defined by the Ministry. This will enable data analysis, identification of gaps in rehabilitation services, verification that rehabilitation is provided to all in need, and evaluation of the effectiveness of the rehabilitation process.



It is recommended that the Ministry of Health examine the delays in transferring stroke patients from general hospitals to inpatient rehabilitation facilities in each district. The Ministry should also assess whether the existing supply of rehabilitation beds meets the patients' needs and finalize a national plan for rehabilitation beds overall, alongside the specific plan for stroke rehabilitation, emphasizing districts where the ratio of rehabilitation beds to stroke patients is particularly low. This recommendation is even more important due to the increased demand for rehabilitation services for the injured from the "Iron Swords" war. It is further recommended that the Ministry develop a metric for evaluating the effectiveness of rehabilitation. This metric should include tools to assess the efficiency and quality of rehabilitation services provided in hospitals and the community, as well as to evaluate the quality of treatments and their suitability to patients' needs for improving their condition. A well-designed rehabilitation metric could reflect the effectiveness of rehabilitation efforts, and when these efforts are optimal, the need for additional rehabilitation services may be reduced.



The Departments Where Stroke Patients Were Hospitalized and Their Numbers, 2020



According to data from the National Stroke Registry in Israel, as processed by the State Comptroller's Office.

The chart indicates that about 50% of stroke patients were hospitalized in departments not designated for treating stroke patients. Specifically, 39% were admitted to internal medicine departments, where the care provided is less suited to stroke patients compared to treatment in neurology or neurosurgery departments. This is despite the European Stroke Organization's target, as of the audit period, for 80% of stroke patients to be hospitalized in dedicated stroke units, with a goal of 90% set for 2030.



Summary

Stroke is the second leading cause of death worldwide. It can damage various areas of the brain, causing a wide range of motor, cognitive, linguistic, emotional, and behavioral impairments, potentially leading to disability or even death. In 2020, about 18,400 new stroke cases were reported in Israel; however, estimates suggest there are around 100,000 strokes annually, over five times the number of reported cases. The direct and indirect costs of stroke-related consequences in Israel were estimated at NIS 2.3 billion per year as of 2018. Timely treatment for stroke victims is critical, as treatment within the required time window significantly reduces disability and mortality rates and improves recovery outcomes.

The report identified deficiencies concerning the optimal care required for stroke patients, including the hospitalization of patients in departments not dedicated to stroke care, partly because stroke treatment is not within the specialization of the attending staff, particularly physicians and nursing teams; the absence of a mechanism within the Ministry of Health for efficient and centralized management of the thrombectomy system, which can result in patients requiring brain thrombectomy either not receiving the procedure or losing critical time in finding an available thrombectomy hospital, thus risking deterioration in their condition; stroke victims not receiving the complete rehabilitation services they need during general hospitalization, and the rehabilitation services available to them lacking sufficient accessibility and availability, particularly in regions where the ratio of rehabilitation beds to stroke patients is lower than elsewhere. Additionally, the Ministry does not evaluate the effectiveness of the overall rehabilitation system for stroke victims.

The number of stroke cases is projected to increase significantly in the coming decades due to demographic changes in population size and composition, particularly the anticipated growth in the age group 65 and older (from about 18,400 cases in 2020 to 30,000 in 2030, a 1.7-fold increase). This contrasts with the projected 1.2-fold population growth of 18 and above. Estimates indicate that one in four people worldwide will experience a stroke of some severity during their lifetime. Therefore, it is crucial to promote the prevention of strokes and for the Ministry of Health to increase awareness of stroke identification and ensure rapid hospital arrival, enabling victims to receive the appropriate and optimal treatment within the critical time frame and in dedicated stroke care units. Furthermore, the Ministry should expand the distribution and availability of thrombectomy services to provide optimal coverage nationwide. Additionally, ensuring effective rehabilitation services is essential to help stroke victims regain independent functionality and improve their quality of life and that of their families.



Report of the State Comptroller of Israel | July 2024

Ministry of Health

Regulation of Clinical Training for Doctors Between the Healthcare System and Academia – Follow-up Audit



Regulation of Clinical Training for Doctors Between the Healthcare System and Academia – Follow-up Audit

Background

In 2020, the ratio of doctors in Israel was 3.3 per 1,000 people, slightly below the OECD average of 3.7 per 1,000 people¹. Over the years, there has been an increase in the granting of new licenses for doctors by the Ministry of Health, from 919 licenses in 2012 to 2,429 licenses in 2023. In 2023, 1,211 of the licenses were granted to Israelis who graduated from universities abroad (50%), 749 to graduates of universities in Israel (31%), and 469 to immigrants who completed their studies abroad (19%).

To become a medical specialist, both education and training are required. This involves at least 9–11 years, divided as follows: 4 or 6 years of medical studies, with half focusing on pre-clinical education at the university and half on clinical studies, primarily in hospitals, across four main departments: Obstetrics and Gynecology, Pediatrics, Surgery, and Internal Medicine; one year of internship (residency) in hospitals, after which a medical license can be obtained²; some doctors continue with an additional 4–7 years of specialization, after which they can earn the title of 'medical specialist'; to gain a sub-specialty, a further 2–4 years of training are required.

Two main bodies are involved in regulating the training of doctors in Israel: the first is the Council for Higher Education (CHE), which serves as the regulatory body for Israel's higher education system, supervising universities and approving degrees, and operates under the Minister of Education. Within the CHE operates the Planning and Budgeting Committee (PBC), responsible for organizing and funding medical education under its authority as the regulator of the higher education system. The second body is the Ministry of Health, the regulator of the healthcare system. This includes responsibility for hospitals, clinics, and other medical institutions. The Ministry owns, operates, and funds government hospitals and supervises the health maintenance organizations (HMOs) under the National Health Insurance Law, 1994. As part of its responsibility, the Ministry of Health is in charge of planning the workforce for the

- 1 According to the OECD Report on Medical Education and Training in Israel – The Organisation for Economic Cooperation and Development, which includes 38 developed countries.
- 2 In November 2023, the Council for Higher Education (CHE) decided to adopt the recommendation to confer the Doctor of Medicine (MD) degree upon completion of academic requirements, at the end of academic studies, and not to include the internship year as part of the academic requirements for the degree; this report pertains to the period before November 2023.



entire healthcare system, guiding all hospitals, and licensing all health professions, including doctors, nurses, physiotherapists, and psychologists.

This report is a follow-up report on the rectification of deficiencies raised in a previous report by the State Comptroller from 2018, titled "Regulating the Clinical Training of Doctors between the Healthcare System and Academia" (the previous audit). In 2022, following the publication of the previous report, two committees submitted their findings: the Committee for Long-Term Planning of Medical Personnel in Israel, established by the Ministry of Health, which has already begun implementing its recommendations; and the Committee for Reviewing the Structure of Medical Studies and Mapping Clinical Fields³ in Medical Education, established by the Council for Higher Education (CHE) in collaboration with the Ministry of Health. Both committees recommended that by 2025, the number of students beginning medical studies in Israel should increase to 1,200, compared to 800 students who began in the 2020–2021 academic year. In May 2023 (during the follow-up audit), the Ministry of Health established another committee to address the shortage of medical personnel in the healthcare system, under which three subcommittees were appointed.

3 Clinical training conducted in inpatient departments, during which students learn "at the patient's bedside," as well as in health maintenance organizations (in the community).



Key Figures

only 31%

the rate of those who received a medical license in 2023 who studied at universities in Israel (749 graduates) out of a total of 2,429 licenses issued that year. The remainder: 50% are Israelis who graduated from universities abroad, and 19% are new immigrants who studied abroad

**3.3
doctors
per 1,000
people**

the ratio in Israel in 2020, compared to the OECD average of 3.7 doctors per 1,000 people that year

**2,000
students**

the Ministry of Health's target for the number of first year medical students in Israel for 2030

**about 1,100
students**

began their medical studies in Israel in the 2023–2024 academic year (October 2023 – September 2024)

**16% and
4%**

the growth rate in the number of interns (Cadets) from 2017 to 2023 was 16%, compared to only about a 4% increase in the number of hospital beds serving as their training infrastructure

40

the number of weeks required annually for the clinical training of students in each of the four main departments to meet the target of 2,000 medical students by 2030, in contrast to the mere 12–38 weeks of training provided in these departments in 2022

**only 24
students
per 1,000
hospital
beds**

were trained in Israel in 2020, compared to the OECD average of 38 students per 1,000 hospital beds in the same year

1,025

the number of medical licenses issued in Israel in 2022 to Israelis who graduated from foreign universities, including 634 (about 62%) who studied at institutions designated under the 'Yatziv Reform', whereby from 2026, students at these institutions will no longer be eligible to take the licensing exam in Israel and, therefore, will not be able to practice medicine in Israel



Audit Actions



The Previous Audit – from March to September 2017, the State Comptroller audited the regulation of medical training between healthcare bodies and academia, including the student load in clinical fields; agreements between hospitals and universities; the licensing exam for graduates from abroad; the internship year; the lack of planning for residency positions; the quality of medical education; and the absence supervision over the number of doctors employed in the healthcare system.

Follow-up Audit – from February to August 2023, the State Comptroller conducted a follow-up audit on the rectification of deficiencies raised in the previous audit, including additional findings from the follow-up audit. The audit was conducted at the Ministry of Health, the CHE-PBC, the Ministry of Finance, medical schools at the universities – the Hebrew University of Jerusalem, the Technion in Haifa, Tel Aviv University, Ben-Gurion University of the Negev, Bar-Ilan University (Faculty of Medicine in Safed), and Ariel University in Samaria; at general hospitals – 11 government medical centers⁴, seven medical centers of Clalit Health Services (Clalit)⁵, two public medical centers: Hadassah Medical Center and Assuta Medical Center in Ashdod; and at the four health maintenance organizations – Clalit, Maccabi Healthcare Services (Maccabi), Meuhedet Health Services (Meuhedet), and Leumit Health Services (Leumit).

Key Findings



Shortage of Doctors in Certain Specialties – according to data from the Civil Service Commission and the Ministry of Health, there is a shortage of doctors in the following disciplines: geriatrics, pediatric neurology, anesthesiology, intensive care, general surgery, pediatric surgery, internal medicine, oncology, emergency medicine (intensive care), pathology, radiology, rehabilitation, neurology, forensic medicine, and psychiatry.

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- 4 The Chaim Sheba Medical Center – Tel Hashomer (Sheba), the Tel Aviv Sourasky Medical Center (Ichilov), the Edith Wolfson Medical Center in Holon (Wolfson), the Hillel Yaffe Medical Center in Hadera (Hillel Yaffe), Rambam Health Care Campus in Haifa (Rambam), the Bnei Zion Medical Center in Haifa (Bnei Zion), the Galilee Medical Center in Nahariya, the Ziv Medical Center in Safed (Ziv), Baruch Padeh Medical Center in Tiberias (Poriya), the Barzilai University Medical Center in Ashkelon (Barzilai), and the Shamir Medical Center in Be'er Ya'akov (Shamir).
- 5 The Rabin Medical Center – Beilinson and Hasharon Hospitals (together referred to as Beilinson), Kaplan Medical Center (Kaplan), Soroka Medical Center (Soroka), HaEmek Medical Center (HaEmek), Carmel Medical Center (Carmel), Meir Medical Center (Meir), and Schneider Children's Medical Center (Schneider). Yoseftal Medical Center does not train medical students.



For example, in 2022, the Committee for Examining Neurology in Hospitals and the Community recommended increasing the number of neurologists by about 300 specialists to meet the population's needs at that time. In psychiatry, the shortage was estimated at about 280 doctors in 2019 (in both hospitals and the community). The need for psychiatrists in the public sector is particularly noteworthy given the war that began on October 7th, 2023 (Swords of Iron), which has had an impact on the mental health and resilience of the general public in Israel. According to a forecast by the Ministry of Health on the physician ratio in the coming years (which did not account for an increase in medical students), by 2035, the shortage of doctors is expected to worsen, with the doctor-to-population ratio dropping to 3.02 doctors per 1,000 people, lower than the 2020 ratio of 3.3 doctors per 1,000 people.

Impact of the Yatziv Reform⁶ on the Need to Plan the Number of Doctors – in 2022, 1,025 medical licenses were issued in Israel to foreign graduates; 634 of them (about 62%) were issued to Israelis who studied medicine at universities that, under the Yatziv Reform, were designated as institutions whose students, starting medical studies there from 2019 onward, would not be eligible to take the medical licensing exam in Israel and therefore would not be permitted to practice medicine in Israel. The Yatziv Reform is designed to ensure that only graduates of foreign universities recognized by the Medical Professions Licensing Division as meeting professional standards set by local experts can take the licensing exam in Israel. However, doctors who studied abroad at disqualified universities have primarily integrated into peripheral areas: according to data from the Ministry of Health on doctors who received licenses in 2022, 51% of doctors in the Negev and 63% of doctors in the Galilee, 34% of all doctors who received licenses that year in Israel. This indicates that the Yatziv Reform will primarily impact the number of doctors in peripheral areas (in the north and south).

Medical Workforce Planning – the previous audit found that the Ministry of Health lacked a multi-year plan to determine future needs in each medical discipline and the number of positions it intends to add in each discipline and hospital. The follow-up audit found that this deficiency was only partially addressed. While the Ministry of Health has a model to forecast the expected doctor-to-population ratio per 1,000 people and has formulated a specific plan to increase the number of medical students in Israel, unlike advanced countries such as the United States, the United Kingdom, Canada, France, Australia, and Belgium, it lacks a professional mechanism for strategic planning of the medical workforce, such that would allow it to develop a multi-year plan aligned with population needs. Furthermore, the Ministry failed to conduct an accurate situational assessment, particularly in mapping data on the number of medical specialists in each discipline and the shortages therein, nor did the Ministry conduct an assessment of future demand for doctors by specialty and geographic distribution. Additionally, the audit found

6 In 2018, the Ministry of Health established a list of foreign universities that do not meet the required standards for medical studies. It was decided that students who began their studies at these universities starting 2019 would not be permitted to take the medical licensing exam in Israel and, therefore, would not be able to practice medicine in the country.



that the Ministry of Health lacks comprehensive data on thousands of doctors residing abroad (estimated by the Ministry at approximately 3,700 in 2022), including the duration of their stay, information on doctors who relocated and are expected to return, and their anticipated return dates, nor does the Ministry have an organized system or plan to encourage their return.

Use of the National Resource of Clinical Fields in Hospitals in Israel

- **Training of Students in Clinical Fields in Israel** – medical students in Israel conduct a significant portion of their clinical studies in clinical fields, which involves study groups at the patient's bedside under the guidance of hospital physicians. A hospital operating clinical fields must be certified by the university with which it has an agreement. The quality of clinical training depends on several factors, some of which are quantitative, such as the number of beds suitable for training in hospital departments, the number of students in bedside study groups, and the number of teaching weeks in hospital departments. The audit found that, according to OECD data, in 2020 Israel trained only 24 students per 1,000 hospital beds, below the OECD average of 38 students per 1,000 beds, with Denmark reaching 80 students per 1,000 beds.
- **Responsibility for Managing the Inventory of Clinical Fields in Israel** – the previous audit raised that, although the Ministry of Health and the Council for Higher Education (CHE) share joint responsibility, each within its domain, for regulating and supervising the clinical training framework, clinical instruction within the clinical fields remains unregulated. The Ministry of Health, which is also expected to act as a guiding body, has not established guidelines for operating clinical fields, and the CHE has not addressed this either. The follow-up audit found that this deficiency **was not rectified**. Although the Ministry of Health and the CHE are in charge of the medical education program, they have failed to define the responsibilities of each body concerning the planning, management, and operation of the clinical fields integrated into the curriculum.
- **Current Status of the Number of Clinical Fields** – the previous audit found that instruction in hospitals within clinical fields was unregulated, and the CHE-PBC and the Ministry of Health did not have a complete situation report of the number and distribution of existing clinical fields across all hospitals. The follow-up audit found that this deficiency **was partially rectified**. In 2022, the Ministry of Health and the CHE conducted a comprehensive mapping of clinical fields in only the four main hospital departments in which clinical training is conducted (Obstetrics and Gynecology, Pediatrics, Surgery, and Internal Medicine). As for the other departments, where students also receive clinical training (about 25 departments), the Ministry of Health and the CHE failed to map.



- **Israeli Students Studying Abroad and Undergoing Clinical Training in Hospitals in Israel** – it was found that the Ministry of Health and the CHE have failed to jointly regulate the clinical training of Israeli students from abroad who undergo training in clinical fields in Israel. Consequently, they are unaware of the extent of this training and lack information on the students participating in it. The audit raised that in the 2021–2022 academic year (October 2021 – September 2022), 900 Israeli students studying medicine at foreign universities received clinical training in Israel (for at least one week of training), and in the 2022–2023 academic year (October 2022 – September 2023), this number increased to about 1,050⁷. In contrast, about 2,100 Israeli students studying in Israel were trained in clinical fields each year (noting that Israeli students undergoing clinical training in Israel receive training lasting dozens of weeks). A situation has arisen in which the Ministry of Health and the CHE lack clarity regarding the utilization of clinical fields in hospitals; hence, the current situation report they have of this resource does not accurately reflect the reality. This deficiency compromises the information base required by the Ministry and the CHE for long-term planning of the number of medical students, ensuring optimal use of existing clinical fields and including the potential to increase student numbers.
- **Operation of Clinical Fields – Student Load in Clinical Training: Determining the Operational Format of Clinical Fields in Terms of Study Group Size by the CHE and Ministry of Health** – the previous audit raised that the CHE and the Ministry of Health, in collaboration with medical faculties and hospitals, failed to establish a mandatory operational format for clinical fields regarding study group size. The follow-up audit found that this deficiency **was not rectified**. The CHE and the Ministry of Health, in collaboration with medical faculties and hospitals, have still not determined the mandatory operational format for clinical fields in terms of study group size – specifying the minimum, optimal, and maximum number of students per group.
- **Operation of Clinical Fields – Teaching Weeks Per Year in Clinical Departments** – the previous audit found that the Ministry of Health and the Council for Higher Education (CHE) failed to set a maximum number of weeks for efficient teaching in a department. The follow-up audit found that this deficiency **was rectified only to a small extent**. Although the Ministry of Health calculated the minimum number of weeks required for clinical field learning (36 teaching weeks per year in each of the four main departments where clinical training takes place, out of 52 weeks per year, for the training of 1,200 students, and 40 teaching weeks per year in each of these departments for the training of 2,000 students – the Ministry of Health's target for 2030), the Ministry and the CHE failed to establish a

⁷ The audit did not examine the number of training weeks completed by each student, but only the number of students in each hospital. Hadassah Medical Center does not provide such training, and Barzilai had no such students in the 2022–2023 academic year.



plan for regulating it in anticipation of the increase in student numbers, particularly regarding the various types of departments and their characteristics. In practice, in 2022, internal medicine departments in hospitals taught an average of 12–34 weeks; pediatrics departments 23–38 weeks; surgical departments 15–31 weeks; and obstetrics/gynecology departments 14–24 weeks.

- **Use of Clinical Fields in the Afternoon Hours** – as part of its plan to increase the number of medical students in Israel, the Ministry of Health identified the need to operate clinical fields in hospitals during the afternoon hours. It was found that, except for Sheba Medical Center, which reported that since 2020 it has been teaching dozens of medical students in the afternoon, all other hospitals (19) indicated that they do not do so and cited several reasons: lack of compensation or inadequate compensation for training during these hours; a shortage of resources, including medical staff and suitable training programs; preference for training in the morning, and the assertion that the current morning schedule sufficiently meets needs.
- **Regulation of Agreements Between Hospitals and Universities for the Operation of Clinical Fields** – the previous audit found that the CHE-PBC and the Ministry of Health failed to establish any rules regarding engagement contracts (affiliation) between medical faculties and hospitals, nor do they require these agreements to be submitted for their approval or even brought to their knowledge. The previous audit also highlighted cases where exclusive agreements were signed, granting exclusivity to one party. Some of these arrangements are exclusive and unilateral, explicitly linking specific hospitals to particular faculties and precluding hospitals from establishing agreements with other faculties. This restricts the flexibility of the party granting exclusivity, impedes free competition, and could compromise the efficient use of already limited resources. The follow-up audit found that this deficiency **was not rectified**. It was noted that the CHE-PBC and the Ministry of Health have not set a standard agreement framework for all parties to regulate cooperation between medical faculties and hospitals for the operation of clinical fields, to include a model for a compensation method between them, as well as supervision mechanisms for the agreed arrangements. It was also found that, in the absence of a binding agreement regulating cooperation between universities and hospitals regarding the operation of clinical fields in hospitals, no binding rules have been established to prevent the granting of exclusivity to any of the parties in such agreements. For example, as of 2023, Ariel University's Faculty of Medicine has only one direct agreement with a mid-sized public hospital – Laniado in Netanya – thereby limiting the number of clinical fields the hospital can offer and reducing the number of students it can train compared to other hospitals. In May 2019, Ariel University reached an agreement with Tel Aviv University, under which Tel Aviv University would allow Ariel University to use clinical fields in its affiliated hospitals.



The agreement also stipulated that Ariel University could not directly approach hospitals affiliated with Tel Aviv University to inquire about available clinical fields for its students. These circumstances create uncertainty, making it difficult for Ariel University to plan the number of medical students it can train, including potential increases, effectively leaving it dependent on its cooperation with Tel Aviv University.

- **Incentivizing Departments and Physicians Who Train Medical Students in Hospitals** – the follow-up audit raised (this topic was not discussed in the previous audit) that the Ministry of Health and the CHE, in collaboration with hospitals, have not developed an incentive model for departments that operate clinical fields. Consequently, no financial mechanism exists to incentivize the departments and teaching physicians who undertake this complex task over many weeks. Such a mechanism is especially vital to meet the Ministry of Health's target of 2,000 students by 2030, which would require at least 40 weeks of clinical training in the four main departments, compared to the 12 to 38 weeks currently provided.


Israeli Graduates of Foreign Medical Faculties Absorbed in Israel


- **Funding for Medical Studies Abroad vs. Meeting Admission Requirements in Israel** – due to the limited quota of places for medical studies in Israel, candidates who were not accepted are compelled to study at foreign universities, where the Ministry of Health has no involvement in shaping the curriculum or academic standards. While tuition for a year of medical studies in Israel is about NIS 11,000 for an undergraduate degree and NIS 15,000 for a graduate degree in the 2022–2023 academic year, tuition for these studies abroad is much higher and can reach tens of thousands of shekels per year. Due to the significant financial expenses involved, the high cost of medical studies abroad can be a barrier for Israelis who were not accepted to study in Israel. This means that candidates whose entrance exam scores for medical studies in Israel were not high enough to qualify for the limited places available domestically may forgo studies abroad due to the financial burden, while others with lower scores but greater financial means can study abroad and, after completing their studies and meeting the prerequisites, find a place in Israel's healthcare system. Furthermore, the healthcare system does not bar them from undergoing clinical training in Israeli hospitals, provided they finance the training themselves or through the foreign university at which they are enrolled.
- **Preparation Courses for the Licensing Exam for Israeli Medical Graduates Who Studied at Foreign Institutions** – the previous audit raised that the Ministry of Health had not set criteria or requirements for recognizing the preparation course, nor had it established guidelines for supervising how these courses operate. The follow-up audit found that this deficiency **was only partially rectified**. It was found that the Ministry of Health had replaced the providers operating the preparation courses, and at the time of the follow-up audit, four



different medical centers were conducting the courses. Regarding supervision by the Licensing Division over the preparation courses, the follow-up audit found that at the end of 2022, representatives from the division visited the study centers of preparation courses held in two of the four hospitals offering these courses. However, the results of these visits were not documented in writing, and there are no records detailing the conclusions reached or the Ministry of Health's directives regarding actions that the study centers should take.

- **Amendment of the Physicians Regulations (Licensing Examination)⁸** – the previous audit found that the number of graduates from institutions in Armenia and Moldova taking the licensing exam had steadily increased over the three years preceding the audit, with only a small percentage passing the exam. In response to the previous report, the Ministry of Health indicated that, following the audit, the licensing exams were reassessed, with the intention of including clinical components in the exam content to better reflect candidates' clinical knowledge and skills. The follow-up audit found that this deficiency **was not rectified**. About five years after the previous audit was published, the Ministry of Health has not completed the amendments to the regulations to adjust the exam format. As a result, it may be that foreign graduates who lack adequate qualifications are managing to pass the theoretical exam, with some candidates taking the exam repeatedly without limit until they pass, raising concerns about their competency.

 **Internship Year** – the previous audit found that the Ministry of Health had not taken any concrete steps, in terms of infrastructure and personnel (hospital beds and medical staff required to train them), to address the significant increase in the number of interns. This may lead to the internship year being rendered ineffective. The follow-up audit found that this deficiency **was not rectified**. In 2017–2023, the number of interns increased from 1,547 to 1,793 (about 16%). In contrast, the number of hospital beds in those years grew from 15,798 to 16,408 beds – an increase of only about 4%. It follows that about five years after the publication of the previous audit, the trend of disproportionate growth in the number of interns relative to the increase in the number of beds remains unchanged. It was also found that the Ministry has failed to set the desired ratio between the number of interns and the number of beds.

 **Consolidation and Transparency of Information on the Medical Residency System in Israel** – the previous audit found that the Ministry of Health lacks consolidated information on residency placements. It has neither data on the number of filled and vacant positions nor the timeline for when occupied positions will become available. Additionally, it was found that hospitals do not publish the number of residency positions available for applicants, making the residency assignment and acceptance

8 Physicians Regulations (Licensing Examination), 1988



process non-transparent to candidates. The follow-up audit found that this deficiency **was rectified only to a small extent**. It was found that the updated Physicians Regulations, issued by the Ministry of Health at the end of 2022, stipulate that a doctor applying for residency, whose request has been approved by the Scientific Council of the Israel Medical Association (IMA)⁹, must submit an online residency report to the Ministry of Health within two months of the Council's approval, along with certain data. These regulations are expected to enable the Ministry to consolidate information on the number of residents starting from January 2023. However, as of the end of the audit (August 2023), the Ministry of Health still lacks cohesive information on the number of residency positions in each department and hospital, as well as their occupancy rates.

👉 Training Students in the Community – Adding Clinical Fields in the Community During Medical Studies – the previous audit recommended that the Forum of Deans, in collaboration with the Ministry of Health, make community medicine more accessible during academic training. The follow-up audit found that this deficiency **was rectified only to a small extent**. It was found that since the previous report, the HMOs (Health Maintenance Organisations) have begun to expand student training in clinical fields within the community. In contrast to the prevailing approach among health organizations abroad, such as the World Federation for Medical Education, the General Medical Council in the UK, and health authorities in Australia, by which, the community (in addition to hospitals) plays a central role in the training of medical students, in Israel, not all students undergo clinical training in the community.

👉 Training of Community-Based Doctors Toward Specialist Certification – Division of the Residency Period Between Hospitals and the Community – despite the current and expected trend of a shortage of community-based physicians, the Ministry of Health has not addressed the optimal format for community residency training or the ability to meet evolving needs, and only a minority of medical residents undergo training in community settings. It was only at the conclusion of the previous audit (in 2018) that the Ministry began to address this issue. The follow-up audit found that this deficiency **was only partially rectified**. Since the previous audit, the number of pediatric residents who completed any community residency period was 27 residents in 2018 across the four HMOs, and 98 residents in 2023, according to the HMOs' data. The number of family medicine residents who completed a community residency period increased from 596 residents in 2018 across the four HMOs to 961 residents in 2023. It was also found that the Ministry of Health failed to define the required number of specialists in community medicine needed to expand services provided to the public.

👉 Improving the Quality of Medical Education in Israel with the Potential to Increase the Number of Students – the previous audit found that issues decided

⁹ The Scientific Council is an advisory body that provides recommendations to the Ministry of Health on the accreditation of institutions for medical specialization and is also in charge of the specialization and professional development of all doctors in Israel.



upon by the CHE committee (for example, developing additional training tools such as simulators) were not discussed in any forum, and these issues were not advanced because the Health Professions Forum¹⁰ had not been reestablished. The follow-up audit found that this deficiency **was only partially rectified**. It was found that all six medical schools began integrating innovative teaching methods in line with the CHE committee's recommendations. However, some curricula have not been updated to incorporate advanced technology-based learning methods, multi-component simulations, and exposure to innovative clinical diagnostic tools even before the clinical phase of studies. It was further noted that the CHE has not completed the necessary internal procedures to improve the quality of medical teaching and education in Israel, nor has it finalized the procedures with the medical schools.



Actions of the Ministry of Health Since the Previous Report – the follow-up audit found that since the previous report, the Ministry of Health has placed the issue of medical workforce planning on its agenda and developed a model to forecast the expected number of doctors per 1,000 people. Additionally, the Ministry formulated a plan to increase the number of medical students in Israel and appointed a dedicated committee to address the shortage of medical personnel in the healthcare system. The number of first-year medical students increased from 800 in the 2020–2021 academic year (October 2020 – September 2021) to about 1,100 in the 2023–2024 academic year (October 2023 – September 2024).

Formulating a Multi-Year Plan to Increase the Number of Medical Students in Israel – the previous audit found that, since 2011, when the need to increase the number of medical students (in Israel) was identified, based on a structured plan and an assessment of clinical teaching load in hospitals and resulting needs, the Ministry of Health had done nothing up to the conclusion of the previous audit. The follow-up audit found that the deficiency **was considerably rectified**. In January 2023, representatives of the Ministry of Health presented to the Ministry's administration a plan they developed to increase the number of first-year medical students in Israel from 800 in the 2020–2021 academic year (October 2020 – September 2021) to 1,200 in 2024 and to 2,000 in 2030, detailing the actions required to meet these targets. However, it was found that although an important action plan such as the multi-year plan to increase the number of medical students in Israel requires structured planning, it lacked essential components that would ensure its success. As stipulated in the government planning guide, in addition to defining the program's objective, it is also necessary to set targets and metrics for performance evaluation. Yet, the Ministry of Health's plan does not

10 A consultation forum for academic health professions, including representatives from the CHE (Council for Higher Education), the PBC (Planning and Budgeting Committee), and the Ministry of Health.



specify performance targets or metrics for each medical school and hospital. Furthermore, deficiencies regarding the plan's implementation are detailed above.

Operation of Clinical Fields – Student Load in Clinical Training – the previous audit found, through an examination of student load in clinical fields, that there was overcrowding in clinical training fields. In such cases, faculties and departments have sometimes increased the number of students in clinical field study groups to a level that prevents effective and efficient learning. The previous audit identified many hospital departments in which there were more than eight students in clinical fields, sometimes even 12 students or more. The follow-up audit found that the deficiency **was considerably rectified**. In most of departments in all hospitals, there are no more than ten students.

Reducing the Number of Foreign Students Enrolled in Medical Programs in Israel – in the previous audit, it was found that the Council for Higher Education (CHE) and the Planning and Budgeting Committee (PBC) failed to enforce their decision to gradually reduce the number of foreign students studying in medical faculties in Israel. Consequently, although five years had passed since the PBC adopted the recommendations of the Andorn Committee¹¹, they were not implemented. For example, in the 2015–2016 academic year, about 170 foreign students were enrolled per cohort, instead of the 130 allocated by the decision. In the follow-up audit, it was found that this deficiency **was fully rectified**. Starting from the 2023–2024 academic year, enrollment in programs for foreign students was discontinued, thereby opening an additional 130 spots for Israeli medical students.

Reliance on Israeli Medical Graduates Who Studied Abroad – in the previous audit, it was found that the high proportion of Israeli doctors who studied abroad and received licenses to work in Israel highlights the country's heavy reliance on overseas medical graduates. Moreover, Israel has no influence over the components of their training programs or their alignment with the healthcare system's requirements and needs. In the follow-up audit, it was found that this deficiency **was fully rectified**. The Yatziv Reform, which came into effect in 2019, is intended to ensure that only graduates of foreign universities recognized by the Medical Professions Licensing Division as meeting the professional standards for medical education established by experts in Israel will be eligible to take the licensing exam in Israel. The revocation of recognition for certain institutions is indeed expected to prevent individuals who were not trained according to these standards from integrating into the Israeli healthcare system. This means that starting in 2026, the number of foreign-trained doctors returning to Israel is expected to decline.

11 A committee appointed by the Council for Higher Education (CHE) to address the regulation of clinical training for medicine in Israel for foreign students studying in the country, chaired by Ms. Yael Andorn, a member of the Planning and Budgeting Committee (PBC) at the time.



Bonus Mechanism for the Medical Licensing Exam – the previous audit raised that a preparatory exam grade awarded to those who successfully completed the preparatory course for the licensing exam granted candidates a generous bonus of 10 additional points to their score. This generous bonus enabled course graduates to meet the licensing requirements, raising serious concerns about the professional competence of these doctors. The follow-up audit found that the deficiency **was considerably rectified**. Since the previous audit, several changes have been made to the bonus mechanism for the licensing exam. For example, a passing score of 62 is now required on the preparatory exam to qualify for the bonus. Additionally, the bonus is calculated as 8% of the preparatory exam score rather than being a fixed number of points, as was previously the case. However, it is recommended that the Ministry of Health, based on defined metrics, periodically examine whether the changes made to the bonus mechanism for the preparatory exam scores indeed ensure an improvement in the competence of foreign medical school graduates who obtain licenses to practice medicine in Israel.

Key Recommendations



It is recommended that the Ministry of Health evaluate the number of doctors required in each medical field, both in the short and long term, and estimate the anticipated shortages accordingly. This assessment should consider several variables, including movements of medical personnel in the system – entry of new doctors and departure of others, including retirements and emigration abroad; demographic trends – population growth and composition, population aging, and immigration patterns; expected trends in morbidity and the public's health status; the expected reduction in the number of doctors due to the Yatziv Reform, particularly its impact on peripheral regions; the shortening of shifts for medical residents; the rate of reliance on specialist medicine overall and based on the characteristics of the population utilizing it, to determine the optimal ratio of doctors to population size; technological developments; and other circumstances that may influence the demand for medical specialists. It is further recommended that this evaluation include data on the active physician workforce in the country, as some licensed medical practitioners are not active in their profession. In line with advanced countries worldwide, it is recommended that the Ministry, in collaboration with the Israel Medical Association (IMA), consider adopting a professional mechanism for the strategic planning of its medical workforce and implement it starting at the stage of training medical students.



It is recommended that the Ministry of Health, in collaboration with the Council for Higher Education (CHE), form the multi-year plan to increase the number of medical students in Israel, define clear objectives and performance metrics for the plan's implementation and the assessment of its achievements, particularly for each medical school and hospital; it is



further recommended that a phased schedule, supported by a budget, be established for its execution.



It is recommended that the Ministry of Health and the Council for Higher Education (CHE) map clinical fields across all departments, regardless of the duration of clinical training in those fields, including for Israeli students studying abroad who undergo clinical training in Israel. This mapping is necessary given the anticipated increase in the number of students and the corresponding need to expand the use of clinical fields. Such mapping will enable informed planning of medical education and efficient clinical training, as well as regulation and supervision of the use of clinical fields to optimize the utilization of existing resources. Furthermore, it is recommended that the Ministry of Health and CHE reach agreements regarding each party's responsibilities regarding all aspects of clinical fields and define their respective areas of responsibility. If they fail to reach agreements within a short period, it is recommended that the Minister of Health and the Minister of Education, in his capacity as Chairman of the CHE, establish a committee of experts to resolve the matter.



It is recommended that the Ministry of Health, the Council for Higher Education (CHE), medical schools, and hospitals define the operational framework for clinical fields in terms of study group size, the minimum, optimal, and maximum number of students per group, based on the characteristics of clinical fields in various departments, thereby maximizing the utilization of existing clinical fields. It is also recommended that the Ministry of Health and CHE, in collaboration with medical schools and hospital directors, establish the standard range (minimum and maximum) for the number of teaching weeks per year in the various clinical departments according to their characteristics, evaluate the resources required for this purpose, and formalize this in an appropriate procedure. It is further recommended to set phased targets to meet the Ministry of Health's plan to reach 40 teaching weeks per year by 2030. Additionally, it is recommended that the Ministry of Health examine the barriers to training medical students in clinical fields during afternoon hours in hospitals and remove them. This will enable teaching during these hours and thus increase the number of medical students. Specifically, it is recommended that the Ministry consider the creation of effective incentive mechanisms for hospitals, departments, and teaching physicians, and define the required scope of medical staff to support this effort.



It is recommended that the Ministry of Health and the CHE-PBC set an expedited timeline for completing the work of the committee they decided to establish in April 2023. This committee is tasked with examining the national management of clinical fields and immediately determining the minimum and maximum price of clinical fields, thereby formulating a fixed, comprehensive, and written framework agreement to regulate relations between medical faculties and hospitals, including the financial arrangements between hospitals and universities. It is further recommended to define the funding sources for this agreement and establish mechanisms for the Ministry of Health and the CHE to supervise compliance by universities and hospitals with the agreed-upon rules. It is also recommended to involve the Deans' Forum of Medical Schools and the hospitals in this process. Additionally, it is recommended that the subcommittee for developing mechanisms to expand and nationally regulate clinical fields within the Ministry of Health determine the



appropriate framework for the optimal and efficient utilization of clinical fields in all hospitals, including the granting of academic appointments. This should take into account the need to allow hospitals to provide clinical training to medical faculties they are not affiliated with. This will also enable planning for the increase in the number of medical students beginning their studies at each faculty. It is recommended that the Ministry of Health, in collaboration with hospitals and the CHE-PBC, develop a model for compensating teaching departments and teaching physicians. Thus, creating incentives to ensure the highest quality clinical education and enable long-term planning that will guarantee an increase in the number of medical students.



It is recommended that the Ministry of Health and the Council for Higher Education (CHE) evaluate the advantages and disadvantages of the quota set for the number of medical students in Israel.



The Ministry of Health and the Council for Higher Education should weigh the cost of medical education funded by the state budget vis-a-vis the goal of ensuring that doctors in Israel possess the highest qualifications, regardless of their economic background, and that they are trained according to the standards required in Israel. It is also recommended to consider that most students who study medicine abroad return after completing their studies to work in Israel's healthcare system, despite not being admitted to medical studies in the country. Some of them even received training in clinical fields in Israeli hospitals, despite this being a resource that limits the number of medical students who can be trained in Israel.



It is recommended that the Ministry of Health, the Deans' Forum, and hospitals determine the number of interns each hospital can train based on the size of its staff, the number of beds in mandatory and elective departments, and the number of patients, to ensure that neither the routine operations of the departments nor the quality of the interns' training is compromised. It is further recommended that the Ministry of Health review the recommendations of the Committee for the Examination of Medical Internships, published in June 2023¹², and decide on their implementation.



It is recommended that the Ministry of Health, as the regulator, maintain updated and comprehensive data regarding physicians' specializations and residency placements. This should include the required fields of specialization, where residency positions become available, the fields with waiting lists for residency, the number of available positions, and the timing of their availability. It is further recommended that, after collecting these data, the Ministry improve transparency on this matter, particularly for medical students, and provide them with regular updates and enable them to plan their future. Additionally, it is recommended to define the Ministry of Health's responsibility, in collaboration with the

12 The recommendations of the Committee for the Examination of Medical Internships, chaired by Prof. Zion Hagay, President of the Israel Medical Association (IMA), and Prof. Ehud Grossman, former Dean of the Faculty of Medicine at Tel Aviv University, June 2023.



Israel Medical Association (IMA), for consolidating this information and planning for the various medical specialties.



It is recommended that the Council for Higher Education (CHE), the Ministry of Health, medical schools, the Deans' Forum, and the HMOs finalize the curriculum for the clinical training of students in the community and integrate it into the overall clinical training program. It is also recommended to formulate agreements between medical schools and HMOs to encourage such training, including a mechanism for appropriate financial compensation for the HMOs. Furthermore, it is recommended that the Ministry of Health assess the number of specialists required in community medicine. The Ministries of Health and Finance should also examine what incentives may be given to encourage community specialists to train medical residents. Additionally, it is recommended that the Ministry of Health, in collaboration with the Scientific Council of the Israel Medical Association (IMA) and management of the health funds, develop a structured plan for advancing specialization in community medicine in the required fields. This plan should define the optimal and necessary number of weeks for specialization in community clinics, particularly in pediatrics.



It is recommended that the Council for Higher Education (CHE), in collaboration with the Deans' Forum and medical schools, continue improving the structure of medical education and the necessary infrastructure to align with advancements in the field of medicine, the development of technology and innovation within it, and the anticipated increase in the number of students. In particular, they should examine and enhance the use of innovative teaching methods, such as simulators and artificial intelligence, and assess the funding sources required to implement these tools. Such improvements could help advance Israel toward the Ministry of Health's goal of enrolling 2,000 first-year medical students annually by 2030.



Factors Influencing the Need to Increase the Number of Doctors in Israel

The shortage of
specialist doctors in
specific fields



Non-recognition of
medical studies in
certain foreign
schools



Population growth –
Increased life
expectancy



Population growth –
Higher fertility rate



Retirement of
doctors



Emigration of
doctors abroad



Doctors leaving
the profession



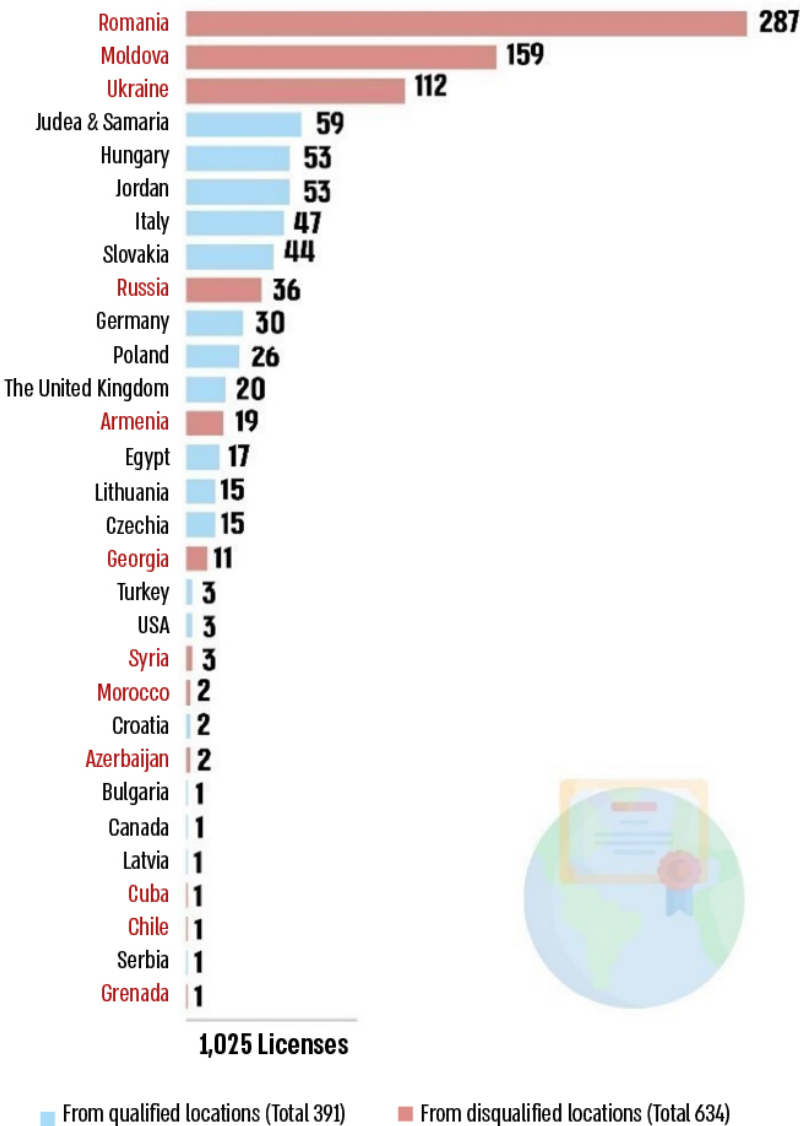
Reduction in
residents' on-call
hours





The chart below presents the number of licenses granted to graduates of foreign medical universities in 2022 (students who began their studies before 2019). Medical schools in countries marked in red were disqualified under the Yatziv Reform, while medical schools in countries marked in blue are recognized by the Ministry of Health.

The Number of Licenses to Practice Medicine in Israel Granted to Graduates



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



Summary

The physician-to-population ratio in Israel in 2020 was 3.3 doctors per 1,000 people, slightly below the OECD average of 3.7 doctors per 1,000 people. According to data from the Civil Service Commission, the Ministry of Health, and professional committees, there is a noticeable shortage of specialist doctors in various fields, including geriatrics, psychiatry, anesthesiology, and intensive care.

The shortage of doctors in certain specialties creates intense competition for every physician, with stronger medical centers enticing doctors at the expense of weaker and peripheral centers. This has led to longer wait times, the closure of services in peripheral areas, and a surge in the costs of private healthcare. For example, this is already evident in the field of mental health. However, given the existing and projected shortages of doctors in Israel, this situation is likely to worsen and spread to additional medical specialties.

Since the previous State Comptroller's audit in 2018, the Ministry of Health has prioritized increasing the number of physicians in Israel. It has taken various actions to achieve this goal and has addressed some of the deficiencies raised in the previous audit. However, the follow-up audit raised significant shortcomings in the regulation of clinical training for physicians, particularly in developing a mechanism for strategic medical workforce planning, formulating a long-term plan to increase the number of physicians in Israel, determining the number of specialists needed in each medical specialty, and assessing the projected shortages in each field in the coming years. Additional issues were identified in the efficient national allocation of clinical fields in hospitals and the community (considered a national resource), regulation of the internship year, and enhancement of the quality of medical education through the use of innovative teaching methods.


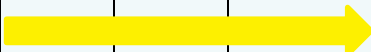
The need to increase the number of physicians in Israel, both overall and in specific disciplines, as well as to ensure their distribution across different regions of the country, requires the Ministry of Health and the Council for Higher Education (CHE) to formulate a long-term strategic plan for the medical workforce. This plan should include setting clear objectives and creating a work plan to achieve them while removing existing barriers to operating clinical fields in the community and allocating budgets accordingly. It is recommended that the Minister of Health and the Minister of Education, in his capacity as Chairman of the CHE, monitor the rectification of the deficiencies raised in this report, to ensure an increase in the number of physicians and regulate their training. These steps will enable the provision of optimal medical services to all residents of Israel.




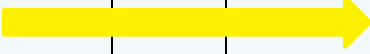
The Retification Extent of the Key Deficiencies Noted in the Previous Audit

The Audit Chapter	The Audited Body	The Deficiency Noted in the Previous Audit	The Extent of Deficiencies Rectification Noted in the Follow-up Audit			
			Not Rectified	Slightly Rectified	Significantly Rectified	Fully Rectified
Planning of medical manpower	Ministry of Health	The Ministry of Health lacks a multi-year plan to determine future needs in each medical dicipline or the number of positions it intends to add in each specialty and hospital.				
Formulating a multi-year plan to increase the number of medical students in Israel	Ministry of Health	Since 2011, when the need to increase the number of medical students in Israel was identified through a structured plan based on assessing clinical teaching loads in hospitals and the resulting needs, up until the completion of the previous report, the Ministry of Health has taken no action.				



The Audit Chapter	The Audited Body	The Deficiency Noted in the Previous Audit	The Extent of Deficiencies Rectification Noted in the Follow-up Audit			
			Not Rectified	Slightly Rectified	Significantly Rectified	Fully Rectified
Utilizing the national resource of "clinical fields" in hospitals in Israel - responsibility for managing the inventory of clinical fields in Israel	Ministry of Health and CHE	Although the Ministry of Health and the CHE share joint responsibility, each within its respective domain, for regulating and supervising the clinical training framework, it was found that clinical teaching within the clinical fields remains entirely unregulated.				
Current status regarding the number of clinical fields	Ministry of Health and CHE	Clinical teaching in hospitals within clinical fields remains unregulated, and the CHE-PBC and the Ministry of Health lack a comprehensive picture of the number of existing clinical fields and their distribution across hospitals.				



The Audit Chapter	The Audited Body	The Deficiency Noted in the Previous Audit	The Extent of Deficiencies Rectification Noted in the Follow-up Audit			
			Not Rectified	Slightly Rectified	Significantly Rectified	Fully Rectified
Operation of clinical fields – student load in clinical training	Ministry of Health, CHE, medical faculties and hospitals	The CHE and the Ministry of Health, in collaboration with medical faculties and hospitals, have yet to establish a mandatory operational framework for clinical fields, particularly regarding the size of study groups.				
Operation of clinical fields – student load in clinical training	Ministry of Health and hospitals	An examination of student load in clinical fields raises significant pressure on clinical fields. In such cases, faculties and departments have sometimes increased the number of students in clinical field study groups to a level that prevents effective and efficient learning.				



The Audit Chapter	The Audited Body	The Deficiency Noted in the Previous Audit	The Extent of Deficiencies Rectification Noted in the Follow-up Audit			
			Not Rectified	Slightly Rectified	Significantly Rectified	Fully Rectified
Operation of clinical fields – teaching weeks load in clinical departments	Ministry of Health and CHE	The Ministry of Health and the CHE have not determined the maximum number of weeks a department can teach effectively.				
Establishing regulations for agreements between hospitals and universities for the operation of clinical fields	Ministry of Health and CHE	The Planning and Budgeting Committee (PBC) and the Ministry of Health, which are supposed to serve as the regulatory bodies for academic activity in hospitals and supervise their funding, have not established any rules regarding the agreements between medical faculties and hospitals. Furthermore, they do not require these agreements to be submitted for their approval or even for their knowledge.				





The Audit Chapter	The Audited Body	The Deficiency Noted in the Previous Audit	The Extent of Deficiencies Rectification Noted in the Follow-up Audit			
			Not Rectified	Slightly Rectified	Significantly Rectified	Fully Rectified
Reducing the number of foreign students enrolled in medical programs in Israel	CHE-PBC	The PBC has not enforced its decision to gradually reduce the number of foreign students studying at Israeli medical faculties.				
Israeli graduates of foreign medical faculties and absorbed in Israel – reliance on Israeli medical graduates from abroad	Ministry of Health and CHE	The high proportion of Israeli doctors who studied abroad and received licenses to practice in Israel indicates that the country relies heavily on medical graduates who did not study locally. However, Israel has no authority over the various components of their training programs or their compliance with the Israeli healthcare system, its requirements, and its needs.				





The Audit Chapter	The Audited Body	The Deficiency Noted in the Previous Audit	The Extent of Deficiencies Rectification Noted in the Follow-up Audit			
			Not Rectified	Slightly Rectified	Significantly Rectified	Fully Rectified
Preparatory courses for the licensing exam for Israeli medical graduates from foreign institutions	Ministry of Health	The Ministry of Health has established neither rules nor requirements for recognizing preparatory courses, nor has it issued guidelines for monitoring how these courses operate.				
The bonus mechanism for examinees in the medical licensing exam	Ministry of Health	The generous bonus, granted only to graduates of the preparatory courses, enabled them to meet the requirements for obtaining a medical license, raising serious concerns about the professional competence of these physicians.				



The Audit Chapter	The Audited Body	The Deficiency Noted in the Previous Audit	The Extent of Deficiencies Rectification Noted in the Follow-up Audit			
			Not Rectified	Slightly Rectified	Significantly Rectified	Fully Rectified
The internship year	Ministry of Health	The Ministry of Health has not addressed the significant increase in the number of interns, in terms of infrastructure and personnel (hospital beds and medical staff required to train them).				
Consolidation and transparency of information on the medical residency system in Israel	Ministry of Health and hospitals	The Ministry of Health lacks consolidated information on residency positions. It has neither data on the number of filled and vacant positions nor the timeline for when occupied positions will become available. Additionally, it was found that hospitals do not publish the number of residency positions available for applicants, making the residency assignment and acceptance process non-transparent to candidates.				



The Audit Chapter	The Audited Body	The Deficiency Noted in the Previous Audit	The Extent of Deficiencies Rectification Noted in the Follow-up Audit			
			Not Rectified	Slightly Rectified	Significantly Rectified	Fully Rectified
Training students in the community – adding clinical fields in the community during medical studies	Ministry of Health and CHE	The Deans' Forum, in collaboration with the Ministry of Health, should make community medicine more accessible already during academic training.				
Training doctors in the community for a specialist degree – dividing the residency period between hospitals and the community	Ministry of Health	Despite the current and expected trend of a growing shortage of medical personnel in community medicine, the Ministry of Health has addressed neither the desired framework for residency training in the community nor the ability to meet emerging needs, and only a minority of residents undergo training in the community.				



Report of the State comptroller of Israel | July 2024

Chapter Three

Corporations



Report of the State Comptroller of Israel | July 2024

Agricultural Production Boards

Agricultural Production Boards – Functional and Financial Aspects



Agricultural Production Boards – Functional and Financial Aspects

Background

The Agricultural Production Boards in Israel are associations of farmers originating in the 1940s, to regulate agricultural production and marketing across various sectors and to address the unique agriculture challenges. These boards ensure a consistent supply of food and agricultural products at fair prices for consumers while safeguarding equitable pricing for producers. In recent decades, the roles of the production boards have evolved, and most now focus on providing services to farmers, including training, research, information collection and distribution, and insurance. In Israel, various production boards operate in conjunction with the Ministry of Agriculture and Food Safety and the Ministry of Economy and Industry. This report examines the activities of five production boards: The Plants Production and Marketing Board, the Honey Production and Marketing Board, the Ground Nuts Production and Marketing Board, the Wine Grapes Board, and the Fruit and Vegetable Products Board.



Key Figures

**about 2.8
million
tons**

of plant products were produced and marketed in Israel in 2022, of which about 1.5 million tons of vegetables, about 428,000 tons of citrus fruits, and about 917,000 tons of other fruits

**25%
and
24%**

the increase rate in vegetable and in fruit prices respectively between 2014–2023, compared to a 10% rise in the general consumer price index

**NIS 518
million**

the Ministry of Finance allocation by to the Ministry of Agriculture for direct subsidies in the crop sector within the state budget for 2023–2024, and whose manner of disbursement has not yet been agreed upon

32%

the gap between the higher vegetable prices cited in the survey conducted by the Plants Board and their prices in the survey conducted by the Ministry of Agriculture

**NIS 8.5
million**

the levies that farmers have not yet paid to the Plants Board for 2020–2022, of which about NIS 1.6 million is for unpaid levies in the olive industry

**0%–
247%**

the range of deviation rates of administrative and general expenses in production boards in 2022 from their maximum ratio according to the Ministry of Finance procedure for subsidies

13 years


average tenure of gatekeepers in production boards (auditing accountant, legal advisor, and internal auditor), without rotation

**0
representatives**

appointed by the government to the plenum of the Fruit and Vegetable Products Board




Audit Actions


 From February to December 2023, the State Comptroller's Office audited various aspects of the operations of five production boards: the Plants Board, the Honey Board, the Ground Nuts Board, the Wine Grapes Board, and the Fruit and Vegetable Products Board. Supplementary examinations were carried out in April and May 2024. The audit addressed multiple facets of the production boards, including financial statements, corporate governance, the relevance of the normative framework, the organizational structure of the boards, and their indirect impacts on the cost of living. It should be noted that the activities of the Egg and Poultry Board and the Dairy Board were not included in this audit, as they were reviewed in State Comptroller's reports published in May 2022 and May 2023, respectively.

The audit encompassed both the production boards and the Ministry of Agriculture, while supplementary examinations were conducted at the Ministry of Finance and the Ministry of Economy.

Key Findings



 **The Ratio of Administrative and General Expenses** – across all production boards, with the exception of the Ground Nuts Board, expenses for administrative and general components out of the revenue exceed the ratios stipulated by the Ministry of Finance's procedures for subsidies related to these expenditures. Specifically, the administrative and general expenses in the Plants Board exceed the guideline by 57% (about NIS 5.8 million); in the Wine Grapes Board, by 71.6% (about NIS 310,000); in the Honey Board, by 27.9% (about NIS 153,000); and in the Fruit and Vegetable Products Board, by 247% (about NIS 252,000).

 **Accumulated Surpluses and Unused Resources** – the Honey Board reported a profit surplus of about NIS 5.3 million at the beginning of 2022, which exceeds the Board's annual budget for that year (about NIS 4.5 million) by around NIS 800,000. The Board maintains high rates of return on its cash balance, investing in securities about NIS 3.1 million (about 61%), NIS 3.3 million (about 64%), and NIS 3.2 million (about 70%) in the years 2020, 2021, and 2022, respectively. However, it has not fully utilized its operational capabilities within the honey and pollination industry, including control and enforcement measures and research and development initiatives. The surplus of the Wine Grapes Board increased each year from 2018 to 2021, accumulating an amount exceeding the sum required to finance its subsequent year's activities and its activities



during Shmita years (the seventh year of the seven-year agricultural cycle when the land is left to lie fallow).

The Plants Board Revenue from Levies – although the unification of several production boards into the Plants Board in 2003 was to streamline operations and decrease overhead costs, the Plants Board currently employs four distinct collection teams that operate independently. Furthermore, the levies are collected in accordance with a procedure established about 15 years ago, which has not been updated as of the audit date. This procedure specifies separate collection processes for each of the Board's three segments – fruits, vegetables, and citrus fruits – but fails to include collection procedures for the olive sector, which was integrated into the Board in 2010. The fragmentation of collection mechanisms results in economic inefficiencies, including duplicated salary expenditures for collection staff across sectors and continued procedural actions against debtors, which may have been mitigated by establishing a single collection team for the entire Board. The outstanding levies owed to the Plants Board for 2020–2022 was about NIS 8.5 million.

Fruit and Vegetable Prices – consumer prices for fresh fruits have risen by about 24% over the past ten years (from November 2013 to October 2023), while prices for fresh vegetables have increased by about 25%. This compared with a 10% rise in overall food prices excluding fruits and vegetables, and a similar increase in the general consumer price index. In its consistent survey reporting for growers, the Plants Board presents produce prices that are higher than those published by the Ministry of Agriculture. The average price for vegetables sampled during the audit within the quality group type A in the Plants Board's survey was about 32% higher than the corresponding prices in the Ministry of Agriculture survey. Notably, prices for eggplant and zucchini in the Plants Board survey were about 70% and 60% higher, respectively. Such discrepancies may contribute to increased prices shifted to consumers, suggesting that the Board may not be fulfilling its responsibility to ensure an adequate supply of plants at reasonable prices for the population.

The Customs Tariff Reduction Rate on Fruits and Vegetables – a significant disparity of 68% on average was found between the government's resolution from August 2021 and the Board's proposal from November 2021, specifically concerning 16 out of the 28 species cited in the Board's proposals. The Board opted to negate any reductions in protective customs tariffs. Therefore, the Plants Board endeavored to persuade decision-makers to limit reforms on indirect subsidies in agriculture. The ongoing provision of indirect subsidies benefits farmers by potentially increasing the cost of competing imported products, thereby maximizing their returns. However, the Plants Board did not consider the implications of this approach on consumer prices, despite its obligation to ensure suitable pricing for the general population.



Direct and Indirect Subsidies – OECD data from 2020 raised that Israel's import goods as a percentage of GDP was about 17.1%, ranking fifth lowest among the 34 examined OECD countries. As of this year, private consumption of imported fresh fruits and vegetables accounted for around 9% of total expenditure on such items. OECD estimates indicate that in 2021, the share of indirect subsidies constituted 90.7% of total assistance to farmers in Israel, significantly surpassing the OECD average of 23.1%. The OECD recommended a simultaneous reduction of indirect subsidies alongside the provision of direct subsidies to farmers. The process of reducing indirect subsidies commenced in 2022–2023, with the initial two phases of customs reductions implemented. However, in 2023, the Ministry of Agriculture and the Ministry of Finance opted to halt the progression of the established reduction plan due to a lack of consensus on the allocation of direct subsidies among farmers. Consequently, by December 2023, about NIS 518 million in direct subsidies budgets for the plant sector remained unutilized (about NIS 270 million for 2023 and NIS 248 million for 2024).

Appointment of Government Representatives to the Boards – in all boards examined, only 12 out of a potential 24 representatives were duly appointed, from the Ministry of Agriculture, the Ministry of Economy, and the Ministry of Finance, despite legal requirements in the law establishing these boards and in their articles of incorporation. In all boards, with the exception of the Ground Nuts Board, the records of the appointments of government representatives to the board of directors are absent. In total, 5 out of 12 government representatives on the boards of directors of these boards are missing. The Fruit and Vegetable Products Board has not appointed a chairman from the Ministry of Economy, as mandated. Furthermore, with the exception of the Wine Grapes Board, where state representatives attend plenary meetings, the participation rate of government representatives in plenary board meetings and board meetings of the rest of the production boards varies between 40% and 60%. This limited representation potentially undermines the influence of government ministries on board decisions and may also diminish the public oversight enshrined in the boards' incorporation documents.

Length of Time in Office of the Gatekeepers in the Boards – as of the audit date, the gatekeepers in the agricultural production boards (legal advisor, auditing accountant, and internal auditor) have served as external service providers for an average of about 13 years, without rotation. Furthermore, it was noted that, contrary to the provisions outlined in Government Companies Regulations and the Civil Service Commission's directives to government ministries, there is no stipulation limiting the term of office for these gatekeepers in the production boards, allowing their tenure to extend over decades, with one gatekeeper's term reaching 19 years. Such prolonged service may lead to a dependency of the production boards on these service providers. Additionally, extended periods of service raise concerns about potential excessive identification between the gatekeepers and the boards, which may jeopardize their professional independence.



📌 Transparency and Publication of Information to the Public – the Ground Nuts Board and the Fruit and Vegetable Products Board do not disclose financial and performance information on their websites, nor do they issue an annual report to the public as mandated by the Freedom of Information Law. Similarly, the Wine Grapes Board and the Honey Board, while not subject to the Freedom of Information Law, also refrain from publishing such data. The Ministry of Agriculture similarly does not make available the financial statements of all agricultural production boards or budget reports with respect to each board's performance. It should be noted that general background information on the production boards was published on the Ministry's website during the audit period. The Fruit and Vegetable Products Board lacks a dedicated website, making it impossible to access information through the Ministry of Economy or the unified government website (gov.il). Furthermore, as of the audit date, the Accountant General has not published the financial statements of the Fruit and Vegetable Products Board for 2022 on the Ministry of Finance's website, which contravenes the Budget Foundations Law. In the absence of information regarding the boards' performance and current activities, the public is deprived of the opportunity for oversight that is afforded by transparency of information.

📌 Outdatedness of the Normative Base – the legislation governing the operation of production boards was established in the mid-twentieth century and relies on outlooks that are now outdated. The incompatibility of regulations with the realities of life in the current era in Israel may render certain regulations ineffective. For instance, the Fruit and Vegetable Products Board does not engage in the purchase and sale of citrus fruits for industry purposes as stipulated in the regulations, and its management is unaware of, and fails to enforce, the Purchase of Citrus Fruits for Industry Purposes Regulations. Additionally, the powers granted to the Plants Board upon its inception as the Fruit Board in 1973 – to establish rules on regulatory issues – have become obsolete and do not align with the Boards' current role or conduct. The presence of such powers in the statute book contributes to ambiguity regarding the Plants Board's contemporary function.

📌 Regulation of the Honey Industry in Judea and Samaria – the lack of enforcement of the Honey Order and the Bee Regulations in Judea and Samaria may result in overcrowding of beehives in the region and neighboring areas, ultimately diminishing bee resilience and their ability to combat diseases and pests. This could lead to a reduced honey harvest and adversely affect the pollination capacity of bees. Additionally, in the absence of appropriate regulations, beekeepers with hives in Judea and Samaria are not eligible for inclusion in the registry of beekeepers that are members of the Board, and thus cannot access services provided by the board, such as research and development, insurance, pest management, and technological advancements.

📌 The Institutional Structure of the Agricultural Production Boards – there is a trend in the Western world towards predominantly voluntary agricultural production boards or statutory boards with membership contingent upon the consent of the majority



of growers within each sector. The following findings pertain to the structure of the production boards in Israel:

- **The Plants Production and Marketing Board** – as of October 2023, over 5 years have elapsed since the withdrawal of 11 fruit species from the Plants Board, yet the Ministry of Agriculture has not assessed the consequences of this withdrawal. The decision to withdraw these species was based on low levy collection rates, leading the Ministry to infer that growers did not wish to remain members of the Board. It should be noted that the Plants Board's levy collection varies by sector: in the fruit sector, levies are collected from growers; in the vegetable and citrus sectors, levies are collected from marketers; and in the olive sector, growers choose their collection method. Therefore, evaluating growers' opposition to board membership based solely on levy collection rates does not provide an equitable opportunity to examine this benchmark among vegetable and citrus growers, who lack the option to withhold payment.
- **The Honey Board** – despite an estimated agricultural output of about NIS 3 billion reliant on bee pollination services, the board of directors of the Honey Board lacks representation from the farmers requiring pollination services. Furthermore, the board of directors of the Honey Board includes 23% representation from the business sector (marketers) and 62% from beekeepers, resulting in 85% of management being comprised of stakeholders' representatives. Honey Board directors have not been required to disclose their affiliations or sign arrangements to mitigate potential conflicts of interest as appropriate.
- **The Ground Nuts Board** – the marketing procedures for ground nuts conducted by the Ground Nuts Board are similar to those of the Cotton Board, which is voluntary. While all cotton crops, akin to ground nuts, are marketed abroad solely through the Cotton Board, association with the Cotton Board is not legally mandated and depends on its economic viability for growers. This comparison indicates that voluntary association, if economically beneficial to growers, could meet the objectives of the ground nuts export industry, similar to the current circumstances wherein membership in the Ground Nuts Board is compulsory.
- **The Fruit and Vegetable Products Board** – no activities of the Fruit and Vegetable Products Board were identified necessitating its statutory status. Aside from participation in international conferences as Israel's official representative and the collection of information regarding volumes of fruit processed by member enterprises, no additional activities carried out by this board have been observed over the past decade. The Board's incurred expenses were found to be purely administrative and general. Additionally, the law by virtue of which it operates is outdated, with provisions related to production planning, quality improvement, research activities, export promotion, and advising the Minister of Economy



remaining unimplemented. The Board also fails to adhere to standards of proper corporate governance.

- **The Wine Grapes Board** – membership in the Wine Grapes Board is voluntary and lacks regulatory authority; however, the Ministry of Agriculture is involved in the Board's management.



In the past decade, the Ministry of Agriculture has advocated for the regulation of the honey industry independent of emergency situations. An updated government bill prepared by the Ministry was presented to the Knesset in 2023. The Ministry of Agriculture should incorporate provisions for the regulation of the honey industry into primary legislation that is not contingent upon the declaration of an emergency.

Key Recommendations



It is recommended that the Ministry of Agriculture and the Ministry of Economy, in coordination with the production boards, comprehensively examine and analyze agricultural production boards. The Minister of Agriculture and the Minister of Economy, along with the aforementioned parties, should decide regarding the initiation of new regulations for these corporations and any necessary changes.



The Ministry of Finance, the Ministry of Economy, the Ministry of Agriculture, the Ministry of Justice, and the production boards should assess the current situation and promote legislative amendments to ensure that production boards are empowered to address the needs of Israeli agriculture. This must be balanced with the necessity of ensuring competition and a free market to reduce the cost of living in Israel, while considering the characteristics of the agricultural sector.



It is recommended that the Executive Committee of the Plants Board, the Plenum of the Fruit and Vegetable Products Board, the Board of Directors of the Honey Board, and the Board of Directors of the Wine Grapes Board evaluate the administrative and general expenses of the boards for which they are responsible. Additionally, it is recommended that the Ministry of Agriculture and the Ministry of Economy ensure that all production boards operate efficiently to fulfill their mandates, acknowledging the unique characteristics of each board's responsibilities, and guide their management accordingly. The Ministries of Agriculture and Economy should consider establishing a cap on administrative and general expenses for agricultural production boards, similar to the Ministry of Finance procedures for subsidies.



- 💡 The Ministries of Agriculture, Economy, and Finance, as well as the responsible ministers, should fully staff and participate as government representatives in the boards of directors and plenary sessions of the boards, as mandated by the establishing laws. Moreover, the production boards, particularly the Honey Board, must ensure that meeting notifications for the boards of directors and plenary sessions are distributed to all government representatives involved in their management, thus ensuring ongoing functionality of the production boards and uphold public oversight of their activities.
- 💡 To enhance the activities of the boards and ensure the independence of the gatekeepers, it is recommended that the boards consider limiting the term of office for the gatekeepers. Additionally, the Ministry of Agriculture and the Ministry of Economy, which supervise the boards' operations, should review the establishment of rules regarding these terms.
- 💡 The production boards, subject to the Freedom of Information Law and the Budget Foundations Law, should publish their financial statements in compliance with applicable regulations and proper governance. It is further recommended that all production boards, along with the respective ministries responsible for supervising their operations – namely the Ministries of Agriculture and Economy – disseminate as much information as possible concerning the boards' performance and activities.
- 💡 The Ministry of Agriculture, the Ministry of Finance, and the Plants Board should assess the structure and functions of the Plants Board, considering the advantages and disadvantages of operating as a statutory corporation that collects mandatory payments from growers in certain sectors versus functioning as a voluntary organization focused solely on protecting the interests of growers.
- 💡 The Plants Board should consider conducting a separate survey on behalf of the Board regarding fresh vegetable prices in wholesale markets, rather than relying on data published by the Ministry of Agriculture or collected by other objective entities. Should it be deemed essential, the survey should be conducted in a manner that guarantees the reliability of its results.
- 💡 It is recommended that the Ministry of Agriculture and the Plants Board analyze the implications of the withdrawal of 11 species from the Plants Board, including an examination of the potential cancellation of mandatory payments to the Board and its subsequent effects on the Board's structure and functions. This analysis should encompass the changes in crop sectors that have been withdrawn and the impact of these changes on plant produce.
- 💡 The Ministry of Agriculture, in coordination with the Ministry of Defense and in consultation with the Ministry of Justice, should examine the implementation of the Honey Order and Bee Regulations within security legislation, as well as assess the applicability of policies related to the honey industry in Israel to the Judea and Samaria territories.
- 💡 The Honey Board should assess the source of its substantial profit balance and, based on the findings, develop a strategic work plan to implement initiatives and investments to



enhance the industry's efficiency. Additionally, it is recommended that the Board explore options for revisiting previously rejected initiatives due to cost constraints.



The Ministry of Agriculture should evaluate the potential for including representatives from farmers utilizing pollination services on the Honey Board's board of directors, given their direct relevance to the Board's operations. Furthermore, the Ministry should investigate the implications of abolishing the mandatory participation in the Ground Nuts Board, transitioning it to a voluntary structure similar to that of the Cotton Board.



The Ministry of Economy should determine the rationale for amending the legal framework to enable the Fruit and Vegetable Products Board to function as a representative body of stakeholders, without regulatory authority or government involvement in its operation.



The Wine Grapes Board should collect membership fees sufficient to generate a surplus that can support activities during Shmita years, while ensuring this surplus does not significantly exceed the anticipated deficit from such years. Additionally, the Board should formulate a multi-year plan to increase investments to enhance industry operations and efficiency, utilizing a portion of its accumulated surplus, and adjusting membership fees accordingly. The Ministry of Agriculture should consider altering the composition of the Wine Grapes Board's management, to allow for a private entity to promote the interests of the wine sector without government interference, particularly considering that membership is voluntary and does not entail regulatory authority.



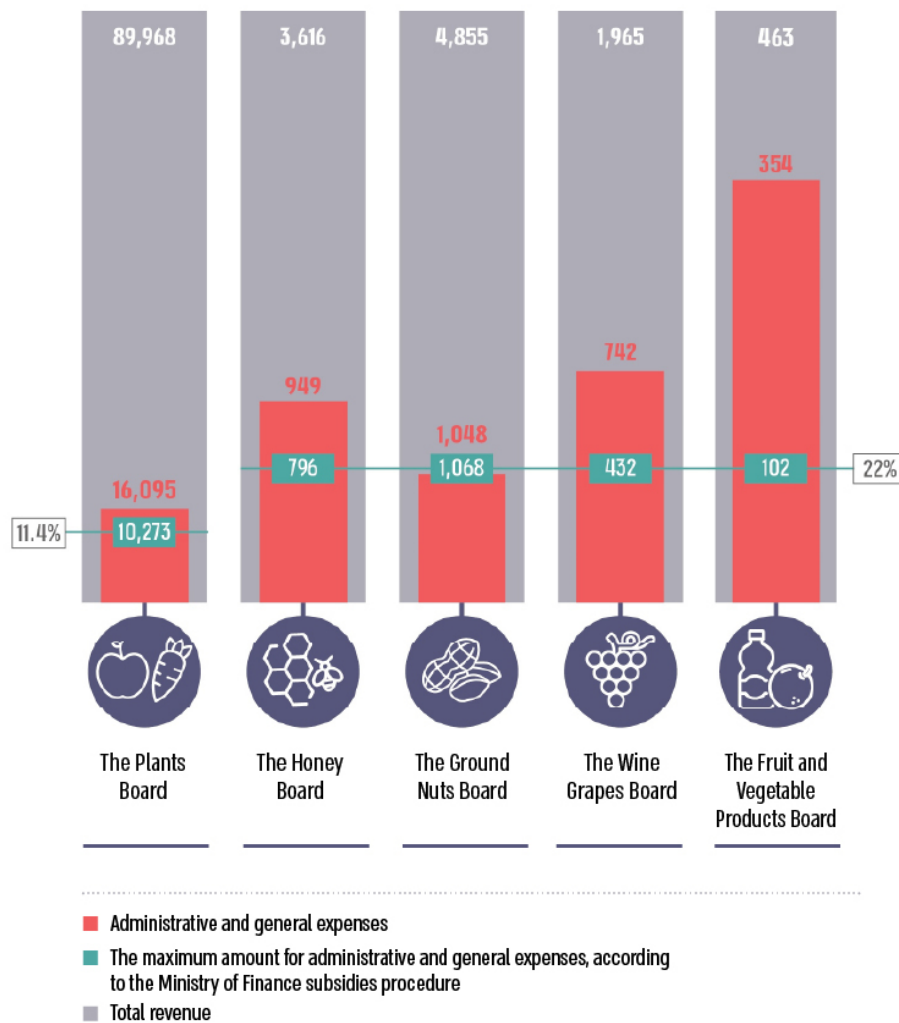
Mandatory Incorporation and the Framework for the Establishment of the Production Councils



According to the incorporation documents and Boards related legislation, processed by the Office of the State Comptroller.



Board Revenues, the Maximum Ratio of Administrative and General Expenses Set in the Ministry of Finance's Procedure for Subsidies and Their Actual Ratio (in thousands of NIS), 2022



According to data from the financial statements of the production boards, processed by the Office of the State Comptroller.

* The amounts of administrative expenses and general expenses were calculated in accordance with the maximum marginal rate of these expenses from the revenue cycle, as determined in the Ministry of Finance procedure concerning state budget subsidies for public institutions.



Summary

Beginning in the 1940s, agricultural production boards were established in Israel to address the agricultural sector challenges by regulating the market, promoting exports of agricultural products, and ensuring essential infrastructure for production and marketing, including research and development, training, knowledge dissemination, insurance against natural damages, pest control, and sales promotion. In recent decades, the number of active production boards in Israel has decreased. This report raised functional and financial deficiencies in the operations of the production boards, which are reflected in five aspects:

1. **Financial Aspect** – the audit raised that, with the exception of the Ground Nuts Board, the boards' administrative expenses are excessively high compared to those deemed reasonable for public corporations and non-profit organizations with similar characteristics. Additionally, the Wine Grapes Board has accumulated a surplus balance exceeding requirements for its current activities as well as for the Shmita year, while as of 2022, the Honey Board has accumulated surpluses totaling approximately NIS 5.3 million (about 156% of its revenue).
2. **Indirect Effects on the Cost of Living** – the audit examined the indirect effects of the Plants Board on the cost of living in Israel and found that levies collected from growers had a minimal impact on fruit and vegetable prices in the past decade. However, actions taken by the Board, in representing plant sectors vis-à-vis the executive authority and providing price information, have indirect effects on consumer prices. The Board's responsibilities enshrined in law, including its responsibilities and obligations towards growers, may conflict with its responsibilities to the public. Survey results indicated that the Board consistently published produce rates at prices higher than those published by the Ministry of Agriculture, potentially contributing to increased consumer prices. Furthermore, the Board advocated for decisions favoring farmers, prioritizing price guarantees for growers over ensuring an adequate supply of plants at fair prices for the general population.
3. **Corporate Governance** – the audit raised issues in corporate governance, such as failure to appoint governmental representatives to the boards, extended tenures for gatekeepers (auditing accountant, legal advisor, internal auditor), delays in financial statement approvals, and insufficient public transparency regarding board activities and performance.
4. **Legal Foundation** – the findings indicate that the normative framework governing the boards is outdated, largely enacted between the 1950s and 1970s, with some provisions rendered ineffective and others lacking clarity. The audit uncovered inconsistencies between various norms and legislation governing production boards and the boards' current operational environment.



5. **Organizational Structure and Powers** – the audit raised inconsistencies in the organizational structure and powers assigned to different production boards, raising questions about the rationale behind these differences. Notably, there is a trend in Western countries towards primarily voluntary agricultural production boards or to statutory boards whose membership is conditional on referenda and majority consent from growers in each sector, in contrast to prevailing practices in Israel.

The audit highlighted disparities among production boards regarding their organizational structures and powers. The operations of certain boards do not warrant the organizational framework and authority they possess. This necessitates a comprehensive examination by the Ministry of Agriculture, in conjunction with the Plants Board, Honey Board, Ground Nuts Board, Wine Grapes Board, and the Ministry of Economy, alongside the Fruit and Vegetable Products Board, to assess the need for structural changes within these entities. It is recommended that this examination include an evaluation of the financial performance of production boards as presented in their financial statements, necessary adjustments to the legal framework governing each board, their structural organization, and their current roles.

Given the Iron Swords War outbreak in October 2023, the imperative for establishing agricultural sustainability in Israel during both normal and emergency situations was underscored. The production boards significantly contribute to supporting farmers and supplying agricultural produce to the population. Consequently, the findings of this examination will assist the Minister of Agriculture, the Minister of Economy, and other involved parties in formulating regulatory initiatives concerning these organizations and implementing necessary changes.



Report of the State comptroller of Israel | July 2024

Chapter Four

Defense System



Report of the State Comptroller of Israel | July 2024

The Defense System

The Protection of the Traffic Routes in Judea and Samaria



The Protection of the Traffic Routes in Judea and Samaria

Background

In the Central Command Area, encompassing Judea and Samaria, there are numerous traffic routes traversing areas A¹, B², and C³. The cumulative length of these routes utilized by both Israelis and Palestinians is about 1,600 km. Prominent routes include main roads 60 and 90 (which run north-south) and 1, 443, and 5 (which run east-west).

The Israeli population residing in Judea and Samaria is about 503,000, in about 150 local authorities. The Palestinian population in Judea and Samaria is about 3 million, inhabiting roughly 450 cities and villages.

The Israeli populace utilizing the main roads in Judea and Samaria face persistent terror attacks, including stone-throwing, Molotov cocktail attacks, the deployment of explosive devices against vehicles, use of vehicles to run people down at bus stops, and gunfire from ambushes or from moving vehicles.

The Israel Defense Forces (IDF), by the Central Command, who is the commander of the IDF operations in Judea and Samaria, is responsible for overall security and military duties, as well as maintaining law and public order in the area. The Judea and Samaria Division constitutes the primary military force operating in Judea and Samaria, supported by six regional brigades.

According to the Central Command data in 2022, there were about 3,780 non-shooting terror attacks in Judea and Samaria, (averaging 315 incidents per month), of which 646 (17%) involved the laying of IEDs or throwing of Molotov cocktails. Several of these attacks occurred on the main roads used by many Israeli residents. Furthermore, Central Command data raises a 4-fold increase in shooting incidents in Judea and Samaria from 2021 to 2022, (167 incidents compared to 41), with 143 incidents occurring in the first half of 2023. As a consequence, 19 Israeli citizens lost their lives due to terror attacks targeting routes in Judea and Samaria from

- 1 Area A – Areas in Judea and Samaria, according to the Interim Agreement with the Palestinians, in which responsibility for internal security and public order was transferred to the Palestinian Authority. Movement of Israelis is prohibited in these areas.
- 2 Area B – Areas in Judea and Samaria in which security control is in the hands of Israel while civil administration powers, including responsibility for public order, are in the hands of the Palestinian Authority. This area includes Palestinian rural communities, open areas and nature reserves.
- 3 Area C – Areas in Judea and Samaria in which the IDF, through the Central Command, bears full security responsibility, including aspects of internal security and public order. Area C is about 60% of the territory of Judea and Samaria. All Israeli local authorities in Judea and Samaria are located in Area C.



the beginning of 2022 through the end of the first half of 2023, with 13 fatalities in the first half of 2023.

This audit was conducted before the onset of the "Iron Swords" War; however, its findings and recommendations have become increasingly more relevant in the current context, particularly from a forward-looking perspective.



Key Figures

1,600 km

of routes used by Israelis in Judea and Samaria (most of them in Area C)

330% increase

in the number of shooting incidents in Judea and Samaria at routes and local authorities from January 2022 to June 2023 (310 incidents) compared to 2019–2021 (71 incidents)

3,780

number of non-shooting terror attacks in Judea and Samaria in 2022

over 5-fold increase

in the number of shooting incidents against IDF forces that entered Palestinian cities in 2022 (138 shooting incidents) compared to 2021 (25 shooting incidents)

number of battalions

reinforced the IDF's order of battle in Judea and Samaria as of July 2023, compared to a reinforcement of double the number of battalions in July 2022, during Operation "Breakwater"

14%–57%

of the defense assignments in the three regional brigades that were examined (Samaria, Binyamin, and Etzion) were not according to plan, including the placement of observation posts, foot and mounted patrols, setting up ambushes, placing temporary checkpoints on the roads, and securing pick-up stations

significant proportion of the checkpoints

in Judea and Samaria are open and not used as permanent checkpoints

3,322

the number of counterterrorism activities and arrests carried out by the IDF in Judea and Samaria in 2022



**NIS 576
million**

allocated for the construction of bypass roads in Judea and Samaria in the last 7 years

**in at least
75%**

of the incidents recorded in the call log of the Samaria and Judea District Police, the response times of the district police officers were either not recorded or the records were untrustworthy

32 years

the time period from the initiation of the Huwara bypass road in 1992 to its completion in 2024. From January 2022 to June 2023, 246 attacks occurred on the route passing through the village of Huwara

**only 14
out of 19**

relay sites included in the three-year plan to improve cellular coverage in Judea and Samaria have actually been established, as of December 2023 (74%), six years after the planned date for completing the plan's implementation

60%

of residents of Judea and Samaria who responded to the State Comptroller's Office questionnaire reported that their sense of security on Judea and Samaria traffic routes is low

64%

of residents of Judea and Samaria who responded to the State Comptroller's Office questionnaire indicated low levels of satisfaction with the arrival times of the Israel Police to security incidents on the traffic routes

81%

of residents of Judea and Samaria who responded to the State Comptroller's Office questionnaire reported that cellular coverage on the traffic routes in their routine travel area is insufficient to moderately sufficient

**only
24%**

of the respondents to the State Comptroller's Office questionnaire who experienced a security incident on the traffic routes, reported it to the police hotline (100). 75% reported it to the local authorities' emergency hotline (1208)



Audit Actions



From December 2022 to September 2023, the State Comptroller's Office audited the protection of traffic routes in Judea and Samaria and the response to residents during security incidents along these routes. This included an evaluation of the operational activities of the bodies jointly responsible for security on the routes, efforts related to the construction of bypass roads, the civil communication response through cellphone companies, and the intelligence response in the region via the "Smart Region" program.

The audit was carried out at the Ministry of Defense (MoD), the National Security Council (NSC), the IDF (including the Central Command, the Civil Administration, the Operations Directorate, the Planning Directorate, and the Ground Forces), at the Israel Security Agency (ISA), the Ministry of Transport and the Israel National Roads Company, the Ministry of Communications, the Ministry of Finance, the Israel Police (Judea and Samaria District), and at the emergency hotlines in local authorities in Judea and Samaria. Supplementary examinations were conducted at the Ministry of Justice, the Ministry of Construction and Housing, and at Mekorot.

The audit included public participation tools: meetings were held between the chief security officers (CSOs) and Civilian Security Coordinators with the IDF (CSCs) from local authorities in Judea and Samaria; a questionnaire, was distributed Israeli resident in Judea and Samaria to which 5,236 residents responded; in collaboration with the Central Command Intelligence and the Centre for the Survey of Israel, a GIS system was used to analyze data on the number of attacks along all Judea and Samaria traffic routes in 2022–2023.

For protection of state security, the sub-committee of the Knesset State Audit Committee decided not to bring this report before the Knesset in its entirety, but to publish only parts thereof, under Section 17 of the State Comptroller's Law, 1958.



Section One: The Operational Response for the Protection of Traffic Routes in Judea and Samaria

Key Findings



The Central Command's Order of Battle – disparities have emerged in the allocation of the order of battle within the Central Command area during specific periods.



Fulfilment of Defense Assignments in the Shomron, Binyamin, and Etzion Regional Brigades in the Judea and Samaria Division – the audit raised that, despite reinforcement efforts per the "Breakwater" Ordinance, the escalating threats in these routes do not receive the necessary operational response, as reflected by the challenges faced by the three regional brigades examined in the Judea and Samaria Division (Samaria, Binyamin, and Etzion) in fulfilling the defense assignments approved weekly at the division level. For instance, on selected dates in 2022 and 2023, about 14% to 57% of the defense assignments assigned to these units were not executed. These encompass assignments such as placement of observation posts, foot and mounted patrols, setting up ambushes, placing temporary checkpoints on the roads, and securing Pick-up stations. The failure to complete these assignments undermines the forces' ability to safeguard the residents in the Judea and Samaria sector against threats.




IDF's Permanent Checkpoints Policy in Judea and Samaria – most assailants shooting incidents from 2019 to 2023 came from the cities of Jenin (145 attackers), Nablus (104 attackers), and Ramallah (72 attackers). Notably, there was an increase in attacks from Jenin in 2023, while incidents from other cities decreased. Currently, there are no permanent checkpoints at the exits from these cities. The audit found that the IDF's policy regarding the effectiveness of permanent checkpoints as a protective measure involves coordination between the division, command, and General Staff (via the Operations Division). The IDF Operations Division Head has stated that this policy consists of providing operational responses through temporary checkpoints and the removal of existing ones, and it undergoes regular evaluations in situational assessments. However, it remains unclear whether the General Staff and the Ministerial Committee on National Security Affairs (the State Security Cabinet) are aware of the significant number of open checkpoints in Judea and Samaria.

Furthermore, the audit found that the IDF's policy regarding the establishment of permanent checkpoints in Judea and Samaria, as denoted by the positions of the Central





Command and the Operations Directorate, is predicated on past experiences and an operational outlook that incorporates, amongst other things, intelligence and warnings. Nonetheless, risks may emerge from this policy due to potential intelligence failures and the following events and findings:



- The events of October 7th, 2023, which precipitated the "Iron Swords" War.
- The implementation of the "Smart Regional Brigade" project remains incomplete.
- It is unclear if the General Staff is aware of the significant number of open checkpoints in Judea and Samaria.
- Most shooters involved in incidents between 2019 and 2023 have come from Jenin (145), Nablus (104), and Ramallah (72), where there are no fixed checkpoints at their exits.

 **The Drivers' Order of Battle Within the Judea and Samaria Division for Route Protection Assignments** – the audit raised that the staffing of active workforce for drivers within the Judea and Samaria Division (excluding the Menashe Regional Brigade) operates at only about 80% of the required ratio of filled positions, before accounting for drivers engaged in unforeseen assignments such as arrests. Moreover, the established workforce does not accurately reflect the division's real needs following the reinforcement of the order of battle in Judea and Samaria, which has nearly doubled. The driver shortfall negatively impacts the execution of defense assignments and hinders the effective utilization of the reinforcements invested in Judea and Samaria by the IDF.

Key Recommendations

-  The defense mission is ongoing, influenced by a threat that has a reasonable likelihood of realization. Given the threats that have emerged within Judea and Samaria in 2022–2023, it is recommended that the IDF assess the scope of the order of battle required for long-term protection across all areas in Judea and Samaria, with particular emphasis on defense operations in traffic routes, and based on the findings of this assessment and its estimations, allocate the necessary order of battle.
-  The Central Command evaluates whether the order of battle in the command can adequately meet the assigned defense assignments. Similarly, the Judea and Samaria Division, along with the Shomron, Binyamin, and Etzion regional brigades, should review the planning processes for initiated missions and identify root causes for failures to execute them. A response to the issue should involve the Command and the Operations Directorate, so as to enhance defensive responses along key routes, including improvements in field visibility, thereby bolstering residents' sense of security.




-  The border protection system in the Ground Forces, in partnership with the Central Command, should increase the necessary staffing levels in accordance with the drivers' workforce for the operational areas within the Central Command to ensure the regional brigades can effectively carry out their assignments to protect traffic routes, including monitoring and strictly observing driving safety rules. Additionally, it is recommended that they conclude the examination of updating staffing allocation in alignment with operational needs and changes to the order of battle in Judea and Samaria, and staff them.
-  The IDF (the Operations Directorate and Central Command) should reassess the permanent checkpoints policy within Judea and Samaria as part of the overarching defense strategy. Furthermore, the Prime Minister and the State Security Cabinet should decide regarding the Judea and Samaria defense strategy, including the policy on the placement of permanent checkpoints within Judea and Samaria.

Section Two: Israel Police Activity in Judea and Samaria as Part of the Protection of Routes

Key Findings



-  **The Order of Battle of the Israel Police's Judea and Samaria District** – the order of battle of the Judea and Samaria District comprises 1,174 police officers, of whom 302 are patrol officers. They serve an area encompassing 5,670 square kilometers, with about half a million Israeli residents and about half a million Palestinians traveling on the traffic routes. Data from Police Headquarters indicates that the manner in which the population-to-police ratio in the Judea and Samaria District is measured does not accurately reflect reality, in view of the district's responsibility to address the movement of Palestinians within Judea and Samaria, especially concerning criminal offenses on the routes and traffic accidents involving Palestinians (in Area C). In terms of area-to-officer ratio, the Judea and Samaria District ranks sixth among seven districts, with each police officer in Judea and Samaria District managing an average area of 4.8 square kilometers (only the southern police district has a slightly higher ratio). In contrast, other districts have a much lower ratio ranging from 0.07 to 1.61 square kilometers per officer. This disparity directly impacts incident response times within the district. This state of affairs, both in terms of the size of the population and the size of the area under the responsibility of the Judea and Samaria District, compared to the number of police officers in the district,



hinders the Judea and Samaria District from fulfilling its mission and enforcing law and order in the area under its responsibility.


📌 Protected Vehicles in the Judea and Samaria District of the Israel Police – 48% of the protected vehicles allocated to the Judea and Samaria District, which constitutes 27% of the district's entire vehicle fleet, were in substandard condition. This may pose risks to police forces' prompt response in threatened areas.

📌 The Response Times of the Judea and Samaria District to Incidents on the Judea and Samaria Roads – the audit raised that, contrary to the protocols established by the Operations Division of the Israel Police, systematic measurements of incident response times for district officers are not conducted. In at least 75% of recorded incidents in the Judea and Samaria District's call log, response times were either unmeasured (462 cases, representing 45% of the incidents) or showed unreliable records, such as identical timestamps for arrival and departure of a police squad car (310 cases, equating to 30% of the recorded incidents). This raises concerns with respect to data accuracy (25% of incidents). Inadequate recording and absence of response time measurements inhibits the police's capacity for incident control and performance improvement. Public participation data indicates that 64% of respondents expressed low satisfaction with the Israel Police's response times to security incidents, in contrast to 32% and 26% dissatisfaction rates regarding Magen David Adom (Israel's medical emergency services) and IDF forces, respectively. Furthermore, police data raised that Judea and Samaria District officers arrived late to 28.2% of life-threatening incidents and to 19.35% of events categorized as high severity. Continuation of this trend may jeopardize public safety.





📌 The 1208 Emergency Hotline⁴ in Local Authorities and the Israel Police 100 Hotline – the audit raised that the 1208 hotline is regarded by the IDF as more professional compared to the Police 100 hotline, providing superior responses to citizens due to its familiarity with local areas, which enhances the direction given to the security forces. This is further supported by the results of the public participation questionnaire, showing that among respondents who experienced terrorism incidents in the routes in the past two years, 75% reported to the 1208 hotline, while about 24% contacted the 100 hotline. Moreover, despite an instruction issued in 2019 by the Central Command's Chief to establish a standardized operational concept for cooperation between the emergency hotlines, the 100 hotline, and the regional brigades, such a concept remains undeveloped. The lack of such framework causes the military and civilian systems to continue operating independently during security incidents, potentially compromising response quality during emergencies.

4 1208 Hotline – The regional councils in Judea and Samaria operate a regional emergency hotline, among other things, to provide a rapid response to citizens who encounter distress (safety or security) while traveling on Judea and Samaria traffic routes.



 **Tow Trucks in the Judea and Samaria District** – the audit raised that over the course of 18 months spanning 2022 and 2023, the police carried out 161 tows of vehicles obstructing traffic. In 42% of these cases, there was no orderly record of the towing vehicles' arrival times following calls for service, nor was there any follow up of the matter. The lack of proper record-keeping undermines the assessment of compliance with the agreement terms by the towing service contractor providing services to the Police regarding vehicle removal and towing timelines on the Judea and Samaria roads. This can result in extended obstruction on traffic routes, which may pose risks to individuals on the road due to impeded movement. This concern regarding prolonged traffic disruptions was echoed by the head of the Samaria Regional Council, who pointed out that vehicle towing from the routes is occasionally undertaken at the council's request due to police tow truck delays.

Key Recommendations

-  It is recommended that the National Headquarters of the Israel Police assess the actual population size, including the Palestinian population within the Judea and Samaria District, and evaluate whether the workforce and resources align with the district's needs, considering its geographical territory, to enhance the district's capacity to fulfill its responsibilities.
-  The National Headquarters of the Israel Police, in collaboration with the Judea and Samaria District, should ensure adherence to the required response times for patrol officers and maintain accurate records and measurements of these response times to bolster security and public confidence in the police.
-  It is recommended that the Central Command develop an inter-organizational operational concept for the 100 hotline, 1208 hotline, and the regional brigades, under the directives of the Command's Chief instructions, to regulate the connections among these three entities in a manner that optimizes emergency response in Judea and Samaria.
-  It is recommended that the Israel Police monitor the towing and removal times of vehicles across Judea and Samaria, improve the arrival times of towing vehicles, and ensure that the service provider complies with the terms of the agreement with the Police to prevent traffic congestion that could pose security risks to passengers on the routes.



Section Three: The "Smart Regional Brigade" Project as Part of the "Smart Region" – Integration, Realization, and Maintenance

"Smart Region" – the operational framework of the "Smart Region" concept is founded on the extraction of comprehensive information gathered from diverse sources within Judea and Samaria. The implementation of the "Smart Region" concept in the regional brigades is referred to as "Smart Regional Brigade".

Key Findings



Transfer of Information Between Bodies – the audit raised gaps in the transfer of information between certain bodies involved in the project, which contradicts the operational concept of the "Smart Region" concept, based on information extraction.



Implementation of the "Smart Region" Project – the audit raised that the implementation of the "Smart Region" project remains incomplete.



Maintenance of Various Measures – the audit noted that the resolution of malfunctions in certain measures, requiring action from civil companies (Tier B handling), may extend beyond the timeframe stipulated in the maintenance contract until repairs are completed. Malfunctions over time hinder the capacity to prevent attacks and to investigate incidents post-occurrence, as reflected by the shooting attack in Samaria, during which a specific measure at a particular intersection was non-operational for an extended period due to non-arrival of a response team from the company to handle the problem.

Key Recommendations



The bodies involved in the project must assess methods and means to enhance information transfer between them in line with the "Smart Region" concept.



Given the ongoing reliance on civilian companies, the IDF, through Central Command and a specific body, should update service norms of the maintenance and response contract



for civilian companies under the operational concepts and field needs, minimizing the maintenance response duration for certain measures.

Section Four: **Transportation Infrastructure in Judea and Samaria**

Key Findings



Bypass Roads in Judea and Samaria – as of the audit end date, the Judea and Samaria Division identified 12 routes within the examined brigades (Binyamin, Etzion, and Samaria) as "red routes" due to repeated terror attacks. The last government resolution since 2015 provided a response through bypass roads for 2 of these 12 routes.



The audit presented a concerning state of affairs highlighting the prolongation of processes leading to the commencement of construction on sections of bypass roads traversing Palestinian communities, where numerous assaults took place. Specifically, the construction of the 7 km long Huwara bypass road, the 7.5 km long Al-Arroub bypass road, and the completion of the Beit Aryeh Road which is 11 km long.

- **The Construction of the Huwara bypass Road (7 km)** – the construction of the Huwara bypass road, initiated in 1992, and the city building plans that included it, which were approved in 1993 and again in 1999, were completed 32 years later in 2024, for a financial investment of NIS 387 million. In June 2018, the Ministry of Defense finalized the road planning. The significant delay in the budget allocation by the Ministry of Finance, coupled with various factors, including the absence of an approved state budget in early 2020, the transfer of the responsibility for the construction of the road from the Ministry of Defense to the Ministry of Transport, as requested by the Ministry of Transport, the Ministry of Defense's agreement to said request and the transfer of responsibility to the Ministry of Transport in February 2020, all led to another postponement of the start of construction work to February 2021, more than two and a half years after the Ministry of Defense was already prepared from a planning perspective to issue a tender. Earlier completion of the construction may have mitigated the frequency and impact of attacks on this route in recent years.
- **The Construction of the Al-Arroub Bypass Road (7.5 km)** – between January 2022 and June 2023, 481 attacks were recorded on this road, including 392



incidents of stone-throwing, 39 of Molotov cocktails, 6 of tire-burning, and 44 other incidents. Despite clear security needs, about nine years passed from the Minister of Defense's directive to initiate detailed planning of the Al-Arroub bypass road in 2014 until the road opened in 2023. Planning by the Ministry of Transport through the Israel National Roads Company was completed in June 2020, about 4.5 years after the Ministry of Defense allocated a NIS 10 million budget for planning (December 2015). This while, according to the determination of the Israel National Roads Company Director General, the planning of a 7 km long road was supposed to take about a year and a half. Moreover, the Israel National Roads Company was also aware that the budget of NIS 10 million made available to it for planning would be insufficient to complete the planning of the project. Only more than a year after the budget was allocated and the planning began, did Israel National Roads Company apply in February 2017 to supplement the additional budget required, and even after securing a supplemental budget of NIS 29 million, another two and a half years elapsed before planning was finalized.

- **The Completion of Constructing the Beit Aryeh Road (11 km)** – the audit raised that as of August 2023 no significant progress had been made in constructing the Beit Aryeh Road since the Ministry of Defense's decision in 2014, despite the recognized civil and security necessity for construction of the road. The Prime Minister and Minister of Finance's decision from 2017 to allocate NIS 76 million towards road construction in Judea and Samaria was not implemented by the Ministry of Finance until two years later and in a manner that prevented the Ministry of Defense from utilizing the budget. Ongoing delays in the project and non-adherence to schedules have compromised the safety of residents using this route. Failure of the Ministry of Finance to provide the supplemental budget to meet the total budget of NIS 76 million, combined with the Israel National Roads Company's demand to change the design's speed and the dispute between the Ministry of Defense and the Ministry of Transport regarding the executing entity – all of these resulted in the failure to publish a construction tender as of November 2023, despite the completion of detailed planning in 2020.



Road Lighting – the Israel National Roads Company is responsible for the planning, development, and maintenance of Israel's intercity road network, including in Judea and Samaria. The maintenance works encompass various areas, including carriageway⁵ upkeep, safety rail maintenance, road markings, and the upkeep of lighting and signage essential for safety. In its commitment to maintaining intercity roads, the Israel National Roads Company has installed over 20,000 lighting fixtures on the Judea and Samaria roads.

- The audit raised that, despite Israel National Roads Company's emphasis on the prompt repair of lighting faults (within 24 hours) and recognizing the importance of

5 Carriageway – a section of road or path used for the passage of wheeled vehicles, especially motor vehicles.









rapid resolution for maintaining optimal lighting serviceability on the Judea and Samaria roads under its responsibility, the Israel National Roads Company lacks real-time measurement capabilities for said serviceability, and it relies on patrols carried out by the Israel National Roads Company to that end, and on reports of lighting malfunctions made by users of the roads, potentially leading to untreated lighting failures along the Judea and Samaria roads.

- The audit found that from June 2022 to May 2023, 1,053 complaints concerning lighting on Judea and Samaria roads were recorded at the Israel National Roads Company call center. The audit also found that responses to these complaints were often delayed, which may result in safety and security risks.
- During the public participation procedure, civilian security coordinators with the IDF expressed concerns regarding road lighting in Judea and Samaria, emphasizing that the lighting serves not only as a safety measure but also as a critical security component.

Key Recommendations

- 💡 Should the government proceed with the execution of transportation infrastructure projects in Judea and Samaria that necessitate long-term commitment and substantial funding, the Ministry of Finance, the Ministry of Transport, and the Ministry of Defense should establish this within a budgeted multi-year plan with supervision, to guarantee the plan's implementation over time. Furthermore, it is recommended that the Minister of Defense and the Israel Defense Forces examine, in collaboration with the Minister of Transport, an ongoing plan to provide infrastructural solutions to enhance the safety of passengers on the routes, including the construction of additional bypass roads. This initiative must be supported by a budget anchored within the budget of the ministry responsible for its implementation, to ensure optimal completion of the necessary infrastructure.
- 💡 It is recommended that the Chief Executive Officers of the Ministry of Defense and Ministry of Transport, in conjunction with the Ministry of Finance, ensure that the budget allocation for each transportation project of security significance is aligned with the approved planning and execution stages. In the event of failure by the aforementioned ministries, the matter should be presented to the Minister of Defense and the Minister of Transport, particularly when concerning bypass routes to red routes whose construction has received government approval in individual resolutions. Delays in budget allocation pose risks to passenger safety on these routes.



-  It is recommended that the Ministry of Finance, the Ministry of Defense and the Ministry of Transport, thoroughly investigate to gain insights and optimize construction of roads, particularly in Judea and Samaria, required for the protection of road users and for safeguarding their lives. To mitigate potential disputes that may hinder road construction in Judea and Samaria and the integration of security components therein, the Ministry of Defense and the Ministry of Transport must promptly resolve the matter of the body responsible for the execution and financing of these projects based on each party's relative advantages. Such actions will enhance road construction efficiency and reduce risks to human life.
-  It is recommended that the National Security Council monitor, regulate, and report to the government on the execution of its resolutions regarding traffic safety on routes in Judea and Samaria. If delays arise from unresolved disputes among relevant ministers, the Prime Minister should intervene to settle these disputes.
-  It is recommended that the Ministry of Transport, through the Israel National Roads Company, due to its comparative advantage in executing transportation infrastructure projects, be designated the responsible body for the construction of bypass roads in Judea and Samaria that are utilized by the general public, and that the Ministry of Defense, through the IDF, by virtue of its responsibility for the safety of residents and travelers along Judea and Samaria roads and its authority to approve civilian plans and infrastructure in Judea and Samaria, promptly establish security requirements, enabling the Ministry of Transport and the Israel National Roads Company to incorporate these into the overall plans for pricing and execution of projects.
-  Given the significant delay in completing the Beit Aryeh Road and the urgent security concerns highlighted by the Commander of the Central Command in February 2023, the Ministry of Transport and the Israel National Roads Company should ensure that the construction of this road is finalized as swiftly as possible.
-  It is recommended that the Ministry of Transport facilitate the ongoing budgeting of the Israel National Roads Company in alignment with plans, to permit the completion of installing smart switchboards to alert when lighting faults occur along Judea and Samaria roads, as well as the transition of streetlights to smart lighting. Following the installation of this system, it is recommended that the Ministry of Transport set standards for lighting serviceability on Judea and Samaria roads and continuously monitor the Israel National Roads Company compliance therewith.
-  The deployment of lighting fixtures along Judea and Samaria routes is critical for safety and security. Therefore, the responsiveness of the Israel National Roads Company is vital, as it contributes to the sense of security for road users and helps mitigate safety risks. The lack of ongoing information regarding lighting fixture functionality delays maintenance responses, putting road users at risk and undermining their sense of security. The Israel National Roads Company must improve its responsiveness to complaints received through



various channels, ensuring prompt and effective resolution while communicating this to the public to bolster the overall sense of security.

Section Five: Cell Coverage

Key Findings



Gaps in Cell Coverage – twenty-two years after the Ministry of Defense's Director General highlighted (in 2001) the need to address gaps in cell coverage in Judea and Samaria and directed to complete the deployment of the cell system due to the security situation, significant coverage gaps persist as of August 2023. The current level of cell coverage in Judea and Samaria is about 70%.



Plans to Improve Cell Coverage in Judea and Samaria – the audit raised that the three-year plan for establishing communication sites, intended for completion in 2018, remains unfinished, nine years after its approval by the Ministry of Communications and the cell companies in 2015, and six years following renewed approval of this plan by the Directors General of the MoD and the Ministry of Communications in 2018. Furthermore, the plan, which encompassed only 19 (68%) of the 28 sites required for bridging the gaps in cell coverage in Judea and Samaria at that time, as defined the Communications Staff Officer at the Civil Administration, was partial. The delayed establishment of 14 sites, as of December 2023 (74% of the sites included in the three-year plan and 50% of the required sites), could potentially impair citizens' ability to receive timely responses to security incidents on Judea and Samaria traffic routes, thereby disrupting operational and medical responses.



Integration of Cell Companies into Military Relay Sites to Improve Cell Coverage in Judea and Samaria – the audit raised discrepancies in the response received by Companies B and C to requests to integrate the construction of antennas into IDF facilities and the response received by Company A to integration requests: requests from Companies B and C (6 and 18 requests, respectively) were reviewed by the IDF and approved in full during the period examined, whereas Company A's requests were not properly transferred to the IDF by the Communications Staff Officer, resulting in them not being examined. 5 years later, Company A has not integrated in any of the 23 military relay sites requested between 2018 and 2023 for the improvement of cell coverage in Judea and Samaria. Company A provided alternative solutions for three out



of the 23 sites. This situation reflects inadequate management by the Communications Staff Officer and a failure to address cell coverage needs in Judea and Samaria, which has been identified as a critical security issue by the Central Command Commander. Moreover, the Communications Staff Officer lacks procedures or instructions for integrating cell companies at military relay sites in Judea and Samaria.

🗨️ In Response to the State Comptroller's Office Public Participation Questionnaire in April and May 2023, 4,314 respondents (82%) out of 5,236 rated their cell coverage in their routine travelling area as moderate or poor. This suggests significant difficulties in making calls from mobile phones, with many experiencing garbled or fragmented connections.






🗨️ Supervision and Enforcement Over Cell Companies – the audit found that it was not until six and a half years after the Deputy Advisor to the Minister of Defense underscored the need for sanctions against cell companies for non-compliance with license conditions, and about four and a half years after the Communications Staff Officer, the Judea and Samaria Legal Advisor and the Ministry of Justice began their strategic work, that measures to impose sanctions on cell companies in Judea and Samaria were developed. This lack of enforcement perpetuates gaps in cell coverage in Judea and Samaria, posing security risks to travelers in the area.

🗨️ Future Plans for Frequency Allocation – the allocation of frequencies in Judea and Samaria to Palestinian operators may adversely affect the coverage and quality of communication services that Company C could provide there.

🗨️ The Authority's 1208 Emergency Hotline – Roaming Option – the regional councils in Judea and Samaria operate a regional emergency hotline, providing rapid assistance to citizens in distress (safety or security) while traveling on Judea and Samaria routes. These call centers, recognized as the 1208 hotline, are connected to all emergency agencies including the IDF, Israel Police, Magen David Adom, and the Search and Rescue. The audit found that the Central Command Commander's decision in May 2019 to stop the activity for examining "roaming of emergency calls" to the 1208 hotline, which could have improved the call center's availability to residents experiencing emergencies on the routes in Judea and Samaria, was not accompanied by a supplemental effort to address difficulties in making calls and improving public responses. This may leave road users on Judea and Samaria without effective communication capabilities to reach rescue agencies.



Key Recommendations

-  It is recommended that Communications Staff Officer eliminate barriers that impede cell companies from finalizing the establishment of all designated communication sites, thereby enhancing cell coverage in Judea and Samaria, and mitigating risks during security or medical incidents. Should the Communications Staff Officer encounter further challenges, it is imperative to present these issues to relevant stakeholders: the Director General of the Ministry of Communications, the Director General of the Ministry of Defense and the Coordinator of Government Activities in the Territories, to facilitate prompt improvements in cell coverage.
-  The head of the Civil Administration and Communications Staff Officer should collaborate promote the integration of all cell companies at military relay sites to enhance cell coverage in the Judea and Samaria. In this regard, the Communications Staff Officer, in conjunction with the IT Directorate and the Planning Directorate of the IDF, must establish a clear procedure for submitting requests for integration into military relay sites, ensure its publication, and adhere to the established guidelines. This process should incorporate measurable indicators and timelines for processing requests, which the head of the Civil Administration should review regularly. Until the procedure is finalized, the Communications Staff Officer must proceed according to the operational protocols of the Planning Directorate, Administration and Assets Division, and the IT Directorate, without necessitating a preliminary agreement for application transfers. Furthermore, the Planning Directorate, Central Command, and the Administration and Assets Division should promptly integrate procedure for cell companies at military sites, ensuring timely responses to requests from all cell companies within a specified uniform timeframe, and communicate this to the cell companies and the Communications Staff Officer.
-  It is recommended that the head of the Civil Administration, via the Communications Staff Officer, facilitate the efforts of cell companies to enhance coverage in the Judea and Samaria, and if necessary, implement sanctions against any companies that fail to comply with the conditions of their Judea and Samaria licenses upon the enforcement of the sanctions order.
-  It is recommended that the Ministry of Communications finalize its inspections to ensure that cell coverage along Judea and Samaria routes is not compromised by frequency allocations to Palestinian operators, which could hinder communication and jeopardize passenger safety.
-  It is recommended that the Central Command, in collaboration with the Israel Police, finalize the formulation of the operational concept for the 1208 hotline, including establishing a regulatory framework for its relationship with the 100 hotline, in coordination with the Ministry of Communications.



It is recommended that as long as significant cell coverage gaps persist in Judea and Samaria in general and in high-risk centers specifically, and while the 1208 hotline remains the hotline for residents, the Communications Staff Officer should collaborate with the Ministry of Communications and cell companies to implement "call roaming" to the 1208 hotline. This will enable residents whose mobile devices fall outside the coverage area of their SIM card's network to connect to the 1208 hotline via any accessible network, thereby reducing risks associated with cell coverage deficiencies.



The "Smart Region" Initiative – the audit raised that the "Smart Region" concept, including the "Smart Regional Brigade," integrates advanced technological capabilities to enhance counter-terrorism efforts in the Judea and Samaria area. This concept has resulted in improved operational effectiveness in the Central Command area, particularly within brigades where it has been executed; however, the project has not yet been completed.

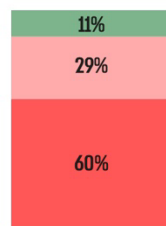
The 1208 Hotline – the audit found that the IDF regards the 1208 hotline as a professional resource providing superior responses to citizens compared to the 100 hotline, due to its superior familiarity with the area, which enhances the direction given to security forces. This finding is corroborated by a public participation survey, presenting that 75% of respondents who experienced terror attacks in the past two years, contacted the 1208 hotline, while about 24% contacted the 100 hotline.



The Sense of Personal Security of Judea and Samaria Residents on Traffic Routes



Sense of personal security while traveling their routing routes in Judea and Samaria, from the aspect of terror attacks



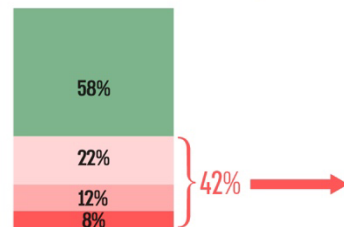
■ To a great extent ■ To a moderate extent ■ To a small extent

Only **11%** of residents feel safe on traffic routes in Judea and Samaria from the aspect of terror attacks.

42% experienced a terror incident in the past two years, mainly stone throwing.



Experienced a terror incident on the routes in Judea and Samaria over the past two years



■ None ■ One incident
■ Two incidents ■ Three incidents or more

42% →



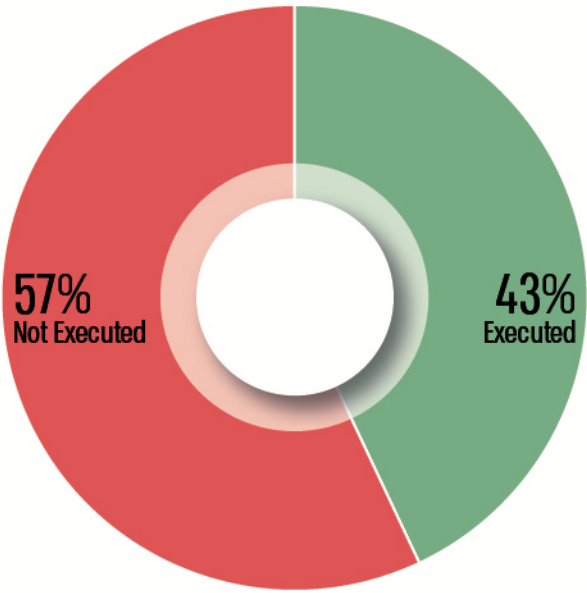
What type of incident did you experience?



Source: Survey conducted by the Ci Institute for the Office of the State Comptroller, May 2023.



Sampling the Execution Rate of Initiated Defense Assignments in the Samaria Regional Brigade at Various Times in 2022–2023





Summary

The Israeli population of 503,000 residents in Judea and Samaria has endured years of terror attacks on traffic routes. Since the beginning of 2022, there has been a notable increase in these incidents on traffic routes in Judea and Samaria, resulting in the deaths of 19 citizens, including 13 in the first half of 2023.

The audit raised that, despite the reinforcement of forces in Judea and Samaria, the IDF has not fully met its defense objectives. Furthermore, the additional reinforcements deployed after terrorist attacks have not effectively ensured the necessary security in a consistent and systematic manner. It was also noted that the "Smart Region" project has not yet reached its full potential. Additionally, the audit raised that the Israel Police, through the Judea and Samaria District, has not provided a timely and effective response to citizens, while local authorities' emergency call centers have managed to gain greater public trust by addressing the gaps.

The findings indicated a dire situation, highlighting the prolonged processes until the construction of bypass roads for routes going through Palestinian communities, where hundreds of security incidents occur. Furthermore, the audit raised inadequate cell coverage along Judea and Samaria routes, particularly in areas frequently targeted by attacks. Various plans from previous years have not come to fruition, and regulatory bodies have not effectively enforced compliance from cell companies to achieve complete coverage.

The national headquarters of the Israel Police, in collaboration with the Judea and Samaria District, must ensure compliance with required response times to public calls and assess the available manpower in the district to fulfill its responsibilities, ultimately improving public trust in law enforcement. Additionally, given the prolonged timeline for constructing the bypass roads, the Ministry of Transport, in conjunction with the Israel National Roads Company, should comprehensively investigate the root causes of these delays and develop solutions for expedited road construction in the future. It is also recommended that the IDF and the Ministry of Defense, in collaboration with the Ministry of Transport, form an ongoing plan to provide infrastructural support to enhance traveler safety on these routes, including the construction of additional bypass roads. Concurrently, the Ministry of Communications, together with the Civil Administration, must immediately ensure complete cell coverage on Judea and Samaria routes, particularly in high-risk areas according to the licenses granted for operating cell networks in Judea and Samaria.

To enhance the defensive response along these routes and improve residents' sense of security, the IDF should evaluate the readiness of the order of battle in the command area to meet its defense assignments and reassess the policy regarding the placement of permanent checkpoints in Judea and Samaria. Additionally, the Judea and Samaria Division should analyze the planning processes for initiated assignments and identify the root causes for non-



compliance, providing a comprehensive response in collaboration with the Central Command and the Operations Directorate.

In the April 2024 response by the National Security Council to the draft audit report, it was noted that the defense strategy for Judea and Samaria was discussed in the State Security Cabinet following the outbreak of the "Iron Swords" war, as well as in the war management cabinet. The Prime Minister and the State Security Cabinet should subsequently reach a decision regarding the defense strategy in Judea and Samaria, including the policy on the placement of fixed checkpoints.

Although this audit was conducted before the "Iron Swords" war, its findings and recommendations are particularly pertinent and relevant, especially from a forward-looking perspective.

