



**State of Israel**

# **State Comptroller of Israel**

**Audit Report on Local Government | 2024**

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## **A b s t r a c t s**



Jerusalem | July 2024



## Foreword

**This report presents the results of the audit of the local government conducted in 2023-2024.**

Local government in Israel fulfils two key roles: it serves as the long arm of the central government, and is also a local government, serving the residents of the local authority, thus expressing its distinctiveness. The local government is entrusted with providing national and local services to its residents, caring for their well-being, and meeting their daily needs. The local authority has a great degree of autonomy in making decisions in its areas of responsibility, regarding the ways and means for realizing these areas of responsibility and the resources required to that end, as well as prioritizing actions in these areas. The local authority serves as a public trustee in all its actions, and as such it is obliged to exercise its authority under the provisions of the law.

On the morning of the Jewish holiday of Shmini Atzeret, the eighth day of Sukkot, on the 7th of October 2023, the Hamas terrorist organization launched a sudden murderous attack on communities in the Gaza Strip and the surrounding area, along with heavy firing of thousands of missiles and rockets on the southern and central regions of the country. In the terror attack 251 people were abducted, by July 2024, 116 hostages were returned to Israel alive, and 19 casualties were retrieved. Since the massacre and until the beginning of July 2024, 822 civilians<sup>1</sup> were murdered, 670 IDF soldiers died, and another 3,977 were injured. In the days following October 7, tens of thousands of residents in communities in the Gaza Strip were evacuated from their homes while coping with the severe traumas they experienced on that day. As a result of the escalation in fighting in the northern arena, tens of thousands of residents in border communities in the north were also evacuated from their homes.

As previously announced, our office is conducting a comprehensive audit that will examine several matters related to the massacre on October 7, 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 before it, and in the period thereafter.

Additionally, our office audited other areas. The audit reports highlight important findings that are at the core of the activities of local authorities, spanning a variety of areas, including transparency and privacy protection, the urban space, social matters, and information systems. The following is a review of some of the reports included in this audit:

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1 This number does not include the members of the security forces who fought and fell in the campaign, such as members of the emergency squads and members of the Israel Security Agency.



Over the past two decades, the use of technological means for remote visual surveillance and monitoring in public spaces has increased both globally and in Israel, a trend that is reflected in the deployment of video cameras in numerous locations. The audit on the **Operation of Surveillance Cameras in the Public Space in the Local Authorities** raised that the use of surveillance cameras by the local authorities has gained momentum in the last two decades following government initiatives alongside the initiatives of the authorities themselves. The audit findings indicate that the local authorities examined – Daliyat al-Karmel, Bnei Brak, Neshet, Haifa, and Rishon LeZion – possessing 1,354-111 cameras, do not utilize all the tools at their disposal to safeguard residents' privacy nor comply with privacy protection guidelines related to surveillance cameras. All the authorities examined installed surveillance cameras for the automatic identification of license plates, without explicit authorization to do so beyond their general authority in the Municipalities Ordinance. None of the authorities examined held a public hearing before installing surveillance cameras to hear relevant public views on the matter. The municipalities of Bnei Brak, Haifa, Neshet, and the Daliyat al-Karmel local authority did not assess the need to obscure private spaces within the viewing range prior to the cameras' installation. As of June 2023, around 40 local authorities established a fixed link between their surveillance camera systems and the Israel Police, allowing the Police real-time viewing of footage, despite the fact that the issue has yet to be regulated between the Ministry of Interior, the Ministry of National Security, the Israel Police, and the Federation of Local Authorities in Israel. Local authorities must uphold residents' fundamental right to privacy and the principle of transparency. It is recommended that the authorities examined consider utilizing technological tools that would enable them to monitor camera operations more effectively and mitigate concerns of potential misuse thereof. Due to the noticeable rise in use of surveillance camera, coupled with the rapid technological advancements and the resulting potential privacy infringements arising therefrom, it is recommended that the Ministry of Justice consider regulating in legislation the use of surveillance cameras in public spaces by local authorities.

The principle of gender equality, which prohibits discrimination between women and men, is a fundamental pillar of the principle of equality, and its violation may be regarded as an infringement on human dignity. Implementing this principle is closely linked to the democratic strength of local government. The audit findings on **Promoting Gender Equality in Local Government** indicate significant gender disparities still found in the wage gap between male and female employees in local government (with the average salary per month of female workers in relation to male workers being about 69%) and in the representation of women among public officials (about 20%) and in high-ranking positions in local authorities (about 26%). As of November 2023, a mere 5% of local authorities (14 out of 257) were headed by women. These disparities are even higher compared to the women ratio among all employees in local government (around 73%), particularly in local authorities belonging to low socioeconomic indicators, peripheral authorities, non-Jewish authorities, ultra-Orthodox authorities, and unstable authorities. Given this backdrop, and considering Israel's declining global gender gap ranking, the urgency of proactive initiatives to advance gender equality and to reduce gender gaps in local authorities is increasing.

It is recommended that local government bodies, including local authorities, develop a strategic plan to reduce gender disparities among employees, from which multi-year and annual operational plans will be derived, with intermediate and outcome-based goals, defined timelines for implementation, all with the involvement and leadership of the Advancement of the Status of Women consultants serving in local authorities. To ensure the effective and beneficial functioning of these consultants, it is recommended that the Ministry of Interior, in collaboration with the Authority for the Advancement of the Status of Women and the Consultants Association, form the conception of the role of these consultants and examine ways in which it will be possible to ensure the prerequisites for fulfilling their duties optimally. Additionally, to secure the commitment of local authorities to promote gender equality, and given the close relationship between ensuring gender-balanced representation in decision-making forums and the democratic strength of the local authority, as well as the quality of its decision-making processes, it is recommended that regulatory bodies collaboratively set national goals for reducing gender disparities and establish a systematic and methodical action plan for monitoring and enforcing compliance with these goals.

The integration and inclusion of different populations, especially immigrant and minority populations, in the complex fabric of Israeli society pose a real challenge for Israeli governments across generations. The Ethiopian community in Israel, about 168,900 at the end of 2022, is one of the groups whose optimal integration into society has yet to be completed. Over 40 years after the considerable number of Ethiopian Jewish immigration to Israel, significant gaps persist in all aspects of life between Ethiopian Israelis and the rest of the Jewish population in Israel; Thus, for example, a study published in January 2023 found that the average monthly salary of Ethiopian Israelis born between 1978 and 1983, in 2021, was NIS 4,595, about 33% lower than the average salary of other Israeli Jewish residents whose data was examined, at NIS 6,916. This report on the **Activities of Local Authorities for the Integration of Ethiopian Israelis into Society**, indicate that the government program for Ethiopian Israeli integration, known as 'The New Way', is beginning to yield results and achievements in the local authorities, however, significant measures are still needed to promote this integration, and the principles, foundations, and values of this program still need embedding within the authorities. The audit raised that there is no connection between the program implementation headquarters at the Prime Minister's Office and the Ministry of Interior: The Ministry of Interior has done almost nothing to fulfill its role in the program's implementation system – both through activities to achieve the desired representation goals and through monitoring and supervision of the program implementation by local authorities. Moreover, in the absence of monitoring and control of the budget by government ministries and local authorities, a partial share only of the program's budget was used, at times in a manner raising concern as to the quality and scope of the activities carried out. Thus, in 2016–2022, five government ministries budgeted local authorities participating in the program, for a total of NIS 203 million, when the actual transfers to them was only about NIS 136 million (67% of the allocated amount). It is incumbent upon the implementation headquarters to precisely define the goals of 'The New Way' program and ensure that they are measurable and achievable, ensure budget utilization, and enhance the



Ministry of Interior's involvement in harnessing the authorities to execute the program. Additionally, the headquarters should embed the program not only among the implementing staff but also among the heads of local authorities and governing committees for optimal integration and inclusion of the Ethiopian community in Israeli society.

Upon the betterment of land due to a change in the planning regulation, landowners are required to pay betterment levies equaling half the betterment value. The underlying rationale for the levy is the principle of distributive justice, according to which property owners should share with the public the profits generated by the betterment and bear a portion of the planning and physical-spatial development expenses. In 2021, the total betterment levy collected by local authorities was NIS 8.7 billion. An audit on **the Collection of Betterment Levies and Their Use** raised that the current structure of the levies exacerbates economic disparities between central and peripheral local authorities, and between local authorities with high socio-economic cluster and those with lower ones – 60% of the balances accrued in the betterment levy funds in 2021 – NIS 4.5 billion out of NIS 7.5 billion – belonged to authorities in clusters 8–10, where about 20% of the population resides. Furthermore, findings on dispute resolution on tax assessments highlight a widespread phenomenon of disparities between the assessments prepared by local planning and building committees and the final assessments determined by decisive appraisers, with the disparities resulting in detriment to the debtors – in 80% of cases decisive appraisers reduced over 25% of the levy determined by local planning and building committees, according to a random sample of 60 rulings from 2022 on assessments prepared by 34 local committees. This could potentially undermine public trust and the necessary certainty for reasoned economic activity in the real estate sector. It is therefore recommended to implement measures that will enable to optimize the assessments. Lack of transparency to the public regarding assessments and levies was also found, and therefore it is recommended to computerize and publish information in this field. Deficiencies were also found in public services, such as lack of information on the subject and the absence of online services and a service charter. The Minister of Interior is required to establish a public committee to examine the mechanism of the betterment levy, set by the government, to rectify the deficiencies and provide local authorities with efficient, fair, and certain means to fulfill the principle of distributive justice and finance the development of public spaces and the construction of public buildings, necessitated by the expected population growth and urban densification processes.

Rapid technological development has influenced nearly every aspect of individuals' lives and all sectors in the economy, including the public sector, particularly local authorities. Local authorities accumulate personal information about their residents, obligating them to safeguard their information and secure it. Local authorities contend with various cyber risks, issues of information security resilience, and cyber threats. Cyber-attacks on local authorities can affect them and the general public. Given the increase in cyber risks following the Swords of Iron war, the occurrence of cyber events has intensified in all bodies in the country, including local authorities. In 2022, 9,108 cyber incidents were reported to the National Cyber Directorate. In 2021, the global cost of cyber damage was USD 6 trillion, and in Israel, the

estimated annual economic cost is at least NIS 12 billion. This audit on the **Information Security of the Collection System in Local Authorities**, examined six local authorities and the Ministry of Interior on the following topics: Professional guidance of local authorities on cyber protection; Information database management of the collection system; Policies and regulations on information security; Action plan for coping with cyber incidents; ISO 27001 certification; Disaster recovery; Physical security of collection systems; Monitoring and control of operations in the collection system;; Identification and verification of users in the collection system; Management of access rights to the collection system; Conducting risk surveys; Penetration tests; Reporting and oversight of the collection system service providers. The audit raised deficiencies in implementing the requirements listed in the Protection of Privacy Law, in the regulations promulgated thereunder, and in the National Cyber Directorate guidelines, including the absence of one entity serving as a sectoral unit for local authorities providing professional guidance on cyber protection and deficiencies in the management of the collection system database by local authorities. These deficiencies could expose local authorities to cyber incidents. Moreover, local authorities did not conduct risk surveys and penetration tests on collection systems, they do not perform regular supervision on their service providers holding their databases, and do not receive timely reports from service providers on their compliance with privacy regulations. To reduce the local authorities' exposure to cyber incidents and ensure the effective use of appropriate information security measures in their collection systems and safeguard the information within these systems, the Ministry of Interior and the National Cyber Directorate should determine the entity that will serve as a sectoral unit for local authorities. Additionally, local authorities should rectify the deficiencies raised in the report to enhance the local government's capabilities in addressing cyber-attacks and their impacts, including conducting information security audits on external service providers to assess the adequacy of the information security measures they should take.

Monitoring the rectifying of deficiencies raised in previous audits is an important tool to verify that the audited bodies have indeed rectified what is required. This audit report presents the findings of two follow-up audits: **The Local Authorities' Contending with the Processes of Destruction of the Coastal Cliff; Selected Issues Regarding the Water Sector in Samaria.**

The audit includes various topics, and this introduction covers only some of the reports included in it. Each and every report opens a window to the public, including decision makers into the activities of the local government in Israel, as the services provided by the local authority directly impact the residents' quality of life and well-being, as well as their economic and social status.

**The preparation of this audit required a significant effort by the personnel of the Local Government Audit Division and by employees at the Headquarters of the State Comptroller's Office. All of them have worked hard to prepare it with the utmost professionalism, thoroughness, fairness and meticulousness, and they**



**conduct their public roles out of a sense of true dedication. They have my gratitude.**

It is the duty of the audited bodies to swiftly and effectively rectify the deficiencies noted in this audit to promote public service in Israel and thus also improve the quality of life of Israeli residents.

We will continue to pray and hope for the victory of the IDF and the defense system in this challenging war forced upon us by our 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 black ink, appearing to read 'Matanyahu Englman'.

**Matanyahu Englman**

State Comptroller  
and Ombudsman

Jerusalem, July 2024