



State Comptroller of Israel | Local Government  
Audit Report | July 2025

Integrity and Good Governance

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# **Preventing Embezzlement and Fraud in Municipal Corporations**





## Preventing Embezzlement and Fraud in Municipal Corporations

### Background

The risk of embezzlement and fraud is an inherent risk in any organization that manages funds and assets, potentially resulting in substantial financial damage and reputational harm to the organization. A survey conducted by the international Association of Certified Fraud Examiners (ACFE) in 2024 estimated that embezzlement and fraud inflict damages equivalent to approximately 5% of the average annual revenues of organizations. It also estimated that due to 1,921 cases of embezzlement and fraud uncovered between January 2022 and September 2023 across 138 countries, cumulative losses of \$3.1 billion<sup>1</sup> were incurred.

As of 2022, there were approximately 570 corporations of various types within local government, whose estimated revenue turnover stood at approximately NIS 19 billion, with the majority of the economic activity being concentrated in about 220 municipal companies (approximately 13 out of about NIS 19 billion). The municipal corporation is a public-private hybrid entity, subject to various restrictions and obligations under public law. These include heightened duties of integrity and care, alongside obligations to act reasonably and transparently, in accordance with principles of corporate governance aimed at strengthening control mechanisms over its activities to ensure proper conduct, including with respect to the prevention of embezzlement and fraud.

Among the eight municipal companies examined in the audit, two reported to the Office of the State Comptroller five instances of embezzlement or cash shortfalls, totaling thousands of NIS. Professional literature indicates the existence of various applicable and effective measures whose implementation can potentially shorten the duration of time required to detect embezzlement and fraud, while significantly mitigating the financial harm caused by them.

<sup>1</sup> ACFE, **Occupational Fraud 2024: A Report to the Nations**, p. 9.



## Key Figures

**\$3.1 billion**

The cumulative loss due to 1,921 embezzlement and fraud cases uncovered between January 2022 and September 2023 in 138 countries, according to the 2024 ACFE survey

**55%**

of the organizations surveyed in the 2024 Global Economic Crime Survey by the PwC accounting firm considered procurement fraud a serious problem in their country, but only 26% of the organizations took action to detect it

**About 570**

The number of corporations in local government; approximately 220 of them are municipal companies

**Approx. NIS 19 billion**

The scope of revenues of local government corporations, as of 2022. Approximately NIS 13 billion of these revenues were from municipal companies

**About 50%**

The rate of reduction in financial damage from embezzlement and fraud cases in organizations following the adoption of organization-wide measures to prevent embezzlement and fraud, according to the 2024 ACFE survey

**0**

The number of municipal companies out of the eight companies examined that have formulated a risk management policy, have an anonymous reporting mechanism for suspected fraud and embezzlement, and have conducted a dedicated audit on the subject of embezzlement and fraud prevention

**Only 1**


The number of municipal companies out of the eight companies examined that have appointed a designated officer responsible for preventing embezzlement and fraud and formulated a dedicated procedure on the subject or that have conducted surprise audits concerning the prevention of embezzlement and fraud

**About 22 years**

The amount of time that has passed since the Ministry of Interior was required to promulgate regulations for applying the tendering obligation, by law, to municipal corporations; however, as of the audit end date in January 2025, the process of enacting the regulations had not yet been completed



## Audit Actions

 From August 2024 to January 2025, the Office of the State Comptroller conducted an audit focused on the prevention of embezzlement and fraud within municipal corporations. The audit focused on preventing embezzlement and fraud in municipal companies, as the scope of their financial activity is greater than that of municipal associations (approximately NIS 13 billion compared to approximately NIS 800 million), and because municipal companies typically undertake significant activities such as infrastructure development and economic growth.

The audit assessed the implementation of organization-wide measures aimed at preventing embezzlement and fraud in the following eight municipal companies (the companies examined), of eight municipalities: The Development Company of Modi'in City of the Future Ltd. (**Modi'in Economic Company**), owned by the Modi'in Municipality; Rishon LeZion Economic Company Ltd. (**Rishon LeZion Economic Company**), owned by the Rishon LeZion Municipality; The Society for the Development of Herzliya Ltd. (**Herzliya Development Company**), owned by the Herzliya Municipality; The Municipal Company for Culture & Leisure in Ashdod Ltd. (**Ashdod Culture & Leisure Company**), owned by the Ashdod Municipality; H.L.R. – Rehovot Development Corporation Ltd. (**Rehovot Development Company**), owned by the Rehovot Municipality; Yefe Nof Transportation Infrastructure and Constructions Ltd. (**Yefe Nof Company**), owned by the Haifa Municipality; Moriah Jerusalem Development Corporation Ltd. (**Moriah Company**), owned by the Jerusalem Municipality; and Ezra & Bitzaron – Housing Company Ltd. (**Ezra & Bitzaron Company**), owned by the Tel Aviv-Yafo Municipality.

Four municipal companies – the **Rehovot Development Company**, **Yefe Nof Company**, **Moriah Company**, and **Ezra & Bitzaron Company** – were the subject of an audit concerning tenders and the implementation of specific controls to prevent embezzlement and fraud within core processes, such as payment methods, supplier payments, staff employment, and supplier monitoring (the companies examined in depth).

Additionally, the audit examined the activities of the Ministry of Interior, as the regulator, in preventing embezzlement and fraud within municipal corporations, as well as the corresponding efforts of three municipalities: **Haifa**, **Jerusalem**, and **Tel Aviv-Yafo**. Supplementary inspections were conducted in the **Ganne Tikva** Municipality concerning the **Ganne Tikva Development Company**.



## Key Findings



### **Corporate Governance Arrangements in Municipal Companies – Regulatory Gaps on the Part of the Ministry of Interior**

– It was found that the Ministry of Interior had failed to establish in dedicated and comprehensive legislation the arrangements pertinent to municipal companies, as entities closely associated with local authorities and their operation (akin to the relationship between government companies and the central government). Consequently, such issues are addressed in a limited manner, predominantly through circulars issued by the Director General, directives from the Ministry of Interior, and judicial rulings rendered over the years. Additionally, a comparative analysis of internal supervisory and control mechanisms among local authorities, municipal companies, and government companies, indicates that corporate governance frameworks in municipal companies are comparatively less stringent, both in relation to government companies and to the regulatory framework applicable to local authorities. For instance, municipal companies are not mandated to establish an audit committee unless designated as public benefit entities. Moreover, there is no requirement for these companies to appoint a treasurer or financial manager or to submit a report evaluating the effectiveness of internal controls. Additionally, a municipal company is not required to have a director with accounting and financial expertise, nor are its directors obligated to undergo training. The board of directors of a municipal company is required to convene merely once annually, in contrast to the bimonthly meetings mandated for government company boards.




**Implementation of the Mandatory Tenders Law** – The Ministry of Interior has yet to finalize promulgation of the regulations necessary for the application of the Mandatory Tenders Law to municipal companies, despite the passage of approximately 22 years since the said regulations were to be enacted, despite both the statutory provisions and a ruling from the High Court of Justice on the matter, along with reports by the State Comptroller, including a 2024 report that harshly criticized the Ministry of Interior for its protracted inaction in completing the promulgation of the said regulations. The Office of the State Comptroller is reiterating its criticism of the Ministry of Interior for not completing the regulation enactment process as mandated by law, the High Court ruling, and rules of good governance.





**Arrangements Concerning Tenders** – In the absence of regulatory frameworks governing the tendering processes for municipal corporations, each of the companies examined in depth – the **Rehovot Development Company**, **Yefe Nof Company**, **Moriah Company**, and **Ezra & Bitzaron Company** – has formulated divergent rules, occasionally permitting the selection of arrangements derived from two legal systems. There is also no uniformity pertaining to fundamental matters, including the composition



of the tender committee, the status of regulatory gatekeepers, the authority to classify contracts, and the amount caps exempted from tender requirements. For example, both the **Yefe Nof Company** and the **Moriah Company** have, at times, adhered to provisions applicable to government companies, allowing for substantial increases in the amount caps for tender exemption. In contrast, the **Ezra & Bitzaron Company** has incorporated in its procedures the option to invoke exemptions from two legal frameworks when special needs arise. This state of affairs creates ambiguity and lack of uniformity concerning binding regulations, raising concerns about the adherence of contracts to fundamental principles of tender laws.

 **The Ministry of Interior's Actions as Regulator** – The Ministry of Interior's regulation of matters pertaining to the prevention of embezzlement and fraud in municipal corporations is inadequate. The Ministry has not issued professional guidelines relating to the prevention of embezzlement and fraud, nor has it developed protocols concerning the reporting of incidents or the identification of loopholes, so that lessons may be learned from them. Additionally, it has failed to establish a framework for knowledge sharing and collective learning among the corporations. Furthermore, the Ministry of Interior has not conducted an audit to evaluate the preparedness of municipal corporations for mitigating the risks of embezzlement and fraud, nor to assess the spectrum of controls they employ in this domain.

 **Publication of Professional Guidelines and Provision of Training** – It was found that the municipalities examined - the **Haifa, Jerusalem, and Tel Aviv-Yafo** municipalities - had failed to publish for their municipal corporations professional guidelines concerning the prevention of embezzlement and fraud. Nor had they established protocols for reporting incidents that had occurred or loopholes that had been identified, in order to draw lessons from them. The municipalities did not initiate learning activities or organized, joint training, for the employees of their municipal corporations regarding the prevention of embezzlement and fraud. In terms of director training within municipal corporations, it was found that the **Haifa** Municipality does not compile information on this matter, while the **Tel Aviv-Yafo** Municipality has information on the training of 26 out of 186 serving directors; the **Jerusalem** Municipality has comprehensive information showing that 94% of directors within its municipal corporations have either undergone training, are currently undergoing training, or have received an exemption from training.

 **Implementation of Organization-Wide Measures to Prevent Embezzlement and Fraud** – The audit revealed that numerous effective organization-wide measures designed to mitigate embezzlement and fraud are not being carried out in the companies examined. Consequently, these companies face a heightened risk of exposure in this domain. Specific actions that none of the companies examined have implemented include: the formulation of a risk management policy, the establishment of a mechanism for anonymous reporting of suspected embezzlement and fraud, and the conducting of dedicated audits focused on the prevention of embezzlement and fraud. Furthermore,



seven of the eight companies examined had not designated an officer responsible for overseeing the prevention of embezzlement and fraud, had not developed a corresponding procedure, did not perform surprise audits, and did not provide dedicated training for employees. Additionally, only two of the companies' boards of directors and managements had convened meetings to address the subject. It was also determined that three of the eight companies examined are at an increased risk of embezzlement and fraud, facing challenges in identifying such occurrences due to their minimal implementation of organization-wide preventive measures. Specifically, out of the twelve organization-wide measures aimed at preventing embezzlement and fraud that were assessed, the **Rehovot Development Company** had executed one action, while the **Ashdod Culture & Leisure Company** and the **Rishon LeZion Economic Company** had each executed two actions.



**Handling of Cases Disclosed** – The audit revealed that in six of the eight municipal companies examined, no incidents of embezzlement and fraud, if existing, were disclosed. It was also found that three instances of embezzlement were uncovered over a decade ago within the **Herzliya Development Company**, with an estimated damage of at least NIS 17,000. The handling of these incidents, in two cases, involved the termination of the perpetrators' employment and restitution of the missing funds; however, these cases were not reported to the board of directors, the local authority, or the Ministry of Interior. Additionally, in the **Ashdod Culture & Leisure Company**, two instances of cash shortages were identified in 2019–2020, with an estimated damage of at least NIS 3,000. The resolution for both cases entailed the restitution of the missing funds; in one instance, this resolution also involved modifications to the Company's payment system, while in the other, it included changes to the authorizations related to the cancellation of funds within the Company's payment system. Nonetheless, these cases were not reported to the board of directors, the local authority, or the Ministry of Interior.



**Prevention of Conflicts of Interest** – None of the municipal companies examined has dedicated internal procedures aimed at preventing conflicts of interest among employees and consultants, as well as in contracts with suppliers. Furthermore, no use is made of detailed questionnaires designed to identify potential conflicts of interest concerning supplier contracts. It was further revealed that two companies – **Yefe Nof** and **Ezra & Bitzaron** – do not utilize a questionnaire to assess conflicts of interest among employees, relying instead on general statements or responses to general inquiries. Consequently, employees within these organizations may inadvertently find themselves in a conflict of interest related to their roles, without being cognizant of the associated risks, or may act out of a conflict of interest without the preemptive detection and intervention by company control mechanisms. Additionally, three municipal companies – **Yefe Nof Company**, **Moriah Company**, and **Ezra & Bitzaron Company** – similarly lack a questionnaire for identifying conflicts of interest among consultants, relying solely





on declarations, which may result in the engagement of consultants who are potentially faced with conflicts of interest.

**Transparency** – An analysis of publicly available information on the websites of the municipal companies examined indicates that the principle of transparency is not upheld fully, with significant items of information remaining unpublished in each of the companies. For instance, none of the companies examined has released an annual report in compliance with the Freedom of Information Law, nor have they disclosed data regarding the amounts and details of contracts with suppliers. Only one company, the **Rishon LeZion Economic Company**, has published the decisions of its Contracts Committee pertaining to contracts exempt from tender processes. Furthermore, the companies examined have not designated a section on their websites for the dissemination of audit reports. This lack of full transparency, particularly regarding financial activities, tenders, and contracts, undermines the potential for public oversight and elevates the risks of corruption, embezzlement, and fraud. Lack of transparency may also erode public trust in the good governance of municipal companies.

**Specific Controls on Payment Methods** – The companies examined in depth – the **Rehovot Development Company**, **Yefe Nof Company**, **Moriah Company**, and **Ezra & Bitzaron Company** – transferred payments in amounts ranging from NIS 91 million to approximately NIS 2.9 billion as of 2023. The predominant mode of payment was through a bank clearing system, which is recognized as a relatively secure method. Nevertheless, alternative payment methods, deemed less secure, were also employed. For instance, the **Rehovot Development Company** made extensive use of checks, amounting to approximately NIS 76 million, constituting nearly half of the total expenditure via other payment methods, alongside cash transactions totaling NIS 63,000. The **Moriah Company** made bank transfers totaling approximately NIS 250 million. Overall findings reveal deficiencies in controls over payment methods; the companies examined in depth had not established a detailed procedure regarding authorized signatories and did not conduct surprise audits concerning the utilization of payment methods. Furthermore, the **Rehovot Development Company** and the **Ezra & Bitzaron Company** had failed to establish policies aimed at mitigating the use of high-risk payment methods. Additionally, the **Rehovot Development Company** did not implement measures to physically secure the payment methods employed, and at the **Ezra & Bitzaron Company**, safes were utilized exclusively for storing collected checks; both **Yefe Nof** and **Moriah** keep payment methods inside safes.

**Specific Controls over Payments to Suppliers** – The number of suppliers engaged under contract by the companies examined in depth – the **Rehovot Development Company**, **Yefe Nof Company**, **Moriah Company**, and **Ezra & Bitzaron Company**<sup>2</sup> – ranged from approximately 238 to approximately 519 in 2024. It was observed that

2 At the Ezra & Bitzaron Company, the figure does not include engagements with suppliers in an amount less than NIS 100,000. At Yefe Nof and Moriah, the figure represents engagements approved with suppliers in 2024.



while the four companies implemented controls within the supplier onboarding process in their computer systems, they did not verify the accuracy of the information provided by suppliers upon the creation of supplier records. In three of these companies – the **Rehovot Development Company**, **Yefe Nof Company**, and **Ezra & Bitzaron Company** – there are no controls precluding the establishment of supplier records in the absence of requisite documentation. Additionally, the **Ezra & Bitzaron Company** permits the establishment of supplier records using the company registration numbers of inactive suppliers, potentially leading to duplication and facilitating improper fund transfers. In two companies – the **Rehovot Development Company** and **Ezra & Bitzaron Company** – there is no separation of duties within the supplier onboarding process, amounting to a significant vulnerability and an associated risk factor for embezzlement and fraud.






**Employee Background Checks** – It was noted that three of the companies examined in depth – the **Rehovot Development Company**, **Moriah Company**, and **Ezra & Bitzaron Company** – do not conduct thorough controls when checking the backgrounds of candidates and employees, even when such controls, particularly for individuals in sensitive positions, may serve to mitigate the risk of embezzlement and fraud within the organization that can arise from the personal characteristics of candidates and employees.



**Appointment of a Designated Officer and the Establishment of a Policy for the Prevention of Embezzlement and Fraud** – The **Modi'in Economic Company** has appointed a designated officer to oversee the prevention of embezzlement and fraud, formalizing this responsibility within a dedicated procedure. Furthermore, the Company has developed a comprehensive policy for the prevention of embezzlement and fraud.



## Key Recommendations

-  It is recommended that the Ministry of Interior publish professional guidelines aimed at the prevention of embezzlement and fraud, as well as establish protocols for reporting incidents that have transpired. Additionally, it is recommended that the Ministry develop an infrastructure to facilitate knowledge sharing and mutual learning among corporations, while conducting audits to assess their preparedness in mitigating the risks of embezzlement and fraud.
-  It is recommended that the municipalities of **Haifa, Jerusalem, and Tel Aviv-Yafo**, issue professional guidelines for their municipal corporations concerning the prevention of embezzlement and fraud, alongside establishing protocols for reporting incidents that have occurred and any loopholes discovered. Moreover, it is recommended that these municipalities initiate joint learning and training initiatives focused on the prevention of embezzlement and fraud for the employees of their municipal corporations.
-  It is recommended that the companies examined – **Modi'in Economic Company, Rishon LeZion Economic Company, Herzliya Development Company, Rehovot Development Company, Ashdod Culture & Leisure Company, Yefe Nof Company, Moriah Company, and Ezra & Bitzaron Company** – implement organization-wide strategies to mitigate the risk of embezzlement and fraud, thereby preventing the associated adverse consequences that may arise from such incidents.
-  It is recommended that the companies examined – **Modi'in Economic Company, Rishon LeZion Economic Company, Herzliya Development Company, Rehovot Development Company, Ashdod Culture & Leisure Company, Yefe Nof Company, Moriah Company, and Ezra & Bitzaron Company** – establish an internal procedure designed to prevent conflicts of interest among employees and consultants, with the aim of anchoring in a document the comprehensive range of actions required by the company in this domain, as well as delineate accountability for their implementation, aligned with their organizational structure and corporate governance principles. The municipal companies examined must codify in a procedure the prevention of conflicts of interest in supplier contracts, thereby instituting an orderly process for identifying potential conflicts of interests prior to the initiation of such contracts. The **Yefe Nof Company** and **Ezra & Bitzaron Company** should take measures to discern conflicts of interest by employing a detailed questionnaire concerning both employees and contracted consultants, in accordance with the guidelines issued by the Ministry of Interior, rather than relying on general statements. The **Moriah Company** is similarly advised to identify consultant conflicts of interest via a detailed questionnaire, adhering to the Ministry of Interior's directives, and avoiding reliance on vague inquiries or statements.



It is recommended that the Ministry of Interior regulate the establishment of municipal corporations' websites, taking into consideration their operational activities and the financial resources they manage, as well as establishing guidelines regarding the dissemination of information on these websites pertaining to the various specified topics. It is further recommended that the Ministry of Interior incorporate this issue into its auditing processes for municipal corporations. **The Modi'in Economic Company, Rishon LeZion Economic Company, Herzliya Development Company, Rehovot Development Company, Ashdod Culture & Leisure Company, Yefe Nof Company, Moriah Company, and Ezra & Bitzaron Company** should publish the information mandated by the Freedom of Information Law that they currently do not disclose, including reports required under the said law. Furthermore, it is recommended that these entities complete the publication of any missing information on their websites, despite the lack of a legal obligation to do so. For instance, they should release the decisions made by the Contracts Committee regarding contracts exempt from tenders and provide detailed information concerning contracts with suppliers, as well as designating a section for the publication of audit reports on their websites.



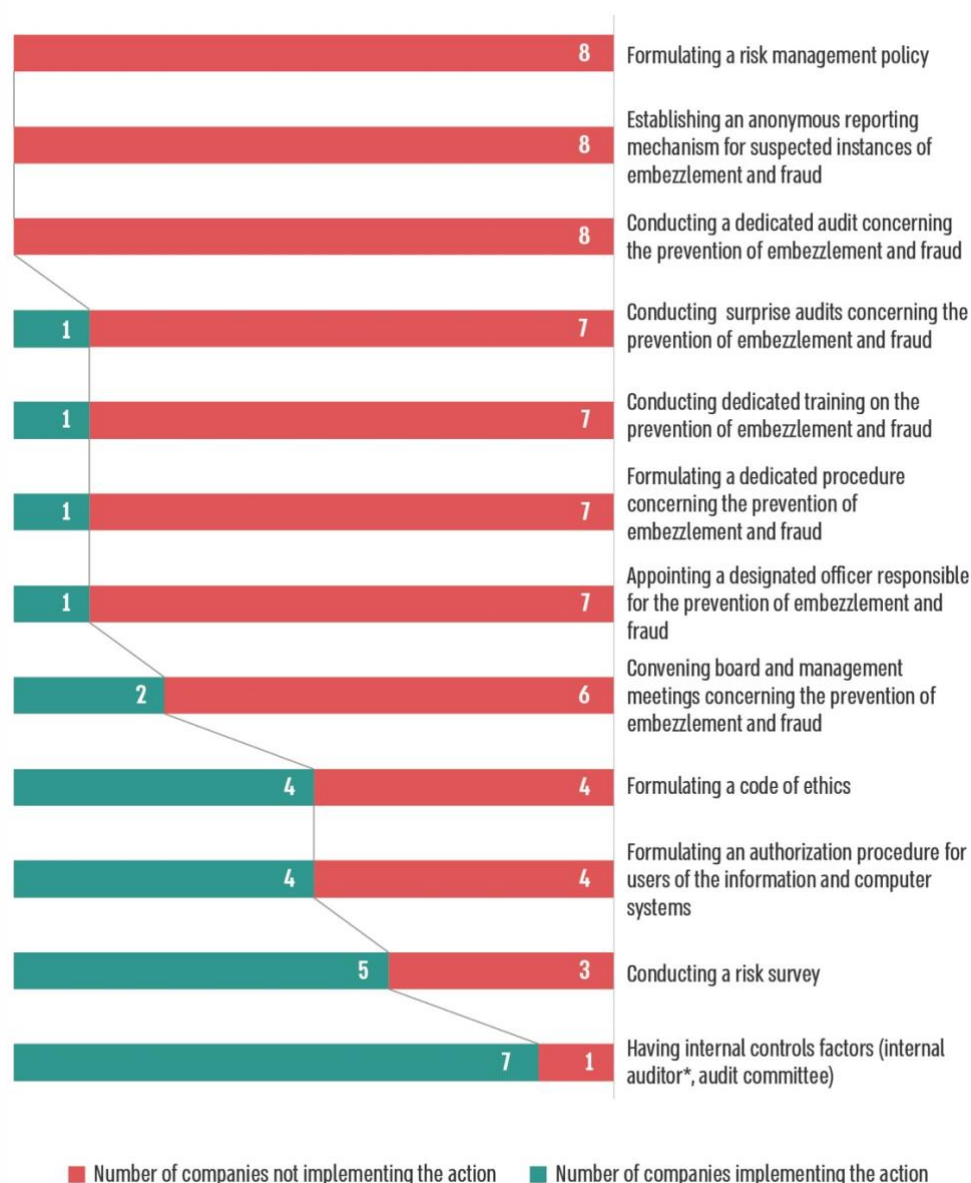
It is recommended that the four companies examined in depth – the **Rehovot Development Company, Yefe Nof Company, Moriah Company, and Ezra & Bitzaron Company** – develop a procedure that delineates the process for appointing authorized signatories, alongside protocols for updating such signatories as necessary. This procedure should specify the decision-making process and the methods for notifying banks. Additionally, it is advised that the companies execute surprise audits pertaining to the use of high-risk payment methods. The **Rehovot Development Company** and **Ezra & Bitzaron Company** are further advised to establish a policy aimed at reducing reliance on high-risk payment methods and to implement strategies to physically safeguard the payment methods utilized, thereby mitigating the potential for embezzlement and fraud.



It is recommended that the four companies examined in depth – the **Rehovot Development Company, Yefe Nof Company, Moriah Company, and Ezra & Bitzaron Company** – map the comprehensive spectrum of controls linked to the supplier onboarding process, incorporating any missing controls such as the verification of supplier information accuracy through direct contact with the supplier. Additionally, the **Rehovot Development Company, Yefe Nof Company, and Ezra & Bitzaron Company** should introduce a control mechanism that prohibits the creation of a supplier card in the absence of requisite documents and data. It is also recommended that the **Ezra & Bitzaron Company** establish a control mechanism to prevent the onboarding of new suppliers using the company registration numbers of inactive suppliers. Lastly, the **Rehovot Development Company** and **Ezra & Bitzaron Company** should enforce a separation of duties within the supplier onboarding process to diminish the risks of embezzlement and fraud in the said process.



### Status of Implementation of Organization-Wide Measures to Prevent Embezzlement and Fraud in the Eight Companies Examined



Prepared by the Office of the State Comptroller.

\* During the audit, the Rehovot Development Company began a process to select an internal auditor, which was completed after the audit.



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## Summary

The risk of embezzlement and fraud is an inherent risk in any organization that manages funds and assets, potentially resulting in substantial financial damage and harm to the organization's reputation. In recent decades, the principles aimed at strengthening corporate governance have evolved, alongside the development of professional knowledge pertaining to the prevention of embezzlement and fraud. Professional literature indicates that the implementation of organization-wide preventive measures facilitates a reduction in the time required to uncover embezzlement and fraud, and significantly mitigates the financial damages incurred.

The audit revealed that while the activities of local authorities and government companies are governed by specific legal provisions and regulations promulgated thereunder, there exists no comprehensive legislation that regulates the activities of municipal companies. The absence of legislation addressing the arrangements pertinent to the operations of municipal companies in the public sphere may engender uncertainty and ambiguity regarding the obligations to which these companies must adhere across various domains, thereby complicating the assurance of their proper functioning as well as the oversight and control mechanisms in place. Furthermore, it was observed that the corporate governance arrangements within municipal companies are notably less rigorous than those governing government companies and the regulatory framework applicable to local authorities.

It was also observed that the Ministry of Interior's regulation of embezzlement and fraud prevention within municipal corporations is inadequate. The Ministry has failed to publish professional guidelines on the matter, nor has it established protocols for reporting incidents that have transpired or for addressing loopholes identified, thereby inhibiting the opportunity for lessons to be drawn. Additionally, the Ministry has not developed a framework for knowledge sharing and mutual learning among corporations in this domain.

The analysis of the municipalities examined – the **Haifa** Municipality, the **Jerusalem** Municipality, and the **Tel Aviv-Yafo** Municipality – reveals deficiencies in their operational conduct. Specifically, these municipalities have failed to publish professional guidelines for their associated corporations on the relevant subject matter and have not established protocols for reporting incidents or identifying loopholes as a means of drawing lessons. Furthermore, there has been a lack of learning activities or organized, joint training on the prevention of embezzlement and fraud for the employees of their municipal corporations.

Within the eight municipal corporations examined, it was found that effective organization-wide measures to prevent embezzlement and fraud were not being implemented. Notably, certain actions, such as the development of a risk management policy, the establishment of a mechanism for the anonymous reporting of suspected embezzlement and fraud, and the execution of specific audits focused on preventing embezzlement and fraud, were absent from



all the companies examined. Consequently, the exposure of the municipal corporations examined to risk within this domain is considerable.

In the four companies examined in depth – the **Rehovot Development Company, Yefe Nof Company, Moriah Company, and Ezra & Bitzaron Company** – it was identified that, while individual controls are implemented in core processes relating to finances, procurement, payments to suppliers, and the employment of personnel, significant controls remain absent. This lack of comprehensive oversight renders these entities susceptible to embezzlement and fraud, particularly regarding payments to suppliers.

The municipal companies examined – the **Modi'in Economic Company, Rishon LeZion Economic Company, Herzliya Development Company, Rehovot Development Company, Ashdod Culture & Leisure Company, Yefe Nof Company, Moriah Company, and Ezra & Bitzaron Company** – are advised to conduct a thorough mapping of all organizational activities aimed at preventing embezzlement and fraud that are not currently implemented, and to enact these measures in order to mitigate the risks associated with fraudulent activities.

It is advised that all local authorities present the findings of this report to their municipal corporations and issue them guidelines concerning the prevention of embezzlement and fraud, so that the corporations enhance their supervisory and control mechanisms and implement measures designed to prevent such malfeasance.

The Ministry of Interior is advised to enhance corporate governance within municipal corporations and to anchor in legislation the arrangements applicable to them by virtue of their public nature. Additionally, it is recommended that the Ministry of Interior develop guidelines and professional principles for addressing embezzlement and fraud within municipal corporations and establish regulations to govern organization-wide preventative measures, considering the specific nature of the corporations' activities, the associated risks, and their financial operations.

