



Foreword

The State Comptroller's Annual Audit Report – May 2026 is hereby submitted to the Knesset in accordance with the State Comptroller Law, 5718-1958 [Consolidated Version].

This audit report was compiled and published within the context of one of the most complex and challenging periods in the history of the State of Israel. During this time, the state operated under the shadow of the terrorist attack on Simchat Torah, October 7, 2023, and its extensive ramifications within the framework of the Swords of Iron War. These events posed unprecedented challenges to the state's defense, civil, and economic systems, necessitating immediate preparedness, decision-making amid uncertainty, and large-scale crisis management.

Certain audits contained within this report address sensitive matters and underwent confidentiality procedures in the subcommittee of the State Audit Committee of the Knesset; only the parts approved by the committee were published. This precaution was taken to protect the state's security, its foreign relations and international trade ties. The following are the reports:

- **Preservation of Domestic ("Blue-and-White") Defense Manufacturing Capabilities in Israel**
- **The National Blood Supply during Routine Times and Emergencies - In Light of the Events of October 7, 2023 and the Swords of Iron War**
- **Hospital Protection - Protection Gaps in Certain Hospitals**
- **Security of Sports Team Overseas**
- **A few chapters of the report provide a comprehensive overview of the operation of central systems in emergencies and during the Swords of Iron War, including the national blood bank system and the functions and status of the community security coordinators in frontline communities. The remaining chapters of the report present the findings of the audits conducted within government ministries and state institutions, including I fundamental aspects of the state's fiscal management.**

The audit findings on Conduct in Emergencies and during the Swords of Iron War reveal that within the primary centers of activity, exceptional dedication was demonstrated by professionals in the fields of security and medicine, including medical teams within hospitals and Magen David Adom (MDA), the security forces, and the community security coordinators. These actors conducted themselves with determination, courage, and a strong sense of mission aimed at safeguarding lives and protecting the citizens. Concurrently, systemic



deficiencies were identified which require rectification, including lapses in inter-organizational coordination, ambiguous delineation of responsibilities, shortcomings in resource and process management, and structural impediments that undermine operational efficiency.

The report highlights the fact that emergencies underscore the importance of appropriate management, accountability, advanced planning, and effective coordination among all relevant parties. Reinforcement of these mechanisms constitutes an essential prerequisite to ensuring optimal responses for the nation's citizens and to sustaining the country's national resilience.

The following provides an overview of a few chapters from the report:

- **The National Blood Supply in Routine Times and during Emergencies – In Light of the Events of October 7, 2023 and the Swords of Iron War**

The terrorist attack on October 7, 2023, in conjunction with the fighting associated with the Swords of Iron War, posed an unprecedented challenge to the national blood supply. During that day, approximately 1,345 injured people were admitted to hospitals, with the main burden falling on Soroka Medical Center and Barzilai Medical Center. These occurrences underscored the vital importance of blood as a critical national resource, emphasizing the necessity for early preparation, optimal inventory management, and the rapid and efficient transportation of blood units during emergencies.

The Office of the State Comptroller commends the extraordinary mobilization of Magen David Adom (MDA) and hospital personnel, including the blood bank teams, blood drive coordinators, and MDA volunteers, who actively mobilized and operated diligently in the field and within hospitals on October 7, 2023.

In times of national crisis, when the healthcare system must provide an immediate life-saving response, substantial blood drives are essential. At the onset of the Swords of Iron War, the Israeli public turned out in large numbers and took an active part in the national effort through significant blood donations. This public mobilization to donate blood served as a crucial factor in the healthcare system's capacity to maintain operational continuity, respond effectively to the wounded, and save lives in the initial hours and days of the conflict.

In the early phases of the conflict, the healthcare system encountered an ethical-professional dilemma: balancing the need to ensure adequate availability of blood units with the necessity of preventing surpluses and their subsequent disposal. This equilibrium is an integral aspect of risk management, aimed at averting critical shortages in large-scale conflict scenarios, thereby ensuring the availability of blood units when required by individuals in need.



The audit identified deficiencies in blood inventory management, the operation of the donation system, transportation of blood units, safeguarding of the blood supply system, and computerization, while also emphasizing the necessity to draw systemic lessons. The report underscores the importance of enhancing coordination among the Ministry of Health, the Supreme Authority for Hospitalization and Health, Magen David Adom, and the hospitals to bolster preparedness, operational efficiency, and ensure a consistent, rapid, and effective blood supply during emergencies, thereby assuring the provision of optimal care to the wounded and sick in critical situations.

It is recommended that the Supreme Authority for Hospitalization and Health and the Ministry of Health, in collaboration with MDA, Soroka Hospital, and Barzilai Hospital, analyze the events surrounding the blood supply on October 7 and draw lessons to optimize the process, both with regard to the required inventory levels in MDA and hospitals at all times, and with regard to blood transportation. Furthermore, they should ensure the effective operation of the donation system to maintain a stable blood supply in times of emergency, while minimizing the destruction of blood units. Efficient and effective management of the national blood supply during both routine times and emergencies, encompassing all levels from the Supreme Authority for Hospitalization and Health, the National Health Operations Center, and the Ministry of Health, to MDA and the hospitals, will enable a swift and efficient blood supply process during emergencies, and ensure the optimal treatment of the wounded and sick in emergency situations.

- **Community Security Coordinators: Their Role, Status, and Employment Structure**

Approximately 900,000 residents inhabit frontline communities, where the community security coordinators serve a pivotal function in ongoing security and emergency preparedness. During the terrorist attack of October 7, 2023, they constituted the first line of defense, at times fighting alone and incurring substantial casualties, including fatalities, injuries, and abductions. Since then, the community security coordinators have been conscripted into extended reserve service, often separated from their families.

The audit identified significant deficiencies concerning the definition of the community security coordinators' role and their manner of employment: the delineation of their responsibilities lacks uniformity across the various directives issued by the Israel Defense Forces (IDF) and the Ministry of Defense. Moreover, they are subordinate to several entities, (the community, military, and local authority), raising concerns of potential conflicts of interest and operational inefficiencies. For years their terms of employment have also not aligned with the scope of their responsibility, although a partial improvement in their wages did take place after the war. Efforts to enhance the community security coordinators' status, including their onboarding as civilian employees of the IDF, remain incomplete. Although the 2024 salary revision ameliorated their



conditions, it failed to address the fundamental issue of the absence of a singular entity responsible for them.

Given the importance of the community security coordinators' role within the local defense framework and the Ministry of Defense's protracted delays in revising their role definition and employment conditions, the Ministry should implement all recommendations proposed by the Edri Committee – measures intended to rectify longstanding deficiencies in the employment and operation of community security coordinators. Specifically, the Ministry of Defense should ensure the deployment of a comprehensive information program for all community security coordinators regarding changes to their role and employment conditions. It is recommended that the Ministry of Defense, in collaboration with the Ministry of Finance, reconsider changing the employment framework governing the community security coordinators in a manner that consolidates the command over them and their guidance, enhances their training and professional competencies, and establishes an appropriate welfare system. The IDF should promulgate a standardized definition of the community security coordinators' role, harmonized with all relevant stakeholders, and correspondingly revise all pertinent orders, procedures, and directives. Additionally, the Ministry of Defense should incorporate the updated role definition within agreements concluded with the local authorities.

- **The Financial Statements of the State of Israel as of December 31, 2024 – State Guarantees**

The government's financial statements represent a primary management instrument for policy implementation and decision-making, serving as a principal conduit for disseminating information about the state to the public and identifying financial trends and risks. In 2024, an exceptionally high net accounting deficit was recorded (approximately NIS 241 billion) reflecting a significant increase relative to 2023. This increase primarily results from escalated state expenditures following the Swords of Iron War, notably defense spending, civilian aid, resident evacuations, and infrastructure rehabilitation. The conflict precipitated extensive economic challenges, augmented financing demands, and an expansion of debt issuance, concomitant with downgrading in credit ratings. Although inflation declined, it remained above target levels, with the budget deficit exceeding planned figures. Economic uncertainty further exacerbated fiscal pressures.

State guarantees constitute a vital instrument for promoting economic growth – particularly among small enterprises and exporters – without immediate fiscal cost; however, they entail prospective risks that may imperil fiscal stability if excessively utilized. The audit highlights deficiencies in guarantee management: insufficient credit line calculations, failure to update guarantees extended to ASHRA (Israeli Foreign Trade



Risk Insurance Corporation Ltd.), regulatory constraints impeding export development, a high rejection rate of loan applications from small and medium-sized enterprises, and onerous bureaucratic procedures in the application process.

It is recommended to enhance the methodology for determining the guarantee framework, align its scope with economic indicators, encourage export and innovation, increase loan approval rates, and streamline procedures through the adoption of open banking. Moreover, the state guarantee mechanism should continue to be developed to remain responsive to the shifting economic requirements.

My office conducted a follow-up audit **on a specific domain of the Atomic Energy Committee**. In light of national security considerations and pursuant to Section 17(c) of the State Comptroller Law, I decided not to present this report to the Knesset, or to publish it.

The audited entities are obligated to promptly and effectively address the deficiencies identified in this report.

The preparation of this report demanded considerable efforts on the part of personnel within the Office of the State Comptroller, who executed their duties with professionalism, thoroughness, impartiality, and commitment. The staff of the office discharge their public responsibilities with a profound sense of mission, and I extend my gratitude to them.

We express our hopes and prayers for the swift recovery of the injured, the rehabilitation of the released hostages and their families, the safe return of all evacuees to their homes, the security of our soldiers, and the success of the security forces in safeguarding our nation.

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State Comptroller and
Ombudsman of Israel

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State of Israel

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