



Report of the State comptroller of Israel | January 2024

Local Authorities

Outdoor Advertising Within the Jurisdiction of Local Authorities – Follow-up Audit



Outdoor Advertising Within the Jurisdiction of Local Authorities – Follow-up Audit

Background

Section 246 of the Municipalities Ordinance (New Version) states that, "The municipality will supervise the display of ads, signs, and boards in business or on billboards or other places or will prohibit their display." According to Section 146(10) of the Local Councils Order, 1950, a local council may regulate, limit or prohibit street advertising.

The purpose of the above provisions is to maintain the proper and aesthetic appearance of the city and to prevent disorder in the number of signs, determining their place, their shape, and the duration of their display, which could mar the face of the city and harm the environment, the well-being of residents and visitors, and their quality of life.

Within the jurisdiction of the local authorities in general and of the authorities examined in particular – the municipalities of **Tiberias**, **Karmiel**, and **Sakhnin** and the local authorities of **Yarka** and **Kafr Yasif**, thousands of advertising signs are displayed, some on private property on business and residential buildings, and some in the public space on public billboards placed by the local authorities for this purpose. The local authorities' signage system also conveys commercial messages to passers-by on its roads and paths within the local authority's jurisdiction.



Key Figures

30 out of 257

local authorities have not enacted by-laws for advertising and signage as of September 2022

NIS 28 million

arrears balances for signage fees of three of the five examined local authorities (**Tiberias**, **Karmiel**, and **Sakhnin**) as of the end of 2021. **Yarka** and **Kafr Yasif** have no information on their number of billboards and no precise estimate of the volume of signage fees in both

NIS 3.685 million

the total revenue from signage fees in three of the five examined authorities (**Tiberias**, **Karmiel**, and **Sakhnin**) for 2020


13,500

the number of signs in the jurisdiction of the examined five local authorities in 2022, including the local authorities of **Yarka** and **Kafr Yasif**, where no updated data was collected

9 and 35 years

the **Yarka** and **Kafr Yasif** local authorities did not collect signage fees for 9 years and 35 years (respectively) since enacting their signage by-laws

Audit Actions


 In 2015, the Office of the State Comptroller published an audit report on "Outdoor Advertising in Local Authorities"¹ (the previous report or the previous audit). The audit included five local authorities in the north of the country: the municipalities of **Tiberias**, **Karmiel**, and **Sakhnin** and the local authorities of **Yarka** and **Kafr Yasif** (the local authorities examined), as well as the **Tiberias** Municipality Economic Company (the **Tiberias** Economic Company) and the **Karmiel** Dance Festival Association (**Karmiel** Festival Association). The previous audit examined: the outdoor advertising policy, the management of outdoor advertising, the management of engagements with advertising contractors, the local authorities' placing of signs within their jurisdiction, and the

1 State Comptroller, **Local Government Audit Reports For 2015** (2015), "Outdoor Advertising in Local Authorities", pp. 279–324.



collection of signage fees and usage fees of advertising facilities. From June to December 2022, the State Comptroller's Office conducted a follow-up audit of the local authorities and the corporations, rectifying the critical deficiencies noted in the previous audit. A completion examination was carried out at the Ministry of Interior. In January, February, and April 2023, tours were held. Completion examinations were conducted in three examined local authorities: the **Tiberias** municipality and the **Yarka** and **Kafr Yasif** local authorities.

Key Findings

-  **Establishing an Overall Policy and Plan for Advertising and Signage** – the previous audit found that the examined five local authorities did not establish an overall plan for signage within their jurisdiction. Thus, the array for placing signs in private and public spaces was not examined with a broad and systemic view that includes all advertising facilities within the jurisdiction of each of these authorities. **The follow-up audit raised that** three of the local authorities examined, **Yarka, Kafr Yasif, and Sakhnin, did not rectify the deficiency** – they did not establish a policy anchoring the standards regarding advertising and signage in their jurisdiction as required by their by-laws. The **Tiberias** municipality rectified the deficiency to a small extent – in 2009, the municipality prepared signage guidelines that refer only to the city's tourist areas and did not prepare a plan applicable to the rest of the city. The **Karmiel** municipality rectified the deficiency to a small extent. No documents were found in the municipality indicating that it approved nor implemented the consulting company's plan in 2017.
-  **Transfer of Powers to the Municipal Corporations** – the **Tiberias** municipality – the previous audit found that in 2005–2013, the municipality transferred the management of outdoor advertising in the municipal facilities, including publication of the tender and the contract with the winner, to the **Tiberias** Economic Company, without submitting the matter to the Council Plenary including the powers transferred to the **Tiberias** Economic Company, the reasons and considerations for making this decision and the details of the contract with the **Tiberias** Economic Company. **The follow-up audit raised that the municipality partially rectified the deficiency** – the council approved on July 1, 2020, the draft of the framework agreement between the municipality and the **Tiberias** Economic Company, according to which it transferred to it the responsibility, and among other things, the leasing of the advertising spaces within the city jurisdiction. It should be noted that the decision was made, though the economic viability and other relative implications were not examined.





The **Karmiel** municipality – the previous audit found that in 2000, the municipality transferred to the **Karmiel** Festival Association the management of outdoor advertising on lampposts in the city. This is done without submitting the matter for discussion and approval to the Council Plenary, including the considerations for the transfer of powers. The **follow-up audit raised that the municipality did not rectify the deficiency** – it did not submit to the municipal council to approve the transfer of the responsibility for advertising to the **Karmiel** Festival Association.

Engagement Agreements Between the Municipalities and the Municipal Corporations – the previous audit found that the municipalities of **Tiberias** and **Karmiel** did not regulate in a written agreement of the transfer of outdoor advertising management to the **Tiberias** Municipal Economic Company and the **Karmiel** Festival Association. Moreover, no mechanisms were established for transferring revenues to municipal coffers or rewarding municipal corporations. It was also found that the **Tiberias** Economic Company and the **Karmiel** Festival Association do not pay their municipalities part of the income received from the management of the advertising and the collection of the money for the use of the billboards, which was hundreds of thousands of NIS a year in each city. **The follow-up audit raised that the two municipalities did not rectify the deficiency** – the **Tiberias** municipality did not sign with the **Tiberias** Economic Company an agreement anchoring the renting of the advertising spaces and the management fees to be paid to the **Tiberias** Economic Company, and the **Tiberias** Economic Company did not transfer to the **Tiberias** municipality part of the usage fees at NIS 837,000 it received in 2021 from the advertising contractor; The **Karmiel** municipality and the **Karmiel** Festival Association did not sign an agreement regulating the transfer of billboard advertising to the Association and the distribution of the funds that the Association receives from the contractors for the use of billboards. The **Karmiel** Festival Association did not transfer any amount from the advertising revenue to the municipality.

Karmiel Municipality's Contract for Outdoor Advertising on Billboard Installations – the previous audit found that in February 2006, the **Karmiel** municipality gave Company B a ten-year concession for commercial advertising on one side of six billboard installations within its jurisdiction, without publishing a tender and without asking for bids on the matter, and that it exempted Company B from paying concession fees. No documents were found in the municipality, including the decision to exempt Company B from paying for the concession, nor the economic calculations justifying the decision. **The follow-up audit raised that the municipality rectified the deficiency to a small extent** – in June 2017, it published a tender regarding the construction, activation, operation, and maintenance of nine billboard facilities and the granting of advertising rights thereon, and it received three bids from advertising contractors. The municipality's tender committee decided at its meeting in September 2017 to choose Company B's proposal, which was the highest. Company B continued advertising on the billboard facilities from the beginning of 2018 without signing an



agreement with the municipality, claiming that it made a "typographical error" in its proposal. It was further raised that Company B did not pay any money to the municipality until the end of 2021 and that the municipality did not oppose it. The municipality contravened the tender committee's decision and violated the principles of tender law and the rules of good governance. It even signed an agreement containing conditions fundamentally different from the tender conditions and the winning company's proposal. As a result, the amount paid by Company B to the municipality in 2018–2022 was about NIS 297,500 less than the required according to the tender. It was also raised that Company B did not provide the municipality with an insurance policy that includes all coverages in contravention of the terms of the tender.

-  **The Karmiel Festival Association's Contract for Outdoor Advertising on Road Signs** – the previous audit found that in 2012, the **Karmiel** Festival Association signed an agreement with Company B for five years, starting on January 1, 2013, with an option to extend it by three years, according to which Company B will continue to market road signs around the city. The audit found that the **Karmiel** Festival Association contracted with Company B without publishing a tender or receiving bids as required by the tender procedure and the law. **The follow-up audit raised that the Karmiel Festival Association rectified the deficiency to a small extent** – in August 2014, the Association published a minor tender for the supply, installation, use, and operation of road signs in exchange for usage fees paid by the concessionaire to the Association. Company B did not provide the Association with a bank guarantee. Company B placed 11 to 13 additional signs without receiving the municipality's approval for their placement and without obtaining a certificate from a qualified electrician regarding the safety of the signs, which is not following its commitment.
-  **The Karmiel Festival Association's Contract for Outdoor Advertising on Lampposts** – the previous audit found that in May 2002, the **Karmiel** Festival Association signed an agreement with a marketer about the 2002 festival period, without publishing a tender and initiating a competitive procedure. The agreement stipulated a commission of 33.3% of the total actual revenue. The contract continued until the previous audit end date – 2015, without the Association publishing a tender, receiving additional offers for publication, and signing an agreement with the marketer. **The follow-up audit raised that the Karmiel Festival Association rectified the deficiency to a small extent** – in 2020, the Association signed an agreement with the marketer to receive management services for the advertising operations for 33.3% of the amount the Association will receive for its work. The agreement was in effect until August 2022, and the Association signed it without publishing a tender or asking for bids. The agreement did not specify details about the lampposts, the areas where advertising would be allowed, and the parties' obligations and rights. The agreement's validity was extended until the end of 2023, but the Association did not state the reasons for the extension. It did not provide the State Comptroller's Office with a copy of the extension agreement.



- 📌 The Tiberias Economic Company's Agreement with Company D for a Concession on a Bridge and Billboard Facilities** – according to the follow-up audit – in 2015, the **Tiberias** Economic Company signed with Company D, which won a public tender for the operation of advertising facilities, a concession agreement for advertising on an urban bridge for pedestrians and billboard installations. The engagement continued until 2020. According to the agreement, the **Tiberias** Economic Company handed over the bridge and eight more billboard installations, a total of 16 advertising facades, to Company D. Company D pledged that within six months, it would replace the existing billboard facilities with new billboard facilities and erect five new billboard facilities so the number of billboard facilities would be 13. The number of advertising facades would reach 26. Company D replaced the old billboards and erected six new billboards (but advertised on two billboards only on one side) without applying to the municipality to place the billboard facilities and without receiving its approval, as required in the operating agreement. According to the agreement, Company D was supposed to pay **Tiberias** Economic Company for advertising on the bridge and on the 26 advertising surfaces of the billboard facilities NIS 610,700 per year, including VAT. The audit raised that by the **Tiberias** Economic Company from Company D collected from January 2016 to July 2020 about NIS 554,000 less than the amount it committed to in the agreement.
- 📌 Database Regarding Signs Installed by Business Owners Within the Authorities' Jurisdiction** – the previous audit found that the local authorities of **Yarka, Kafr Yasif, and Sakhnin** did not have complete information and an updated database about the number of signs installed in their jurisdiction. In the jurisdiction of these local authorities, signs of various types were installed by advertising contractors and others without approval for their placement and without the approvals as required by the local authorities' by-laws. **The follow-up audit raised that the Sakhnin municipality fully rectified the deficiency** – at the beginning of 2023, it carried out a signage survey through an external company and began charging a signage fee. **The Yarka local authority rectified the deficiency to a small extent** – by the end of April 2023, it had not finished integrating into its database all the data from the signage survey conducted for it by Company F; therefore, it does not have complete information on the number of all the signs in its jurisdiction. **The Kafr Yasif local authority did not rectify the deficiency** – the previous report found that in 2014, it conducted a signage survey and that the survey found 1,489 signs that were placed within its jurisdiction. However, there were duplications in the survey. As of the previous audit end date in February 2015, the Council did not have information on the exact number of signs placed within its jurisdiction. The follow-up audit raised that the authority had stopped implementing the survey in its collection system, and even stopped collecting a signage fee. It did not update the survey or conduct a new survey in its place, and consequently, it had no database on the number of signs under its jurisdiction and their types.



📌 The Local Authorities Placing of Signs in Their Jurisdiction – the previous audit found that within the jurisdiction of the four local authorities – **Tiberias, Yarka, Kafr Yasif, and Sakhnin** – advertisers and business owners placed signs in the public space illegally and without obtaining the necessary approvals, and that the authorities did not take the required measures at their disposal to remove the illegally placed signs. **The follow-up audit raised that the four authorities did not rectify the deficiency** – it was found that signs were installed within their jurisdiction in private and public areas on the walls of houses and fences, on sidewalks and roads, without their approval and without removing them. The five local authorities examined did not enforce the provisions of their by-laws regarding signage. They did not require business owners who placed signs in their business area and advertised on public facilities to apply for a license to place signs in their jurisdiction. Therefore, all the signs placed under the jurisdiction of the local authorities examined were placed without a license. From the beginning of 2023, the **Tiberias** municipality began to regulate signage licenses in its jurisdiction. In January-April 2023, on its initiative, it turned to 168 business owners, asking them to obtain licenses for the signs they own. As a result, they submitted applications for the issuance of the licenses.

📌 Signage Fee Collection – Collection from Advertising Contractors

- **The Tiberias municipality** – the previous report found that the debts of two advertising contractors for signage fees at the beginning of 2015 were about NIS 685,000. **The follow-up audit raised that the Tiberias municipality did not rectify the deficiency** – it did not collect from the two above advertising contractors the enormous debts that they had accumulated until November 2022, at about NIS 1.5 million. However, it should be noted that the municipality tried several times to seize the bank accounts of the two advertising contractors but could not collect any amount from them for the signage fee. The municipality also did not make sure to collect a signage fee from all debtors. Despite the high collection rates out of the annual charge (about 94% on average in 2019–2021), the outstanding arrears balances of the signage debtors and the fee at the end of 2021 were about NIS 20.6 million.
- **The Karmiel municipality** – the previous audit found that the municipality does not impose on the advertisers on lampposts in the city signage fee as required by its by-laws. **The follow-up audit raised that the Karmiel municipality did not rectify the deficiency** – it does not impose on the advertisers on lampposts, neither itself nor through the **Karmiel** Festival Association, a signage fee for round signs and rectangular signs placed on lampposts; it did not collect a signage fee from all advertisers within its jurisdiction, and despite the high collection rates out of the annual charge (about 93% on average in 2019–2021), the outstanding arrears balances of the signage debtors of the fee at the end of 2021 was about NIS 530,000.



- **The Sakhnin municipality** – the previous audit found that the **Sakhnin** municipality collected a signage fee in 2009–2013 at NIS 150,000 and that the collection rate out of the total sums to be collected in those years was 4% to 11%. **The follow-up audit raised that the municipality rectified the deficiency to a large extent** – in 2019–2021, it collected from the advertisers in its jurisdiction about NIS 703,000, about 4% of the total that should have been collected during this period. However, the arrear balances of signage fee debtors at the end of 2021 was about NIS 6.9 million.
 - **The Yarka local authority** – the previous audit found that as of the previous audit end date, in February 2015, it did not collect a signage fee from the advertisers in its jurisdiction, according to the by-law. **The follow-up audit raised that the authority rectified the deficiency to a small extent** – it began charging the sign owners a signage fee, and began collecting it starting in September 2022.
 - **The Kafr Yasif local authority** – the previous audit found that the authority did not charge the signage contractors and advertisers within its jurisdiction a signage fee. **The follow-up audit raised that the authority did not rectify the deficiency** – it does not collect a signage fee from business owners and advertisers within its jurisdiction.
- 📌 Imposing User Fees and Their Collection** – the **Tiberias** Economic Company – the previous report found that Contractor A's obligations for advertising on flag signs were about NIS 55,000 as of the previous audit end date. **The follow-up audit raised that the Tiberias Economic Company rectified the deficiency to a small extent** – the contractor paid its debts until the end of 2015, but for 2016–2021, it did not pay the **Tiberias** Economic Company any amount. The **Tiberias** Economic Company did not calculate the extent of its obligations until the audit end date. It was further found that the **Tiberias** Economic Company did not take all the measures at its disposal, including legal measures, to collect the amounts owed to it from the flag signs contractor.
- 📌 The Karmiel Festival Association** – the previous report found that for nine years, the **Karmiel** Festival Association did not insist on receiving from Company B the fee for the entire contract period through certified checks as stipulated in the agreement. **The follow-up audit raised that the Festival Association rectified the deficiency to a small extent** – the Association collected from Company B the amount stipulated in the agreement – about NIS 50,000 for each of the years 2015–2020. However, for 2020–2022, Company B did not pay the Association a concession fee for advertising on the road signs, and the Association did not take any steps against it. This is although, under the agreement, Company B had to pay the Association about NIS 130,500 for advertising in these years.

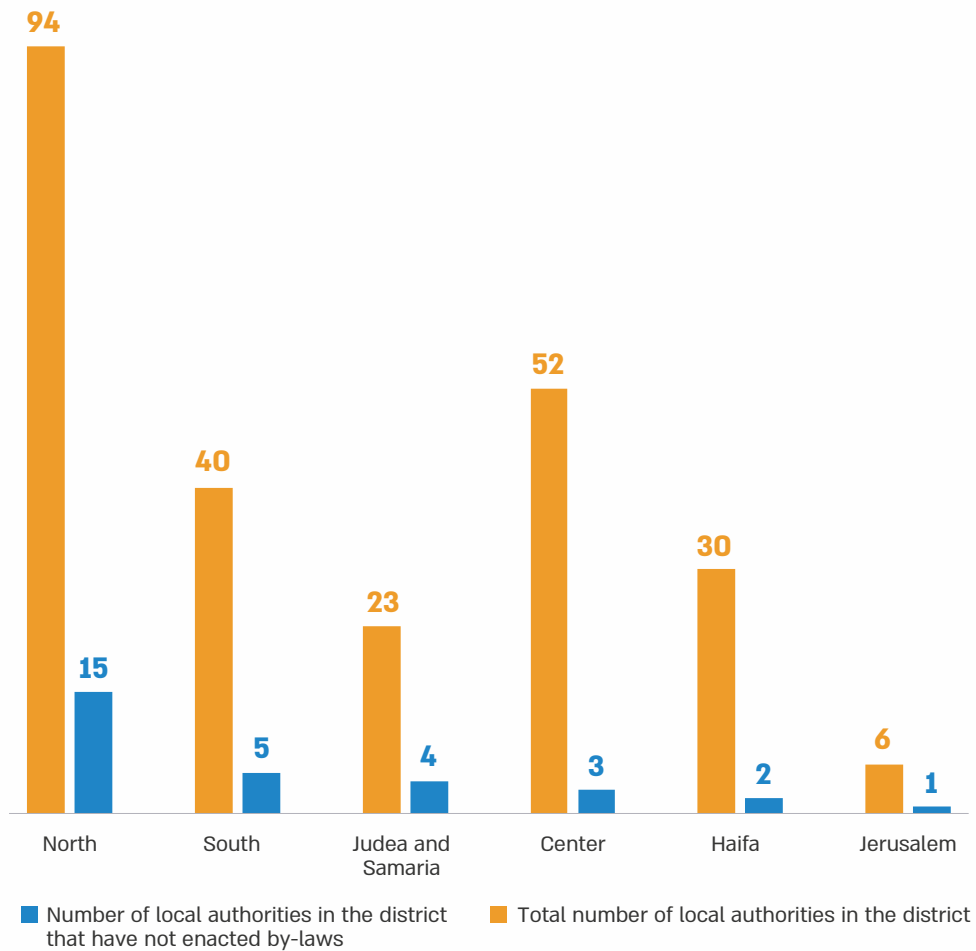


Key Recommendations

- It is recommended that the Ministry of Interior instruct the local authorities that have not yet enacted signage by-laws to consider their enactment, to regulate the sign's placement within their jurisdiction, allowing them to collect a signage fee and increase their revenues.
- It is recommended that the four local authorities – **Karmiel, Yarka, Kafr Yasif**, and **Sakhnin** – establish a policy for placing signs in private and public spaces as required by their by-laws. This is to maintain the residents' safety, well-being, and quality of life and realize the commercial potential of the authorities. It is further recommended that the **Tiberias** municipality prepare guidelines and policies regarding signage in all areas of the city and signage in the city's tourist areas.
- It is recommended that the municipalities of **Tiberias** and **Karmiel** regulate the transfer of outdoor signage to their corporations in a written agreement including the parties' obligations and rights and set in the agreement the management fees they will pay to their corporations for managing the signage system.
- The **Karmiel** municipality, the **Karmiel** Festival Association, and the **Tiberias** Economic Company should ensure that the signage contractors strictly adhere to the clauses of the agreements signed with them.
- The **Yarka** and **Kafr Yasif** local authorities should establish a complete and up-to-date database of the signage facilities and charge the business owners a signage fee according to the rates established in their by-laws.
- The five local authorities examined must enforce their by-laws and require business owners to apply for a license to place signs within their jurisdiction.
- The **Tiberias** and **Sakhnin** municipalities and the **Yarka** and **Kafr Yasif** local authorities should ensure that business owners do not install signs in their public areas without their approval.
- The **Tiberias** and **Karmiel** municipalities should collect signage fees from signage contractors and owners within their jurisdiction. They should also collect usage fees from advertising contractors for their advertising facilities. The **Sakhnin** municipality and the **Yarka** Local authority should collect a signage fee from all business owners. The **Kafr Yasif** local authority should conduct a signage survey and impose a signage fee on the business owners within its jurisdiction as required by its by-law.



The Number of Local Authorities that have not Enacted Advertising and Signage By-Laws by Districts as of September 2022






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



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 Rectification Extent of Deficiencies Noted in the Follow-up Audit			
			Not Rectified	Slightly Rectified	Significantly Rectified	Fully Rectified
Determination of an overall policy and plan for advertising and signage	The Tiberias municipality, the Karmiel municipality	The local authorities have not established an overall policy and plan for advertising and signage.				
Determination of an overall policy and plan for advertising and signage	The Sakhnin municipality and the Yarka and Kafr Yasif local authorities	The municipality and the authorities have not established an overall policy and plan for advertising and signage.				
Transfers of powers to municipal corporations	The Tiberias municipality	The Tiberias municipality transferred to the Tiberias Economic Company the authority to manage outdoor advertising without submitting it to the Council for discussion, including relevant reasons, and examining its economic viability.				



The Audit Chapter	The Audited Body	The Deficiency Noted in the Previous Audit	The Rectification Extent of Deficiencies Noted in the Follow-up Audit			
			Not Rectified	Slightly Rectified	Significantly Rectified	Fully Rectified
Transfers of powers to municipal corporations	The Karmiel municipality	The Karmiel municipality did not submit the transfer of the authority to manage the advertising on the lampposts to the Karmiel Festival Association for discussion in the Council Plenary, nor did it present any considerations for the decision.				
Engagement agreements between municipalities and municipal corporations	The Karmiel municipality, the Tiberias municipality	The Karmiel municipality gave Company B the concession for commercial advertising on billboards without advertising a tender, without payment, and without asking for bids.				
Engagement without a tender with advertising contractors	The Karmiel municipality	The Karmiel Festival Association allowed Company B to manage outdoor advertising on road signs without publishing a tender or receiving bids.				



The Audit Chapter	The Audited Body	The Deficiency Noted in the Previous Audit	The Rectification Extent of Deficiencies Noted in the Follow-up Audit			
			Not Rectified	Slightly Rectified	Significantly Rectified	Fully Rectified
Engagement without a tender with advertising contractors	The Karmiel Festival Association	In 2002, according to an agreement, the Karmiel Festival Association allowed a marketer to manage advertising on lampposts without publishing a tender and with no competitive procedure. The agreement's effect was until 2002, but the engagement was still ongoing as of the previous audit end date – the year 2015.				
Engagement without a tender with advertising contractors	The Karmiel Festival Association	The Karmiel municipality gave Company B the concession for commercial advertising on billboards without advertising a tender, without payment, and without asking for bids.				






The Audit Chapter	The Audited Body	The Deficiency Noted in the Previous Audit	The Rectification Extent of Deficiencies Noted in the Follow-up Audit			
			Not Rectified	Slightly Rectified	Significantly Rectified	Fully Rectified
A database of signs installed by business owners within the jurisdiction of the authorities	The Sakhnin municipality	The Sakhnin municipality did not have complete information and an updated database regarding the number of signs installed within its jurisdiction.				
A database of signs installed by business owners within the jurisdiction of the authorities	The Yarka local authority	The Yarka local authority did not have complete information and an updated database regarding the number of signs installed within its jurisdiction.				
A database of signs installed by business owners within the jurisdiction of the authorities	The Kafr Yasif local authority	The Kafr Yasif local authority did not have complete information and an updated database regarding the number of signs installed within its jurisdiction.				



The Audit Chapter	The Audited Body	The Deficiency Noted in the Previous Audit	The Rectification Extent of Deficiencies Noted in the Follow-up Audit			
			Not Rectified	Slightly Rectified	Significantly Rectified	Fully Rectified
The handling by local authorities of the placing of signs within their jurisdiction	The Tiberias municipality and the Tiberias Economic Company	The Tiberias municipality and the Tiberias economic Company did not take any steps against Company E, nor did they remove signs, even though the company installed advertising facilities in public areas throughout Tiberias without obtaining permission for this.				
The handling by local authorities of the placing of signs within their jurisdiction	The Yarka local authority	Despite the severe phenomenon of installing signs without a permit within the jurisdiction of the Yarka local authority, it did not take the measures at its disposal to dismantle the illegally placed signs and to remove the said hazards.				



The Audit Chapter	The Audited Body	The Deficiency Noted in the Previous Audit	The Rectification Extent of Deficiencies Noted in the Follow-up Audit			
			Not Rectified	Slightly Rectified	Significantly Rectified	Fully Rectified
The handling by local authorities of the placing of signs within their jurisdiction	The Kafr Yasif local authority	On the main road of the Kafr Yasif local authority and in other places under its jurisdiction, many signs were placed without its approval and in high density, and some of them even created a safety hazard. The authority did not take measures to dismantle the signs and remove the said hazards.				
The handling by local authorities of the placing of signs within their jurisdiction	The Sakhnin municipality	In public areas and municipal facilities signs were installed without the municipality's permission, and it did not take enforcement actions in the matter, except in rare cases.				
Collection of signage fees	The Tiberias municipality	The debts of two advertising contractors at the previous audit end date were about NIS 685,000.				



The Audit Chapter	The Audited Body	The Deficiency Noted in the Previous Audit	The Rectification Extent of Deficiencies Noted in the Follow-up Audit			
			Not Rectified	Slightly Rectified	Significantly Rectified	Fully Rectified
Collection of signage fees	The Karmiel municipality	The municipality does not impose a signage fee on the advertisers' lampposts or collect it from them.				
Collection of signage fees	The Sakhnin municipality	The Sakhnin municipality did not collect signage fees from all advertisers within its jurisdiction. The collection rate of all the fees that should have been collected in 2009–2013 was 4% to 11%.				
Collection of signage fees	The Yarka local authority	As of the previous audit end date, February 2015, the authority did not collect a signage fee from the advertisers in its jurisdiction.				
Collection of signage fees	The Kafr Yasif local authority	The authority did not impose a signage fee on the advertisers in its jurisdiction nor collect the fee from them.				



The Audit Chapter	The Audited Body	The Deficiency Noted in the Previous Audit	The Rectification Extent of Deficiencies Noted in the Follow-up Audit			
			Not Rectified	Slightly Rectified	Significantly Rectified	Fully Rectified
Charging and collecting usage fees	The Tiberias Economic Company	Contractor A's debt as of the previous audit end date – the beginning of 2015 was about NIS 55,000.				
Charging and collecting usage fees	The Karmiel Festival Association	For nine years, the Karmiel Festival Association did not insist on receiving payment from Company B for the entire contract period with certified checks.				



Summary

Establishing by-laws for signage to allow the local authorities to supervise the placement of signs and advertising facilities to maintain a proper and aesthetic appearance of the local authority and to maintain the appropriate balance between preserving the quality of the environment and between the economic considerations of advertisers and business owners who wish to convey commercial messages to passers-by within the area of the local authority. Therefore, according to the by-laws, the local authorities should set standards regarding the place of the signs, the way they are placed, their shape, their dimensions, their color, and the type of material they are made of to prevent disorder that could mar the face of the local authority and harm its environment, the well-being of its residents and visitors, and their quality of life.

The follow-up audit raised that the five local authorities examined – **Tiberias, Yarka, Kafr Yasif, Karmiel, and Sakhnin** – did not rectify most of the deficiencies raised in the previous report. Given this, they should address the deficiencies raised in the follow-up report and rectify them immediately. It is recommended that the Ministry of Interior consider including the signage issue in the audit plan of the accountants performing audits on its behalf in the local authorities.

