

Foreword

This report is the third section of Annual Report 70. Its first section (70A) was published in March 2020 and its second section (70B) was published in May 2020. The section now being published deals, for the most part, with the defense establishment, which works to strengthen the security of the State of Israel, and the remainder focuses on government ministries and corporations.

The confidentiality requirements related to the chapters in this report have been reviewed by the Knesset's State Control Committee subcommittee, in accordance with paragraph 17 of the State Comptroller Law, 1958 [combined text]¹. The following is an overview of some topics that were examined:

- The Cannon Array is a major part of the IDF artillery forces, and its main function is to assist the maneuvering forces. The audit on the subject of **decision-making processes in the defense establishment regarding the issue of acquiring a new type of cannon** found a number of flaws in the staff work of the IDF General Staff when examining the issue of acquiring new cannons as well as flaws in the presentation of the information to the Chief of the General Staff, the Minister of Defense and the Security Cabinet of Israel, which led to decision making on the basis of incomplete information. In view of the flaws found by the audit, the defense establishment must be rigorous in conducting organized and fundamental staff work when examining acquisition of significant and highly expensive armaments,

¹ Albeit following the above-mentioned process, some material remains classified, this does not block the reader from understanding the essence of the audit.



and careful to present complete and precise information to decision makers. The aim in doing so is to help make optimal decisions and to ensure that the IDF is equipped with the armaments that will lead to the required achievements during warfare and exploit to the maximum the limited resources of the defense establishment.

- During the warfare of recent years, hundreds of missiles and rockets were fired toward Israel. According to the threat assessment, this quantity will increase, and if fighting breaks out, tens of thousands of missiles and rockets will be launched against Israel. In December 2016, the Office of the State Comptroller published a report on the **Readiness of the Home Front for Missile and Rocket Attacks**, in which a number of deficiencies were found that are liable to increase the risk to the population during warfare. Particularly critical flaws were found in towns along the northern border. In the follow-up audit, conducted in 2019, our Office examined the state of correction of the major deficiencies raised by the previous audit and found that authorities of the bodies handling the home front had yet to be organized and that implementation of the decision by the Security Cabinet to formulate a multiyear program for handling the home front had yet to be carried out. It was also found that significant gaps in protection remain: in 2018, for example, around 2.6 residents of Israel (28%) did not have basic protection means near their homes, and 2,494 of 12,601 public bomb shelters (20%) were inadequate. In addition, it was found that there had been an improvement in detection and warning abilities and preparedness of government ministries for population evacuation, but the plans for population evacuation had yet to be completed and some are impossible to implement.



- Our Office also examined the **preparedness of the Ministry of Defense and the IDF for implementation of the memorandum of understanding (MOU) with the United States for the years 2019–2028 on the subject of military assistance.** The amount of American military assistance and support including joint US–Israel programs for protection against missiles for the years 2019–2028, is 3.8 billion dollars a year (13.8 billion shekels). The MOU contributes significantly to the defense establishments' certainty regarding the resources it has at its disposal, streamlines its multiyear planning and has strategic impact on the relations between Israel and the US. Nevertheless, a significant reduction in the available shekel sources at the disposal of the security forces is anticipated, especially in 2025. The audit found that the Ministry of Defense (MOD) did not analyze the possible implications of this decrease on independent manufacturing in Israel and on the IDF's force design and the possible degree of harm to the State's security. The MOD, the Ministry of Finance and the Ministry of Economics and Industry must formulate a program, as needed, to prepare for the repercussions of implementing the MOU.
- In the region of Judea and Samaria, where Israel maintains security and civil authority, the IDF carries out operational activities for defense and security requirements that include, among others, the following activities: setting up of various military facilities, opening or closing of traffic thoroughfares, and placement of security and protective measures along the roads used by the IDF and the public. The examination of **safety aspects and responsibility related to maintenance of roads in the West Bank** found deficiencies due to the lack of an organized delegation of responsibility for maintenance of road infrastructure to IDF bases and installations and serving the



general public, even though the matter may endanger road users. The existing tension between the need to respond to operational security requirements and the need to safeguard road users among the general public, mandates the use of a system of regulations and the use of tools for coordinating between the various needs, while preserving a system of checks and balances. Repair of the deficiencies raised by this report will enable to guarantee public order and security as well as the safety of road users with better coordination among all the military and civilian factors responsible for security and also committed to assuring the safety of road users.

- Foreign entities invest in the Israeli economy in diverse areas. Our Office audited **the involvement of foreign companies in establishing and operating essential national infrastructure projects**. The cumulative balance of foreign investments in Israel on 31.12.2017 was estimated to be approximately 129 billion dollars, and the annual sum of foreign investments in Israel in 2017 was about 18 billion dollars. Alongside the economic benefits of foreign investments and their contribution to economic development, they might have also negative effects. The control by foreign entities of strategic assets may cause harm to a wide range of national interests, including damaging national security, strategic assets and the ability to compete in the international arena. The foreign economic involvement in national infrastructure areas and in areas having broad economic or national impact must be examined in line with national security and business considerations. The Government of Israel is entrusted with fulfilling this mission, whether through the National Security Council or through any other body it designates.

- **The Tevel project to upgrade the computer system of the National Insurance Institute of Israel** is one of the largest, most complex and expensive computer projects executed in the public sector in the past few years. The project's goal is to improve the services provided to the public through implementation of a central database infrastructure that will provide an overview of each insured person, with a focus on utilizing all their rights. The project was launched in 2010 and is anticipated to continue until 2020. The audit found that over the years, difficulties in managing the project arose and many delays ensued. For example, of the 31 systems at the core area of the project, over the ten years since its launch, only five systems have been implemented, and even these were only partially implemented, compared to the original plan. Despite the partial execution of the project's elements, the budget used, by the end of the audit, was about 58% higher than the original planned budget. The project's progress is very important both because of the need to improve the service to those insured and because of additional aspects such as prevention of mistakes in utilizing the rights of those insured and savings in erroneous payments. The great gaps between the project's implementation plans and the way the systems are being implemented are compelling the National Insurance Institute to continue using old systems in many areas of operation and do not enable it to upgrade its service to the public in additional benefit branches. The National Insurance Institute must do an in-depth examination of the project evaluation and planning processes and conduct rigid tracking of the progress and its milestones at every stage to prevent further delays in implementation.



- The audit on the subject of **the building of a new structure for Office of the Prime Minister and his residence** project, which has been off and on the agenda of the government of Israel for about 25 years, found that when the audit of the project was completed, the project had been frozen, and that its planning had yet to be completed. Needless to say, the construction of the structure has yet to start and its construction in an alternate location is being considered. In 2009, the estimated cost of the project was 650 million shekels, and in 2018 – 1.2 billion shekels, because of, among other reasons, security issues surrounding the project. This is a complex and sensitive project, combining design aspects typical of government building projects, security aspects and requirements related to ceremonies and presentations. It would be appropriate for this report to be the basis for drawing conclusions, regarding the continuation of the project management in the coming years, and for future complex projects. To this end, it would be right to pay attention to a number of weaknesses in the project management, including making decisions without preliminary checking of all the data and without an updated risk assessment; great fluctuation in decision making and defining the project's content; lack of optimal communication between the parties involved in the project; and lack of preliminary activity and initiative to remove obstacles.

Preparation of the report required a great effort on the part of the employees of the Office of the State Comptroller, who executed it professionally, with thoroughness, fairness and without bias, and who fulfil their public role with a real sense of mission. They have my heartfelt gratitude.

It has not escaped my notice that audited bodies do execute positive actions and the most prominent of these appear in the audit chapters. concomitantly it is the obligation of these bodies to fix the deficiencies raised in the report in order to strengthen the security of the State and its residents and improve the services given to the public in Israel.



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