



State of Israel

State Comptroller of Israel

Audit Report on Local Government | 2023



Jerusalem | July 2023



Foreword

The Local Government Audit Report for 2023 deals with a variety of topics that are at the core of the local authorities' work.

Local government in Israel is entrusted with providing state and local services to its residents, ensuring their well-being and providing a response to their day-to-day needs. Local government is responsible both for the physical infrastructure – paving of local roads, city construction and planning, sewage, sanitation and water systems, and for the social infrastructure – welfare services and education, culture and sports services. The local authority has a great degree of autonomy in making decisions in its areas of responsibility, regarding the ways and means for realizing these areas of responsibility and the resources required to that end, as well as prioritizing actions in these areas. Furthermore, the local authority serves as a public trustee in all its actions, and as such it is obliged to exercise its authority in accordance with the provisions of the law.

In accordance with the State Comptroller and Ombudsman's vision, we are working to position the State Audit as an action-motivating audit, an innovative, relevant and effective audit, dealing with the core areas of the audited body and focusing both on issues of a social nature and on service to the citizen, as well as on the significant risks affecting the activities of the audited bodies. This is in addition to topics related to good governance and integrity.

The chapters of the report bring forth to the public agenda important audit findings concerning a variety of areas, including: individual welfare, service to the residents, effectiveness of recovery plans, municipal property tax collection, veterinary services, infrastructure planning, construction and maintenance. Following is an overview of some of the chapters included in this report:

A recovery plan is designed to lead to a comprehensive solution to deficits in the local authorities, so that, inter alia, the provision of municipal services in an equitable and maximally efficient manner will be possible for all residents of the country. In 2011–2020, 71 local authorities operated within the framework of recovery plans. The audit on **recovery plans in local authorities** shows that the four audited local authorities – Bustan al-Marj, Beit Aryeh, Jisr az-Zarqa, and Sajur – did not meet 84 out of the 186 requirements set for them in milestones and additional goals defined for them under 13 recovery plans, hence they did not receive loans and grants. As a result, the authorities were unable to achieve an annual balance in the regular budget, and they continued to operate with accrued deficits, despite the grants transferred to them at NIS 62.9 million and despite the loans given to them at about NIS 42.2 million. Hence, the mechanism adopted by the Ministry of Interior for the recovery of those authorities and for improving their functioning is not sufficiently effective. The long-standing failure of the recovery plans highlights the need for a thorough examination of their current structure. The local authorities should increase the collection rates in municipal property taxes (current



payments and debts), especially the Jisr az-Zarqa Local Council (35%) and the Sajur Local Council (28%); Conduct property surveys on time as required and meet all the goals set for them in the recovery plans. As for the Bustan al-Marj Regional Council and the Beit Aryeh Local Council, they should increase the collection of the remaining self-generated income. The State Comptroller's Office recommends that the Ministry of Interior conduct a process of lesson learning and examine what additional steps and measures should be taken to help the local authorities and their residents. It is also recommended to consider a change in the format of the recovery plans for the authorities, especially in view of the Ministry of Interior's responsibility and its powers, so that these authorities become financially and administratively independent.

Municipal property tax is the primary tax collected by local authorities in Israel, and is the main source for financing the expenses for the performance of their duties and the provision of state and local services to their residents. Municipal property tax revenues have a significant impact on the local authorities' ability to provide services, to strengthen their economic independence and reduce their dependence on the central government. The audit on the topic of **municipal property tax in the local authorities – regulation, imposition and granting of discounts**, raised that in 2020 the local authorities charged property owners under their jurisdiction with municipal property tax at approximately NIS 34.6 billion, of which they collected approximately NIS 24.2 billion, constituting approximately 60% of their self-generated income. Account receivables in respect of municipal property tax in the local authorities at the end of 2020 were NIS 31.7 billion. The audit raised deficiencies in the municipal property tax regulation, municipal property tax orders and its imposition, the method of measuring properties and their charging, submitting applications for extraordinary approval of municipal property tax changes and their management, the collecting of municipal property tax, handling debts and granting discounts. The audit findings show that the municipal property tax requires regulation, among other things due to the multitude of classifications, rates and measurement methods, and that it is characterized by non-uniformity and inequality. The Ministries of Interior and Finance were aware of the deficiencies and distortions that characterize the municipal property tax system in the local authorities, and over the years inter-ministerial committees were established to rectify them, however the committees' recommendations were not implemented. The municipalities of Ashdod, Kfar Saba and Nof HaGalil, the local councils of Kiryat Tivon and Reineh and the Jezreel Valley Regional Council – should rectify the deficiencies and consider the reports' recommendations as applicable, and among other things they should increase the municipal property tax collection rate (which stands at about NIS 792 million in the six authorities) and provide discounts on a legal basis while ensuring transparency and equality. The Ministries of Interior and Finance should examine the audit findings, discuss the recommendations of the inter-ministerial committees and teams established over the years, and work together to regulate the municipal property tax in Israel on all its aspects.



This report also includes an audit on **municipal property tax in the local authorities – the service to the resident** in which deficiencies were raised regarding the scope and quality of the online service, the phone service and the face-to-face service that the authorities offer to their residents in the municipal property tax as well as the information they publish to the public about their rights and obligations in the municipal property tax, both in digital media and in notices which are distributed to residents' homes via post. The audit findings show that audited local authorities differ considerably in the online service available on their websites, and that despite the steps taken by the audited local authorities to encourage the transition from payment vouchers distributed by post to digital payment vouchers, most of the taxpayers in their jurisdictions still receive the municipal property tax payment notices via post.

The aging of the population is a worldwide phenomenon that poses new challenges to society, welfare and medicine professionals. In Israel too, increased life expectancy is evident, and the local government holds a key role in providing services to the senior citizens' and in developing solutions for its unique needs. This report includes an audit on the **local authorities' treatment of senior citizens within their jurisdiction**. 1.16 million senior citizens live in Israel, constituting 12% of the general population. It was raised that the scope of the annual budget for a senior citizen allocated by the Ministry of Welfare in 2021 in the local authorities was between NIS 141 and NIS 772. The audit findings indicate that the audited local authorities did not conduct needs and satisfaction surveys and did not prepare master plans for their preparedness for the aging of the population. The average number of participants per month in the day centers and in the enrichment clubs in the local authorities is low and ranged from 9% to 30% of the senior citizens overseen by the welfare departments. Regarding the making of information accessible to senior citizens and the exhaustion of their rights, it was raised that the information on the local authorities' websites is not prominent and is not easily available for the senior citizens, and that not all of them are aware of their rights. It was further raised that the average number of persons handled per social worker in senior citizens units in the aforementioned authorities was 126–444, and that the Ministry of Welfare did not determine the maximum number of senior citizens that can be under the purview of one social worker position and did not define specific experience and training requirements for social workers caring for senior citizens. The senior citizens survey conducted by the State Comptroller's Office raised that 42% of them are not familiar with the recreational activities provided by the local authorities, and that 64% of the senior citizens who are familiar with the activities take part therein; Most senior citizens (63%) choose not to participate in the frameworks offered to them due to lack of interest. It is recommended that the local authorities expand the communication channels with the senior citizens within their jurisdiction and improve the accessibility of information for them. It is further recommended to map the needs of the senior citizens and prepare master plans that will include long-term goals and objectives, based on the response to the needs of this population, whose rate in the population is expected to continue to grow in the coming years.



In 2020, about 1.6 million persons with disabilities, comprising about 17% of the total population, lived in Israel. As part of the audit on **the services provided by the local authorities to persons with disabilities – center versus periphery**, four online meetings were held for focus groups, in which participated persons with disabilities, parents of children with disabilities from localities in the center of the country, parents of children and adults with disabilities from localities in the periphery, as well as brothers and sisters of persons with disabilities. The audit raised that the variety of services intended for persons with disabilities and the scope of personnel engaged in the field in the periphery authorities are limited compared to these services and the scope of personnel engaged in the field in the authorities in the center on the country. In the periphery authorities, the number of social clubs is small, going on package tours is only partially realized there, and in most of them there is no professional integrating factor in the field of disabilities. It was also found that over five years the Ministry of Welfare did not adjust the provisions of the social work regulations, the rates, the services and the information systems, to the viewpoint for which the Disability Administration was established in the Ministry of Welfare, that the treatment of persons with disabilities will be done on the basis of functioning and not according to medical diagnosis. In 2021, about 26% of the local authorities in Israel, where the majority of residents are Jewish, did not fully meet the goal of adequate representation, and among municipalities whose residents are mostly non-Jews – 62% of them did not fully meet the goal of adequate representation. There are also considerable differences between the authorities in the employment of dedicated social workers in the field of disabilities – 78% of the authorities ranked in a high periphery cluster employ social workers who handle only the field of disabilities, compared to 15% of the authorities ranked in a low periphery cluster. The managers of the social services departments and the social workers involved in the fields of disabilities worked on the cases that were brought to them, and were not free to expand the circle of those entitled and increase the exhaustion of the rights of the people who did not contact the departments on their own initiative. The situation as it is reflected in this audit necessitates the Ministry of Welfare to expand the services provided to the population of persons with disabilities, to adapt the services and rates to the Ministry's new concept and comprehensively consider the issue of the state of protection of persons with disabilities. It is recommended that the bodies entrusted with the field of disabilities – including the local authorities and the Ministries of Welfare, Education and Interior – understand the reasons that led to the gaps existing between the authorities and formulate solutions that will reduce these gaps. Regarding the accessibility of the services – it is recommended that the local authorities pro-actively cooperate with the Ministry of Welfare adopt solutions that will make the services accessible. All of these will improve the level of services provided by the local authorities to persons with disabilities and to reduce the bureaucratic burden imposed on them and their families.

Physical activity has a significant positive impact on people, as it makes them feel good, contributes to the prevention of obesity and various chronic diseases, and improves the



physical and mental state of both healthy people and those suffering from health problems, at any age. The local authorities have the ability to greatly influence the health of their residents in terms of physical activity and maintaining a healthy lifestyle, both through the planning of the public space within their domain and through investment in, and organization of, popular sports activities. The audit on **popular sports in the local authorities – planning and investment** found that the total subsidizing budget transferred by the Sports Administration in 2019–2021 increased by about 29% (from about NIS 389.5 million to about NIS 504 million), while the budget for the sports basket for the local authorities, which is the primary budgetary support given by the Sports Administration for popular sports activities in the local authorities, increased in those years at a rate of only about 9.5% (from about NIS 52.8 million to about NIS 57.8 million). It was also found that the share of the sports basket out of the total subsidies given by the Sports Administration decreased from 13.6% in 2019 to 11.5% in 2021. Furthermore, it was raised that by the audit end, approximately 70% of the local authorities had not joined the national plan for promoting an active and healthy lifestyle approved by the government in November 2011. From a questionnaire distributed by the State Comptroller's Office, it was found that 78% of the respondents estimated that the local authority encourages residents to engage in physical activity to a moderate (39%) and little (39%) extent, and 22% of respondents estimated that the local authority encourages residents to engage in physical activity to a great extent. It was found that 41% were satisfied to a small extent with the range of sports activities organized by the authority, 27% were moderately satisfied and only 12% were very satisfied with the range. It was also raised that the Sports Administration's average annual support per resident through the components of the sports basket related to popular sports in 2018–2021 in the audited authorities, ranges from NIS 1.2 to NIS 9.7 per resident. The audit noted the difference in the number, variety and layout of the sports facilities in the authorities and the lack of facilities in some of them. Hence, the local authorities promote popular sports according to their economic capability and according to the priorities they set for themselves, even though they see it as a matter of great importance for the benefit of the residents. It is recommended that the relevant parties – including the Ministry of Culture and Sports, the Ministry of Health, the Ministry of Education and representatives of the local authorities – consider establishing a coordinating or organizing body that will formulate a comprehensive and long-term national policy for the promotion of popular sports among the residents of Israel, to increase the number of residents active in sports and for the health and well-being of all residents. It is further recommended that in the absence of a national policy and strategy for the promotion of popular sports, the local authorities take advantage of their planning tools to promote an active and healthy lifestyle among their residents, examine the needs and desires of the residents to make optimal decisions in the organization of popular sports activities and investment in sports facilities and act according to orderly plans they will adopt. It is also recommended that the local authorities publish to their residents the information about the sports facilities in their area and allow them to use these facilities in an equitable manner and according to clear criteria.



The right for education is considered a fundamental right in the State of Israel and around the world. Therefore, there is great importance in establishing an education system and supporting it as part of the service to citizens. The Local authorities should invest in optimal maintenance of the educational institutions, identifying safety hazards therein and addressing them, to maintain the safety of all who come through the gates of the institutions and ensure an adequate learning environment, thus striving to improve student achievement. In the audit on the **maintenance and safety of educational institutions – middle schools and high schools**, various deficiencies were raised in the school maintenance, including leaks and dampness, neglected toilets, malfunctioning air conditioners, electrical and lighting malfunctions, a lack of shaded areas, old tables and chairs, and a lack of learning spaces. Safety deficiencies were also found in the audited schools, including repeated safety deficiencies in the annual inspections, failure to conduct all the required periodic inspections and with the required frequency for buildings and facilities, as well as continued deficiencies in respect of connection to electricity, in the access roads to the schools, and safety deficiencies in the laboratories. The State Comptroller's Office recommends that the audited local authorities improve and increase their activities with respect to the maintenance of educational institutions and their handling of the regulation of safety hazards ensuring an optimal and safe learning environment for their students. The local authorities should form working procedures that define the mutual relations and the division of responsibilities between the parties involved; Control and supervise the handling of inquiries regarding maintenance and safety in the schools; Conduct all periodic safety inspections and ensure the receipt of all professional safety approvals in accordance with the Ministry of Education's guidelines.

Monitoring the rectifying of deficiencies raised in previous reports is an important tool to verify that the audited bodies have indeed rectified what is required. Therefore, we expanded the scope of follow-up audits and refine the way they are carried out. This report presents the findings of four follow-up audits: **The local authority auditor – his role and conduct; The local authorities' handling of sexual harassment and its prevention; Employment of external consultants by local authorities; Actions to increase road safety in local authorities in Arab society.**

The report encompasses diverse topics, and this introduction deals with only a few of them. Each and every audit report opens to the public, including the decision makers, a window into the activities of the local government in Israel, as the services provided by the local authority have a direct impact on the quality of life and well-being of the residents and their economic and social situation.

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



carry out their public functions out of a sense of true dedication. They have my gratitude.

It is the duty of the audited bodies to act in a swift and effective way to rectify the deficiencies noted in this report to promote public service in Israel and thus also improve the quality of life of Israeli residents.

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Ombudsman of Israel

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