

ההסתדרות הציונית העולמית
The World Zionist Organization

THE OFFICE OF THE COMPTROLLER

ANNUAL REPORT

for 2023

to

THE ZIONIST GENERAL COUNCIL

XXXVIII/4

Jerusalem, February 2024

The Office of the Comptroller:
14 Hillel St., P.O.B. 7063, Jerusalem 9107001
Tel: 972-2-6204500 Fax: 972-2-6204545
stevens@jafi.org
<http://www.jafi.org>

Members of the Zionist General Council,

I am honored to submit to the Zionist General Council XXXVIII/4, a Report on the activities of the Office of the Comptroller in 2023 as well as a report on the Office of the Comptroller activities in the World Zionist Organization, its funds and subsidiaries.

This volume includes reports that were discussed in the Control Committee of the the World Zionist Organization.

The operational bodies in the World Zionist Organization should implement the Comptroller's recommendations, following review and discussion, in order to improve ways of management, use of human resources, and funds allocated to them.

In the course of 2023 the Comptroller, with the assistance of his staff, conducted seven audits on the activities of the World Zionist Organization and its funds including Keren Hayesod and Keren Kayemeth LeIsrael as well as the WZO Settlement Division.

I would like to thank the Chairperson of the Control Committee and the members of the Committee and the controlled bodies for their cooperation and the Office of the Comptroller' staff for their thorough and professional work.

Steven G. Stav
Comptroller

Jerusalem, Adar Alef 5784
February 2024

Message from the Chairman of the Control Committee The World Zionist Organization

The World Zionist Organization's Control Committee's authority is derived from the World Zionist Organization's Constitution.

The Control Committee is made up of representatives of the member organizations and institutions in the World Zionist Organization. The members of the Control Committee are volunteers.

In the Control Committee – the entity responsible for follow up, control and propriety of the activity of the World Zionist Organization, we see the importance of reviewing the reports of the Comptroller of the National Institutions who examines the activities of the World Zionist Organization. The Comptroller and his staff work to provide the members of the Control Committee reports that include findings and recommendations for discussion and conclusion with the reviewed bodies.

The Control Committee aims to translate the Comptroller's conclusions and recommendations into action items by discussing his findings and invites representatives of the relevant organizations and institutions to its meetings. The Committee views the work of the Comptroller and his staff as an important auxiliary tool for proper management of the various organizations and institutions. The Committee follows up on the implementation of the Comptroller's recommendations for correction, together with the Comptroller and in cooperation with the reviewed institutions.

The Committee expresses its appreciation to the Comptroller and his staff for intensifying its ongoing activity in conducting audits and preparing reports, continuously aspiring to improve the work of the World Zionist Organization.

My appreciation to the members of the Control Committee for their

contribution as volunteers. I would also like to express my appreciation to all those assisting in this important endeavor.

Nachlial Dison,

Adar Alef, 5784

February 2024

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Activities of the Office of the Comptroller During the Period Covered by the Report

Functions of the Comptroller

The authority of the Comptroller of the World Zionist Organization is drawn from Article 60 of the WZO Constitution, which determines the independent status and main functions of the Comptroller. Detailed provisions on the functions and mode of operation of the Comptroller can be found in the Statutes of the Comptroller and the Control Office, as passed at the Zionist General Council, (see the Statutes in the last section of this volume).

It is the Comptroller's task to conduct an independent review of the WZO departments, the National Funds and other bodies, as defined in Clause 10 of the Statutes, in order to ascertain whether they operate within the desirable norms of legality, budgetary discipline, financial accountability, administrative propriety and efficiency and moral integrity. The Office of the Comptroller also deals with complaints from the public concerning the bodies coming under its purview.

The control findings, together with the Responses of the Chairman of the Zionist Executive, are debated in the Control Committee of the Zionist General Council, which has been set up for this purpose. The individual reports included in this Report to the Zionist General Council 38/4, have been debated in the Control Committee, together with the Responses of the Chairman of the Zionist Executive.

The WZO Comptroller, who is elected according to the Constitution by the Zionist Congress, may also serve as Comptroller of the Jewish Agency, if so elected by the Board of Governors of the Jewish Agency. This linkage of roles has existed in practice for many years.

One Office of the Comptroller – Several Entities

Under Purview

It is important to stress that the Office of the Comptroller functions as one unit controlling the gamut of activities of the National Institutions. Thus

it achieves flexibility in placing control teams in the various controlled entities and creates a possibility of implementing lessons drawn from control of one entity to the other.

Reports of the Office of the Comptroller

This Comptroller's Report to the Zionist General Council 38/4 was preceded by a Report to the Special Zionist Congress, convened in April 2023. The Comptroller's Reports as of 2009, are available to the public on the WZO web site.

The Comptroller's Report on his activities in the Jewish Agency in 2022 and beginning of 2023 was submitted to the Jewish Agency Board of Governors in June 2023.

**Reports Prepared by the Office of the Comptroller
of The World Zionist Organization
in the Years 2013–2023
Arranged according to the year of publication**

The World Zionist Organization	
2013	The <i>Hagshamah</i> Movements – Use of WZO Allocation
2013	The Zionist Council in Israel
2013	Center for Religious Affairs in the Diaspora
2013	The Human Resources Division
Feb. 2015	The Unit for Morim Shlichim in the Diaspora
Feb. 2015	Habayta – Aliyah Promotion Unit
Oct. 2015	The Zionist Federation in South Africa
Oct. 2015	The WZO Office in France
Oct. 2015	Tarbut LeIsrael Ltd.
2017	Procurement and Payment Approval
2017	The Zionist Council in Israel
2017	37th Zionist Congress
2018	The Zionist Archive
2018	The Education Department
2018	The Zionist Council in Israel, Employee Recruitment and Salaries
2019	Mount Herzl
2019	The Mount Herzl Education Center
2019	Aliyah Promotion Department
2019	Diaspora Activities Department
2019	Ofek Israeli (PBC) – Corporate Governance
2020	The Activities in the Israel and Countering Antisemitism Department

2020	Department for Zionist Enterprises
2020	Department for Religious Affairs in the Diaspora
2020	The Property on 17 Kaplan Street, Tel Aviv
2020	Ofek Israeli Aliyah Promoting Company Ltd. (PBC) – Interaction with the World Zionist Organization
2023	Voting in the 38 th Zionist Congress
2023	Finance Department Operations
2023	Payroll Operations
2023	Shlichim - Employment Terms
2023	Ami Chai – Pre IDF Program
2023	Jewish Colonial Trust Inc.
2023	Hameshakem Inc.
2023	The Aliyah Promotion Department
2023	Social Activism, Tikun Olam and Preservation of Zionist Heritage Department
2023	Subsidiary Management
The Settlement Division	
2019	The Settlement Division
2020	Renovation of the Girls' Preparatory Program in Kibbutz Mitzpe Shalem
2020	Managing Vacation and Sick Leave Days in the Settlement Division
2023	Promoting Grade-Rating Employees and Employee Retirement
Keren Kayemeth LeIsrael	
2013	Forest Contractors
2013	Short Term Shlichut
Feb. 2015	Salaries and Human Resources
Feb. 2015	Investment Management

Oct. 2015	Budget Building
Oct. 2015	Spokesperson Unit
Oct. 2015	Joint Programs with Third-Party Organizations
2017	Information Technology (IT)
2017	Finance and Economics Division, Payments to Suppliers
2018	Himnuta Company Ltd.
2018	Pension Payments
2018	Resources Development Division
2019	Land Policy and Land Use Research Institute
2020	Corporate Governance – Extraordinary and Interested Party Transactions
2020	Land Development Division – Forestry Division
2020	Salary Payment
2023	Field and Forest Centers
2023	Firefighting Arrangements
2023	Accessibility in KKL Forests and Sites
2023	Corporate Governance – Audit Committee
Keren Hayesod	
2010	Short Term Shlichut
2012	Procurements and Contracts
2012	High Priority Projects
2013	Payment Security
2013	Salaries and Human Resources
Feb. 2015	Cash Management
Oct. 2015	Property Management
2017	Salaries Human Resources
2023	Corporate Governance
2023	Sourcing, Screening and Recruiting Overseas Representatives

The Aliyah Promotion Department

Response of the Chairman of the Zionist Executive

The Aliyah Promotion Department

A. Introduction

1. General

- 1.1. In accordance with its work plan, the Office of the Comptroller of the World Zionist Organization (“WZO”) examined WZO’s Aliyah Promotion Department (“the Department”).
- 1.2. The Aliyah Promotion Department was established in October 2015, by resolution of the 37th Zionist Congress, to follow on prior WZO activities (the Aliyah Promotion Unit established two years earlier, with significantly more limited operations). The main goal set for the Department by the Congress was to carry out activities to promote Aliyah among Diaspora communities.
- 1.3. The audit took place in WZO’s offices in Jerusalem, and examined the period from the 38th Zionist Congress (October 2020) through the end of 2022. However, various aspects were examined concerning operations from the previous term (37th Zionist Congress), including following up on implementation of recommendations from the previous audit report of 2019.

2. Objective

To examine the Aliyah Promotion Department’s operations, including their management, assessment, and the Department’s various controls and reporting practices.

- 2.1. The Office of the Comptroller reviewed the following:
 - 2.1.1. Budget performance;
 - 2.1.2. The Department's supplier accounting files and its key contracts;
 - 2.1.3. Existence and implementation of operating procedures;
 - 2.1.4. Personnel and organizational structure;
 - 2.1.5. Work plans (regular and special), targets, and KPIs;
 - 2.1.6. Interaction with other WZO departments;
 - 2.1.7. Collaborations with non-WZO organizations.
- 2.2. The audit took place in the first half of 2023.

3. Methods

The audit comprised the following:

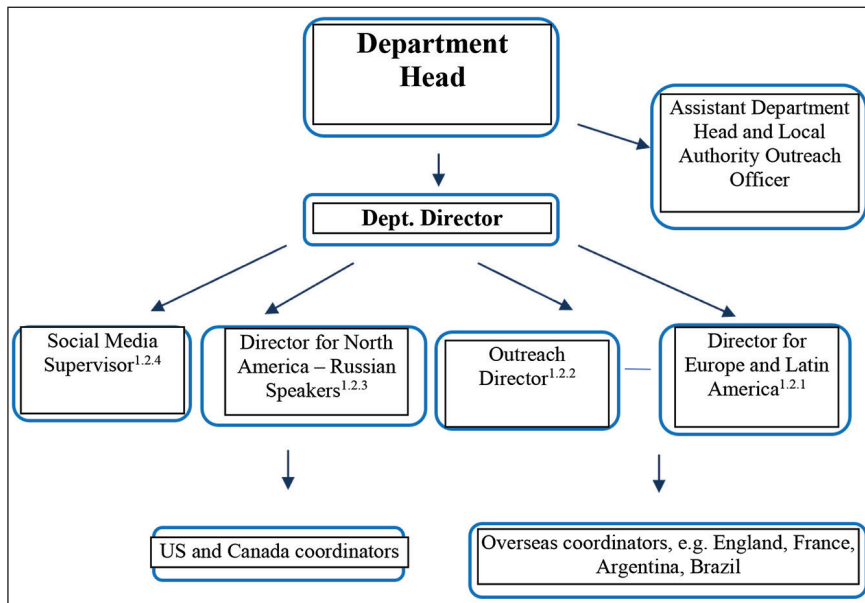
- 3.1. Preliminary meetings for preparation and alignment.
- 3.2. Receiving background material for review, analysis, and preparing an audit plan.
- 3.3. Meetings and talks with:
 - 3.3.1. Head of the Aliyah Promotion Department.
 - 3.3.2. Director of the Aliyah Promotion Department.
 - 3.3.3. Director of the French, Portuguese, Spanish, and English-Speaker unit.
 - 3.3.4. Assistant Department Head, who is also responsible for ties with local municipal authorities.
 - 3.3.5. The Office of the Comptroller also spoke with the Finance Department, the director of the Domestic Payments Unit, and the Budget and Project Control Director.
- 3.4. Review and analysis of documents and data, including:
 - 3.4.1. Procedures;
 - 3.4.2. Budget vs. actual performance;
 - 3.4.3. Suppliers ledger;

- 3.4.4. Work plans;
- 3.4.5. Presentations;
- 3.4.6. Results of ulpan questionnaires;
- 3.4.7. Relevant documents (e.g. – agreements, documentation approving collaborations, and supporting documents).

B. Personnel and Organizational Structure

1. General

- 1.1. The Department has not established an official organizational chart for its personnel.
- 1.2. Below is the structure diagram prepared by the Office of the Comptroller according to the job descriptions provided by the Department Director.



- 1.2.1. **Director for Europe and Latin America:** Oversees operations involving French, Portuguese, Spanish, and English-speakers. Her job description includes, among

other things, building work plans for activities in host countries according to guidelines set by the executive level, logistic facilitation of projects overseen by this unit, preparing detailed quarterly reports on the unit's activities in its various projects, etc.

1.2.2. **Director for Outreach to Jewish Organizations, Federations, and Government Ministries:** His job description includes, among other things, initiating and developing collaborations pursuing the Department's goals, taking action to plan and implement the work plan, field work in France (he speaks French) in collaboration with the Director for Europe and Latin America.

1.2.3. **Director for North America, Head of the Digital Desk for Online Operations, and Director for Special Projects:** Her job description includes, among other things, coordinating and implementing projects for Russian-speakers in Western countries, managing and implementing special projects, managing digital operations and online presence.

1.2.4. **Social Media Supervisor:** His job description includes, among other things, updating and following the Department's events schedule, producing marketing collateral for the various outreach channels, preparing descriptive reports for management, keeping minutes of staff meetings, and following up on decisions from such meetings.

1.3. The Department's headquarters' activities are mostly carried out by WZO staff. There are additional staff abroad (coordinators), who (except one whose salary is paid by WZO) are employed either by the Federations¹ or related entities, but not by WZO directly.

1 According to WZO's constitution, the Zionist Federation is the entity with whom the Zionist Executive carries out the tasks and duties with which it is charged. The local Zionist federations serve as umbrella organizations for all other Zionist entities in a given country, serving as a forum for discussing

2. Job Deliverables

2.1. The Office of the Comptroller sampled several job deliverables, based on the above job descriptions. Findings were as follows:

2.1.1. Director for Europe and Latin America

- Creating a work plan for activities in host countries in accordance with executive-level guidelines – The Office of the Comptroller requested documentation of the activity work plans in two or three host countries. The Office of the Comptroller received a work plan prepared by the Director for Europe and Latin America as part of her job, which included:
 - o Plans for opening ulpan classes in 2022, for all host countries;
 - o Teacher training;
 - o Seminars and Aliyah-promoting activities, such as plans to send communicators for in-person meetings in host countries to alleviate Aliyah-related concerns;
 - o Planned dates for psychometric course exams as part of the Megamat Aliyah- program.
- Preparing detailed quarterly reports on the unit's various projects – The Office of the Comptroller requested reports for the last two quarters of 2022. The Office of the Comptroller received a budget follow-up report, presented by item, for the host countries. The Office of the Comptroller notes that there was no quarterly report consolidating information on activities, such as the number of new participants, number of ulpan classes, program participants, etc.

strategy, plans, and budgets for Zionist activities. Since the World Zionist Organization is responsible for supervising Zionist programs and projects in Israel and around the world, the local Zionist federations play an integral role in promoting and implementing Zionist activities in the Diaspora.

2.1.2. Social media supervisor

- Updating and tracking the departmental events schedule – The Office of the Comptroller requested the departmental events schedule. The schedule is a large, physical whiteboard, in the Department Head’s office. As of April 2, 2023, the board was not current for 2023 (see Appendix A – picture of the current board, showing past events).
- Submitting descriptive reports to management – The Office of the Comptroller requested the most recent descriptive report as an example. Two Excel files were received:
 - o One, from February 2023, comprising 16 events planned between January and December 2023. It was indicated that the Department, together with Ofek Israeli, is currently working on a detailed plan for 2023–2024.
 - o The second file, named ‘Abridged Report’, included nine events, planned between January and May 2023.
- Keeping minutes of staff meetings and following up on decisions – The Office of the Comptroller requested the file tracking decision implementation. Minutes were received (email summary) for the following meetings:
 - o Meeting concerning England-France, February 6, 2023
 - o Meeting concerning Latin America, February 6, 2023.

The Office of the Comptroller notes that no file was received used to track meeting decisions. Furthermore, meeting summaries do not clearly state actionable decisions, including item ownership and timelines.

2.2. Recommendation

Adopt a consistent, uniform management method, and make sure it is applied to specified job deliverables. This includes defining regular follow up and reporting requirements, at set times, for planning and implementing activities. For example:

- **Prepare quarterly reports providing brief and comparable information on activity outcomes.**
- **Similarly, prepare annual reports providing brief and comparable information on activity outcomes.**
- **Define a format for actionable decisions in Department meetings, and create a formal follow-up file to track implementation of such decisions. The file should include the decision date, decision summary, ownership for performance, deadlines, and status.**

Aliyah Promotion Department's response

Performance reports are prepared every 3 weeks and submitted to WZO's Executive. The Department also presents its activities on a semi-annual bases to the Extended Executive, in special events such as the Extraordinary Congress of April 2023, etc.

Office of the Comptroller's note

In order to assess whether such reports fully meet the above recommendation, the Office of the Comptroller requested two consecutive reports from 2022, submitted every three weeks to WZO's Executive, as well as the semi-annual reports for 2022, submitted to the Extended Executive.

The Office of the Comptroller received the last two reports from 2023 (with more than 3 weeks between them, due to the holiday season, when the Executive did not meet). The Office of the Comptroller also received the summary video shown to the Extended Executive during the Extraordinary Congress of April 2023, a summary of 2022 in newsletter format, and a budget-containing work plan for 2023.

The Office of the Comptroller notes that, although these documents provide information on activities, **they do not match the Office of the Comptroller's intention in its recommendation to prepare periodic report providing brief and comparable information on activity outcomes.**

C. Budget and Actual Performance

The Department's operations have two main budget sources: WZO's budget, and Ofek Israeli's² budget.

Ofek Israeli funds the main budget item covering the Department's activities (e.g. – Diaspora ulpan classes, seminars, the Megamat Aliyah program, etc.). Anything not funded by Ofek Israeli, is funded through the Department's WZO budget.

1. WZO budget

- 1.1.** Budgeting for the Department's activities includes interaction with the Finance Department, which manages budgets for all WZO departments.
- 1.2.** Usually, the organization's departments receive an annual operating budget of USD 400 thousand.
- 1.3.** To approve the budget, the Department presents its project/work plans to the Zionist Executive and the Zionist General Council's Budget and Finance Standing Committee.
- 1.4.** When approving the organization's current budget, the Department Director sends the Finance Department's budget supervisor the required budget items according to the work plan presented by the Department.
- 1.5.** Since the Department began a new term in October 2020,

² A public benefit company established in 2015 by the Jewish Agency and the World Zionist Organization pursuant to Government Resolution 1746 of June 2014, with the aim of promoting Aliyah to Israel.

The Office of the Comptroller inquired what happened to any unutilized balances from previous years. The Finance Department’s budget supervisor stated that any surplus funds from departments operating before the 38th Zionist Congress (convened in October 2020) were not carried forward from 2020 to the current operating budgets for 2021.

2. Ofek Israeli budget

- 2.1. Work with Ofek Israeli and the Ministry for Aliyah and Klitah begins with the Department specifying planned activities, and submitting such plans to Ofek Israeli for budget approval.
- 2.2. Ofek Israeli submits the budget to the Aliyah and Klitah Ministry’s approval. It is also responsible for administering these budgets.
- 2.3. The Ministry transfers the funds to Ofek Israeli, and the latter then funds the Department’s actual activities.

3. Breakdown of the Department’s budget and actual performance in 2021–2022 (in USD):

3.1. 2021 (in USD)

Item	Budget	Actual Utilization	Balance	% Utilization
Activities	450	41	409	9%
NA (A)	87,400	74,337	13,063	85%
Ossim Tzionut(B)	117,115	104,411	12,704	89%
Info and research(C)	60,500	51,032	9,468	84%
Aliyah prep centers	23,750	27,114	-3,364	114%
Current/general(D)	59,360	65,084	-5,724	110%
Events	51,425	48,022	3,403	93%
Total WZO budget – activities	400,000	370,041	29,959	93%
Ofek Israeli	1,650,000	1,481,461	168,539	90%

Item	Budget	Actual Utilization	Balance	% Utilization
HQ – staff & administrative	1,076,000	1,058,515	17,485	98%
Total	3,126,000	2,910,017	215,983	93%

- (a) North America – Activities and salaries in the Diaspora are presented under the Ofek Israeli item, except for North America where staff are on WZO’s payroll. The item also includes rental costs on the Brooklyn office.
- (b) The item mainly comprises the Geula young women leadership program.
- (c) The item’s name may be misleading, as it represents the Department’s website costs.
- (d) The item mainly comprises WZO’s share in Ofek Israeli-funded activities.

The Office of the Comptroller notes that the unutilized budget balance for 2021 is mainly composed of surplus from the Ofek Israeli item.

However, there was an unutilized balance of USD 30,000 from WZO’s activity budget.

The Department Director indicated that some Department initiatives remain unrealized as budgeting is affected by the policies set forth by the resident minister in the Aliyah and Klitah Ministry, and Ofek Israeli does not budget projects which do not align with these policies (e.g. – there were plans to launch operations in Germany, which were not approved).

The Office of the Comptroller believes that unutilized balances could have served to fund projects whose funding was not approved by Ofek Israeli.

3.2. 2022 (in USD)

Item	Budget	Actual Utilization	Balance	% Utilization
Activities	-	388	-388	
NA	86,200	90,416	-4,216	105%
Ossim Tzionut	183,335	255,707	-72,372	139%
Info and research	72,015	63,205	8,810	88%

Item	Budget	Actual Utilization	Balance	% Utilization
Aliyah prep centers	8,500	8,557	-57	101%
Current/general	77,410	70,284	7,126	91%
Events	2,500	2,503	-3	100%
Total WZO budget – activities	429,960	491,060	-61,100	114%
Ofek Israeli	3,500,000	2,485,908	1,014,092	71%
HQ – staff & administrative	1,216,000	1,097,301	118,699	90%
Total	5,145,960	4,074,269	1,071,691	79%

The above table shows significant under-utilization of the Ofek Israeli budget item (USD 785 thousand, or 29% of the budget item, remained unutilized).

The above data also indicate that performance exceeded WZO's activity budget in 2022. This was due to the Ossim Tzionut item going USD 72 thousand (39%) above-budget. Overall, performance was above WZO's activity budget by USD 61 thousand (14% of WZO's activity budget).

The Office of the Comptroller believes that such budget deviation required special approval from the Zionist Executive. The Department Director stated that the deviation was due to an error in the contract between Ofek Israeli and the Aliyah and Klitah Ministry. He stated that the funds should have come through Ofek Israeli, but at the last minute, days before the project launched and after all payments had been made, the Ministry decided not to support the project due to errors in Ofek Israeli's description. The Department had to cover the amount itself through WZO's activity budget. The matter is being reviewed by Ofek Israeli.

4. Actual costs by year (in USD)

Item	2021 Utilization	2022 Utilization	% change
Activities	41	388	857%
NA	74,337	90,416	22%
Ossim Tzionut	104,411	255,707	145%
Info and research	51,032	63,205	24%
Aliyah prep centers	27,114	8,557	-68%
Current/general	65,084	70,284	8%
Events	48,022	2,503	-95%
Ofek Israeli	1,481,461	2,485,908	68%
HQ – staff & administrative	1,058,515	1,097,301	4%
Total	2,910,017	4,074,269	40%

The above table indicates that actual expenses in 2022 exceeded those of 2021 by upward of a million dollars – a 40% increase in costs. This change was attributable to the Ofek Israeli item, which grew by USD 1 million in 2022 (68% YOY), as well as the Ossim Tzionut item (mainly the Geula program), which grew 45% YOY in 2022.

As concerns the ‘Info and research’ item, the Department Director stated that costs in this item were mainly for the Department’s website (for additional details, see Chapter 6, Section 2).

5. Recommendations

- 5.1. **Use the budget as an administrative and managerial tool, to assure full budget utilization each year. The Department should also work in advance to identify possible Aliyah-promoting activities which can be implemented if funds remain at the end of the year.**

5.2. Make sure to obtain prior Zionist Executive approval for all deviations from the overall budget.

Aliyah Promotion Department's response

Activities are identified in advance at the start of each year, and submitted to WZO's Executive. The Department does not have any 'planned' deviations from the budget, nor has it ever had.

D. Aliyah Promotion – Unique and Regular Programs

1. Unique programs

Unique programs are funded through WZO's budget (not through Ofek Israeli's budget). The main programs are as follows:

1.1. Golden Golda

A gala event in the US commemorating Aliyah-promoting women. In 2018–2019, the event was attended by some 2,400 people. In 2022, project costs totaled USD 17.8 thousand. However, it seems that costs associated with the Geula and Aliyah-Promoting Municipalities projects were attributed to this program. For example:

Invoice	Date	Amount w/ VAT (NIS)	Amount (USD)	Details	Budget item
424027	23/11/2022	41,856.85	11,641.85	Geula delegation	708.11.00.101-01
15760	24/11/2021	40,950.00	13,167.20	Keren Peles oncert, Geula project	708.11.00.101-01
1002259	27/07/2021	5,722.00	1,753.06	Refreshments for Mount Herzl event	708.11.00.101-01
7028	01/08/2021	4,446.00	1,375.19	Design and branding – Aliyah Promoting Municipalities event	708.11.00.101-01

The Department Director stated that, due to the COVID19 pandemic, there were no events under the Golden Golda program during his tenure. In 2022, due to concerns in the

US from hosting mass events, the project was put on hold, and so the budget was mostly used to support the Geula project.

Concerning the suppliers in the above table, the Office of the Comptroller was told:

- Invoice 424027 – hotel accommodations for Geula participants.
- 15760 – Keren Peles concert in a Geula gala launch event.
- 1002259 – Catering for an Aliyah Promoting Municipalities event.
- 7028 – Design and branding for certificates and invitations to said event.

The Office of the Comptroller believes it would have been more appropriate to present the actual utilization of the Golden Gola budget. The above presentation of the budget and its utilization may be misleading, causing one to conclude that the Golden Gola project took place while the budget was actually used for other projects (the budget also did not reflect the additional investment in those projects).

1.2. Recommendations

1.2.1. **Make sure to properly attribute costs to budgets for WZO-funded programs.**

1.2.2. **If a project is not actually carried out, this must be reflected in WZO's budget, as well as the additional investment in budget items that grew in consequence.**

Aliyah Promotion Department's response

We are working to improve the relevant workflows.

1.3. Geula, Nation-Building Leadership

An Aliyah-promoting project targeting young female leaders from around the world.

1.3.1. The project's cost (WZO budget) totaled USD 184

thousand in 2022. In 2023, Ofek Israeli is planned to join the project, and provide USD 75 thousand in funding, in addition to WZO's budget.

- 1.3.2. The project appeals to young women around the world, who attend a two and a half-week seminar in Europe and Israel, attend workshops, learn about leadership, and return to their countries with projects aimed at promoting Aliyah in their communities.
- 1.3.3. Project candidates are sourced through an open call phrased by WZO's Legal Counsel. This call is circulated through WZO's representatives, social media, special websites, etc.
- 1.3.4. The program's specified goals are:
 - To train and develop leadership skills in young Jewish women.
 - To strengthen ties and cooperation between young leaders in the Diaspora and Israel to promote Aliyah.
 - To encourage new women-led ventures.
- 1.3.5. Candidate screening includes a personal interview and an essay written in English detailing the candidate's public activity, motives for joining the program, skills, and program-relevant attributes.
- 1.3.6. Preliminary interviews are conducted by overseas committees including prominent figures from the local community. These then submit their recommendations to a committee in Israel.
- 1.3.7. The final list of candidates is selected by a special committee of prominent public figures and Zionist activists:
 - Mrs. Esther Mor, President of World WIZO, member of the Zionist Executive, member of the International Women's Club in Israel.
 - Mr. Tal Brody, one of the greatest basketball players

in Israel's history, Israel Prize laureate for his outstanding contribution to Israeli society, and a national symbol as an *oleh* and athlete.

- Mr. Ulysses Teitelbaum, Jewish community leader in Latin America, former president of JNF Argentina.
- Mrs. Osnat Cohen – social worker, former director of the Terrorism Victims Division in the Israel National Insurance Institute.
- Mr. Yigal She'altiel – director of the Partnerships and Projects Division in Ofek Israeli.
- Mr. Avi Zana – outreach director, representative for the WZO Aliyah Promotion Department.

1.3.8. The Office of the Comptroller notes that the screening round that began in May 2022 accepted over 100 candidates, of which 25 women were ultimately selected. However, in practice, only 18 women could attend the training seminar.

1.4. **Recommendation**

Maintain a wait list for suitable candidates, in case of cancellations by any of the selected candidates.

2. **Regular programs**

The Department's regular programs are funded by Ofek Israeli, and include such activities as:

- 2.1. Ulpan programs (the main program as detailed below).
- 2.2. Megamat Aliyah – In Argentina and France, the Department runs a program called Megamat Aliyah, which prepares youths for Aliyah and academic studies in Israel. The program responds to a need identified among youths who wish to come study in Israel, and the challenge of the psychometric exam required of every student seeking admission to academic studies in Israel. The program also includes Hebrew classes and lessons

on Israeli society. The psychometric exam is administered in the student’s native language. To date, 4 program rounds have been completed, and the Department is considering expanding the program to other languages as well. The Office of the Comptroller found that 140 people on average registered for each round of the program in Argentina between 2020 and 2022. Upon inquiry as to whether the Department tracks success rates, such as how many people sat for the exam and how many passed, the Director for Europe and Latin America stated that such data are not tracked. The Office of the Comptroller notes that the list of exam candidates for August 2022 includes only 89 examinees. This would indicate that almost a third of program participants do not take the exam.

2.3. Guest Speakers:

2.3.1. Seminars and talks by influencers who visit the ulpan and add to the students’ experience and their affinity with Israel. The Office of the Comptroller notes that feedback on these visits seems to be very positive among ulpan students.

2.3.2. Speakers are chosen based on personal interviews and references. The Department Director stated that speakers are chosen based on on-site and Ofek Israeli needs, the speaker’s alignment with in-focus issues, language requirements, the speaker’s personal Aliyah story, and their ties with the communities.

2.3.3. The Office of the Comptroller notes that contracts are not signed with these speakers (they only sign health declarations).

2.3.4. Budget data for speaker engagements in 2022 (in USD):

Budget ID	Description	Budget	Actual Utilization
708.13.00.101-03	Speakers	0	0
708.60.38.104-05	Fees + per diem – speakers	14,843	10,747
708.60.38.104-06	Accommodation – speakers	11,689	10,799

Budget ID	Description	Budget	Actual Utilization
708.60.38.104-07	Travel – speakers	7,422	5,425
708.60.44.103	Promotional community events – speakers	7,324	2,714
Total		41,278	29,685

2.4. Ulpan-related activities such as *Cafe Oleh*, Zoom meetings, tourism and Israeli art lessons, Hebrew language classes, etc. (these activities are attributed to various budget items, and cannot be quantified separately).

2.5. **Recommendations**

2.5.1. **The Department should track enrollment numbers for Megamat Aliyah, the number of psychometric exam candidates, and the number of people who successfully pass the exam. These ratios should be established as periodic KPIs to gauge the program’s success and identify negative trends requiring attention.**

2.5.2. **Check the reason for the relatively low percentage of exam candidates (60% of all Megamat Aliyah participants).**

2.5.3. **In light of the positive feedback to the guest speakers, the Department should grow this activity, particularly to ulpan classes who do not yet benefit from the service.**

2.5.4. **Sign contracts with guest speakers including, among other things, insurance clauses.**

Aliyah Promotion Department’s response

- In accordance with NITE (National Institute for Testing and Evaluation) policies, we do not receive student scores and cannot track their success in the exam.
- Exam attendance rates are definitely not low. Bear in mind

that in the first round in Argentina we could not dispatch a NITE exam team due to COVID-related restrictions. Some round 1 students made Aliyah while others joined the round 2 exam, and we consider this a tremendous success.

- As concerns guest speakers – Their number is fixed for Ofek Israeli programs, and is outside the Department’s exclusive control.
- As concerns speaker contracts – We will contact WZO’s Legal Counsel for his opinion on the matter.

3. Ulpan classes

3.1. Ulpan classes are operated by local service providers, and supervised by WZO’s regional coordinators (who are not necessarily WZO employees). Planning and integration of these operations are carried out by the Aliyah Promotion Department, with Ofek Israeli funding.

3.2. In 2022, ulpan classes were planned as follows:

Ulpan hours	90	120	300*	Total classes
Country	Classes	Classes	Classes	
Argentina, Uruguay, Chile	80	30	3	113
Brazil	30	14	1	45
Mexico	2			2
Panama	2			2
North America	28	13		41
England	18	10	1	29
South Africa	2			2
France and Belgium	80	45	1	126
Total	242	112	6	360

* The 300-hour classes are usually for people planning to make Aliyah in the near future.

The above table indicates that most (67%) ulpan classes are 90-hour classes.

4. Contracts with ulpan operators

- 4.1. In each country, ulpan classes are operated by local service providers with proven ability to operate Hebrew language classes.
- 4.2. According to WZO's agreements with ulpan operators, teachers will be recruited, screened, and selected by WZO staff together with the supplier's representatives. All selected teachers undergo training for teaching Hebrew as a second language. Training is provided by the Hebrew teacher who wrote the Department's curriculum, or by an experienced Hebrew as a second language teacher.
- 4.3. Upon examining a standard agreement from 2019–2020 signed with Le Fonds Social Juif Unifié (the ulpan operator in France), the ulpan operator's responsibilities include:
 - 4.3.1. Providing the infrastructure for the classes: classrooms, electricity, security, etc.
 - 4.3.2. Employing teachers for the course period.
 - 4.3.3. Advertising the specific classes.
 - 4.3.4. Enrolling students, and collecting tuition payments (specific pre-determined rates).
 - 4.3.5. Submitting quarterly reports on enrollment, revenues and expenses, course progress, etc.
 - 4.3.6. Circulating survey questionnaires and administering proficiency tests, and any other thing specified by WZO.
 - 4.3.7. Operating the classes at the specified cost (e.g. – a 120-hour course at a cost of NIS 18,400, with WZO subsidizing 50% and the rest being covered by tuition or local funding), and maintaining the limits of 15 to 25 students per class.

- 4.4. The Office of the Comptroller notes that the agreement with the ulpan operators clarifies that ulpan participants will be people who showed an interest in Aliyah. However, participant questionnaires indicate a substantial number of students who did not show any interest in Aliyah (see additional details in Section 5 of this Chapter).
- 4.5. **Upon examination, the Office of the Comptroller found that WZO stopped requiring ulpan operators to sign agreements in 2020. Since then, classes have operated without valid agreements. The Office of the Comptroller believes it is paramount to maintain valid agreements, among other things due to insurance considerations. The Office of the Comptroller believes a mechanism can be established where agreements renew automatically each year, unless notified otherwise in writing.**
- 4.6. **Recommendations**
- 4.6.1. **Have ulpan operators sign new agreements, in consultation with WZO’s legal counsel. A mechanism should be established so agreements renew automatically each year unless notified otherwise in writing.**
- 4.6.2. **The Department should assure actual compliance with agreement requirements (e.g. – interest in Aliyah, feedback questionnaires, etc.).**

Aliyah Promotion Department’s response

We are working with WZO’s Legal Counsel on these agreements.

5. Assessment of ulpan performance

- 5.1. The Department Director stated that, in the past, questionnaires were circulated at the end of the ulpan program, among other things to gauge Aliyah plans. Additional feedback is also received verbally or in writing from the teachers (used

to contact olim to volunteer to tell about successful Aliyah experiences). Questionnaires were circulated following requests by Ofek Israeli or the Klitah Ministry. Ulpan operators do not pro-actively hand out questionnaires of their own volition. The Office of the Comptroller notes that questionnaires are included as part of the ulpan operator's responsibilities in their agreements with WZO. The Office of the Comptroller believes it is in the Department's interest that feedback be obtained consistently.

5.2. The Office of the Comptroller examined the information obtained through the questionnaires:

5.2.1. The Department does not track key metrics such as ulpan enrollment numbers versus successful completion numbers (the Department does not review the proficiency test results at the end of each program), nor does it have such data.

5.2.2. Questionnaires were received from ulpan programs in Argentina, Brazil, England, and France. The Office of the Comptroller notes that questionnaire formats are nearly identical, except for that circulated in France which included different questions, thus undermining overall comparability. It is unclear why the questionnaire in France is completely different from the other questionnaires, or who decided on its different format.

5.2.3. Upon inquiry, the Office of the Comptroller was told that the Department does not conduct an overall review of these questionnaires, or any other special analysis to garner insights. Rather, it suffices with data generated automatically on Google Forms for each questionnaire. The Office of the Comptroller believes that more, useful information may be obtained from the response databases. Below are several data which the Office of the Comptroller compiled from questionnaires completed in 2021. The Office of the Comptroller believes that a cumulative database could allow trends to be identified and allow insights to be based on more accurate data.

Ages	Argentina			Brazil			England			France		
	F	M	%	F	M	%	F	M	%	F	M	%
18–25	9	13	6%	6	1	4%		2	2%	3		4%
26–45	61	35	27%	21	8	17%	14	5	16%	11	3	18%
46–54	56	18	21%	26	3	17%	16	11	22%	19	2	28%
55+	134	27	46%	77	27	62%	49	25	61%	26	12	50%
Total	260	93	100%	130	39	100%	79	43	100%	59	17	100%
	73%	26%		77%	23%		65%	35%		78%	22%	

Age and sex

The above table indicates the percentage of women in ulpan classes is significantly higher, and similar across countries. The data also show that the +55 age group accounts for more than 50% of ulpan students. The Office of the Comptroller believes that these trends and their underlying causes should be studied. For example – is the enrollment profile affected by available free time? Would offering classes in other hours allow working people to enroll? Etc.

The Director for Europe and Latin America stated that ulpan classes are usually held in the evening, and so are accessible to working people. There are also specific ulpan classes for doctors and attorneys, which focus on relevant professional terminology.

Reasons for ulpan enrollment

Reason for deciding to learn Hebrew	Argentina		Brazil		England		France	
I want to speak Hebrew to prepare myself for making Aliyah soon	107	30%	40	23%	19	16%	10	14%
It's important to know our national language	64	18%	27	16%	37	30%	7	10%
Other	42	12%	25	15%	19	16%	27	37%

Reason for deciding to learn Hebrew	Argentina		Brazil		England		France	
I have family or friends in Israel and I want to speak with them in Hebrew	68	19%	55	32%	42	34%	21	29%
I plan to make Aliyah within a year	73	21%	24	14%	5	4%	8	11%
Total	354	100%	171	100%	122	100%	73	100%

The above table indicates that there are various reasons driving ulpan enrollment in different countries. The Office of the Comptroller believes that analysis of a larger population sample in each country may highlight the best ‘marketing triggers’ for the classes.

Ulpan impact on Aliyah plans

Did the ulpan change your attitude towards Aliyah in any way?	Argentina			Brazil			England		
	F	M	Total	F	M	Total	F	M	Total
No, I’m still not thinking of making Aliyah	116	33	149	80	12	92	50	23	73
No, I was already thinking of making Aliyah before taking Hebrew lessons.	97	38	135	28	16	44	15	15	30
Yes, the ulpan prompted me to make Aliyah faster than anticipated.	44	22	66	21	11	32	6	4	10
Total	257	93	350	129	39	168	71	42	113
Ulpan impact on Aliyah plans	17%	24%	19%	16%	28%	19%	8%	10%	9%

The above data indicate that ulpan impact on Aliyah plans can be seen in 20% of respondents in Argentina and Brazil, and 10% in England. The ulpan also has a stronger impact on men than on women in encouraging Aliyah.

The above table also indicates that a substantial number of students never considered Aliyah.

Did the ulpan change your attitude towards Aliyah in any way?	Argentina			Brazil			England		
	F	M	Total	F	M	Total	F	M	Total
No, I'm still not thinking of making Aliyah	45%	35%	43%	62%	31%	55%	70%	55%	65%

As the data indicate, the percentage of women and men who said that even after attending the ulpan they are still not thinking of making Aliyah is extremely high. The percentage of women who never considered and still don't consider Aliyah, out of the total number of women, is significantly higher than the same ratio for men.

Ease of engaging in a simple Hebrew conversation after the ulpan

Ease of simple Hebrew conversation vs. no. of years in ulpan	Argentina				Brazil				England			
	1 year	2 years	Over 2 years	Total	1 year	2 years	Over 2 years	Total	1 year	2 years	Over 2 years	Total
No, I would not be comfortable	103	30	17	150	31	6	5	42	13	6	4	23
Yes, fairly comfortable	75	33	16	124	44	23	22	89	26	22	13	61
Yes, very comfortable	45	19	15	79	25	6	9	40	16	9	11	36
Total	223	82	48	353	100	35	36	171	55	37	28	120

The above table indicates variability across countries, with Argentina 'noticeably down' in results. The following table highlights this trend in the data:

Ease of simple Hebrew conversation vs. no. of years in ulpan	Argentina				Brazil				England			
	1 year	2 years	Over 2 years	Total	1 year	2 years	Over 2 years	Total	1 year	2 years	Over 2 years	Total
No, I would not be comfortable	46%	36%	35%	42%	31%	17%	14%	24%	23%	16%	14%	19%
Yes, fairly comfortable	33%	40%	33%	35%	44%	66%	61%	52%	46%	59%	46%	50%
Yes, very comfortable	20%	23%	31%	22%	25%	17%	25%	23%	29%	24%	39%	30%

The data show that the percentage of respondents who would not feel comfortable conducting a simple conversation in Hebrew among respondents in Argentina is significantly higher (42%) than in Brazil (24%) and England (19%). The Office of the Comptroller believes these data should be studied to identify differences in ulpan focus across countries, and improve outcomes in Argentina.

5.3. Recommendations

5.3.1. **Make sure to circulate uniform and comparable feedback questionnaires at the end of each ulpan round, in each country.**

5.3.2. **The Department should track key data, such as ulpan enrollment numbers and successful completion numbers (improvement in proficiency test results at the end of each round). The Department should establish these data as part of its KPI/success indicators.**

5.3.3. **The Department should analyze and study the feedback questionnaires (e.g. – studying the reasons behind the low responses in Argentina to the question of whether students would feel comfortable conducting a simple conversation in Hebrew). The**

Department should also maintain a questionnaire database, and have the cumulative country-specific results thoroughly studied by an analyst once a year, to produce insights.

Aliyah Promotion Department's response

- We will implement the first two recommendations.
- As concerns Recommendation 5.3.3 – Questionnaires are sent to and handled by Ofek Israeli, as the global ulpan network is funded through Ofek Israeli and not the Department. The Department does not specialize in education or teaching Hebrew as a second language. Data is analyzed by Ofek Israeli, who are also responsible for building the curriculum, together with the relevant partners.

Office of the Comptroller's comment

The Office of the Comptroller believes there is a managerial need in the Department, as administrator and supervisor for these activities, to derive information from these questionnaires regardless of any educational concerns outside its expertise.

E. Annual Planning and Targets

1. Work plans

- 1.1. Since 2022, departments submit their work plans to the Extended Zionist Executive.
- 1.2. A review of the 2023 work plan, and inquiry with the Department Director, indicated that the Department's annual work plan only includes activities involving WZO budgets (USD 400 thousand). The work plan does not include the bulk of the Department's activities, funded by Ofek Israeli.
- 1.3. The Department Director stated that this is the work plan required to approve the operating budget not funded by Ofek Israeli, and the Zionist Executive does not require the Department to present any other work plan.

- 1.4. The Office of the Comptroller believes that annual work plans are an important managerial tool for planning activities and setting goals, to achieve continuous improvement in both quantity and quality of output.
- 1.5. The Office of the Comptroller notes that WZO has not standardized its work plans, to guide annual planning work flows, nor has it applied a uniform format for the various departments' annual work plans.

2. Targets and KPIs

- 2.1. The Office of the Comptroller also found that the Department's annual work plan does not define or refer to targets. However, the Department's summary report to the Zionist General Council from December 2021 specifies targets for 2022. However, these targets are defined in general terms, as follows:

*“Continuing Aliyah prep classes in Western Europe, North America, and Latin America – the Department’s flagship program, continuous work with over 300 classes a year;
Continued activity in the Golden Golda project;
Opening Aliyah prep classes in new countries;
Opening additional Megamat Aliyah courses in new countries;
Commemorating 100 years since Eliezer Ben Yehuda’s death – The largest online Hebrew lesson in history with students from the Department’s ulpan classes;
Starting work on the Geula LeIsrael project with dozens of Jewish communities worldwide;
Aliyah prep classes through local radio stations in North America”*

- 2.2. The Office of the Comptroller believes these target definitions do not differentiate between targets and methods, and do not specify metrics for quantity, quality, schedules, etc.

2.3. In this context, the Office of the Comptroller notes that the Department is not required to specify the managerial information necessary for managing operations through key performance indicators (KPIs). Thus, methodical management based on objective performance indicators is not possible.

3. Recommendations

- 3.1. **The Department’s annual work plans should reflect annual planning for all Department activities.**
- 3.2. **The Department should distinguish between submitting work plans and submitting budget plans, which are one component in its annual work plans.**
- 3.3. **The Department should adopt existing managerial practices to formalize the annual planning flows of the Department’s activities. For example, an annual, budget-linked work plan can be prepared, as follows:**

Item	Goals	Targets (milestones)	KPIs	Methods	Schedule	Owner	Budget item	Budget amount	Comments

- 3.4. **WZO’s Executive should lead a standardization of WZO’s work plans, to guide annual planning activities and apply a uniform format to the various departments’ annual work plans.**
- 3.5. **WZO should specify the managerial information needed to manage each department’s operations, and set KPIs accordingly, to allow methodical management based on objective performance indicators.**

Aliyah Promotion Department’s response

As concerns annual planning methods – We will implement the recommendation.

F. Procedures, Contracts, and Collaborations

1. General

- 1.1. Upon requesting the Department's operating procedures, the Office of the Comptroller received an internal Department document, including the following sections:
 - 1.1.1. *The Department will operate according to the World Zionist Organization's procedures and rules;*
 - 1.1.2. *The Department Head will set policies and the Department Director will be responsible for their actual implementation;*
 - 1.1.3. *All contracts signed with suppliers will be prepared solely by the organization's Legal Counsel;*
 - 1.1.4. *Invoices will not be submitted for payment and no payments will be made to suppliers, in Israel and abroad, without the Department Director's approval;*
 - 1.1.5. *Headquarters will hold regular internal work meetings with the Department's staff abroad;*
 - 1.1.6. *The Department will submit a regular report to the Executive when asked to do so;*
 - 1.1.7. *The Department will not advertise commercial companies in Israel or abroad.*
- 1.2. The Office of the Comptroller notes that the Department applies numerous work flows requiring Department-specific procedures. These include: opening and managing learning centers; control over payments to subcontractors and suppliers abroad; creating and building unique projects; building and managing databases; advertising and mail campaigns; etc.

2. Contracting procedure and practices

- 2.1. Upon inquiry with the Department Director concerning guidelines regulating the Department's workflows, the Office of the Comptroller was told that, in March 2021, the Finance

Department conducted a training session for department directors, in which the following Finance Department guidelines were handed out:



The Office of the Comptroller commends the training initiative and the clear guidelines circulated by the Finance Department.

- 2.2. In December 2022, the World Zionist Organization Contracting Procedure was approved and applied to all WZO departments. The Office of the Comptroller notes that the Aliyah Promotion Department does not have a copy of the procedure itself. However, the procedure generally matches the Finance Department guidelines issued in March 2021, except for the tendering threshold (procedure – over NIS 300 thousand; guidelines – over NIS 120 thousand).
- 2.3. The bulk of the authority and responsibility for contracting formats and agreement signing is borne by the Finance Department, with the Aliyah Promotion Department (like

other departments) being responsible for soliciting bids in accordance with the value brackets, and confirming supply of goods/services on invoices before the Finance Department approves the contract or invoice, respectively.

2.4. Below are the Department's 10 main contracts (over NIS 100 thousand) from 2021–2022, according to the supplier data compiled by the Office of the Comptroller and data confirmation and clarification by the Finance Department:

Supplier, costs	Service description	Bidding process:	Signed agreement?	Finance Dept. clarifications				
P.P.H. <table border="1"> <tr> <td>2021</td> <td>2022</td> </tr> <tr> <td>386,570</td> <td>720,769</td> </tr> </table>	2021	2022	386,570	720,769	Israeli contractor teaching all Spanish psychometric prep courses in Megamat Aliyah program.	Selected as sole supplier in a tender after no other suitable candidates were found. Agreement signed.	Yes	Sole supplier / Tenders Committee minutes Oct. 5, 2021, agreement extension Sept. 21, 2022.
2021	2022							
386,570	720,769							
Y. Productions Ltd. <table border="1"> <tr> <td>2021</td> <td>2022</td> </tr> <tr> <td>16,380</td> <td>282,649</td> </tr> </table>	2021	2022	16,380	282,649	Production of largest lesson in history project (A)	Tender	Yes	Bid review minutes Apr. 2, 2022
2021	2022							
16,380	282,649							
P.S. <table border="1"> <tr> <td>2021</td> <td>2022</td> </tr> <tr> <td>129,168</td> <td>138,996</td> </tr> </table>	2021	2022	129,168	138,996	Contractor responsible for Dept. website.	Tender	Yes	Tendering process, minutes Jun. 29, 2021.
2021	2022							
129,168	138,996							
D. Ltd. <table border="1"> <tr> <td>2021</td> <td>2022</td> </tr> <tr> <td>127,085</td> <td>53,820</td> </tr> </table>	2021	2022	127,085	53,820	Promotional video production	Ofek contractor – tendering process	Yes	Bid review minutes Oct. 5, 2021.
2021	2022							
127,085	53,820							

Supplier, costs	Service description	Bidding process:	Signed agreement?	Finance Dept. clarifications				
H.E. <table border="1"> <tr> <td>2021</td> <td>2022</td> </tr> <tr> <td>834</td> <td>167,177</td> </tr> </table>	2021	2022	834	167,177	Travel agency	JAFI service provider	Service procurement	After obtaining bids, and in compliance with the organization's Procurement and Contracting Procedure.
2021	2022							
834	167,177							
L. Ltd. <table border="1"> <tr> <td>2021</td> <td>2022</td> </tr> <tr> <td></td> <td>166,491</td> </tr> </table>	2021	2022		166,491	Ofek Israeli conference.	Tender	Yes – as per the activity profile	Bid review process
2021	2022							
	166,491							
P.M. Productions and Events Ltd. <table border="1"> <tr> <td>2021</td> <td>2022</td> </tr> <tr> <td>24,000</td> <td>119,340</td> </tr> </table>	2021	2022	24,000	119,340	Artist representation as part of an Ofek Israeli conference.	Tender	Yes	Sole supplier / artists – minutes Oct. 25, 2022.
2021	2022							
24,000	119,340							
B.M.H.R. <table border="1"> <tr> <td>2021</td> <td>2022</td> </tr> <tr> <td>13,455</td> <td>111,881</td> </tr> </table>	2021	2022	13,455	111,881	Seminars and prep programs for ulpan classes	Tender	Yes	Sole supplier – minutes Sept. 21, 2022.
2021	2022							
13,455	111,881							
H.A.I. <table border="1"> <tr> <td>2021</td> <td>2022</td> </tr> <tr> <td>9,183</td> <td>107,640</td> </tr> </table>	2021	2022	9,183	107,640	Geula program project supervisor	Tender	Yes	Bid review minutes Jan. 25, 2022.
2021	2022							
9,183	107,640							
Z. Ltd. <table border="1"> <tr> <td>2021</td> <td>2022</td> </tr> <tr> <td>104,687</td> <td></td> </tr> </table>	2021	2022	104,687		WZO IT supplier	JAFI/Accountant General supplier	Service procurement	As per the org. Procurement and Contracting Procedure.
2021	2022							
104,687								

2.5. Based on the above, the Office of the Comptroller believes agreements should be signed with the suppliers H.E. and Z. Communications.

2.6. In light of the high costs recorded under the 'Info and research' budget item (see chapter entitled *Budget and Actual Performance*), which the Department Director stated mainly

covers the Department’s website, the Office of the Comptroller examined the services provided by P.S. – the supplier who won the tender and whose contract was extended for another year in 2022.

2.7. According to the tender, services include:

2.7.1. Support and development for the Aliyah Promotion Department’s website;

2.7.2. Building a Zionism event calendar and adding content in Hebrew and Russian;

2.7.3. Tracking content and adding it to the website;

2.7.4. Posting content on social media;

2.7.5. Strategic advice and tracking.

2.8. Since the Office of the Comptroller was of the impression that the Department’s website is far from justifying costs in excess of NIS 100 thousand a year, the Office of the Comptroller examined one of the supplier’s bills to understand what payment was for. The bill for February 2023 detailed the following:

Strategic consulting and project support	Part of determining work areas, guidance in project development and implementation. Result analysis and preparing materials for presentation.	1,100
Aliyah Promotion Department homepage administration	Website management and supervision over all tasks needed to maintain and develop the website. Issuing tasks to writers. Supervision over all website maintenance and development tasks.	2,000
‘News’ section	Looking for topics for the news section (at least 3 topics a week). Preparing and publishing 12 items. Uploading material to website.	3,000
‘Zionist history calendar’	Support and updates.	

(Facebook, VKontakte) Support for social media pages	20 social media posts. Promotion and advertising.	1,500
Images and illustrations	Preparing images for articles on website and social media.	500
Website development and support	Monthly maintenance.	1,800
Total		9,900

- 2.9. The Office of the Comptroller notes that, except for one page on the Department’s website, all pages are static.
- 2.10. The only change made to the website each month is adding information in the ‘News/Calendar’ section.
- 2.11. The Office of the Comptroller believes these charges to be unreasonable and include duplicate charges and unneeded services, such as ‘Home page management’ and ‘Website development and tech support’.
- 2.12. Upon examination, the Office of the Comptroller found that the Department neither receives nor tracks website data. For example, the Department does not receive a report specifying the website’s exposure (annual visits, organic vs. promoted performance, clicks, visit duration, leads, etc.).
- 2.13. It is unclear how the supplier can be supervised or how his bills can be approved as they are phrased in general terms which do not specify products or what was actually done.
- 2.14. **Recommendations**
- 2.14.1. **In light of the significant scope of their activities, WZO should sign contracts with the suppliers H.E. and Z. Communications, and make sure not to operate without valid agreements.**
- 2.14.2. **Check the bills submitted by all Department suppliers regularly and before each payment, and particularly those from the supplier managing the**

Department's website. Based on these checks, the supplier should be required to increase their output to match the scope of their agreement.

2.14.3. Require a monthly report on Department website activity, and changes from previous periods (content changes, visits – organic/promoted, clicks, visit duration, leads, etc.). The Department Director should review this report and make sure the website is properly administered and promoted.

Finance Department's response

Concerning supplier H.E. – Procurement of flight services, as clarified, is based on price quotes and in accordance with the organization's Procurement and Contracting Procedure. In other words – for these types of services (flight tickets), WZO does not have a regular supplier with whom an agreement has been signed and through which flight tickets are purchased. For every request to buy flight tickets, we review various bids, and in the case of H.A. we noted that they are also a Jewish Agency service provider as a general remark and not to indicate that they require a contract.

Concerning supplier Z. Communications – The Procurement and Contracting Procedure states that, in certain matters where WZO does not have any economic, professional, or other advantage, it may procure and contract based on the Jewish Agency's framework agreements. IT requires professional expertise and the Jewish Agency and WZO share IT system requirements. Thus, WZO purchases through this supplier.

Office of the Comptroller's comment

Supplier H.E. – It is noted that the supplier also provides services to other WZO departments. Thus, the scope of the supplier's engagement totals hundreds of thousands of NIS, without any signed agreement. The Office of the Comptroller believes agreements should be signed with suppliers whose operations

reach significant value, to formalize other considerations as well as the commercial ones.

Z. Communications – The Office of the Comptroller believes the Legal Counsel’s opinion should be obtained as to the method for applying the agreement between the Jewish Agency and the supplier to WZO, who is not party to the agreement.

Aliyah Promotion Department’s response

As concerns website performance, we are working to improve and promote traffic, and upload new content to the website and expand it.

3. Collaborations

- 3.1. The Department Director stated that the Department follows WZO’s Collaborations Procedure. Under this procedure, the Department should report to the Collaboration Approvals Committee, according to the criteria under which the collaboration was approved, at the earlier of either every six months of the approved project or before making the final payment in the contract.
- 3.2. The Office of the Comptroller examined the Department’s collaborations from 2022 with the Limud-FSU organization. Findings were as follows:
 - 3.2.1. The collaboration concerns funding support for two Limud-FSU events. These events sought to engage Australian Jews (particularly Russian-speakers) with Aliyah-promoting content. A secondary goal was to test the viability of operating on this continent in the future.
 - 3.2.2. On June 23, 2022, the Collaborations Committee approved the project based on the following financial data:
 - Event cost – USD 135,000 (funded by various parties).
 - WZO’s share – USD 20,000 (15%).

- A bill for the full amount was sent to WZO on November 16, 2022 (for events held on November 6, 2022 and November 13, 2022).

3.2.3. The Office of the Comptroller requested documentation showing that a report had been submitted to the Collaborations Committee as per the procedure, prior to payment. However, no such documentation was found. Never the less, the Office of the Comptroller was sent various documents and pictures as proof that the vents took place, including a descriptive report from Limud-FSU on the events in Sydney and Melbourne (see Appendix B).

3.2.4. The Department Director stated that the project ultimately led to the Department deciding not to start operations in Australia.

3.3. Collaboration with local municipal authorities in Israel:

3.3.1. Many local municipal authorities work to promote Aliyah by joining in activities abroad, conducting informational outreach, and maintain contact with Aliyah candidates.

3.3.2. The Aliyah Promotion Department (together with the Ministry for Aliyah and Klitah, Ofek Israeli, and the Federation of Local Authorities in Israel) held an event titled 'Local Authorities Promoting Aliyah'. In the event, excellence and appreciation awards were given to local and regional authorities in Israel, for promoting Aliyah. In the last such event in 2021, from many dozens of candidates, the following nine outstanding authorities were selected: Ashkelon, Gush Etzion, Tiberias, Acre, Ramla, Be'er Sheva, Arad, Jerusalem, and Tel Aviv. These were joined by a further 20 authorities who received appreciation awards.

3.3.3. The Department has also developed an Aliyah board game promoting knowledge and familiarity with Zionist themes. As part of the Department's ties with the local

authorities, hundreds of units of the game were ordered by such local authorities as Petah Tikva, Rishon LeTzion, Bat Yam, Lod, Kiryat Gat, Ariel, etc. The Office of the Comptroller commends the Departments engagement with local municipal authorities, and believes the Department (and WZO in general) can find diverse opportunities for collaborating with local authorities (e.g. – having local authority representatives visit ulpan classes to provide information, answer questions, and promote Aliyah).

3.4. Collaboration with WZO departments

3.4.1. Following the 38th Zionist Congress of 2020, WZO has 14 departments, as follows:

Education	Israel & Holocaust Com-	Diaspora Religious Affairs
Aliyah Promotion	memoration	The Settlement Division
Zionist Activity in the	Hebrew & Culture	Zionist Enterprises
Diaspora	Organization & Israelis	Combatting Antisemitism
Social Activism & Tikkun	Abroad	& Diaspora Resilience
Olam	Fundraising & Community	
Pioneering Youth & Future	Relations	
Generations	Periphery Advancement &	
	Diaspora Involvement	

3.4.2. Due to WZO’s unique organizational structure, departments are autonomous and separate from each other, and inter-departmental collaboration is not coordinated or integrated by WZO’s headquarters.

3.4.3. Upon inquiry, the Department Director stated that the Department does not have significant collaboration with other departments. The Office of the Comptroller believes that most WZO departments operate in areas parallel to those of the Aliyah Promotion Department. Some hold substantial potential for collaboration and maximizing the utilization of organizational resources – such as broader database reach, providing seamless

services for Diaspora Jews and seamless Zionist activities in the Diaspora, which could promote Aliyah.

3.5. Recommendations

- 3.5.1. Make sure to comply with the Collaborations Procedure, including reporting to the Committee on project compliance at least every six months or before payment.**
- 3.5.2. As part of the collaboration with local municipal authorities in Israel, authority representatives should visit ulpan classes to provide information, answer questions, and promote Aliyah (funded by the local authorities, which in any case send representatives to Diaspora communities for Aliyah fairs).**
- 3.5.3. The Department should consider working with other WZO departments to maximize its Aliyah-promoting impact.**
- 3.5.4. WZO's management should establish organizational workflows to increase and encourage collaboration across departments.**

Aliyah Promotion Department's response

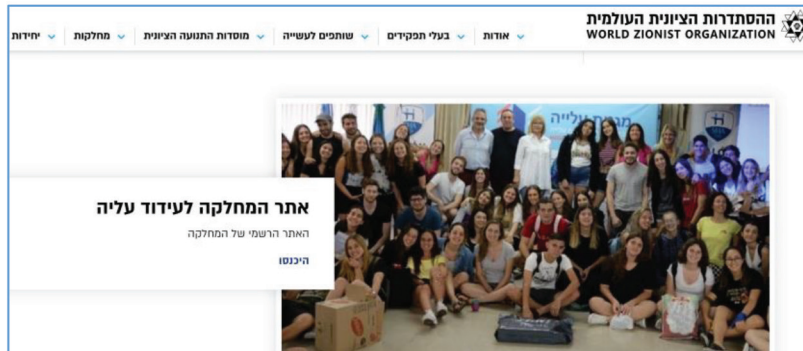
We are extremely careful to comply with all WZO procedures.

Furthermore, we are always happy to work together with anyone seeking to promote Aliyah.

G. Websites and Databases

1. Department website

- 1.1. The Department's website (domoi.co.il) is managed separately from WZO's website. However, WZO's website still links to it:



Source: WZO website

- 1.2. The Office of the Comptroller notes that managing the Department’s website on a separate domain illustrates WZO’s decentralized resource management, and the loss of benefits that could be obtained through joint website management and promotion (namely search engine optimization – SEO).
- 1.3. The Office of the Comptroller also notes that the Department website does not link to WZO’s website.
- 1.4. Upon reviewing the information on the Department website, it was found to constitute only a few internet pages which the Office of the Comptroller believes could have been integrated into WZO’s website. It is further noted that some content is not current.
- 1.5. For example:

“In 2017 the World Zionist Organization will mark 120 years to its founding.”

“Submit your application in PDF format. Submissions accepted through July 1, 2022, 12:00, Israel time.” (Refers to the Geula young female leadership program (documented in late April 2023).
- 1.6. The website contains information on WZO, the Department, the Geula program, and a blog posting updates on the Department’s activities.

- 1.7. The website is available in six versions, in six different languages: Hebrew, English, Russian, French, Portuguese, and Spanish. The foreign-language (non-Hebrew) versions provide information on ulpan classes, but site visitors cannot enroll in an ulpan through the website.

2. Ulpan enrollment websites

- 2.1. Enrollment in ulpan classes is done through other websites, e.g. – ulpanim.org in Argentina.
- 2.2. The Office of the Comptroller found that the Department's website does not link to the enrollment websites, and the Argentinian enrollment website (for example) does not link to the Department website.
- 2.3. The strategy of separating the Department's website from WZO's is unclear, as is separating the ulpan enrollment websites from the Department's website without even providing a link for enrollment on the Department' website.
- 2.4. The Office of the Comptroller notes that WZO's headquarters employs a marketing supervisor who is responsible, among other things, for promoting WZO's website. The Department could enlist her services.

3. Databases and mailing lists

- 3.1. Enrollment to ulpan classes and other Department programs yields the Department a contact list which is one of its most important tools in promoting Aliyah-focused programs in the Diaspora.
- 3.2. The Office of the Comptroller sought to examine the management of these databases, their maintenance, backup, and information security practices. However, I was found that these databases are not retained or backed up in WZO's headquarters.

- 3.3. The Director for Europe and Latin America stated that each country retains a database of relevant contact information on a separate server, and the Department does not have access to these databases.
- 3.4. It was further noted that databases are subject to applicable regulations in each country, such as the European General Data Protection Regulation (GDPR) which limits the transfer of data outside the EU.
- 3.5. The Office of the Comptroller believes that current practices whereby the Department does not apply any supervision or control over databases, present the following risks:
 - 3.5.1. No control or supervision over data quality (e.g. – mandatory fields required for professional analysis to yield insights and information).
 - 3.5.2. Potential loss of a significant asset due to technological or information security failure.
 - 3.5.3. Potential loss of a significant asset due to human error or malicious action by employees.
 - 3.5.4. Inappropriate and unauthorized use of the data asset (e.g. – sale to commercial parties).

4. Recommendations

- 4.1. **The Department’s website should be integrated into WZO’s website.**
- 4.2. **Make sure that pages on the Department website link to WZO’s homepage.**
- 4.3. **Make sure that all pages on the Department website are current.**
- 4.4. **Make sure that the Department website in various languages allows enrollment to ulpan classes and proficiency tests. At the very least, the website should link to enrollment pages on third party websites.**

- 4.5. **Make sure that all pages on ulpan enrollment sites link to the Department's and WZO's websites.**
- 4.6. **The Department should control the quality of database management practices to assure their security, including against loss through human error or malicious action.**

Aliyah Promotion Department's response

The Department's website appears on WZO's website, as a link. We are also working with WZO's website administrators to improve our traffic.

The decision to build the Department's website on a separate domain was made when there were no Aliyah-promotion advertisements in French, Spanish, or Russian on WZO's website. WZO's Tenders Committee reviewed the issue and accepted the Department's position in this matter.

**H. Follow-Up on Recommendations from the 2019
Comptroller's Report**

Below are several recommendations sampled by the Office of the Comptroller, and their status according to the audited organization and the Office of the Comptroller's findings:

Item	Recommendation	Response	2023 Findings
Lack of data to assess the Dept.'s impact on actual Aliyah figures	<p>Work with the JAFI Aliyah Unit to see whether olim attended Dept. activities. Also, share ulpan participant data with the Aliyah Unit, to maintain contact with potential olim.</p> <p>Consider establishing a joint JAFI-WZO forum to identify opportunities for cooperation and routine interaction, while establishing clear boundaries between the organizations.</p>	<p>We track through the ulpan teachers. All data area sent to Ofek Israeli under their agreement. They are responsible for cross referencing information.</p>	<p>Reports are received from ulpan teachers, and questionnaires are circulated which indicate Aliyah plans and changes thereto. The Office of the Comptroller believes the Dept. could get more info from the questionnaires than it currently does.</p> <p>The Office of the Comptroller believes that, while boundaries are well-defined, the potential for cooperation is far from realized.</p>
No minimum qualifications for ulpan teachers	<p>Establish minimum requirements for ulpan teachers, such as: years of education and past experience. Also review candidate references and use a questionnaire to assess candidates' Hebrew and teaching proficiency.</p>	<p>Implemented.</p>	<p>No comments. Also, student feedback indicates they are very satisfied with teachers.</p> <p>Implemented.</p>

Item	Recommendation	Response	2023 Findings
No teacher reports	Build a regime for ulpan teachers to report back to the operators and the Dept. Reports should include proof that lessons took place, attendance, and the covered material. These reports would allow follow-up on resource utilization, and would make sure that curricula match allotted ulpan times.	Partially implemented.	While teachers do submit reports, the Office of the Comptroller believes the recommendation remains wholly unimplemented, as the intent behind the recommendation was to build a formal reporting regime to allow better supervision and control. The Office of the Comptroller believes the Dept. should at least receive teacher performance reports showing attendance rates and proficiency test scores at the end of the ulpan program.
Teacher and student feedback management	Build an online page/Google Docs file for students and teachers to complete questionnaires. These questionnaires should include closed-ended questions to be answered on a 1–5 scale, and open-ended questions for detailed responses. Data should be fed into a central spreadsheet to allow analysis of the feedback, make it available at any given time, and support organizational learning and improvement at both the curriculum and individual ulpan levels.	Implemented	Implemented

Item	Recommendation	Response	2023 Findings
Assessment of student learning	Add tools to the existing curricula for methodic assessment of knowledge gained in the ulpan, through quizzes, exams, and educational games. Assessment results should be managed through the Dept. website, when it is build. These tools will help support learning, and organizational improvement concerning curricula and ulpan operations.	Tests are administered.	Although tests are done, the Dept. does not manage the information, and effectively only receives data on enrollment, and not on ulpan completion as indicated by passing proficiency level exams.
Developing the Aliyah game	Study the size of the potential audience in each language, and produce the game in additional languages based on marketing assessments and the scope of the Dept.'s activities in each language.	The game had been produced in 4 languages, and almost no units remain.	The Office of the Comptroller commends the project and its expansion to local municipal authorities in Israel.

According to the above, the recommendations requiring continued follow-up and actions are those pertaining to data management and supervision and control over ulpan programs.

I. Summary of Conclusions and Recommendations

Chapter/ Topic	Section	Conclusion	Recommendation	Response
B. Personnel and Organizational Structure	2 – Job Deliverables	<p>No quarterly report consolidating information on activities, such as the number of new participants, number of ulpan classes, program participants, etc.</p> <p>There is no file tracking implementation of meeting decisions. Furthermore, meeting summaries do not clearly state actionable decisions, including item ownership and timelines.</p>	<p>Adopt a consistent, uniform management method, and make sure it is applied to specified job deliverables. This includes defining regular follow up and reporting requirements, at set times, for planning and implementing activities. For example: preparing quarterly reports providing brief and comparable information on activity outcomes ... defining a format for actionable decisions in Department meetings, and create a formal follow-up file to track implementation of such decisions.</p>	<p>Performance reports are prepared every 3 weeks and submitted to WZO's Executive. The Department also presents its activities on a semi-annual basis to the Extended Zionist Executive, in special events such as the Extraordinary Congress of April 2023, etc.</p> <p><u>Office of the Comptroller's comment</u> <u>Upon examination:</u> although these documents provide information on activities, they do not match the Office of the Comptroller's intention in its recommendation to prepare periodic report providing brief and comparable information on activity outcomes (e.g. – number of activity participants vs. previous year and/or same period in the previous year).</p>

Chapter/ Topic	Section	Conclusion	Recommendation	Response
C. Budget and Actual Performance	3	<p>In 2021 there was an unutilized balance of USD 30,000 in WZO's activity budget. Unutilized budgets can be used to fund initiatives not approved for Ofek Israeli funding.</p> <p>In 2022, WZO's activity budget went USD 72,000 over budget, due to the Ossim Tzionut item. The Office of the Comptroller believes such deviation required the Zionist Executive approval.</p>	<p>Use the budget as an administrative and managerial tool, to assure full budget utilization each year.</p> <p>The Department should also work in advance to identify possible Aliyah-promoting activities which can be implemented if funds remain at the end of the year.</p> <p>Make sure to obtain prior Executive approval for all deviations from the overall budget.</p>	<p>Activities are identified in advance at the start of each year, and submitted to WZO's Executive.</p> <p>The Department does not have any 'planned' deviations from the budget, nor has it ever had.</p>

Chapter/ Topic	Section	Conclusion	Recommendation	Response
D. Unique Aliyah-Promotion Programs	1.1 – Golden Gola	In 2022, expense associated with other projects (e.g. – Geula and Aliyah-Promoting Municipalities) were attributed to the Golden Gola budget item.	Make sure to properly attribute costs to budgets for WZO-funded programs. If a project is not actually carried out, this must be reflected in WZO’s budget, as well as the additional investment in budget items that grew in consequence.	We are working to improve the relevant workflows.
	1.3.8 – Geula, Nation Building Leadership	The screening round for the Geula program that opened in May 2022 admitted over 100 candidates, of which 25 were selected. However, only 18 women actually attended the training.	Maintain a wait list for suitable candidates, in case of cancellations by any of the selected candidates.	

Chapter/ Topic	Section	Conclusion	Recommendation	Response
D. Regular Aliyah-Promotion Programs	2.2 – Megamat Aliyah	The exam attendance list of Megamat Aliyah participants from August 2022 lists only 89 people, indicating that a third of enrolled students do not take the exam.	The Department should track enrollment numbers for Megamat Aliyah, the number of psychometric exam candidates, and the number of people who successfully pass the exam. These ratios should be established as periodic KPIs to gauge the program's success and identify negative trends requiring attention. Check the reason for the relatively low percentage of exam candidates (60% of all Megamat Aliyah participants). In light of the positive feedback to the guest speakers, the Department should grow this activity, particularly to ulpan classes who do not yet benefit from the service. Sign contracts with guest speakers including, among other things, insurance clauses.	In accordance with NITE (National Institute for Testing and Evaluation) policies, we do not receive student scores and cannot track their success in the exam. Exam attendance rates are definitely not low. Bear in mind that in the first round in Argentina we could not dispatch a NITE exam team due to COVID-related restrictions. Some round 1 students made Aliyah while others joined the round 2 exam, and we consider this a tremendous success.
	2.3.1 – Guest Speakers	Feedback on guest speakers' activities is extremely positive among ulpan students. Contracts are not signed with guest speakers (only a health declaration).		As concerns guest speakers – Their number is fixed for Ofek Israeli programs, and is outside the Department's exclusive control. As concerns speaker contracts – We will contact WZO's Legal Counsel for his opinion on the matter.

Chapter/ Topic	Section	Conclusion	Recommendation	Response
D. Regular Aliyah-promotion programs – ulpan contracts	4.4 – Contracts With Ulpan Operators	The agreement with ulpan operators clarifies that ulpan participants will have shown interest in Aliyah. However, surveys show a substantial number of students had no interest in Aliyah. WZO stopped signing agreements with ulpan operators in 2020. Since then, no valid agreements have been in effect.	Have ulpan operators sign new agreements, in consultation with WZO's legal counsel. A mechanism should be established so agreements renew automatically each year unless notified otherwise in writing. The Department should assure actual compliance with agreement requirements (e.g. – interest in Aliyah, feedback questionnaires, etc.).	We are working with WZO's Legal Counsel on these agreements.

Chapter/ Topic	Section	Conclusion	Recommendation	Response
D. Regular Aliyah-promotion programs – ulpan contracts	5 – Assess. of Ulpan Performance	<p>The questionnaire issued to ulpan graduates in France is different from the questionnaire for other countries, cutting the ability to compare ulpan results from different countries.</p> <p>The Dept. does not track key data such as <u>ulpan enrollment numbers and successful completion numbers</u> (the Dept. does not review proficiency test results at the end of each round), nor does it have such data.</p> <p>The Dept. does not perform an overall analysis of questionnaires or any other analysis to obtain insights.</p>	<p>Make sure to circulate uniform and comparable feedback questionnaires at the end of each ulpan round, in each country.</p> <p>The Department should track key data, such as ulpan enrollment numbers and successful completion numbers (improvement in proficiency test results at the end of each round).</p> <p>The Department should establish these data as part of its KPI/success indicators.</p> <p>The Department should analyze and study the feedback questionnaires (e.g. – studying the reasons behind the low responses in Argentina to the question of whether students would feel comfortable conducting a simple conversation in Hebrew). The Department should also maintain a questionnaire database, and have the cumulative country-specific results thoroughly studied by an analyst once a year, to produce insights.</p>	<p>We will implement the first two recommendations.</p> <p>As concerns Recommendation 5.3.3 – Questionnaires are sent to and handled by Ofek Israeli, as the global ulpan network is funded through Ofek Israeli and not the Department. The Department does not specialize in education or teaching Hebrew as a second language. Data is analyzed by Ofek Israeli, who are also responsible for building the curriculum, together with the relevant partners.</p> <p><u>Office of the Comptroller’s comment:</u></p> <p>From a managerial point of view the Department, as administrator and supervisor for ulpan activities, needs to derive information from these questionnaires regardless of any educational concerns outside its expertise.</p>

Chapter/ Topic	Section	Conclusion	Recommendation	Response
E. Annual planning and targets	1 – Work Plans Targets & KPIs	<p>The Dept.'s annual work plan only includes WZO-budgeted activities. It does not include the bulk of the Dept.'s activities, which are funded by Ofek Israeli.</p> <p>WZO has not standardized its work plans, to guide annual planning work flows, nor has it applied a uniform format for the various departments' annual work plans.</p> <p>The Dept.'s annual work plan does not specify targets.</p> <p>The Dept. is not required to define the managerial info required to manage operations based on KPIs. Thus, methodical management based on objective success indicators is not possible.</p>	<p>The Department's annual work plans should reflect annual planning for all Department activities.</p> <p>The Department should adopt existing managerial practices to formalize the annual planning flows of the Department's activities.</p> <p>WZO's Executive should lead a standardization of WZO's work plans, to guide annual planning activities and apply a uniform format to the various departments' annual work plans.</p> <p>WZO should specify the managerial information needed to manage each department's operations, and set KPIs accordingly, to allow methodical management based on objective performance indicators.</p>	As concerns annual planning methods – We will implement the recommendation.

Chapter/ Topic	Section	Conclusion	Recommendation	Response
F. Pro- cedures, contracts, and collabo- rations	Contract- ing proced- ures and practices	<p>Despite their substan- tial contract value, no agreement was signed with suppliers H. E. and Z. Commun.</p> <p>Except for one page on the Dept. website, all pages are static.</p> <p>Charges do not seem reasonable and include duplicates and unneed- ed services, such as 'homepage manage- ment' and 'website su- pervision and support'.</p> <p>The Dept. neither receives nor tracks website data. For example, the Dept. does not receive a report on website performance (annual visits, organic, promoted, clicks, visit duration, leads, etc.)</p> <p>It is unclear how the suppliers' work can be supervised or their in- voices approved as they are phrased in general terms without specify- ing output or what was actually done.</p>	<p>In light of the signif- icant scope of their activities, WZO should sign contracts with the suppliers H.E. and Z. Communications, and make sure not to operate without valid agreements.</p> <p>Check the bills submit- ted by all Department suppliers regularly and before each payment, and particularly those from the supplier man- aging the Department's website. Based on these checks, the supplier should be required to increase their output to match the scope of their agreement.</p> <p>Require a monthly report on Department website activity, and changes from previous periods (content chang- es, visits – organic/ promoted, clicks, visit duration, leads, etc.).</p> <p>The Department Director should review this report and make sure the website is prop- erly administered and promoted.</p>	<p>Finance Department's response Concerning H.E. – Procurement of flight services, as clarified, is based on price quotes and in accordance with the organization's Procurement and Contracting Procedure.</p> <p>Concerning supplier Z. Commu- nications – The Procurement and Contracting Procedure states that, in certain matters where WZO does not have any economic, professional, or other advantage, it may procure and contract based on the Jewish Agency's framework agreements.</p> <p><u>Office of the Comptroller's com- ment:</u></p> <p>Supplier H.E. – The scope of the supplier's services total substantial value without any signed agreement to formalize other considerations as well as the commercial ones.</p> <p>Z. Communications – The Legal Counsel's opinion should be ob- tained as to the method for applying the agreement between JAFI and the supplier to WZO, in the event of a lawsuit between WZO and the supplier (which may include com- mercial or other issues).</p> <p><u>Aliyah Promotion Department's response:</u></p> <p>As concerns website performance, we are working to improve and pro- mote traffic, and upload new content to the website and expand it.</p>

Chapter/ Topic	Section	Conclusion	Recommendation	Response
F. Pro- cedures, contracts, and collabo- rations	3 – Collabo- ra-tions	<p>Contrary to the Collaborations Procedure, no report was made to the Collaborations Committee prior to payment to Limud FSU.</p> <p>The Office of the Comptroller commends the activities involving local authorities.</p> <p>Most WZO departments operate in areas parallel to those of the Aliyah Promotion Department. Some hold substantial potential for collaboration and maximizing the utilization of organizational resources.</p>	<p>Make sure to comply with the Collaborations Procedure, including reporting to the Committee on project compliance at least every six months or before payment.</p> <p>As part of the collaboration with local municipal authorities in Israel, authority representatives should visit ulpan classes ... (funded by the local authorities, which in any case send representatives to Diaspora communities for Aliyah fairs).</p> <p>The Department should consider working with other WZO departments to maximize its Aliyah-promoting impact.</p> <p>WZO's management should establish organizational workflows to increase and encourage collaboration across departments.</p>	<p>We are extremely careful to comply with all WZO procedures.</p> <p>Furthermore, we are always happy to work together with anyone seeking to promote Aliyah.</p>

Chapter/ Topic	Section	Conclusion	Recommendation	Response
G. Website and data-bases		<p>The Dept.'s website is on a separate domain from WZO's website.</p> <p>The Dept. website does not link to WZO's.</p> <p>Some of the content on the Dept. website is not current. The website does not link to ulpan enrollment sites, and ulpan enrollment sites in Argentina, for example, do not link to the Dept. website.</p> <p>The Dept.'s databases are not backed up or saved in WZO's headquarters (no control and supervision). There is risk for losing a significant asset due to tech failure or data security, misuse of the data asset, etc.</p>	<p>The Department's website should be integrated into WZO's website.</p> <p>Make sure that pages on the Department website link to WZO's homepage.</p> <p>Make sure that all pages on the Department website are current.</p> <p>Make sure that the Department website in various languages allows enrollment to ulpan classes and proficiency tests. At the very least, the website should link to enrollment pages on third party websites.</p> <p>Make sure that all pages on ulpan enrollment sites link to the Department's and WZO's websites.</p> <p>The Department should control the quality of database management practices to assure their security, including against loss through human error or malicious action.</p>	<p>The Department's website appears on WZO's website, as a link. We are also working with WZO's website administrators to improve our traffic.</p> <p>The decision to build the Department's website on a separate domain was made when there were no Aliyah-promotion advertisements in French, Spanish, or Russian on WZO's website. WZO's Tenders Committee reviewed the issue and accepted the Department's position in this matter.</p>

Tamuz 5783
June 2023

J. Appendices

Appendix A – Yearly Planning Board in the Department Head's Office

לוח תכנון שנתי

יום	דצמ'	נוב'	אוק'	ספט'	אוג'	יולי	יוני	מאי	אפ'	מרץ	פב'	ינו'	יום
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2													2
3													3
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31													31

יולי
אוגוסט
ספטמבר
אוקטובר
נובמבר
דצמבר

Appendix B – Descriptive Report on Products from the Collaboration with Limud FSU



Limmud FSU International Foundation Inc.

16.11.2022
כ"ב חשוון ה'תשפ"ג

לכבוד:
גב' מרינה רוזנברג-קוריטני
ראש המחלקה לעידוד עליה
ההסתדרות הציונית העולמית

הנדון: דיווח מילולי – כנסי "לימוד FSU אוסטרליה"
6 וב-13 בנובמבר, 2022

לראשונה זה מספר שנים, התקיימו בחודש האחרון שני כנסי "לימוד FSU" באוסטרליה. הראשון שבהם התקיים בעיר סידני ביום ראשון, 6 בנובמבר, והשני ביום ראשון שלאחריו, 13 בנובמבר בעיר מלבורן. כל אחד מהכנסים התקיים במשך יום פעילות שלם, בהשתתפות של יותר מ-200 יהודים חברי הקהילה המקומית במגוון רחב של גילאים, בכל אחד מהם.

המשתתפים לקחו חלק בתכניות מקבילות של מבוגרים והן של ילדים. סך הכל התקיימו בכל אחד מהכנסים יותר מ-35 שנים על נושאים מגוונים ביותר, ובהם: הקשר והזיקה למדינת ישראל, מקורותיו של "הגבעתרון", חקר השואה לאחר נפילת חומת הברזל, סיוע לפליטים יהודים מאוקראינה באוסטרליה, ששן על תכניות "מסע" ו"תגלית", ששן של קרב מגע, אפיית חלה מיוחדת, ואף הופעה מיוחדת של זמר ושחקן ישראלי ידוע ממוצא רוסי – ולדימיר פרידמן, שהגיע לאירועים במיוחד מישראל, כמו גם מופע של הזמר הידוע ולדי בלייברג.

זאת ועוד, התקיימו במהלך שני הכנסים, הן בסידני והן במלבורן, אירועי פתיחה מיוחדים שכללו מופעי שירה וריקוד, כמו גם דברי ברכה, כמו גם ערבי גאלה מסכמים של האירוע, שהיוו את רגע השיא של האירועים. בין הדוברים והמברכים באירועי הגאלה נמנו בין היתר: שגריר ישראל באוסטרליה מר אמיר מימון, ראשת המחלקה לעידוד עליה בהסתדרות הציונית העולמית גב מרינה רוזנברג-קוריטני, חבר פרלמנט דיוויד סאוטוויק, נציג הפדרציה הציונית של אוסטרליה מר רון וייזר ועוד.

חשוב לציין, שבמהלך הכנס הוצג לוגו ההסתדרות הציונית בכל מיצגי ואזכורי התורמים של האירועים, לרבות התכנית המודפסת, הרולאפים ברחבי הכנסים, והן במצגות בערבי הגאלה בשתי הערים. בנוסף לכך, הוצגה במהלך הכנס תערוכה מיוחדת על המאבק האנטישמיות, שהופקה על ידי לימוד FSU בשיתוף ההסתדרות הציונית העולמית.

"לימוד FSU" מודה למחלקה לעידוד עליה בהסתדרות הציונית העולמית על העבודה המשותפת והפורה, ומברך על הצלחה המרובה של האירועים באוסטרליה!



נטשה צ'צ'יק

מנכ"ל
לימוד FSU

Response of the Chairman of the Zionist Executive to the Comptroller's Report on The Aliyah Promotion Department

In accordance with Section 18B to the Statutes of the Comptroller and the Control Office of the World Zionist Organization, the following is my response to the audit report concerning the Aliyah Promotion Department.

The report thoroughly covers the Department's routine operations, and reviews its core administrative challenges. These include: managing Department budgets, supplier contracts, personnel, operating procedures, intra-organization workflows, etc.

By nature, the Department must operate throughout the Jewish Diaspora, working in numerous languages and across diverse cultures to secure achievements and meet its goals. The Department's success can be seen in the end-result – the number of olim arriving in Israel each year. Even those who ultimately do not make Aliyah see the beautiful side of Israel thanks to the Department's efforts, and are given tools that will one day allow them to adjust more easily to life in Israel.

In my response to the report, I would like to note just a few of the Department's unique activities: 360 Hebrew-language ulpan classes for Aliyah candidates in the Diaspora, in 2022; the Geula project, training women towards leadership, Zionism, and promoting Aliyah; administering psychometric exams in select countries; and a real partnership with the Jewish Agency and the Ministry for Aliyah and Klitah through the joint PBC – Ofek Israeli.

Even so, this in-depth report is illuminating, and shows us where we can and should improve. I was pleased to see that the Department's response to the report was in keeping with this spirit.

On the one hand, the Department is expected to continue its existing operations, expand them, and include new and innovative initiatives to bring the Jewish People home. On the other, it is expected to take the report's findings and use them to improve and level up its organizational and administrative performance.

Allow me to quote from Binyamin Ze'ev Herzl who, in his book, *The Jewish State*, wrote:

“No man is strong or rich enough to relocate a nation from one place to another. Only an idea can do that. And indeed, the idea of the state has such power. Throughout their dark history, the Jews have never stopped dreaming of statehood – ‘Next year in Jerusalem’.

In closing, I would like to thank the Comptroller of the National Institutions and his staff for their professional work on the audit; my colleague on the Executive, Department Head, Mrs. Marina Rozenberg Kortiny; the Department Director, Mr. Alex Goldstein; and the rest of the Department's staff.

Your success is our success and the realization of the Zionist dream. Continue with this important task of promoting Aliyah!

(-) Yaakov Hagoel

Jerusalem, Av 5783
August 2023

**Social Activism, Tikkun Olam,
and Preservation of Zionist Heritage
Department**

Response of the Chairman of the Zionist Executive

Social Activism, Tikkun Olam, and Preservation of Zionist Heritage Department

1. Introduction

1.1. In accordance with its work plan, the Office of the Comptroller of the World Zionist Organization (“WZO”) examined WZO’s Department for Social Activism, Tikkun Olam, and Preservation of Zionist Heritage (“the Department”).

1.2. The audit examined the following workflows:

Part A:

- Routine management, work plan, and the Department’s budget.
- Department activities, conferences, and events.
- Follow-up on flaws identified in the previous audit report, of 2019.

Part B:

- The Central Zionist Archives – building renovation.

1.3. The audit took place in WZO’s offices in Jerusalem during November 2022 – January 2023. The audit period spanned from the 38th Zionist Congress (October 2020) through the end of 2022.

The audit included meetings and talks with the Department Head; Department Director; Secretary of the Zionist Executive; the management company for the Zionist Archives renovation

project; WZO Finance Division staff; and other staff as deemed necessary.

1.4. Objectives:

- A. Review the Department's work plan, targets, and subsequent performance.
- B. Review the Department's annual budget and its alignment with operations.
- C. Examine performance of activities, conferences, and events.
- D. Examine the Zionist Archives renovation project, including involvement in the renovation process, from the kick-off stage through to the audit date.
- E. Identify weaknesses in workflows and controls, and recommend improvements.

The audit focused on the Department's programs and conferences, and did not include the Zionist Archives' and Herzl Center's operations, except as concerns the Zionist Archives' renovation – see Part B to the report.

1.5. Key documents used in the audit:

- ◆ Work plans for 2021–2022.
- ◆ Department budget and performance reports for 2020–2022.
- ◆ WZO's organizational procedure entitled *Procurement Committee-Exempt Purchases* (Procedure 03.02.10).
- ◆ Documents related to the Mofet program's operations, including copies of program adverts; annual lists of participants; feedback from program participants.
- ◆ Documents related to the Movilim program's operations, including contract with the Kolot organization; participant names and functions; annual reviews and summaries of participant feedback.
- ◆ Documents concerning the collaboration with the Nahshonim organization, as part of the program serving Ethiopian

Israelis, including agreements signed in 2020–2022; list of participants; payment requests; and performance reports.

- ◆ Purchase orders, invoices, payment requests, performance reports, for a sample of purchases and contracts from 2021–2022.
- ◆ Engineering survey of the Zionist Archives’ building, as of December 2019.
- ◆ Minutes from Assets Committee, Tenders Committee, and internal meetings, as concerns planning and decision-making for the Archives’ renovation.
- ◆ Tendering documents for selecting the main contractor and systems contractor.
- ◆ Estimates and working papers comparing contractor price quotes.
- ◆ Additional documents received on demand.

1.6. Methods

- ◆ Meetings and talks with relevant WZO staff.
- ◆ Examining budget items and actual performance, in 2020–2022.
- ◆ Examining performance of Department activities, including sampling four major activities and two conferences from 2020–2022. Examination included decision-making, agreements with third parties, special contracts, and content alignment with Department goals.
- ◆ Examining the Department’s procurement workflows for its activities and conferences, including Collaborations Committee approval, compliance with contractual terms, and approval of payment requests.
- ◆ Tour of the Zionist Archives, including meetings with WZO’s Secretary General, staff from the renovation project’s management company, and additional staff as deemed necessary.
- ◆ Examining decision-making for the Archives’ renovation,

from the kick-off stage to current activities, including work plans and their impact on budget data.

- ◆ Examining contracts for the Archives' renovation project, from the contractor/service provider selection stage, through to approval of payment requests.
- ◆ Examining follow-up on flaws from the previous audit report, of 2019.
- ◆ Consolidating findings.
- ◆ Preparing the audit report, including conclusions and recommendations.

2. General

World Zionist Organization

The World Zionist Organization (“WZO”) was established by Binyamin Zeev Herzl at the First Zionist Congress, which took place in August 1897 in Basel, Switzerland. WZO was established to build a homeland for the Jewish People in Eretz Israel.

Today, following the 38th Zionist Congress of October 2020, WZO operates through 14 departments:

- Zionist Activities in the Diaspora
- Aliyah Promotion
- Education
- Zionist Enterprises
- **Social Activism and Tikkun Olam**
- Pioneering Youth and Future Generations
- Israel and Holocaust Commemoration
- Hebrew and Culture
- Organization and Israelis Abroad
- Fundraising and Community Relations
- Periphery Advancement and Diaspora Involvement
- Diaspora Religious Affairs
- Settlement Division

- Combatting Antisemitism and Diaspora Resilience.

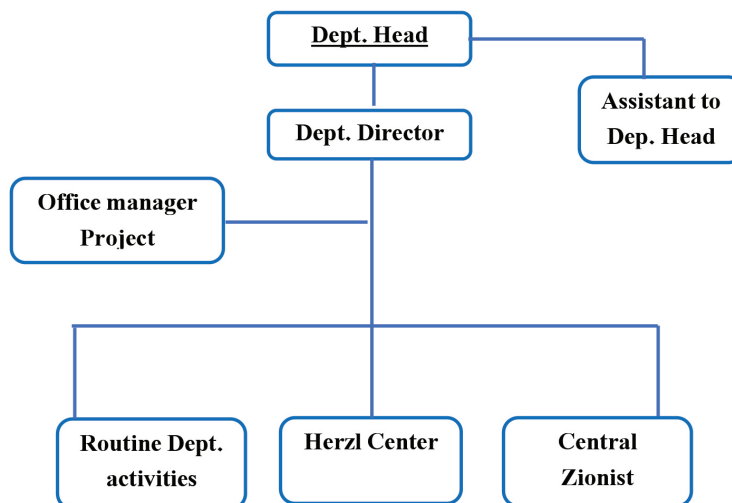
The Department for Social Activism and Tikkun Olam

As aforesaid, the Department was established following the 38th Zionist Congress of October 2020, and it follows in the footsteps of the Zionist Enterprises Department, which operated from 2015. The Department's goal is to develop social activism promoting social justice, equality, and tikkun olam. The Department has built a training network for social entrepreneurs, who are working on various social impact ventures, such as people with disabilities, Judaism and Zionism, environmentalism and sustainability, connecting Jewish communities with the broader community, etc.

The Department has also built programs for cultivating social leadership and promoting a model society, promoting equality between Jews and Arabs, promoting Bedouin society and pursuing equality regardless of religion, race, sex, etc.

In addition to the above, the Department is also responsible for the Central Zionist Archives and Herzl Center, which are outside the scope of this report (except for the renovation of the Central Zionist Archives building).

Organizational structure and personnel



The Department has 5 regular employees.

The Department's current organizational structure is as follows:

Part A – The Department

3. Department Routine Management

Department management

Principle and strategic decisions are made by the Department Head, and implemented by the Department Director who is responsible for the Department's daily management.

Goals and objectives

According to the Department's website, "The Department will hold activities that promote the ideas of tikkun olam, social justice and the development of social entrepreneurship, while aspiring to reduce disparities by bringing the periphery closer to the center and the promotion of tolerance, equality, and democracy in Israeli society".

Operating procedures

Except for procurement, WZO does not have any operating procedures. Thus, the Department likewise does not have internal operating procedures. Furthermore, the Department operates according to WZO's Finance Department's guidelines for approving payment requests. These guidelines include approving receipt of goods/services, signed written agreements, descriptive reports, fiscal performance reports, and branding reports.

Work plans

At the start of each year, the Department Director prepares work plans. These plans are presented, discussed, and approved by the Department Head.

The Department's work plans for 2021–2022 included various activities and conferences. Each activity is assigned an expected overall cost. Furthermore, plans refer to third-party partners for activities, and to

the collaboration agreements with these partners. It is noted that plans present the Department’s budget for activities, without mentioning budget data for the third parties’ share in such activities.

Department budget (according to WZO’s ledgers, in USD)

Year	Budget*	Utilization	Unused balance	% utilization
2020	1,061,500	934,534	126,966	88.04%
2021*	1,293,000	1,180,146	112,854	91.27%
2022**	1,375,670	1,113,009	262,661	80.91%

* Including unused balances from prior fiscal years.

** Performance data for 2022 – as of April 20, 2023.

Budget breakdown and alignment with activities

The Department’s activity budget is broken down into a ‘General, conferences, and tours’ basket item, and items for specific Department programs: Mofet, Tikkun Olam, Movilim - Local Government Leadership, etc.

Every program budget item comprises sub-items, detailing the program’s expected expense components, such as grants, speakers, refreshments, temporary workers, etc.

Budget and performance data for the Department’s activities (in USD)

Item	2020			2021			2022(3)		
	Budget	Actual	% used	Budget	Actual	% used	Budget	Actual	% used
Personnel and administration (1)	750,000	648,847	86.51%	893,000	815,816	91.36%	940,000	789,476	83.99%
General, conferences, and tours (2)	216,995	203,935	93.98%	85,000	90,313	106.3%	121,500	66,244	54.52%

Item	2020			2021			2022(3)		
	Budget	Actual	% used	Budget	Actual	% used	Budget	Actual	% used
Mofet	51,885	48,694	93.85%	57,965	32,016	55.23%	64,000	43,061	67.28%
Tikkun Olam	–	–	–	31,400	20,741	66.05%	43,000	41,340	96.14%
Social activism	–	–	–	119,485	118,452	99.14%	128,500	118,879	92.51%
Movilim	5,120	5,052	98.67%	63,250	62,674	99.09%	58,670	52,914	90.19%
LGBTQ unit	37,500	28,006	74.68%	42,900	40,134	93.55%	20,000	1,095	5.48%
Total activities	311,500	285,687	91.71%	400,000	364,330	91.08%	432,170	323,533	74.86%
Total	1,061,500	934,534	88.04%	1,293,000	1,180,146	91.27%	1,375,670	1,113,009	80.91%

- (1) The personnel and administration item mainly comprises inflexible costs, including salaries, company cars, office costs, etc.
- (2) The general, conferences, and tours item comprises budgets for the Holocaust Memorial Day event, Zionism and democracy conference, field trips, etc.
- (3) Actual performance data for 2022 – as of April 20, 2023.

In 2020, 2021, and 2022, 73%, 88%, and 83%, respectively, of the Department's actual expenses were from budgets not managed and/or only partially supervised by the Department. The budget included the following items: personnel and administration, social activism, local government leadership, and the LGBTQ unit.

Performance reports and activity reviews

The Department Director prepares an annual report reviewing the Department's activities. The annual review includes the interim reports prepared during the year by the Department staff and project managers for each program/conference.

The Office of the Comptroller examined the following

- **The Department’s administrative workflows, including decision-making and subsequent implementation – Propriety was found.**
- **Use of workplans – Propriety was found.**
- **Operating procedures – The Office of the Comptroller believes the lack of departmental operating procedures does not undermine the proper management of the Department’s activities.**
- **Annual budget building, and the budget’s management and actual utilization.**

Findings

3.1. Budget utilization through third party collaborations

The Office of the Comptroller found that more than 50% of the Department’s activity budget was expended through collaborations with third parties. On the one hand, these collaborations leverage the Department’s budgets and unlock additional audiences. On the other, they do not allow the Department to exercise full control on the utilization of its funds. The Department’s annual own-procurement expenses are minor in scope.

It is noted that most programs operated through collaborations, are actually carried out by the third party. This includes program conceptualization, supplier and service provider selection, actual program implementation, etc. Thus, the Department’s control over the utilization of its budget, and review of the third party’s bills is effectively non-binding. For example – the Department does not receive price quotes or invoices paid by the third party.

Payment requests received by the Department for the social activism program and for the Holocaust Memorial Day event included, at most, a report by the operator’s accountant and

a program performance report. For more on this matter, see Finding 4.3 – *Movilim*.

Recommendation

Increase the Department’s involvement in activities carried out by third parties, including decision-making, supplier and service selection, content curation, and receipt of detailed activity and fiscal reports and supporting documents. Formalize the Department’s involvement and supervision through the collaboration agreements.

Department’s response

We accept the Office of the Comptroller’s comments. It is noted that, in 2022 and 2023, we already scaled back the Department’s collaborations.

However, concerning the Movilim program operated in collaboration with Kolot, it should be clarified that the Department was fully involved in the program’s development and conceptualization, and the Department Head routinely participated in all group meetings in 2022.

The Department indeed does not receive price quotes and invoices, as the legal and fiscal practice is to supervise through an audited accounting report, a descriptive report, and a branding report. It should be noted that we adhere to this practice in full, and do not see a reason for the Department to escalate its requirements.

Office of the Comptroller’s remark

The aforesaid practice, as may be applied for all departments, does not allow supervision and control over activity budgets allocated to third party collaborations. Absurdly, the practice even fosters a certain distance between the Department and its activities. This includes lack of involvement in choosing the supplier, assuring that they carry out activities to the Department’s satisfaction, on-site involvement in activity performance, expense approval, etc.

As such, the Office of the Comptroller recommends updating the workflow and instructing departments to supervise collaborative budgets. Departments should approve third party reports before issuing payments, including a sample review of supplier invoices and confirming that activities were performed to their satisfaction.

3.2. Documenting decisions on budget changes

The Office of the Comptroller found that budget-changing decisions during the year stay at the Department level, even when material changes are made. For example – postponing the *Cooperative accelerator* sub-item, to the amount of USD 50,000 to the next year; or internal changes to the *Social activism* item at the expense of the *Tikkun Olam* item. These decisions are made without minutes documenting the circumstances for the change.

As of April 2023, an increased budget had not yet been received for 2023. However, the Department estimated that the *Cooperative accelerator* budget, which concerns a partnership with the Ministry of the Economy, would be transferred as a designated budget for 2023, while the Department would receive an additional USD 50,000 as surplus budget.

Furthermore, in 2021, the Department exceeded its tours budget by 6%, or USD 6,000. It is unclear whether the deviation was approved in advance by the Department's management and the Finance Department.

Recommendation

- **Adopt a procedure, at the overall WZO level to formalize budget-changes during the year, including what matters are at the departments' discretion, and what require managerial/Finance Department approval.**
- **Make sure to keep formal minutes documenting the circumstances behind material budget changes during an operating year, including postponing expenses to the next fiscal year. This is particularly true for projects**

playing a key role in the Department's operations and/or projects of material value.

Department's response

As concerns the cooperative accelerator, the Zionist Executive ultimately decided to approve the carry-over of balances up to a maximum of USD 160,000. Thus, the project's USD 50,000 are already included in the organizational carry-over decision. In any case, this was not a case of not utilizing 2022 budgets, due to the Ministry of the Economy's delay in signing the agreement.

As concerns the tours item in 2021 – Sometimes, towards the end of the year, we receive an influx of invoices for payment, and it no longer matters if funds are transferred from an item with available balances to an item that has gone over-budget, since the entire operating budget can be considered one single item in order to balance the budget for that outgoing year. In any case, the Department accepts the Office of the Comptroller's comment.

To the best of our understanding, there is a procedure governing budget changes during the year up to a certain amount.

4. Department Activities

The Department's work plan includes activities for social activism and tikkun olam, such as activities involving the Israeli Ethiopian community, the Mofet Social Accelerator, the Local Government Leadership program, and other one-off activities such as conferences on Zionism and democracy, Holocaust memorial event, and others.

Activities and conferences are developed according to the Department's annual work plans, and annual budget data. Discussions and decisions on budget and project work plans are approved by the Department Head, the Collaborations Committee (as applicable), and are presented to the Zionist Executive.

In 2020, the Department's overall budget for activities totaled USD

311 thousand, while in each of 2021 and 2022, the budget totaled USD 400 thousand.

The lower budget for 2020 was due to the 38th Zionist Congress. The Finance Department specified that activities not carried out by October 2020, and for which no commitments had been made towards third parties – would not be implemented.

Work plans

For each Department project, a work plan is prepared by the Department Director and the project manager responsible for its implementation. The plan is then approved by the Department Head. These plans include technical details, content, and the program's target audience.

Contracts with third parties

As aforesaid, most Department programs are carried out in collaboration with third parties, including non-profit organizations. The Department's management establishes the framework for the collaboration with the project partners, and WZO's Legal Department formalizes these clauses through a collaboration agreement. The agreement is then signed by the authorized signatories.

Collaboration agreements delineate the parties' responsibilities, establishing the partner organizations as the program operators, while WZO shares in the expenses subject to presentation of the necessary documents and expense records.

The Office of the Comptroller sampled four programs carried out in 2020–2022, and reviewed the program production process, from initial approval through to actual performance. The Office of the Comptroller also examined contracts and agreements under the sampled programs, and alignment of program curricula with the Department's goals.

The sampled programs were as follows

Mofet – Social Accelerator

A program for non-profit social ventures. The program provides

training for social entrepreneurs, who have an idea or venture for social impact, such as welfare, health, education, bridging social gaps, klitah, equality and democracy, etc.

The program launched in 2017, under the Department for Zionist Enterprises which operated until the 38th Zionist Congress in 2020, under the leadership of the Department Head and his team. As of the end of 2022, the program had run for 6 cycles, hosting some 100 ventures. The program runs for 4 months, and provides entrepreneurs with diverse tools such as work plan building, volunteer management, fiscal management, partner recruitment, working with municipal authorities, etc.

The program is advertised on social media, and among program alumni and their peers. In each program cycle, some 50 ventures apply, of which 40 are invited to an interview. At the end of the screening process, only 15–17 ventures are selected for the program.

Each entrepreneur is assigned a mentor for the duration of the program. Mentors are recruited on a volunteer basis. Mentor recruitment is based on prior acquaintance with the Department's staff. A professional mentor is sometimes recruited, specializing in entrepreneurship or having generally-applicable expertise, such as social media experience, etc.

Participation in the program is competitive – At the end of the program, each participant presents their venture to a committee of four people: the Department Head, an organizational representative, a member of the Executive, and a representative for the family donating part of the grant budget. The committee selects 4 ventures, based on their general impression and the venture's feasibility. The selected ventures receive a grant of NIS 15,000 each, which is transferred directly to the account of the organization/company through which the venture is carried out. In most cases, these are ad-hoc entities established specifically for these activities.

Furthermore, at the end of the program (after the 4 months are up), each participant receives a service bundle, including consultation time or website development services. Participants must submit invoices

and supporting documents to receive services and payments, as a requirement for utilizing the service bundle and reimbursement.

Participants of the social accelerator program complete a feedback questionnaire after each session, and at the end of the program.

Tikkun Olam

In 2021, the Department copied the Social Accelerator in Israel's model, and launched a similar program in two Diaspora communities – in Milan, Italy; and Buenos Aires, Argentina. The 2021 program operated under at a smaller scale of 7 participants. This was due to challenges in recruiting participants abroad, and due to late budget approval, in June 2021.

In 2022, the Department opened the program in Vienna, Austria; and Rio de Janeiro, Brazil. Each program hosted 20 participants. The program follows a similar format, with minor technical adaptations for third-sector activities in each specific city and country.

A local project coordinator was recruited in each country, who supports participant ventures, and serves as the Department's point of contact.

Activities with Ethiopian communities in Israel

The program began in 2018, and included a youth leadership course for teens in the Ethiopian community. In 2021, the leadership course opened its fourth cycle, with a nation-wide presence across four centers: Rehovot, Ashkelon, Holon, and Nahariya.

Each year, the program hosts some 100 teens in grades 10–12, who learn about their community's pioneering Zionist history, Israeli society today, and possible avenues for effecting social change. At the end of the program, participants receive guidance on follow-up activities, both in their own neighborhoods and communities, and through shnat sherut and meaningful IDF service.

Movilim Local Government Leadership – Building a Model Society

The program is run in partnership with the Kolot – Act Learn Activate

organization. This is a group study program for senior staff in local governments. The partnership began in 2019, and ended in 2022. To date, the program has run for two cycles, with 15 participants in each cycle. Studies focus on everyday issues encountered by participants, solving them through group discussions and references from Zionist history. The program was developed to increase diversity in Zionist and Jewish discourse on the municipal level when dealing with issues of leadership, management, and regional collaboration.

The Department issued an open call for the program, while working proactively to recruit mayors. The secondary audience is municipal CEOs, followed by salaried deputy mayors. Candidates wishing to attend the program are invited for a sample meeting, which simulates actual program sessions. They are then invited for personal interviews. Interviews are attended by the Department Head, a Kolot representative, and the program mediator.

As part of the program, participants visit New York for 8 days, during which they meet with the various Jewish streams in the US, municipal leaders in New York's City Hall, and learn about managing a liberal, open municipal authority.

The Office of the Comptroller also examined conference-related activities, as follows:

Two conferences were sampled, from 2021–2022. Examination included conference production activities, from the work plan approval stage and through to actual implementation.

The Office of the Comptroller examined price quotes received for 4 services that the Department procured for the Zionism and democracy conference, and actual agreements with the relevant service providers. No flaws were found in the procurement workflows as such.

The Office of the Comptroller also examined agreement documents and payment requests from Havatzelet organization, for operating the Holocaust memorial event.

Sampled conferences

Zionism and democracy conference, 2021

An online conference broadcast live on WZO's website and Facebook pages, in November 2021. The online format was due to the COVID pandemic. The conference focused on Zionism and democracy and issues of social dynamics and vision. The conference included interviews with politicians, academics, and leading media figures. Interview questions focused on the relationship between Zionism and democracy in Israel. The conference was fully-funded by the Department.

Holocaust memorial event, 2022

The Holocaust Memorial Day event was held in Yad Mordechai, a kibbutz founded by Holocaust survivors. The event included public figures and Holocaust survivors and their families. The event was produced by HaShomer HaTza'ir's Havatzelet organization, and its funding was supported by the Sha'ar HaNegev, Bnei Shim'on, Hof Ashkelon, and Eshkol regional councils. The Department covered 43% of the event's costs.

Budget and actual performance data for the sampled conferences, as recorded in the Department's ledger (in USD):

Conference	Budget	Actual
Zionism and Democracy, 2021	35,000	35,023
Holocaust Memorial, 2022	60,000	56,083

Findings

4.1. Mofet – Social Accelerator – speaker recruitment

In 6 program cycles over 6 years, speakers did not change between cycles. Agreements were not signed with speakers. Furthermore, they were selected toward the start of the first program cycle based on personal recommendations and based on prior acquaintance with the Department staff. The Department did not issue a formal call to a target audience

based on qualification requirements and pre-determined, equal-opportunity criteria.

It is noted that the Office of the Comptroller's recommendation in the prior audit report of 2019, was to establish qualification requirements and criteria for speaker recruitment.

A review of feedback received from the fifth program cycle found substantial dissatisfaction among participants with some of the talks (chosen at random) from the 12 talks that took place in the program. The Office of the Comptroller examined how participants scored the talks, on a scale of 1–5, with a score of 1–2 considered low and indicating dissatisfaction:

- A. In the feedback for 6 talks, 7 out of 25 participants on average indicated that the talk was irrelevant for them.
- B. In the feedback for 5 talks, 6 out of 25 participants on average indicated that the talk was not interesting.
- C. In the feedback for 3 talks, more than 5 out of 25 participants noted they would not recommend the speaker for the next program cycle.

Continued operation of the program with a team of speakers running for 6 years without substitution, even though they were chosen without a review process and without qualification criteria, and despite participants indicating that they are not sufficiently satisfied with the talks and the curriculum – undermines the program's efficiency, demand, and effectiveness.

Recommendations

- **Conduct a formal process for selecting speakers for the Mofet program, and do not continue working with speakers receiving low scores on feedback questionnaires, especially if such feedback was received more than once.**
- **Consult with WZO's Legal Counsel on the obligation to sign contracts with speakers.**
- **Each year, review each speaker's relevance for the program and cycle participants. Recruit speakers who**

will meet the needs of the target audience and the pool of ventures in the program.

Department’s response

Recommendations accepted.

4.2. Mofet – Social Accelerator – satisfaction with mentors

A review of feedback from the fifth program cycle indicated that 7 out of 25 participants gave the mentors a score of 1–2. Participants explained their score in that mentors were not actually available, and did not actually provide meaningful information. It is noted that the mentors, like the speakers, were also not selected through a formal process, did not sign agreements, and have been employed since the program’s first cycle.

Recommendations

- **Recruit mentors through a formal process based on clear qualifications and criteria, including an interview where candidates present, among other things, their experience advising entrepreneurs. Also consider mentor feedback scores.**
- **Consider options for compensating mentors in a way that would create an incentive for them to increase their availability to participants, to offer a more significant benefit to program participants.**

Department’s response

Recommendations accepted.

4.3. Local Government Leadership – Department involvement in program curricula

The program runs in partnership with Kolot association. The Office of the Comptroller found that the program is operated almost exclusively by Kolot – see Section 2 to the agreement, which states, “The association is responsible for performing

the following tasks: recruiting suitable personnel, advertising and marketing, public relations, program management, regular reporting to WZO's representative, budget management, curriculum expertise, steering committee, any other thing required for the project's success".

In other words, the Kolot performs all actions necessary for the program's operation. Upon inquiry as to the Department's involvement in the program, the Office of the Comptroller was told that the Department is involved in all communications with participants, including email correspondence.

It is noted that the partnership with Kolot was reviewed and approved by WZO's Collaborations Committee, which discussed, among other things, the curriculum and activities' alignment with the Department's goals. In practice, however, the association does not report to the Department on the curricula and study materials, nor does it submit a budget performance report and invoices. Instead, it only submits a payment request and accountant confirmation.

Recommendation

Amend the agreement with Kolot and/or similar entities with whom similar agreements may be signed in the future, and specifically define WZO's involvement in the project, in all its stages, including as concerns curricula and activity profiles.

Furthermore, when approving payment to Kolot, at the very least obtain performance reports noting the curricula and study materials conveyed in the program, and including a summary of topics discussed in meetings, along with expense reports and supporting documents.

Department's response

The recommendations are accepted, but no longer relevant. Due to disagreements with Kolot, we have terminated our work with them. The Department will develop a similar program

in-house. If a third-party partner becomes involved, this time the Department will retain full leadership.

4.4. Local Government Leadership – participant feedback

Feedback received from program participants in 2020–2021 indicates that participants were asked to specify which meetings during their trip to New York were not meaningful for them. 2 meetings were repeatedly mentioned as non-meaningful for participants, across both program cycles:

- A. History of the Jewish Community in New York – visit to the immigrant neighborhoods.
- B. Meeting with the director of the Kings Bay Y, serving the community of Russian-speaking Jews not affiliated with any particular Jewish stream.

Recommendation

Visits to New York in subsequent program cycles should offer other meetings instead of those which consistently scored poorly in both previous cycles.

Department’s response

Recommendation accepted.

4.5. Examination of payment requests

Upon examining 6 payment requests, the Office of the Comptroller found that, in both programs where the Department is involved in development and funding – Movilim and Social Impact with Ethiopian communities – the Department approves payment requests subject to Finance Department review. This review includes presentation of agreement documents, descriptive reports, fiscal performance reports, and branding reports (all presented to the Office of the Comptroller). These reviews do not include checking the curricula’s quality or alignment with the Department and WZO’s focus. The Department could perform these reviews before submitting the payment request to the Finance Department.

It is noted that these programs were approved by the WZO Collaborations Committee.

Recommendation

When approving payment requests for programs involving a third-party operator, obtain qualitative performance reports including actual program curricula. In other words, the Department should check and confirm curricula alignment with the Department and WZO’s focus.

Department’s response

Recommendation accepted.

4.6. Tikkun Olam

In 2021, various challenges arose in the program’s operation. Thus, the program that was planned for Buenos Aires in 2021, did not ultimately take place, and the program planned for Milan that same year was carried out in a limited format. According to the Department Director, the difficulties encountered with the program in 2021 were due to late approval of the annual budget, mistakes in local employee recruitments, and methods for recruiting Diaspora participants.

In 2022, the program ran in Vienna and Rio de Janeiro. In the Office of the Comptroller’s understanding, the Department does not receive feedback from Tikkun Olam program participants. It is noted that receipt of feedback from program participants and operators, as common in other Department programs, is a material part of the organizational learning and improvement process. This is particularly true for a global program, and especially if it encountered difficulties in its initial stages.

Recommendation

Obtain feedback from Tikkun Olam program participants and operators, as part of the program’s roll-out in Jewish communities worldwide, and familiarization with local needs and operating methods.

Department's response

The recommendation is accepted, and will already be applied in the 2023 program.

4.7. **Setting quantitative targets for service providers**

Examination of price quotes from 4 service providers as part of the Zionism and democracy conference and its associated agreements, found that the agreement for content distribution services did not include measurable targets, but rather general tasks such as publishing opinion articles, publication of news articles to promote the conference, issuing quotes and press releases during the conference, issuing press releases at the end of the conference. It is not possible to compare quotes received for these activities to make sure that the most beneficial offer was chosen.

It is noted that this was an online conference whose public exposure was solely through digital media. Upon examination, it is unclear whether the rendered services met the Department's needs.

Recommendation

When purchasing services, agree on quantifiable and measurable targets. Such figures would facilitate comparison of different quotes, and allow the Department to choose the quote which best meets the Department's needs.

Departments' response

Recommendation accepted.

Part B – Renovation of the Central Zionist Archives Building

5. Introduction

The Central Zionist Archives is an institution of the World Zionist Organization, and its status was determined by resolutions passed in the 24th and 26th Zionist Congresses (1956 and 1965, respectively).

The Archives serve as a historic repository for the World Zionist Organization, the Jewish Agency, KKL-JNF, Keren HaYesod-UIA, and the World Jewish Congress. It also holds the archives of organizations and institutions from the Jewish settlement in Israel, and some 1,500 personal archives, including those of Zionist leaders.

The Archives hold millions of documents and images. Their primary purpose is to collect, document, preserve, expose, and allow public access to the archival material of the Zionist movement.

The Archives building was built in 1985. It is located at the entrance to the city in the area that includes the government district, and adjacent to the International Convention Center Jerusalem.

6. Archives' Building Renovation Plan

Over the years, the Archives' building had deteriorated. In fact, for many years now it has been unsuitable for properly and professionally storing the archived materials, at current archival standards.

Due to budget considerations, the Archives' renovation project had been postponed for years.

The new 'Jerusalem Gate' project for the city's entrance, which included the Archives' building, necessitated significant changes to the existing structure, including relocating its main entrance to another floor. Thus, the Jerusalem Gate project served as a catalyst to finally set the Archives' renovation in motion.

Initially, in July 2019, an engineering survey report was filed for the

existing structure. The survey sought to “Examine the building’s physical condition, its infrastructure, and existing electro-mechanical systems, to understand the current status in order to identify issues needing intervention due to aging and natural wear on the building. Furthermore, to assess the building in light of changes in building and planning codes, standards, and municipal requirements”.

The survey was coordinated with the Archives’ management, which also helped develop an overall plan for the renovated building which included display rooms, an auditorium, and more. The survey was carried out by several consultants, and overseen by a construction management company (which is named on the cover as the entity submitting the survey). The consultants who performed the survey came from various disciplines, including a structural designer; a building conservation expert; an HVAC systems designer; electrical systems designer; a plumbing systems designer; a safety consultant; a building reinforcement consultant; an acoustics consultant; a building sealing and waterproofing consultant; an accessibility consultant (the construction consultants company accessibility officer). All these individuals submitted their respective opinions, which were included in the filed report.

Plans were discussed several times by the Assets Committee, from both a design and financing perspective.

Following the survey, several renovation options were presented. Once the preferred renovation option was chosen, it was decided to issue a tender. The decision was made by a special-purpose WZO tenders committee (comprising the Secretary General, the Director General, the Finance Department Director, the Department Director who served as an observer, and together with the legal counsel and the management and supervision company which handles tenders related to this project).

Timelines

From the preliminary survey stage, to the start-of-work order, the timeline for the Archives’ planned renovation was as follows:

Date	Details
Dec. 2019	Receipt of the construction company's engineering survey report
Jul. 2021	Start of Phase 1 – pre-screening tender
Aug. 2021	Phase 1 – bidding
Oct. 2021	Phase 1 – contractor tour
Dec. 2021	Phase 1 – Tenders Committee
Jan. 2022	Phase 1 – response to contractor questions
Jan. 2022	Start of Phase 2 – contractor selection tender
Jan. 2022	Contractor tour
Mar. 2022	Initial analysis of bids
Following the Tenders Committee's decision, the renovation was suspended until October 2022 (*)	
On October 3, 2022, the Tenders Committee decided to resume the process.	
Oct. 2022	Bid validation with general contractor and systems contractors
Oct. 2022 – Jan. 2023	Final negotiations with general contractor
Mar.–Jun. 2023	Preparations for signing agreements and start-of-work order

(*) The decision to suspend the process was due to major gaps between the estimate and the submitted bids, and the time required to clarify these differences.

7. Fiscal Performance

As of current, overall expenses recorded for the project in WZO's books, from 2019 through 2023, amounted to NIS 5.2 million. Most of this amount was paid to the construction management company.

Fiscal performance for the approved budget, estimates and approved contractor quotes was as follows:

Item	Approved budget Dec. 2019	Tendering estimate Jul. 2021	Revised estimate Nov. 2022	Approved contractor quote Feb. 2022
General contractor	8,252,450	13,677,313	14,484,873	13,192,051
Systems contractor	5,256,800	7,478,691	9,737,740	9,813,391
Other (**)	3,358,550	4,279,718	3,878,420	–
Total	16,867,800	25,435,722	28,101,033	23,005,442

(**) Lighting elements, aluminum formwork, storage, and shelving. Quotes have not yet been received for these items. It is noted that NIS 2.5 million from the budget allocated for these items were designated as optional.

The above fiscal data do not include VAT. They also do not include estimated unforeseen costs (estimated at 20% of the project cost), nor do they include estimated planning, management, and supervision costs amounting to an additional 20%. Furthermore, contractor quotes are index-linked. Thus, the total estimate is NIS 46 million, before linkage to the construction cost index.

The Office of the Comptroller examined decision-making in the project, from the kick-off stage and through to the audit date. This included renovation plans as presented and approved. Examination also included budgets allocated to the project, and actual budget performance. Finally, the Office of the Comptroller examined contracting workflows with contractors and suppliers in the renovation project.

Findings

7.1. Archive renovation budget

- The initial budget, built in December 2019 by the project manager and experts after the engineering survey was completed, stood at NIS 8.3 million for the general contractor, and NIS 5.3 million for the systems contractor. An additional budget was built for other actions, and the

overall budget total reached NIS 16.9 million (before VAT, consultant fees, and unforeseen expenses). This budget was approved in the Assets Committee meeting of March 2021, which noted that available funding stood at NIS 21 million (which would not cover both VAT and the other aforementioned costs). In practice, this budget turned out not to be realistic, as these items were estimated at NIS 25.4 million (before VAT, consultant fees, and unforeseen expenses) when issuing the tenders, in July 2021. It is unclear how a budget was built which was 50% lower than the tender estimate.

- Under these circumstances, the budget **does not serve as the basis** for managing the project, and is effectively meaningless.
- The Assets Committee meeting of October 13, 2022 approved a deviation from the original budget, after it was set at NIS 29.3 million in light of the additional VAT and consultant fee costs, by an additional NIS 17 million. This brought the overall budget up to NIS 46 million. This budget is still not final, as cost increases and linkage to the construction cost index have yet to be taken into account.
- In light of the fact that the process was suspended due to the numerous budget deviations and failure to secure funding, but was then resumed after several months, it is unclear whether sources of funding have been secured for the current known cost, which currently exceeds NIS 46 million and is certain to go even higher.
- The Office of the Comptroller believes the initial estimate was unrealistic; its revision was greatly delayed; the results caught WZO's management by surprise; and so fundraising efforts were not made in time. This led to the project's delay and temporary suspension.
- In this context, it is noted that, in the Tenders Committee meeting of March 2021 (before issuing the tenders), it was mentioned that the project is expected to be completed in

October 2022. In practice, as of today, the current schedule calls for the start-of-work order to be issued in the end of July 2023.

Recommendations

- **Take immediate action to fully earmark the budget for the project, based on contractor price quotes. Earmarked funds should include unforeseen expenses; planning, management, and supervision fees; VAT; and expected cost increases.**
- **Build a Gantt chart through to the project's completion and track its progress monthly, including funding-related issues.**
- **Consider all relevant factors when starting projects with large-scale budgets, even if budgets have not been fully ear-marked. At the same time, it is possible to sign an agreement with the contractor which would include a project suspension milestone when the budget is depleted, in a manner that would not harm the project's overall implementation.**

WZO Secretary General's response

The first recommendation is accepted.

As the Office of the Comptroller notes, after receiving the contractors' bids, several months were required to prepare for the budgetary challenge. It was only once the Assets Committee was satisfied that funding options could cover the budget gaps, that the green light was given to proceed.

A detailed budget was prepared for the project, which was thoroughly reviewed by the Assets Committee. These discussions were also attended by the Department Head and the Archives' Director, and decisions took their positions into account.

7.2. Decision-making forum

WZO has two forums involved in the project – there's the Assets Committee, which is a general WZO committee, and there's the Tenders Committee, which occasionally convenes ad-hoc specifically for this project. The Office of the Comptroller believes the Department, who is organizationally responsible for the Zionist Archives, is not sufficiently involved. The Department Head sits on the Assets Committee, and the Department Director is an observer on Tenders Committee meetings.

Other than that, the Office of the Comptroller did not find any executive forum for the project. Since this is a large-scale and complicated project, both in terms of budget and implementation, and in light of its significant impact on the Department's operations, the Office of the Comptroller believes that WZO should have convened a dedicated team, where the department responsible for the Archives could have significant involvement.

Recommendation

Assemble and authorize a dedicated team to serve as an executive forum for the project. The team should comprise the supervising company, a representative from WZO's Executive, the Department's management, and the Archives' Director or his deputy. The forum should convene at a preset frequency and under specified circumstances. Minutes should be kept of its discussions, and a follow-up made on its decisions.

Department Head's response

The project was supposed to have been managed through the Department, both due to its official responsibility for the Zionist Archives, and due to its proven administrative capabilities. I believe the Department Head should head the team recommended in this report.

7.3. Delay in tendering activities

A review of the project timeline indicates that, in 2022, tendering activities were delayed for about six months. The reason for the project's suspension is unclear. The delay increased costs due to higher supplier quotes (which were linked to indexes) by NIS 2.7 million (before VAT and planning, management, and supervision fees; total increase – NIS 4.4 million).

Recommendation

Avoid delaying tendering activities, including tendering activities for other procurement such as lighting elements or aluminum formwork. Thus, WZO will minimize its exposure to price increases and changes in supplier price quotes.

WZO Secretary General's response

Cost differences between planning estimates and contractor quotes necessitated an in-depth review and actions to secure the necessary budget.

This is a complex project (from an engineering standpoint) which involves numerous systems: electricity and Archives-specific HVAC systems, fire extinguishing systems that are also tailored to the Archives' unique challenges, etc.

Furthermore, response to the tender by potential bidders was low.

We received quotes for aluminum formwork. However, since the budgetary sources have not yet been secured, no contract has been signed.

7.4. Project manager recruitment

The construction management company was chosen to manage and supervise the project.

Documents received concerning the company's selection process indicate that no competitive bidding process took place specifically for this project. In May 2018, the Tenders

Committee was shown two hourly-based quotes, and the lower of the two was chosen, noting that the professional framework for the chosen supplier was better than the competitor's. The documents indicate that the bidder provides WZO with services in other projects, which paved the way for their selection in this project without a formal tendering process.

It is emphasized that **no hourly framework was established for this contract, and so the overall value of the contract – estimated in the millions of shekels – is unknown.** In this context it is noted that, in practice and to date, the cumulative value of the contract has reached NIS 5 million over recent years, and the project is still in its initial stages.

Recommendations

- **Review the project manager and supervisor's selection process.**
- **Make sure to implement suitable competitive bidding processes for such material contracts estimated in the millions of shekels, even if the Mandatory Tendering Law does not apply to WZO.**

WZO Secretary General's response

The construction management company is involved in several WZO projects. We reviewed quotes for professional support for all WZO activities, and in 2018 we requested ongoing consultancy services in various matters and ongoing and future projects, noting that infrastructure and construction works may be needed in the Zionist Archives as well. Bidders were requested to take into account management, planning, and supervision services for these works as well.

The Tenders Committee decided to contract with the construction management company at an hourly rate. The engagement continues according to the progress of the projects and the need for construction management company services.

Even if we are not subject to the Mandatory Tendering Law,

we are committed to operating efficiently and in a way that minimizes costs and risk. The Office of the Comptroller’s recommendation to review the contracting process will be reconsidered soon, in accordance with the Tenders Committee’s instructions of October 2022.

Department Head’s response

I accept and support the Office of the Comptroller’s recommendation.

Appendix – Follow-up on recommendations from the 2019 Comptroller’s report on the Department for Zionist Enterprises

Following the 38th Zionist Congress, in October 2020, changes were made to WZO’s departmental structure. Due to these changes, the Department’s current operations do not include activities involving Hagshama movements, the Bialik Institute, or the Spielberg Archives. Therefore, this chapter will only present some of the previous audit report’s recommendations, which apply to the Department’s operations today.

Chapter	Findings	Recommendations	2023 follow-up
3	Under-performance of Department activities	Record all non-performed activities from the 2017–2018 work plans. Check whether they are still relevant and can be carried out in 2019 or 2020, subject to suitable budgeting. <u>Department’s response</u> Accepted.	Partially implemented. In 2022, unused balances from activities totaled USD 100,000. Of these, USD 50,000 will be transferred as designated funds for the agreement with the Economy Ministry in 2023.

Chapter	Findings	Recommendations	2023 follow-up
6	<p>Approval of payment to Daroma Ltd.</p>	<p>Establish a procedure for transferring payments to third parties when funding joint ventures, including reporting and documentation requirements for operational partners, requirements to sample contracts and invoices for claimed expenses, and supervision and control over actual implementation.</p> <p><i>Department's response</i> <i>Accepted. However, payment was made in accordance with the Finance Department's procedure.</i></p>	<p>Partially implemented.</p> <p>The Dept. is complying with Finance Dept. requirements (submitting agreement documents, performance reports, descriptive reports, and branding reports), and the organizational procedure on Procurement Committee-exempt purchases, which also specifies workflows for approving third party partnerships. See Finding 4.5</p>

Chapter	Findings	Recommendations	2023 follow-up
	<p>Recruiting speakers for the social accelerator</p>	<ul style="list-style-type: none"> • Set minimum requirements for speakers appearing before Department programs. <p><u>Department’s response</u></p> <p>Accepted.</p> <ul style="list-style-type: none"> • Set a format for work plans submitted by potential speakers. The format should include the speaker’s name and experience, tasks and objectives, material to be covered in the talk, a detailed schedule, and follow-up tasks for increasing information retention. <p><u>Department’s response</u></p> <p>We aim to bring the best speakers in their field. We also require them to provide an outline of their talk to align expectations. We believe that it is not possible to force speakers to conform to a uniform Department-dictated format. This will only deter the better speakers, and we would have to make do with less impactful speakers.</p>	<p>Not implemented.</p> <p>Speaker recruitment was done in the past based on acquaintance, referrals, and alumni feedback. No new speakers have been recruited since.</p>

Chapter	Findings	Recommendations	2023 follow-up
	<p>Participant feedback from the social accelerator</p>	<p>Although the program has only been running for two years, re-examine the list of speakers in light of the findings indicating that one third of participants noted that they did not acquire important tools, skills or theoretical knowledge, or acquired them only very partially.</p> <p><u>Department's response</u></p> <p>Accepted. Between programs, we replace speakers who received low feedback forms.</p> <ul style="list-style-type: none"> • Require speakers to devote part of their session to practical exercises of the material, including exercise tasks to be completed by participants independently or in groups. Receive feedback from speakers on applying the material learned by program participants. <p><u>Department's response</u></p> <p>Accepted. Will be considered according to the group's requirements in each class.</p>	<p>No new speakers have been recruited, including replacement of speakers who scored poorly on feedback forms. Thus, no weight is given to current speakers' scores on feedback forms.</p>

Summary of Recommendations

Chapter	Title	Recommendation
3.1	Third party collaborations	Increase the Department's involvement in activities carried out by third parties, including decision-making, supplier and service selection, content curation, and receipt of detailed activity and fiscal reports and supporting documents. Formalize the Department's involvement and supervision through the collaboration agreements.
3.2	Budget changes	<ul style="list-style-type: none"> ▪ Adopt a procedure, at the overall WZO level to formalize budget-changes during the year, including what matters are at the departments' discretion, and what require managerial/Finance Department approval. ▪ Make sure to keep formal minutes documenting the circumstances behind material budget changes during an operating year, including postponing expenses to the next fiscal year. This is particularly true for projects playing a key role in the Department's operations and/or projects of material value.
4.1	Speaker recruitment	<ul style="list-style-type: none"> ▪ Conduct a formal process for selecting speakers for the Mofet program, and do not continue working with speakers receiving low scores on feedback questionnaires, especially if such feedback was received more than once. ▪ Consult with WZO's Legal Counsel on the obligation to sign contracts with speakers. ▪ Each year, review each speaker's relevance for the program and cycle participants. Recruit speakers who will meet the needs of the target audience and the pool of ventures in the program.
4.2	Satisfaction with mentor performance	<ul style="list-style-type: none"> ▪ Recruit mentors through a formal process based on clear qualifications and criteria, including an interview where candidates present, among other things, their experience advising entrepreneurs. Also consider mentor feedback scores. ▪ Consider options for compensating mentors in a way that would create an incentive for them to increase their availability to participants, to offer a more significant benefit to program participants.

Chapter	Title	Recommendation
4.3	Department involvement in Movilim program curricula	Amend the agreement with Kolot and/or similar organizations with whom similar agreements may be signed in the future, and specifically define WZO's involvement in the project, in all its stages, including as concerns curricula and activity profiles. Furthermore, when approving payment to Kolot, at the very least obtain performance reports noting the curricula and study materials conveyed in the program, and including a summary of topics discussed in meetings, along with expense reports and supporting documents.
4.4	Movilim program – feedback	Visits to New York in subsequent program cycles should offer other meetings instead of those which consistently scored poorly in both previous cycles.
4.5	Review of payment requests	When approving payment requests for programs involving a third-party operator, obtain qualitative performance reports including actual program curricula. In other words, the Department should check and confirm curricula alignment with the Department and WZO's focus.
4.6	Tikkun Olam program	Obtain feedback from Tikkun Olam program participants and operators, as part of the program's roll-out in Jewish communities worldwide, and familiarization with local needs and operating methods.
4.7	Quantitative service provider targets	When purchasing services, agree on quantifiable and measurable targets. Such figures would facilitate comparison of different quotes, and allow the Department to choose the quote which best meets the Department's needs.

Chapter	Title	Recommendation
5.1	Zionist Archives renovation budget	<ul style="list-style-type: none"> ▪ Take immediate action to fully earmark the budget for the project, based on contractor price quotes. Earmarked funds should include unforeseen expenses; planning, management, and supervision fees; VAT; and expected cost increases. ▪ Build a Gantt chart through to the project's completion and track its progress monthly, including funding-related issues. ▪ Consider all relevant factors when starting projects with large-scale budgets, even if budgets have not been fully ear-marked. At the same time, it is possible to sign an agreement with the contractor which would include a project suspension milestone when the budget is depleted, in a manner that would not harm the project's overall implementation.
5.2	Archives renovation – executive forum	Assemble and authorize a dedicated team to serve as an executive forum for the project. The team should comprise the supervising company, a representative from WZO's Executive, the Department's management, and the Archives' Director or his deputy. The forum should convene at a preset frequency and under specified circumstances. Minutes should be kept of its discussions, and a follow-up made on its decisions.
5.3	Delays in tendering processes	Avoid delaying tendering activities, including tendering activities for other procurement such as lighting elements or aluminum form-work. Thus, WZO will minimize its exposure to price increases and changes in supplier price quotes.
5.4	Project manager recruitment	<ul style="list-style-type: none"> ▪ Review the project manager and supervisor's selection process. ▪ Make sure to implement suitable competitive bidding processes for such material contracts estimated in the millions of shekels, even if the Mandatory Tendering Law does not apply to WZO.

Elul 5783

August 2023

**Response of the Chairman of the Zionist Executive
to the Comptroller's Report on
The Social Activism, Tikkun Olam,
and Preservation of Zionist Heritage Department**

In accordance with Section 18B to the Statutes of the Comptroller and the Control Office of the World Zionist Organization, the following is my response to the report concerning the Social Activism, Tikkun Olam, and Preservation of Zionist Heritage Department.

In its first part, the report presents routine management practices, the Department's work plan and budget, its operations, conferences and events, and follow-up on flaws from the previous report of 2019. In its second part, it focuses on the Central Zionist Archives – renovation of the Archives building.

The Department's goal is to nurture social activism that promotes social justice, equality, and tikkun olam. The Department has built a training network for social entrepreneurs, who are developing projects in diverse fields such as: people with disabilities, Judaism and Zionism, environment and sustainability, connecting Jewish communities with broader communities, etc.

The audit goals presented in the report included: reviewing work plans; the Department's goals and alignment with such goals; reviewing the annual budget and its alignment with the Department's operations; examination the implementation of Department activities, conferences, and events; examining the Zionist Archives renovation project, including involvement in the renovation from the initiation stage and through to the audit date; identifying weaknesses in workflows and controls, and recommending improvements.

The thorough audit is enlightening and highlights where we can and should improve, and thus I was pleased with the Department's professionalism in responding to the audit report.

In closing, I would like to thank the Comptroller of the National Institutions, Steven G. Stav, and his team for their professional work on the audit, and Mr. Avishai Mahla, CPA, of Lion, Orlitzky & Co. CPAs, who prepared the audit. I would also like to thank my colleague on the Executive, Department Head, Mr. Doron Morag; the Department Director, Mr. Dor Zvikelsky; and the rest of the Department staff.

(-) Yaakov Hagoel

Jerusalem, Tevet 5784
December 2023

Subsidiary Management

Response of the Chairman of the Zionist Executive

Subsidiary Management

1. Objective

As detailed in the Companies Handbook, that was made by The Comptroller's Office but is not enclosed to this report, The World Zionist Organization ("WZO") holds shares in 15 private companies and public-benefit companies ("PBCs"), 2 charities, 2 overseas companies, and maintains marginal holdings or rights in another 5 private companies (all jointly – "**the Subsidiaries**") (This information was received from the Companies Report published by the World Zionist Organization in 2018, as detailed below).

A current status report on WZO's holdings in some of the Subsidiaries is presented in the *Zionist Organization Companies Handbook* ("**the Companies Handbook**").

As a shareholder or rights-holder in the Subsidiaries, WZO is subject, among other things, to certain statutory obligations.

This report aims to examine, based on the information available to the Office of the Comptroller, WZO's management of said Subsidiaries. Based on this review, the report makes general recommendations to assure proper management of the Subsidiaries by WZO, in its capacity as shareholder or rights-holder in said Subsidiaries.

This report does not apply to overseas companies in which WZO maintains holdings, nor does it apply to charities in which WZO maintains rights.

It is emphasized that, in most cases, the rules applicable to PBCs are equal to those applicable to charities as concerns WZO's conduct.

Clarification

This report refers to provisions prescribed by the Companies Law, 1999 (“the Companies Law”).

This report does not encompass and/or exhaust and/or summarize all statutory provisions, including in matters concerning the Subsidiaries’ bylaws or statutory provisions applicable to all companies.

Each individual company must be examined as per its respective legal and financial status, operational focus, and its decisions over the years.

2. General Introduction

a. Subsidiary management

As indicated by this report, WZO’s role as shareholder and rights-holder in its Subsidiaries is multi-faceted and carries numerous responsibilities and ongoing tasks. Proper management by WZO of its many Subsidiaries requires organization, a current database, legal and commercial expertise, support and advice from corporate experts, and supporting back-office infrastructure.

The Subsidiaries’ management is carried out and supervised exclusively by WZO’s Secretary General.

b. Types of holdings

WZO holds shares or rights in different types of companies, and at different holding rates. In some Subsidiaries, WZO holds 100% of the shares, while in others – a negligible minority of shares. Furthermore, WZO also holds rights in various charities.

In some Subsidiaries, it holds rights to appoint board members, while in others its holdings carry other rights and obligations.

WZO’s Subsidiary management activities require mapping out its rights in the various Subsidiaries, and communicating this rights profile to the Executive.

The guiding principles in this report refer to those Subsidiaries in which WZO holds all rights (and obligations) as controlling shareholder or as a corporate shareholder in the company. WZO must determine the level of involvement required in those Subsidiaries where it does not hold control or in which it has marginal holdings.

c. Operating procedures

In order to execute on WZO's duties as shareholder and rights-holder in the Subsidiaries, it must establish detailed operating procedures which dictate how it will carry out its duties.

It must establish procedures and powers for all roles: managing general meetings in the Subsidiaries, rules for appointing board members acting on WZO's behalf, deciding on the correct course of action for 'delinquent' companies, methods for applying ongoing control over Subsidiary operations, and all other matters related to WZO's role as shareholder.

Benchmarks

In order to obtain a comparative viewpoint, the Office of the Comptroller took example from the Jewish Agency for Israel's Companies Authority. The Jewish Agency Companies Authority (as shareholder or representative or partner to other shareholders) manages more than 100 subsidiaries of a diverse profile.

The Office of the Comptroller also met with the staff of the companies bureau of one of the major cities in Israel, which manages some 20 municipal subsidiaries. The bureau's staff presented, at length and with full disclosure, its objectives and operating methods, and shared their internal operating procedures.

As an additional aid, the Office of the Comptroller used Chapter 7 to the Government Companies Law, 1975 ("the Government Companies Law"), which deals with the Government Companies Authority. Special attention was given to Section

54 of said Law, which dictates the Government Companies Authority's functions.

Recommendations

- **Due to the complex nature of corporate management, the Office of the Comptroller recommends upsizing WZO's Subsidiary management staff. Staff should perform Subsidiary management duties as detailed in this report, while employing, as needed, suitable experts.**
- **Subsidiaries should be managed through a suitable database, to facilitate routine management and supervision.**
- **WZO should map its holdings in its various Subsidiaries, and decide how to work with each company based on the level of involvement required of it as shareholder in that company.**
- **WZO should establish detailed operating procedures and powers for all Subsidiary management functions, as detailed in this report.**
- **WZO's Executive should receive a detailed annual report on its holdings and on the status of its Subsidiaries and any changes that occurred during the year.**

3. Status of Shareholders

a. Shareholder status - general

A share is an investment unit granting its holder a range of rights as specified in the company's bylaws and applicable laws. These rights usually include the right to vote in general meeting, the right to dividends, the right to appoint executives, etc.

A company's bylaws (for more details, see Section 3 below) represent a contract between the shareholders themselves, and between the company and its shareholders. In other words, they

specify a shareholder's duties incurred through their holdings in the company, as well as duties arising from the interrelations between shareholders themselves. Thus, controlling shareholders in a company have increased obligations toward the company and toward the other shareholders.

A company may establish different classes of shares assigning special rights. For example: management shares, granting specific voting rights when electing or being elected for management positions; senior shares, granting special rights to dividends; golden shares, granting veto powers; etc. Shareholders of a given class have equal rights, as granted by each share.

Companies must maintain a registry of its shareholders (their details, number of shares held, share classes, allocation date, etc.). In general, shareholders are those people listed in the shareholder registry.¹

b. Key shareholder rights

Subject to a company's bylaws, the share class and the voting rights assigned to the shares, one of the key rights held by shareholders is the right to participate and vote in general meetings.

Another shareholder right is the right to receive dividends in accordance with the rights assigned to the share, if and when the company decides to distribute dividends (rules differ for PBCs, which do not distribute dividends).

Another right granted to shareholders is the right to receive

1 The shareholder registry is the new format for the members book, referred to in the Companies Ordinance as the "Shareholders Book". Section 271 to the Companies Law states, "A company will maintain a shareholder registry". Its purpose is to inform the company, its shareholders, creditors, and the public of the shareholders' identity and their details. The shareholder registry is a document which is available for public viewing under Section 291 to the Law, and the right to view the registry is not subject to any payment (from *Corporate Law*, Hadara Bar-Mor, Vol. 2, Part 3, Open University Press, 2007).

and review documents, including: minutes of general meetings; the shareholder registry; bylaws; financial statements; any document which the company is required to file by law with the Companies Registrar or the Israel Securities Authority. Shareholders may require the company to allow them to review documents concerning actions or transactions requiring approval in general meeting (mainly interested party transactions or transactions with officers, including board members and related entities). Shareholders may also demand to review documents concerning decisions in matters on the general meeting's agenda.

Companies may refuse to provide documents if the request to receive them was not made in good faith, or if the documents contain commercial secrets or patents whose disclosure may be otherwise detrimental to the company.

c. Shareholder duties and powers

The shareholders' main duty is to hold the general meeting (for more information on the shareholders' functions in the general meeting and conduct of general meetings – see Chapter 4). The general meeting and the shareholders are not the company's executive body, and the general meeting's powers must be distinguished from those of the board of directors, which is a company's executive body. Except in rare cases, general meetings cannot overstep their authority. Should, in its supervisory roles, the general meeting find flaws in a board of directors' operation, it has the right and the ability to replace the board's members (but usually not to do the board's work in its stead).

Shareholders (in contrast to board members) may sign voting agreements, subject to their obligation to act in good faith, in the customary manner, and fairly.

Minutes must be kept of the proceedings in general meetings. These minutes must be kept in the company's registered office for a period of seven years from the meeting date. The chair of

the general meeting must sign these minutes, after which they constitute prima facie evidence for their contents.

d. Shareholder liability

In certain cases, WZO may be liable for the actions of its Subsidiaries, as in certain cases it is possible to assign liability to shareholders.

The logic for imposing liability on shareholders, which goes against the idea of a corporation being a separate legal entity from its shareholders, is that shareholders benefit from a company's activity, and so must be liable for it as well. Furthermore, if a shareholder wishes not to incur liability, they are given tools to supervise the company's conduct, e.g. – by dismissing officers who have failed in their duties.

Shareholders in general, and controlling shareholders in particular, are obligated to exercise their rights and perform their duties – both towards the company and towards the other shareholders. They are obligated to act in good faith and in customary manners, in fairness, and are prohibited from discriminating against the minority and abusing their power in the company. The duty of fairness stems from the duty to act in good faith, and shareholders must not abuse their power or exploit opportunities. Shareholders who fail to meet these obligations incur liability.

More so, violating the duty of fairness is also grounds for a contractual claim against the violating shareholder. If discriminating against other shareholders, the court (at a shareholder's request) may issue suitable injunctions to rectify such discrimination, including ordering a change to the company's bylaws.

A controlling shareholder and a holder of a deciding vote (i.e. – anyone who knows that their vote will decide a given decision) has an increased obligation to act fairly.

A material potential concern for shareholders is that the corporate veil will be lifted (i.e. – that the shareholders will be

held specifically liable for the company's debts). This concern may materialize if the company is used to deceive or otherwise damage an individual while undermining the company's goals and taking unreasonable risk concerning the company's ability to settle its debts.

In the case of a significant shareholder, their ability to supervise the company's operations is greater. Thus, their risk for lifting of the corporate veil by failing to comply with the aforesaid – is greater.

At the same time, it is noted that if a shareholder performs their duties toward the company, there will usually not be grounds for lifting the corporate veil.

It should be noted that suing to lift the corporate veil is an extremely complicated process. If the corporate veil is lifted, the court has a range of sanctions it may impose on shareholders, including barring them from establishing a company or serving in executive roles. In WZO's case, this sanction can be extremely damaging.

In addition to the concern for lifting the corporate veil, shareholders may also be liable as a controlling shareholder, e.g. – by breaching their aforesaid duties, or through negligence or fraud. It should be noted that these are two separate grounds. In other words, even if the conditions for lifting the corporate veil are not met, a shareholder may still be sued for their actions or omissions as a shareholder.

As a shareholder, the World Zionist Organization is obligated to supervise its Subsidiaries and to adequately exercise its rights and duties in said Subsidiaries. Failure to meet these duties may, in certain cases and particularly in cases where WZO is the controlling shareholder, may lead to WZO being liable for such failure to supervise a Subsidiary, or to be liable for the acts and omissions of the Subsidiary.

e. World Zionist Organization – special status

First, it should be clarified that organizations whose operations are of a clearly public nature, may be considered a **hybrid (private/public) organization**, i.e. – an organization subject to duties exceeding those prescribed under private law.

As WZO is an organization with special status, it is quite possible that it will be deemed to have increased obligations, arising from such special status.

As WZO has been recognized as a hybrid organization at the highest level attributable to such organizations, and was given equal footing to government bodies. it is possible that a court may rule WZO to be a hybrid organization. Such ruling would subject WZO to duties prescribed under administrative law – fairness, equal opportunity, reasonable actions, and honesty. 2

Recommendation

WZO should take particular care in exercising its rights and obligations, and in performing its duties as shareholder in the subsidiaries.

4. Subsidiary Bylaws

a. Corporate bylaws

Section 15 to the Companies Law states that, “All companies will have bylaws...”. Section 17(a) adds that, “Bylaws will constitute a contract between the company and its shareholders and between the shareholders themselves”.

Until 2000, all companies also had a memorandum of association which mainly detailed the company’s objectives, limits to shareholder liability, etc. For companies established after January 1, 2000, the Companies Law cancelled the obligation to file this memorandum. However, this change

2 Administrative Petition Appeal 6101/13 *Yamit A. Security (1998) Ltd. v. Jewish Agency for Israel* (Nevo)

was not applied retrospectively, and memoranda for companies established before this date remained valid.

The bylaws specify a company's objectives, its name, details concerning its equity, and limits to shareholder liability. Bylaws usually also have schedules detailing the key provisions for the company's routine management: appointing corporate organs, methods for appointing board members and the number of such members, proceedings in general meeting, appointing an audit committee, and provisions for changing the bylaws. Should detailed provisions not be provided in the bylaws, the provisions of the Companies Law shall apply.

b. Review of bylaws

A company's bylaws establish the legal and contractual framework for the company's operations. **Thus, it is extremely important that WZO review its Subsidiaries' bylaws to make sure that the companies operate in accordance with the Companies Law or their bylaws.**

In this review, WZO should pay special attention to bylaw provisions concerning the shareholders' duties, and particularly convening and conducting general meetings, appointment and termination of board members, appointing directors general, requisite quorum for general meetings, general and quorum requirements for board meetings, audit committees, meetings, etc.

c. Changes to bylaws

In order to facilitate WZO's control and supervision activities (as shareholder), efforts should be made to unify the bylaw format in the Subsidiaries, to the extent that this is under WZO's control, and certainly in companies where WZO holds majority interest.

Provided the bylaws not specify otherwise – Section 20(a) to the Companies Law states that bylaws may be changed through an ordinary majority decision by the company's general meeting.

Recommendations

- **WZO should review its Subsidiaries' bylaws to ascertain the various bylaws requirements for routine management of the various Subsidiaries in terms of shareholder roles and responsibilities, general meetings, board of director meetings, board member appointments, audit committees, etc.**
- **Following such review, the bylaws of WZO-controlled Subsidiaries should be changed and updated to promote uniformity.**

5. General Meeting

a. General meeting as a corporate organ

Section 46 to the Companies Law specifies a company's organs: the general meeting, board of directors, and general manager. Furthermore, any person whose actions are considered, by law or through the company's bylaws, an act by the company – will be considered an organ. Section 47 to the Companies Law states that acts by a corporate organ will be considered acts by the company.

The general meeting is an annual meeting or an extraordinary meeting of the shareholders. **Decisions made in general meetings are considered acts by the company itself, and it is thus paramount that general meetings are conducted properly** – in compliance with the law and the company's bylaws.

b. Decisions which must be made in general meeting

Section 57 to the Companies Law specifies those matters in which company decisions must be made in a general meeting. These include changes to the bylaws, appointment and termination of the auditing accountant, approving actions and transactions requiring approval in general meeting under Sections 255 (approving an act by an officer for actions which

may damage the company under such terms as specified therein) and 268–275 (interested party transactions).

Public Benefit Companies (PBC)

In addition to the above, in PBCs the general meeting also:

- Elects the audit committee.
- Approves the company’s financial statements and descriptive reports.
- Approves the compensation for board members and audit committee members.
- Appoints an internal audit in case of disagreement between the board and the audit committee.

c. Powers of the general meeting and additional provisions

The Companies Law includes numerous rules concerning the general meeting’s powers, and provisions for conducting general meetings (main provisions are in Chapter 2, Sections 57–91). **These rules hold unless stated otherwise in the bylaws.**

These provisions include, among others:

1. Section 59 – the general meeting appoints the board members.
2. Section 60(a) – a general meeting will convene every year, and no later than 15 months after the previous annual general meeting.
3. Section 60(b) – the general meeting’s agenda will include a discussion of the financial statements and board of directors’ report. It may also include appointing board members, appointing an auditing accountant, or any other matter set on the agenda.
4. Section 66 – the agenda for the general meeting will be set by the board of directors.
5. Sections 345H + 345X – in PBCs, the general meeting

must elect the audit committee and approve the financial statements and descriptive report.

6. Section 67 – a summons to general meeting in a private company will be served to all persons entitled to participate in such meeting, no later than seven days before the meeting date and provided that it not be served more than 45 days before the meeting date.
7. Section 77 – a private company may hold its general meeting through any means of communication, so that all participating shareholders can hear each other simultaneously.
8. Section 78 – the requisite quorum for a general meeting (not applicable for companies with a single shareholder) – attendance of at least two shareholders holding at least 25% of the voting rights, half an hour from the time set for the start of the meeting.
9. Section 80 – at the start of the meeting, a chair will be elected for that meeting. A general meeting will be kicked-off by the chairman of the board or a board member so authorized by the board of directors.
10. Section 82(c) – each share carries one vote.
11. Section 87 (and for PBCs – the Registrar’s Guidelines) – shareholder voting – may be carried out by the shareholder personally or by proxy. In this context – if WZO grants authorization to vote on its behalf or receives authorization from other shareholders to vote on their behalf, it is important that such authorization be for a specific general meeting, will specify the matters on the agenda, and will specify WZO’s or the company granting WZO authorization’s position in the matters on the agenda.

d. Shareholder duties in general meeting - summary

Shareholders, and especially controlling shareholders, must make sure that the Subsidiaries’ general meetings comply with the Companies Law and the respective bylaws, including:

- Making sure that the Subsidiaries' general meetings are held on time.
- Making sure that the methods for summoning, convening, and adopting decisions in general meeting comply with the Companies Law and the respective bylaws.
- Making sure to bring before the general meeting those matters in which the general meeting has exclusive decision-making power under the Companies Law, including special provisions prescribed for PBCs.
- Making sure to bring before the general meeting those matters in which the general meeting has decision-making power under the company's bylaws, or other matters on the agenda.

Recommendation

As shareholder in the Subsidiaries, WZO must make sure that general meetings comply with the law and the respective bylaws. Make sure that minutes for these meetings are kept and retained, signed by the chair for that meeting, and that the necessary decisions are made in this forum.

6. Board of Directors

a. Board's functions

The Companies Law states that the board of directors lays out a company's policy and oversees the CEO's performance and actions. Among other things, the Companies Law states that the board will:

- Establish the company's action plans, principles for financing them, and their different priorities;
- Review the company's financial position, and establish the amount of credit that the company may undertake;
- Establish the organizational structure and the compensation policy;

- Be responsible for the financial statements' preparation and approval -

In PBCs, the financial statements are approved in the general meeting along with the descriptive report;

- Report to the annual general meeting on the state of the company's affairs and its business results as detailed in Section 173 to the Companies Law;
- Appoint and dismiss the general manager.

These roles cannot be delegated to the general manager.

The board of directors must convene as dictated by the company's needs, and at least once a year.

The Companies Law prescribes various procedural requirements for the board and its committees. Individual company bylaws often include additional or supplementary provisions for the board's operation.

The Companies Law prescribes additional provisions for the chairman of the board.

b. Appointing board members and the chairman of the board

The board plays a material role in a company, and so **it is extremely important that board members are properly appointed.**

In general, company bylaws specify that board members are appointed in general meeting, i.e. – by the company's shareholders.

If the bylaws do not specify the number of board members in a given company, and WZO is authorized to determine that number, rules should be established concerning the preferred number of board members.

If WZO is authorized to appoint the members of a company's board (or any number thereof), it should establish clear rules on how to appoint and elect these board members.

WZO's constitution states that the Executive will appoint

members to the Subsidiaries' boards. WZO's Secretary General stated that the Executive has delegated this power to the Expanded Assets Committee. This committee convenes as necessary and discusses board member appointments.

As concerns board member appointments, WZO should establish rules, among other things, for:

- The length of a board member's term and rules for extending such term;
- Rules regarding proper and equal representation of directors in the board (such as gender, disabled persons);
- Rules for dates examining potential conflicts of interest between a board member and a Subsidiary, WZO/the National Institutions, and prohibited family relationships or economic ties with a company. WZO should establish the methods for examining these conflicts of interest. This is usually achieved through a questionnaire completed by the candidate, and updates to this questionnaire at a frequency set by the appointing party;
- Rules for compensating board members or alternatively rules on the lack of compensation of board members – based on the company's profile, including excluding WZO employees from compensation if the company compensates its board members.

The Office of the Comptroller did not receive any decision by WZO's Executive concerning the Expanded Assets Committee's power to appoint board members.

The Office of the Comptroller did not receive any guidelines for appointing board members, the length of their term, examining conflicts of interest, or decisions concerning board member compensation.

The Office of the Comptroller received several minutes (meeting transcripts) dealing with board member appointments, including the considerations guiding the Expanded Assets Committee in these appointments.

Recommendations

- **WZO should establish rules for appointing members to Subsidiary boards.**
- **WZO should make sure that members acting on its behalf on Subsidiary boards regularly attend board meetings.**
- **WZO should establish rules for checking potential conflicts of interest between board members and Subsidiaries, WZO/ the National Institutions, and prohibited family relationship or economic ties with a company.**
- **WZO should establish a clear policy concerning the entitlement of officers, including board members acting on its behalf who are also WZO employees, to directors' pay.**

7. Auditing Accountant and Audit Committee

a. Auditing accountant's appointment

According to the Companies Law, one of the general meeting's duties is to appoint an auditing accountant for a company.

The audited financial statements provide extensive information on a company and its financial position. The Office of the Comptroller was told that the Secretary General or CFO receive, review, and study the Subsidiaries' financial statements.

Furthermore, in PBCs the general meeting is also responsible for approving the annual financial statements and the descriptive report. As such, participants in the general meeting (including WZO representatives) must understand and be familiar with the report's contents and nature.

b. Audit committee's appointment

In private companies, unless otherwise stated in the bylaws, the board appoints the audit committee. In PBCs, the general meeting appoints the audit committee. The Companies Law specifies the audit committee's complex and material functions.

PBC audit committee functions include, among other things:

- Examining the proper conduct of the company and its institutions, including alignment of the company's operations with its objectives;
- Examining whether the company is effective and efficient in achieving its goals;
- Tracking implementation of general meeting and board decisions;
- Suggesting ways to correct flaws in the company's administration;
- Reviewing the company's financial affairs;
- Examining the company's internal auditing functions and the internal auditor's performance, including whether the resources available to them are sufficient;
- Reviewing the scope of the auditing accountant's work, and their pay;
- Reviewing and approving interested party transactions.

Reviews by the audit committee and its reports (to the board of directors or management, depending on the specific company's profile) are vitally important to WZO, as the audit committee serves as a gatekeeper in the company, identifies flaws in a company's conduct and improves its operations. Audit committees are one of the organs responsible for making sure that companies comply with proper corporate governance requirements and with applicable regulatory requirements.

Appointees to audit committees should have the suitable moral profile and professional experience, or alternatively such appointment should be delegated to relevant professionals such as accounting firms.

Here too, if the bylaws do not specify that the general meeting appoints the audit committee, the bylaws should be amended accordingly.

The general meeting (including WZO representatives to such meeting) should receive reports from the audit committee at such times as prescribed by law.

Recommendation

The Subsidiaries' general meetings should receive reports from their audit committees, and WZO (having representatives on such general meetings) should make sure that these reports are received on time.

8. Risk Identification and Regulatory Compliance

WZO must make sure that its Subsidiaries act in a manner that is proper, careful, and compliant with applicable regulations.

Subsidiaries must provide WZO, through a structured questionnaire, information on unusual events, material contracts, risks that arose in the past year, material claims brought against them or their corporate organs, etc.

WZO must establish rules and methods for receiving information from its Subsidiaries. Furthermore, as principal shareholder in these companies, WZO should meet regularly with the chairmen of their boards and other corporate organs, including their CEOs, to assess each company's position. These meetings should be properly documented. WZO should also document any actions it chose to take following such meetings with the Subsidiaries.

Subsidiaries must comply with basic regulatory requirements set by the Companies Registrar, and in the case of PBCs – comply at least with the requirements set by the Endowments Registrar for proper conduct certification.

WZO should support these interactions with the Companies Registrar and Endowments Registrar, and be involved in the various documents submitted to these entities by its Subsidiaries.

Recommendations

- **WZO should make sure it receives routine updates from its Subsidiaries concerning their conduct, including information on extraordinary events, risks, and other updates which may provide crucial information on the Subsidiaries' status. Such information should be received through regular meetings with the chairman of the board, chairman of the audit committee, and CEO.**
- **WZO should formalize the scope and method of its interaction with its Subsidiaries as concerns their regulatory requirements. WZO should formalize its method for assuring compliance with these requirements.**

9. Delinquent Companies

In the preparation of this report, the Office of the Comptroller found three Subsidiaries which were flagged as 'delinquent companies'. These companies failed to file annual reports for extended periods of time and had not paid their annual fee to the Companies Registrar. These omissions led the companies to accrue debts:

- **Kalia Infrastructure Development (1996) Ltd. – As of June 27, 2021, the company was flagged as a delinquent company since February 24, 2011, with a debt of NIS 12,040 from unpaid fees.**
- **Rural Settlement Industries Ltd. – As of March 2, 2022, the company was flagged as a delinquent company since July 7, 2015, with a debt of NIS 11,963 from unpaid fees.**
- **Auxiliary Farms and Green Landscape Development Fund Ltd. – As of June 27, 2021, the company was flagged as a delinquent company since September 8, 2013, and its debt from unpaid fees had been submitted to the Debt Collection Center for further action.**

So long as a company appears in the companies registry, it is considered an active company and must file annual reports and pay annual fees, even if its financially inactive.

From a company's date of classification as a delinquent company, it is subject to such sanctions as prescribed in the Companies Law, including:

- For violations from 2009 onward – The delinquent company and its controlling shareholders will not be able to establish and register new companies. The controlling shareholder is whoever is listed in the shareholder registry as holding 50% or more of the delinquent company's issued share capital, at the time that notice is served that the company is to be classified as a delinquent company or upon filing the request to register a new company.
- Fines: The Companies Registrar may impose a fine on delinquent companies of up to NIS 7,880 per violation. If this fine is not paid, the Registrar may demand payment from a company board member or the person responsible for compliance with these provisions and debts (Section 36(e) to the Companies Law).

Recommendations

- **WZO should resolve the issue of companies flagged as delinquent and either settle their debts for fees outstanding, file financial statements, or act to de-register these companies.**
- **Once a year, WZO should make sure that all companies have paid their debts, and that no companies are flagged as delinquent.**

10. Annual Report to WZO's Executive

In January 2018, WZO's Secretary General issued a report entitled *Report on Companies*. The report provided a brief review of WZO's Subsidiaries. This reviewed included, as stated in the introduction to the report, "A brief description of the companies' operations, a list of their board members, and information on shareholdings".

The report stated that, "A future expanded report will include, among other things, data from the current financial statements".

Since January 2018, the report has not been updated, and no expanded report has been issued.

The need to provide WZO’s Executive with detailed information on Subsidiaries is due, among other reasons, to the Executive’s duties as laid out in WZO’s constitution, and for compliance with proper and generally accepted corporate governance principles.

This annual report should include, among other things, a description of the Subsidiaries and their operations, changes to their assets and liabilities, a summary of their audited financial statements, information on board members and officers, and any other information which may provide the Executive with information on the Subsidiaries and their status.

Recommendation

Prepare a detailed report on the Subsidiaries, to be submitted to WZO’s Executive, every year.

The report should include, among other things, information on the companies’ operations, their plans, information on their officers, and relevant financial data from their financial statements.

Summary of Recommendations

Section	Recommendation
Section 1 General	Due to the complex nature of corporate management, the Office of the Comptroller recommends upsizing WZO’s Subsidiary management staff. Staff should perform Subsidiary management duties as detailed in this report, while employing, as needed, suitable experts.
	Subsidiaries should be managed through a suitable database, to facilitate routine management and supervision.
	WZO should map its holdings in its various Subsidiaries, and decide how to work with each company based on the level of involvement required of it as shareholder in that company.
	WZO should establish detailed operating procedures and powers for all Subsidiary management functions, as detailed in this report.
	WZO’s Executive should receive a detailed annual report on its holdings and on the status of its Subsidiaries and any changes that occurred during the year.

Section	Recommendation
Section 2 Status of Shareholders	WZO should take particular care in exercising its rights and obligations, and in performing its duties as shareholder in the Subsidiaries.
Section 3 Subsidiary Bylaws	<p>WZO should review its Subsidiaries' bylaws to ascertain the various bylaws requirements for routine management of the various Subsidiaries in terms of shareholder roles and responsibilities, general meetings, board of director meetings, board member appointments, audit committees, etc.</p> <p>Following such review, the bylaws of WZO-controlled Subsidiaries should be changed and updated to promote uniformity.</p>
Section 4 General Meetings	As shareholder in the Subsidiaries, WZO must make sure that general meetings comply with the law and the respective bylaws. Make sure that minutes for these meetings are kept and retained, signed by the chair for that meeting, and that the necessary decisions are made in this forum.
Section 5 Board of Directors	<p>WZO should establish rules for appointing members to Subsidiary boards.</p> <p>WZO should make sure that members acting on its behalf on Subsidiary boards regularly attend board meetings.</p> <p>WZO should establish rules for checking potential conflicts of interest between board members and Subsidiaries, WZO/the National Institutions, and prohibited family relationship or economic ties with a company.</p> <p>WZO should establish a clear policy concerning the entitlement of officers, including board members acting on its behalf who are also WZO employees, to directors' pay.</p>
Section 6 Auditing Accountant and Audit Committee	The Subsidiaries' general meetings should receive reports from their audit committees, and WZO (having representatives on such general meetings) should make sure that these reports are received on time.

Section	Recommendation
Section 7 Risk Identification and Regulatory Compliance	WZO should make sure it receives routine updates from its Subsidiaries concerning their conduct, including information on extraordinary events, risks, and other updates which may provide crucial information on the Subsidiaries' status. Such information should be received through regular meetings with the chairman of the board, chairman of the audit committee, and CEO.
	WZO should formalize the scope and method of its interaction with its Subsidiaries as concerns their regulatory requirements. WZO should formalize its method for assuring compliance with these requirements.
Section 8 Delinquent Companies	WZO should resolve the issue of companies flagged as delinquent and either settle their debts for fees outstanding, file financial statements, or act to de-register these companies.
	Once a year, WZO should make sure that all companies have paid their debts, and that no companies are flagged as delinquent.
Section 9 Annual Report to WZO's Executive	<p>Prepare a detailed report on the Subsidiaries, to be submitted to WZO's Executive, every year.</p> <p>The report should include, among other things, information on the companies' operations, their plans, information on their officers, and relevant financial data from their financial statements.</p>

Tishrei 5783
October 2022

**Response of the Chairman of the Zionist Executive
to the Comptroller's Report on
Subsidiary Management**

In accordance with Section 18B to the Statutes of the Comptroller and the Control Office of the World Zionist Organization the following is my response to the audit report concerning Subsidiary Management.

The World Zionist Organization holds rights in a range of corporate entities – charities, commercial and non-commercial companies playing a significant role in the Zionist Movement's activities. The Executive Secretariat is the corporate organ overseeing subsidiary affairs.

In my response to this report, I would like the Committee members and note that my inquiry has found that the companies flagged as delinquent are either currently winding up operations, or are planned to do so. As the World Zionist Organization does not hold a majority stake in any of these companies, their dissolution requires coordination with the other shareholders. In any case, I should note that the statutory fees due for these companies have been paid, and we hope that said voluntary dissolution will be completed quickly.

As noted in the report, the Assets Committee represents the Executive in discussions and decisions regarding the companies mentioned in the report.

As per the Office of the Comptroller's recommendation, I have instructed the Secretary of the Executive to prepare a report on the companies' status as of 2022, and to present this report the Executive. The Secretary of the Executive will present the data soon.

I should also note that, as part of my duties, I meet frequently with the chairmen and directors general of these companies, and update the Executive accordingly and as needed.

I thank the Office of the Comptroller for the report.

I wish the companies success, and am grateful to those engaged in this important task, namely the Secretary of the Executive, the Comptroller, and his staff.

(-) Yaakov Hagoel

Jerusalem, Adar 5783
March 2023

Settlement Division
Promoting Grade-Rating Employees and
Employee Retirement

Response of the Chairman of the Zionist Executive

Settlement Division

Promoting Grade-Rating Employees and Employee Retirement

1. General

The World Zionist Organization (“WZO”) was established by Binyamin Zeev Herzl at the First Zionist Congress, which took place in August 1897 in Basel, Switzerland. WZO was established to build a homeland for the Jewish People in Eretz Israel. Today, WZO operates through 14 departments:

1. Education
2. Aliyah Promotion.
3. Zionist Activities in the Diaspora.
4. Social Activism and Tikkun Olam.
5. Pioneering Youth and Future Generations.
6. Israel and Holocaust Commemoration.
7. Hebrew and Culture.
8. Organization and Israelis Abroad.
9. Fundraising and Community Relations.
10. Periphery Advancement and Diaspora Involvement.
11. Diaspora Religious Affairs.
12. **The Settlement Division.**
13. Zionist Enterprises.
14. Combatting Antisemitism and Diaspora Resilience.

Under the World Zionist Organization and Jewish Agency for Israel Status Law, 1952, Israel recognizes the WZO Settlement Division’s

unique nature and its proven professional ability to settle Eretz Israel.

The Settlement Division (“the Division”) operates as a unit inside WZO, but is fully-funded by the government of. Since the Division is a specialist executive entity with a broad view, in-depth familiarity with rural settlements, and professional abilities, it serves as an executive arm of the State in carrying out its policies to develop and strengthen rural settlement in Israel’s outlying areas. The Division integrates and implements rural settlement activities in Judea and Samaria, the Golan, the Galilee, and the Negev. Activities span from planning and construction, and through to stabilization and development of economic, social, and demographic independence, in accordance with the Israeli government’s policies. Activities are also carried out in collaboration with various partners, such as government authorities, including the Custodian of Government and Abandoned Property; the Israel Land Authority; regional and local councils; cooperative societies (co-ops); KKL-JNF; and other charities and organizations.

The Division’s staff are WZO employees, and personnel-related liabilities are borne by WZO, as stated in the framework agreement from April 2017 regulating the State’s interactions with the Settlement Division. To assure the Division’s availability to assist the government, as well as to retain its existing human capital, each year the Ministry of Finance allocates an overall amount as agreed upon by the government and WZO to cover the Division’s salary costs and administrative expenses.

The Division’s staff are overseen by WZO’s Human Resources Unit, which has adopted the Jewish Agency’s salary procedures, even though such adoption was not officially ratified by WZO’s Executive.

WZO bears the liability, cost and responsibility to meet all payments to its employees as required by law, contract, or collective labor agreement.

The Division’s staff accounts for 70 of WZO’s 200 employees, and it is sub-divided into central headquarters units, and geographic regions.

2. Overview

The first part of this report focuses on compliance with procedures and guidelines for updating grade-rating status for active employees, and pay updates for employees working under personal contracts, in accordance with WZO's established rules.

The second part of the report focuses on final reconciliations for retiring employees, based on their grade upon retirement.

As aforesaid, the Division employs some 70 staff.

Key employment formats found in the Division

- Grade-rating – older employees. These employees are employed under a professional rating in the MACHAR rating system and under executive ratings similar to government workers. Grade and rating are based on the employees' professional assignment and their seniority, and are formalized through the Jewish Agency and WZO Employment Code.
- Personal salary agreements – employees working under personal employment contracts. Some of the senior staff fall under this category and are employed under personal employment contracts for executives.
- 2014 Agreement staff – employees working under the 2014 collective labor agreement. Employment under the 2014 Agreement supersedes any prior employment agreements.
- executive pay – applies to the Head of the Division.

The audit was carried out in December 2022 through March 2023, and included the following:

- 2.1 Examining whether grade-rating updates comply with the rules set forth in the Civil Service Commission's directives and the Jewish Agency and WZO Employment Code.
- 2.2 Examining whether pay updates to employees under general contracts comply with Jewish Agency procedures and are

reasonable compared to pay updates for comparable positions in the public sector.

- 2.3 Examining final reconciliations for off-boarded employees based on their rating, and whether all final reconciliation components were represented on their last pay slip.

The audit covers the period of 2020–2022, and examined all active employees who recorded grade-rating updates and pay updates in those years. The audit also examined payments to all 8 grade-rating employees who ended their employment with the Division in those years.

3. Methods

- 3.1. Meetings with relevant staff in WZO’s Human Resources Division.
- 3.2. Obtaining lists of employees who recorded grade-rating updates and personal-contract employees who recorded pay updates. Additionally, lists were obtained of off-boarded employees and for whom final reconciliations were performed.
- 3.3. Reviewing the Civil Service Code and collective labor agreements for provisions governing grade-rating updates and pay for employees under general contracts.
- 3.4. Maintaining continuous contact with relevant supervisors in WZO’s Human Resources Division, and receiving the following documents:
 - The Jewish Agency and WZO Employment Code.
 - Pay slips for active employees.
 - Final reconciliation pay slips for off-boarded employees.
 - Minutes from Salary Committee meetings.
 - Letters to employees on changes in their job details.
 - Employment agreements, contracts with senior executives.

3.5. Examining the following:

- Workflows for updating employee grade and/or pay, and existence of integrated process controls.
- Whether designated employee grade-ratings matched their jobs in accordance with the Service Code and applicable collective labor agreements.
- Data analysis, and sample examination of 8 out of 18 employees who left the Division in 2020–2022.

4. Normative Framework

Grade-rating updates – Employees recruited until 1995 are employed under the grade-rating system, based on the Jewish Agency and WZO Employment Code. Employees recruited from that date onward are employed under personal contracts.

TIG (time in grade, i.e. – minimum time requirement) for grade bracket: regular transition between grades.

Personal grade: employees at the highest grade allotted to their job position, are awarded a personal grade after 3 years.

Education-accelerated TIG: expedited transition between MACHAR-rated grades after half the regular time, in recognition of MA or PhD diplomas.

Executive rating

A position with a promotion path or grade bracket up to grade 15. Hold time at each grade – two years, including promotion to the maximum grade.

A position with a promotion path or grade bracket from grade 16 upward. Hold time at each grade – two years; promotion to maximum grade after holding three years at the previous grade.

MACHAR rating

Starting grade – based on the grade bracket for the position. The grade bracket will not be below grades 35–37 on the pay ladder.

Employees with a bachelor's degree will be assigned as follows:

No experience – minimum starting grade of 35.

1 year's experience – minimum starting grade of 36.

3 years' or more experience – minimum starting grade of 37.

Employees with a master's degree will start at grade 37 regardless of their experience.

Peak grade

The peak grade under the MACHAR bracket is 46.

Grade promotion for bachelor's degrees

Promotion through the grade bracket will be granted after a maximum period of no more than two years between grades for standard positions; and after a period of no more than three years for promotions to the peak grade in the grade bracket.

Grade promotion is not contingent on supervisor recommendation.

Grade hold bonus

Employees at peak grade will be entitled to a hold bonus (50% of the difference between their grade and the grade above them), after holding a personal grade for three years.

This bonus will be contingent on their supervisor's recommendation.

Benefits for MAs and PhDs – accelerated TIG (maximum hold time at a given grade) to half the period prescribed for holders of graduate degrees.

Personal grade

Employees with master's degrees who have reached their peak grade (i.e. – the maximum grade in the bracket prescribed for the position and the maximum possible seniority of 40 years), will be entitled to a promotion by one grade above the peak grade after holding said peak grade for eighteen months. This will be considered their first personal grade.

Should such employee's personal grade become the ordinary peak grade in the bracket prescribed for the position, the employee will be entitled to another personal grade after eighteen months.

An employee with a doctor's degree, who has reached their peak grade, will be entitled to one grade's promotion as a personal grade. Should such personal grade become a prescribed grade for the position, the employee will again be entitled to be promoted to a personal grade.

The following table presents the grade brackets for executive and MACHAR ratings:

Grade brackets and job titles			
Group	Grade bracket – executive	Grade bracket – MACHAR	Job title
1	7–8		General employee
2	7–9		Sub-topic coordinator / administrative assistant
3	7–10	37–40	Topic coordinator / administrative assistant
4	8–11	38–41	Sub-topic supervisor / assistant director
5	9–12	39–42	Topic supervisor
6	10–13	40–43	Department director / senior topic supervisor / assistant to the director general
7	11–14	41–44	Deputy division director / branch director / segment director / assistant to the director general
8	12–15	42–45	Division director / senior segment director
9	13–16	43–46	Unit director / regional director / deputy director general

Upon requesting the rules used by WZO to update employee grade-ratings, the Office of the Comptroller was told that WZO operates under similar principles to the Jewish Agency.

Since the Office of the Comptroller did not receive any written

procedures reflecting the Jewish Agency's and WZO Employment Code (from 1990), the Office of the Comptroller relied, among other things, on the Civil Service Commission's Civil Service Code, even though this code does not apply to WZO and its provisions are non-binding for WZO.

Recommendation

Draft a binding procedure to guide decision-making on practice regarding employee promotions and grade updates. This procedure should rely on the Jewish Agency's and WZO Employment Code and the Civil Service Code.

WZO Human Resources Division's response

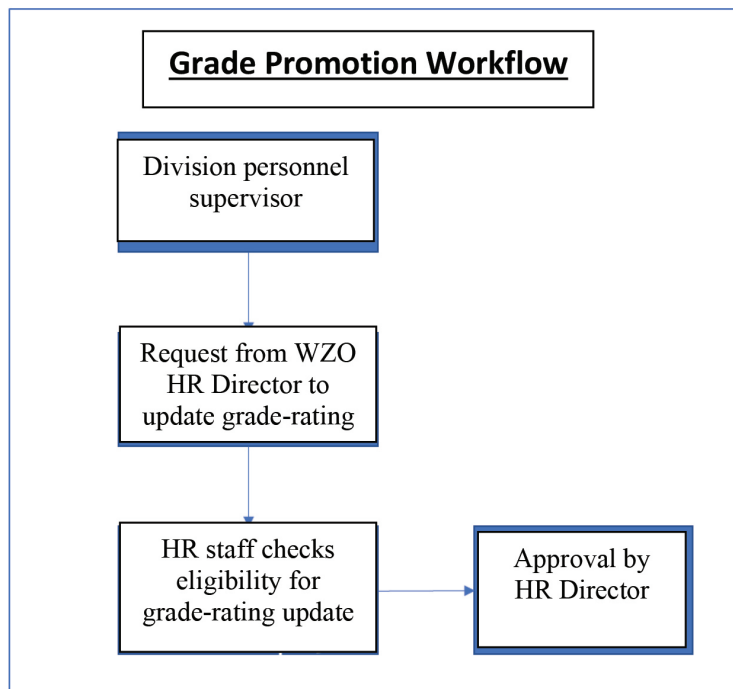
The Human Resources Division provided the Office of the Comptroller with the Employment Code, on which the grade procedure is based.

The organization's procedures, employment code, and collective agreements are readily available (**there is no procedure equivalent to the Employment Code**). It is further noted that new employees are hired under the 2014 Agreement, and not under the grade-rating format. Of WZO's 205 employees, 22 remain who work under the grade-rating format.

4.1 Promotion of grade-rating employees

4.1.1 Grade update workflow

The Settlement Division's personnel supervisor contacts WZO's Human Resources Division in writing, after checking the employee's grade bracket in the system. Based on this report, he issues a letter to the Human Resources Director requesting the grade update. A member of WZO's Human Resources staff checks if the employee is eligible for a grade promotion. If they meet the requirements, the staff member notifies WZO's Human Resources Director, who approves the grade update by return email. The employee's grade is then changed in the HR (Human Resources) system. The HR system is part of the organization's ERP system, used to manage all human resource workflows.



Thus, 2 controls are applied – by the Division’s personnel supervisor, and by WZO’s HR Director.

Following approval by WZO’s HR Director, a grade update letter is issued, with copies sent to:

- The employee.
- The Division’s personnel supervisor + employee’s direct supervisor.
- The Jewish Agency Payroll Department (who handles payroll for WZO staff as well).

The letter is retained in the employee’s personal file.

Additional control: a member of the Jewish Agency Payroll Department staff confirms the grade update in the payroll system by return email. Employee grade update workflows are not documented through a written procedure. WZO’s HR Division stated that the process is documented in the employee’s payroll and in the letter in their personal file.

4.1.2 The Office of the Comptroller examined all employees, 9 in total, whose pay was updated under a grade-rating format, in 2020–2022. Employee details were as follows:

Employee no.	Job title	Rating	Grade	Grade type	Grade cause	Grade bracket
Employee 1	Segment director	MACHAR	44	Standard	Education-accelerated	44–41
Employee 2	Senior segment director	Executive	16	Personal	Normal bracket TIG	15
Employee 3	Segment director	MACHAR	45	Standard	Personal grade	44–41
Employee 4	Senior segment director	MACHAR	46	Personal	Stay bonus	45–42
Employee 5	Segment director	MACHAR	45	Personal	Personal grade	44–41
Employee 6	Regional director	MACHAR	46	Personal	Personal grade	46–43
Employee 7	Senior topic supervisor	MACHAR	44	Personal	Personal grade	43–40
Employee 8	Senior topic supervisor	Executive	14	Personal	Personal grade	13
Employee 9	Segment director	MACHAR	45	Personal	Personal grade	44–41

4.1.2.1 Employee 1 – The employee holds a bachelor’s degree, and has held 3 years at grade 43. Thus, since September 1, 2021, she is entitled to an update to the peak grade of 44. **Propriety was found.**

4.1.2.2 Employee 2 – Employed under the executive rating. Her grade was updated on January 16, 2022, after her previous promotion to grade 15 which took place in January 2019 (in practice, the update was made in August, with retrospective payments for pay differences starting January 2019).

Under the Civil Service Commission's procedure for executive-rated staff – employees are entitled to promotion to their peak grade after holding three years at the previous grade. Since grade 16 is the peak grade for this employee, the timing of the grade update **was proper**.

4.1.2.3 Employee 3 – employed under the MACHAR rating system. Her pay was updated to grade 45, a personal grade, on October 2021, after the employee reached the peak grade in the 41–44 grade bracket in October 2018. According to the Civil Service Commission's procedure for MACHAR-rated employees – holding the peak grade in the bracket for a given position for 3 years entitles employees to a personal grade – **Propriety was found**.

4.1.2.4 Employee 5 – It was decided to update the employee's job from a segment director to a senior segment director, starting January 2020. Job title: segment director; grade bracket: 41–44. On April 3, 2012, they were promoted to a personal grade of 45. On April 1, 2015, the received a holding bonus for grade +45. The transition to the senior segment director job carries a grade bracket of 42–45, where 45 is a standard grade, and +45 is a holding bonus grade. Grade +46 is a personal grade.

In March 2020, when differences were paid retrospectively from January 2020, the employee's grade was updated to +46, after updating the employee's job title from segment director to senior segment director, and in accordance with the grade bracket for this new job title.

In other words, the decision to update the employee's grade was made two months after

he started serving as a senior segment director and was entitled to a pay raise.

It is noted that no minutes or other supporting document were received approving the change in the employee's job title to senior segment director. According to the HR Division Director, job changes and grade updates are under the HR Division's regular authority, and do not require Salary Committee approval.

Recommendation

Make sure to maintain minutes or other supporting document when approving job changes, and not approve a grade update without it. This is also relevant when the change is due to an update in the job title, which was not reviewed by the Salary Committee.

4.1.2.5 Employee 5 – MACHAR-rated – The grade bracket for segment directors is 41–44. She was approved grade +44 starting January 2018.

It was decided to approve grade 45 for the employee as a personal grade, starting January 1, 2021, after holding 3 years at her previous grade.

According to the Jewish Agency and WZO Employment Code and collective agreements for MACHAR-rated employees, an employee holding 3 years at the peak grade in the grade bracket assigned to their position is entitled to a personal grade. **Propriety was found.**

4.1.2.6 Employee 6 – The employee was migrated to an executive contract (general contract) after being promoted to a senior position, starting May 2022, with a pay of NIS 30,000 plus overtime pay of

NIS 7,853, and expenses, for a total gross pay of approximately NIS 40,000.

Before this change, the employee held grade +46 with a pensionable salary of NIS 19,082 plus overtime pay of NIS 7,568, and expenses, for a total gross pay of approximately NIS 30,000 a month.

The Salary Committee's minutes did not specify the reasons for approving the change in the employee's pay, and so it is unclear what parameters were used to determine his pay.

It is noted that the pay chart sent to the Office of the Comptroller by email did not specify pay data for executive staff, and that the highest pay range was prescribed for regional directors/senior segment director, at NIS 18,000–24,500. Thus, the employee's pay exceeds the maximum amount in the range prescribed for regional directors.

It is further noted that the lists provided to the Office of the Comptroller show the employee as holding grade +46, and not under a general/executive contract.

Recommendation

Make sure that Salary Committee minutes specify the reasons for approving employee pay updated, especially when pay deviates from WZO's prescribed pay range for the position.

WZO's Human Resources Division's response

The pay chart sent to the Office of the Comptroller is used to indicate a pay range when recruiting new staff. This employee joined the organization

in 1999, and so the employee has accrued 23 years with the organization.

Furthermore, pay decisions for a new position cannot be measured as a percentage over the previous pay, but should rather be assessed in light of the new job's overall impact in the organization. This was a material job change, requiring a significant change in pay in line with the position.

When an employee is migrated from grade-rated to executive pay, the employee loses their future job security, as the new employment format is not protected by the workers' union. In our organization, this is a significant factor in employee considerations and when determining the monthly pay for executives, balanced against the lack in their future job security.

Office of the Comptroller's note

The Office of the Comptroller believes that criteria should be set for various pay grades for veteran employees as well, when changing their employment format to personal contracts, or when changing their pay or their position.

- 4.1.2.7 Employee 7 – MACHAR-rated – The grade bracket for segment directors is 41–43. She was approved grade 43 starting March 2017. The employee was approved grade 44 as a personal grade starting April 1, 2020, after holding 3 years at her previous grade.

According to the Civil Service Commission's procedure for MACHAR-rated employees – an employee holding 3 years at the peak grade for

their position is entitled to a personal grade.

Propriety was found.

Since the decision was made on June 8, 2020, the actual change was made in the June 2020 pay slip, with pay differences for April-May 2020.

4.1.2.8 Employee 8 – executive-rated – On January 30, 2020, it was decided to change the employee’s grade and position, from grade 13 to grade 14, at a supervisor’s position. The decision notes that the change is made as a holding bonus.

However, the change request letter sent to the HR Director on January 5, 2020, notes that the request is to approve grade 14 as a personal grade. The letter further notes that since this is a much-esteemed employee, it is requested that the TIG requirement be shortened by 3 months, as her last grade update was in April 2017.

The employee’s grade updates over the years:

Grade start date	Rating	Grade	Reason for grade	Grade type	Grade bracket
Dec. 1, 2022	Executive	14+	Personal grade	Personal	10–13
Nov. 1, 2022	Executive	14+	Holding bonus	Personal	10–13
Jan. 1, 2020	Executive	14	Personal grade	Personal	10–13
Apr. 1, 2014	Executive	13+	Holding bonus	Personal	9–12
Apr. 1, 2014	Executive	13	Personal grade, updated in TIG system	Personal	9–12
Apr. 1, 2011	Executive	12	TIG, within grade bracket	Standard	9–12
Apr. 1, 2018	Executive	11	TIG, within grade bracket	Standard	8–11
May 1, 2008	Executive	10	Starting grade	Standard	8–11

The table indicates that the actual reason for the employee’s grade update in January 2020 was a change in the employee’s position, which changed the employee’s grade bracket from

9–12 to 10–13. It was not due to a personal grade update, as noted in the system.

The decision was made on January 30, 2020. The change was implemented in the pay slip for February 2020, with retrospective payment for January 2020.

It was further found that, in November 2022, the employee was granted a holding bonus of grade +14. The decision was explained thus:

The special collective labor agreement of August 20, 1980 states:

Personal grade

A one-time arrangement, it is hereby agreed that an employee under the uniform rating format with a grade of 14 or lower, and who was promoted by one grade above their standard grade, as a personal grade, and due to a change in the standard definition for their position has rendered their personal grade a standard grade, shall be entitled to receive starting April 1, 1980 a personal grade exceeding their standard grade (as they additionally incurred), provided that they have held this grade for at least one year.

As a result of the job description and the change in the grade bracket, the employee's previously personal grade became a standard grade, and so she was entitled to a holding bonus (+14) above her present grade (14). According to this explanation, the update could have been made as early as January 2021.

WZO's HR Division Director stated that the grade update is not performed automatically, but

is subject to TIG requirements and supervisor recommendations.

4.1.2.9 Employee 9 – in 2012 they were approved a job title of senior topic supervisor, with a grade bracket of 41--44.

On January 10, 2022, it was decided to update the employee's grade and job title from senior topic supervisor at grade +44, to a segment director, with a personal grade of 45, starting January 1, 2022 (after holding 6 years at grade +44). **Propriety was found.**

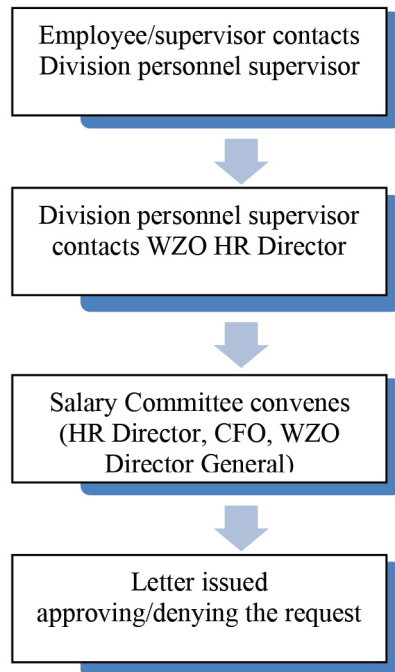
5. Pay Updates for General Contract Employees

5.1. The Division's personnel supervisor receives pay update requests from either employees or their direct superiors. The Office of the Comptroller was told that pay update requests are based on existing pay charts.

The Salary Committee is composed of WZO's HR Director, CFO, and Director General (the Division's personnel supervisor sometimes also participates in Committee meetings). If the Committee approves an update, a WZO HR staff member issues a letter which is entered manually in the HR and BI system. The letter includes the official reason for the update, along with Committee minutes. The letter's contents are confirmed by the HR Director.

The letter is sent with a copy to the Division's personnel supervisor, the employee's direct supervisor, the employee themselves, and the Jewish Agency Payroll Division.

Pay update workflow



Upon requesting the position-based pay chart, the Office of the Comptroller received an email. The email contained a chart with job descriptions broken down into 9 tiers. Each job description had a salary range, with the difference between the lowest and highest pay points for the same job ranging from NIS 3,000 for the junior positions, to NIS 6,500 for the senior positions. WZO's HR Division stated that this chart only applies to newly-recruited staff, and not to grade/pay raises for existing employees.

The Office of the Comptroller did not receive the criteria used to determine the salaries for the jobs presented in the chart.

The HR Division stated that considerations for updating an existing employee's pay include, among other things, the following:

- Knowledge, skills, education, seniority.
- Responsibilities.
- Integrated jobs and expanded responsibilities for the position.

WZO HR Division’s response

The Salary Committee does not have any set criteria, and its members exercise discretion based on data brought before them.

- 5.2. The Office of the Comptroller examined all 5 employees whose pay was updated under a grade-rating format, in 2020–2022. Employee details were as follows:

Employee no.	Job title	Grade type	Grade reason
Employee 10	General employee	General pay	General pay
Employee 11	General employee	Standard	Salary agreement
Employee 12	Division director	Personal	Hold bonus
Employee 13	General employee	General pay	General pay
Employee 14	General employee	General pay	General pay

- 5.3. Employee 10 – general contract; change in job title – from topic supervisor to general employee. The employee’s previous salary was NIS 13,594 plus NIS 1,589 in overtime and NIS 4,000 in expenses and miscellaneous payments, for a total gross pay of approximately NIS 19,000.

The employee’s current pay is NIS 21,394 plus NIS 7,000 in miscellaneous payments, for a total gross pay of approximately NIS 29,000.

The request approval specifies the following reasons from the Salary Committee’s minutes of May 5, 2021:

Aligning his pay with that of a regional director, as per the current range and considering his seniority.

Employee letter dated March 21, 2021.

These are further supported by the Division's personnel supervisor's statement – The Division Chairman has decided to grant the request in light of his abilities and experience and in light of his service as acting regional director over an extended period.

It is noted that according to the pay chart provided by email, the pay range for a topic supervisor is NIS 7,000 – NIS 13,000, while the pay range for a regional director is NIS 18,000 – NIS 24,500. Thus, the regional director's pensionable salary of NIS 22,000 **complies with this range.**

The Office of the Comptroller notes that, in the chart, the difference between the bottom and top pay ranges for employees in the various categories was NIS 6,000. This allows the Salary Committee significant flexibility which may lead to substantial differences in pay for different employees in similar positions.

WZO HR Division's response

The Office of the Comptroller's comment is correct. However, the organization wishes to maintain its freedom in setting the pay to senior employees. Pay is determined by the recruited employee's profile, their skills, experience, organizational considerations, and more.

The criteria for increasing an employee's pay, as detailed in the Salary Committee's minutes in the present case, included time with the organization, the employee's request, their in-depth familiarity with the job after serving as acting regional director for over a year, the employee's supervisor's recommendation, and the need for organizational stability. The Salary Committee recognized the value of rewarding and promoting an existing employee over recruiting a new employee at substantially higher pay, in light of the specific skills and experience

required, and bearing in mind the workers' union's demands as a requirement for the appointment.

- 5.4. Employee 11 – general contract employee; change in the employee's job placement.

Their employment terms remained the same, without change in the employee's pay. **No comments.**

- 5.5. Employee 12 – The employee was approved to migrate from a grade-rating format to a general contract format, along with a raise, starting January 1, 2021. The Salary Committee's minutes from February 18, 2021, note that the employee has requested to switch to an executive contract with a salary of NIS 29,000, without a change in her job description.

It is noted that according to the pay chart received by the Office of the Comptroller by email, **there were no pay data for employees working under executive contracts.** The highest pay range referred to regional directors/directors/senior segment directors– NIS 18,000 – NIS 24,500.

Her pensionable salary at grade +46 was NIS 19,585 plus overtime and miscellaneous payments, for a total gross salary of NIS 24,000.

The Salary Committee minutes did not specify the reasons for granting the employee's request. It is also unclear what criteria were used to set her pay at NIS 29,000.

The employee's pay update was implemented in April 2021, with payments for pay differences for January-March 2021.

WZO HR Division's response

The employee was employed at the peak grade of +46. After migrating to executive pay, her salary was updated to NIS 29,000 under a personal contract.

'Executive pay' is a general salary agreement offered to employees migrating from a grade-rating format and who have held the peak grade under this latter employment format for

decades. Authority and responsibilities increase over the years, and there is no other way to compensate these employees. The executive pay contract addresses exactly this issue, and provides the system flexibility in retaining employees who have reached their peak pay under the grade-rating format.

The criteria in this case are unique, and were approved by the WZO and Jewish Agency Joint Employee Affairs Committee.

The employee was due to retire at the end of 2020, and accepted the organization's request to continue her work.

5.6. Employee 13 – general contract employee; job placement was changed starting March 1, 2021. The Office of the Comptroller was told that no change was made in the employee's pay (no documents were received to support this statement).

5.7. Employee 14 – general contract employee; change in job placement.

The Office of the Comptroller was told that her employment terms were unchanged, with no change in salary (no documents were received to support this statement).

Recommendations

- 1. Establish procedural egalitarian standards under which the Salary Committee can approve pay raises. These standards should be as similar as possible to common practice in the public sector.**
- 2. Employee grade updates should be made near the month in which the employee is entitled to such grade update.**
- 3. Make sure that Salary Committee minutes specify the reasons for approving employee pay updates.**

WZO HR Division's response

It would be incorrect to establish criteria for the Salary Committee through a procedure, when organizational sensitivity is high due to the various employment formats: fiduciary positions/personal/grade-rating/executive/etc.

The Salary Committee exercises the utmost discretion as also indicated by the Office of the Comptroller’s findings. Furthermore, uniformity is maintained within employment classes: grade-rating/2014 Agreement/personal contract/executive pay.

Grade updates are not made automatically and there is no inherent right to a grade promotion. However, the current audit findings also indicate that grade updates are usually made near the time employees become eligible, except in unique cases.

6. Retirement

- 6.1. In 2020/2022– employees ended their employment with WZO, of which 8 were grade-rating employees. Employee details were as follows:

Employee no.	Start of work date	End of work date
Employee 15	Mar. 1, 1999	Feb. 28, 2022
Employee 16	Oct. 2, 1983	Jan. 31, 2022
Employee 17	Apr. 17, 1983	Feb. 28, 2021
Employee 18	Feb. 13, 1992	Jan. 5, 2020
Employee 19	Feb. 1, 1995	Feb. 28, 2022
Employee 20	Jul. 17, 1984	Jan. 31, 2020
Employee 21	Mar. 1, 1992	Mar. 31, 2022
Employee 22	Mar. 10, 1985	Feb. 28, 2021

- 6.2. Employee 17 ended their employment in June 2021 at grade +16, with their last grade update occurring in April 2020 – **Propriety was found.** It is noted that the other grade-rating employees who left the organization also did not have grade changes near the time of their retirement – **Propriety was found.**
- 6.3. Employee 21 left the organization at grade +44. Her final reconciliation was made on this basis. However, her pay slip for May 2022, where she was paid the severance component, she was classified as a general contract employee. Since the

employee's pay slip was not checked, it is not possible to know whether this change of designation from +44-graded, MACHAR-rated employee to general contract employee impacted her severance component.

- 6.4. In all cases, employee vacation and sick days were redeemed upon final reconciliation, except for Employee 21, who did not have any sick leave balance. **Propriety was found.**

Furthermore, all employees were paid severance components. **Propriety was found.**

- 6.5. All employees received retirement bonuses in accordance with the early retirement arrangement they had signed, except for 2 employees:

- Employee 16 – Upon retirement, the employee was over 66 years of age, and so was not entitled to a retirement bonus under the retirement agreements. These state that retirement bonuses will only be paid to employees retiring before age 66. **Propriety was found.**
- Employee 21 – The employee opted for bridge-term annuities. **Propriety was found.**

- 6.6. No payments were found other than the above and which did not comply with the employees' retirement agreements or entitlements upon reconciliation as prescribed by law. **Propriety was found.**

7. Summary of Recommendations

Section	Recommendations
4. Normative Framework	Draft a binding procedure to guide decision-making on employee promotions and grade updates. This procedure should <u>rely</u> on the Jewish Agency's and WZO Employment Code and the Civil Service Code .

Section	Recommendations
4. Normative Framework	Make sure to maintain minutes when approving <u>job changes</u> , and not approve a grade update without supporting documents.
4. Normative Framework	Make sure that Salary Committee minutes specify the reasons for approving employee pay updated, especially when pay deviates from WZO's prescribed pay range for the position.
5. Pay Updates for General Contract Employees	Establish procedural egalitarian standards under which the Salary Committee can approve pay raises based on the pay chart, or clear standards which are as similar as possible to common practice in the public sector.
5. Pay Updates for General Contract Employees	Employee grade updates should be made near the month in which the employee is entitled to such grade update.
5. Pay Updates for General Contract Employees	Make sure that Salary Committee minutes specify the reasons for approving employee pay updates.

Iyyar 5783
May 2023

**Response of the Chairman of the Zionist Executive
to the Comptroller's Report on
The Settlement Division
Promoting Grade-Rating Employees
and Employee Retirement**

In accordance with Section 18B to the Statutes of the Comptroller and the Control Office of the World Zionist Organization the following is my response to audit report concerning Promoting Grade-Rating Employees and Employee Retirement in the Settlement Division.

The Settlement Division is a significant executive arm in the World Zionist Organization, spearheading the settlement of Eretz Israel for the Jewish People and the State of Israel. The Division's contribution is evident in the many towns thriving and developing from Dan to Eilat.

The Division's professionalism is widely lauded and the Division has proven professional abilities in a range of matters.

This audit examined the Division's performance in administrative tasks concerning employee promotion and, ultimately, retirement. I was happy to see that careful reading of the audit report shows that, here too, the Division, together with WZO's HR, shows its professionalism, and for that I am deeply grateful.

I would like to thank the Settlement Division's professional staff, and chiefly the Division Head; the Office of the Comptroller; WZO's Human Resources Division; and all relevant staff.

The Settlement Division will continue to serve a significant role in developing and strengthening settlement activities, as may be needed in the future.

(-) Yaakov Hagoel

Jerusalem, Iyar 5783
May 2023

Keren Kayemeth LeIsrael (PBC)
Accessibility in KKL Forests and Sites

Response of the Chairman of the Zionist Executive

Keren Kayemeth LeIsrael (PBC)

Accessibility in KKL Forests and Sites

1. Introduction

Location

The audit took place on 10 different Keren Kayemeth LeIsrael (“KKL”) sites across the country.

Focus

To examine KKL’s compliance with the Accessibility for the Disabled Regulations, with particular focus on the following: accessibility of forests and sites to the general public in KKL’s various districts; advertisement of accessibility arrangements; and the organization’s accessibility coordinator.

It is noted that accessibility is an expansive and pan-organizational issue. The present audit did not refer to other, accessibility-related issues covered by the Law and Regulations, such as: events and conferences; guided tours; public inquiries; employee training; call center and call routing; and accessible advertising.

Methods

The Comptroller of the National Institutions chose the Access Israel organization to perform the audit due to their in-depth understanding of accessibility issues for the disabled, and their professional experience in this field. The organization, as one of the first to provide accessibility services in Israel, has consulted KKL on accessibility arrangements in 2011–2015, and helped formulate the long-term plan submitted to the Commission in 2013.

A team of licensed accessibility experts from Access Israel performed the following:

- Examining a list of all KKL sites against the list of sites chosen for accessibility compliance.
- Examining relevant documents pertaining to site accessibility arrangements.
- Meeting with relevant KKL staff.
- Building a tool (checklist) for examining accessibility arrangements in the various sites.
- Inspections by licensed building, infrastructure, and environment (“BIE”) accessibility experts, a licensed service accessibility expert, and a disabled individual of 10 sites across the country and across KKL’s three districts (North, South, and Center), to assess existing accessibility gaps.

Three accessibility surveys, one in each district, were appended to this document. All surveys were submitted to KKL’s accessibility coordinator and other relevant staff in each district.

- Collecting relevant documents.
- **Examining KKL workflows impacting site accessibility arrangements. Examining managerial, planning, implementation, and maintenance workflows. Furthermore – examining advertisement of accessibility arrangements in KKL sites, in compliance with regulatory requirements.**

KKL

Since 1901, the Jewish National Fund has served as the executive arm of the Zionist Movement. In its first decades, KKL focused on acquiring land and reclaiming it by building new settlements. Today, its activities focus on sustainable development of Eretz Israel, and preserving the country’s environmental resources. KKL plants forests, builds wastewater reservoirs which are treated and used for irrigation or household needs, performs forestry research, educates toward the love of the land, and provides recreational and leisure activities. Its

operations take place in sites across the country – forests, parks, and recreational camp grounds.¹

Accessibility legislation in Israel

In 1998, Israel enacted its Equal Right for the Disabled Law. In 2005, an accessibility chapter was added to this law. In the subsequent years, the Equal Rights for the Disabled Regulations were enacted pursuant to this law.

The following, laws, regulations, and standards are applicable to this report:

- Equal Rights for the Disabled Law, 1998 – in its entirety.
- Equal Rights for the Disabled Regulations (Accessibility Arrangements for Sites), 2008.
- Planning and Building Regulations (Permit Application, Conditions, and Fees), Schedule 2, Part H1A for buildings whose permit was issued after August 2009.
- Equal Rights for the Disabled Regulations (Accessibility Arrangements for Services), 2013.
- Israeli Standard 1918, on all its constituent parts.
- Under the Site Accessibility Regulations – specified accessibility requirements for disabled parking, public points of interest, picnic areas, disabled toilets, etc.

Accessibility in KKL

1. Before 2008, KKL had a master accessibility plan for all its sites.
2. In 2011–2018, KKL decided to apply accessibility arrangements in 300 of its sites.

The project was assigned an NIS 30 million budget.

Accessibility enforcement in Israel

1. The Ministry of Justice Equal Rights for the Disabled Commission

¹ Source: KKL website.

enforces accessibility compliance in Israel. This entity performs periodic inspections, and is authorized to sue organizations and serve accessibility orders.

2. There is a statutory risk whereby any citizen may file suit on accessibility grounds, without proving damages, up to NIS 70,000. Furthermore, citizens may file class actions.

2. Accessibility Coordinator

Applicable legislation

The Equal Rights for the Disabled Regulations (Accessibility Arrangements in Services), 2013 – Regulation 91.

Audit method

Meetings with Merav Dodian Lani – accessibility coordinator.

Findings

KKL has appointed a national accessibility officer, who is also a licensed building, infrastructure, environment, and service accessibility expert. She has held this job as a full-time position for five years, and has served as building, infrastructure, and has been licensed as an environmental accessibility expert for a decade.

The accessibility officer's training greatly exceeds the training required of accessibility officers, thus bringing substantial added value to the job.

During the audit inspections, the accessibility coordinator was fluent in the applicable legislation, and was deeply motivated to improve accessibility in KKL sites.

It seems that information from the various districts and teams is received once a year, and not at a greater frequency. This impedes routine decision-making affecting KKL's accessibility arrangements – planning, maintenance, and supervision. The Office of the Comptroller believes accessibility coordinators in the various districts are not involved in planning, maintenance, and development, but rather focus mainly on the planning phase of new sites or upgrades to existing sites.

Risk level – Low

Recommendations

1. **Appoint accessibility coordinators for each district, overseen by the national accessibility coordinator. These will work as an accessibility forum under the professional guidance of the accessibility coordinator. Furthermore, consider formalizing her integrative role through KKL HR.**
2. **Establish a procedure to regulate information flow from the districts and teams to the accessibility coordinator. This will allow her greater control over accessibility activities.**

KKL Land Development Administration’s response

1. **Item 1** – Applicable laws and regulations do not require KKL to appoint more than one accessibility coordinator. However, in addition to the officer, KKL has three accessibility coordinators, one in each district, who meet the Service Regulations’ requirements and carry out accessibility tasks, even though this is not part of their official job description. As such, the recommendation to formally appoint those three (or other) accessibility coordinators, to have an accessibility coordinator in each district, supervised by the officer, will be studied by the relevant staff in KKL’s Human Resources and Administration Division.
2. **Item 2** – The districts consult with and notify the coordinator, as needed, on specific accessibility-related issues. Even though this is not required by law, KKL will work to establish a procedure or operational directive formalizing the flow of information from the districts to the officer, at the latter’s discretion.

3. Site Accessibility Planning in KKL

Applicable legislation

Definitions – Equal Rights for the Disabled Regulations (Accessibility Arrangements for Sites), 2008 – Regulation 1.

Planning requirement – Equal Rights for the Disabled Regulations (Accessibility Arrangements for Sites), 2008 – Regulation 7.

Action plan – Equal Rights for the Disabled Regulations (Accessibility Arrangements for Sites), 2008 – Regulation 3(c-d).

Exemptions and alternatives – Equal Rights for the Disabled Regulations (Accessibility Arrangements for Sites), 2008 – Regulation 4.

Method

- Meetings
 - o Accessibility coordinator, national accessibility officer, Planning Division.
 - o Building, infrastructure, environment, and service accessibility expert, Planning Department, North District.
 - o Architect and accessibility expert, Planning Department, Center District.
 - o Architect assistant, South District.
- Collecting relevant documents:
 - o List of all KKL camping grounds.
 - o KKL Site Accessibility Workplan – December 2013, published on the Equal Rights for the Disabled Commission’s website.
 - o Long-term KKL site accessibility workplan (notice to the Equal Rights for the Disabled Commission from 2017).
 - o 2022 site accessibility workplan (internal).
 - o Site accessibility action plans (HaKdoshim Forest, Ma’on Synagogue, Haruvit Forest, Mimran camping area, Britain Park).
 - o Plans for new, unconstructed sites (Mevo’ot Givat HaMora, Hurshat Yad Natan, Holland Park, Luba Eliav Park, Tzora’a Forest).
 - o Exemption from marking telephone poles to avoid damaging the location’s character.

Findings

1. In December 2013, KKL submitted its long-term plan for site accessibility to the Equal Rights for the Disabled Commission. The plan was then published on the Commission's website. The plan included 300 'points of interest' across various KKL sites. In 2017, KKL updated this plan (through a notice sent to the Commission), and included 278 points of interest. The plan was updated due to changes in forested areas, and according to KKL was made in collaboration and coordination with the Commission's national commissioner.

In response to the audit report, KKL noted that 100% of the points of interest on the 2017 list were made accessible by the end of 2018. The Office of the Comptroller did not check this figure, as the audit included a sample examination of sites from each district.

During the audit, KKL provided a general list of sites from KKL's GIS system, containing 1,135 sites. Some of these sites do not receive public visitors, and so do not require accessibility arrangements. The Office of the Comptroller was notified that KKL currently plans to continue works to upgrade and optimize its GIS system, to serve as an official internal KKL database, containing all KKL sites and their relevant data. An updated list will be compiled to serve as a database, indicating which sites are open to the public, which are accessible, current accessibility status, and whether the site is advertised online.

2. To the best of the Office of the Comptroller's understanding, site selection in preparation for submitting the plan to the Commission in 2017 (based on the 2013 plan), included on-site inspections by a KKL team. Decisions were made on-site, based on three criteria:
 - 2.1. Point of interest – a professional term specified in the Regulations;² i.e. – indicating public interest in the site and the number of visitors.
- 2 Point of interest – in KKL-managed areas – A location designed for public visits, activities, or recreation, including facilities installed therein for public use. Source: Site Accessibility Regulations (2008).

- 2.2. Technical ability to render the site accessible and terrain profile.
- 2.3. Points of interest with a ‘master plan’ or future development plan, negating the need for accessibility arrangements in the present context.
3. Accessibility plans for these sites was site-driven. On-site inspections usually included planning personnel, and district accessibility coordinators. In the Center District, they were performed by the accessibility officer personally. Inspections occasionally also included directors of operations units from the districts. After touring the sites, the operational team received drawings, usually hand-written, of what was required.
4. Examination of site plans on KKL’s accessibility plan found specifications for accessibility arrangements, drawn according to the dimensions specified in the Regulations (path width, concrete ramp with compliant slopes, hand grips, etc.).
5. No detailed plan (program) was found for rendering different site classes accessibility-compliant (e.g. – camping grounds, memorial, path, etc.). Although it is not mandatory to prepare such detailed plans under the Regulations, the Office of the Comptroller believes it could help optimize these activities.
6. The Office of the Comptroller examined action plans for a sample of sites listed on the accessibility plan, submitted to the Ministry of Justice and which underwent Ministry inspection. Examination of these plans found: the plans included a map of the area, sites, and general action items (accessible path; 3 accessible tables including open area; etc.). There was no reference to the number of similar points of interest or the distance between them, the reasons for choosing specific points of interest for accessibility, specifications, or installation (e.g. – accessible tables including open area – are they installed on an accessible path?). Pictures were sometimes included, and other times not. It is noted that there is no obligation to do so under the Law or Regulations. However, this information is relevant when enabling disabled individuals to visit as many points of interest as possible and improving their visitor experience.

KKL stated that some action plans were submitted to the Ministry of Justice according to their requirements, and no objections or comments were received concerning the details or data included in these plans.

Findings – Upgrades to existing sites and accessibility of new sites

1. When a new site is built, it is pre-designed as an accessible location.
2. According to talks with representatives from the various district planning teams, a site accessibility design process is applied when building new sites:
 - 2.1. Request from Management.
 - 2.2. Collecting on-site data.
 - 2.3. Drafting a plan or program.
 - 2.4. Project Committee approval.
 - 2.5. Budgeting.
 - 2.6. Construction.
 - 2.7. Pre-delivery approval.
3. The process is usually led by the planning team, which includes a building, infrastructure, environment, and service accessibility expert. Outside consultants are sometimes enlisted to help with the planning process.
4. District representatives indicated that sometimes there is partial attention to accessibility considerations in each of the planning phases for new sites. For example: plans include accessible furniture and construction specifications, but do not specify their on-site placement, i.e. – how to install furniture on-site, so the plan can be clearly understood by the construction team.

Planning for new sites is done at the district level and not at the national level. It is noted that this is not mandated by the Regulations, but the Office of the Comptroller believes that national-level planning would assure full diversification of points of interest across the country.

Findings – Future plans pending construction

1. The work plan for 2022 included a list of sites and comments. There was no detailed performance schedule or information on site status.
2. Examination of future plans found:
 - 2.1. There was no standardization in planning across different districts. Each plan is presented differently with different levels of detail.
 - 2.2. All plans referred to the following accessibility components: parking spots, width and slop of accessible paths.
 - 2.3. Most plans lacked detailed dimension requirements for accessible parking.
 - 2.4. Some, but not all, plans called for accessible picnic tables, at such number and distribution as prescribed in the Regulations.
 - 2.5. Sitting wall – none of the plans referred to accessible seating or the height required by the Regulations.
 - 2.6. There were no details concerning accessible benches along the paths, as required by the Regulations
 - 2.7. There was only partial reference to accessible seating. For example – the plan for Hurshat Yad Natan includes an outdoor classroom. The plan designates an area for wheelchairs, but makes no mention of accessible seating. The same plan also does not specify accessible benches which should be placed along the paths.

Risk level – Moderate.

Recommendations

1. **Pursue KKL's decision to update the list of KKL sites through a digital administrative database. Following such update, map a list of accessible points of interest and their accessibility status.**
2. **Prepare an actionable accessibility plan for KKL sites that are**

currently non- or partially-accessible. Furthermore, draft a procedure for upgrading accessibility arrangements in existing sites to match the various site types, as no two sites are alike.

3. Accurately define points of interest as defined in the Regulations, without skipping seemingly-similar points of interest.
4. Establish uniformity in planning and accessibility workflows across all districts. In other words – create a uniform accessibility plan for all site types (scenic viewpoints, camping ground, memorial, etc.).

KKL Land Development Administration’s response

1. As concerns the 2020 accessibility plan – This is an internal work document which is still in draft form. It has not yet been finalized as not all data has been received from all districts.
2. As concerns the future plans – These are conceptual architectural plans which do not commonly include height or dimension data. These figures will be specified in the implementation plans or in technical data files for specific projects, or as part of the officer’s operational instructions. As concerns marking and specifying accessible picnic tables and benches – these details will be added as required.
3. **Recommendation 1** – A list of accessibility-compliant sites has been compiled and published, and meets the statutory requirements. Following a comprehensive review, this list will be supplemented, for KKL’s internal administrative purposes, and will include all KKL sites, including sites and on-site points of interest as defined by law, which should be rendered accessible, completed accessibility arrangements and accessibility status. This information will be compiled in an internal KKL database.
4. **Recommendation 2** – As concerns actionable plans – KKL will act as dictated by law. As concerns defining accessibility upgrade workflows for existing sites, it is noted that a uniform workflow cannot be established, as the process is based on the needs and nature of each site.

5. **Recommendation 3** – Points of interest will be mapped across sites after comprehensive prep work has been completed both on-site and in the office. As concerns similar and adjacent points of interest – KKL is committed to its statutory requirements, which do not mandate that all points of interest be rendered accessible, but only some. However, KKL sometimes implements accessibility measures beyond those required by law.
6. **Recommendation 4** – Establishing a uniform plan for each site type is neither required by law, nor practically feasible. Each site has its own intricacies and poses unique accessibility challenges, requiring creative solutions.

4. Accessibility Compliance Workflows in KKL Sites

Applicable legislation

Implementation – Equal Rights for the Disabled Regulations (Accessibility Arrangements for Sites), 2008 – Regulation 3(a-b) and the First Schedule.

Technical provisions – Equal Rights for the Disabled Regulations (Accessibility Arrangements for Sites), 2008 – Regulation 6.

Performance certification – Equal Rights for the Disabled Regulations (Accessibility Arrangements for Sites), 2008 – Regulation 3(d).

Israeli Standard 1918 Part 4.

Method

- Meeting with the accessibility coordinator.
- Preparatory tours of three sites with building, infrastructure, environment, and service accessibility experts, and building tools for inspecting the sites for regulatory compliance.
- Inspections by building, infrastructure, environment, and service accessibility experts, as well as a physically disabled individual of 10 sites across the country, as follows:

Nine sites listed as accessible on KKL's website, and the Scroll of Fire memorial which is not listed as an accessible site.

- o Hayalim Meshuhrarim Camping Ground.
- o HaMalachim Forest – Shahariya.
- o Hurban Karoah – Shahariya.
- o Ein HaMesila Camping Grounds – Eshtaol.
- o MAHAL – HaKdoshim Forest.
- o Sha'ar HaGai Birdwatching Center.
- o South Africa Camping Ground.
- o Beit HaYa'aran Birdwatching Center – Beit Keshet.
- o Lavi Forest Camping Ground.
- Relevant documents:
 - o List of accessible sites from KKL's website.
 - o Long-term accessibility workplan for KKL sites (notice to the Equal Rights for the Disabled Commission from 2017).
 - o Site accessibility workplan for 2022 (internal).
 - o Performance certification documents upon plan completion (Plugut Camping Ground – parents and soldiers meeting area; Switzerland Camping Ground; Ibim Camping Ground Overlook; Tzuckerman Camping Ground; Be'eri Forest Info Station; Be'eri Forest Saqiya Well; Nahal Asaf Camping Ground).

Key findings from accessibility surveys performed during these inspections³

1. The number of accessibility-compliant points of interest meets, or even exceeds, the Regulations' requirements.
2. Informative sign at the site entrance – In all inspected sites, the informative signs at the entrance did not comply with IS 1918 in

3 For example, see the three full survey appended to this report.

terms of font size, color contrast, etc. Furthermore, all entrance signs which had a map of the KKL site did not mark the accessible points of interest. For example – see the South Africa Camping Ground.

3. Parking – The number of parking spaces usually complied with the Regulations' requirements. In 3 out of 10 sites, the size of the accessible parking spots and the sign marking them did not comply with the Regulations. For example, see the Lavi Forest Camp Ground in the North District.
4. Accessible path – Most sites had accessible paths from the site entrance to the main points of interest. The Lavi Forest Camp Ground had a severe incline without a handrail and without a maneuvering area,⁴ which may render it dangerous to those in wheelchairs.
5. Accessible path surfaces were not always uniform or compliant. Some sites had obstacles such as boulders on the way from the parking area to the accessible path. For example – Lahav Forest – Discharged Soldiers Camp Ground.
6. Signage – There is a significant lack of on-site signage. Existing signs are not uniform and do not always comply with the Regulations. Signs are sometimes installed in inaccessible area, effectively rendering them useless. For example – the Ein HaMesila Camp Ground has an informative sign explaining the various play fixtures on-site, but the sign is placed off the accessible path with no disabled access.
7. Path indicators⁵ – In 7 out of the 10 inspected sites had a guiding strip along the accessible path, which serves to guide people with visual impairments.
8. In places where several paths intersected, there were no path

4 Maneuvering area – A horizontal, obstacle-free surface allowing a wheelchair to easily turn and maneuver.

5 Path indicators – A strip or line on a walking strip or path, with visual and touch-sensory contrast to the surroundings, designed to help a visually-disabled individual find their way to their destination.

indicators explaining that there is another accessible path, or paths. For example – HaMalachim Camp Ground. It is noted that path indicators were not uniform across different districts.

9. Outdoor furniture and outdoor facilities:

9.1. Picnic tables – Mostly comply with the Standard specifications in terms of dimension and quantity. They are sometimes installed in inaccessible locations. For example – at the Scroll of Fire site, there is a dimensionally-accessible bench, but it was installed off the accessible path in a way which does not allow easy access to a person with limited mobility.

9.2. Path-side seating – In 9 of the 10 inspected sites, there was insufficient seating along the path, and when seating was available it was not compliant.

9.3. Drinking fountains – In 5 of the 10 inspected sites, there were water fountains. Some of these were placed in inaccessible locations, and some were difficult to operate. For example, in the Hurvat Karoa site, although the fountain itself was dimensionally-compliant, it was placed on a smaller surface than specified in the Regulations, which does not allow easy access for people with limited mobility.

9.4. Trash bins – All inspected sites had bins that were difficult to operate, probably due to the need to contend with wildlife in these sites. Some were placed in inaccessible locations, such as in the HaMalachim Camp Ground.

9.5. Campfire pits – Insufficient seating. Most sites had stone seating around the campfire, which were too low for people with disabilities. It is noted that this arrangement is not required under the Site Regulations or IS 1918. However, the Office of the Comptroller believes that plans can be made to build the stone benches in a way that a disabled individual would find comfortable and accessible. It is noted that there is sufficient clearance for a person in a wheelchair. Furthermore, in a large number of points of interest, KKL has expanded the circle surrounding the campfire, so a wheelchair-bound individual might sit next to someone sitting in this circle. This exceeds

the Regulations' requirements. In terms of accessibility for the visually-impaired, the accessibility coordinator reported that warning surfaces have been installed in the campfire areas. However, during its inspections, the Office of the Comptroller did not find such surfaces.

10. The Office of the Comptroller believes that currently inaccessible sites could be made accessible, or at least partially accessible, in terms of site conditions. For example – Tel Hadid, Hulda Forest, etc. According to the accessibility coordinator, as concerns accessibility arrangements in Hulda Forest – there is a master plan calling for detailed plans, including accessibility. When this master plan is implemented, all accessibility considerations will be taken into account and implemented as well. As concerns Tel Hadid – The matter will be studied, and if the site and/or point of interest meets the definitions in the Regulations, it will be made accessible as required by law.
11. Accessibility certifications are obtained after upgrading a site or when building a new site according to the action plan. However, these certifications were not obtained for all accessibility-compliant sites. For more information, see Chapter 7 – Supervision.
12. The Implementation Unit is responsible to implement accessibility measures in KKL sites in each district separately. If the implementation team encounters a problem when implementing the accessibility plan, it is solved on-site without re-planning.

Risk level

Accessibility gaps in sites listed as accessible – High.

No certification after implementing action plans – Moderate.

Recommendations

1. **Close accessibility gaps in currently-accessible sites.**
2. **After completing site accessibility modifications – document accessibility certification and accessibility plans in the**

database, and advertise detailed accessibility arrangements on the website.

3. **Make sure that accessibility arrangements are continuously supported by a building, infrastructure, environment, and service accessibility expert.**
4. **Develop an accessibility signage program for all KKL sites, to assure uniform signage.**
5. **Train construction and maintenance crews on site and facility accessibility.**
6. **To the extent possible considering on-site conditions, consider rendering currently inaccessible KKL sites either fully or partly accessible, for the sake of the disabled.**

KKL Land Development Administration's response

1. All the comments in this chapter will be studied and corrected, if and as needed. If accessibility arrangements are not feasible, we will study other accessibility options. If these options are also found unfeasible, an exemption will be issued with the accessibility officer's and/or expert's approval and in keeping with the Site Regulations.

See, for example, the campfire area in the campgrounds at the entrance to the Eshtaol offices (attached as Appendix 6 to the response).

2. **Recommendation 1** – The recommendation will be studied and corrected, if and as necessary. If accessibility arrangements are not feasible, we will study other accessibility options. If these options are also found unfeasible, an exemption will be issued with the accessibility officer's and/or expert's approval and in keeping with the Site Regulations.
3. **Recommendation 2** – The recommendation will be implemented.
4. **Recommendation 3** – There is no statutory requirement that all accessibility work be supported by building, infrastructure, environment, and service accessibility experts. This is done in a broader supervisory context. When close supervision is applied,

this is usually done by the Implementation Unit foreman, who is familiar with the statutory and regulatory requirements, and is in continuous contact with the district accessibility coordinator or officer. The accessibility expert approves the final installation.

5. **Recommendation 4** – The Planning Division is currently working on a new ‘signage code’. This will align the information and names on the KKL website with on-site signs, and will account for accessibility arrangements.
6. **Recommendation 5** – It should be noted that all KKL employees have attended general training, including personal experience with accessible service, in excess of the statutory requirements. However, the recommendation concerning specific, targeted training will be implemented.
7. **Recommendation 6** – Accessibility arrangements will be made for sites or points of interest as defined in the Site Regulations.

5. **Maintenance**

Applicable legislation

Equal Rights for the Disabled Regulations (Accessibility Arrangements for Sites), 2008 – Regulation 8.

Method

- Meeting with Merav Dodian Lani – accessibility coordinator.
- Inspections by licensed building, infrastructure, and environment experts, a licensed service accessibility expert, and a physically disabled person, for 10 sites across the country, as follows:

9 sites listed as accessible on KKL’s website, and the Scroll of Fire site which is not listed as accessible.

- o Hayalim Meshuhrarim Camping Ground.
- o HaMalachim Forest – Shahariya.
- o Hurban Karoah – Shahariya.

- o Ein HaMesila Camping Grounds – Eshtaol.
- o MAHAL – HaKdoshim Forest.
- o Sha’ar HaGai Birdwatching Center.
- o South Africa Camping Ground.
- o Beit HaYa’aran Birdwatching Center – Beit Keshet
- o Lavi Forest Camping Ground
- Documents:
 - o South District maintenance checklist.

Findings

1. Maintaining KKL sites is a complex task – furniture and facilities are exposed to the elements, animals, regular use, and vandalism.
2. There is no accessibility maintenance procedure or specific attention to accessibility concerns in routine maintenance activities.
3. Site maintenance is overseen by each district’s foresters. They report issues to the maintenance team. They do not report accessibility-related issues to the accessibility coordinator.
4. KKL staff on-site, including the maintenance staff who are responsible for repairing and correcting hazards, do not undergo accessibility maintenance training, such as assuring accessible placement of benches.
5. The South District maintenance checklist only has general titles, without inspection instructions (e.g. – requirements for accessible parking signs or accessible benches). There is no reference to the inspection date, and it is unclear who is responsible for performing the inspection.
6. As aforesaid, the Office of the Comptroller inspected 10 sites across KKL’s three districts. These inspections found numerous flaws in accessibility maintenance. For example:
 - 6.1. Stones across accessible paths, e.g. – in the Hayalim Meshuhrarim Camp Ground.

- 6.2. Roots causing irregular surface heights on paths, e.g. – the Beit HaYa'aran Camp Ground showed major wear, root-caused cracks which created height differences in the path surfaces and do not allow mobility for wheelchairs.
- 6.3. Tables in advanced states of disrepair.
- 6.4. Worn benches. For example, in the Lavi Forest benches had sunk due to ground conditions, which rendered them too low and uncomfortable for visitors with limited mobility.
- 6.5. Non-functional drinking fountain.
- 6.6. Faded, worn-out signs. For example – in the Hayalim Meshuhrarim Camp Ground, the parking sign had been bent.

Recommendations

1. **Build an annual workplan for site accessibility maintenance.**
2. **Draft an accessibility maintenance procedure specifying responsibilities, frequency, reporting requirements, inspection tools, and response times for flaw correction.**
3. **Allocate budgets specifically for accessibility maintenance in KKL sites.**
4. **Provide KKL field staff with accessibility training, including maintenance staff.**
5. **Develop a routine quarterly inspection process for foresters.**

KKL Land Development Administration's response

1. **Section 6 findings** – The aforementioned flaws will be checked and corrected if and as necessary.
2. **Recommendation 1** – An annual accessibility maintenance work plan is not required by law. Thus, any additional request will be contingent on professional recommendations, policy decisions, and budget considerations.
3. **Recommendation 2** – Procedure 10.1.10 – *Accessibility and Accessibility Arrangements in KKL* includes a chapter dealing with maintenance of accessible sites. It is noted that a new procedure is

currently being drafted, and will be more detailed in this matter, including as concerns maintenance.

4. **Recommendation 3** – Budgets for accessibility maintenance are included in the general maintenance budgets for KKL sites. However, in addition to these, the 2023 work plan allocated additional budgets specifically for accessibility management, to account for unforeseen maintenance requirements.
5. **Recommendation 4** – KKL plans to provide specific accessibility training for all construction, maintenance, and crowd-facing staff, including camp ground coordinators, public admission coordinators, Implementation Department foremen, Maintenance Department supervisors, and engineers. It is further noted that, since foresters are busy managing non-crowd-facing forest ecologies (with all that this entails), there is no need to provide them with specific training other than the general training for providing accessible training as given to all KKL staff. KKL is also developing a broader crowd management plan, which will see additional staff being hired in district regions. These will be responsible, among other things, for preventing vandalism, maintaining site cleanliness, and accessibility maintenance.
6. **Recommendation 5** – KKL plans to roll out in its various regions a digital system for managing site maintenance tickets, including accessibility tickets. These would be continuously updated and the system would notify the relevant staff.

6. **Advertising Accessibility Arrangements**

Applicable legislation

Equal Rights for the Disabled Regulations (Accessibility Arrangements for Services), 2013 – Regulation 34 requires organizations to advertise their accessibility arrangements on all common advertising channels.

Method

- Examining accessibility arrangements as listed on KKL’s website, by a licensed service accessibility expert.

Findings

1. There were two versions of the accessibility arrangements on KKL's website. One is located under the 'Accessible sites around the country' section – https://www.kkl.org.il/accesible_sites_in_forests, while the other is under the 'Accessibility statement' section – <https://www.kkl.org.il/accessibility-statement/>. The two versions are not identical. For example.
 - 1.1. Accessibility arrangements in Hurshat HaShalom, according to the accessibility statement page: Site is accessible. Includes parking, directional signage, and picnic tables. It is not noted that the reference is to accessible parking, signs, and tables, but since this is the accessibility statement page, it is reasonable to assume this is the intention.
 - 1.2. Accessibility arrangements in Hurshar HaShalom, according to the 'Accessible sites around the country' page: Accessible parking, path, drinking fountain, general area, and picnic table.
 - 1.3. The accessibility statement page mentions HaZorea Forest as accessible, but it is not listed on the 'Accessible sites around the country' page.
 - 1.4. Shoham Park is listed on the 'Accessible sites around the country' page, but not on the accessibility statement page.
2. Site names are unclear, so that a disabled individual would find it hard to understand which site is accessible. For example: HaMalachim Forest in Shahariya appears under that name on the 'Accessible sites around the country page', but as a 'family-friendly camp ground' on the accessibility statement page. The confusion only grows when one tries to use common navigation apps – WAZE offers HaMalachim Forest, Shahariya Forest, and HaMalachim Forest Outlook. Google and Apple Maps find HaMalachim – Shahariya Forest.
3. On the accessibility statement page, sites are listed in a table with only limited information – Accessible (Yes/No). The 'Accessible sites around the country' page refers visitors to the site pages

themselves, without explaining what is accessible and what isn't and without images of the accessible areas.

4. The accessibility statement page on KKL's website was last updated on August 25, 2020. The 'Accessible sites around the country' page does not specify when it was last updated.
5. On the English website, trying to access the accessibility statement page leads to the English version of the 'Accessible sites around the country' page, which does not match the Hebrew version of the page, and does not provide all the necessary information.
6. Maps of KKL sites appearing on the website do not include information on accessibility arrangements in points of interest.

Risk level

Moderate – Accessibility arrangements are advertised, but there is substantial difficulty understanding what they are or the accessibility status of KKL's various sites. It is also difficult to navigate to the relevant site.

Recommendations

1. **Draft a procedure for advertising accessibility arrangements, to assure these are detailed and current.**
2. **Have one page with site accessibility arrangements, including: details on site accessibility arrangements, parking spot locations, toilet locations, locations of accessible tables, temporary inaccessibility (e.g. – out-of-order toilets), etc. Also include images and maps if possible.**
3. **Current accessibility arrangements should be advertised uniformly in all website languages.**
4. **Make sure that any time a new site is built, an existing site is improved, or a site is repaired – the accessibility arrangements page is updated.**
5. **Mark accessibility information on the maps on KKL's website.**

6. **Periodically review accessibility arrangements as advertised, to make sure they are up to date.**
7. **Make sure that site names are uniform across different pages.**

KKL Land Development Administration's response

1. **Section 1 of the findings** – The comment is accepted and has been corrected. The current version of the accessibility statement on KKL's website can be found at <https://www.kkl.org.il/accessibility-statement/> (“the Relevant Link”).
2. **Section 4 to the findings** – After correcting the accessibility statement link on KKL's website, this issue was also corrected.
3. **Section 5 to the findings** – The KKL website is currently available in five languages – Hebrew, English, Russian, Spanish, and Arabic. Although not legally required, accessibility arrangements are provided in Hebrew, English, and Russian. As concerns the Arabic and Spanish websites – they currently link to the accessibility statement pages in Hebrew and English, respectively. However, the accessibility arrangements will soon be added in Arabic.
4. **Recommendation 2** – After correcting the link to the accessibility statement on KKL's website, this issue was also corrected. As of now, the accessible sites table specifies all accessible points of interest, by district. This includes information on parking and directional signage, as well as accessibility arrangements in each point of interest (under the ‘Comments’ column).
5. **Recommendation 3** – Accessibility information in English is available at <https://www.kkl-KKL.org/accessibility-arrangements/>, and matches the information in Hebrew in the Relevant Link.
6. **Recommendation 5** – The recommendation is not required by law, and poses unreasonable practical challenges.
7. **Recommendation 6** – This is already implemented once a year.
8. **Recommendation 7** – After correcting the link to accessibility information on KKL's website, this issue was also resolved.

7. Supervision

Applicable legislation

There are no specific statutory provisions governing supervision.

Method

- Meeting with Merav Dodian Lani – accessibility coordinator.
- Inspections by licensed building, infrastructure, environment, and service accessibility experts, and a physically disabled person, of 10 sites across the country, as follows:

9 sites listed as accessible on KKL's website, and the Scroll of Fire site which is not listed as accessible:

- o Hayalim Meshuhrarim Camping Ground.
- o HaMalachim Forest – Shahariya.
- o Hurban Karoah – Shahariya.
- o Ein HaMesila Camping Grounds – Eshtaol.
- o MAHAL – HaKdoshim Forest.
- o Sha'ar HaGai Birdwatching Center.
- o South Africa Camping Ground.
- o Beit HaYa'aran Birdwatching Center – Beit Keshet.
- o Lavi Forest Camping Ground.

Findings

1. The audit focused on actual workflows concerning accessibility arrangements in KKL sites, from planning to implementation. The Office of the Comptroller found insufficient supervision over these workflows. Although there is no specific regulation governing supervision of site accessibility arrangements, the Office of the Comptroller identified that the way to assure optimal accessibility is to establish a supervisory stage in each step of the workflow.
2. Planning is carried out in the various districts by a planning team, including building, infrastructure, and environment accessibility

experts. There is no supervision over this stage, but it seems that plans are drafted in accordance with regulatory requirements.

3. The Office of the Comptroller noticed that an accessibility expert signs off on implementation of accessibility plans for KKL sites. This is intended to serve as a supervisory component. However, in its on-site inspections, the Office of the Comptroller found that actual implementation did not fully match the plans. Sometimes, there is a gap between planning and implementation. It seems that much thought had been given to accessibility considerations in the planning stage, which did not always translate to real-world performance. For example, the plans call for an accessible bench as specified in the Regulations, but in practice the bench was installed off the accessible path, on terrain that would not allow a disabled person to use it as planned.
4. On-site inspections found accessibility gaps due to lack of maintenance. For example – faded paint on disabled parking spots. In other words, there is no routine inspection or a procedure for reporting destruction or loss of accessibility measures (benches, tables, bathroom stalls, signs, paths, etc.).
5. The foresters are responsible for reporting flaws to the maintenance team, and it is the maintenance team’s job to repair these flaws. There are no formal process for reporting flaws and ‘closing’ accessibility-related tickets. Furthermore, foresters/KKL staff on-site, including maintenance staff, have not been trained on servicing accessibility installations.

Risk level: Low

Recommendations

1. **Draft and adopt an accessibility supervision procedure for the entire site accessibility process.**
2. **A licensed building, infrastructure, environment, and service accessibility expert should approve the completion of each project.**
3. **Train staff on accessibility supervision.**

4. **Allow disabled visitors to provide feedback on site accessibility, through KKL’s website.**

KKL Land Development Administration’s response

1. **Recommendation 1** – Accessibility supervision will be formalized through the upcoming procedure, as aforesaid, at the discretion of KKL’s professional staff.
2. **Recommendation 2** – Implemented in practice.
3. **Recommendation 3** – Not required by law. However, the recommendation will be studied and implemented at the discretion of the professional staff of the Human Resources and Administration Division, and subject to budget considerations.
4. **Recommendation 4** – Not required by law. However, it is possible to submit feedback, both by contacting the officer (through the contact details posted on KKL’s website), and through the Public Inquiries Department. Furthermore, KKL plans to build a consolidated call center which will handle, among other things, public inquiries concerning accessibility in KKL sites.

Office of the Comptroller’s comment

Concerning Recommendation 2, calling for expert sign-off as a supervisory component – Although KKL responded that the matter is being addressed, the Office of the Comptroller believes that greater emphasis should be placed at the project completion phase on comparing planning with actual implementation of accessibility measures.

8. Documentation

Applicable legislation

Equal Rights for the Disabled Regulations (Accessibility Arrangements for Sites), 2008 – Regulation 9.

Method

Comparing the list of sites on the ‘Accessibility arrangements’ page on the KKL website, and the list of all current KKL campgrounds.

Findings

1. The Office of the Comptroller made several comparisons between different lists of KKL sites. There was significant difficulty comparing the various lists, as the site names were not uniform. The list of all KKL camp grounds was the one generated automatically through the GIS (Geographic Information System). It is unclear how it relates to the list on the accessibility arrangements page on the website and the plans for future accessible sites.
2. The documents were found to be maintained at the district level, but not at the overall KKL headquarters level.

Risk level

Moderate – A lack of orderly documentation undermines the ability to track what has been done and what still needs doing.

Recommendations

1. **Build a digital database of accessible KKL sites. This should include all records documenting accessibility actions, accessibility certifications, and advertisement of site accessibility arrangements.**
2. **Apply a specific and unique name for each KKL site.**

KKL Land Development Administration’s response

KKL is currently working to develop a comprehensive database of all its sites, for use in internal administration activities.

9. Summary

The audit indicates that KKL Management and its professional staff are committed to promoting accessibility, and have been active towards this end for years, even before the audit. The director and

staff of the KKL Land Development Administration are invested in this matter, and cooperated fully with the audit, to the extent of implementing some of the Office of the Comptroller's comment while the audit was still underway.

The Office of the Comptroller acknowledges the fact that accessibility arrangements is a huge undertaking in an organization of KKL's magnitude, is complicated by real-world conditions, and carries substantial cost.

KKL has a full-time accessibility coordinator, who is very familiar with this field. KKL lacks clear task definitions, procedures and work plans, training for field personnel, and proper public advertisement of information.

The Office of the Comptroller noticed a lack of method in KKL's accessibility efforts – there is no proper database of all KKL sites, which could be used to mark accessible sites, and sites not currently accessible but which can be rendered accessible, even if only partially so. There is also a lack of uniformity in accessibility efforts and implementation across districts. Thus, there is no formal flow of accessibility interventions in KKL sites, from planning through to implementation, upgrades, maintenance, and supervision. This would include identifying the headquarters and district staff who are involved in these efforts, and defining their powers and responsibilities.

The Office of the Comptroller believes that KKL should strive, as possible, to make additional sites accessible, even if these are not on the accessible sites list and are not required by law. This would support an equal and respectful experience for all Israeli citizens.

10. Summary of Recommendations

Chapter Title	Recommendations
Accessibility Coordinator (Chapter 2)	<ol style="list-style-type: none"> 1. Appoint accessibility coordinators for each district, overseen by the national accessibility coordinator. These will work as an accessibility forum under the professional guidance of the accessibility coordinator. Furthermore, consider formalizing her integrative role through KKL HR. 2. Establish a procedure to regulate information flow from the districts and teams to the accessibility coordinator. This will allow her greater control over accessibility activities.
Site Accessibility Planning in KKL (Chapter 3)	<ol style="list-style-type: none"> 1. Pursue KKL’s decision to update the list of KKL sites through a digital administrative database. Following such update, map a list of accessible points of interest and their accessibility status. 2. Prepare an actionable accessibility plan for KKL sites that are currently non- or partially-accessible. Furthermore, draft a procedure for upgrading accessibility arrangements in existing sites to match the various site types, as no two sites are alike. 3. Accurately define points of interest as defined in the Regulations, without skipping seemingly-similar points of interest. 4. Establish uniformity in planning and accessibility workflows across all districts. In other words – create a uniform accessibility plan for all site types (scenic viewpoints, camping ground, memorial, etc.).
KKL Site Accessibility Compliance (Chapter 4)	<ol style="list-style-type: none"> 1. Close accessibility gaps in currently-accessible sites. 2. After completing site accessibility modifications – document accessibility certification and accessibility plans in the database, and advertise detailed accessibility arrangements on the website. 3. Make sure that accessibility arrangements are continuously supported by a building, infrastructure, environment, and service accessibility expert. 4. Develop an accessibility signage program for all KKL sites, to assure uniform signage. 5. Train construction and maintenance crews on site and facility accessibility. 6. To the extent possible considering on-site conditions, consider rendering currently inaccessible KKL sites either fully or partly accessible, for the sake of the disabled.

Chapter Title	Recommendations
Maintenance (Chapter 5)	<ol style="list-style-type: none"> 1. Build an annual work plan for site accessibility maintenance. 2. Draft an accessibility maintenance procedure specifying responsibilities, frequency, reporting requirements, inspection tools, and response times for flaw correction. 3. Allocate budgets specifically for accessibility maintenance in KKL sites. 4. Provide KKL field staff with accessibility training, including maintenance staff. 5. Develop a routine quarterly inspection process for foresters.
Advertisement of Accessibility Arrangements (Chapter 6)	<ol style="list-style-type: none"> 1. Draft a procedure for advertising accessibility arrangements, to assure these are detailed and current. 2. Have one page with site accessibility arrangements, including: details on site accessibility arrangements, parking spot locations, toilet locations, locations of accessible tables, temporary inaccessibility (e.g. – out-of-order toilets), etc. Also include images and maps if possible. 3. Current accessibility arrangements should be advertised uniformly in all website languages. 4. Make sure that any time a new site is built, an existing site is improved, or a site is repaired – the accessibility arrangements page is updated. 5. Mark accessibility information on the maps on KKL’s website. 6. Periodically review accessibility arrangements as advertised, to make sure they are up to date. 7. Make sure that site names are uniform across different pages.
Supervision (Chapter 7)	<ol style="list-style-type: none"> 1. Draft and adopt an accessibility supervision procedure for the entire site accessibility process. 2. A licensed building, infrastructure, environment, and service accessibility expert should approve the completion of each project. 3. Train staff on accessibility supervision. 4. Allow disabled visitors to provide feedback on site accessibility, through KKL’s website.

Chapter Title	Recommendations
Documentation (Chapter 8)	1. Build a digital database of accessible KKL sites. This should include all records documenting accessibility actions, accessibility certifications, and advertisement of site accessibility arrangements. 2. Apply a specific and unique name for each KKL site.

11. Appendices

Below are three accessibility surveys (inspection summary by a licensed building, infrastructure, environment accessibility expert, a licensed service accessibility expert, and a disabled person), one from each district, out of ten such surveys performed. All surveys were submitted to KKL's accessibility coordinator and relevant staff in each district.

A. Accessibility survey – Sha'ar HaGai Birdwatching Station

KKL – Sha'ar HaGai Birdwatching Station Accessibility Survey

	Survey date: June 19, 2022
Site type (camp ground, bike path, hike path, bird-watching station, memorial, visitor center):	Surveyor: Guy Mazan – BIE expert; Ruth Shaked – Service expert
Birdwatching station	

Issue	Requirement	Compliant	Non-Compliant	Finding/Current Status
Total points of interest on site				
1 type of POI				
Accessible POIs	Accessibility requirement 1=2-5 / 2=6-10 / 3=11-20 / over 3 = 20 + 10%	V		

Issue	Requirement	Compliant	Non-Compliant	Finding/Current Status
Offsite – continuity				
Site accessibility info at entrance to site	Check there is information on accessible site POIs, including on the location map. Check there is information on the shape of the directional mark and warning at site entrance.		X	No information given.
Accessible parking				
Accessible parking	Check there is standard-compliant disabled parking, including for taller vehicles, marked and with signs at a distance of up to 100m. Number of accessible spots required under the Existing Site Regulations will be calculated separately for each parking area.	V		
Parking sign		V		
Parking if located more than 100m away from the main entrance to site	Check if main entrance can be reached by car. Accessible parking will be set as close as possible to the accessible path and the accessible entrances on-site. Sign will note contact phone number.			N/A
Dropped curb adjacent to parking	Check if curb is lowered	X		Curb blocks sidewalk next to parking, creating an obstacle
Continuous route from parking to path	Check there are no obstacles in the way	V		

Issue	Requirement	Compliant	Non-Compliant	Finding/Current Status
Site accessibility				
Accessible path				
Accessible path	Check for accessible path from main site entrance to accessible POIs or alternatives, to the on-site building, and to the various services – cafeteria/accessible toilet, accessible facilities, etc.	V		
Guiding strip	Check guiding strip compliance	V		Type 3 guiding strip, sufficient contrast.
Accessible path surface	Planned to prevent puddling, joints on path surface – height diff. between top of joint filler and the top of the highest point on the path alongside the joint will not exceed 5 mm. Path borders will be distinguishable all along the path, fine texture.	V		
Accessible path	Check that height gap in intersection of accessible path and parking/other path does not exceed 2cm. Check that accessible path is at least 130cm wide. Standard-compliant handrails installed on both sides of path.	V		
Slopes on path	Slope greater than 6% – alternate route will be available to the same destination. If the slope exceeds 8%, BIE expert may approve up to 10%. If the site has a slope exceeding 12%, warning signs must be posted on both sides of the steep path.	V		

Issue	Requirement	Compliant	Non-Compliant	Finding/Current Status
Path maintenance	Check that path is clear of rocks/debris, etc.	V		
Seating	Check for seating along the path such as steps, boulder, bench, within 250m walking distance from main entrance. Also, check for seating within 50m on paths with a slope exceeding 5% of more than 200m and within 100m on paths with slopes smaller than 5%. Check that seating is shaded.		X	There is a shaded seating terrace. Seats are lower than required. Height 37–40cm.
Accessible bench				
Number of accessible benches	In a grouping of identical outdoor furniture placed together, it is permitted to install only one accessible bench.	V		
Accessible bench dimensions	Bench surface height – 45–48cm; armrest height 18–24cm above seat, length at least 30 cm. Clear floor area in front of bench of at least 65cm width, continuing entire length of bench.	V		
Visually contrasting outline markings	Check compliance.			
Bench maintenance	Check that bench is stable and sturdy.	V		Some wear.

Issue	Requirement	Compliant	Non-Compliant	Finding/Current Status
Scenic viewpoint				
Access path	Check for accessible path to viewpoint	V		
Maneuvering area before viewpoint	Check for sufficient maneuvering area	V		
Information	Check for information in accessible print, contrast, simple language. Check if audio/touch information is also available.		X	
Maintenance	Check maintenance of path to viewpoint and its information.	V		
Seating	Seating height 45–50cm; standard-compliant armrest aiding in sitting/rising; in front – clear floor of at least 65cm width running the entire length of the seat.		X	Seat height at viewpoint – 38cm.
3D model				
Is there a 3D model	A national site with unique buildings or natural phenomena will have a 3D model.	V		
3D model quality	Check for model of building or natural phenomenon which is identifiable, can be sensed by touch, and identified by visual contrast.		X	Signs not sufficiently emphasized and not clearly identifiable by a blind or cognitively disabled individual.
Maneuvering area in front of model	Verify		X	Some models placed off the accessible path.

Issue	Requirement	Compliant	Non-Compliant	Finding/Current Status
Maintenance and service-ability	Check condition of model, including exposure to sunlight – if exposed, use UV-resistant material.	V		
Signage				
<u>Directional signs:</u> to accessible entrance, accessible toilets, points of interest	Check for fully-detailed signs at entrance. Check sign maintenance.			Not present
<u>Identification signs</u>	Check for signs identifying toilets and various facilities. Check sign maintenance.		X	
<u>Informative signs</u>	Check for signs with relevant information, accessible toilets and facilities. Check maintenance.		X	
<u>Warning signs</u>	Check that installed, with sufficient visual contrast, and check maintenance.			Not present
Accessible toilets	In existing sites charging admission with at least 80,000 visitors a year – install accessible toilets.			
Serviceability and availability	Check serviceability		X	Not present
Directional signs and door-side identification	Verify		X	Not present

Issue	Requirement	Compliant	Non-Compliant	Finding/Current Status
Maneuvering area before door	Check for 150cm diameter or 130x170cm in front of stall		X	Not present
Toilets free of objects	Verify		X	Not present
Outward-opening mechanism + open/closed lock	Verify		X	Not present
Serviceable toilet seat	Verify		X	Not present
L-grip fixed to wall, usable; Folding grip, usable (optimally placed on floor and not hanging from wall); Horizontal grip on interior side of stall door	Check dimension compliance, and that folding grip stays folded.		X	Not present
Serviceable sink and faucet	Verify		X	Not present
Hook installed on door	Check installation up to 140cm; recommended – 110cm.		X	Not present

Issue	Requirement	Compliant	Non-Compliant	Finding/Current Status
Alternate accessibility				
Vehicle access as near as possible to point of interest	Verify that present and convenient		X	
View of point of interest from close distance	Verify that present and convenient		X	
Model of point of interest including parts thereof	Verify that present and includes all various point of interest parts		X	
Use of other assistive measures			X	

B. Accessibility survey – Beit HaYa'aran Camp Ground

KKL – Beit HaYa'aran Camp Ground – Accessibility survey

Site name: Beit Keshet Beit HaYa'aran Birdwatching Station	Survey date: August 14, 2022
Site type (camp ground, bike path, hike path, birdwatching station, memorial, visitor center):	Surveyor: Guy Mazan – BIE expert; Ruth Shaked – Service expert
Birdwatching station, camp ground, path	

Issue	Requirement	Compliant	Non-Compliant	Findings/Current Status
Total points of interest on site				כ-10 מוקדי עניין ביער בית קשת
1 type of POI				

Issue	Requirement	Compliant	Non-Compliant	Findings/ Current Status
Accessible POIs	Accessibility requirement 1=2-5 / 2=6-10 / 3=11-20 / over 3 = 20 + 10%			More than 2 made accessible
Offsite – continuity				
Site accessibility info at entrance to site	Check there is information on accessible site POIs, including on the location map. Check there is information on the shape of the directional mark and warning at site entrance.		X	No information given.
Accessible parking				
Accessible parking	Check there is standard-compliant disabled parking, including for taller vehicles, marked and with signs at a distance of up to 100m. Number of accessible spots required under the Existing Site Regulations will be calculated separately for each parking area.		X	3 accessible parking spots. Spots are smaller than Standard requirements.
Parking sign		V		
Parking if located more than 100m away from the main entrance to site	Check if main entrance can be reached by car. Accessible parking will be set as close as possible to the accessible path and the accessible entrances on-site. Sign will note contact phone number.			N/A
Dropped curb adjacent to parking	Check if curb is lowered	V		

Issue	Requirement	Compliant	Non-Compliant	Findings/ Current Status
Continuous route from parking to path	Check there are no obstacles in the way	V		
נגישות באתר				
Accessible path				
Accessible path	Check for accessible path from main site entrance to accessible POIs or alternatives, to the on-site building, and to the various services – cafeteria/accessible toilet, accessible facilities, etc.	V		
Guiding strip	Check guiding strip compliance	V		Type 3 guiding strip, sufficient contrast.
Accessible path surface	Planned to prevent puddling, joints on path surface – height diff. between top of joint filler and the top of the highest point on the path alongside the joint will not exceed 5 mm. Path borders will be distinguishable all along the path, fine texture.		X	Significant wear creating height differences on path. Cracks from roots raising the path surface.
Accessible path	Check that height gap in intersection of accessible path and parking/other path does not exceed 2cm. Check that accessible path is at least 130cm wide. Standard-compliant handrails installed on both sides of path.	V		

Issue	Requirement	Compliant	Non-Compliant	Findings/ Current Status
Slopes on path	Slope greater than 6% – alternate route will be available to the same destination. If the slope exceeds 8%, BIE expert may approve up to 10%. If the site has a slope exceeding 12%, warning signs must be posted on both sides of the steep path.	V		
Handrail alongside path	Over 8% – handrails required on both sides of path.		X	Handrail installed alongside path, but only on left side. Some sections are sloped more than 6% without additional handrails. It is noted that this was out of good intentions to integrate and match the terrain. Handrail was very hot and mostly exposed to the sun.
Directional indicators or audio devices at junction of accessible paths	Check that directional or audio measures are installed to provide information on the paths ahead – at junctions of accessible paths where visitors can continue in more than one accessible direction.		X	No directional signage installed.

Issue	Requirement	Compliant	Non-Compliant	Findings/ Current Status
Path maintenance	Check that path is clear of rocks/debris, etc.		X	Significant wear along paths, bushes obstructing passage, broken stones on path sides, and tree roots disrupting path surface.
Seating	Check for seating along the path such as steps, boulder, bench, within 250m walking distance from main entrance. Also, check for seating within 50m on paths with a slope exceeding 5% of more than 200m and within 100m on paths with slopes smaller than 5%. Check that seating is shaded.		X	Benches planned along path, but these were stolen.
Accessible bench				
Number of accessible benches	In a grouping of identical outdoor furniture placed together, it is permitted to install only one accessible bench.		X	A large number of benches have been stolen along the path.

Issue	Requirement	Compliant	Non-Compliant	Findings/Current Status
Accessible bench dimensions	Bench surface height – 45–48cm; armrest height 18–24cm above seat, length at least 30 cm. Clear floor area in front of bench of at least 65cm width, continuing entire length of bench.		X	Bench dimensions were partly compliant. One bench was 42cm high from the floor, and in another bench the armrests were shorter than specified (22cm).
Visually contrasting outline markings	Check compliance.		X	
Bench maintenance	Check that bench is stable and sturdy.		X	Substantial wear on existing benches.
Picnic table				
Number of accessible tables	Check that 20% of tables are accessible, and at least 2.	V		2 accessible tables installed.
Accessible picnic table	Stable, located on suitable area, surface will extend at least 110cm from each side of table, at least one place for a wheelchair, table surface height 74–76cm above floor, knee clearance height – 70cm, bench height 45–48cm, at least one seat with at least 60cm length.		X	Table surface height – 78–81cm. Seat height 50cm. Steel tables due to fire considerations. Material was scorching hot from sun exposure.

Issue	Requirement	Compliant	Non-Compliant	Findings/ Current Status
Visually contrasting outline markings	Verify.	V		
Table maintenance	Verify that table is stable and sturdy.	V		
Trash bins				
Accessible path with no obstacles and maneuvering area	Verify		X	Not installed
Height and easy access to bin	Verify ease of use		X	Not installed
Maintenance	Check maintenance of bin and its access route.		X	Not installed
Scenic viewpoint				
Access path	Check for accessible path to viewpoint	V		
Maneuvering area before viewpoint	Check for sufficient maneuvering area	V		
Information	Check for information in accessible print, contrast, simple language. Check if audio/touch information is also available.			
Maintenance	Check maintenance of path to viewpoint and its information.	V		

Issue	Requirement	Compliant	Non-Compliant	Findings/ Current Status
Seating	Seating height 45–50cm; standard-compliant armrest aiding in sitting/rising; in front – clear floor of at least 65cm width running the entire length of the seat.		X	Seating height at viewpoint – 38cm.
3D model				
Is there a 3D model	A national site with unique buildings or natural phenomena will have a 3D model.			
3D model quality	Check for model of building or natural phenomenon which is identifiable, can be sensed by touch, and identified by visual contrast.			
Maneuvering area in front of model	Verify			
Maintenance and service-ability	Check condition of model, including exposure to sunlight – if exposed, use UV-resistant material.			
Signage				
<u>Directional signs:</u> to accessible entrance, accessible toilets, points of interest	Check for fully-detailed signs at entrance. Check sign maintenance.			
<u>Identification signs</u>	Check for signs identifying toilets and various facilities. Check sign maintenance.			

Issue	Requirement	Compliant	Non-Compliant	Findings/Current Status
<u>Informative signs</u>	Check for signs with relevant information, accessible toilets and facilities. Check maintenance.			
<u>Warning signs</u>	Check that installed, with sufficient visual contrast, and check maintenance.			
Accessible toilets	In existing sites charging admission with at least 80,000 visitors a year – install accessible toilets.			
Serviceability and availability	Check serviceability		X	Not installed
Directional signs and door-side identification	Verify		X	Not installed
Maneuvering area before door	Check for 150cm diameter or 130x170cm in front of stall		X	Not installed
Toilets free of objects	Verify		X	Not installed
Outward-opening mechanism + open/closed lock	Verify		X	Not installed
Serviceable toilet seat	Verify		X	Not installed

Issue	Requirement	Compliant	Non-Compliant	Findings/Current Status
L-grip fixed to wall, usable; Folding grip, usable (optimally placed on floor and not hanging from wall); Horizontal grip on interior side of stall door	Check dimension compliance, and that folding grip stays folded.		X	Not installed
Serviceable sink and faucet	Verify		X	Not installed
Hook installed on door	Check installation up to 140cm; recommended – 110cm.		X	Not installed
Stairs				
Step surface		V		
Visual contrast and warning marks			X	No warning strips at all.
Handrail			X	No handrail on both sides of stairs.
Alternate accessibility				
Vehicle access as near as possible to point of interest	Verify that present and convenient		X	

Issue	Requirement	Compliant	Non-Compliant	Findings/Current Status
View of point of interest from close distance	Verify that present and convenient		X	
Model of point of interest including parts thereof	Verify that present and includes all various point of interest parts		X	
Use of other assistive measures			X	

C. Accessibility survey – HaMalachim Forest, Shahariya

Site Accessibility Survey – HaMalachim Forest, Shahariya

Site Name: HaMalachim Camp Ground	Survey date: August 17, 2022
Site type (camp ground, bike path, hike path, bird-watching station, memorial, visitor center):	Surveyor: Guy Mazan – BIE expert; Ruth Shaked – Service expert
Camp ground, *includes visitor center, but currently closed and not inspected. Renovation planned.	

Issue	Requirement	Compliant	Non-Compliant	Findings/Current Status
Total points of interest on site				7 points of interest
Accessible POIs	Accessibility requirement 1=2-5 / 2=6-10 / 3=11-20 / over 3 = 20 + 10%	V		2 accessible points of interest

Issue	Requirement	Compliant	Non-Compliant	Findings/Curent Status
Offsite – continuity				
Site accessibility info at entrance to site	Check there is information on accessible site POIs, including on the location map. Check there is information on the shape of the directional mark and warning at site entrance.	V		
Accessible parking				
Accessible parking	Check there is standard-compliant disabled parking, including for taller vehicles, marked and with signs at a distance of up to 100m. Number of accessible spots required under the Existing Site Regulations will be calculated separately for each parking area.	V		
Parking sign		V		
Parking if located more than 100m away from the main entrance to site	Check if main entrance can be reached by car. Accessible parking will be set as close as possible to the accessible path and the accessible entrances on-site. Sign will note contact phone number.	V		
Dropped curb adjacent to parking	Check if curb is lowered	V		
Continuous route from parking to path	Check there are no obstacles in the way	V		

Issue	Requirement	Compliant	Non-Compliant	Findings/Current Status
Site accessibility				
Accessible path				
Accessible path	Check for accessible path from main site entrance to accessible POIs or alternatives, to the on-site building, and to the various services – cafeteria/accessible toilet, accessible facilities, etc.	V		
Guiding strip	Check guiding strip compliance		X	No edge stones at path edges.
Accessible path surface	Planned to prevent puddling, joints on path surface – height diff. between top of joint filler and the top of the highest point on the path alongside the joint will not exceed 5 mm. Path borders will be distinguishable all along the path, fine texture.	V		
Accessible path	Check that height gap in intersection of accessible path and parking/other path does not exceed 2cm. Check that accessible path is at least 130cm wide. Standard-compliant handrails installed on both sides of path.	V		Path width – 140cm.
Slopes on path	Slope greater than 6% – alternate route will be available to the same destination. If the slope exceeds 8%, BIE expert may approve up to 10%. If the site has a slope exceeding 12%, warning signs must be posted on both sides of the steep path.	V		

Issue	Requirement	Compliant	Non-Compliant	Findings/Current Status
Directional indicators or audio devices at junction of accessible paths	Check that directional or audio measures are installed to provide information on the paths ahead – at junctions of accessible paths where visitors can continue in more than one accessible direction.		X	No audio indicators
Path maintenance	Check that path is clear of rocks/debris, etc.	V		
Seating	Check for seating along the path such as steps, boulder, bench, within 250m walking distance from main entrance. Also, check for seating within 50m on paths with a slope exceeding 5% of more than 200m and within 100m on paths with slopes smaller than 5%. Check that seating is shaded.		X	Not installed along path. Seating is installed near the facilities, but not with compliant dimensions – height below 45cm.
Accessible bench				
Number of accessible benches	In a grouping of identical outdoor furniture placed together, it is permitted to install only one accessible bench.		X	There is a sculpture serving as a bench. No benches or other seating arrangements along path.
Accessible bench dimensions	Bench surface height – 45–48cm; armrest height 18–24cm above seat, length at least 30 cm. Clear floor area in front of bench of at least 65cm width, continuing entire length of bench.		X	Seat height – 48cm – OK. No armrests.

Issue	Requirement	Compliant	Non-Compliant	Findings/Current Status
Visually contrasting outline markings	Check compliance.	V		
Bench maintenance	Check that bench is stable and sturdy.	V		
Picnic table				
Number of accessible tables	Check that 20% of tables are accessible, and at least 2.	V		6 accessible tables out of 20 tables total.
Accessible picnic table	Stable, located on suitable area, surface will extend at least 110cm from each side of table, at least one place for a wheelchair, table surface height 74–76cm above floor, knee clearance height – 70cm, bench height 45–48cm, at least one seat with at least 60cm length.	V		Table surface height 74–76cm. Knee clearance – 70cm. Bench surface height – 45cm.
Visually contrasting outline markings	Verify.	V		
Table maintenance	Verify that table is stable and sturdy.		X	Some tables falling apart, not shaded. Apparently due to a past fire.
Drinking fountain				
Accessible path	Verify	V		

Issue	Requirement	Compliant	Non-Compliant	Findings/Current Status
Maneuvering area before fountain	Verify	X		Fountain is located off the accessible path and the path surface does not allow easy access to fountain due to wear and maintenance challenges.
Fountain dimensions	Fountain height with knee clearance – over 68cm. Upper fountain height – 75–85cm. Top height of water stream – 75–85cm above floor.	V		
Maintenance and usability	Verify usability of fountain and access thereto.		X	Significant wear around fountain. Not compliant.
Trash bins				
Accessible path with no obstacles and maneuvering area	Verify		X	Bins are far from path without easy access.
Height and easy access to bin	Verify ease of use		X	Heavy and cumbersome lid.
Maintenance	Check maintenance of bin and its access route.		X	Bent bins, significant wear.
Campfire circle			X	Not installed
Accessible path	Verify	V		

Issue	Requirement	Compliant	Non-Compliant	Findings/Current Status
Maneuvering space in front of campfire	Verify		X	No campfire installed
Seating	Seating height – 45–50cm, fixture similar to armrest to aid sitting and standing, clear floor space in front of at least 65cm width along entire length of seat.		X	No seating around campfire.
Space for wheelchair	Verify		X	
Maintenance	Check maintenance of path to campfire, fire pit itself, and seats.		X	Significant wear, stones falling apart.
Play facilities				There are sculptures/facilities designed to also serve the disabled
Accessible path	Check for accessible path to accessible facility.	V		
Maneuvering space before facility	Verify	V		
Sculpture serving as seating	Seat height 45–50cm, fixture similar to armrest to aid sitting and standing, clear floor space in front of at least 65cm width along entire length of seat.		X	Seat surface height – 50cm without armrest fixture. Recommend adding rests of compliant dimensions so seats are handi-cap-accessible.
Space for wheelchair	Verify	V		

Issue	Requirement	Compliant	Non-Compliant	Findings/Current Status
Use of facility	Check if easy to use.	V		Surface covered with low-profile artificial turf allowing wheelchair mobility. Stainless steel handrails hot from sun exposure.
Information on facilities			X	There is a sign stating that the sculptures are for people with disabilities. Either adapt sculpture dimensions to accessibility requirements, or remove information on sculpture accessibility.
Maintenance	Check maintenance of path to facility, and of the facility itself.	V		

Issue	Requirement	Compliant	Non-Compliant	Findings/Current Status
Signage				The site is due for renovation in the visitors center area. Signage will be added following the renovation.
<u>Directional signs:</u> to accessible entrance, accessible toilets, points of interest	Check for fully-detailed signs at entrance. Check sign maintenance.			
<u>Identification signs</u>	Check for signs identifying toilets and various facilities. Check sign maintenance.	V		
<u>Informative signs</u>	Check for signs with relevant information, accessible toilets and facilities. Check maintenance.	V		
<u>Warning signs</u>	Check that installed, with sufficient visual contrast, and check maintenance.			
Accessible toilets	In existing sites charging admission with at least 80,000 visitors a year – install accessible toilets.			There are toilets in the visitors center area.
Serviceability and availability	Check serviceability	V		
Directional signs and door-side identification	Verify	V		

Issue	Requirement	Compliant	Non-Compliant	Findings/Current Status
Maneuvering area before door	Check for 150cm diameter or 130x170cm in front of stall	V		
Toilets free of objects	Verify	V		
Outward-opening mechanism + open/closed lock	Verify	V		
Serviceable toilet seat	Verify	V		
L-grip fixed to wall, usable; Folding grip, usable (optimally placed on floor and not hanging from wall); Horizontal grip on interior side of stall door	Check dimension compliance, and that folding grip stays folded.	V		
Serviceable sink and faucet	Verify	V		
Hook installed on door	Check installation up to 140cm; recommended – 110cm.	V		
Stairs				
Step surface				N/A

Issue	Requirement	Compliant	Non-Compliant	Findings/Current Status
Visual contrast and warning markings				N/A
Handrail				N/A
Alternate accessibility				
Vehicle access as near as possible to point of interest	Verify that present and convenient	V		

Iyar 5783
May 2023

**Response of the Chairman of the Zionist Executive
to the Comptroller's Report on
Keren Kayemeth LeIsrael (PBC)
Accessibility in KKL Forests and Sites**

In accordance with Section 18B to the Statutes of the Comptroller and the Control Office of the World Zionist Organization, the following is my response to the audit report concerning accessibility arrangements in KKL forests and sites.

This expansive audit, performed with the aid of Access Israel, reflects JNF's extensive efforts to make its sites accessible and to provide freedom of movement to its visitors, including those with disabilities.

Although maintaining the rights of those with disabilities is a statutory duty, even before the State was founded, Herzl envisioned the creation of a 'model society'. By making JNF's sites accessible to people with disabilities, we take a substantial and ethical step towards achieving this noble goal.

It is clear from the audit that the national accessibility officer, Mrs. Merav Dodian Lani and her team in the various regions are working professionally and tirelessly, both to improve current arrangements and to plan properly for the future. This is also clear in the LDA's professional response to identified flaws, and their openness toward future improvement. As a cornerstone in the foundation of the State of Israel, JNF should be the driving force in environmental access in Israel, serving as a beacon for others to imitate.

(-) Yaakov Hagoel

Jerusalem, Iyar, 5783
May 2023

Keren Kayemeth LeIsrael (PBC)
Corporate Governance – Audit Committee

Response of the Chairman of the Zionist Executive

Keren Kayemeth LeIsrael (PBC)

Corporate Governance – Audit Committee

1. Introduction

1. The Ministry of Justice Endowments Registrar has exercised his authority and registered Keren Kayemeth LeIsrael (“KKL”) as a public benefit company (“PBC”). Registration was made on September 1, 2014, following the Israel Attorney General’s decision that KKL constitutes a public benefit company.
2. In practice, KKL meets the 3 criteria identifying PBCs, as established under Amendment 6 to the Companies Law in 2007: KKL is a **company operating for public goals** and **its bylaws prohibit the distribution of earnings** (Sections 1, 3, 4 in KKL’s corporate charter).
3. A company’s designation as a PBC subjects it to duties beyond those incumbent on ‘ordinary’ private companies. These are special provisions regulating a company’s conduct and its corporate governance practices. PBC classification increases transparency requirements in a company’s operations, requires such company to file various reports to the competent authorities (e.g. – annual financial statements including reports on donations in Israel and abroad; details on the five highest-paid staff; and financial and descriptive reports on the principal uses of donated funds). PBCs must also submit all documents or other information as may be required by the Endowments Registrar.
4. The stringent standard of conduct required of PBCs stems from the public interest inherent in their operations, as they operate for the public good and, in many cases, make use of public funds.

5. In addition to the **Keren Kayemeth LeIsrael Law, 1953** and **KKL's Memorandum of Association (2018 Amendment) and Corporate Bylaws**, KKL is also subject to the **Companies Law, 1999**. As a PBC, it is also subject to the **Companies Regulations (Compensation for a Board Chairman, Board Member, and Audit Committee Member in a Public Benefit Company), 2009**, and the **Companies Regulations (Compensation for a Board Chairman in a Public Benefit Company whose Turnover Exceeds NIS 500 Million), 2010**. In addition to these, KKL is also subject to the **Companies Regulations (Special Provisions for Companies Constituting National Institutions), 2016**, and the **Companies Regulations (Compensation for a Board Chairman, Board Member, and Audit Committee Member in a Public Benefit Company) (Temporary Provision), 2022**.
6. In February 2021, a Company Secretary was appointed in KKL for the first time. In addition, several personnel rotations were also implemented: KKL's internal auditor resigned in December 2021. KKL charged the Deputy Internal Auditor with managing the Internal Audit Unit and performing all of its duties, without the Deputy Internal Auditor being appointed as an 'acting' internal auditor. Furthermore, KKL's Legal Counsel ended his tenure at the end of December 2020, and his deputy was appointed as 'acting' legal counsel.
7. In April 2022, the Board appointed a committee for recruiting an internal auditor and a legal counsel. On November 20, 2022, the Board, with the Audit Committee's agreement, appointed the internal auditor and approved his employment terms. The Board also adopted the recruitment committee's recommendation for the legal counsel's appointment. The internal auditor and legal counsel assumed their respective positions on December 1, 2022.
8. Furthermore, in June 2023, the Finance and Economics Division Director was appointed to also serve as Acting CEO. The previous CEO was appointed director general of Himnuta.
9. Section 345H(a) to the Companies Law states that, "The general meeting of a public benefit company will appoint an audit

committee”, and “The company’s officers shall not be members of its audit committee”.

10. Following KKL’s registration as a PBC, and in accordance with Section 345H(a) to the Companies Law, KKL’s General Meeting appointed an audit committee in March 2015, which subsequently ended its term in August 2019 (“**the Previous Audit Committee**”). At that time, the General Meeting appointed a new audit committee, which is still serving at present (“**the Audit Committee**” and/or “**the Present Audit Committee**”), for a 4-year term ending August 31, 2023.
11. In its meeting of June 21, 2023, the General Meeting approved an extension of the Audit Committee members’ term, until the next General Meeting, scheduled for June 2024. At that time, a recruitment committee will be selected from among the General Meeting, which will present to the General Meeting its recommended candidates for the Audit Committee.
12. KKL usually adds the term ‘external’ (which is not a statutory term), and refers to the committee as ‘the External Audit Committee’.
13. Section 345H(e) to the Companies Law establishes the roles of the audit committee in public benefit companies. As part of its audit of KKL’s corporate governance practices, the Office of the Comptroller chose to examine the Audit Committee’s activities in 2019–2021.
14. The audit was completed in 2021, and updates were made in 2022. An updated draft which included the responses of KKL’s professional staff was submitted in July 2023 to KKL’s CEO, Company Secretary, and Audit Committee Chair, for response. Their comments, which were received in October 2023 were integrated, where deemed necessary, in this audit report.
15. It is noted that the Office of the Comptroller received the full cooperation of all audited functions in KKL.

2. Audit Committee Appointment and Procedures

2.1 Sourcing and recruiting Audit Committee members

16. Section 345H(a) to the Companies Law states that, “*The general meeting of a public benefit company shall appoint an audit committee in accordance with Sub-Section (h), if stipulated; the company’s officers shall not be members of its audit committee*”.
17. In its meeting of August 12, 2019, the Annual General Meeting announced the end of the Previous Audit Committee’s tenure, on the grounds that according to law and the Endowments Registrar’s instructions, position tenures in non-profit organizations and PBCs should be limited in time. The General Meeting thus decided, on said date, to appoint five new members: **a.** Committee Chair (a retired judge and professor of social studies and the humanities); **b.** An attorney serving as chairman of the Ashdod water utility corporation; **c.** An attorney whose firm specializes in land real estate; **d.** A former deputy chairman and board member of KKL (until 2015, i.e. – 4 years prior to his appointment to the audit committee), who continues to serve as a member of the Jewish Agency Board of Governors; **e.** The former director general of the State Comptroller’s Office, who currently serves as chairman of the Jerusalem water and sewage utility corporation, and who previously (November 2015) served as a member on KKL’s board.
18. According to Section 345H(b) and Section 104 to the Companies Law, the presence of a majority of the Committee members at the start of a meeting shall constitute a quorum.
19. **The Office of the Comptroller recommends that KKL consider specifying in its Bylaws or the upcoming Audit Committee Operating Procedure (see Section 2.4 below) that the requisite quorum for the Audit Committee include a majority of the Committee members, including the Committee Chair or Deputy Committee Chair (should the latter be appointed).**

20. As aforesaid, the General Meeting limited the term of the Audit Committee members' tenure to 4 years from their appointment, in 2019. The General Meeting also decided that at the end of two years from the start of the Audit Committee's term, the Committee's composition will be changed, so that up to one half of its active members will be women. The General Meeting further decided that, should one of the Committee's members resign during these two years, a female committee member would be appointed in their stead (as appointed, the Committee included one woman).
21. In practice, only in 2022, after several discussions by the Board of Directors and towards the end of the Audit Committee's tenure, was a recruitment committee convened from among the General Meeting. This recruitment committee established the qualifications and criteria needed to review two additional female candidates for KKL's Audit Committee.
22. In May 2023, the recruitment committee interviewed the candidates who met the qualification requirements and criteria, and recommended that the General Meeting approve their appointment.
23. In its meeting of June 21, 2023, the General Meeting approved the two additional members' appointment to the Audit Committee. **In other words, the General Meeting's decision to change the Audit Committee's composition so that half of its active members will be women, was implemented with two years' delay.**

KKL stated in response that, since in 2019 the General Meeting did not specify the manner in which its decision was to be carried out, the decision was carried out through a process which ended with two years' delay, but before the end of the term set for the Present Audit Committee.

24. **As the decision was implemented with two years'**

delay, the Office of the Comptroller recommends that the Company Secretariat check if there is an effective process for following up on General Meeting decisions and making sure that they are actually implemented, within the timeframe set in the decision.

The Company Secretary stated in response that the Company Secretariat follows up on decisions by the Board and its committees, including the Audit Committee and the General Meeting. However, the Company Secretariat will formalize such follow-up through a formal decision follow-up document, after each meeting. The follow-up document for Audit Committee decisions will be submitted to the Audit Committee as well.

25. KKL's response of June 2023 to the first draft of the audit report included a table showing follow-up on General Meeting decisions, for the period of November 2020 to June 2022.
26. In accordance with the General Meeting's decision of August 2019, the appointment letter for the Audit Committee members notes that their appointment is for a 4-year term.
27. **The Office of the Comptroller recommends that, in its upcoming Audit Committee Operating Procedure, KKL specify that Audit Committee members are appointed for set terms, so that candidates for the role can plan accordingly. Furthermore, KKL should employ a rolling appointment schedule to support knowledge retention in the Audit Committee.**

KKL stated in response that it will adopt the principle of overlapping tenures for Audit Committee members, and that the details will be discussed by the competent organs authorized to make such decisions.

The Audit Committee Chair stated in response: (1) I believe that the General Meeting should not set such a strict rule which may give rise to problems. There should be flexibility. (2) Concerning the 'tenure overlap', the matter should be discussed by the Company's competent

organs, bearing in mind all considerations including the Committee members' appointment dates.

28. The Office of the Comptroller contacted the Company's Secretariat to check how the Audit Committee members were sourced (how a list of potential candidates was developed, what qualification requirements were set, what were the minimum qualifications, who contacted the candidates, how candidate interviews were conducted and by whom, how the final candidate list was decided prior to appointment by the General Meeting, etc.).
29. **The Company's Secretariat stated that there were no documents recording the candidate sourcing and selection process from 2019, for members that have since been serving on the Audit Committee.**

KKL stated in response that, in the process that took place in 2022 to appoint the two additional candidates to the Committee, the sourcing process was documented.

30. In response to KKL's reply, it is noted that the Office of the Comptroller's examination focused, as aforesaid, on 2019–2021, and so sourcing and appointment activities for the two new candidates who joined the Audit Committee in June 2023 was off-scope. The Office of the Comptroller's comment referred to the process from 2019, for sourcing and appointing Committee members still serving today.
31. In a joint meeting with the Company's Legal Department and Secretariat, which took place in February 2020, the Office of the Comptroller was told that they do not know how the list of Audit Committee candidates was formulated. They explained that candidate names were brought before the 'Executive Committee' (KKL's Chairman and his deputies), after which the General Meeting approved their appointment. The Office of the Comptroller was further told that no requisite qualifications were established ahead of time, and that no criteria were set for reviewing candidates. Instead, candidate review was based on the appointing bodies' judgment.

KKL stated in response that, in 2019, a consensual list was established with a retired senior district judge chosen to chair the committee (similar to the Previous Audit Committee Chair), and that all Committee members have experience relevant to the Company's operations. KKL also stated that, appointment of the two additional Audit Committee members in June 2023 was preceded by a sourcing process with established review criteria.

32. Section 345H(h) to the Companies Law states that, “*The Minister may establish provisions concerning – (1) the minimum number of audit committee members serving in public benefit companies whose turnover exceeds a specified amount; (2) Qualification requirements for audit committee members, in general or for certain types of public benefit companies*”.
33. **Since the Minister (Minister of Justice) has not established provisions for the above matters, the Office of the Comptroller recommends that, in its upcoming Audit Committee Operating Procedure KKL formalize the sourcing and appointment process for Audit Committee members. For example, what are the necessary qualifications (legal/economic education; previous experience on audit committees or boards of directors; reviewing potential conflicts of interest; etc.), the candidate sourcing process (how the Audit Committee's composition and the number of its members are determined; how potential candidates are sourced; how they are contacted; who in KKL is authorized to select the most suitable candidates before compiling the list that is presented to the General Meeting for appointment), and more.**

KKL stated in response that it accepts the recommendation to formalize the qualification requirements and the candidate sourcing process in the upcoming procedure.

34. **The Office of the Comptroller also recommends that the**

upcoming Audit Committee Operating Procedure state that the Company Secretariat is responsible for gathering and retaining all documents concerning the sourcing, screening, and appointment of Audit Committee members.

KKL stated in response that this comment was fully corrected with the selection of the two additional Committee candidates. As aforesaid, a recruitment committee was established, criteria were set (even though not required by law and KKL's circumstances are singularly unique), interviews were held, and everything was transcribed and documented.

35. In response to KKL's reply, the Office of the Comptroller notes that the recommendation referred to the upcoming *Audit Committee Operating Procedure*, which has still not been formalized by KKL.

2.2 Conflict of interest declaration

36. Following the General Meeting's decision of June 27, 2016, KKL drafted Procedure 01.01.50 – *Prohibition on Conflicts of Interest*, dated December 2017. The procedure seeks to regulate this issue among, “employees, officers, or other functionaries in KKL or its related entities”. The arrangement aims to prevent situations where such people may be in a conflict of interests when a matter which is under their professional responsibility may clash with another matter related to their personal life or that of their relatives, or with other matters under their supervision in their other jobs or activities.
37. The procedure states that KKL's Legal Counsel may, from time to time, establish a list of employees or other functionaries who must complete a questionnaire for identifying potential conflicts of interest. The procedure further states that these people's declarations will be submitted to the Audit Committee Chair, the Legal Counsel, and the Company Secretariat.

38. The *Prohibition of Conflicts of Interest Procedure*, which as aforesaid also applies to “other functionaries in KKL or its related entities”, does not clearly refer to the Audit Committee members in its requirement to complete a questionnaire for identifying potential conflicts of interest, even though these members may have conflicts of interest.
39. **The Office of the Comptroller recommends that KKL consider updating its Prohibition of Conflicts of Interest Procedure to also include Audit Committee members in the list of people required to declare their potential conflicts of interest.**
40. However, in light of the important and sensitive nature of this matter, at the end of 2019, as part of the declaration of their status as an ‘expert committee member’, all Audit Committee members **signed a questionnaire** for identifying potential conflicts of interest, **as well as a declaration** to avoid any action which constitutes or may give rise to a conflict of interests between their duties in the Company and the performance of their other duties or their personal affairs. The Committee members also undertook to notify KKL’s Legal Counsel should any potential conflict of interest arise and to comply with the Legal Counsel’s instructions.
41. The questionnaires completed by the Audit Committee members indicate that some have previously served as members on KKL’s Board:
42. One committee member declared in October 2019 on their conflict of interest questionnaire that, in the past 10 years, they have served as the Israeli representative for JNF’s former Chairman and JNF’s President. They also noted that they had served as a member of KKL’s Board for less than a year. They ended their tenure as a Board member in November 2015, i.e. – 4 years before being appointed to the Audit Committee.
43. Another Committee member declared in November 2019 on the conflict of interest questionnaire that they have previously volunteered as Deputy Chairman of KKL’s Board.

In 2002–2015, they served as Deputy Chairman of the Board, with pay, and as Chairman of Himnuta (a KKL subsidiary). They have been out of KKL for the past 4 years.

44. **The Office of the Comptroller recommends that, in its upcoming Audit Committee Operating Procedure, KKL establish various waiting periods for employees, Board members, or officers (respectively) before they can be appointed to KKL’s Audit Committee. Furthermore, even after the waiting period, KKL should make sure that, on the Audit Committee, such persons do not discuss matters in which they were involved when previously serving as an officer, Board member, or employee.**

KKL stated in response that it accepts the recommendation and will act to establish a one-year waiting period. KKL added that, in practice, Audit Committee members do not review matters where they were involved in the decision-making process when previously serving as an officer, Board member, or employee.

45. In November 2019, one of the Committee members signed a declaration in which they undertook to avoid any activity which may create a conflict of interests between their duties as a member of KKL’s Audit Committee and their other duties or their personal affairs (they own a firm specializing in land real estate).
46. However, they only signed the questionnaire for identifying potential conflicts of interest in February 2021, about sixteen months after the start of their term on the Audit Committee.

KKL stated in response that, after the Company Secretariat found that they did not have a signed questionnaire from this Committee member, she was asked to re-sign the questionnaire.

47. KKL has an (expanded) conflict of interest declaration. This document specifies the personal interests, based on the personal questionnaire, and general guidelines for the declarant on how to avoid potential conflicts of interest.

48. **The Office of the Comptroller recommends that KKL also have the Audit Committee members sign the (expanded) conflict of interest declaration.**
49. **The Office of the Comptroller further recommends that KKL consider including in its Prohibition of Conflicts of Interest Procedure a provision that the Company Secretariat will proactively contact all signed declarants once a year, to potentially renew their signature on the conflict of interest declaration and to update their personal interests as necessary.**

KKL stated in response that KKL exceeds the statutory and/or procedural requirements in this matter which do not require a signed conflict of interest questionnaire/declaration. Furthermore, the obligation to update the questionnaire/declaration applies to the declarant officer/Audit Committee member, and KKL procedures do not apply to the Audit Committee members. However, the recommendation will be studied accordingly.

50. In response to KKL's reply that its procedures do not apply to Audit Committee members, the Office of the Comptroller notes that KKL already has a procedure applicable to Audit Committee members, the Reimbursement in Israel for Board Members and Audit Committee Members Procedure. Furthermore, since potential damages would be incurred by the Company, the Office of the Comptroller believes it is in KKL's interest to proactively contact its declarants each year to see if they should re-sign their conflict of interest declarations.
51. A guidance on publishing conflict of interest declarations in KKL, issued by the Legal Counsel on December 20, 2016, specifies that the declarant should be informed that their declaration will be made public. Indeed, the conflict of interest declarations for its Board members and officers have been posted on KKL's website. However, the declaration

signed by the Audit Committee Chair in January 2020 was not published.

52. **The Office of the Comptroller recommends that, as part of its public transparency efforts, KKL should consider also publishing on its website the conflict of interest declarations signed by its Audit Committee members, without infringing on their privacy, once all such documents have been signed.**

KKL stated in response that the General Meeting decision to publish the conflict of interest declarations applied to officers and Board members. The decision was even reflected in KKL's Bylaws, which only mandate the publication of officer and Board member declarations. As such, the guidance issued by KKL's Legal Counsel applied and applies solely to officers and Board members, or the obligation of KKL employees serving in various positions to sign a questionnaire, and at the Legal Counsel's discretion – a declaration as well. There is therefore no obligation to publish declarations by Audit Committee members. KKL adds that should the Office of the Comptroller recommend publishing the declarations, such recommendation will be studied accordingly.

The Chair of KKL's Audit Committee stated in response: There is nothing to prevent applying the expanded conflict of interest declaration to the Committee members. Should any person found to be in a simple conflict of interest (e.g. – a Committee member who represents organizations engaged in transactions with KKL, suing KKL, being sued by KKL, etc.), KKL should review whether such member can serve on the Audit Committee. As concerns possible publication – a mechanism should be established to review possible publication in certain cases.

53. **Since Audit Committee members come from outside the**

organization, the Office of the Comptroller recommends that KKL, as aforesaid, review in advance any potential conflicts of interest as part of the candidate screening process. This would preclude any political/economic/familial ties between candidates and KKL, its employees, or executives.

KKL stated in response that it accepts the recommendation. KKL added that, in the screening process for the two additional Audit Committee candidates, which took place in 2022, this was implemented and reviewed.

2.3 Audit Committee meetings – procedure

2.3.1 Summons to meeting and agenda preparation

54. Section 345H(f) to the Companies Law states, “The audit committee will send notice of its meetings and the topics on the agenda to the company’s auditing accountant and the company’s internal auditor and these may participate in audit committee meetings”. The Office of the Comptroller examined the summons notice and agenda for Audit Committee meetings. Findings were as follows:
55. In 2019 – there were 9 Audit Committee meetings. Of these, 5 of the Previous Audit Committee, and 4 of the Present Audit Committee, which was appointed in August 2019 as aforesaid.
56. Notice of summons and meeting agenda was sent to summoned participants for each of the meetings. However, in several cases, **the agenda including relevant documents for discussion was sent to the Present Audit Committee members only 3 days prior to the meeting date.**

KKL stated in response that, apparently, some documents were updated near the audit date, in

consultation with the Committee Chair. These were isolated incidents and not indicative of the Secretariat's operating methods. We work professionally with the committees and send detailed agenda including relevant material, a reasonable time in advance. The Company Secretariat coordinates its actions with the Committee Chair, and in general documents are provided at the required times. Naturally, there may be instances where the agenda is updated or materials are sent near the meeting date.

57. **KKL's internal auditor participated in the Audit Committee meetings, except in the discussion concerning the draft report by the Endowments Registrar, which took place in the meeting of January 24, 2019. The Previous Audit Committee decided that the discussion will be open only to the Committee Members.**

KKL stated in response that the internal auditor was an audited entity in the Endowments Registrar's audit report, and so left the meeting once discussion of this report began.

58. In 2020 – there were 20 Audit Committee meetings, of which 12 were by video call. One meeting consisted of a tour in northern Israel.

KKL stated in response that the relevant meetings were held by video call due to COVID restrictions.

59. In response to KKL's reply, it is noted that in examining compensation payments to Audit Committee members under a separate audit report, the Office of the Comptroller will examine whether restrictions on in-person gatherings were

in effect at the dates when the Audit Committee met by video call during the COVID pandemic.

60. The meeting which took place on June 1, 2020, was designated a **'classified meeting'**. **In this meeting, the Committee discussed an upcoming transaction concerning the Jerusalem International Convention Center. The internal auditor and auditing accountant were not invited to the meeting.**
61. The Audit Committee also held a **'closed meeting'** on June 7, 2020. Summons were sent only to the Committee members. **The internal auditor and auditing accountant were not invited to the meeting. Furthermore, an agenda was not sent for the meeting.**
62. In 2021 – there were 18 Audit Committee meetings, of which 4 were by video call. One meeting consisted of a tour of the South district. All other meetings were held either in Jerusalem or in Modi'in, and in some meetings participants were given the option of joining by video call.

KKL stated in response that the relevant meetings were held by video call due to COVID restrictions.

63. In response to KKL's reply, it is noted that in examining compensation payments to Audit Committee members under a separate audit report, the Office of the Comptroller will examine whether restrictions on in-person gatherings were in effect at the dates when the Audit Committee met by video call during the COVID pandemic
64. The Audit Committee of April 20, 2021, concerning an update to the purchase of land in Judea and Samaria, was designated a **'closed meeting'** – **the**

internal auditor and auditing accountant were not invited.

KKL stated in response that procedures for closed, member-only Committee meetings were established with the internal auditor, and the internal auditor and auditing accountant receive notice including the matters on each meeting's agenda.

65. In response to KKL's reply, it is noted that if the Audit committee members wish to discuss a matter in a closed forum, this may be done informally after the Committee meeting adjourns, off the record, and not as part of the meetings for which Audit Committee members are compensated. In any case, the law requires that audit committee meetings be held after inviting the internal auditor and auditing accountant. As aforesaid, Section 345H(f) to the law states that the internal auditor and auditing accountant must be invited to all audit committee meetings.
66. Furthermore, toward the Audit Committee meeting of August 22, 2021, concerning an opinion on assigning the right to receive and hold shares in the Jerusalem International Convention Center Ltd., which was also designated a **'closed meeting'**, **no agenda was set for the meeting and no summons were sent. No minutes were prepared, there was no recording and no transcript of the meeting. The internal auditor and auditing accountant were not invited to his meeting either.**

KKL stated in response that the Audit Committee discusses extremely sensitive or classified matters, and there are even cases where there is real concern that if the matters do not remain classified the Company may

suffer irreparable damage and lives may even be at risk. This is particularly true for land purchases. In any case, detailed records were kept even for the 'closed' meetings – comprehensive professional opinions sent to KKL's Board members, among others.

67. In response to KKL's reply, it is noted that, in the Office of the Comptroller's opinion, these are not sufficient grounds to exclude the internal auditor from attending the meetings. The law requires the internal auditor and auditing accountant to be summoned to all audit committee meetings. Furthermore, professional opinions, comprehensive though they be, are no substitute for records of Audit Committee meetings, kept through meeting minutes.

68. Furthermore, **the auditing accountant was not summoned to 5 Audit Committee meetings, on the following dates: April 28, 2021; May 9, 2021; May 13, 2021; May 27, 2021; December 6, 2021.**

KKL stated in response that, on December 6, 2021 there was a tour of the South district, to which the auditing accountant was invited.

69. In response to KKL's reply, it is noted that the summons to the meeting does not include an invitation that the auditing accountant join the tour.

The Chair of KKL's Audit Committee stated in response: The Committee does not hold meetings which are closed to any of the professional partners supporting the Committee. Closed meetings are, in practice, the part of the meeting used for consultation among Committee members to reach a decision. There is no sense in having anybody

other than the Committee members present. Internal discussion should be free and without any fear that doubts, disagreements, statements, reasons behind statements, and the way in which a Committee member was persuaded or objected be leaked. We have therefore decided that the start of each meeting will be attended by the supporting partners, after which a closed discussion will be held whose outcomes will be reflected in the Committee's opinion.

70. In response to KKL's reply that there are no closed meetings, the Office of the Comptroller notes that documents were received from the Company Secretariat referring to closed, members-only Committee meetings: the minutes for the meeting of April 20, 2021 concerning an update to land purchases in Judea and Samaria state "Closed Meeting"; summons to this meeting were not sent to the internal auditor and auditing accountant; the Audit Committee minutes status update form received from the Company Secretariat state that the meeting of June 2020 was a "closed meeting for Committee-members only" and that the meeting of August 22, 2021 was a "closed meeting without recording or transcripts". Furthermore, the Office of the Comptroller believes that the internal auditor's presence in all Committee discussions is crucial. Discussions held without the Internal Auditor undermine his role as someone who is closely familiar with the Company, who is party to internal discussions, and familiar with the members' stance on the matters under discussion. The Office of the Comptroller also notes that in an informal talk, KKL was offered the option of having Audit Committee members discuss matters

after a Committee meeting adjourns, in a discussion that is not part of the official Committee meeting, to clarify issues. However, such discussion cannot be done instead of, or as part of a meeting.

71. **The Office of the Comptroller believes that the Audit Committee is not authorized to decide that Committee meetings be open only to Committee members and designated ‘closed meetings’, to which the internal auditor and auditing accountant are not invited. It is not possible to hold ‘closed’ meetings without inviting these people.**

KKL stated in response that it has worked with the Office of the Comptroller and agreed on procedures for closed, members-only Committee meetings, where the internal auditor and auditing accountant will receive notice and a list of matters on the agenda for each meeting.

72. In response to KKL’s reply, it is again noted that if the Audit Committee members wish to discuss something between themselves, this can be done informally after the Committee meeting adjourns, off the record and not as part of the meetings for which compensation is paid to Audit Committee members. In any case, the law requires that audit committee meetings convene after summoning the internal auditor and auditing accountant. As aforesaid, Section 345H(f) to the law states that the internal auditor and auditing accountant must be summoned to all Audit Committee meetings.
73. **It is noted that the obligation to summon the internal auditor and auditing accountant to all Audit Committee meetings is, as aforesaid, mandated by law and not given to the Audit**

Committee’s discretion (Section 345H(f) to the Companies Law).

The Chair of KKL’s Audit Committee stated in response: This is inaccurate. The Audit Committee does not have to summon the internal auditor and auditing accountant to its meetings. It must send “notice of its meetings and the matters on the agenda to the company’s auditing accountant and the company’s internal auditor”. These may participate in Audit Committee meetings. There is no legal obstacle preventing the Committee Chair from closing part of the discussion for consultation purposes.

74. In response to the Committee Chair’s reply, it is noted that under Section 345H(f) to the Companies Law, in addition to receiving notice of a meeting, the internal auditor and auditing accountant may participate in audit committee meetings, including the discussions and until the meeting adjourns.
75. **It is therefore recommended that the Audit Committee, through the Company Secretariat, make sure to summon the Internal Auditor and auditing accountant to all Committee meetings and to send them notice of the Committee’s meetings and the matters on the agenda, along with the summons to the Committee members, as required by law.**

KKL stated in response that, following the Office of the Comptroller’s comment, from now on internal, member-only consultations will take place outside the Committee’s meetings, on the same date and near the time of the meeting (without minutes and without recordings). The Secretariat makes sure to

summon the internal auditor and auditing accountant. It is emphasized that this has been and will continue to be our practice. Summoned participants may decide whether or not to attend, at their own discretion.

76. In response to KKL's reply that the Company Secretariat makes sure to summon the internal auditor and auditing accountant, it is noted that in the email received by the Office of the Comptroller on January 11, 2023, the Company Secretariat referred to the existence of closed, member-only Committee meetings: *"Meeting of June 7, 2020 – As mentioned, in our meeting it was explained that this was a closed meeting for the Committee members only, there are no records by way of recording, transcript, and minutes"*. Furthermore, upon inquiry whether the internal auditor and auditing accountant were summoned to the meetings of April 20, 2021 and August 22, 2021, the Company Secretariat replied by email on January 10, 2023: *"August 22, 2021 – As I wrote above and noted in the status, this was a closed meeting for Committee members only. April 20, 2021 – Classified concerning Judea and Samaria – the accountant was not summoned"*.
77. In performing their duties as audit committee members in a PBC, as detailed in Section 345H(e) to the Companies Law, Committee members require the relevant documents for discussing and making decisions on the matters on the agenda. For example: internal audit reports, which the Committee members discuss; proposals for the internal auditor's annual work plan, so that the Committee members may discuss them and propose changes before they are submitted to the Board for approval; relevant documents on activities and

transactions requiring Audit Committee approval, for discussion and decision-making; etc.

78. **The Office of the Comptroller therefore recommends that, in its upcoming Audit Committee Operating Procedure, KKL specify a deadline for sending the Committee members and additional meeting participants the summons, agenda, and relevant documents for discussion in a meeting (e.g. – audit reports, annual work plan, transactions requiring approval, etc.), so that they may come to the meeting prepared.**

KKL stated in response that this is already the practice. The Company Secretariat issues an agenda with explanations and proposed resolutions, as well as relevant supporting material. It is, however, noted that there are urgent cases where, for objective reasons outside the Company Secretariat's control, material can only be sent to the Audit Committee a few days before the meeting. It would be wrong to set a rigid rule of so-and-so days in advance, and the Audit Committee should be given discretion to discuss a matter even if the supporting material was circulated shortly before the meeting. This, of course, is subject to the particular circumstances, including the complexity of the issue and its importance, the volume of material, the reason for the material not being sent earlier, etc. In practice, it sometimes happens that the Audit Committee devotes more than one meeting to the same issue, if it is particularly complex or sensitive, the relevant material was extensive in scope, the number of people who asked to appear before the Committee did not allow

for discussion and decision in one meeting, etc. In our experience, the Audit Committee exercises its judgment in each individual case.

79. Each Audit Committee meeting is assigned a sequential reference number. Several instances were found where the reference number for the Committee meeting, as specified on its agenda, did not match the reference number on the minutes for that meeting. For example:

Committee Meeting	On Agenda	In Minutes
Apr. 20, 2021	21/5	21/4
Apr. 28, 2021	21/6	21/5
May 9, 2021	21/7	21/6
May 13, 2021	21/8	21/7
May 27, 2021	21/9	21/8
Jun. 6, 2021	21/10	21/9
Jul. 4, 2021	21/11	21/10
Jul. 28, 2021	21/12	21/11
Aug. 18, 2021	21/13	21/14
Oct. 14, 2021	21/15	21/14

80. Examination of meeting agenda also found two consecutive meetings (August 16, 2021, and August 18, 2021) with the same reference number: 21/13

KKL stated in response that, using the committee management system, meetings are indeed numbered with consecutive numbers indicating the year and meeting number. In 2021, numbering was disrupted due to a technical glitch, after which meetings had to be renumbered manually. This disrupted numbering sequences for committee meetings throughout 2021, and caused a mismatch between meeting numbers on the agenda

and meeting numbers in the minutes. Today, the issue has been resolved in the committee management system, and the cause of the manual renumbering has been removed. Obviously, numbering in the subsequent years of 2022 and 2023 is consecutive and in due order.

81. **The Office of the Comptroller recommends that the Company Secretariat make sure that reference number assigned to Audit Committee meetings appears on both the meeting agenda and minutes.**

KKL stated in response, that the digital committee management system is currently being upgraded to prevent such issues from recurring.

2.3.2 Meeting minutes and publication thereof

82. Meeting minutes should adequately reflect what occurred and what was said in the meeting, documenting participant statements either in full or in brief. This allows full transparency between Committee members, and serves as the basis for follow-up in future discussions and tracking decision implementation.
83. During the Previous Audit Committee's term, a document entitled *Audit Committee Decisions and Comments* was issued at the end of each meeting. The document mainly included decisions adopted during the meeting, and sometimes parts were blacked out. These documents were published on KKL's website along with minutes from other Company organs.
84. **The Office of the Comptroller believes the Audit Committee Decisions and Comments document**

published on KKL's website does not constitute 'minutes' for the Committee's meetings, as it only reflects the Audit Committee's decisions.

KKL stated in response that the previous Committee Chair personally wrote the Audit Committee Decisions document, and workflows for recording and publishing decision documents or minutes were formalized in agreement with the Audit Committee Chair.

85. In response to KKL's reply, it is noted that the Company's Secretariat is responsible for making sure that official KKL documents are compliant and include all necessary details, even if it was drafted by the previous Audit Committee Chair.
86. At the start of the Present Audit Committee's term, the Committee Chair prepared more detailed 'minutes' which were published on KKL's website. However, in November 2019, comments were received from KKL's Legal Department and internal auditor, that minutes from the Committee meetings of September and October 2019, were overly detailed on sensitive matters. The Audit Committee Chair accepted their request, and it was agreed that, for each meeting, a document would be prepared in **two versions**: the abridged version would be published on KKL's website, while the full version will be retained by the Company Secretariat. It was also agreed that the two versions would be brought before the Audit Committee for approval.
87. The header for the **abridged version** published on KKL's website, which presents **only a summary of the discussion and decisions** by the Present

Audit Committee states ‘minutes’, even though it is not the full version.

88. **The Office of the Comptroller believes that the practice common in KKL in 2019–2020, where ‘minutes’ were issued in two versions for the same Audit Committee meeting, may mislead the public and undermines transparency.**

KKL stated in response that the Office of the Comptroller’s findings do not reflect actual practice in recent years. Due to the sensitive nature of the discussions and matters brought before the Audit Committee, and in full agreement with the Audit Committee and the internal auditor, it was agreed that KKL should continue with its practice in recent years, as follows: KKL will continue keeping minutes of Committee meetings. Minutes will be retained by the Company Secretariat. In addition, a document of decision will be prepared, and made public, to reflect the External Audit Committee’s decisions. This document will specify the topics, participants, and decisions in the meeting. It is further clarified that the existence of 2 versions does not, in itself, “mislead the public” since there are sensitive topics or discussions whose publication may, naturally, damage the Company or an individual’s privacy, etc., and so there are reasons to withhold their publication. It is moreover clarified that KKL maintains full transparency with the public, and KKL’s publicly-available website includes numerous materials, including minutes from Board and Board committee meetings, KKL’s budget, financial statements and descriptive reports, conflict of interest declarations

from KKL's officers, etc. These provide the public, among other things, details on KKL's operations.

89. Since February 2021, in addition to meeting 'minutes', KKL prepares a document entitled *Audit Committee Decisions*. This document is published on KKL's website.
90. **Since the 'minutes' are not posted on the website, the Office of the Comptroller recommends that KKL include the following comment on the Audit Committee Decisions document: "The minutes are retained by the Company Secretariat".**

KKL stated in response that the finding was corrected, and the webpage linking to the decisions document now states: "Please note that the binding version of the minutes and documents is the one retained by the Company Secretariat".

91. In response to KKL's reply it is clarified that the Office of the Comptroller's comment referred to the *Audit Committee Decisions* document itself, and not to a comment on KKL's website.
92. The Office of the Comptroller also notes in response to KKL's reply that, the Office of the Comptroller believes that, in the interest of transparency, the public should be able to distinguish between the 'decisions' document (on KKL's website) and the meeting 'minutes' (kept by the Company Secretariat). It is thus recommended to clearly indicate on the *Audit Committee Decisions* document that: "Minutes are retained by the Company Secretariat".

2.3.3 Recording and approving meeting minutes

93. The Audit Committee makes decisions on significant issues with substantial monetary value (approving transactions, sponsoring organizations and activities, etc.). It is thus extremely important to maintain transparency and to document the Audit Committee's decision-making process.
94. **In 2019 – No Audit Committee Decisions and Comments was prepared for the Previous Audit Committee's final meeting of July 18, 2019. The meeting focused on the Endowments Registrar's draft audit report on KKL.**

KKL stated in response that the decision was made by the Chair of the Previous Audit Committee. Since no decisions were made in that meeting, and it consisted only of reviews of the Endowments Registrar's audit, highlights from the first draft of the audit report, and key Company comments against a large portion of the alleged findings of that draft. At that time, the discussion was extremely sensitive, since the Company had numerous and grievous complaints concerning major errors which it believed to have been made in the first draft of the Endowments Registrar's audit report. Indeed, most of the claims made in that initial first draft, were ultimately withdrawn by the Endowments Registrar's auditing staff, and not included in the audit report submitted to KKL on March 2, 2022.

95. In response to KKL's reply, it is noted that no records were received documenting the Previous Audit Committee Chair's decision. Furthermore, the Company Secretariat is responsible for making

sure that minutes are kept for each meeting, as proper corporate practice.

KKL stated in response that, KKL's practice has been different in recent years. The Company Secretariat prepares the Audit Committee's minutes and decision documents.

96. As aforesaid, the Present Audit Committee prepared two versions (full and abridged) of its meeting minutes.
97. Upon review of the Committee's minutes, there seems to have been a significant improvement in the full version of the Committee's minutes as compared to the *Audit Committee Decisions and Comments* documents prepared during the Previous Audit Committee's term:
98. Minutes for the Present Audit Committee's meetings are assigned reference numbers, they note the meeting location, list the names of meeting participants and Committee members absent from the meeting, record the various opinions in the discussion, state that decisions were made by voting and approved unanimously, and each decision is assigned a reference number. At the start of each meeting, the minutes for the previous meeting are approved. All minutes received by the Office of the Comptroller were signed by the Committee Chair.
99. **The Office of the Comptroller recommends that both the minutes and the online 'decisions' document indicate the positions of non-member participants, including the professional staff attending the meeting. Positions should be indicated alongside their names.**

KKL stated in response that this is not done in

other minutes, and minutes should be uniform in format.

100. In response to KKL's reply, it is noted that the Office of the Comptroller believes that, in the interest of public transparency, participant positions should be noted alongside their names, so the public may know who is responsible.

KKL stated in response that the Company complies with statutory requirements, whereby the Audit Committee's operating procedures match those of the Board and its committees.

101. In several minutes, the Committee Chair's name appears at the bottom of each page, for his signature. However, these pages were not signed. The Committee Chair's signature appears only on the last page.

KKL stated in response that it will correct the format, so that the Committee Chair will only be required to sign at the end of the minutes.

102. In 2020 – The General Meeting session of July 22, 2020, approved an increase in the number of meetings for which compensation is paid to the Committee members, from 12 to 18 meetings. The former Chairman of the Board presented to the General Meeting the grounds for the request, and explained that, "Current circumstances have created a substantial task load for the Audit Committee at the Company's request". In practice, as aforesaid, there were 20 Audit Committee meetings. Compensation to Audit Committee members, for their participation in Committee meetings, was examined in a separate audit report.

KKL stated in response that, after their pay

was offset, the Audit Committee members were compensated for only 18 meetings.

103. Two Audit Committee meetings, on May 26 and June 1, 2020, focused on an upcoming transaction between KKL, the Jewish Agency, and the Jerusalem Development Authority, for the International Convention Center – City Gate project. These two meetings were designated as ‘classified meetings’. The abridged minutes for both meetings state that “Details of the full discussion are retained by the Company Secretariat”. **However, the Company Secretariat stated that no full-version minutes were prepared for these two meetings.**

KKL stated in response that no minutes were kept for these two meetings, but there are transcripts and recordings. KKL added that there is a detailed opinion by the Audit Committee, dated June 20, 2020, which effectively serves as documentation and product for these meetings.

104. In response to KKL’s reply, it is noted that the Audit Committee’s opinion on the International Convention Center transaction, detailed as it might be, is no substitute for documenting the Audit Committee’s meetings through meeting minutes.
105. The meeting of June 7, 2020, focused on the International Convention Center, and was designated as a ‘closed meeting’ for Committee members only. **In fact, there are no records for this meeting: minute meetings were not prepared (either in full or in brief), and there are neither recordings nor transcripts of the meeting.**

KKL stated in response that, since this was a

'closed' meeting in which the Audit Committee reviewed arguments by various parties and discussed legal issues concerning some parties, a detailed and substantiated opinion was prepared in real time (June 20, 2020), which serves to document the decisions and key points discussed in the meeting.

106. In response to KKL's reply, it is again clarified that the opinion prepared by the Audit Committee members, does not serve as documentation for the meeting, and cannot replace meeting minutes.
107. Lacking minutes, this meeting was found not to have been assigned a reference number in the list of Audit Committee meeting minutes for 2020. **As a result, all minutes for subsequent meetings were assigned non-consecutive reference numbers.**
108. **The Office of the Comptroller acknowledges the recent improvement in minute-keeping. However, the Office of the Comptroller recommends that the Company Secretariat make sure to prepare minutes for all Audit Committee meetings, and accurately record meeting numbers.**
109. No brief minutes were prepared for the meeting of November 12, 2020. The Company Secretariat stated in response that the meeting discussed the WZO-KKL agreement, **and since no decisions were made in this meeting, no abridged minutes were prepared and there was no publication on KKL's website.**
110. **The Office of the Comptroller believes that, at the time, abridged minutes should have been prepared, noting that no decisions were made in this meeting concerning the WZO-KKL agreement. It should also have been indicated**

that the full version is kept by the Company Secretariat. As aforesaid, since February 2021, KKL does not prepare two versions – a full and abridged version.

111. As of October 27, 2020, **only 6 abridged-version minutes had been uploaded to KKL’s website**, for the meetings of January 29 through May 26, 2020. As of said date, the Audit Committee had met 15 times.
112. Upon examination on June 15, 2021 (**i.e. – after 8 months, and after 2020 had ended**), KKL website contained **only 11 abridged-version minutes (out of 20 meetings in all)**.
113. In a meeting on July 11, 2021, the Company Secretariat stated that the minutes for the September 6, 2020 meeting had yet to be approved by the Committee, **while the remaining 8 minutes for the meetings that took place between September 10, 2020 and December 28, 2020 – had yet to be written, due to the Secretariat’s workload.**

KKL stated in response that the delay was due to the COVID pandemic, changes due to personnel turnover, such as additional new Board committees, seminars, etc., accessibility arrangements for published and soon-to-be published documents, personnel shortages, and a series of unforeseen circumstances inside the Secretariat. However, it should be noted that everything was fixed, corrected, and updated, despite the tremendous difficulty which the Secretariat faced at that time. The Company Secretariat explained, at length, the reasons for the delay in posting the minutes during in-person talks. The Company Secretary also noted that, together with the

Secretariat staff, upon assuming his position, a tremendous effort made, successfully, to close gaps, make corrections, and upload required material to the website. And as stated in person and in writing as of the date of receiving the first draft all minutes are approved on time, and the necessary documents have been put on the website, in accordance and in consultation with the Audit Committee Chair.

114. In response to KKL's reply, it is noted that the relevance of any personnel turnover (for the Chairman of the Board in November 2020, or for the Audit Committee in August 2019) for the lack of Audit Committee minutes is unclear. It is further noted that, Committee meetings took place during the COVID pandemic, sometimes in person. Thus, it is unclear how this applies to the fact that no minutes were prepared for Committee meetings, for months on end.

KKL stated in response that, the COVID pandemic interrupted KKL's routine operations, including in its Secretariat, while the Committee continued to meet via Zoom.

115. **The Office of the Comptroller believes that KKL failing to prepare minutes for Audit Committee meetings over such a long period, is improper, and may undermine the proper operation of the Company's Audit Committee. Furthermore, failure to post Committee decisions on KKL's website in a timely fashion undermines transparency.**
116. **Writing of the 2020 minutes was ultimately completed in the final quarter of 2021. The minutes were approved by the Audit Committee**

between January and May 2022. The abridged minutes were then posted on KKL's website except, as aforesaid, the minutes for the meeting of November 12, 2020.

117. Minutes from the Audit Committee meeting do not note if and when the minutes for meeting 20/16 of November 12, 2020, and the minutes for meeting 20/17 of November 15, 2020 were approved.
118. The Company Secretariat stated that the two aforementioned minutes were approved by the Committee members by email, **two years later**, on September 21, 2022.
119. **The Office of the Comptroller recommends that the Audit Committee make sure that minute approvals are recorded in the minutes for subsequent Committee meetings, and in the following Committee meeting if possible. This applies also if minutes are approved by email.**

KKL stated in response that this is already the case, has always been the case, and will continue to be the case, as per the Company Secretariat's practice for all committee minutes.

120. In response to KKL's reply, it is again noted that even if approval is made by email, it should be recorded in the Audit Committee's minutes.
121. The minutes for the Audit Committee's meeting 20/4 of May 4, 2020 **misstates the reference number for the approved minutes.** Both versions state that minutes 20/4 were approved, **while in practice minutes 20/3 were being approved.**

KKL stated in response that the error was due to the meeting scheduled for March 16, 2020

being cancelled, without the reference number being updated accordingly in the system.

122. Furthermore, **the abridged version of minutes 20/4 from the Audit Committee meeting of May 4, 2020, were approved twice:** once in the Committee meeting of May 26, 2020 (decision 20110601/4), and again in the Committee meeting of June 25, 2020 (decision 2011080/1).

KKL stated in response that this was indeed reflected in the status page for preparing missing minutes, as provided to the Office of the Comptroller.

123. Approving the abridged version of minutes 20/8 from the Audit Committee meeting of June 25, 2020, appeared on the Committee's agenda for its meeting of September 14, 2020. This approval even appears as an item on the meeting's minutes. However, the decision recorded in the meeting's minutes does not refer to the abridged minutes for the June 25, 2020 meeting (the full version of minutes 20/8 was approved in the Committee meeting of August 9, 2020).
124. Finally, after five meetings, the abridged minutes were approved in the meeting of October 13, 2020.
125. **The Office of the Comptroller recommends that the Audit Committee make sure to approve minutes near the meeting date.**

KKL stated in response that this is already the practice, and significant improvement has been made.

126. The Audit Committee meeting of December 28, 2020 was recorded in minutes 21/2. However, the *Committee Decisions* document for this meeting includes a different number for the minutes – 22/5.

KKL stated in response that this error was due to the documents being prepared in 2022, as part of the effort to complete the missing minutes for 2020.

127. **The Office of the Comptroller recommends that the Company Secretariat improve its follow-up on the approval of Audit Committee minutes, and make sure to properly maintain sequential numbering of minutes.**

KKL stated in response that the committee management system is currently being improved, to streamline the Secretariat's minute-management activities. KKL added that the Company Secretariat explained the reasons for the delay, and major efforts were made to close the gaps, all in consultation with the Audit Committee Chair.

128. 2021 – In the meeting with the Company Secretariat on July 11, 2021, the Office of the Comptroller was told that **minutes had not yet been prepared for all Audit Committee meetings from 2021, due to the Company Secretariat's workload.** It is noted that, by mid-July 2021, the Audit Committee had met 10 times.

129. **As aforesaid, work to prepare minutes and Audit Committee Decision documents for the Audit Committee's meetings of September 2020 through December 2021 – was only completed in the final quarter of 2021. As a results, the minutes were brought before the Audit Committee for approval with significant delay – between January and October 2022. It is noted that, in general, minutes should be approved as near as possible to the relevant meeting date.**

130. As aforesaid, KKL stated in response that this

significant delay in preparing minutes, between September 2020 and December 2021, was due – among other reasons – to special circumstances, organizational changes, and personnel shortages in the Company Secretariat.

131. In November 2021, KKL removed from its website, for several weeks, all minutes of its various corporate organs, and the Company’s publicly-available documents. This was due to accessibility work on the website, following an amendment to the law on accessibility arrangements on public-service websites.
132. The Company Secretariat stated that the following minutes were approved by the Audit Committee on September 21, 2022, by email:

Minutes	Meeting Date
21/6	May 9, 2021
21/7	May 13, 2021
21/8	May 27, 2021
21/9	Jun. 6, 2021
21/10	Jul. 4, 2021
21/11	Jul. 28, 2021

133. It is noted that these minutes were prepared with significant delay and sent to the Committee members by email in September 2022 for approval. No minutes were found documenting such approval via email.
134. **As aforesaid, the Office of the Comptroller recommends making sure to also record email-based approval of minutes, in the subsequent Audit Committee minutes.**
135. In 2021, 9 meetings were designated as ‘classified’, and so no decision document was prepared for publication on KKL’s website.

KKL stated in response that the Audit Committee's detailed and reasoned opinions, prepared following said 'classified' meetings, were circulated to KKL's Board members.

136. In response to KKL's reply, it is again clarified that the opinions prepared by the Audit Committee members do not serve as documentation for the meeting, and cannot replace the meeting minutes or decisions document.

137. The Office of the Comptroller was told that **no decisions document was prepared for publication** for the October 14, 2021 meeting, **as most of the document was classified.**

KKL stated in response that, except for one decision which involved personal privacy considerations, no other decisions were made by the Committee.

138. In response to KKL's reply it is noted that, a review of the minutes indicates that the meeting also concerned other matters such as reports on the internal auditor's reports on tree-logging and alternative value payments for logging permits. It was thus possible to prepare a decisions document, and note the matters on discussion, without those details involved in privacy considerations concerning payment.

KKL stated in response that significant improvement has been made, and today the publicly-available decisions document also includes issues for which no decision was made, in addition to the minutes retained by the Company Secretariat.

139. The Audit Committee meeting of December 6, 2021 consisted of a tour of the South district. **No minutes (tour summary) were prepared for this**

meeting, and no Committee decisions document was prepared for posting on the website.

140. **The Audit Committee of August 22, 2021, which was designated ‘closed and classified’ focused on formulating an opinion on the International Convention Center transaction. The fact that the meeting took place with no minutes, no recordings, and no transcripts – is improper.**

KKL stated in response that the 11-page opinion detailing the factual background and the issues brought before the Committee, including the Committee’s response to the issues raised during discussion, and its ultimate decision – constitutes adequate documentation. Furthermore, the two meetings preceding this meeting (August 16, 2021, August 18, 2021) were also documented as part of the agenda for the meetings dealing with the International Convention Center transaction.

141. In response to KKL’s reply, it is again emphasized that an opinion document, detailed as it may be, does not constitute documentation of a Committee meeting, nor can it replace meeting minutes.
142. **In general, all Audit Committee meetings should be documented through minutes, including ‘classified’ meetings. The Office of the Comptroller recommends that, for ‘classified’ meetings or meetings where no decisions were made, a Committee Decisions document should be posted on KKL’s website, noting the meeting date and location, the names of those present, and the items on the agenda (excluding details raising privacy concerns). The document can note that no decisions were made, or that**

decisions were classified, and that the minutes were retained by the Company Secretariat. Make sure that, even these documents posted on KKL's website be given sequential, consecutive numbers, and that they are approved by the Committee and signed by the Committee Chair.

143. Minutes for Committee meetings are given sequential, consecutive numbers. However, the minutes after minutes 21/11 were given the number 21/13 (there were no minutes 21/12).
144. Furthermore, two different meetings, which took place on August 18, 2021, and October 14, 2021, were given an identical number – 21/14.
145. The minutes for the Committee meeting of May 13, 2021 state that the meeting was held in Jerusalem, even though it actually took place in Modi'in. Furthermore, the minutes for the Committee meeting of July 28, 2021 state that it was held in Modi'in, even though it took place in Jerusalem. The minutes for the Committee meeting of June 6, 2021, held in Jerusalem, do not state where the meeting took place.
146. **The Office of the Comptroller recommends that the Company Secretariat make sure that minutes specify the correct location where the meeting took place.**

KKL stated in response that the committee management system was not updated on the change in meeting location. These details are specified on the meeting minutes, for all meetings, and are fully recorded on all relevant materials.

2.3.4 Numbering of Audit Committee decisions

147. Full-version minutes were compared against

corresponding abridged-version minutes.
**Mismatches were found in the sequential
reference numbers given to meeting decisions:**

Minutes	Date	Decision	Full Version	Abridged Version
19/1	Sept. 18, 2019	Contract approval	19110101/4	19110101/3
19/2	Oct. 2, 2019	Minutes approval	19110201/4	19110201/3
19/2	Oct. 2, 2019	Interested party transaction approval	19110202/4	19110202/3
19/3	Nov. 20, 2019	Minutes approval	19110301/4	19110301/3
19/4	Dec. 22, 2019	Minutes approval	19110401/4	19110401/3
19/4	Dec. 20, 2019	Minutes approval		
19/4	Dec. 22, 2019	Board member inquiries to the Committee	19110402/4	19110404/3
20/2	Feb. 25, 2020	Minutes approval	20110201/2	20110201/3
20/3	Apr. 20, 2020	Minutes approval	20110301/2	20110301/3
20/4	May 4, 2020	Minutes approval	20110401/2	20110401/3
20/4	May 4, 2020	Contract with JPPI	20110402/2	20110402/3
20/4	May 4, 2020	Collab with Rashi Foundation	2011403/2	2011403/3
20/5	May 18, 2020	Minutes approval	20110501/4	20110501/3
20/13	Sept. 14, 2020	Minutes approval	20111301/4	20111301/3
20/14	Oct. 13, 2020	Minutes approval	20111401/1	20111401/3
20/15	Oct. 27, 2020	Minutes approval	20111501/1	20111501/5
20/15	Oct. 27, 2020	Approving transaction with Board member	20111503/1	20111503/5
20/15	Oct. 27, 2020	Approving audit work plan	20111504/1	20111504/5
20/18	Nov. 23, 2020	Approving draft contract with Ossim Tzionut	20111801/1	20111801/5
21/1	Jan. 7, 2021	Contract with Shilton Beitar	21110101/1	21110101/3
21/3	Feb. 22, 2021	Contract with Company Secretary	21110302/1	21110302/5
21/3	Feb. 22, 2021	Education Div. audit report	21110303/1	21110303/5
21/9	Jun. 6, 2021	2020 financial statements	22110901/1	21110901/5
21/9	Jun. 6, 2021	Auditing accountant – work and fee in 2020	22110902/1	21110902/5

Minutes	Date	Decision	Full Version	Abridged Version
21/9	Jun. 6, 2021	Activity types document approval	22110904/1	22110903/5
21/17	Nov. 16, 2021	Minutes approval	2111701/1	2111701/5
21/17	Nov. 16, 2021	Draft bill – Forest Law	22111702/1	21111702/5
21/17	Nov. 16, 2021	Company secretary – salary terms	22111703/1	21111703/5

148. **The Office of the Comptroller recommends that the Company Secretariat make sure to accurately record the reference number for Audit Committee decisions, as noted in the minutes, and match it with those decisions’ number in the Committee Decisions document posted on KKL’s website.**

KKL stated in response that, using the committee management system, meetings are indeed numbered sequentially according to the year and meeting number. In 2021, numbering was interrupted due to a technical issue, after which KKL needed to change meeting numbers manually. This caused issues with the number sequence for committee meetings throughout 2021, and led to a mismatch between the meeting number on the agenda, and its number in the minutes. Today, the issue in the committee management system has been resolved, and the reason for needing to change numbers manually is no longer relevant. Furthermore, numbering in the subsequent years of 2022 and 2023, was sequential and consecutive. Registration methods will change in the updated committee management system.

149. In response to KKL’s reply, it is noted that the finding concerns the number of decisions, and

not minutes, as well as the mismatch between the full and abridged versions in numbering the same decision. The finding does not concern the numbering mismatch between meeting minutes and agenda. Furthermore, the finding and the data in the above table refer not only to 2021, but also to 2019 and 2020.

2.3.5 Circulating minutes

150. Following the ‘Executive Committee’ request to circulate the *Audit Committee Decisions and Comments* documents to the Board members, the Previous Audit Committee decided, in its meeting of May 5, 2016, to approve their regular circulation to the Board and to Company officers involved in the audits.
151. In July 2021, the Company Secretariat stated that minutes from Audit Committee meetings are not circulated to the Board.
152. **The Office of the Comptroller recommends that the Chair of the Present Audit Committee check why the Previous Audit Committee’s decision to regularly circulate the Audit Committee’s minutes to the Board – is not implemented in practice.**

KKL stated in response that, following the Office of the Comptroller’s comment, on March 21, 2023 the Audit Committee decided to change the Previous Audit Committee’s decision, so that minutes will not be circulated to the Board and to Company officers involved in the audits. Audit Committee decisions posted on the website are available to the general public, including the Board.

2.4 Audit Committee Operating Procedure – drafting process

153. KKL's Legal Department has a draft version of a procedure concerning KKL's Audit Committee's operations pursuant to Section 345H(e) to the Companies Law, **which defines the Audit Committee's roles**. The Office of the Comptroller was told that the draft procedure, from July 2018, was not formalized as a procedure, and was not brought before the competent organs for approval, due to internal disagreements in KKL. These involved, among other things, the issue of what would be the correct framework for setting the Audit Committee's operations, and who would guide its operations.
154. In the Committee meeting of June 25, 2020, the Audit Committee Chair announced that he planned to put on the next meeting's agenda a discussion concerning "the Committee's workflows and its role descriptions".
155. In the meeting of July 2020, it was agreed that the matter would be discussed in the next meeting. However, in the Committee meeting of August 2020, the matter was again postponed to the next meeting.
156. The minutes for the meeting of September 6, 2020 state that, "The matter is no longer on the agenda".
157. Upon reviewing minutes from that time and until the end of 2021, the matter was not found to have been put back on the agenda for the Audit Committee's meetings.
158. **The Office of the Comptroller recommends that the Audit Committee discuss, as soon as possible, its workflows and role descriptions, as stated in principle in June 2020.**
159. **The Office of the Comptroller further recommends that KKL complete, as soon as possible, its work to formalize the Audit Committee Operating Procedure, regulating – among other things – the KKL Audit Committee's workflows. The procedure should specify, for example, how many times a year the Committee will**

convene; in what manner and under what majority its decisions shall be made (including noting the names of objecting members, etc.). These procedural provisions should be established in keeping with the Companies Regulations (Compensation for a Board Chairman, Board Member, and Audit Committee Member in a Public Benefit Company), 2009.

160. **The Office of the Comptroller also recommends that the Audit Committee Operating Procedure refer to the preparation of minutes using a uniform format, and the publication of the Audit Committee Decisions document on KKL's website.**

KKL stated in response that the Legal Department, Company Secretariat, and Audit Committee Chair agree to establish an Audit Committee Procedure, which will formalize the Committee's workflows. KKL added that the draft document was suspended, among other reasons, in light of the Office of the Comptroller's comments in this audit report, and the need to implement the Office of the Comptroller's recommendations.

161. In KKL, the 'Board secretary' usually also serves as 'Audit Committee secretary' and 'Board Member Reimbursement Committee secretary'.

KKL stated in response that the role of 'Audit Committee secretary' is defined by the Company Secretary, who supervises KKL's committee secretaries. The head of the Secretariat has always been responsible for all actions involving the External Audit Committee, in consultation with the Legal Department and Internal Audit Unit.

162. **The Office of the Comptroller recommends that the upcoming Audit Committee Operating Procedure also formalize the role of 'Audit Committee secretary'.**

163. **Once the Audit Committee Operating Procedure is formalized, the Office of the Comptroller recommends presenting it to the General Meeting.**

3. Audit Committee's Roles

164. Section 345H(e) to the Companies Law, 1999, specifies the audit committee's roles. The Office of the Comptroller examined some of these roles. Findings were as follows:
165. Section 345H(e)(1) to the Companies Law states that an audit committee's role is "*To check the proper conduct of the company and its institutions, including alignment between the company's activities and its goals*".
166. Following the Previous Audit Committee's comment on KKL's activities as compared to its Charter, the Company's goals were updated in consultation with the Endowments Registrar. The updated Charter was approved by the General Meeting in September 2018 (the 2018 Amendment).

3.1 Discussing flaws in the Company's management

3.1.1 Discussing flaws from internal auditor reports

167. According to Section 345H(e)(4), an audit committee's role is "*To study flaws in a company's management, including in consultation with the company's internal auditor or its auditing accountant, as appointed, and suggest to the board ways to remedy said flaws*". Another audit committee role is, "*To check the proper conduct of the company and its institutions*" (Section 345H(e) (1)).
168. In 2019, KKL established a **Flaw Correction Committee** headed by the CEO, and which included the Director of the Finance and Economics Division, the Director of the Human Resources and Administration Division, and the Acting Legal Counsel. The internal auditor is an observer on the committee, and is responsible to bring audit reports before the committee. The committee discusses these reports and makes decisions on

approving their recommendations, with the aim of implementing them (in full or in part). The relevant KKL units are expected to implement approved recommendations, as goals in their respective workplans.

169. **The Office of the Comptroller favorably notes the establishment of this committee by KKL, and recommends that the upcoming Audit Committee Operating Procedure formalize the Audit Committee’s interaction with the Flaw Correction Committee. This would allow the CEO to report to the Audit Committee on the correction of flaws identified by the Internal Auditor (and other auditors) in his audit report, as well as on the implementation of recommendations accepted by the Flaw Correction Committee.**
170. According to the minutes for the Audit Committee meeting of August 9, 2020, and according to Procedure 01.03.30 – *Audit Report Actioning*, dated September 9, 2019, audit reports are submitted to the Chairman of KKL’s Board, the CEO, and to Audit Committee members. A discussion then takes place in the Flaw Correction Committee, headed by the CEO, where a decision is made to accept or reject the audit’s recommendations. **Reports are only brought before the Audit Committee after this discussion by the Flaw Correction Committee, and only if the Committee wishes to discuss them.** The relevant professional staff are invited to this discussion.
171. KKL’s Internal Audit Unit stated that its final audit reports (both reports on matters pre-approved by the Board under the annual work plan, and ad-hoc reports for audits outside the approved work plan) are emailed to the Chairman of the Board,

the CEO, and the Audit Committee members simultaneously. This includes position papers and complaint inquiry reports.

172. The Internal Audit Unit also stated that it works to pursue professional discussions by the Audit Committee **when dealing with audit reports which were part of the Board-approved workplan. However, for audit reports outside the approved workplan (ad-hoc reports) – at the Internal Auditor’s request, only some of these are brought before the Audit Committee for discussion.** The Internal Audit Unit added that, in principle, the Committee may request a discussion of any document issued by the Internal Audit Unit, since all Committee members receive all internal audit reports, as aforesaid.
173. **The Office of the Comptroller believes that all audit reports should receive Audit Committee’s approval prior to implementation (requiring an update to the workplan approved by the Board), and all reports should be discussed by the Audit Committee, with due, full documentation through minutes. Should the Audit Committee decide that it is not necessary to discuss a report, it will explain this decision and record it through minutes. The Committee will present its conclusions, based on the findings of all audit reports, to the Board and General Meeting.**

KKL’s Internal Audit Unit stated in response that, henceforth it will ask the Audit Committee to discuss all of its audit reports, whether or not they were included in the workplan.

174. KKL’s Internal Audit Unit stated that, to facilitate effectiveness, Audit Committee discussions are held after the recommendations are approved for

implementation by the professional committee headed by the CEO (the Flaw Correction Committee).

175. The Office of the Comptroller believes the action-oriented discussion led by the CEO in the Flaw Correction Committee (which makes decisions and issues guidance on correcting flaws) should be distinguished from the mandatory discussion of flaws by the Audit Committee.
176. **The Office of the Comptroller therefore recommends that the internal auditor report to the Audit Committee if an audit report is delayed at the Flaw Correction Committee, beyond a reasonable time. This would allow the Audit Committee to discuss such reports without delay.**
177. Section 4.3 to the Audit Committee Report Actioning Procedure specifies that final reports will be submitted, among other people, to the Audit Committee Chair.
178. **The Office of the Comptroller recommends that KKL update the Audit Committee Report Actioning Procedure to note that final reports are to be sent to all Audit Committee members (and not just the Committee Chair).**

KKL stated in response that this is done regularly, and Audit Committee members receive all final reports. KKL will work to correct the issue, and include it in the procedure.

179. KKL's Internal Auditor reports to the Audit Committee on various internal audit activities, and on reports issued by his staff. Minutes from Audit Committee meetings in 2019–2021 indicate that the Internal Auditor's reports to the Committee

mainly concern the audit reports' status. **The Internal Auditor only refers to flaws and recommendations in Internal Audit reports in isolated cases, where follow-up actions have been completed.**

180. **The Office of the Comptroller recommends that the Internal Auditor's reports to the Audit Committee focus on presenting key findings from all internal audit reports (both under the Board-approved workplan, and ad-hoc reports), and methods for correcting identified flaws.**

KKL stated in response that status reviews are exactly that – these are not discussions of internal audit reports presented to the Committee. In audit report status reviews, flaws and recommendations identified by the audit are not discussed. Moreover, discussing issues while the audit is ongoing, before the audited entities have been given a chance to voice their opinion to the auditor, may injure the audited entities and go against equity principles and court rulings, and even put KKL at risk from unnecessary legal actions. It is therefore necessary to distinguish between status reviews and a discussion of the internal auditor's final reports, which are submitted after the audited entities are given due opportunity to present their arguments.

181. In response to KKL's reply, it is noted that the Office of the Comptroller's comment referred to discussions of reports that have been closed. Furthermore, the bulk of the Audit Committee time should be devoted to discussing findings from finalized audit reports, ways to correct flaws, and the Internal Auditor's comments – and not to discussing the internal audit reports' status.

182. A review of Audit Committee minutes showed that, in 2021, the Internal Auditor gave a review on the audit reports' progress in the Committee meeting of July 28, 2021. Additional updates were given in writing and sent to the Committee members in May, June, and October 2021. **However, these updates were not recorded in minutes.**

183. **The Office of the Comptroller recommends that, if the Internal Auditor updates the Audit Committee on the progress of internal audit reports, including updates sent by email – this should be documented in the minutes for Committee meetings.**

KKL stated in response that the matter is given, among other things, the Audit Committee's and Internal Auditor's discretion, based on the specific circumstances. The Committee exists even outside its meetings. It is important to allow the Internal Auditor to update the Committee through letters or discussion minutes, at his discretion. It is further noted that the Committee Chair sets the Committee's agenda, and he can add the update to the agenda or note in the minutes that updates were sent as aforesaid.

184. **It is further recommended that the upcoming Audit Committee Operating Procedure state that the Internal Auditor must update the Audit Committee members, in a Committee meeting, at such frequency as shall be specified in the procedure, on the progress of work on internal audit reports.**

185. As aforesaid, in order for an Audit Committee to comply with its duty to study flaws in a company's management, it must – among other things –

consult with the internal auditor or auditing accountant. **In practice, the Audit Committee does not discuss all audit reports.**

186. For example: the *Strategy and Controls in Employing Outside Service Providers in the Contracts Division Report* was included in the 2019 work plan, but **not discussed by the Audit Committee.**

187. Seven reports prepared by KKL's Internal Audit Unit on Himnuta (some included in the annual workplan and some ad-hoc), completed in 2019–2021 – were not discussed by KKL's Audit Committee. The Office of the Comptroller was told that these reports were sent to Himnuta's audit committee, following a decision concerning that company's autonomy and appointment of an internal auditor for Himnuta. However, some of the reports were found to have been discussed by KKL's Flaw Correction Committee in 2021.

KKL's Internal Audit Unit stated in response that, when the reports on Himnuta were circulated, Himnuta did not have a flaw correction committee, and so the reports were discussed by the corresponding KKL committee.

188. In his reviews to the Committee, the Internal Auditor notes that should the Committee members decide to discuss any matters presented in the review, these will be put on the agenda, and the relevant persons will be summoned (e.g. – the minutes for the meeting of August 9, 2020, and the meeting of September 6, 2020). In other words, discussions of internal audit reports are at the Audit Committee's discretion.

189. It is further notes that, in the Audit Committee

Chair's report to the General Meeting of June 24, 2021, the Committee Chair noted that, "The Audit Committee receives all internal audit reports, and discusses most of them, and follows-up through the Board or Executive Committee".

190. The Office of the Comptroller asked the Internal Audit Unit for the list of reports prepared in KKL, noting which reports were discussed by the Audit Committee to review flaws in the Company's management. Data were as follows:
191. KKL's Audit Committee discussed only 6 out of 20 audit reports (from the annual workplan, ad-hoc reports, and two complaints) completed between 2019 and 2020 (the Flaw Correction Committee discussed 12).
192. KKL's Audit Committee also discussed only 5 of 19 audit reports (from the annual workplan, ad-hoc reports, and one complaint) completed in 2021 (the Flaw Correction Committee discussed 13).
193. **The above data indicate that in 2019–2021, the Audit Committee discussed only 30% of the Internal Auditor's audit reports.**
194. **Thus, the Audit Committee does not discuss the findings and recommendations from most of the Internal Auditor's audit reports (from the total of both annual work plan reports and ad-hoc reports).**

KKL stated in response that there is no statutory requirement for the Audit Committee to discuss all reports issued by the Internal Auditor, and that the number of Audit Committee meetings is limited.

195. **The Office of the Comptroller recommends that KKL study its Audit Committee's compliance**

with Section 345H(e)(4) to the Companies Law, when in practice findings from the various audit reports are discussed by the Flaw Correction Committee (and some by Himnuta's audit committee), and not by the Audit Committee (except for a handful of reports).

196. In effect, there is no formal process for the Audit Committee to discuss key findings from internal audit reports (work plan reports, and ad-hoc reports), from position papers, from complaint inquiries, or Committee conclusions based on these findings.
197. The Office of the Comptroller recommends that the Audit Committee consider noting in its minutes that Committee members received and read audit reports sent to them by email, and that the internal auditor presented key findings from the corresponding reports to the Committee. For each audit report, the minutes should note whether the Committee members wish to hold a discussion or whether, having received a report (from the CEO or persons acting on his behalf), they found that the flaws are being addressed by the CEO through the Flaw Correction Committee, and so need not be discussed by the Audit Committee. As aforesaid, this requires that the CEO report on flaw-remediation actions for each individual audit report.

The Audit Committee Chair stated in response: The Audit Committee may not deviate from the 18 yearly meetings for which Committee members are compensated (it is noted that, in one year, the Committee deviated from this limit and its members were not compensated for their participating in the

relevant meeting). This limit is not sufficient to properly discuss all internal audit reports. As such, my suggestion is that all internal audit reports will be sent to the Committee members for review. The Committee Chair, whether voluntarily or at the Internal Auditor's request approved by the Committee Chair, will discuss specific reports. Committee members may comment on all of the reports they received for review, and request that the Committee Chair bring a given report before the Committee for discussion. Following an Audit Committee discussion on November 5, 2023, it was decided that all final reports will be sent to the Audit Committee members. The Company Secretariat will then update that a discussion is planned by the Flaw Correction Committee, headed by KKL's CEO. Should the Audit Committee discuss a final report (at the Committee Chair's discretion), it must be brought before the Committee for discussion along with the comments (decisions/recommendations) by the Flaw Correction Committee.

198. It is noted in response that a way should be found to balance between all of the Audit Committee's roles, primarily as concerns findings and recommendations from all internal audit reports (in practice, 9 out of 18 Audit Committee meetings in 2021 focused on the International Convention Centers and land transactions in Judea and Samaria). The Office of the Comptroller believes it is paramount to discuss the contents of the audit reports, as approved by the Audit Committee and Board in the Internal Audit Unit's work plan, to assure that flaws and

corrective actions are handled properly. In cases where the Committee does not discuss audit findings and recommendations, a mechanism should be established for the Audit Committee to supervise and control how recommendations are implemented and flaws corrected. Furthermore, the Committee is charged with managing and supervising the Internal Auditor's activities, and managing KKL's resources allocated to control and auditing activities.

KKL stated in response to this finding, that the Internal Auditor and the relevant division directors will bring findings and decisions for discussion by the Audit Committee, instead of KKL's CEO coming in-person to these discussions.

199. In response to KKL's reply, it is noted that responsibility lies with KKL's CEO, and not the division directors, and therefore reports must be submitted by the CEO or persons acting on his behalf.
200. **The Office of the Comptroller also recommends assigning sequential numbers to audit reports, to assure that all reports are submitted to the Audit Committee and are given due attention, reflected in Committee minutes. The Audit Committee Chair, who sets the Committee's agenda, will set the discussion date for each audit report.**

The Internal Audit Unit stated in response that, since the Internal Auditor assumed his position in December 2022, audit reports have been numbered.

201. The minutes indicate that the Audit Committee devoted much time to other matters. For example:

the tentative International Convention Center transaction; KKL's agreement with WZO; land purchases in Judea and Samaria; and approving contracts and collaborations with third parties. The Committee also dealt with preparing opinion papers on special issues.

202. Minutes for the Audit Committee meeting of June 25, 2020 indicate that the Board, in its meeting of October 3, 2019, approved KKL's participation in an expo in Dubai at the request of the Prime Minister and Ministry of Foreign Affairs. As a result, KKL's professional staff was brought before the Committee before it had studied the financial viability of the initiative or its alignment with KKL's goals. In fact, in the Board meeting it was stated that, "Should the Board approve the collaboration, the KKL's CEO and professional staff will be completely involved in deciding the content". It is noted that KKL's Deputy Chairman also noted in the Board meeting that the matter should have been discussed first by the Finance Committee, and then by the Board. Reservations were also voiced in the Board meeting concerning budgetary sources for the initiative, and whether it was worthwhile to invest NIS 20 million in this activity, in light of KKL's financial status and the cross-organizational cuts. It was asked what the success indicators were for the 2015 Milano Expo, and what the success indicators would be for the Dubai Expo. As aforesaid, the event was ultimately postponed by one year, and took place in October 2021.
203. In this Audit Committee meeting, the Internal Auditor presented the Committee with preliminary findings raising concern that KKL's administration had improperly prepared for the Dubai Expo.

The Audit Committee decided to ask the Internal Auditor to prepare, within 3 months, an audit report on KKL's preparations for the Dubai Expo. The Committee's request was due to the Internal Auditor's preliminary findings as aforesaid, **which showed that the recommendations from the audit report concerning the 2015 Milano Expo had not been implemented, and the same mistakes were made again, despite the commitment to implement in-depth and professional prep work.**

204. In the discussion of July 16, 2020, the Internal Auditor presented the Audit Committee a sample of flaws concerning the Dubai Expo, to examine the implementation of recommendations and flaw corrections prescribed in the audit report on the Milano Expo. In this meeting, the Audit Committee decided that KKL's participation in the Dubai Expo should be sent back to the Board for re-consideration. The Board would then review whether, in light of KKL's goals and the current economic and financial circumstances, it would be worthwhile for KKL to participate in the Expo at the expected scope (NIS 15 million, from a total cost of NIS 70 million for KKL's pavilion, and a further NIS 5 million for production, maintenance, delegation, and other costs), or at any other scope.
205. In the Board meeting of September 1, 2020, the matter was re-examined, and the Board ultimately decided to uphold its decision of October 3, 2019.
206. In light of the Audit Committee's decision to send the initiative back to the Board for re-examination, in the meeting of August 9, 2020 the Committee Chair noted that there is no need to prepare an audit report on the Dubai Expo. It was further clarified that the Committee members wish to

- receive relevant documents on the Milano Expo, as part of the report on the Resource Development Division, as agreed in the meeting of July 16, 2020.
207. The Audit Committee Chair asked the Resource Development Division to send the Committee members the activity summary for the Milano Expo.
208. **Minutes for the Audit Committee’s meetings through the end of 2021 did not indicate that documents on the Milano Expo had been received.**
209. In response to KKL’s reply, it is noted that the transcript provided by the Company Secretariat indicates the Committee Chair immediately corrected himself and asked to receive, as recommended by another Committee member, the summary for the Milano Expo, and not the Dubai Expo.
210. Following a trial against the director general of the Ezra youth movement, on charges of bribery from a political source when fundraising for the youth movement, in its meeting of May 18, 2017, the Previous Audit Committee decided to stop the transfer of KKL funds to the Ezra movement as part of the agreement with WZO, for activities by Zionist organizations. Thus, no funds were transferred to the movement.
211. Later, following the Ezra youth movement director general’s conviction in June 2020, the Present Audit Committee, in its meeting of June 25, 2020, **decided** to continue suspending the transfer of payments to the Ezra movement, and to seek additional details and facts.

KKL stated in response that, since the Audit Committee, in its previous term, decided to

stop the fund transfers, the matter was brought before the Present Audit Committee in light of the change in circumstances. Furthermore, this is an exceptional, non-normal case. In light of the sensitivity of the matter and since the transaction was previously approved by the Audit Committee, the matter was brought before the Committee. Furthermore, since this is part of the implementation of the 2015 WZO agreement, which required approval, the Committee is authorized, among other things, to grant qualified or contingent approval for the transaction.

212. **The Office of the Comptroller believes that the Audit Committee does not have executive power to decide to stop the transfer of KKL funds. The Office of the Comptroller believes that the Audit Committee should have formed an opinion, based on a KKL legal opinion, and should have submitted such opinion to the relevant Company organs, for decision.**

The Audit Committee Chair stated in response: My principle view is that the Audit Committee is not authorized to instruct the Company to do or not do a thing. It is empowered to guide the Company on methods for proper conduct. I agree that in the future, should similar circumstances arise, the Legal Department will formulate an opinion, which will then be discussed by the Committee.

213. It is noted that, in the Audit Committee meeting of October 13, 2020, the Acting Legal Counsel updated the Committee on the Ezra movement, and that the court had issued a liquidation order for the organization. The organization dissolved, and so KKL notified the organization that it is

reversing their alleged remaining credit balances as part of the WZO agreement.

3.1.2 Discussion of flaws from the Endowments Registrar's draft audit report

214. The Endowments Registrar Unit operates as part of the Ministry of Justice Companies Authority. Under Section 345.24.1(a) to the Companies Law, the Endowments Registrar may authorize a Ministry of Justice commissioner to supervise compliance with the Companies Law provisions applicable to public benefit companies.
215. In September 2016, the Endowments Registrar notified KKL that it was appointing an outside inspector, to start an in-depth audit of KKL. This audit initially planned to focus on 2014–2015. In mid-2017, the Endowments Registrar expanded the audit to also include 2016–2017, in order to examine KKL's compliance with flaw corrections, as noted by KKL.
216. The first draft of this audit report, which includes aspects of corporate governance, was received by KKL on December 11, 2018. Receipt of this draft audit report was reported to the Previous Audit Committee, the Executive Committee (Chairman of the Board and his deputies), and to the Board. **The Previous Audit Committee discussed the draft report in its meeting of July 18, 2019. However, as aforesaid, no minutes were kept for this meeting.** KKL had numerous objections to several of the findings in the preliminary draft, due to what it claimed were significant and material factual errors. Thus, KKL asked the Endowments Registrar for materials and references supporting the findings in the draft report.

KKL stated that its comprehensive response

(encompassing some 200 pages plus numerous appendices) to the first draft of the audit report was submitted on May 21, 2019. Subsequently, following a petition filed with the district court, the Registrar provided KKL with additional documents, and it was granted an extension to supplement its response. These supplements were submitted in September 2019.

217. Following the findings presented in the first draft, KKL's Board appointed a special team to handle the draft report. The third-party professional team, headed by a retired judge who also served as special counsel to KKL's Board, also included the former Endowments and Charities Registrar, and a prominent accountant specializing in investigative auditing.
218. The special professional team recommended KKL establish a 'corporate governance code', consisting of various rules and guidelines for proper corporate governance and proper corporate conduct for KKL employees and officers.
219. The Office of the Comptroller requested this code of rules and guidelines for proper corporate governance in KKL. The Office of the Comptroller was told that there is a draft corporate governance code, approved by the CEO and Board, which as of December 2022 was awaiting the Procedures Committee's comments. The Office of the Comptroller was told that the corporate governance code will be joined by a code of ethics, which has yet to be drafted, since the Procedures Committee decided that a third party would draft this latter code, together with KKL. **As of the audit completion date, December 2023, the Office of**

the Comptroller did not receive the corporate governance code or the code of ethics.

KKL stated in response that it is currently developing its code of ethics, together with KKL's management, employees, and workers' union. This work is being done after a third party was appointed to support the process. Furthermore, the corporate governance code is still awaiting the Procedures Committee's approval.

220. At the same time, KKL worked to correct flaws, implement corrections, and amend procedures. The Office of the Comptroller was told that some corrections have already been implemented. When the special task team finished its work, principles were established for a flaw correction plan.
221. KKL's response to the first draft report was submitted to the Endowments Registrar in August 2019, including this flaw correction plan.
222. Following the appointment of the Present Audit Committee, in the meeting of February 25, 2020, a Legal Department representative reported to the Audit Committee on the Endowments Registrar's initial draft audit report, and KKL's subsequent actions. The Committee decided to wait until an amended draft is received from the Endowments Registrar.
223. KKL received the second, amended draft of the audit report prepared by the Endowments Registrar's inspector in early August 2020, and KKL responded to this draft in October 2020. The Office of the Comptroller was told that in November-December 2020, in-person discussions were held at the Endowments Registrar's offices.
224. The Audit Committee meeting of September 14,

2020 was also attended by the Internal Auditor. The Legal Department provided the Committee with a review of changes from the first draft to the second draft, in terms of findings and topics included in the report. KKL's response to several of the remaining findings was presented. As well as actions taken to correct some of the identified flaws. It was also reported that KKL's flaw correction report was sent to the Endowments Registrar in August 2019.

225. In this Audit Committee meeting, it was decided to wait until the Endowments Registrar's final report was received, after which KKL was to meet with the Endowments Registrar's representative. The Committee would then re-examine the findings.
226. KKL received the Endowments Registrar's final report on March 2, 2022, for its operations in 2014–2017.
227. In its meetings of March 15, 2022, and May 15, 2022, the Audit Committee discussed the final Endowments Registrar report. The Committee members supported the comments of KKL's professional staff on the draft plan to correct flaws from the Endowments Registrar's in-depth audit.
228. **The Audit Committee minutes did not show that the Committee members recommended any additions and/or changes to the Internal Auditor's work plan, in order to examine the flaws identified in the Endowments Registrar's in-depth audit.**
229. In August 2022, the Deputy Internal Auditor reported to the Audit Committee that the CEO had instructed the Internal Audit Unit to add to its work plan a sample review of the implementation of the flaw correction plan, following the

Endowments Registrar's report. Sample review of implementation was to focus on issues such as: collaborations, joint-ventures, sponsorships, personnel appointment, double-payment to organizations, fund transfers to religious organizations, and KKL's controls over the various organizations' activities, reported in the committee overseeing the KKL-WZO agreement.

230. **It is noted that the CEO, who is an audited organ, is not authorized to instruct the Internal Auditor to perform audits in addition to its work plan. Nor can the CEO dictate the Internal Auditor's work practices, or the issues on which the Internal Auditor focuses. The competent organs authorized to task the Internal Auditor are the Chairman of the Audit Committee, or the Chairman of the Board (Section 150 to the Companies Law).**

KKL stated in response that the Internal Audit Unit's annual work plan for 2023 includes a specific audit task to sample the implementation of recommendations from the flaw correction report compiled following the Endowments Registrar's report. As part of this task, the Internal Audit Unit will examine matters derived from the flaw correction plan, at the Internal Auditor's discretion. KKL added that, following the in-depth report, KKL was asked to sign a flaw correction plan with the Endowments Registrar, and this plan was approved by the Audit Committee.

231. After receiving the Endowments Registrar's comments on the draft flaw correction plan, and the plan's approval by KKL's competent organs, the flaw correction plan was submitted to the Endowments Registrar in December 2022.

In accordance with this plan, an Endowments Registrar-appointed accountant started working with KKL to supervise and support KKL in its remediation efforts. At the end of this support period, a final report will be compiled and published (24 months).

3.2 Examining the Internal Auditor's work plan prior to Board approval

232. The Audit Committee must **examine the internal auditor's work plan prior to its submittal for the Board's approval, and propose changes in such plan, as may be necessary** (Section 345H(e)(6b) to the Companies Law).
233. KKL's Internal Audit Unit has a long-term work plan based on a risk survey for identifying audit targets. The Office of the Comptroller was told that the plan is updated regularly, and serves as the basis for annual work plans. Furthermore, ad-hoc examinations (outside the work plan) are performed, when urgent examination is required.
234. 2019 – Annual work plan for the Internal Audit Unit for October 2018 – September 2019 was reviewed by the Previous Audit Committee on June 28, 2018, and approved by the Board on November 5, 2018.
235. **The long-term work plan for 2019–2025** – Presented by the Internal Auditor to the Previous Audit Committee in January 2019. The plan included a list of topics that would be examined in KKL's various units in these years; the risk level based on the risk survey for determining audit targets, performed in March 2017; and the number of audit hours.
236. In its meeting of February 28, 2019, the Previous Audit Committee discussed the work plan, **in a members-only discussion**. In the meeting of April 4, 2019, the Committee again discussed the work plan, **again in a members-only forum**, and decided that its decisions would be published separately in the near future.

KKL stated in response that these Committee meetings were attended by the Internal Auditor and his staff, and the minutes clearly indicate that the matter was discussed with them present.

237. In response to KKL's reply, it is again emphasized that both minutes state that **the Committee, with only its members present, discussed the Internal Audit Unit's work plan.**
238. It is again noted that the Companies Law requires the internal auditor and auditing accountant be invited to all audit committee meetings (Section 345H(f) to the Companies Law).
239. **In practice, the Internal Auditor – who was invited and attended both these meetings – was barred by the Previous Audit Committee from the discussion on the Internal Audit Unit's long-term work plan, which he himself prepared.**
240. **The Office of the Comptroller believes that the Internal Auditor should have participated in the discussion on the Internal Audit Unit's long-term work plan.**
241. Since the Previous Audit Committee did not generally keep minutes of its meetings, and there are no records of the discussion, it is not possible to see from the 'Audit Committee Decisions and Comments' documents what the Committee members' comments were on the long-term work plan, and whether they asked the Internal Auditor to make any changes to his work plan.

KKL stated in response that the Previous Audit Committee would prepare minutes internally, and sent them to the Company Secretariat.

242. In response to KKL's reply, it is stated that, as aforesaid, the Company Secretariat is responsible for making sure that KKL's minutes are compliant and include all necessary details, like any other KKL document.
243. It seems that the Previous Audit Committee had comments

concerning the long-term work plan, which were submitted to the Internal Auditor. **As a result, the Internal Auditor prepared a revised long-term work plan.**

244. In the meeting of June 4, 2019, the Internal Auditor presented the **revised** long-term work plan for 2019–2025. However, the Audit Committee Decisions and Comments document does not note whether the Committee discussed the plan. If there is no disagreement – the plan will be approved. The document states that the Committee members are requested “To email their position to the Committee Chair. If there is no disagreement – the plan will be approved. If there is disagreement – the Committee will discuss it together with the Internal Auditor”.
245. **The minutes do not record that the changes to the long-term work plan were ultimately accepted by all Previous Audit Committee members.** Several months later, in August 2019, the Previous Audit Committee ended its term.
246. In the Board meeting of November 4, 2019, the Internal Auditor noted that the long-term work plan for 2019–2025 was presented to the Board, and that the Previous Audit Committee’s comments had been integrated in the plan, and the changes brought before the Board. **However, the minutes for the Board meeting do not record that the long-term plan had already been presented to the Board, or that changes in the plan had been brought before the Board prior to November 4, 2019.**
247. The long-term work plan was again revised on September 15, 2019 (i.e. – after the Previous Audit Committee’s term had ended). The minutes hold no record that this revised plan was presented to the Board.
248. **The Office of the Comptroller believes that an annual and updated work plan for 2019 should have been submitted to the Board for approval, following the work plan’s revision in September 2019.**
249. 2020 – In the first meeting of the Present Audit Committee,

which took place on September 18, 2019, the Internal Auditor stated that in the coming days the Company Secretariat would provide the Committee members with **his proposed annual work plan**, and the matter would be included on the agenda for the subsequent meeting.

250. In the agenda for the Audit Committee meeting of October 2, 2019, under the 'Proposed annual work plan' item, it is explained, "The Internal Audit Unit's work plan for 2020, based on the risk survey from March 2017 for determining the audit targets, and the long-term work plan built this year and reviewed by the External Audit Committee in its previous composition. In accordance with the Companies Law, the Internal Audit Unit's annual work plan is submitted to the Audit Committee's review, before being submitted for approval by KKL's Board".
251. The agenda included two documents: one, the *Draft Internal Audit Work Plan for 2020 – Revised – for the External Audit Committee's Review*; the other, the *Long-Term Audit Plan for 2019–2025, Revised September 15, 2019*.
252. In this meeting, the Present Audit Committee was expected to review the **revised annual work plan for 2020**, and discuss the revised long-term work plan as of September 15, 2019.
253. It is noted that revision of the 2020 work plan required review by the Present Audit Committee, before they could submit their recommendation to the Board to approve the plan.
254. However, the minutes for the Audit Committee meeting of October 2, 2019 do not record any discussion of the long-term work plan, nor do they record any review of the revised work plan for 2020.
255. In the minutes, the Committee members also do not make any mention of the revised annual work plan brought before them in that meeting. It is noted that the meeting did not

make any decision on the annual work plan for 2020, nor on the long-term work plan.

256. **In fact, the minutes do not state that the revised annual work plan for 2020 was reviewed by the Audit Committee. Furthermore, the minutes do not include any Committee decision to recommend to the Board to approve the annual work plan for 2020.**

KKL stated in response that the transcript indicates that the Committee discussed the work plan.

257. In response to KKL's reply, it is noted that the Office of the Comptroller did not receive this transcript. It is further noted that the Committee must **decide** to recommend that the Board approve the work plan. A discussion only, should it have taken place, is insufficient.
258. Section 345I(b) to the Companies Law states, "The internal auditor will submit for the board's approval a proposal for an annual or periodic work plan, after the audit committee has reviewed such plan as dictated by Section 345H(6b), and the board will approve such plan, with any changes as it deems fit".
259. The minutes for the Board meeting of November 4, 2019 note that the Internal Auditor "reviewed the Internal Audit Unit's 2020 work plan ... and noted that the draft plan was sent to all members, after it was reviewed by the External Audit Committee and following a discussion in its meeting of October 2, 2019". **As aforesaid, there is no record of this in the Audit Committee's minutes.**
260. **The Internal Auditor's work plan for 2020 was approved by the Board in its meeting of November 4, 2019, as aforesaid, without the Audit Committee having decided to recommend its approval by the Board.**
261. A comparison between the 2020 work plan and actual performance indicates that **the audits** on *Public Admission*

to Forests and Social Contributions and Pension Rights – were postponed.

262. The Internal Audit Unit stated that it reported this in writing to the Audit Committee on August 9, 2020.
263. **It is noted that the Internal Auditor is not authorized to make changes in the Board-approved work plan, or add audit topics and make do with reporting the fact to the Audit Committee. Should the Internal Auditor believe a change is needed in the work plan or in examining another issue, he must request the Audit Committee’s approval and instructions (recorded in meeting minutes) to perform another or additional audit, clarifying whether such audit would preclude the performance of an audit already approved by the Board. The Audit Committee will then update the Board on the changes to the work plan, and the reasons leading to such change, and present to the Board its conclusions from the Internal Auditor’s re-examination.**

The Internal Audit Unit stated in response that it accepts the recommendation.

264. A report entitled *Fundraising and Resource Development Practices*, focusing on the Resource Development Division, was included in the 2020 work plan. The Internal Audit Unit stated that this report was ultimately issued under the title *Aspects of KKL’s Activities Abroad*. The audit for this report began in 2020, was completed in 2022, and discussed by the Audit Committee on April 23, 2023. It was further stated that the Audit Committee received several updates as this audit was being performed.
265. **The Office of the Comptroller recommends that, each year, the Audit Committee ask the Internal Auditor to present in writing the annual work plan (approved by the Board), as compared to actual performance, explaining any gaps. This should be done in preparation for building the following year’s work plan.**

266. **The Office of the Comptroller also recommends that the Audit Committee report to the Board on the gaps between the approved work plan and actual performance, since the Board is the competent organ authorized to approve the work plan. This recommendation should also be formalized in the upcoming Audit Committee Operating Procedure.**
267. Section 150 to the Companies Law states, “The chairman of the board or the chairman of the audit committee may task the internal auditor with an internal audit, in addition to the work plan, on matters requiring urgent examination”. An audit committee may also “examine any other matter related to the company’s operations” and then bring its conclusions from such examination before the board and annual general meeting.
268. **Thus, KKL’s CEO, who is an audited organ, is not among the competent organs authorized to task the Internal Auditor to perform an audit in addition to the work plan. Furthermore, the CEO cannot dictate the Internal Auditor’s activities or the topics on which the Internal Auditor focuses, even if it is stated that the CEO is the Internal Auditor’s ‘organizational supervisor’.**
269. Furthermore, Section 148 to the Companies Law states that, “The organizational supervisor for the internal auditor shall be the chairman of the board or the general manager, as specified in the bylaws, or lacking any provision in the bylaws, as specified by the board”.
270. KKL’s bylaws and Board decisions do not specify whether the Internal Auditor’s organizational supervisor is the Chairman of the Board, or the CEO.
271. The Office of the Comptroller was told that, in practice, the Internal Auditor’s appointment letter stated that both the Chairman of the Board and the CEO are his supervisors.
272. **The Office of the Comptroller recommends that KKL specify through its bylaws or by Board decision,**

which of the above two serve as the Internal Auditor's organizational supervisor, in accordance with Section 148 to the Companies Law.

273. 2021 – In the Audit Committee meeting of October 27, 2020, the Committee reviewed the Internal Auditor's annual work plan for 2021. The minutes state, "The Committee **approves** the Internal Audit Unit's work plan for 2021, as presented to the Committee".
274. **It is noted that only the Board is authorized to approve the work plan, following its review by the Audit Committee. It is therefore recommended that the Audit Committee make sure to phrase its decisions accordingly.**
275. In the Board meeting of March 11, 2021, the Internal Auditor explained that, from the long-term work plan for 2019–2026, which covers all organizational operations, he builds an annual work plan submitted to the Chairman of the Board, the CEO, the Audit Committee, and then to the Board for approval.
276. In this meeting, the Board approved the Internal Audit Unit's annual work plan for 2021.
277. In practice, the work plan for 2021 was submitted to the Board for approval only **at the end of the first quarter (March 2021)**.

The Company Secretariat stated in response that the Board's discussion concerning the work plan was delayed due to the multitude of issues on the Board's agenda.

278. **The Office of the Comptroller recommends that the Audit Committee follow the work plan's submission for Board approval, and make sure that it is submitted before the start of the year, and not during the year.**

KKL stated in response that, following replacement of the Chairman of the Board, and the appointment of a new Internal Auditor, it was agreed that the Internal

Auditor's work plan would be reviewed at the start of the year by the Audit Committee, and brought before the first Board meeting, on February 12, 2023.

279. In response to KKL's reply, it is noted that it is unclear how this reply applies to the finding and recommendation, and how it ties to the matter. In practice, the Chairman of the Board had already been replaced on November 15, 2020; the work plan had already been reviewed by the Committee on October 27, 2020; thus, it is unclear from KKL's reply who decided that it would be reviewed (again) at the start of 2021. Furthermore, the Internal Auditor assumed his position in December 2022, and so has no bearing on an event that occurred in March 2021. The Board meeting which approved the work plan was the third meeting (and not the first meeting) of 2021, and certainly not of 2023 as stated in KKL's reply.
280. Data provided by the Internal Audit Unit indicate that an audit on Land Development Administration ("LDA") projects and **included in the 2021 work plan – was postponed to 2023**, and performed as a review of operational workflows in the South district. The Office of the Comptroller was told that, instead of this audit, two other LDA audits were performed that year: alternative value payments by KKL's Chief Forester, and an audit examining lumber inspections in the Western Negev, logging, and irregularities in lumber output. The Office of the Comptroller could not find that the Audit Committee was updated on the audit's delay to 2023. It is noted that, in a document from June 30, 2021, the Internal Auditor updated the Audit Committee that an audit on KKL's forested land management practices would be performed that year, instead of an audit of LDA projects, which would be postponed to next year.
281. The Internal Audit Unit also stated that the audit entitled *Compliance with Various Regulatory Provisions Applicable to KKL*, **which was included in the 2021 work plan – was cancelled at the Legal Department's request** due

to the flaw correction efforts following the Endowments Registrar's report. In October 2021, the Internal Auditor updated the Audit Committee in writing that an examination of this matter had begun, with particular focus on interactions with the Endowments Registrar. On June 30, 2021, the Internal Auditor updated the Audit Committee in writing that contracting activities had begun with a firm specializing in regulation for the non-profit sector, to pursue the audit in this matter. However, the Audit Committee was only updated in writing of the delay of the audit on regulatory compliance – on May 17, 2022 (while the audit appeared in the work plan for 2021).

282. **As aforesaid, the Office of the Comptroller recommends that the Internal Auditor contact the Audit Committee on all changes which he deems necessary in the work plan, and obtain the Committee's consent and instruction to perform the audit, prior to its performance. Changes should be brought before the Board by the Audit Committee, at least once a year, as part of a report comparing actual performance with the Board-approved work plan.**

3.3 Management of Internal Audit resources

283. Section 345H(e)(6b) to the Companies Law states that the Audit Committee is responsible to *“examine a company's internal auditing function and the internal auditor's performance, and whether he has the resources and tools needed to perform his duties, and to examine the internal auditor's work plan prior to its submission to the board for approval and to propose changes in said plan, all bearing in mind, among other things, the company's particular needs and its size”*.
284. The following table breaks down internal audit tasks by type, as presented by the Deputy Internal Auditor:

Completed Tasks	2019–2020	2021
<u>Work plan-approved audits</u>	4	3
<u>Off-plan audits</u>		
Ad-hoc audits	12	11
Ad-hoc audit (Himnuta)	2	4
Complaints	<u>2</u>	<u>1</u>
Total	20	19

285. The above data indicate that the number of audits approved by the Board under the annual work plan (3–4 audits) was significantly less than the number of audits performed by the Internal Audit Unit outside the Board-approved plan (14–15 audits).

286. **In other words, some 75% of the audits performed by the Internal Audit Unit in 2019–2021 were ad-hoc, performed outside the approved work plan, and so did not undergo the Board approval process.**

KKL stated in response that presentation by number of audits is distorted and not indicative of the scope of the work. Systemic audits entail substantially more work than ad-hoc audits.

287. In response to KKL’s reply, it is noted that an audit’s title allows it to be identified in the work plan. Matters audited outside the Board-approved plan lead to an investment of resources that were not approved for expenditure.

288. The Internal Audit Unit’s work plan is a tool for managing auditing resources. According to Section 345H(e)(6b), responsibility for managing auditing resources lies with the Audit Committee.

289. **It could therefore be expected that the Audit Committee would track, report, and supervise the use of auditing resources, in accordance with the Board-approved work plan. That would allow the Committee to report to the Board on the performance of the duly-approved work plan and budget. However, this was not found to be the case.**

290. **The Office of the Comptroller recommends that KKL use the annual work plan to establish a reasonable estimated scope of auditing resources that would be devoted to handling complaints and special (ad-hoc) auditing tasks as may arise from time to time and be assigned to the Internal Audit Unit by the Chairman of the Board / Audit Committee Chair or by the Audit Committee (Section 150 to the Companies Law).**

The Internal Audit Unit stated in response that, in 2023 a separate budget was set for tasks outside the Board-approved work plan.

291. **The Office of the Comptroller further recommends that the work plan detail the number of hours allocated to the planned audit topics along with the performance period, to create performance metrics for input resources.**

KKL stated in response that an estimate would be made to the extent possible.

292. The Office of the Comptroller considers the Internal Auditor's autonomy and independence from KKL's audited organs to be of paramount importance. Thus, the Audit Committee should work closely with the Internal Auditor and guide his actions, as the body responsible for managing the resources required by the Internal Auditor to perform his duties.

293. Data provided by the Internal Audit Unit indicate that the Internal Audit Unit's staff comprises: Internal Auditor; Deputy Auditor; administrative manager; and four assistants to the Internal Auditor. The Office of the Comptroller was told that, in practice, since 2020, three assistants to the Internal Auditor are employed, and not the standard four assistants. It is further noted that, between January and December 2022, the Internal Auditor position was not staffed.

294. **The Office of the Comptroller recommends KKL review the allocation of the Internal Audit Unit's resources to**

the auditing activities required in view of the Company's size. If this review finds that additional resources are required, unstaffed standard positions may be filled to meet the required auditing resources.

3.4 Follow-up on Board and General Meeting decisions

295. Section 345H(e)(3) to the Companies Law states that Audit Committee is responsible "To follow-up on the performance of general meeting and board decisions".
296. The Audit Committee does not have any mechanism in place for following up on the **performance** of Board decisions or the **performance** of General Meeting decisions.
297. Following the Office of the Comptroller's comment during the audit, the Legal Department raised this matter in the Audit Committee's meeting. The Committee Chair then instructed the Company Secretariat, in the meeting of December 22, 2019, to provide quarterly status reports on Board and General Meeting decisions. These reports would then be reviewed by the Audit Committee.
298. **It is noted that the Audit Committee Chair's request does not refer to the manner of following up on the decisions' performance.**
299. In a meeting with the Company's Legal Department and Secretariat in February 2020, the Office of the Comptroller again raised the issue of the Audit Committee's follow-up on the performance of Board and General Meeting decisions.
300. **Minutes from Audit Committee meetings since the aforesaid decision and through 2021 did not record that any quarterly reports were submitted to the Audit Committee to follow up on Board and General Meeting decisions. Furthermore, there are no records that the Audit Committee followed up on the performance of Board decisions or the performance of General Meeting decisions.**

301. **The Office of the Comptroller believes that the Audit Committee’s failure to follow up on the performance of Board and General Meeting decisions may undermine KKL’s proper conduct.**

KKL stated in response that the Company Secretariat follows up on Board decisions and submits periodic reports to the Board and Audit Committee. On January 11, 2023, a report was submitted to the Audit Committee on Board decisions. In addition, and following a discussion by the Audit Committee on November 5, 2023, it was agreed that the Company Secretariat would present the Audit Committee meeting held after the General Meeting the General Meeting’s decisions.

302. As aforesaid, KKL’s response from June 2023 included a follow-up table tracking General Meeting decisions for the period of November 2020 to June 2022, prepared by the Company Secretariat.

303. **It is noted that submitting reports to the Committee is insufficient, as the law requires the Audit Committee to track the performance of Board decisions and the performance of General Meeting decisions.**

304. In the Audit Committee meeting of February 22, 2021, focusing on the terms of the incoming Company Secretary’s employment and tenure, the Committee Chair noted that the Company Secretary is “the person responsible for supervising the performance of Board decisions”.

KKL stated in response that responsibility for supervising the performance of Board decisions lies with the CEO and Audit Committee. Follow-up is implemented through the Company Secretariat, which performs this follow-up together with the CEO and reports it to the Board and the Audit Committee members.

305. In response to KKL’s reply, it is noted that the Audit Committee minutes do not record any report by the CEO or Company Secretariat to follow up on the performance of

Board and General Meeting decisions. As aforesaid, Section 345H(e)(3) assigns this duty to the Audit Committee. Thus, simple reports – if any are made – are insufficient.

306. As concerns the Committee Chair’s comment that the Company Secretary is “the person responsible for supervising the performance of Board decisions” – **The Office of the Comptroller recommends that, three years after the Company Secretary’s appointment, KKL specify the Company Secretary’s job description in KKL’s Bylaws, and specify his duties and supervisors, in addition to his employment terms and his responsibilities in working with the Chairman of the Board and the Board in general.**

307. It is noted that, in the Board meeting of August 4, 2022, the Board members received a document entitled *Summary Report of Board Committee Decisions and Status Report on Board Decisions*. The minutes did not indicate that the report was brought before the Audit Committee for follow-up.

KKL stated in response that the Secretariat provides the Audit Committee with follow-up reports on Board and Board committee decisions.

308. In response to KKL’s reply, it is noted that, as aforesaid, the minutes showed no record that these reports had been brought before the Audit Committee, or that follow-up had been made on the decisions’ performance.

309. **The Office of the Comptroller recommends that, in its upcoming Audit Committee Operating Procedure, KKL establish an effective system for the Audit Committee to follow-up and report on the performance of Board and General Meeting decisions, as required by the Companies Law.**

KKL stated in response that an effective method is in place for following up on decisions as aforesaid. The matter will be integrated into the draft procedure.

The Audit Committee Chair stated in response: I am aware of the statutory requirements. The Committee does not have any practical way of following up on the numerous decisions made by the Board, and particularly in light of the Committee's massive work load, without a dedicated, experienced staff for performing such follow-up. The Committee does not have a suitable staff. The Committee relies on the Board Secretariat and the Company Secretary, who perform the follow-up for the Board and the Company. Meticulous compliance with statutory requirements is something which the public (the Committee) cannot uphold without a dedicated staff specifically for this task.

310. In response to KKL's reply, it is noted that, as aforesaid, Section 345H(e)(3) to the Companies Law states that the Audit Committee's duty is *"To follow up on the performance of decisions by the general meeting and the board"*.

3.5 Examining the scope of the auditing accountant's work and their fee

311. One of the Audit Committee's duties is "to examine the scope of the auditing accountant's work and their fee, and to bring its recommendation to the organ that decides the auditing accountant's fee..." (Section 345H(e)(6c) to the Companies Law). According to Section 165.(a), the auditing accountant's fee will be decided by the general meeting (or by the board if so empowered by the general meeting or if so specified in the bylaws).
312. 2019 – In accordance with the Finance Committee's decision, in 2019 the Management and Economics Division issued a tender to select the auditing accountant from among the five largest accounting firms in Israel. The tender was for a 5-year period, with an option to extend the contract for a further 5 years. At the end of the tender, an auditing accounting firm was chosen.
313. On August 12, 2019, KKL's General Meeting approved the

auditing accounting firm's appointment as KKL's auditing accountant for 2019. The General Meeting also approved the auditing accountant's fee, after the Previous Audit Committee, in its meeting of June 4, 2019, recommended to continue the auditing accountant's employment at such terms as presented to the Committee and subject to the Tenders Committee's approval. The General Meeting's minutes note that the Finance Committee Chair presented the process that preceded the recommendation, and explained that a tender had been issued, which led to a substantial reduction in the firm's fees.

314. 2020 – In its meeting of June 25, 2020, the Audit Committee discussed the scope of the auditing accountant's work, and its fees. The CFO explained to the Committee that the Finance Committee discussed the matter in its meeting of June 22, 2020, and decided to recommend that the Audit Committee and General Meeting continue the contract for the second of its 5 years, as KKL was satisfied with the services being rendered.
315. The Audit Committee decided to recommend that the General Meeting approve the auditing accountant's fee.
316. In its meeting of July 22, 2020, the General Meeting approved the auditing accountant firm's fees as KKL's auditing accountant in 2019.
317. According to Section 167(a) to the Companies Law, "The auditing accountant's fee for additional services to a company which are not auditing activities will be determined by the board...". Section 167(b) states, "*The board will report to the annual general meeting on the auditing accountant's contractual terms for additional services including the company's payments and obligations toward the accountant...*".
318. The Finance and Economics Division Director's letter of July 8, 2020 to the General Meeting indicates that, in the Board meeting of April 2, 2020, the Board approved

payment for additional services by the auditing accountant. In July 2020, the General Meeting approved, pursuant to Section 167 to the Companies Law, that it had received a report on the additional services rendered by the auditing accountant, which were not auditing activities (taxation, contract review, tax assessment review), for the period of January 1, 2019 through December 31, 2020, and the payments for these services.

319. **In other words, the Board retroactively approved payment to the auditing accountant for additional services not constituting auditing activities, since as aforesaid, the Board’s approval (in April 2020) was given more than a year after the auditing accountant started providing these ancillary services to KKL (January 2019).**

KKL stated in response that approval of the accountant’s fee as aforesaid was brought for approval as required by law. KKL is currently working to roll out a digital overhaul, and develop an interface that will help and flag any events requiring additional approval to those of the relevant professional committee.

320. 2021 – In its meeting of June 6, 2021, the Audit Committee decided to recommend that the General Meeting appoint the accounting firm as KKL’s auditing accountant for 2020.
321. In its meeting of June 24, 2021, the General Meeting approved the accounting firm’s appointment, but the decision states: **2021**: “The Annual General Meeting approves the accounting firm’s appointment as the Company’s auditing accountant for 2021 and approves its fee...”.
322. In his letter of June 7, 2021, prior to the General Meeting of June 24, 2021, the Finance and Economics Division Director notes that, on March 11, 2021, the Board approved the auditing accountant’ fee for additional consultancy services required by KKL for non-audit-related activities, in the period of January 1, 2020 through December 31, 2023. The

letter further notes that on June 6, 2021, additional payment was approved that the report to the General Meeting was made pursuant to Section 167 to the Companies Law.

323. **It is unclear how the Board's decision of March 11, 2021 for additional consultancy services for the period starting January 1, 2020 aligns with the Board's prior decision of April 2, 2020 for the period which runs through the end of 2020.**

KKL stated in response that the explanations attached to the agenda for the Board meeting on April 2, 2020 included detailed reports on the auditing accountant's fees for the period of January 1, 2019 through March 31, 2020, and expected costs through the end of 2020. The explanations attached to the agenda for the Board meeting on March 11, 2021 included details on the auditing accountant's fees for additional services by contract type and expected costs from 2021 through the end of 2023.

324. In response to KKL's reply, it is noted that the reply did not include the said explanations, and that the Office of the Comptroller received and examined the Board decision, which is the document of record.
325. In its meeting of June 24, 2021, the Annual General Meeting received a report on the auditing accountant's contractual terms for additional, non-auditing services, as required under Section 167 to the Companies Law. The General Meeting also received a report on the additional payment approved by the Board on June 6, 2021.

3.6 **Arrangements regulating the handling of complaints by Company employees**

326. Section 345H(e)(6d) to the Companies Law states that an audit committee's is responsible "To establish arrangements regulating the handling of complaints by company employees in connection with flaws in the management of

the company's affairs and concerning the protection granted to employees making such complaints".

327. Upon inquiry with the Internal Audit Unit, the Office of the Comptroller found that the Company has prescribed neither the arrangements nor the protection afforded employees making complaints.
328. **The Office of the Comptroller recommends that the Audit Committee establish arrangements regulating the handling of complaints by KKL employees concerning flaws in the management of the Company's affairs, and concerning the protections afforded such employees.**
329. KKL has formalized Procedure 02.02.20 – *Handling of Employee Complaints*, dated January 15, 2017. The procedure is overseen by the Director of the Human Resources Division. According to this procedure, the Internal Auditor shall serve as the employee complaints officer.
330. **The Office of the Comptroller recommends that the Handling of Employee Complaints Procedure formalize the protection afforded employees making complaints. It is further recommended that the procedure be under the Internal Auditor's responsibility, as he is responsible for handling employee complaints, and not under the Human Resources Division Director's responsibility, as complaints may also concern the Human Resources Department. The Internal Auditor will be impartial in his investigation of complaints.**
331. The procedure states that the employee complaints officer will submit to the CEO, the Audit Committee, and the Board a report on his activities no later than May 1 of each year.
332. Each year, the Internal Auditor sends the Audit Committee Chair, the CEO, and the Chairman of the Board a report on his activities involving employee complaints.

333. However, the Audit Committee’s minutes for 2019–2021 do not mention receipt of these reports, nor do they note whether the Committee members had any comments on them.
334. **The Office of the Comptroller recommends that the Audit Committee record in its meeting minutes that it has received reports on the handling of employee complaints, and note whether the Committee members had, or did not have, any comments on these reports.**
335. **The Office of the Comptroller also recommends that the Audit Committee discuss the substance of the complaints and the conclusions arising from their investigation.**
336. **It is further recommended that reports to the Board be made by the Audit Committee, together with the Internal Auditor.**

KKL stated in response that the Internal Auditor is free to appear before the Board himself, and being accompanied by the Committee undermines his status. KKL suggests leaving the Internal Auditor and the Audit Committee the discretion to decide whether or not to report to the Board together.

3.7 Criteria for deciding the types of activities and transactions requiring Committee approval

337. The Audit Committee’s duties include, among other things, “To decide whether to approve actions and transactions requiring the audit committee approval under Sections 255 and 268 through 275” (Section 345H(e)(6) to the Companies Law).
338. Section 345H(e)(6a) to the Companies law states that the Committee must “Decide based on detailed grounds, *for actions as specified in Section 255*, whether they constitute material actions or immaterial actions, and *for transactions as specified in Section 270(1) and (4)* – whether they constitute extraordinary transactions or non-extraordinary

transactions, for the purpose of their approval under this Law, and the audit committee may decide as aforesaid for a particular class of actions or transactions, based on criteria that it shall determine in advance; should the audit committee determine such criteria, it shall examine the manner of their application from time to time and at least once a year”.

339. **Upon examining the Audit Committee Decisions and Comments documents from the Previous Audit Committee, and minutes from the Present Audit Committee, it was found that the Committee (both Previous and Present) did not establish criteria for examining a class of actions or transactions requiring Committee approval.**

KKL stated in response that a ‘green-light’ track has been established with criteria for contracting supported entities with affiliation/representation and control, and a ‘green-light’ track for special events for global youth movements/Hagshama movements.

340. In response to KKL’s reply, it is noted that the reply refers to another matter: ‘green-light’ criteria established by the General Meeting for transactions with entities represented in KKL’s General Meeting / with affiliation (Section 20C to KKL’s Bylaws). These criteria do not pertain to the criteria which the Audit Committee needs to set to decide whether activities are material in nature, or whether transactions are extraordinary. The Office of the Comptroller did not find that the Audit Committee examined their application at least once a year (Section 345H(e)(6a) to the Companies Law).
341. During the Previous Audit Committee’s term, the special legal counsel to the Board proposed that instead of setting criteria, the matters would in any case be brought before the Audit Committee, which would review matters on a case-by-case basis. However, transactions with the Jewish

Agency enjoyed a measure of flexibility under the ‘green-light’ track.

342. In the Present Audit Committee’s first meeting, in September 2019, the Committee Chair noted that the Committee will be required to establish criteria to examine certain transactions requiring Committee approval due to personal interests. For these transactions, the Committee would need to decide, based on various grounds, whether they constitute extraordinary transactions (pursuant to Section 345L to the Companies Law).
343. In its meeting of January 29, 2020, the Committee discussed the criteria for transactions requiring special approvals. However, the Committee did not ultimately set these criteria. The Committee decided that, not to change KKL practices at that time, although it would accept requests by email.

KKL stated in response that the ‘green-light’ track establishes criteria set by the General Meeting for transactions with KKL-supported entities under the KKL-WZO agreement, such as youth movements and Hagshama movements, in accordance with Section 345L to the Companies Law and Section 3H to KKL’s Charter.

344. In response to KKL’s reply, it is noted that, as aforesaid, our comment does not pertain to Section 345L, but rather Section 345H(e)(6) to the Companies Law.
345. The examined minutes did not specify the grounds for the Audit Committee’s review of the transactions, to determine whether a given transaction constituted an extraordinary or non-extraordinary transaction. Furthermore, the minutes did not present the arguments and explanations which led the Committee to decide whether actions were material or non-material. For example: approval of the contract with the Jewish People Policy Institute, and approval of KKL’s collaboration with the Rashi Foundation, which appear in the Audit Committee’s minutes of May 4, 2020.

346. **The Office of the Comptroller recommends that the Committee detail in its minutes the reasons that led to its decisions to classify transactions brought before the Committee as extraordinary or non-extraordinary, and actions as material or non-material.**

KKL stated in response that reasons are included in the minutes and the transcripts.

347. It is stated in response that KKL did not include any documents in its reply. The examined minutes did not include any explanations for the Audit Committee's decisions in this matter.

KKL stated in response that, in addition to the reasons detailed in the minutes and transcripts, there are additional reasons detailed in the explanations and materials attached to the requests that are put on the Committee's agenda.

348. In response to KKL's reply, it is again noted that the examined minutes did not include any reasons for the Audit Committee's decisions in this matter. It is further noted that KKL did not include any records of minutes or transcripts in its reply, which might contain reasons for the Audit Committee's decisions.

349. In the Audit Committee's meeting of November 16, 2021, the Audit Committee Chair noted that he believed there was no need to establish criteria at that time. If, in the future, a large number of cases are brought before the Committee, it would then be possible to establish criteria. The Legal Department supported this recommendation, and stated that, so long as no criteria have been established, cases would be brought before the Committee.

350. **The Office of the Comptroller recommends that the Audit Committee establish criteria for approving transactions and for annually examining the method for the criteria's application, as dictated by the Companies Law. The Office of the Comptroller believes that the clearer and**

more accurate the criteria, the more transactions that could be screened by the Legal Department. This would reduce the Audit Committee’s review of extraordinary transactions, and would streamline the Committee’s workflow.

The Audit Committee Chair stated in response: Can the auditors present the Committee examples of ‘criteria’ used by other companies? Can the auditors present a court ruling establishing such criteria? ‘Extraordinary transaction’ is an ‘open-ended’ expression without any tangible meaning. It is reviewed in a casuistic process, on a case-by-case basis. The difference between cases is enormous and there is no room for generalized profiles which may miss the point.

The procedural question which aims to guarantee that any case which raises a question on whether it constitutes an extraordinary or non-extraordinary transaction is indeed troubling. In principle, the Legal Department (whose representatives are involved in the various committees) submits to the Committee’s review all transactions where the contracting party is found to have personal ties with a person in KKL. We do not know how to guarantee that all transactions which are ‘suspected’ of being extraordinary are brought before the Committee, if the Company’s staff have not brought the transaction before the Committee for review.

Indeed, the Committee’s job is to “decide whether to approve actions or transactions requiring audit committee approval”. In other words, its job is to review matters that are brought before it, and not to employ review teams to search for ‘suspicious’ transactions.

351. In response to KKL’s reply, it is noted that as aforesaid, Section 345H(e)(6a) to the Companies Law requires the Audit Committee to decide whether actions are material and whether transactions are extraordinary, and “*the audit*

committee may decide as aforesaid concerning a certain class of actions or transactions, based on criteria that it shall establish in advance; should the audit committee establish such criteria, it shall review the manner of their application from time to time and at least once a year”.

3.8 Examining the Company’s finances and its efficiency and economy in achieving its goals

3.8.1 Audited financial statements

352. Sections 345H(e)(5) and 345H(e)(2) to the Companies Law state that the Audit Committee duty is *“To examine the company’s finances, its accounting ledgers, and its salary payments, including the designation of company funds in the pursuit of its goals”* and *“To examine whether the company’s goals are achieved efficiently and economically”*.

353. In other words, in addition to Section 171.(c) to the Companies Law requiring that *“The financial statements will be approved by the board, signed in its name, and brought before the general meeting”*, the Audit Committee has a significant role in examining the aforesaid fiscal matters reflected, among other things, in the Company’s financial statements.

354. Thus, each year, during the Audit Committee’s discussions on the financial statements and descriptive report, prior to recommending their approval by the General Meeting, the Committee holds a discussion together with the auditing accountant and professional staff, on issues indicated by the financial statements.

3.8.2 Financial statements and descriptive report as filed with the Endowments Registrar

355. Public benefit companies are required to file an annual report with the Ministry of Justice Endowments Registrar. Section 346X(C) to the Companies Law states that, *“The financial statements and descriptive report as defined in the Charities Law, will be approved by the general meeting and filed no later than June 30 in the year following the reporting period, and the Endowments Registrar may extend the deadline for such filing”*.
356. Furthermore, under Section 345X(b) to the Companies Law (referring to Section 36A to the Charities Law), these reports must be submitted to the audit committee before being brought to the general meeting for approval.
357. Financial statements and descriptive report for 2019 – In its meeting of June 25, 2020, the Audit Committee heard a review of the financial statements’ approval process from the Director of the Finance and Economics Division. He reported that the financial statements were discussed by the Finance Subcommittee for the Balance Sheet and by the Finance Committee in June 2020. The Division Director also stated that, following the Audit Committee’s recommendation, the financial statements would be presented to the Board, and ultimately submitted to the General Meeting for approval. They would then be filed with the Endowments Registrar on July 30, 2020. The Division Director explained that, following the COVID19 pandemic, two general extensions had been granted by the Companies Authority to file reports by August 30, 2020. The Committee

- decided to recommend** that the General Meeting approve the financial statements for 2019.
358. The financial statements and descriptive report for 2019 were approved by the General Meeting of July 22, 2020.
359. The descriptive report was quite large, and so the attempt to transmit it digitally failed. On August 26, 2020, notice to this effect was given to the Endowments Registrar, and the descriptive report and financial statements were sent to the Endowments Registrar in hardcopy on August 30, 2020 – i.e. – on time.
360. Financial statements and descriptive report for 2020 – In its meeting of June 6, 2021, the Audit Committee heard a review concerning the financial statements and descriptive report for 2020, from the Director of the Finance and Economics Division. He explained that, at the start of the COVID pandemic, there was much concern about public gatherings, and what costs and implications the COVID pandemic may have.
361. The Committee members held a discussion and voiced their comments, and decided to recommend that KKL's General Meeting approve the financial statements for 2020.
362. The financial statements were discussed by the Board on June 6, 2021, which recommended that they be submitted to the General Meeting for approval.
363. The Financial statements and descriptive report for 2020 were approved by the General Meeting of June 24, 2021.
364. The Guidestar website indicated that the two reports were filed with the Companies Authority on time, on June 27, 2021.

365. Financial statements and descriptive report for 2021 – In its meeting of June 6, 2022, the Audit Committee discussed the financial statements and descriptive report for 2021, and did not have any comments. The Committee decided to recommend that the General Meeting approve the financial statements and descriptive report for 2021.
366. These reports were discussed by the Board on June 7, 2022, which recommended that they be submitted to the General Meeting for approval.
367. The General Meeting of June 22, 2022 approved KKL's financial statements and descriptive report for 2021.
368. The Guidestar website indicated that KKL filed its financial statements and descriptive report for 2021, signed in June 2022, with the Endowments Registrar. KKL stated that the reports were sent to the Endowments Registrar on June 30, 2022, i.e. – on time.

3.9 Follow-up on Audit Committee decisions

369. In public benefit companies, the audit committee is authorized to **decide** on various matters related to the company's routine operations. For example, for a class of actions or transactions, the committee can decide whether to approve actions or transactions requiring audit committee approval; it can decide whether the actions are material; whether transactions are extraordinary; etc. In other matters, it is authorized to **determine**. For example – to determine criteria for examining actions and transactions as aforesaid; to determine arrangements regulating the handling of employee complaints on flaws in the company's management and the protection afforded such employees; etc. In other matters, the audit committee is authorized to **examine and recommend**, prior to approval by the board or general meeting. For example – the proposed work plan for

the internal auditor; the scope of the auditing accountant's work and their fee; internal auditing activities and the internal auditor's duties; etc. (Section 345H(e) and Section 345I(b) to the Companies Law).

370. In April 2020, the Audit Committee Chair notified the Committee members that he had begun following up on the Audit Committee's decisions which include a reporting requirement – using a follow-up log – so that the Committee will receive reports on time.
371. The reports that must be submitted to the Audit Committee include periodic reports, such as the quarterly report on the Senior Tenders Committee's decisions; annual report on activities by the employee complaints officer; and quarterly reports on the results of the Board members' activity for reimbursement of costs.
372. However, in addition to reports, the Audit Committee must also make decisions in various matters, as detailed above.
373. **The Office of the Comptroller therefore recommends that the upcoming Audit Committee Operating Procedure specify the method for following up on the implementation of Audit Committee decisions. The procedure should also establish a method for confirming receipt of the periodic reports which must be presented to the Committee.**

KKL stated in response that it accepts the recommendation.

374. Some of the Audit Committee minutes indicated that Committee members proposed actions or requests from professional staff. However, it is unclear whether these ultimately matured into decisions. For example:
375. In the Audit Committee meeting of May 4, 2020, it was proposed to tour a properly-maintained forest, and an improperly maintained forest, and to receive an update from the LDA Director on progress in this matter. It was also

proposed to receive an update from the Internal Auditor on data presented in the report, including for 2019–2020. In addition, it was proposed that the Committee would visit the various districts, once every quarter, and that the first visit would take place at the end of the present quarter. However, **all these proposals were not phrased as ‘decisions’ in the minutes (they were not given a sequential number).**

376. In the Audit Committee meeting of May 18, 2020, the Internal Auditor reported to the Committee on the nature of the contract with the Jewish People Policy Institute. The transaction had already been approved as an ordinary transaction, but flaws had been discovered in the tendering process, and the Internal Auditor was concerned that KKL would invest NIS 1.3 million in a project that would probably not materialize. Two Committee members asked the Internal Auditor to perform another review for the next meeting. **This request was also not recorded as a decision in the minutes,** even though in the meeting of June 25, 2020 the Internal Auditor reported to the Committee on the progress in preparing the audit report on the nature of KKL’s contract with the Jewish People Policy Institute and tender-related issues.
377. The meeting of June 25, 2020 included a summary of findings and recommendations from the audit of controls over the finance management system, and the Internal Auditor noted that most flaws had already been fixed. The Committee Chair asked the Internal Auditor to continue updating the Committee on any future spot checks of the finance system, to confirm flaw correction. This request was made following the Finance Division Director’s statement that the finance management system had been fixed. **However, the Committee did not phrase this as a decision.**
378. **The Office of the Comptroller recommends that the Audit Committee make sure to be clearer in its minutes, distinguishing between ‘proposals’ and ‘decisions’**

made during the meeting – the latter also being assigned a number. This would support follow-up on the implementation of Committee decisions.

KKL stated in response that the Audit Committee is granted discretion to decide when an explicit decision is required, and when a proposal to Company staff during the course of discussion is sufficient.

379. In response to KKL’s reply, it is noted that the comment referred to situations where various proposals are made during the course of a discussion, and if they are adopted as an actionable decision, the proposal should be put to a vote, and the decision should be assigned a number so that it may be possible to track its actual implementation.

3.10 Presentation of Audit Committee conclusions to the Board and General Meeting

380. The Audit Committee must “*Bring its conclusions before the board and general meeting...*” and may even “*demand that the board or general meeting convene, to bring its conclusions before them...*” (*Sections 345H(e)(8) and 345H(g) to the Companies Law*).

3.10.1 Presenting Committee conclusions to the General Meeting

381. 2019 – In the General Meeting of August 12, 2019, the Chairman of the Previous Audit Committee did not report on the Committee’s conclusions. The minutes state that he “referred anyone so interested to the minutes and decisions posted regularly on KKL’s website”.

382. **The Office of the Comptroller believes referring to minutes cannot supersede the Audit Committee’s duty, by law, to present its conclusions to the General Meeting.**

383. As aforesaid, since no meeting minutes were

prepared in 2019, but rather a document with only the Previous Audit Committee's decisions, and since some of the meetings were designated as 'closed', without documentation, **in effect, the General Meeting did not receive an annual report on the Previous Audit Committee's activities and conclusions.**

384. 2020 – In the Present Audit Committee meeting of June 25, 2020, the Committee authorized the Committee Chair to appear before the Annual General Meeting and present the Committee's work for the year.
385. In the Annual General Meeting of July 22, 2020, the Audit Committee Chair presented the new Committee members, and reviewed the Committee's roles and the areas on which it focused: discussing audit reports; examining transactions involving collaboration with various entities, particularly as concerns conflicts of interest; discussing the International Convention Center transaction; approving the financial statements and descriptive report filed with the Endowments Registrar; examining the accountant's work and his fee; etc.
386. 2021 – In its meeting of June 6, 2021, the Audit Committee determined the topics that would be reported to the General Meeting. The Committee Chair participated in the General Meeting of June 24, 2021, and presented the Audit Committee's activities.
387. **In general, the Office of the Comptroller recommends that the Audit Committee Chair's report to the General Meeting focus on material findings from audit reports, and subsequent**

actions, and present the Committee's conclusions.

The Chairman of KKL's Audit Committee stated in response: From the beginning of my tenure, I have personally appeared before the General Meeting and presented the Committee's activities, including references to its principle decisions. A more in-depth review would be of limited use, as the General Meeting is not familiar with the background details and the roots of the problems. I believe it is sufficient to make only general reference, which shows the General Meeting that the Committee is keeping a close watch on those special issues. As part of my presentation to the General Meeting, I have expressed my willingness to answer the General Meeting's questions.

388. In response to the above, it is noted that the Office of the Comptroller recommends that the Audit Committee Chair's report to the General Meeting focus on material findings, corrective actions addressing flaws identified in audit reports, and the Committee's conclusions.

3.10.2 Presenting Committee conclusions to the Board

389. 2019–2021 – A review of Board minutes for 2019 through 2021 did not find any record that the Audit Committee conclusions were presented to the Board.
390. **The Office of the Comptroller recommends that the Audit Committee present its conclusions to the Board, as required under Section 345H(e) (8) and 345H(g) to the Companies Law.**

KKL stated in response that it accepts the

recommendation. The Audit Committee's conclusions will be presented to the Board, prior to their presentation to the General Meeting.

The Audit Committee Chair stated in response that the obligation is "to bring its conclusions before the board and the general meeting". The duty is to bring the conclusions before the Board and General Meeting. It is clarified that the Committee sends its key decisions to the Board for review. This complies with the statutory obligation. In certain cases, the Committee Chair also voluntarily appeared before the Board to present the Committee's opinion and convince the Board that the Committee's recommendation be accepted. If the Office of the Comptroller believes it is critical that that a periodic ledger be sent to the Board indicating the number of inquiries submitted to the Committee on various matters – this is possible.

391. In response, it is noted that the comment referred to compliance with statutory provisions requiring the Audit Committee to "bring its conclusions before the board and general meeting..." and may also "demand that the board or general meeting convene, to bring its conclusions before them..." (Sections 345H(e)(8) and 345H(g) to the Companies Law).
392. **The Office of the Comptroller recommends that the Audit Committee Chair's report to the Board focus on material findings from audit reports, and subsequent corrective actions, and present the Committee's conclusions.**
393. **It is also recommended that the manner and**

frequency of the Audit Committee's reports on its conclusions to the General Meeting and the Board be formalized in the upcoming Audit Committee Operating Procedure.

3.11 Reports on the outcomes of Board member activities eligible for reimbursement

394. Section 6(a) to the Companies Regulations (Compensation for a Board Chairman, Board Member, and Audit Committee Member in a Public Benefit Company), 2009, states that a company may pay a board member or the board chairman for their travel expenses in Israel or for their travel and accommodation expenses outside of Israel, incurred as part of their work to promote the company's goals, subject to such conditions as prescribed in the Regulations.
395. For these payments, the Regulations state that the board will decide in advance, **with the audit committee's approval**, on the **types of activities** that board members or board chairmen may perform for the company; actual payment for such costs will be approved by the board; board members or board chairmen will **report**, as soon as possible, to the **audit committee** and the board on **the results of these activities on the company's behalf**; the board will report to the annual general meeting on these expenses and on the results of such activities.
396. In view of these Regulations, KKL Procedure 01.02.18 – *Reimbursement of Costs for Board Members and Audit Committee Members*, dated July 11, 2018, was approved on that date by the General Meeting. The procedure details the roles of the Audit Committee members (Sections 3.4, 6.3, 8.1.4, 11.1, 12.1, 13 to the procedure) and of the Reimbursement Approval Committee (a committee authorized by the Board to discuss and decide on reimbursement for eligible activities by Board members).
397. Section 1.3 to the procedure states that, "The instructions prescribed in this procedure below for Board members

shall also apply to the Audit Committee members as concerns reimbursement for meeting-related costs (i.e. – reimbursement for travel expenses, toll roads, parking costs, and provided that the total of such reimbursement not exceed the maximum amount payable under the Compensation Regulations)”).

398. The procedure states that ‘eligible activities’ are those intended to promote KKL’s goals, in which a Board member was requested, personally and in writing by the Company Secretariat, based on a Board/Executive Committee decision, or at the Chairman of the Board’s request, to participate as a KKL representative; and/or a proactive initiative by a Board member, which matches the list of approved activities, as detailed in the activity types document, as approved from time to time by the Audit Committee and the Reimbursement Committee. For example: reimbursement for travel expenses, domestic flights, accommodations, toll roads, parking expenses, business-related hosting costs, or other expenses.
399. The procedure states, among other things, that Board members will report to the Audit Committee (and the Reimbursement Committee), through the Company Secretariat, on their expenses incurred through Company-related activities, using an activity reporting form (Section 8.1.4 to the procedure). The procedure further states that the Company Secretariat will submit the Board member’s report on the results of their activity to the Audit Committee and the Reimbursement Committee **in their meeting nearest the reporting date** (Section 11.1 to the procedure). The Reimbursement Committee will then report to the Annual General Meeting on expenses paid for eligible activities and on the results of such activities. This report will include names and expense details (Section 11.2 to the procedure).
400. In its meeting of January 15, 2018, the Committee for Reimbursement of Costs and Short-Term Shlichut (authorized by the Board) decided on the types of activities

to be performed by Board members or the Board Chairman on KKL's behalf.

401. In its meeting of April 26, 2018, the Previous Audit Committee approved the list of activities and meetings entitling Board members to reimbursement. In its decision, the Committee noted that the document was sent to the Committee by email on April 22, 2018.
402. The Previous Audit Committee's *Decisions and Comments* document of May 27, 2018, noted that the Board Secretariat presented the Committee a detailed **quarterly report** on the results of reimbursed activities by Board members in Israel and abroad, explained these details, and noted that a significant decrease was noted, compared to previous periods, in international travel by Board members on KKL's behalf. **The document did not note whether the Committee members had any comments. The report was not attached to the document.**

KKL stated in response that the Previous Audit Committee Chair drafted the Audit Committee Comments and Decisions document.

403. In response to KKL's reply, it is again noted that the Company Secretariat is responsible for verifying that the official KKL documents it issues are compliant and include all necessary information.
404. The Company Secretariat emailed the Previous Audit Committee members two reports (in October 2018 and January 2019) on the results of the Board members' activities in Israel and abroad for the additional quarters through the end of 2018.
405. **It is noted that the Previous Audit Committee's Audit Committee Comments and Decisions documents do not mention receiving these reports, and do not note if the Committee members had any comments on the reports.**
406. 2019 – In its meeting of August 12, 2019, the General

Meeting approved the Reimbursement for Board Members and Audit Committee Members Procedure. The summons included the procedure dated July 11, 2018, which had already been approved by the General Meeting of July 11, 2018. KKL stated that no change had been made to the procedure, and it is brought before the General Meeting each year for approval, even if no changes were made (Companies Regulations, 2009, Section 5(b)(3)).

407. The minutes for the Previous Audit Committee's meeting of June 4, 2019 state that the Audit Committee was presented with a summary of reimbursement requests for KKL's Chairman and board members, a report on their activities in Israel and abroad, and the associated Reimbursement Committee decisions of May 13, 2019. The Committee minutes note that the Audit Committee did not have any comments. The reports and receipts were not attached to the agenda.

KKL stated in response that requests, reports, and receipts were sent to the Committee members by email on May 30, 2019, and we were told that they were printed out and brought to the meeting. The Reimbursement and Short-Term Shlichut Committee approved the reimbursement requests in its meeting of May 13, 2019.

408. The report on the Board members' activities was presented to the General Meeting of August 12, 2019. The minutes for the General Meeting state, "A report was given on the results of activities and reimbursement of KKL's Board members in Israel and abroad, which was sent to the General Meeting members in advance". The report refers to the period of April 2018 to April 2019.
409. In the Present Audit Committee's meeting of November 20, 2019, the Committee agreed to the Company Secretariat's suggestion that reports on expenses and activities be sent to the Committee members by email, and they would contact the Company Secretariat if they had any questions.

410. A report on the Audit Committee members' reimbursements and the results of their activities in Israel and abroad, referring to the period of April 2019 to September 2019, was sent to the Audit Committee members by email on November 25, 2019, following approval by the Reimbursement Committee on October 23, 2019.
411. 2020 – The General Meeting of July 22, 2020, approved the Reimbursement of Costs in Israel for Board Members and Audit Committee Members Procedure. The summons included an amended draft of the procedure. The main change concerned the provision that the rate for reimbursement of car costs would be updated quarterly based on data from the 'Hashav-Rechev' transportation management software for vehicle costs for self-employed individuals (thus, there was no specific reimbursement amount set in NIS-per-kilometer terms).
412. The minutes for the Audit Committee meetings of 2020 make no mention that reports were received from the Company Secretariat concerning the results of the Board members' activities or reimbursement for their costs. It may be that, following acceptance of the Company Secretariat's suggestion that reports be sent to the Committee members by email, and that they could contact the Secretariat directly with any questions – there is no record in the minutes on these reports and whether the Committee members had any questions.
413. It is noted that, on February 13, 2020, the Audit Committee members were emailed a report, approved by the Reimbursement Committee on February 3, 2020 and its follow-up meeting of February 12, 2020. The Committee members were also emailed a report on June 24, 2020, following the Reimbursement Committee's meeting of June 23, 2020.
414. Reports on reimbursements paid to Board members and the results of their reimbursed activities was sent to the

members of the General Meeting, prior to the meeting of July 22, 2020. Reports referred to the period of April 2019, to February 2020.

415. 2021 – In its meeting of June 6, 2021, the Audit Committee approved the updated document on activity types entitling Board members for reimbursement, following the document's approval by the Reimbursement Committee on May 31, 2021.
416. The General Meeting of June 24, 2021 approved the Reimbursement of Costs in Israel for Board Members and Audit Committee Members, dated September 1, 2020.
417. Minutes for Audit Committee meetings in 2021 did not refer to emailed reports by the Company Secretariat to the Committee members on the results of activities and reimbursement of KKL Board members in Israel and abroad.
418. It is noted that, on May 4, 2021, a report was sent to the Audit Committee members by email, following approval by the Reimbursement Committee on that same date.
419. The Audit Committee members also received a report by email on October 31, 2021, following its approval by the Reimbursement Committee on May 31, 2021.
420. The report on the Board members' activities was submitted to the members of the General Meeting, prior to the meeting of June 24, 2021. The report covered the period of June 2020 to April 2021.
421. **The Office of the Comptroller believes that reporting to Audit Committee members by email on the results of the Board members' reimbursed activities, is insufficient. The Office of the Comptroller believes the reports should be put on the Committee's agenda, once every quarter, to allow the Committee members to discuss the reports, if they deem it necessary. Furthermore, the matter should be recorded in the minutes for the Committee's**

meetings, indicating whether the Committee had any comments on the reports.

KKL stated in response that it accepts the recommendation and has aligned its practice accordingly from the third quarter of 2023.

- 422. It is further recommended to update the upcoming Audit Committee Operating Procedure to include the quarterly requirement to report to the Audit Committee on reimbursement and the results of the Board members' activities in Israel and abroad.**

KKL stated in response that it accepts the recommendation.

- 423. Since Sections 3.4 and 6.3 to the Procedure specify that a document regulating the types of activities eligible for reimbursement will be periodically approved by the Reimbursement Committee and the Audit Committee, the Office of the Comptroller recommends that all quarterly reports include the updated document approving the types of activities cleared by these committees.**

KKL stated in response that it will attach the document for the Audit Committee members to review the Board member activity reports in light of the approved activity types.

The Audit Committee Chair stated in response: The Office of the Comptroller performed a thorough job. Clearly, a significant portion of its recommendations were accepted. It seems that the majority of the Office of the Comptroller's comments concern the Audit Committee's procedural practices (matters that are important in their own right). This reflects only a small portion of the Audit Committee's activities. The Office of the Comptroller is not tasked with a substantive evaluation of the Audit Committee's decisions (this oversteps its authority). I believe the Office of the Comptroller could have clearly

seen the tremendous investment of time and effort put in by the Audit Committee members to faithfully perform the Committee's duties, and express its general appreciation of this fact.

424. In response to this reply, it is noted that the Office of the Comptroller is aware of the significant assistance which the Audit Committee provided KKL in challenging times. Assistance on material issues, which required in-depth review to support decisions, including on the International Convention Center transaction and land transactions in Judea and Samaria. It should be noted that, lacking a special counsel to the Board, as was previously appointed, the Audit Committee was forced to fill in the gap and help the Chairman of the Board, the Board, and KKL's Management with its informed recommendations, to support informed and balanced decisions. Clearly, the Audit Committee resources, in terms of the number of its meetings, are limited by law. This severely impedes the Audit Committee in consulting the Company at its key decision-making junctions, and this, in addition to tasks required of the Audit Committee under the Companies Law.

4. Summary of Recommendations

Handling of Audit Reports

Section	Recommendation
173	All audit reports should receive Audit Committee's approval prior to implementation (requiring an update to the workplan approved by the Board), and all reports should be discussed by the Audit Committee, with due, full documentation through minutes. Should the Audit Committee decide that it is not necessary to discuss a report, it will explain this decision and record it through minutes. The Committee will present its conclusions, based on the findings of all audit reports, to the Board and General Meeting.

Section	Recommendation
176	The internal auditor report to the Audit Committee if an audit report is delayed at the Flaw Correction Committee, beyond a reasonable time. This would allow the Audit Committee to discuss such reports without delay.
178	KKL update the Audit Committee Report Actioning Procedure be updated to note that final reports are to be sent to <u>all</u> Audit Committee members (and not just the Committee Chair).
183	If the Internal Auditor updates the Audit Committee on the progress of internal audit reports, including updates sent by email – this should be documented in the minutes for Committee meetings.
197	The Audit Committee should consider noting in its minutes that Committee members received and read audit reports sent to them by email, and that the internal auditor presented key findings from the corresponding reports to the Committee. For each audit report, the minutes should note whether the Committee members wish to hold a discussion or whether, having received a report (from the CEO or persons acting on his behalf), they found that the flaws are being addressed by the CEO through the Flaw Correction Committee, and so need not be discussed by the Audit Committee. As aforesaid, this requires that the CEO report on flaw-remediation actions for each individual audit report.
200	The Internal Auditor should assign sequential numbers to audit reports, to assure that all reports are submitted to the Audit Committee and are given due attention, reflected in Committee minutes. The Audit Committee Chair, who sets the Committee’s agenda, will set the discussion date for each audit report.

Work Plan

Section	Recommendation
262, 282	The Internal Auditor is not authorized to make changes in the Board-approved work plan, or add audit topics and make do with reporting the fact to the Audit Committee. Should the Internal Auditor believe a change is needed in the work plan or in examining another issue, he must request the Audit Committee's approval and instructions (recorded in meeting minutes) to perform another or additional audit, clarifying whether such audit would preclude the performance of an audit already approved by the Board. The Audit Committee will then, at least once a year, update the Board on the changes to the work plan, and the reasons leading to such change, and present to the Board its conclusions from the Internal Auditor's re-examination.
265	Each year, the Audit Committee should ask the Internal Auditor to present in writing the annual work plan (approved by the Board), as compared to actual performance, explaining any gaps. This should be done in preparation for building the following year's work plan.
266	The Audit Committee should report to the Board on the gaps between the approved work plan and actual performance, since the Board is the competent organ authorized to approve the work plan.
274	Only the Board is authorized to <u>approve</u> the work plan, following its <u>review</u> by the Audit Committee. It is therefore recommended that the Audit Committee make sure to phrase its decisions accordingly.
278	The Audit Committee should follow the work plan's submission for Board approval, and make sure that it is submitted before the start of the year, and not during the year.
289	The Audit Committee should track, report, and supervise the use of auditing resources, in accordance with the Board-approved work plan. This would allow the Committee to report to the Board on the performance of the duly-approved work plan and budget.

Section	Recommendation
290	KKL should use the annual work plan to pre-establish a reasonable estimated scope of auditing resources that would be devoted to handling complaints and special (ad-hoc) auditing tasks as may arise from time to time and be assigned to the Internal Audit Unit by the Chairman of the Board / Audit Committee Chair or by the Audit Committee (Section 150 to the Companies Law).
291	The work plan should detail the number of hours allocated to the planned audit topics along with the performance period, to create performance metrics for input resources.

Audit Committee Decisions Document / Minutes

Section	Recommendation
81	The Company Secretariat should make sure that reference number assigned to Audit Committee meetings appears on both the meeting agenda and minutes.
90	Since the ‘minutes’ are not posted on the website, KKL should include the following comment on the <i>Audit Committee Decisions</i> document, posted on the website: “The minutes are retained by the Company Secretariat”.
99	Both the minutes and the online <i>Audit Committee Decisions</i> document should indicate the positions of non-member participants, including the professional staff attending the meeting. Positions should be indicated alongside their names, so the public may know who are the people responsible.
108	The Office of the Comptroller acknowledges the recent improvement in minute-keeping. However, the Company Secretariat should make sure to prepare minutes for all Audit Committee meetings, and accurately record meeting numbers.
119, 134, 125	The Audit Committee should make sure that minute approvals are recorded in the minutes for subsequent Committee meetings, and in the following Committee meeting if possible. This applies even if minutes are approved by email.
127	The Company Secretariat should improve its follow-up on the approval of Audit Committee minutes, and make sure to properly maintain sequential numbering of minutes.

Section	Recommendation
142	In general, all Audit Committee meetings should be documented through minutes, including ‘classified’ meetings. The Office of the Comptroller recommends that, for ‘classified’ meetings or meetings where no decisions were made, a <i>Committee Decisions</i> document should be posted on KKL’s website, noting the meeting date and location, the names of those present, and the items on the agenda (excluding details raising privacy concerns). The document can note that no decisions were made, or that decisions were classified, and that the minutes were retained by the Company Secretariat. Make sure that, even these documents posted on KKL’s website be given sequential, consecutive numbers, and that they are approved by the Committee and signed by the Committee Chair.
146	The Company Secretariat should make sure that minutes specify the correct location where the meeting took place.
148	The Company Secretariat should make sure to accurately record the reference number for Audit Committee decisions, as noted in the minutes, and match it with those decisions’ number in the <i>Committee Decisions</i> document posted on KKL’s website.
378	The Audit Committee should make sure to be clearer in its minutes, distinguishing between ‘proposals’ and ‘decisions’ made during the meeting – the latter also being assigned a number. This would support follow-up on the implementation of Committee decisions.
422	The Office of the Comptroller believes that reporting to Audit Committee members by email on the results of the Board members’ reimbursed activities, is insufficient. The Office of the Comptroller believes the reports should be put on the Committee’s agenda, once every quarter, to allow the Committee members to discuss the reports, if they deem it necessary. Furthermore, the matter should be recorded in the minutes for the Committee’s meetings, indicating whether the Committee had any comments on the reports.

Extraordinary Transactions

Section	Recommendation
346	Committee minutes should detail the reasons that led the Committee to decide to classify transactions brought before the Committee as extraordinary or non-extraordinary, and actions as material or non-material.
350	The Audit Committee should establish criteria for approving transactions and for annually examining the method for the criteria's application, as dictated by the Companies Law. The Office of the Comptroller believes that the clearer and more accurate the criteria, the more transactions that could be screened by the Legal Department. This would reduce the Audit Committee's review of extraordinary transactions, and would streamline the Committee's workflow.

Reporting Findings and Presenting Recommendations

Section	Recommendation
180	The Internal Auditor's reports to the Audit Committee should focus on presenting key findings from all internal audit reports (both under the Board-approved workplan, and ad-hoc reports), and methods for correcting identified flaws.
387	In general, the Audit Committee Chair's report to the General Meeting should focus on material findings from audit reports, and subsequent actions, and present the Committee's conclusions.
390	The Audit Committee should present its conclusions to the Board, as required under Section 345H(e)(8) and 345H(g) to the Companies Law.
392	The Audit Committee Chair's report to the Board should focus on material findings from audit reports, and subsequent corrective actions, and present the Committee's conclusions.

Follow-up on Board and General Meeting Decisions

Section	Recommendation
24	As the decision was implemented with two years' delay, the Company Secretariat should check if there is an effective process for following up on General Meeting decisions and making sure that they are actually implemented, within the timeframe set in the decision.
301, 303	The Audit Committee's failure to follow up on the performance of Board and General Meeting decisions may undermine KKL's proper conduct. Submitting reports to the Committee is insufficient, as the law requires the Audit Committee to track the performance of Board decisions and the <u>performance</u> of General Meeting decisions.

Preventing Conflicts of Interest

Section	Recommendation
39	KKL should consider updating its <i>Prohibition on Conflicts of Interest Procedure</i> to also include Audit Committee members in the list of people required to declare their potential conflicts of interest.
48	KKL should also have the Audit Committee members sign the (expanded) conflict of interest declaration.
49	KKL should consider including in its <i>Prohibition of Conflicts of Interest Procedure</i> a provision that the Company Secretariate will proactively contact all signed declarants once a year, to potentially renew their signature on the conflict of interest declaration and to update their personal interests as necessary.
52	As part of its public transparency efforts, KKL should consider also publishing on its website the conflict of interest declarations signed by its Audit Committee members, without infringing on their privacy, once all such documents have been signed.

Section	Recommendation
53	Since Audit Committee members come from outside the organization, the Office of the Comptroller recommends that KKL, as aforesaid, review in advance any potential conflicts of interest as part of the candidate screening process. This would preclude any political/economic/familial ties between candidates and KKL, its employees, or executives.

Handling of Employee Complaints

Section	Recommendation
328	The Audit Committee should establish arrangements regulating the handling of complaints by KKL employees concerning flaws in the management of the Company's affairs, and concerning the protections afforded such employees.
330	The <i>Handling of Employee Complaints Procedure</i> should formalize the protection afforded employees making complaints. It is further recommended that the procedure be under the Internal Auditor's responsibility, as he is responsible for handling employee complaints, and not under the Human Resources Division Director's responsibility, as complaints may also concern the Human Resources Department. The Internal Auditor will be impartial in his investigation of complaints.
334	The Audit Committee should make sure to receive annual reports from the Internal Auditor on his activities handling employee complaints. These reports should be recorded in the meeting minutes.
335	The Audit Committee should discuss the substance of the complaints and the conclusions arising from their investigation.
336	Reports to the Board should be made by the Audit Committee, together with the Internal Auditor.

Updates to the Upcoming Audit Committee Operating Procedure

Section	Recommendation
27	In its upcoming <i>Audit Committee Operating Procedure</i> (Section 2.4), KKL should specify that Audit Committee members are appointed for set terms, so that candidates for the role can plan accordingly. Furthermore, KKL should employ a rolling appointment schedule to support knowledge retention in the Audit Committee.
33	In its upcoming <i>Audit Committee Operating Procedure</i> , KKL should formalize the sourcing and appointment process for Audit Committee members. For example, <u>what are the necessary qualifications</u> (legal/economic education; previous experience on audit committees or boards of directors; reviewing potential conflicts of interest; etc.), the <u>candidate sourcing process</u> (how the Audit Committee’s composition and the number of its members are determined; how potential candidates are sourced; how they are contacted; who in KKL is authorized to select the most suitable candidates before compiling the list that is presented to the General Meeting for appointment), and more.
34	The upcoming <i>Audit Committee Operating Procedure</i> should state that the Company Secretariat is responsible for gathering and retaining all documents concerning the sourcing, screening, and appointment of Audit Committee members.
44	In its upcoming <i>Audit Committee Operating Procedure</i> , KKL should establish various waiting periods for employees, Board members, or officers (respectively) before they can be appointed to KKL’s Audit Committee. Furthermore, even after the waiting period, KKL should make sure that, on the Audit Committee, such persons do not discuss matters in which they were involved when previously serving as an officer, Board member, or employee.
78	In its upcoming <i>Audit Committee Operating Procedure</i> , KKL should set a deadline for sending the Committee members and additional meeting participants the summons, agenda, and relevant documents for discussion in a meeting (e.g. – audit reports, annual work plan, transactions requiring approval, etc.), so that they may come to the meeting prepared.

Section	Recommendation
158	The Audit Committee should discuss, as soon as possible, its workflows and role descriptions, as stated in principle in June 2020.
159	KKL should complete, as soon as possible, its work to formalize the <i>Audit Committee Operating Procedure</i> , regulating – among other things – the KKL Audit Committee’s workflows. The procedure should specify, for example, how many times a year the Committee will convene; in what manner and under what majority its decisions shall be made (including noting the names of objecting members, etc.). These procedural provisions should be established in keeping with the Companies Regulations (Compensation for a Board Chairman, Board Member, and Audit Committee Member in a Public Benefit Company), 2009.
160	The <i>Audit Committee Operating Procedure</i> should refer to the preparation of minutes using a uniform format, and the publication of the <i>Audit Committee Decisions</i> document on KKL’s website.
162	The upcoming <i>Audit Committee Operating Procedure</i> should also formalize the role of ‘Audit Committee secretary’.
163	Once the Audit Committee Operating Procedure is formalized, it should be presented to the General Meeting.
169	The Office of the Comptroller favorably notes the establishment of the Flaw Correction Committee by KKL, and recommends that the upcoming <i>Audit Committee Operating Procedure</i> formalize the Audit Committee’s interaction with the Flaw Correction Committee. This would allow the CEO to report to the Audit Committee on the <u>correction</u> of flaws identified by the Internal Auditor (and other auditors) in his audit report, as well as on the <u>implementation</u> of recommendations accepted by the Flaw Correction Committee.
184	The upcoming <i>Audit Committee Operating Procedure</i> should state that the Internal Auditor must update the Audit Committee members, in a Committee meeting, at such frequency as shall be specified in the procedure, on the progress of work on internal audit reports.

Section	Recommendation
266	The Audit Committee should report to the Board on the gaps between the approved work plan and actual performance, since the Board is the competent organ authorized to approve the work plan. This recommendation should also be formalized in the upcoming <i>Audit Committee Operating Procedure</i> .
309	In its upcoming <i>Audit Committee Operating Procedure</i> , KKL should establish an effective system for the Audit Committee to follow-up and report on the <u>performance</u> of Board and General Meeting decisions, as required by the Companies Law.
373	The upcoming <i>Audit Committee Operating Procedure</i> should specify the method for following up on the implementation of Audit Committee decisions. The procedure should also establish a method for confirming receipt of the periodic reports which must be presented to the Committee.
393	The manner and frequency of the Audit Committee's reports on its conclusions to the General Meeting and the Board should be formalized in the upcoming <i>Audit Committee Operating Procedure</i> .
422	Update the upcoming <i>Audit Committee Operating Procedure</i> to include the quarterly requirement to report to the Audit Committee on reimbursement and the results of the Board members' activities in Israel and abroad.
423	Since Sections 3.4 and 6.3 to the Procedure specify that a document regulating the types of activities eligible for reimbursement will be periodically approved by the Reimbursement Committee and the Audit Committee, the Office of the Comptroller recommends that all quarterly reports include the updated document approving the types of activities cleared by these committees.

Updates to KKL Bylaws

Section	Recommendation
19	KKL should consider specifying in its Bylaws or the upcoming <i>Audit Committee Operating Procedure</i> that the requisite quorum for the audit committee include a majority of Committee members, including the Committee Chair or Deputy Committee Chair (should the latter be appointed).
272	<p>The Internal Auditor's appointment letter stated that both the Chairman of the Board and the CEO are his supervisors.</p> <p>KKL should specify through its bylaws or by Board decision, which of the above two individuals serve as the Internal Auditor's organizational supervisor, in accordance with Section 148 to the Companies Law.</p>
306	Three years after the Company Secretary's appointment, KKL should specify the Company Secretary's job description in KKL's Bylaws, and specify his duties and supervisors, in addition to his employment terms and his responsibilities in working with the Chairman of the Board and the Board in general.

Miscellaneous

Section	Recommendation
75	The Audit Committee, through the Company Secretariate, should make sure to summon the Internal Auditor and auditing accountant to all Committee meetings and to send them notice of the Committee's meetings and the matters on the agenda, along with the summons to the Committee members, as required by law.
294	KKL should review the allocation of the Internal Audit Unit's resources to the auditing activities required in view of the Company's size. If this review finds that additional resources are required, unstaffed standard positions may be filled to meet the required auditing resources.

**Response of the Chairman of the Zionist Executive
to the Comptroller's Report on
Keren Kayemeth LeIsrael (PBC)
Corporate Governance – Audit Committee**

In accordance with Section 18B to the Statutes of the Comptroller and the Control Office of the World Zionist Organization, the following is my response to the report concerning corporate governance – audit committee in Keren Kayemeth LeIsrael (KKL).

The report thoroughly presents routine corporate governance practices in KKL, the audit committee's appointment and operations, handling of audit reports, preventing conflicts of interest, work plans, audit committee minutes / decision document, extraordinary transactions, reporting on findings and recommendations, follow-up on board and general meeting decisions, handling of employee complaints, updates to the upcoming 'Audit Committee Operating Procedure, updates to KKL's bylaws, and compliance when summoning committee members.

The comprehensive audit is enlightening and highlights where we can and should improve, and so I was pleased that KKL's response was in keeping with this spirit.

In closing, I would like to thank Ifat Ovadia-Luski – Chairwoman of KKL; Prof. Oded Mudrik – Chair, KKL Audit Committee; Yuval Yenni – Acting CEO, KKL; Eli Cohen – Company Secretary; Shimi Baron – Legal Counsel; Uzi Azar – Internal Auditor; and the other Department staff.

I would also like to thank Steven G. Stav, Comptroller of the National Institutions, and Ms. Iris Sa'adon of the Office of the Comptroller, who prepared the audit report.

(–) Yaakov Hagoel

Jerusalem, Tevet 5784
December 2023

**Keren HaYesod United Israel Appeal (PBC)
Sourcing, Screening, and Recruiting
Overseas Representatives**

Response of the Chairman of the Executive

Keren HaYesod United Israel Appeal (PBC) Sourcing, Screening, and Recruiting Overseas Representatives

A. Introduction

1. General

- 1.1. Keren HaYesod – United Israel Appeal (PBC) was established in the World Zionist Organization (“WZO”) annual congress in London, in July 1920, to serve as the fundraising arm for the Zionist movement. Keren HaYesod (“KH”) coordinates fundraising activities abroad (except in the US) to support Aliyah, support Israel’s outlying areas, strengthen ties with the Diaspora, etc.
- 1.2. Funds are raised, among other things, through KH’s overseas shlichim (“Shlichim” or “Representatives”).
- 1.3. Screening and recruiting Representatives for their placement abroad is a complicated process, with critical importance for KH’s success. The organization must make sure that the right people are selected, who are suitable for the job professionally, in qualifications, in character, and in their family status.
- 1.4. Routine interaction with Representatives, and service conditions during their time abroad, are also a crucial element in the placement’s success.

1 This report is phrased in the masculine. It is emphasized that wherever the document is phrased in the masculine, it refers to both genders.

- 1.5. In accordance with its annual workplan, the Comptroller of the National Institutions performed an audit of KH's sourcing, screening, and recruitment practices for its overseas Representatives.

2. Objectives

To examine the Representative recruitment process and the impact of the Representatives' service conditions during their placement abroad (by way of survey), in light of their importance for the success of KH's fundraising activities.

- 2.1. The Office of the Comptroller reviewed the following, as concerns overseas Representatives:
 - 2.1.1. Existence of operating procedures.
 - 2.1.2. The Representative screening and recruitment process.
 - 2.1.3. Candidate and Representative files.
 - 2.1.4. Payments – reimbursement for business expenses.
 - 2.1.5. Correction of relevant flaws from prior audit reports (2012, 2015).
- 2.2. The audit took place in the second half of 2022.

3. Methods

The audit included the following:

- 3.1. Preparatory meetings and coordination.
- 3.2. Receipt of background material for review, analysis, and preparation of an audit plan.
- 3.3. Meetings and talks with:
 - 3.3.1. KH's Human Resources Director.
 - 3.3.2. Overseas Representative Service Conditions Supervisor.
 - 3.3.3. Two regional directors (Europe, and Latin America).
- 3.4. Review and analysis of documents and data, including:
 - 3.4.1. Procedures.

- 3.4.2. Budgets vs. actual performance.
- 3.4.3. Contracts and agreements.
- 3.4.4. Candidate and Representative files.
- 3.4.5. Minutes from Service Conditions Committee meetings.
- 3.4.6. Follow-up and control files, and various reports.
- 3.5. Sending an audit-relevant questionnaire to current and past Representatives.

B. Normative Framework

1. KH's legal status

- 1.1. KH is recognized as one of the four national institutions. Its legal status is established under the Keren HaYesod Law of 1956. The Companies Authority has listed KH as a public benefit company ("PBC") since 2015.
- 1.2. KH is held in equal parts by WZO (50%) and its constituent campaigns (50%).
- 1.3. Today, KH works with 60 fundraising campaigns in 47 countries, divided by regions (administrative units in the main office). These regions are not necessarily geographic, and comprise the following: Europe, Latin America, English-Speaking Countries (excluding the US), Friends of Israel, and East. The campaigns are neither owned nor controlled by KH, but are independent legal entities in their respective countries.

2. Laws and procedures

- 2.1. Laws and procedures relevant to the report include:
 - 2.1.1. The Equal Opportunity at Work Law, 1988.
 - 2.1.2. Procedure 08.20 – *Sourcing, Screening, Recruiting, and Training Representatives* (December 2013).
 - 2.1.3. Procedures and guidelines affecting routine workflows

with overseas Representatives and their service conditions.

2.1.4. Job descriptions for KH’s overseas Representatives.

C. Budget and Representative Activities Abroad

The following tables present the overseas Representatives’ budget vs. actual performance (shlichim budget only, including spouse’s salary) in each of 2019–2021. Note: For English-speaking countries, the data includes Australia, Canada, and England, but not the US.

1.

1.1. 2019

Region	Budget (USD, thousands)	Actual (USD, thousands)	Budget utilization
English-speaking countries	1,200.0	939.2	78.3%
Europe	2,430.0	2,583.1	106.3%
Latin America	2,635.0	2,252.7	85.5%
Total	6,265.0	5,775.0	92.2%

1.2. 2020

Region	Budget (USD, thousands)	Actual (USD, thousands)	Budget utilization
English-speaking countries	1,087.2	985.5	90.6%
Europe	2,496.0	2,519.3	100.9%
Latin America	2,086.3	1,903.7	91.2%
Total	5,669.5	5,408.5	95.4%

1.3. 2021

Region	Budget (USD, thousands)	Actual (USD, thousands)	Budget utilization
English-speaking countries	1,060.0	830.5	78.3%
Europe	2,720.0	2,746.9	101.0%
Latin America	1,850.0	2,099.1	113.5%
Total	5,630.0	5,676.5	100.8%

2. Comparison of Representative employment costs, in 2019–2021

Region	2021 (USD, thousands)	2020 (USD, thousands)	2019 (USD, thousands)
English-speaking countries	830.5	985.5	939.2
YOY change (%)	-16%	5%	
Europe	2,746.90	2,519.30	2,583.10
YOY change (%)	9%	-2%	
Latin America	2,099.10	1,903.70	2,252.70
YOY change (%)	10%	-15%	
Total	5,676.50	5,408.50	5,775.00
YOY change (%)	5%	-6%	

3. Representatives serving abroad in each of 2017–2021

Region	Year	2021	2020	2019	2018	2017
English-speaking countries		4.4**	5	5	5*	5*
Europe		10.5**	11	11	11	11
Latin America		11	12	13	13	12
Total		25.9	28	29	29	28

* Estimate, lacking actual data.

** Fractional positions attributable to a Representative serving less than a full year.

4. Donation inflows in overseas regions with Representatives, in each of 2017–2021 (USD, thousands)

Region	2021	2020	2019	2018	2017
English-speaking countries	45,853	45,126	58,917	70,008	38,868
Europe	36,496	36,695	32,601	28,550	34,889
Latin America	36,863	31,475	43,402	40,375	21,357
Total	19,212	113,296	134,920	138,933	95,114
YOY change	5.2%	-16.0%	-2.9%	46.1%	
Change, 2021 over 2017	25.3%				

The above tables indicate that, other than a one-time spike in 2018 in English-speaking countries, **overseas donation inflows grew** in 2017–2021 (especially in Latin America), **despite a decrease in the number of Representatives**. It is, however, noted that 2019–2021 saw a downward trend in revenues, attributable to the COVID pandemic.

D. Sourcing Candidates

1. General

- 1.1. KH has a procedure entitled *Sourcing, Screening, Recruiting and Training Representatives*, dated December 2013 (“the Procedure”).
- 1.2. The Human Resources Director is responsible for the Procedure’s implementation, with the help of the personnel coordinator.
- 1.3. In order to prevent nepotism (favoring relatives) in recruitment, the Procedure prohibits hiring a Representative who is related to a KH employee.
- 1.4. The Procedure covers candidate sourcing, preliminary screening, assessment center evaluation, interviews, reliability and other tests, courses, targeted training, and more.
- 1.5. Parts of the Procedure are out of date. For example, it does not provide for cyber evaluation, candidate database management, pay during courses, timelines for each recruitment stage, etc.

2. Sourcing candidates

- 2.1. In accordance with the Procedure, each year the Human Resources Director works with the regional directors to prepare a forecast of Representatives who will be ending their shlichut.
- 2.2. This forecast is prepared mid-year, and is completed at least 4 months before the start of Representative training course

for the subsequent year (e.g. – if the training course begins in December, the forecast should be completed by August, at the latest).

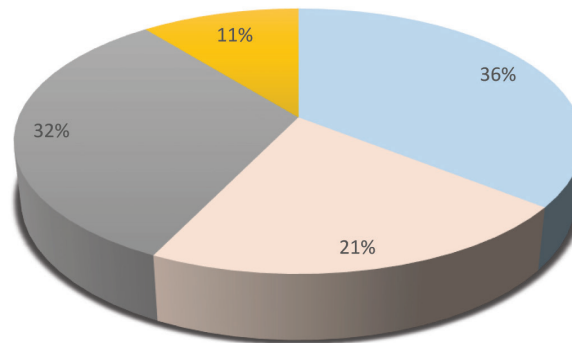
- 2.3. Once the forecast has been prepared, the personnel coordinator works to source candidates for replacing those Representatives who will be ending their shlichut. This is achieved by:
 - 2.3.1. Contacting former Representatives or candidates on the database who have not been placed abroad.
 - 2.3.2. Advertising on websites or in the press (see example in Appendix A).
 - 2.3.3. Contacting the main office staff and KH’s Representatives (in-house referral program), and other Zionist institutions and organizations.
- 2.4. The Office of the Comptroller examined candidate sourcing results for the class that opened in 2021. Data were as follows:

Stage	Date	Process
Advertisement – online, in <i>The Marker</i> , through a placement agency, contacting the IDF Retirement Department, and the Prime Minister’s Office.	July-August 2021	Some 100 CVs received

- 2.5. The personnel coordinator stated that, apparently due to the ongoing COVID pandemic, the number of candidates in 2021 was substantially smaller compared to previous years. Usually hundreds of CVs are received.
- 2.6. The Office of the Comptroller sent a survey questionnaire to current and recent shlichim. Among other things, the questionnaire asked how respondents heard about the shlichut position, and the reason they were interested in the position.

2.6.1. Breakdown of responses from 28 current and past shlichim to this question:

How did you first hear that KH was recruiting Representatives for overseas shlichut?	Responses	%
Ad online or in the press (including wanted ads or placement agencies)	10	36%
Through my workplace	6	21%
Through a friend	9	32%
Inquired on my own initiative	3	11%
Total	28	100%



- Ads online or in the press (including wanted ads or placement agencies)
- Workplace
- Friends
- Own initiative

2.6.2. The above data indicate two main communication channels to be effective: wanted ads, and advertisement in targeted workplaces.

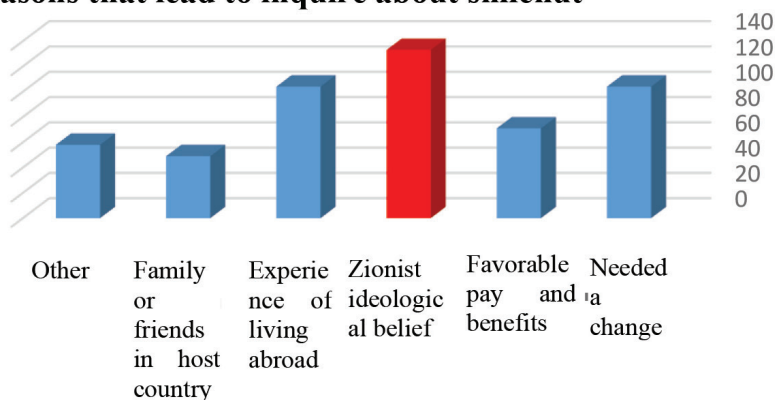
2.6.3. A substantial portion of Representatives were also referred through a friend. The Office of the Comptroller believes the impact of the aforesaid outreach channels was also indirectly present in Representatives who responded that they were referred by friends.

2.6.4. To trace the reasons that drew Representatives to apply,

the questionnaire asked respondents to rank reasons from 1 to 5 (5 indicating the greatest relevance). Breakdown of responses from 28 current and past Representatives concerning the reasons that led them to inquire about the job:

Reasons that led you to inquire about the shlichut	No. of responses ranked '5'	No. of responses ranked '4'	No. of responses ranked '3'	No. of responses ranked '2'	No. of responses ranked '1'
Needed a change	8	10	6	2	2
Favorable pay and benefits	2	4	8	7	7
Zionist ideological belief	22	5	1		
The experience of living abroad	7	12	5	2	2
Family or friends in the host country	1	2	4	3	18
Other	4	4	1		19

Reasons that lead to inquire about shlichut*



* Y axis presents the multiple of the number of Representatives and their stated rating.

2.6.5. The above data indicate that 'Zionist ideological beliefs' was the main factor driving applications by Representatives who went on shlichut. The Office of

the Comptroller believes that, in addition to the wording of wanted ads, this information may be important throughout the term of the Representatives' contract (in terms of the Representatives' experience, their motivation, retention, and success).

2.7. The Office of the Comptroller emphasizes that KH's human resources staff maintain a database of candidates who have completed the recruitment process. Upon inquiry, this database was found to include 60 potential candidates who had passed all the necessary tests between 2015–2022, in various languages in accordance with the various regions. Of these, 20 candidates had never been sent on shlichut, while 40 were Representatives who had returned from shlichut and were in the database for possible additional shlichut periods. The Office of the Comptroller believes the recruitment process can be better streamlined by using the shlichim database to reach out to contacts from the database as early as possible (a year or even two in advance), so that all candidates who have successfully completed KH's exams will be sent on shlichut.

2.8. **Recommendations**

2.8.1. **Review and update the Sourcing, Screening, Recruiting, and Training Representatives Procedure to match current practices. The Procedure should also prescribe detailed timeframes for each stage of the process.**

2.8.2. **KH should consider strengthening the Zionist ideological appeal as a key motivator for overseas Representatives, in light of its importance to them.**

2.8.3. **Streamline the recruitment process through early outreach to contacts in the candidate database (a year in advance, or even with prior planning of up to two years in advance). This will help leverage the database to fill Representative positions. Furthermore, once every pre-determined period, update the database**

on when the candidate expects to be available to for overseas shlichut.

KH's response

- Concerning the recommendation to review and update procedures – KH accepts the recommendation and is currently surveying its procedures to overhaul KH's procedural code, including the aforementioned procedure.
- Concerning the recommendation to strengthen the Zionist ideological appeal – KH regularly makes sure to strengthen the Zionist ideological emphasis during the shlichut, and will study ways to strengthen this connection even further.
- Concerning the recommendation to reach out in advance to database contacts and obtain availability forecasts from them – KH contacts potential candidates a year in advance. These candidates have already undergone training and appear in the database. From experience – contacting candidates two years in advance is ineffective.

KH does not accept the recommendation to update the database with information on candidate expectations as to when they will be available – because we reach out according to our own needs. If database candidates are not available at that time – KH will know how to recruit someone else and will update the database accordingly.

E. Initial Screening

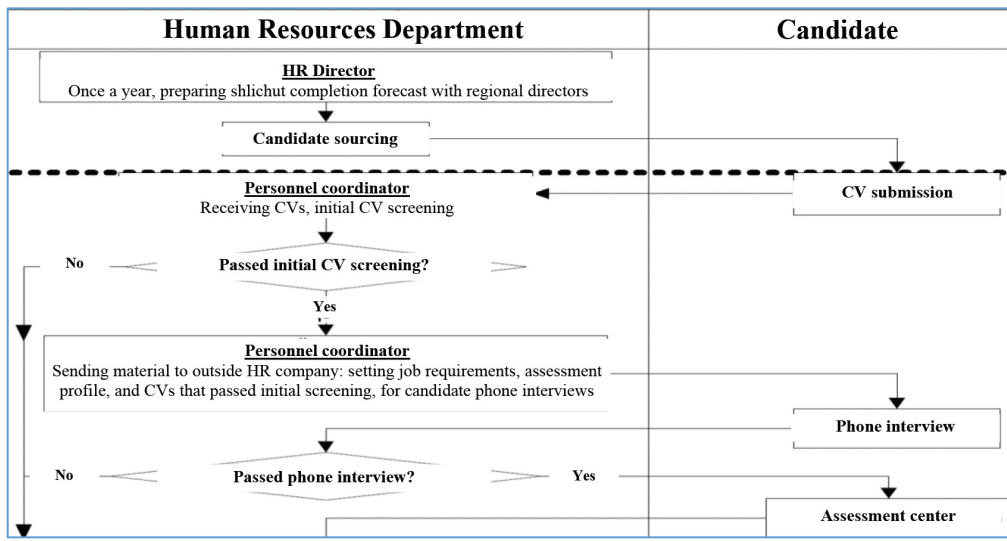
1. General

- 1.1. The screening process comprises several stages which are initially aimed at screening out candidates who do not match the job profile, and then identify the most suitable candidates for overseas shlichut.
- 1.2. Overall, the process comprises three main stages:

- 1.2.1. Initial screening – which screens candidates based on minimum requirements, qualifications, and skills.
- 1.2.2. Interviews and tests – used to assess personality, strengths, and weaknesses which may impact integration in the organization.
- 1.2.3. Courses – which enable familiarization with the candidate’s knowledge and experience, and accurately identify the most suitable candidates while training them for the job.

2. Initial screening

2.1. The following flow chart outlines the initial screening process, according to the Procedure:



- 2.2. Candidates who do not pass the CV or phone call screening stage are notified to that effect, while those who do pass the phone call stage are invited to an assessment center.
- 2.3. The Office of the Comptroller notes that the wanted ad calls for candidates to send their CV to a specified email address. After their initial screening, the Procedure requires candidates to complete a shlichut candidate form, which is like

an expanded CV, and also includes information about their partner. The Office of the Comptroller believes these stages can be consolidated by conducting the process digitally, i.e. – instead of candidates sending their CV and form by email, they can fill in their details on a designated website. In this regard it is noted that, as of the audit date, initial screening is performed with KH staff ‘manually’ going over CVs, requiring many hours of work.

2.4. The Office of the Comptroller notes that managing candidate information digitally could save KH significant time and resources. For example, according to the Procedure, the personnel coordinator (and, in practice, the HR Director as well) screens CVs according to specific criteria (e.g. – no academic degree, no sales and marketing experience, unfamiliar with the host country language, etc.). A digital workflow (setting ‘yes/no’ responses, quality-rated responses, etc.) would allow applications to be screened based on these or other criteria without investing the man-hours. A list of suitable candidates could be obtained at the push of a button, for advancement to the next stage. Furthermore, a digitized work flow would provide more efficient and clearer documentation of the screening process for control purposes.

2.5. The Office of the Comptroller examined preliminary screening data from the last recruitment round which opened in 2021. Data were as follows:

Stage	Date	Process	Cumulative % of candidates screened out
Internal screening by HR and regional directors	Aug–Sept 2021	40 CVs (out of 100) advanced to phone call stage.	60%
Phone call by a representative of an occupational assessment institute.	Aug–Nov 2021	25 out of 43 recommended for further assessment	75%

Stage	Date	Process	Cumulative % of candidates screened out
Language-specific assessment centers	Sept–Oct 2021	2 assessment centers were held, one for Latin America and one for Europe. 8 candidates from each center, for a total of 16 out of 25 who passed the assessment stage.	85%

2.6. The above data indicate that 60% of the candidates are screened out at the CV review stage. The Office of the Comptroller believes this may be due to insufficient clarity concerning the qualifications required for the job, as this reflects a high percentage of applications with unqualified CVs.

2.7. Documentation of the initial screening stage:

2.7.1. Upon inquiry as to how CV screening is documented, the Office of the Comptroller was told that comments are sometimes written on the CVs. The Office of the Comptroller notes that the Procedure does not provide guidance in this matter.

2.7.2. Upon examination, adequate documentation was found for the phone call stage, including the reasons for screening out candidates. Documentation was also adequate for the assessment center stage.

2.8. **Recommendations**

2.8.1. **Instead of sending their CVs, applicants should directly complete the shlichut candidate form. This would shorten the process and streamline the preliminary screening stage.**

2.8.2. **Candidates should complete a digital shlichut candidate form, with the initial screening criteria defined accordingly, e.g. – using ‘yes/no’ responses for minimum qualifications; using quality-ranked**

responses; etc. These digital tools could screen out applications which do not meet the minimum requirements.

2.8.3. Clarify and expand the minimum qualifications specified in the wanted ads for the overseas representative job. These should match the criteria used by KH's staff in the initial screening stage after receiving applicant CVs.

KH's response

- Concerning the recommendation to complete the candidate form instead of sending in CVs – KH accepts the recommendation.
- Concerning the recommendation to digitize the initial screening stage – KH gains added value from human review of applicant CVs, but will consider building a digital website for initial screening, as suggested (based on cost-benefit considerations).
- Concerning the recommendation to expand the criteria in wanted ads – KH will study the matter and consider broadening the qualifying criteria and phrasing the ad differently.

F. Interviews and Tests

1. General

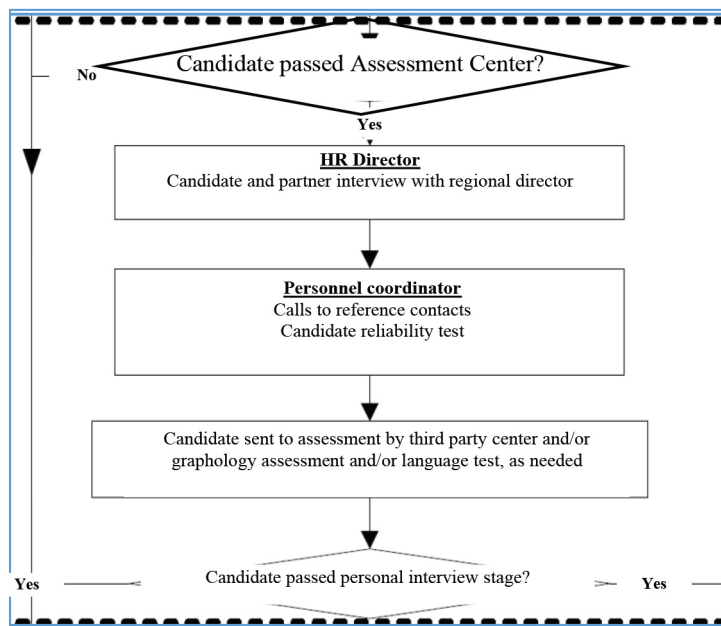
- 1.1. The interview and testing stage follows the initial screening stage. According to the Procedure, it includes:
 - 1.1.1. A personal interview for candidates and their partners with the relevant regional director and the HR Director.
 - 1.1.2. Calls to reference contacts.
 - 1.1.3. Reliability tests.

1.1.4. Various assessments (e.g. – by an occupational psychologist).

1.1.5. Language tests (as needed).

2. Interview and testing work flow

2.1. The following flow chart outlines the interview and testing stage, as specified in the Procedure:



2.2. Candidates who do not pass the interview and testing stage are notified to that effect, while successful candidates are invited to a Representative training course.

2.3. The Office of the Comptroller examined data for the interview and testing stage from the recent recruitment round that opened in 2021:

Stage	Date	Process
Personal interview for candidate and their partner with the HR Director and regional director	Oct–Nov 2021	
Occupational assessment institute for the candidate and their partner	Oct–Nov 2021	Of 16 candidates, 12 passed to the next stage (Representative training course)
Digital reliability test	Oct–Nov 2021	
Background check by a cyber security & worker integrity management company	Nov–Dec 2021	
Calls to reference contacts	Nov–Dec 2021	

- 2.4. Upon examining documentation of the reasons for disqualifying candidates after the personal interview (which included three out of the four candidates who did not pass this stage), the Office of the Comptroller found that reasons for disqualification were properly documented in correspondence between the interviewing staff.
- 2.5. Assessments and tests are administered to candidates and their partners by third party service providers. The Office of the Comptroller examined a set of assessments and tests (which are representative of the standard applied to all candidates), and was favorably impressed by the level of these tests and assessments and their documentation.

G. Courses and the Screening Process from the Representative’s Viewpoint

1. General

- 1.1. The courses and training stage comprises two courses:
- 1.1.1. A basic Representative training course – According to the Procedure this is considered part of the candidates’ screening process and marks the start of their training. The course has two main goals: familiarizing candidates with the Representative’s

tasks and toolbox, while at the same time screening candidates in preparation for the advanced Representative training course.

The course curriculum includes: familiarization with KH; campaign and leadership structure; the Representative's job description; fundraising; leadership; the Jewish Agency – structure, objectives, and activity; tour of KH projects with hands-on experience by preparing the tour and studying the project.

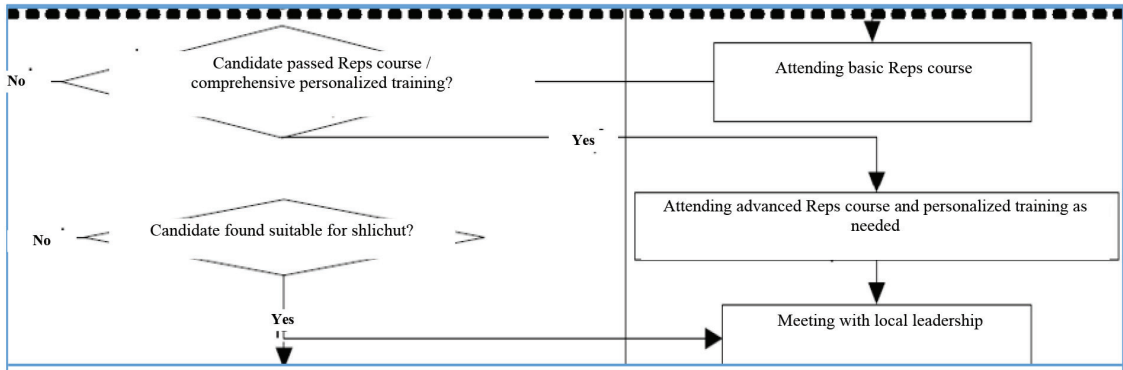
- 1.1.2. Advanced Representative training course – for candidates who have successfully completed the entire screening process, including the basic Representative training course.

According to the Procedure, this course provides a deeper familiarity with the Representative's duties and KH's structure; the Representative's various interactions with the main office; and providing placement-specific information.

The course curriculum thus includes: familiarization with KH's various regions; understanding KH's financial mechanism; familiarization with the main office's structure and joint workflows; building annual work plans for the campaigns; job-specific workshops such as public speaking and simulations; managing one's personal image in the workplace in Israel and abroad; familiarization with KH projects in Israel; building knowledge on issues such as the Israeli-Arab conflict; Jewish denominations; Israel-Diaspora relations; key terms and customs in the Jewish calendar.

2. Training process

- 2.1. The following flow-chart details the process after the interview and testing stage, according to the Procedure:



- 2.2. Candidates who did not pass the courses and training stage are notified to that effect, while those who do pass are entered in the shlichut database according to KH’s needs, from time to time.
- 2.3. Based on the candidate’s placement with a specific campaign, they receive targeted training, which includes:
 - 2.3.1. In-depth familiarization with the host country.
 - 2.3.2. Meetings with main office staff.
 - 2.3.3. Security briefing.
- 2.4. The Office of the Comptroller examined data on the courses and training stage of the last recruiting round which opened in 2021:

Stage	Date	Process	Comments
Basic Representative training course	Dec. 26–30, 2021	12 candidates attended; 11 passed.	
Advanced Representatives training course	Mar. 1–5, 2022; Mar. 8–11, 2022	14 candidates attended the two March courses. All passed.	Due to a candidate shortage, 3 additional candidates were added, having ‘skipped’ the basic course

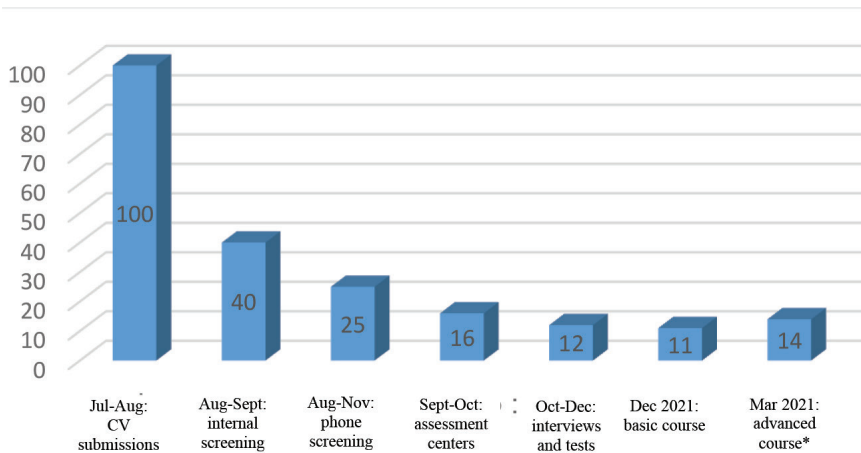
Stage	Date	Process	Comments
Interviews with host-country management	According to each campaign; starting March 2022	As of the audit date, no candidate had been disqualified at the interview stage.	

2.5. The above data indicate that, due to a shortage in candidates, 3 candidates were added who attended the advanced Representative training course without the necessary preparation in the basic Representative training course. KH stated that these three candidates received targeted, abridged training prior to starting the advanced course.

2.6. The data in this chapter and the previous chapters indicate that:

2.6.1. According to data for the last recruitment round, the percentage of candidates who pass all the screening stages ranges from 10% to 15%.

2.6.2. Screening outcomes for the 2021 recruitment round were as follows:



* As aforesaid, 3 candidates were added to the advanced training course without first completing the basic course.

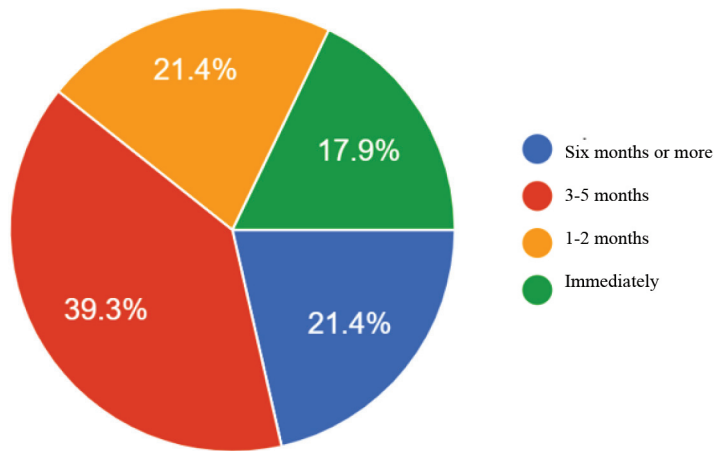
2.6.3. In all, the process takes approximately 8 months. The Office of the Comptroller is concerned that such a long time (which may then even be extended by waiting for

the actual placement), may cause KH to lose qualified candidates, who would be recruited by other workplaces in the meantime.

3. Availability for shlichut

3.1. Results of a survey sent by the Office of the Comptroller to overseas Representatives concerning their availability to go on shlichut during the screening stage:

Shlichut lead time	Respondents	%
Immediately	5	18%
1-2 months	6	21%
3-5 months	11	39%
6 months or longer	6	21%
Total	28	100%



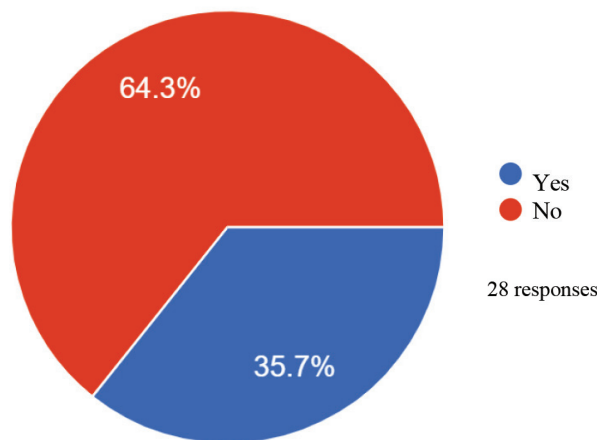
3.2. The above data indicate that approximately 40% of the Representatives had a lead time in their availability for shlichut from 0–2 months; 80% were available for shlichut within 0–5 months.

3.3. The Office of the Comptroller notes that this may indicate that candidates who respond to the wanted ads are at a stage in

their life which allows them to go on shlichut at relatively short notice (within 5 months). At the same time, as aforesaid, the process takes 8 months or more. The Office of the Comptroller believes this may indicate a timing mismatch between the screening process and changes in the candidates' lives. This could explain why there were 20 candidates in KH's database who have completed the entire screening process, but ultimately were not sent on shlichut. KH stated that other possible reasons could be organizational priorities, executive availability, annual workflows in the main office or the campaigns.

- 3.4. In this regard, it is noted that in response to the survey question, "At the start of the process, were you given an estimate as to when the shlichut would start, assuming that you would pass all screening stages successfully?", 18 out of 28 respondents (64%) said no. KH stated that, not only is it impossible to estimate, there is no certainty that a particular candidate will go on shlichut at all. Candidates are told this right from the start.

At the start of the process, were you given an estimate as to when your shlichut would start, assuming you would pass all the screenings stages?

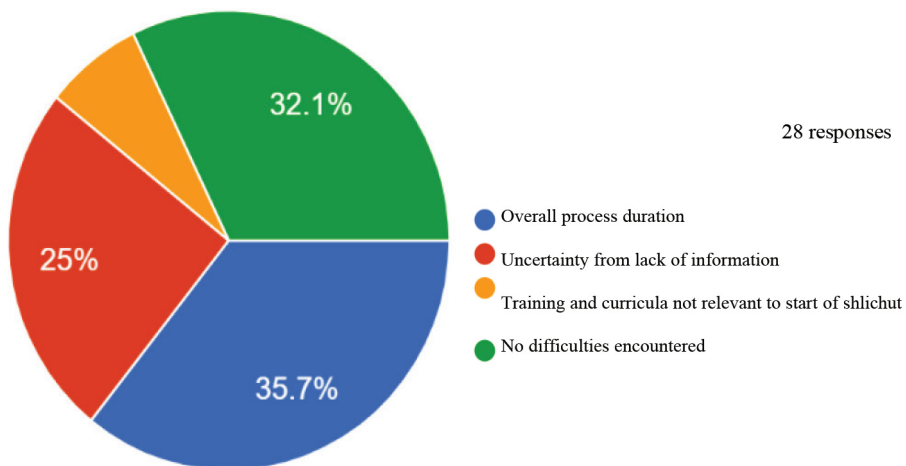


4. Challenges in the screening process

4.1. The following table presents respondent answers concerning difficulties (if any) encountered in the screening and recruitment process:

Difficulties during screening and recruitment	Respondents	%
Overall process duration	10	36%
Uncertainty from lack of information	7	25%
Training and curricula not relevant to the start of shlichut	2	7%
No difficulties encountered	9	32%
Total	28	100%

If you encountered any difficulties during screening/recruitment, please state in which of the following areas they were:



4.2. The above data indicate that 32% of survey respondents did not encounter any difficulty in their screening and recruitment process. Most Representatives who did encounter difficulties indicated that it was due to the process duration or uncertainty from lack of information (see representative quotes in this matter in Appendix B).

4.3. This survey of Representatives indicates challenges in the screening and recruitment process, mainly due to the length

of the screening process, extensive waiting period, and a sense of uncertainty until actual placement. According to the data, 80% of shlichim are available to start their shlichut within 0–5 months, while screening and training take 8 months; representatives also indicated that this period can then be extended by several months and sometimes even a year until actual placement.

The Office of the Comptroller believes this leads candidates who have successfully completed the screening process (and are ready to make the necessary changes in their lives) to ultimately find other job opportunities. The Office of the Comptroller also believes the above may also lead to placement of less-suitable candidates, solely because of availability issues.

5. Recommendations

- 5.1. **Consider ways to shorten the screening process.**
- 5.2. **Although KH does not commit to sending any candidate on shlichut, even if they have successfully completed the entire screening process, it should aim to increase transparency with candidates concerning KH’s needs in the short and long term. KH should also consider ways to shorten waiting times and uncertainty as much as possible.**

KH’s response

KH will consider ways to shorten the screening process, but notes that the process includes not only screening, but also training. Furthermore, KH must consider the campaigns’ needs and the timing of the existing Representatives’ return from shlichut (sometimes involves a year of studies, etc.).

Relocation is always fraught with uncertainty, from start to finish. KH works to be as transparent as possible, without compromising current Representatives or the campaigns. KH will study ways to help candidates cope with the uncertainty inherent in the process.

H. Documentation in Candidate Files

1. General

- 1.1. According to the Procedure, candidate files should contain:
 - a. CV
 - b. Copies of references, if available
 - c. Summary of the interview, written by the interviewer
 - d. Assessment center results
- 1.2. The Office of the Comptroller notes that the Procedure does not state that candidate files should include the tests and assessments performed during the screening process. The Office of the Comptroller believes that candidate files should include all documents and records related to this process.
- 1.3. The Procedure also does not refer to limiting access to candidate files, which sometimes contain sensitive personal information.

2. Examination of candidate files

- 2.1. The Office of the Comptroller examined the documentation of the various screening stages, including documentation of decisions to disqualify candidates. Examination included:
 - 2.1.1. Documentation for all forty-three cases screened by phone.
 - 2.1.2. Documentation of assessment center results, and documentation for the three candidates who did not pass the assessment center, including reasons for disqualification.
 - 2.1.3. Documentation of the series of tests and assessments (a standard reflecting the testing for all candidates), including: background check; occupational assessment; psychological assessment for the candidate and their partner; civil record; and reliability test.
 - 2.1.4. Three interview summaries and notification of candidate rejection.

2.1.5. Documentation and organization of files by KH's Representatives supervisor (e.g. – keeping records of candidates disqualified in the CV screening stage in a separate folder; central files and folders for assessment centers and courses; folder for the 14 candidates for the Representative training course; etc.).

2.2. This examination found sufficient documentation for the various process stages, including reasons for candidate disqualification.

2.3. However, the Office of the Comptroller found that, while documentation is kept, it is not consolidated in an orderly fashion in candidate files, and some of the information is kept in the personnel coordinator's email. For example, summaries from candidate interviews and correspondence with candidates during the process are not kept in an online candidate file, but rather in the email inbox. The Office of the Comptroller believes that candidate files should be accessible to all relevant staff through KH's intranet. Candidate files should include all information received about the candidate in each stage of the screening process.

2.4. **Recommendation**

Update the Procedure to specify all documents which should be retained in candidate files, including tests and assessments. Furthermore, the Procedure should specify who is authorized to access candidate files and provide for the necessary information security arrangements.

KH's response

KH is working on a procedure survey, in which it will also update this procedure. KH accepts the recommendation to use online candidate file systems and to regulate access permissions.

I. Service Terms and Routine Tasks

1. General

- 1.1. KH has a *Representatives' Employment and Service Terms Procedure*, dated September 2013 (“the Service Terms Procedure”). This procedure aims to:
 - 1.1.1. Define the employment and service terms to which KH Representatives are entitled.
 - 1.1.2. Establish rules for business expenses – costs which KH pays directly, and costs paid by the Representative which can then be claimed for reimbursement from KH.
 - 1.1.3. Formalize the Representative evaluation process – timing, methods, and personnel involved (for more information on this matter, see the following chapter).
- 1.2. The Service Terms Procedure specifies service terms for two time periods:
 - 1.2.1. Trial period – the initial shlichut period. This is considered a separate segment, which lasts up to three months from the Representative’s arrival to the shlichut location.
 - 1.2.2. Long-term shlichut period – accounting for the shlichut period of up to 3 years. Shlichut contracts are signed for one year, and renew automatically until the end of the third year of shlichut. Extending the shlichut to a fourth year requires Director General approval, while extending the shlichut to a fifth year (at the request of the local leadership), requires approval by the World Chairman.
- 1.3. For each of these periods, the Service Terms Procedure specifies the employment and service terms, such as: KH’s share in flight costs, housing, per diem, children’s tuition and transportation to school, vacation and personal days, insurance, loans, etc.

- 1.4. The Service Terms Procedure also specifies, as part of the employment terms package, a hosting allowance to cover costs required by Representatives in the performance of their duties.
- 1.5. As concerns various means helping shlichim in the performance of their duties, the Office of the Comptroller notes that it did not find any reference in KH's procedures to knowledge retention from one shaliach to the next, such as a CRM system which could serve as a continuous tool that accumulates knowledge, even as the individual shlichim change.

The Office of the Comptroller further believes that relying on local leadership in this matter does not provide a sufficient solution. However, the regional directors stated that a new system is currently in a pilot stage, and should provide a solution to this need.

- 1.6. The Office of the Comptroller notes that this system (or other means) should document general daily routine recommendations from shlichim completing their terms, based on the shlichut location/region – housing locations, schools, local service providers, recreational recommendations, etc.

2. Business expenses and Service Terms Committee

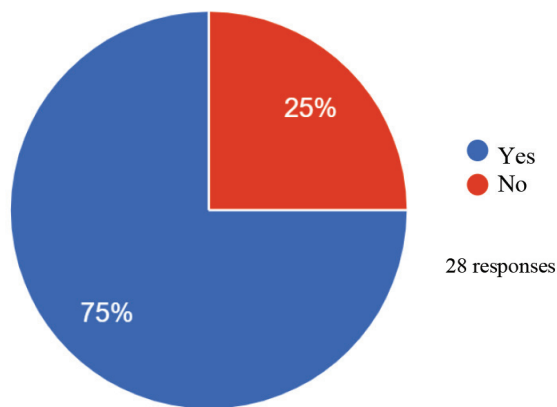
- 2.1. As aforesaid, the Service Terms Procedure dictates rules and guidelines for KH's participation in various expenses.
- 2.2. Some expenses, such as hosting allowance, travel, etc., which are ancillary to the shlichim's work, are subject to monthly reconciliation. In this process, shlichim submit a summary form and scans of the associated receipts as proof.
- 2.3. The Office of the Comptroller examined reports from 8 Representatives, from various months in 2022, as well as the controls applied by KH in approving expenses.
- 2.4. The Office of the Comptroller did not find any irregularities, and was impressed that KH applies meticulous control over the Representatives' business expenses.

- 2.5. However, the Office of the Comptroller notes that the present process (which is mostly manual), requires a great deal of time from both the shlichim and the KH staff charged with reviewing and approving business expenses. The Office of the Comptroller also notes that current controls do not mitigate the substantial inherent risk of fake invoices being submitted.
- 2.6. If a request is submitted for reimbursement which deviates from the rules set forth in the procedure, the matter is reviewed by the Service Terms Committee (“the Committee”).
- 2.7. According to the Service Terms Procedure, the Service Terms Committee is composed of three members and a chair, as follows:
 - 2.7.1. HR Director – chair.
 - 2.7.2. CFO – member.
 - 2.7.3. Planning and Control Director – member.
 - 2.7.4. Director of the relevant region, or in their absence the deputy region director – member.
- 2.8. The Office of the Comptroller requested minutes from the Committee’s meetings in 2019–2021, and received:
 - 2.8.1. Four minutes from 2019.
 - 2.8.2. Five minutes from 2021.
- 2.9. The minutes indicate that the Committee sometimes discusses unique cases (e.g. – participation in orthodontic treatment for a child due to price differences between the shlichut country and Israel); other times, it discusses more common cases prevalent in overseas shlichut (e.g. – expenses upon return to Israel at the end of the shlichut, such as re-acclimation, housing, etc.). The Office of the Comptroller believes that failure to consolidate the common cases brought before the Committee, under an overall policy applicable to all shlichim, may cause discrimination – some shlichim would receive benefits for similar circumstances where other shlichim did not receive benefits as they did not ask.

3. Service terms survey

3.1. The Office of the Comptroller conducted a survey to assess shlichim's perception of their service terms. 75% of Representatives participating in the survey, said they received sufficient information concerning their service terms abroad before their placement:

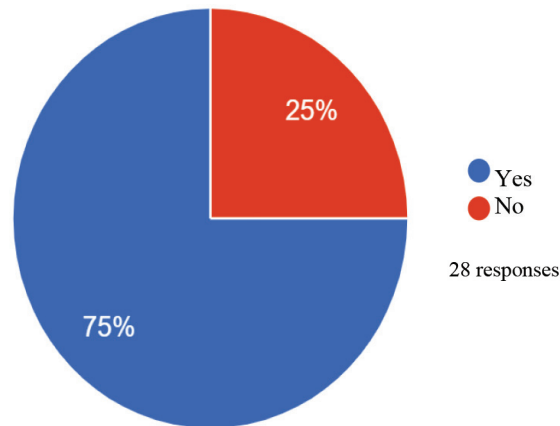
Did you receive sufficient information concerning service terms abroad, before going on shlichut?



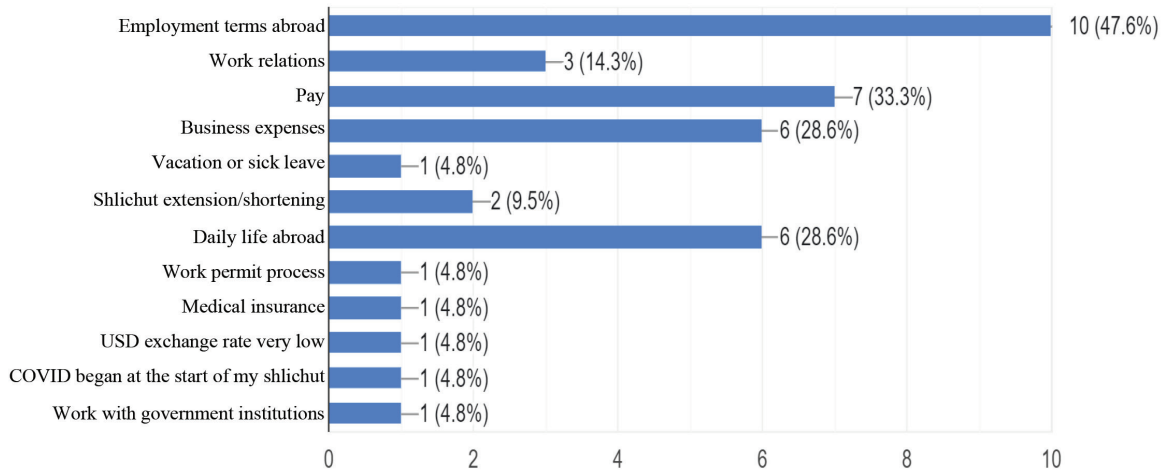
See Appendix C for comments written by 7 shlichim who claimed not to have receive sufficient information prior to going on shlichut.

3.2. Results from the survey on service term issues requiring intervention by KH staff:

During your shlichut, did you encounter any issues concerning your service terms which required intervention by KH staff?



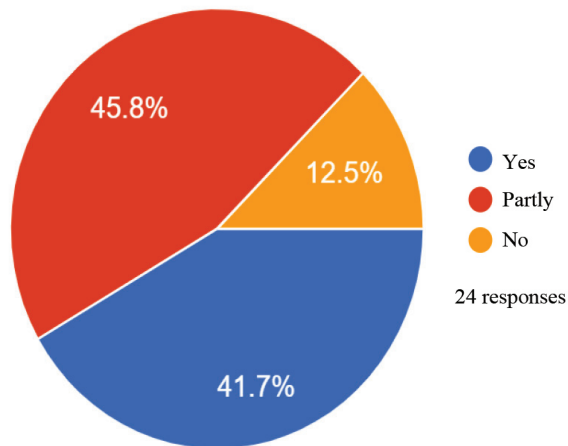
The above indicates that 21 respondents (75%) needed help from KH to resolve service term issues. The following table summarizes Representative responses regarding the types of problems they encountered:



The above table indicates that numerous variables are at play in the shlichut period which may cause issues requiring KH intervention.

Below are Representatives' responses concerning their satisfaction with KH's handling of problems encountered during the shlichut:

Did the HR Department resolve the problem to your satisfaction?

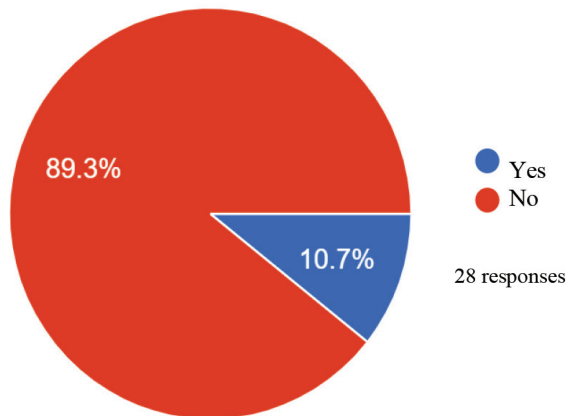


The above indicates that only 3 out of 24 shlichim (12.5%) who answered this question, expressed dissatisfaction with the HR Department's work. The vast majority of shlichim stated that their problem was fully or at least partially resolved (see Appendix D or comments sent by Representatives on the HR Department's handling of problems encountered during shlichut).

3.3. Two survey questions indicated that the issues encountered were immaterial:

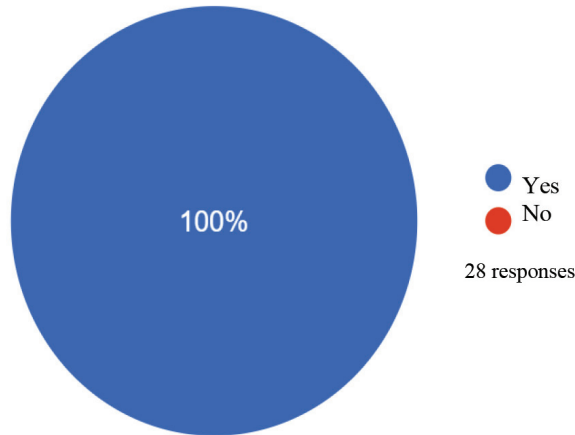
3.3.1. Except for one Representatives, all Representatives responded that they did not have a problem with their salary payment date or with transfer of funds to the Representative account:

Did you have any problem with timely salary payments, including transferring funds if necessary to your account abroad?



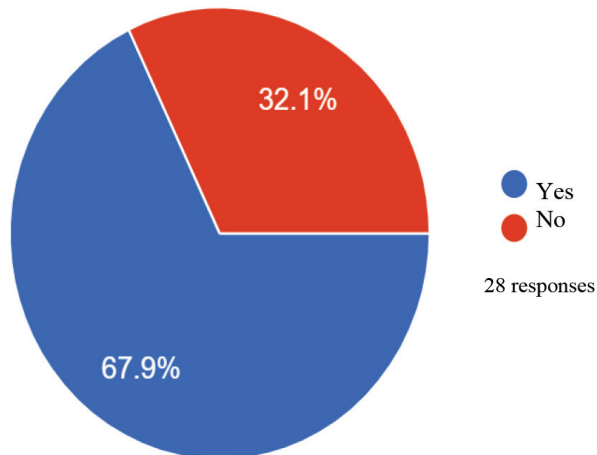
3.3.2. All Representatives expressed satisfaction with the manner in which KH allows them to utilize their vacation days:

Are you satisfied with how the organization allows you to utilize available vacation days?



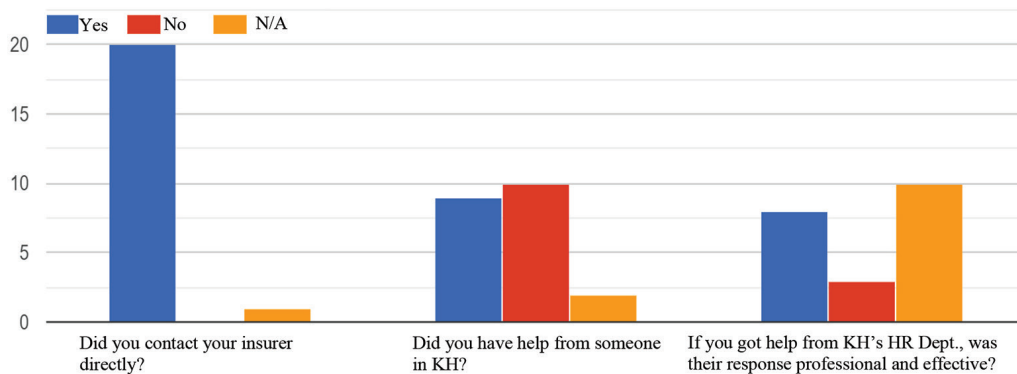
3.4. Responses concerning KH's assistance with medical insurance claims:

Did you have any medical insurance claims?



The above indicates that most respondents (19 out of 28; 68%) filed medical insurance claims during their shlichut period. Of the shlichim who required KH’s assistance in filing claims:

- 20 contacted their insurer directly
- 9 used help from KH staff in the process
- 8 said that KH responded professionally and effectively
- 3 answered that KH’s response was not professional and effective.

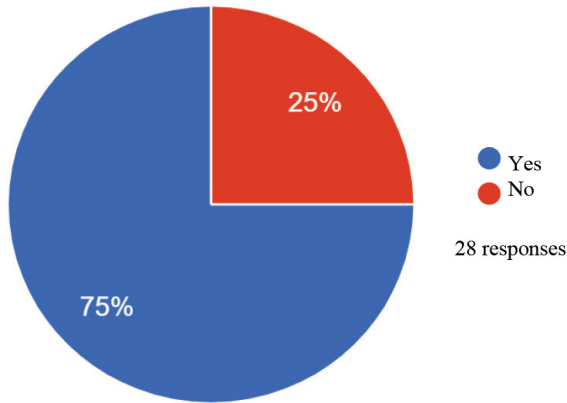


As concerns medical insurance claims, one Representative commented as follows:

“Service terms were outstanding. The staff were always patient and keen to help with any request. As concerns medical insurance, we were covered through David Shield, and payment for treatment abroad and subsequent reimbursement was always extremely tedious, took a long time, and we were not always reimbursed in full. However, I should note that our issues were (ultimately) resolved, but since we had to work with David Shield, we had to explain the situation and the feeling was that every request had to be started from scratch. As I said, it took a lot of time and was very bureaucratic.”

3.5. Representative responses concerning KH’s help with housing and/or school enrollment for children:

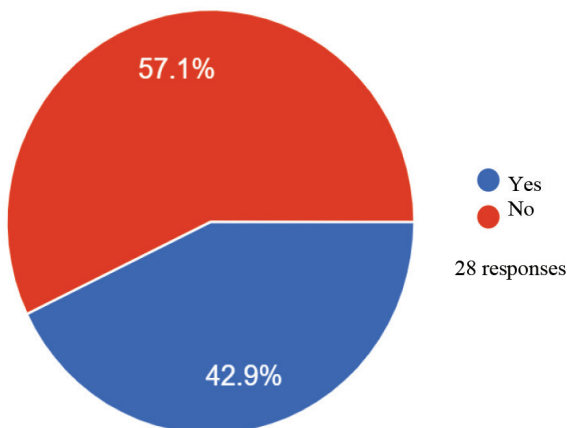
Did you get enough help with renting an apartment or enrolling your kids to school, as applicable, during your shlichut?



The above indicates that most shlichim (21, accounting for 75% of survey respondents) said they received sufficient help in renting apartments or enrolling their kids to school (see Appendix E for Representatives' comments concerning help in renting apartments or enrolling kids to school).

3.6. Representatives' responses concerning issues with government authorities in Israel or abroad:

Did you have any problems involving government authorities in Israel or abroad (taxation, social security, etc.)?



The above indicates that, while issues with government authorities may arise in Israel or abroad, this is not something that impacts all shlichim. Representatives' comments on this question indicate that problems were usually due to personal circumstances or unique situations in the host country and its local regulations (see Appendix F for Representatives' comments concerning problems encountered with government authorities during their shlichut).

3.7. The survey allowed respondents to enter comments or offer improvements through an open-ended question (see Appendix G). The Office of the Comptroller believes some of the comments and suggestions could serve as a starting point for considering new initiatives in KH. These could potentially improve and streamline shlichut operations abroad.

3.8. **Recommendations**

3.8.1. **KH should utilize a CRM system to retain the knowledge accumulated through and used in the shlichim's work (regardless of local leadership). This knowledge applies to potential donors, donation history, local activists and volunteers, etc.**

3.8.2. **A database should be maintained to consolidate specific data for each host country. This data would serve new shlichim with matters affecting their service terms: housing, government institutions and formalities regarding their stay in the country, educational institutions, healthcare institutions, stores (food, clothing, etc.), local service providers, recreational places, etc.**

3.8.3. **Consider migrating to digital expense reporting (e.g. – the My Expense reporting system). Digital expense reports would be reviewed by KH at present intervals, while addressing the potential for fake invoices.**

3.8.4. **The Service Terms Committee should map out the**

cases brought before it, which apply to all or most shlichim. The Committee should establish a uniform policy for these cases, which should be incorporated into the Service Terms Procedure.

KH's response

- As concerns the recommendation to use a CRM system – This matter will be thoroughly addressed through the CRM system which rolled out in the various campaigns in 2021.
- Concerning the recommendation to consolidate information on the host country – KH will consider consolidating all information in a shlichut-completion report, submitted by every outgoing Representative, and will formalize the practice through the Shlichut Completion Procedure.
- Concerning the recommendation to manage expense reports digitally – KH will study options to use a digital reporting system, including by ‘repurposing’ existing systems.
- Concerning the recommendation to map frequent issues brought before the Service Terms Committee – KH accepts the recommendation and is working and will make sure to implement policies as part of its procedure overhaul.

J. Assessment of Representative Activities and KPIs

1. General

- 1.1. In examining the quality of the Representative screening process, the Office of the Comptroller sought to examine key performance indicators (“KPIs”) and success metrics used in managing the Representatives’ activities abroad.
- 1.2. The Office of the Comptroller met with regional directors to understand what makes ‘a good Representative’, and what tools are used to assess performance.

2. Assessment of Representatives

- 2.1. The Representative Employment and Service Terms Procedure of September 2013 includes a Representative assessment form based on a questionnaire for the Representative's supervisor. The questionnaire includes questions on the supervisor's opinion of the Representative's professional performance, the quality of their work, their initiative, inter-personal skills, etc.
- 2.2. Representative assessments are not performed periodically, but rather only before a promotion or a raise.
- 2.3. Upon speaking with the regional directors for Europe and Latin America, the Office of the Comptroller found that KH's screening practices prove quite effective.
- 2.4. The regional directors believe that important qualities for Representatives are: initiative, motivation, loyalty, transparency, competitiveness, being a team player (working towards the success of the organization), value-driven, friendly, Zionist (remembering that they represent the State of Israel), and with a capacity to learn.
- 2.5. In its examination, the Office of the Comptroller received the Representative assessment questionnaire used by regional directors according to KH's procedure. The Office of the Comptroller also received a sample assessment form for an active Representative. It is emphasized that the Office of the Comptroller did not examine the questionnaires and forms, and so did not check whether Representatives' performance is assessed prior to every raise or promotion, as per KH's procedure.

The Office of the Comptroller notes that both the attributes specified in Section 2.5 above and those reviewed in the Representative assessment form, are a matter of subjective judgment.

- 2.6. The regional directors specified the following KPIs used to objectively evaluate Representatives:
 - 2.6.1. Achievement of pre-set goals.

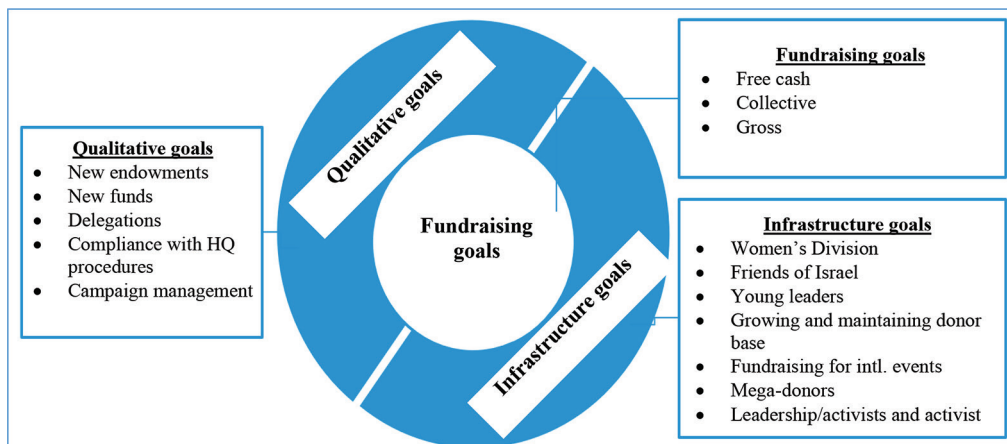
2.6.2. Growing the donor pool – measuring the number of donors compared to previous years.

2.6.3. Amount of funds raised.

2.6.4. Number of activists that the Representative operates and involves in activities (e.g. – contacts and people who arrange fundraising meetings).

The Office of the Comptroller notes that there are important aspects to the Representatives' jobs which are not formally measured (e.g. – building a platform that would yield future benefit).

2.7. The Human Resources Director stated that, in 2017, an attempt was made to define a set of metrics that would serve both to determine Representative compensation and to grow KH's revenues, while developing the campaigns' infrastructure. The following slide is taken from a presentation and outlines the planned assessment model:



The Office of the Comptroller believes that the slide indicates the multitude of metrics which could be used to assess the Representatives' activities abroad (see Appendix H for a sample assessment model at the individual Representative level).

2.8. The Human Resources Director stated that the model's adoption was unsuccessful, and it is not currently applied due to organizational resistance to its implementation.

2.9. **Recommendations**

2.9.1. **Representative assessment should be performed regularly at present intervals.**

2.9.2. **Reconsider using the assessment model prepared in 2017 as the basis for a set of KPIs and success metrics for Representatives’ activities abroad. To this end, study past resistance to the model and find solutions. Furthermore, as part of this effort, a pilot program should be rolled out in one region, to implement the metrics until the operational platform is established in additional regions.**

KH’s response

- As concerns the recommendation to perform periodic Representative evaluations – KH accepts the recommendation and is already including in its work plans evaluations based on qualitative, infrastructure, and quantitative metrics.
- As concerns the recommendation to re-visit the 2017 evaluation model, KH stated – The model proposed in 2017 affected compensation, and this was the source for the resistance. It should be considered an administrative tool which can ‘speak’ in a new language that KH’s Director General introduced into the 2023 work plan. KH will re-examine the use of this model.

K. Follow-Up on Recommendations from the 2015 Comptroller’s Report

1. General

- 1.1. In 2015, the National Institutions Comptroller performed an audit of KH which focused on salaries and human resources (“the 2015 Report”).
- 1.2. The report also referred to Representative recruitment and employment terms.

2. Implementation of 2015 Report Recommendations

2.1. Implementation status of recommendations from the 2015 Report, as of the audit date:

2015 Flaw	2015 Recommendation	Response	2022 Findings
<p>Failure to document reviews and reasons for choosing a Representative undermines process transparency and tracking candidate suitability for the job and the reasons for their selection.</p>	<p>Document the decisions made in each stage of the above recruitment process (excluding initial sourcing and screening) to reflect the candidate’s screening process and the reasons for their selection, including their qualifications and suitability for the job.</p> <p>Maintain written records of reviews received from recruitment staff. Materials should be documented and filed (in hardcopy or digitally) in the HR Department.</p> <p>If KH’s Director General or Chairman were involved, and particularly in cases of involvement by non-recruitment personnel, document such involvement in writing in the candidate file.</p> <p>Specify a list of documents which should be kept in candidate files until their shlichut. Update the procedure accordingly.</p>	<p><u>2015</u> – Recommendation accepted.</p> <p><u>2022</u> – We try to comply with the recommendation.</p> <p>For example, in the assessment center stage, there are several observers who rate candidates based on desired Representative qualities. We also have a report by an occupational psychologist.</p> <p>The procedure has yet to be updated. Hopefully soon.</p>	<p>There is sufficient documentation of reviews and reasons for choosing or disqualifying Representatives. However, not all the information is kept in the candidate file.</p> <p>No cases were found which required intervention by KH’s Director General or Chairman.</p> <p>KH’s procedure does not specify all the documents which the Office of the Comptroller believes should be kept in the candidate file.</p> <p>The procedure should be updated.</p>

2015 Flaw	2015 Recommendation	Response	2022 Findings
<p>Examination of February expense reports found that the Representative with employee no. 8446 failed to submit invoices/receipts for train tickets, road tolls, phone, and medical insurance, to the amount of NIS 448, as required by the procedure. A bank transaction statement was submitted instead.</p> <p>It is also noted that Representatives often</p>	<p>Make sure to submit documentation as dictated by the procedure, i.e. – invoices/receipts with the expense context written on them.</p>	<p><u>2015</u> – Recommendation accepted. However, there are cases (and the examined Representative is such a case) where original invoices are not available, and we exercise judgment and accept bank statements as an exception to the rule. The budget and contracts supervisor will make sure to document the deviation from the procedure on the relevant approval.</p> <p><u>2022</u> – We make sure to comply.</p>	<p>Based on a sample of 8 reports from 8 Representatives across several months, KH was found to make sure that documentation is compliant with the Procedure.</p>
<p>submit invoices without indicating their context, as required by Section 7.2.4 (b) to the procedure.</p>	<p>Make sure that Representatives starting their trial period are familiar with reporting requirements under the procedure. Consider having talks with Representatives after they file their first report, and providing feedback/ comments.</p>	<p><u>2015</u> – Recommendation accepted.</p> <p><u>2022</u> – Are properly briefed.</p>	<p>Based on sample examination, Representative expense reports comply with the Procedure.</p>

2015 Flaw	2015 Recommendation	Response	2022 Findings
<p>The contract with employee no. 10592 ended at the end of 2014, and HR does not have a valid employment contract for 2015. Furthermore, Payroll did not have a Form 101 for that employee for 2015.</p>	<p>The Office of the Comptroller also recommends preparing a checklist specifying the forms to be found in all Representative files – in both HR and Accounting. The Representative supervisor and the payroll accountant should follow-up and make sure that files contain all necessary forms.</p>	<p><u>2015</u> – Recommendation accepted. <u>2022</u> – Will be addressed as part of the procedure overhaul.</p>	<p>The audit findings indicate that this recommendation has not yet been implemented. KH stated that it will update the list as part of its procedure review process, as detailed above.</p>

- 2.2. The Office of the Comptroller notes that its examination indicates that the flaws identified in 2015 in connection with KH’s overseas Representatives have mostly been resolved, except for the Office of the Comptroller’s recommendation to prepare a checklist of forms which must be included in all Representative files, in both HR and Accounting.

L. Summary of Conclusions and Recommendations

Title	Section	Conclusion	Recommendation	Response
Candidate Sourcing	2.8.1	The <i>Sourcing, Screening, Recruiting, and Training Representatives Procedure</i> of December 2013 is partially out of date. For example, it does not provide for cyber checks, candidate database management, pay during courses, timelines for each recruitment stage, etc.	Review and update the <i>Sourcing, Screening, Recruiting, and Training Representatives Procedure</i> to match current practices. The Procedure should also prescribe detailed timeframes for each stage of the process.	KH accepts the recommendation and is currently surveying its procedures to overhaul KH's procedural code, including the aforementioned procedure.
Candidate Sourcing	2.8.2	'Zionist ideological belief' was a main driver for Representatives who had gone on shlichut. The Office of the Comptroller believes that, in addition to informing the wording of wanted ads, this information may be important throughout the term of the Representatives' contract (in terms of their experience, motivation, retention, and success).	KH should consider strengthening the Zionist ideological appeal as a key motivator for overseas Representatives, in light of its importance to them .	KH regularly makes sure to strengthen the Zionist ideological emphasis during the shlichut, and will study ways to strengthen this connection even further .

Title	Section	Conclusion	Recommendation	Response
Candidate Sourcing	2.8.3	<p>KH has a database of 60 candidates who have completed all screening and training stages. Of these, 20 have never been sent on shlichut, while 40 were Representatives who had returned but had potential for additional shlichut periods.</p> <p>The Office of the Comptroller believes that candidates who have passed the screening process but are not planned to go on shlichut represent a sunk investment.</p>	<p>Streamline the recruitment process through early outreach to contacts in the candidate database (a year in advance, or even with prior planning of up to two years in advance). This will help leverage the database to fill Representative positions. Furthermore, once every pre-determined period, update the database on when the candidate expects to be available to for overseas shlichut.</p>	<p>KH contacts potential candidates a year in advance. These candidates have already undergone training and appear in the database. From experience – contacting candidates two years in advance is ineffective.</p> <p>KH does not accept the recommendation to update the database with information on candidate expectations as to when they will be available – because we reach out according to our own needs. If database candidates are not available at that time – KH will know how to recruit someone else and will update the database accordingly.</p>
Initial Screening	2.8.1.	<p>Information on candidate CVs are also included on the shlichut candidate form. Thus, candidates provide the same information twice.</p>	<p>Instead of sending their CVs, applicants should directly complete the shlichut candidate form. This would shorten the process and streamline the preliminary screening stage.</p>	<p>KH accepts the recommendation.</p>

Title	Section	Conclusion	Recommendation	Response
Initial Screening	2.8.2.	Initial screening is performed by KH staff ‘manually’ going over CVs, requiring many hours of work. At the same time, there are digital tools available (some free) for collecting information, and managing and documenting the process more efficiently.	Candidates should complete a digital shlichut candidate form, with the initial screening criteria defined accordingly, e.g. – using ‘yes/no’ responses for minimum qualifications; using quality-ranked responses; etc. These digital tools could screen out applications which do not meet the minimum requirements.	<i>KH gains added value from human review of applicant CVs, but will consider building a digital website for initial screening, as suggested (based on cost-benefit considerations).</i>
Initial Screening	2.8.3.	Some 60% of candidates are screened out at the CV review stage. The Office of the Comptroller believes this may indicate insufficiently accurate job criteria, as this is a high percentage of CV submissions which are deemed unsuitable.	Clarify and expand the minimum qualifications specified in the wanted ads for the overseas representative job. These should match the criteria used by KH’s staff in the initial screening stage after receiving applicant CVs.	KH will study the matter and consider broadening the qualifying criteria and phrasing the ad differently.

Title	Section	Conclusion	Recommendation	Response
Courses and Screening from the Representative's Viewpoint	5.1.	A survey of Representatives indicated that 40% were available to go on shlichut within 0–2 months; 80% were available within 0–5 months. However, as mentioned, the process can last 8 months or longer. The Office of the Comptroller believes this may indicate a timing mismatch (screening process duration vs. changes in candidates' lives), and explain the 20 database candidates who had completed the screening process but ultimately not gone on shlichut.	Consider ways to shorten the screening process.	KH will consider ways to shorten the screening process, but notes that the process includes not only screening, but also training. Furthermore, KH must consider the campaigns' needs and the timing of the existing Representatives' return from shlichut (sometimes involves a year of studies, etc.).
Courses and Screening from the Representative's Viewpoint	5.2.	The Representative survey indicated challenges in the screening and recruitment process due, among other things, to the lengthy waiting period and the sense of uncertainty until actual placement.	Although KH does not commit to sending any candidate on shlichut, even if they have successfully completed the entire screening process, it should aim to increase transparency with candidates concerning KH's needs in the short and long term. KH should also consider ways to shorten waiting times and uncertainty as much as possible.	Relocation is always fraught with uncertainty, from start to finish. KH works to be as transparent as possible, without compromising current Representatives or the campaigns. KH will study ways to help candidates cope with the uncertainty inherent in the process.

Title	Section	Conclusion	Recommendation	Response
Documentation in Candidate Files		<p>KH procedures do not require candidate files to include the assessments and tests performed during the screening process.</p> <p>The Office of the Comptroller believes candidate files should include all documents and records from this process.</p> <p>Furthermore, the Procedure does not refer to limiting access to candidate files, which may contain sensitive personal information.</p>	<p>Update the Procedure to specify all documents which should be retained in candidate files, including tests and assessments.</p> <p>Furthermore, the Procedure should specify who is authorized to access candidate files and provide for the necessary information security arrangements.</p>	<p>KH is working on a procedure survey, in which it will also update this procedure. KH accepts the recommendation to use online candidate file systems and to regulate access permissions.</p>
Service Terms and Routine Tasks	3.8.1.	<p>KH's procedures make no reference to knowledge retention from one shlich to the next, such as a CRM system which could serve as a continuous tool that accumulates knowledge, even as individual shlichim change.</p>	<p>KH should utilize a CRM system to retain the knowledge accumulated through and used in the shlichim's work (regardless of local leadership). This knowledge applies to potential donors, donation history, local activists and volunteers, etc.</p>	<p>This matter will be thoroughly addressed through the CRM system which rolled out in the various campaigns in 2021.</p>

Title	Section	Conclusion	Recommendation	Response
Service Terms and Routine Tasks	3.8.2.	Shlichim completing their terms do not formally document general daily routine recommendations, based on shlichut location/region – housing locations, schools, local service providers, recreational recommendations, etc.	A database should be maintained to consolidate specific data for each host country. This data would serve new shlichim with matters affecting their service terms: housing, government institutions and formalities regarding their stay in the country, educational institutions, healthcare institutions, stores (food, clothing, etc.), local service providers, recreational places, etc.	KH will consider consolidating all information in a shlichut-completion report, submitted by every outgoing Representative, and will formalize the practice through the Shlichut Completion Procedure.
Service Terms and Routine Tasks	3.8.3.	Current practices for reimbursing Representatives' business expenses are mostly manual, requiring a great deal of time from both shlichim and the KH staff charged with reviewing and approving expenses. The Office of the Comptroller also notes that current controls do not mitigate the substantial inherent risk of fake invoices being submitted.	Consider migrating to digital expense reporting (e.g. – the My Expense reporting system). Digital expense reports would be reviewed by KH at present intervals, while addressing the potential for fake invoices.	KH will study options to use a digital reporting system, including by 'repurposing' existing systems.

Title	Section	Conclusion	Recommendation	Response
Service Terms and Routine Tasks	3.8.4.	<p>Minutes from Service Terms Committee minutes indicate the Committee sometimes discusses unique cases (e.g. – participation in orthodontic treatment for a child due to price differences between the shlichut country and Israel); other times it discusses more common issues prevalent in overseas shlichut (e.g. – expenses upon return, such as re-acclimation, housing, etc.).</p> <p>The Office of the Comptroller believes that failure to consolidate the common cases brought before the Committee under an overall policy applicable to all shlichim, may cause discrimination – some shlichim would receive benefits for similar circumstances where other shlichim did not receive benefits as they did not ask.</p>	<p>The Service Terms Committee should map out the cases brought before it, which apply to all or most shlichim. The Committee should establish a uniform policy for these cases, which should be incorporated into the Service Terms Procedure.</p>	<p>KH accepts the recommendation and is working and will make sure to implement policies as part of its procedure overhaul.</p>

Title	Section	Conclusion	Recommendation	Response
Assessing Representative Activities and KPIs	2.9.1.	Representatives are not evaluated periodically, but only before prospective promotions or raises.	Representative assessment should be performed regularly at present intervals.	KH accepts the recommendation and is already including in its work plans evaluations based on qualitative, infrastructure, and quantitative metrics.
Assessing Representative Activities and KPIs	2.9.2.	<p>The Office of the Comptroller notes that there are important aspects to the Representatives' jobs which are not formally measured (e.g. – building a platform that would yield future benefit).</p> <p>At the audit date, Representative assessments are made using supervisor questionnaires and not through periodic KPI reviews. The Office of the Comptroller notes that in 2017, an attempt was made to apply a performance measurement model. This attempt was unsuccessful due to organizational resistance.</p>	<p>Reconsider using the assessment model prepared in 2017 as the basis for a set of KPIs and success metrics for Representatives' activities abroad. To this end, study past resistance to the model and find solutions. Furthermore, as part of this effort, a pilot program should be rolled out in one region, to implement the metrics until the operational platform is established in additional regions.</p>	<p>The model proposed in 2017 affected compensation, and this was the source for the resistance. It should be considered an administrative tool which can 'speak' in a new language that KH's Director General introduced into the 2023 work plan. KH will re-examine the use of this model.</p>

Adar 5783
February 2023

M. Appendices

Appendix A

Wanted ad for overseas shlichim:

אתגר שליחות ציונות

לקרן היסוד - המגבית המאוחדת לישראל
דרושים שליחים לניהול מגביות ברחבי העולם

לקרן היסוד דרושים מועמדים לשליחות לאומית של מספר שנים ברחבי העולם, לניהול מגביות לגיוס כספים למטרות חברתיות, בעלי ידיעה של אחת השפות הבאות על בוריה: צרפתית, ספרדית, גרמנית, פורטוגזית ואיטלקית.


מועמדים בעלי תואר ראשון, עם ניסיון ניהולי באחד התחומים הבאים:
גיוס כספים, שיווק, הסברה או עבודה עם העולם היהודי - מוזמנים לשלוח קורות חיים לדואר אלקטרוני: jobs@khuia.org



נא לציין בכותרת המייל (בנושא): נציגים 2510.

* המשרה מיועדת לנשים ולגברים כאחד.

קרן היסוד Keren Hayesod
למען ישראל. למען האנשים.



קרן היסוד-המגבית המאוחדת לישראל
 ת.ד. 7583 ירושלים
 91074 ירושלים
 מס' מורשה: 520020967

web site: <http://www.kh-ua.org.il>

תאריך הזמנה: 22/07/21
תאריך הדיפה: 28/07/21 15:58

הזמנת רכש מספר BPO2101429

שורה	מק"ט	תאור מוצר	כמות	יתרה לאספקה	מחיר ליחידה	סה"כ מחיר
1	Y029	דרושים הארץ(דה מרקר)סופ"ש	1/2 54.00	1/2 54.00	ILS 100.00	5,400.00
					מחיר כולל	5,400.00
					מע"מ (17.00%)	918.00
					סה"כ מחיר	ILS 6,318.00

לכבוד:
אקטיב ויז'ן בע"מ
ת.ד. 6706
חיפה 3106602
טלפון: 054-7730034, פקס: 03-6282391
מס. עוסק מורשה: 515002657

תנאי תשלום: ש+30
מס' ספק: 709123

Appendix B

1.1. Sample quotes from Representatives who did not encounter difficulties:

- **“There were no difficulties.”**
- **“The screening process was interesting, efficient, and professional. I received an answer to all my questions.”**
- **“It was made clear in advance that the recruitment process will take time and that it’s possible that a suitable position may not always be found even if you make it into the course. The job is important enough that the right person is sent on shlichut as suitable for that shlichut country and so I don’t see any problem with waiting for the actual shlichut. I feel it is a privilege to take part in this job.”**

1.2. Sample quotes from Representatives who did encounter difficulties:

- **“Lengthy process!”**
- **“During the screening process not enough information is given about the job, the service terms, the shlichut goals, etc.”**
- **“Not all the content was relevant and there was a need for more region-specific, shlichut-focused content.”**
- **“Everything was slow without any explanation as to the stages and how long the process was expected to take.”**
- **“After the screening and training process it took a long time to get an answer from KH that I had been accepted and was going on shlichut. This long period of time keeps the family on edge and makes it harder to serve notice in the previous workplace.”**
- **“KH’s screening process is long and includes a lot of tests, step 1 and then step 2, which means it’s a long time from when you start the process and until the end and if**

during that time something changes in your professional or family life it changes your ability to go on shlichut.”

- “A lengthy screening process waiting for several years to go on shlichut and even then it depends on local leadership.”
- “The wait from the decision on shlichut placement until actual dispatch took a year or more, without any certainty and without explanations.”
- “The recruitment process is too long for the job.”
- “After the course we waited for months without any indication if and where we would be sent. That’s not a reasonable length of time for people with families, apartments, and demanding jobs in Israel.”
- “I did not encounter any significant difficulties other than the lengthy process.”
- “All through the course we did not know when, where, or even if we would go on shlichut.”
- “There is a significant change in donor trends in Europe, and the curricula are not sufficiently adapted.”

Appendix C

Comments by the 7 shlichim who claimed not to have received enough information prior to going on shlichut:

- “Salary, work permit.”
- “Salary terms compared to normal/average salaries in the host country.”
- “The information concerning employment terms was inaccurate, I was promised things which I did not receive.”
- “Specifically in my case material information was missing... and the time to obtain a local work permit (without which you cannot rent an apartment, buy a car, or open a local bank account).”

- **“The whole issue of employment terms was a sort of trial and error.”**
- **“The ability to live off the KH salary and get by in general was one big mystery.”**
- **“Since a long time has gone by since I was on shlichut in ..., KH was not used to sending shlichim to ... and a lot of things sort of fell through the cracks and created a lot of challenges for me and my family. KH provided sufficient support during the period but a lot of trouble could have been avoided through proper preparation.”**
- **“There are a lot of things that surface during the shlichut (which are common to the host country and still persist over the years). As though no experience is accumulated in the head office.”**

Appendix D

Comments from Representatives concerning the Human Resources Department’s handling of problems encountered during their shlichut:

- **“Response was too slow, not professional enough for an organization which has been sending shlichim abroad for a century.”**
- **“Increasing a car loan.”**
- **“The amount for rent is not enough and not realistic. The pay itself is also not satisfactory.”**
- **“Receipt of work permit.”**
- **“As mentioned, my pay from KH was completely different from the simulation I was presented... and the actual pay is not enough for a normal, average lifestyle...”**
- **“Response was indirect and not immediately on the pay slip.”**
- **“As mentioned, it is not possible to get by on KH’s salary in the host country. If your partner doesn’t work there is no chance you’ll cover costs (and even so, you have to be frugal). As mentioned, it’s also very hard for one’s partner to find work.”**
- **“Because I was placed almost immediately, there were a lot of things that were not arranged in advance. It took us a long time to register at the municipality, and you can’t do anything before**

registering – you can't open a bank account, enroll for certain services, etc. This created a lot of frustration which made our initial time quite difficult and also forced us to ask favors from people, utilize contacts (which we obviously hadn't made yet), and get by.”

- “So far, we always got a speedy and efficient response any time we ran into a problem.”

Appendix E

Comments by Representatives concerning help with renting an apartment and enrolling kids to school:

- “Because of poor handling of my work permit application, I was not able to rent an apartment for over a year.”
- “The shaliach is expected to do everything, KH only transfers the money.”
- “As mentioned, the allocation for rental costs is not enough.”
- “There is no help in this matter at all.”
- “There was no need. We handled it ourselves.”
- “These are two different issues and they require that the shaliach and HR work together to obtain good results. However, the financial issue was handled well and payments in general were made on time.”

Appendix F

Representatives' comments concerning problems encountered with authorities during their shlichut:

- “...strike in the host country...”
- “I handled the matter myself.”
- “With the shipping company and with the Income Tax Authority, I received help and full support from KH.”
- “There are problems with school payments in the host country...”

- **“Multiple-income tax reconciliation, mandatory local medical insurance KH and HR helped me solve the problem.”**
- **“I handled it myself.”**
- **“I couldn’t obtain documents and certificates during my shlichut...”**
- **“There was a problem with the residence and work visa which was ultimately resolved through joint efforts by KH and local Jewish Agency staff.”**
- **“We mainly had problems abroad.”**

Appendix G

1.1. Improvements suggested by Representatives in the survey:

- **“The ongoing uncertainty during recruitment needs improvement. Shlichim do not receive any training during their shlichut!! I think this is a major weakness.”**
- **“It is very important to be open and direct with shlichut candidates. My family and I were in limbo which created a lot of tension until we were notified that we were going. This is a major change in a family’s lives and waiting until the last minute made our relocation much harder. There should be full transparency and as much notice as possible before going on shlichut. Especially for families with children for whom the change is particularly difficult.”**
- **“Sending expense reports digitally through an app.”**
- **“The organization does not allow shlichim enough room to impact strategy. I think the service terms are no longer sufficient or match current norms.”**
- **“Create centralized sources of information on shlichut destinations
Schools – types and options
Medical care
Everyday tips
Etc.”**

- **“Consider simultaneously obtaining work permits for partners.”**
- **“Keep – the recruitment process is long but very professional.**

Improve – service terms – It is important to have several accurate prep-talks about salary terms for shlichim with IDF pensions and explanations about the length of the process for obtaining a work permit and the implications of not having one.”

1.2. General comments from Representatives, submitted in the survey:

- **“The recruitment process, the course, and ultimately the shlichut were a fantastic experience. Very interesting, and I’m happy I had the privilege to be part of KH. Great people, an organization I really admire and love.”**
- **“The HR Department’s response is usually excellent, I thank them dearly for everything.”**
- **“No comments.”**
- **“Recruitment, screening, and training shlichim when it is unclear to both candidates and the organization if they will ever go on shlichut is a waste of time, energy, and money.”**
- **“There are wonderful people in the organization who are very committed to their peers and the organization. But it feels like there is a bit of disorganization and mainly expectation that the family that goes on shlichut will find their own footing. This, while also starting a new job, wanting to prove yourself, and having yourself, your partner, and the kids cope and get used to the new place.”**
- **“During the screening process and especially during the shlichut itself, the HR Department was always available for any question or consultation and very effective in**

giving support or finding a solution to any problem that arose, while being very pleasant, always with a smile, and will full appreciation for our needs as a family. This is particularly noteworthy in light of the timing of our shlichut (during the COVID pandemic) – and for that we are very grateful to Y. and G. I think KH’s service terms are excellent.”

Appendix H

Example of measurement model – individual Representative level

- Representative’s targets are derived from those of their respective region
- Metrics applied to each Representative may vary, as may the weight assigned each metric
- Metrics may be partly **quantitative** and partly **task-based**

נציג 3		נציג 2		נציג 1		סה"כ מרחב	מדד	קטגוריה
יעד	משקל	יעד	משקל	יעד	משקל	יעד		
\$ 1.4	20%	\$ 1.3	20%	\$ 1.3	20%	\$ 4	כסף חופשי (ב-\$ M)	מדדי גיוס כספים
		\$ 2.2	20%	\$ 1.7	25%	\$ 3.9	קולקטיב (ב-\$ M)	
				\$ 2.5	10%	\$ 2.5	גרס (ב-\$ M)	
4	10%	3	8%	3	5%	10	החתמת צוואות	מדדי איכות
		2	5%	3	5%	5	גיוס קרנות	
8	10%					8	משלחות	
100%	10%	100%	7%			100%	כיבוד נהלי הלשה"ר	מדדי תשתית
100%	10%			100%	5%	100%	ניהול המגבית	
100%	5%	100%	10%	100%	5%	100%	חטיבת נשים	
100%	10%			100%	5%	100%	ידידי ישראל	מדדי תשתית
				100%	5%	100%	דור המשך	
		100%	10%			100%	טיפוח והגדלת בסיס התורמים	
100%	10%	100%	10%			100%	גיוס לאירועים בינ"ל	
2	5%	5	10%	5	5%	12	מגה תורמים	
100%	10%			100%	10%	100%	מנהיגות/פעילים והכשרת פעילים	
	100%		100%		100%		סה"כ מודל מדידה	

**Response of the Chairman of the Zionist Executive
to the Comptroller's Report on
Keren HaYesod United Israel Appeal (PBC)
Sourcing, Screening, and Recruiting
Overseas Representatives**

In accordance with Section 18B to the Statutes for the Comptroller and the Control Office of the World Zionist Organization the following is my response to the audit report concerning the Sourcing, Screening, and Recruitment of Keren HaYesod's Overseas Representatives.

Since KH was established in London, in 1920, KH has worked tirelessly to raise funds for Zionist goals. Shlichim, as KH representatives, effectively serve as the KH's 'front line' in the Diaspora.

My meetings abroad with KH shlichim have always shown that, in their daily activities, shlichim not only raise funds toward Zionist activities, but also enlist the hearts of many of our brethren in Beit Yisrael, wherever they may be.

In my response, I will focus on two key issues that are crucial for the Zionist endeavor's continued success: candidate questionnaires indicated that the main driver leading people to uproot themselves and their families from their community and familiar surroundings and move abroad on a KH shlichut is not economic factors, but that endless ideal that Binyamin Ze'ev Herzl identified as Zionism.

Screening staff should continue their work to achieve similar or even better results where representatives consider their workplace a mission.

However, as shlichim are so mission-driven, we must make sure they are not adversely impacted by their commitment. Thus, we should study the report's findings and consider improving their service terms to allow them to devote their entire attention to their assigned tasks.

The second issue I would like to refer to is the length of the recruitment process. As indicated by the report, lengthy recruitment causes many good

candidates to be lost along the way. I have contacted KH's Chairman and asked to study options to shorten the process, and to limit its duration. Of course, this would be done without compromising screening standards.

In closing, I would like to share that about a year ago, when I served as Acting Chairman for the Jewish Agency, we experienced the terror which gripped the Jewish communities in Ukraine and Russia. Despite the tremendous complexity of fundraising in general, in that time of crisis KH and its representatives abroad redoubled their efforts and raised substantial funds, allowing many Jews to be saved. For this I am both proud and grateful.

I would like to thank the Office of the Comptroller for the report.

(–) Yaakov Hagoel

Jerusalem, Adar 5783
March 2023

**Statutes of the Comptroller
and of the Control Office
The World Zionist Organization**

Statutes of the Comptroller and of the Control Office The World Zionist Organization

Adopted by the Zionist General Council at its Session in March 1963, in accordance with Resolution 95 passed by the Zionist General Council at its Session in May–June, 1962, with reference to Section 60, paragraph 8 of the Constitution of the World Zionist Organization. Including the amendments in accordance with the Resolution passed by the Zionist General Council at its Sessions in January 1967, February 21, 1974, July 14, 1976, and June 29, 1986, and further amended as resolved by the Presidium of the Zionist General Council on June 11, 1991.¹

A. Definitions

In these Statutes:

The Constitution: The Constitution of the World Zionist Organization as adopted by the Zionist General Council at its Session of December 1959 – January 1960 in accordance with the decision of the 24th Congress, as amended.

The Congress: The Zionist Congress.

The General Council: The Zionist General Council.

The Presidium: The Presidium of the Zionist General Council.

The Executive: The Executive of the World Zionist Organization.

¹ The Zionist General Council authorized the Presidium, in June 1990, to amend the Statutes in line with Resolution 37 of ZGC of June 1989, and as may be necessary to clarify the procedures concerning the Comptroller's reports.

The National Funds:	Keren Hayesod – United Israel Appeal and the Jewish National Fund.
The Comptroller:	The Comptroller of the World Zionist Organization.
The Control Comm. ²	The Control Committee elected by the Zionist General Council to discuss and deal with the Comptroller’s findings.
Controlled Body:	A body within the meaning of Section 10 of these Statutes.
Central Zionist Institution:	An institution within the meaning of Article 46 of the Constitution.

B. Status of the Comptroller and his Deputy

- | | |
|-----------------------------|---|
| Election of the Comptroller | 1. The Comptroller shall be elected by the Congress for the purpose of conducting the control in the World Zionist Organization (in accordance with Article 14 (e) of the Constitution). |
| Term of Office | 2. The term of office of the Comptroller shall be from the day of his election until the end of the next regular Congress. Should the office of the Comptroller become vacant during the period between one Congress and the next, the General Council shall elect a new Comptroller, and in the meantime, the Deputy shall fulfill the duties of the Comptroller. If there is no Deputy Comptroller, the Presidium shall appoint an Acting Comptroller, but the Comptroller shall continue to serve until the Acting Comptroller assumes office. |

2 Amended with indirect amendments resulting from the approval of the Statutes of the Control Committee by the Zionist Presidium on February 19, 2017. The Presidium was authorized by the Zionist General Council to formulate the Statutes of the Control Committee and the indirect amendments in the Statutes of the Comptroller and the Control Office.

- Deputy Comptroller 3. (a) Should it be decided to establish such a post, the Deputy comptroller shall be elected by the Congress or the General Council, after hearing the opinion of the Comptroller. The Presidium may, in urgent cases, appoint a Deputy, such election being subject to the approval of the General Council at its next session. Details of the Deputy Comptroller's authority shall be determined by the body which elects him (in accordance with Article 60, Section 3, of the Constitution).
- (b) The tenure of office of the Deputy shall be from the day of his election until the end of the next regular Congress, or a shorter term to be decided upon by the body which elects him.
- Vacancy of office 4. (a) The office of the Comptroller and his Deputy shall become vacant in any of the following circumstances:
- i. upon the expiration of his term of office;
- ii. upon his resignation;
- iii. upon his dismissal from office by a two-thirds majority vote of the General Council;
- iv. upon his death.
- (b) The Comptroller may resign by tendering a letter of resignation to the Chairman of the General Council.
- Independence of the Comptroller 5. The Comptroller shall not, in the fulfillment of his duties, be subservient to any body, and shall be responsible solely to the Congress and to the General Council (in accordance with Article 60, Section 6 of the Constitution).
- Special Status 6. The Comptroller shall participate in an advisory capacity in the Congress, the General Council, and their committees, including the Finance Committee (in accordance with Article 32. Section 3 of the Constitution).

7. The status of the Comptroller shall be equal to that of a Member of the Executive, and his salary shall be in accordance with that status, and the status of the Deputy Comptroller shall be equal to the status of a Deputy Member of the Executive.
- Restrictions 8. (a) Neither the Comptroller nor his Deputy shall serve on the executive of a controlled body; nor shall they hold any other paid office;
- (b) Neither the Comptroller nor his Deputy shall during their period of office purchase, lease, or acquire by gift any movable or immovable property belonging to any controlled body, nor shall they receive from such bodies any concessions, grants, or favors, except for land or a loan for the purpose of settlement or housing.
- (c) Neither the Comptroller nor his Deputy shall take up employment with a controlled body within three years of leaving office.
- Secrecy 9. The Comptroller and his Deputy shall be bound to observe secrecy of all information, documents, or reports to which they have access in the course of their work.

C. Scope of Control

- Controlled Bodies 10. The following are the bodies subject to control by the Comptroller:
- (a) All departments, enterprises, and institutions of the World Zionist Organization, both in Israel and in the Diaspora.
- (b) The National Funds and every other fund of the World Zionist Organization, including their departments, enterprises, and institutions, both in Israel and in the Diaspora.

- (c) Every company, enterprise, fund or other body in whose capital or budget the World Zionist Organization and/or the National Funds, together or separately, participate to an extent of 50 percent or more, or in which they have at least 50 percent of the voting rights.
- (d) Every company, enterprise, fund or other body in whose capital or budget the World Zionist Organization and/or the Funds mentioned in sub-section (b), together or separately, participate to an extent of less than 50 percent, provided that the right of examination was a prior condition agreed upon with such bodies. The extent of such control shall be determined by agreement between the Executive and the Comptroller.
- (e) Every body subsidized by the World Zionist Organization, or other body, the examination of which is imposed upon the Comptroller by decision of the Congress, the General Council, the Finance Committee, or the Executive. The extent of such control shall be determined by agreement between the Executive and the Comptroller.

D. Functions of the Control

- Details of Control
- 11. The Comptroller shall examine the administration of the controlled bodies, the condition and administration of their finances, their accounts, and their property, with respect to their legality, order, efficiency, economy, and integrity, and shall examine:
 - (a) Whether the controlled body functions in accordance with the Constitution and the directions of the Central Zionist Bodies;
 - (b) Whether the expenditure of the examined bodies was made within the scope of their budgets, as approved by the competent institutions, and for the purposes for which they were intended;

- (c) Whether the procedures of the controlled body regarding receipts and payments is satisfactory;
- (d) Whether the methods of safeguarding monies and property and the state of cash and supplies are satisfactory, and whether the accounts and balance sheets are accurate and prepared at the proper time;
- (e) Whether the controlled bodies operate economically and efficiently in all aspects of their work, while adhering to legal and moral principles;
- (f) Whether the auditing of accounts, if conducted by an auditor, is done at the proper time, and whether the controlled body complies with the auditor's directives.

Investigating Complaints 12. The Comptroller shall investigate complaints submitted to him by the public against any body or person subject to his control, as set forth in Section 10 above.

E. Control Procedure

Submission of Budgets by Controlled Bodies 13. A controlled body shall be obligated to submit its detailed budget to the Comptroller immediately upon its approval by the competent institutions, to inform the Comptroller of any changes in the budget, and to submit to him all documents pertaining to it.

Submission of Statements and Balances by Controlled Bodies 14. (a) Every controlled body shall be obligated to submit to the Comptroller an interim report on its income and expenditures for each fiscal year no later than four months after the end of such year, and six months after the end of the year, but not later than nine months, a balance sheet showing assets and liabilities as at the end of the fiscal year.

- Cooperation on the part of the Controlled Body
15. (b) Every controlled body shall submit to the Comptroller a report and opinion presented to it by an auditor and a copy of its remarks on such report or opinion.
- (a) The controlled body shall be obligated to render its full assistance to the Comptroller and to his staff in the performance of their tasks, and to allow them unlimited access to all books, files, accounts, documents, ledgers, card indices, and all other material belonging to the controlled body. The controlled body shall similarly be required to submit all information, documents, explanations, and other materials required by the Comptroller or his staff for the purposes of the examination.
- (b) Any body or person against whom a complaint is investigated, as stated in Section 12 above, shall furnish the Comptroller, at his request, with all the sources of information noted above within a reasonable period of time or within a period of time determined by the Comptroller, according to the circumstances.

F. Results of the Examination

- Submission of Examination Findings
16. (a) Should the examination reveal any shortcomings in the work or activities of any controlled body, the Comptroller shall inform the controlled body thereof in writing and require rectification of such shortcomings within a reasonable time.

- (b) If the matter is intended for inclusion in a Report under Chapter G, the Comptroller shall present a summary of the examination to the head of the controlled body in order to receive explanations and clarifications regarding the findings of the examination, and if he should deem it necessary, he shall submit a copy thereof to the Chairman of the Executive or to the Treasurer, as appropriate.

The Comptroller may set a final date by which such explanations and comments are to be given.³

- (c) If the examination reveals any deviation from or disregard of the directions of the competent institutions of the World Zionist Organization, or a breach of the law or of integrity on the part of a controlled body, the Comptroller shall bring his findings to the notice of the head of such controlled body for appropriate action and shall notify the Chairman of the Executive and the Legal Counsel.⁴
- (d) The Comptroller may submit a summary of the examination to a body controlled in accordance with Section 10 (e) in order to receive necessary explanations, with a copy to the body that requested the examination.

3 Amended by the Presidium Resolution of June 11, 1991.

4 Amended by a Resolution passed by the Zionist General Council at its Session on February 21, 1974.

Results of
Investigation
of Complaints

17. (a) The Comptroller may inform a body or person subject to his control of the results of the investigation of a complaint which has been investigated by him, as laid down in Section 12, above, and he may add his opinion and/or recommendations regarding the steps which should, in his view, be taken to resolve the individual complaint and/or to rectify various shortcomings revealed in the course of the said investigation.
- (b) The Comptroller may at any time ask the said body or person to inform him of their position and of the steps which have been or will be taken in the matter which was the subject of the complaint. A controlled body shall answer the Comptroller within a reasonable period of time or within a period of time determined by the Comptroller, according to the circumstances.
- (c) At the conclusion and/or during the course of the investigation, the Comptroller shall furnish the complainant with a pertinent reply which shall, in the Comptroller's opinion, be an appropriate and satisfactory. reply under the circumstances.

G. Reports⁵

The Separate
Reports

18. (a) Upon completion of an examination of a body subject to his control under section 10, of a specific subject, the Comptroller may submit a separate Report on the said body or subject. The Report shall be submitted to the Chairman of the Control Committee, the Chairman of the Executive, the Treasurer, and the Head of the Controlled body.

5 This Chapter, which lays down the procedures for the submission, publication and handling of the Comptroller's Reports was amended by Resolution of the Zionist General Council on June 29, 1986, and further amended by Resolution of the Presidium of June 11, 1991.

- (b) The Chairman of the Executive shall make his comments on the Report and forward them to the Chairman of the Control Committee not later than two months from the receipt of the Report (Executive's Response).
- (c) The Control Committee shall discuss the Report within two months of the receipt of the Executive's Response. Should there be no Executive's Response within the period set in subsection b), the Committee may discuss the Report without a Response. Representatives of the Executive, as determined by the Committee, shall be invited to attend the Committee's meeting which is to deal with a Comptroller's Report.
- (d) The Separate Reports, or their main points, as the Comptroller may decide, shall be included in the Comptroller's subsequent Annual Report to be prepared and submitted under Section 19.
- (e) Upon completion of its discussion of a Separate Report, the Committee shall draw up its summaries and conclusions, including its requests for correction of deficiencies, and shall communicate them to the Chairman of the Executive, to the Head of the Controlled body and to the Comptroller.
- (f) The Chairman of the Zionist General Council will receive a copy of each Separate Report, of the Executive's Response thereto and of the Committee's Conclusions.
- (g) If necessary, the Comptroller may make an interim report to the Control Committee.

The Annual Report

19. The Comptroller shall prepare once a year an Annual Report. The timing of the Report shall be such that it be submitted to the Chairman of the Zionist General Council and its members one month before the Council's regular annual Session.

The Comptroller's Annual Report shall comprise:

- (a) A general summary of his activities and the activities of his Office during the year;
- (b) A list of the bodies and their main units controlled during the period of the report;
- (c) A list of the separate Reports submitted by the Comptroller according to Section 18;
- (d) The separate Reports themselves or their main points as the Comptroller's may deem appropriate. If a Separate Report is included in the Annual Report, the Executive's Response shall also be appended. If the Separate Report had been discussed in the Committee, the Committee's conclusions shall be included in the Comptroller's Annual Report.
- (e) After consultation with the Chairman of the Control Committee, the Comptroller may include in the Annual Report a separate Report not yet disposed of by the Committee, whereupon:
 - (1) The Committee's Conclusions, once they are determined, shall be distributed to the members of the Zionist General Council.
 - (2) In the following Annual Report these Conclusions shall be presented, along with a precis of the Report, and, if possible, with a brief follow up on the relevant points.

- (f) Concurrently with the submission of the Annual Report to members of the Zionist General Council, the Comptroller may release the Report for publication.
- (g) Should the Comptroller believe, upon consultation with the Chairman of the Executive and the Chairman of the Committee, that publication of a certain subject or of certain details included in the Report, may be detrimental to the World Zionist movement, or to its activities in some countries, he may exclude such a subject or such details from the published Report. The Chairman of the Zionist General Council together with the Chairman of the Committee may decide – on the recommendation of the Comptroller, of the Executive or at their own discretion, that certain parts of the Committee’s conclusions should be excluded from the published Report.
- (h) The Comptroller may make public a Separate Report prior to the time that the next Annual Report is prepared and published, if he believes it necessary and after consultation with the Chairman of the Committee and the Chairman of the Zionist General Council.

Discussion
by Zionist
General
Council

20. The Presidium of the Zionist General Council may determine whether and how the Comptroller’s Annual Report shall be discussed by the Council.

In any event, the agenda of the Council shall include an oral report of the Chairman of the Finance Committee or of the Sub-committee for Control on control activities, and – if necessary – a report of the Chairman of the Executive on steps taken to rectify deficiencies.

Report to
the Zionist
Congress

21. Close to the convention of the Zionist Congress the Comptroller shall prepare a comprehensive report referring to the period since the previous Congress. The provision of sections 19–20 above shall apply *mutatis mutandis*.

H. The Control Office

22. The Comptroller is the head of the Control Office, through which he shall carry out his duties under these Statutes.
23. The rights and duties of the employees of the Jewish Agency – World Zionist Organization will be applicable to the Director-General and the staff of the Control Office. They shall, however, be appointed, employed, and dismissed by the Comptroller in line with the labor agreement governing employees of the Jewish Agency – World Zionist Organization, and shall be subject solely to the Comptroller or any person designated by him.
24. The restrictions noted in Section 8 above shall apply to all employees of the Control Office concerned directly with control. As to the restriction contained in Section 8 (c), the period of prohibition prescribed in this section for employees of the Control Office shall be two years or less, as decided by the Comptroller.

The restrictions set forth in Section 9 shall apply to all employees of the Control Office.

25. The budget of the Control Office shall be a special budget determined on the proposal of the Comptroller, by the institution that approves the budget of the World Zionist Organization in the current year, without connection to other expenditure budgets. Such budget shall be spent in accordance with the Comptroller's instructions.

26. The Comptroller shall submit a financial statement at the end of each year for the approval of the Finance Committee.

I. Miscellaneous

27. Should the General Council not decide to establish a Permanent Budget and Finance Committee, the provisions of these Statutes that refer to such committee shall apply, mutatis mutandis, to the General Council itself or to such institution as the General Council shall charge with the carrying out of its functions in budgetary and financial matters.
28. Upon the approval of these Statutes, the Statutes of the Control Office as adopted by the 24th Congress shall become null and void. Decisions of the Central Zionist Institutions regarding the Comptroller and the Control Office, apart from the provisions of the Constitution, shall likewise become null and void.