



State of Palestine

**State Audit & Administrative Control Bureau**

# **Annual Report 2012**

Auditing for Construction , Development and Promotion of Good Governance

## Foreword

The State Audit and Administrative Control Bureau (SAACB) is the Supreme Audit Institution of Palestine. It has been established pursuant to article 96 of the amended Basic Law, by the law 15/2004. It is one of the national integrity system's cornerstones and a key actor of the national corruption fighting plan (2012-2014). It lays the foundations for good governance and for effective accountability.

SAACB is responsible for development and improvement of public performance through an effective auditing aiming at enhancing credibility and integrity. Stabilization and implementation of institution-building concepts and promotion of development require effective systems and clear accountability standards that guarantee a high degree of transparency, a prerequisite for the Executive's adherence to public performance and safeguarding the public assets. Consequently, SAACB is informing the parliament and the people in order to ensure the highest level of integrity and transparency in managing and safeguarding public funds and rationalizing Public Financial Management, taking into account the principles of the rule of law.

The report reflects SAACB's experience and its ability to fulfill its legal mandates, with a high level of professionalism enabling it to assist the audited bodies in improving their organizational administrative situation and in conducting operations based on laws and regulations. Despite limited resources, SAACB-inspired by its determination to develop its performance in line with international standards and practices-achieved the objectives of its strategic plan, comprising the reform of SAACB's law and organizational structure and achieving the regular auditing of the Annual Financial Statements of the State of Palestine.

Exercising its mandate, SAACB expresses its professional opinion on financial statements, balance sheets and financial/administrative policies of the State of Palestine,

In order to ensure its quality standards enabling it to undertake high quality audits, SAACB is continuously developing the individual capacities of its staff through improving professional and behavioral skills, by training programs and projects to which a great portion of available resources is allocated. The updated audit methodology –based on international standards- has been implemented, and a code of professional conduct governing the individual ethical conduct of staff has been adopted.

SAACB is looking forward to further contributions to the promotion of public performance, in cooperation with all stakeholders. By meeting international public sector auditing standards and by its continuous capacity building, SAACB has proved

its qualification to full membership in INTOSAI, the UN Organization of Supreme Audit Institutions.

Inspired by its sense of responsibility and the belief in its role and with the support of the President of the State of Palestine, the Prime Minister and the Legislative Council, SAACB was effectively able to undertake audit actions leading to the preparation of its annual report of 2012, which presents a documentation of its achievements, expectations and challenges throughout that year.

I am pleased to present this report, hoping it will help the decision makers to turn SAACB's recommendations into implementable decisions related to policies responding to future challenges.

Finally, I would like to express my appreciation to all SAACB staff members dedicated contributions to the production of this report and to the promotion of the audit actions underlying this report. We pledge to invest in the future even more effort, dedication and industriousness in order to promote the high institutional standing of SAACB.

**Dr. Samir Abuznaid**  
**President**  
**State Audit & Administrative Control Bureau**

## Introduction

The annual report of 2012 is submitted pursuant to provisions of the SAACB law 15/2004 (article 8), which stipulates that **'President of the Bureau shall submit to the President of Palestinian National Authority, the Palestinian Legislative Council and the Cabinet the annual report, or upon request, about actions and observations executed. The President shall also give the PNA President, PLC, the cabinet any data, information, studies and researches required, and shall answer any request by any of them. The annual report shall be published in the Official Gazette'**. SAACB also exercises the mandate prescribed in the law applying comprehensive quality control standards in conformity with its mission and vision.

From the viewpoint of stakeholders and decision makers, the publication of the outcomes and recommendations of its audit activities is one of the key objectives met by SAACB, in its incessant striving for raising the efficiency of state institutions as well as of all other audited entities. Other objectives include the follow up of its recommendations and the promotion of an oversight culture among the staff of public sector institutions. This would result in an enhanced financial discipline, in the support of preventive measures aiming at fighting corruption and in raising the awareness for social/national responsibility to safeguard the public assets and to improve the performance.

The aim of this report is to highlight the role played by SAACB in bringing about comprehensive auditing and subsequent advice to public sector entities in order to guarantee that the use of financial and administrative resources is properly optimized. This will, in turn, contribute to the creation of a favorable environment for the growth of the national economy. SAACB ensures complete collection of revenues and a solid execution of public budgets as required by provisions of effective laws, regulations and instructions, and in accordance with the principles of good governance (transparency, integrity, justice, and accountability). SAACB is disclosing and addressing financial/administrative violations, by its continuous and effective audit action according to the best professional practices.

The audit reports are a means of communication between SAACB as the supreme audit institution, with the audited entities and all other stakeholders. Thus, SAACB provides the audited entities with the results of its effective practice of different audit types, measuring the quality of the internal control systems of these entities. In general, these reports raise the awareness of staff at all levels of the audited entities, of deviations, of strengths and weaknesses. It shows the real situation of the audited entities and sheds light on problems and violations that impede proper performance and sound institution building, in addition to recommendations and instructions to abolish shortcomings in audited entities.

This annual report is based on the results of audit reports issued during 2012, which have been classified, compiled and analyzed according to the best international practices.

The 2012 annual report consist of three chapters and annexes. The first chapter contains the key observations and the detected financial/administrative violations in the audited entities by SAACB`s competent audit departments. It indicates the direct financial impact and the main outcomes, conclusions and recommendations reached and duly communicated to the audited entities, with the purpose of promoting and developing performance. The second chapter focuses on the Financial Statement Audit for 2010 and the related key observations and violations, in addition to SAACB's opinion on financial statements, whereas chapter three describes the main achievements and activities, at the national and international level.

The report has been prepared as a result of a joint and concerted effort, following international reporting standards. SAACB welcomes purposeful observations and suggestions that would develop, stimulate and support auditing of the national institutions, leading to stronger institutions and the rule of law.

# **Annual Report**

**2012**

## **Executive Summary**

SAACB has issued the annual report of 2012 pursuant to provisions of the SAACB law 15/2004 (article 8), which stipulates that the '**President of the Bureau shall submit to the President of Palestinian National Authority, the Palestinian Legislative Council and the Cabinet the annual report, or upon request, about actions and observations executed. The President shall also give the PNA President, PLC, The cabinet any data, information, studies and researches required, and shall answer any request by any of them. The annual report shall be published in the Official Gazette**'. The report is issued to meet the legal requirement that the SAACB shall present information on actions undertaken in order to increase transparency and integrity.

Data and information contained in the report have been gathered through audits of the entities under the mandate of SAACB. The audit opinions were formulated in accordance with international public sector auditing standards and standards of the International Organization of Supreme Audit Institutions (INTOSAI) and the Arab Organization of Supreme Audit Institutions (ARABOSAI), taking into account the observations originated from responses of audited bodies to audit reports in 2012.

The annual report deals with all substantial financial/administrative observations comprised in audit reports on entities in the sectors of economy, social/cultural services, infrastructure, governance/security, local government bodies and NGOs.

The report is divided into three chapters, the **first** of which contains disclosure of major financial/administrative violations, an overview of all audit reports issued in 2012, an outline of reports referred to the Anti-Corruption Commission for further investigation, information on the direct financial impact of operations, on losses suffered by the treasuries of the State, of local government bodies and of NGOs as well as key outcomes/recommendations. **Chapter two** presents the report on the Annual Financial Statement 2010 audit, while **chapter three** is dedicated to key achievements and activities at the national and international levels.

SAACB has issued 123 audit reports in 2012 and took part in 550 public procurement bidding meetings as observer. SAACB received 267 complaints, all of which have been followed up by the legal affairs department. 43 files have been referred to the Anti Corruption Commission in 2012, of which 29 files concerning operations during 2012 and 14 files concerning the previous years.

Regarding the direct financial impact, audits carried out have resulted in the disclosure of substantial financial violations causing a loss of 4,898,853 USD to the State of Palestine's treasury, 2,433,336 USD to local government bodies and 496,801 USD to NGOs. The financial impact is shown in detail in the table below:

Sector	No. of reports	Financial impact on Palestine's treasury (\$/2012)	Financial impact on NGOs and LGBs (\$/2012)
Local government bodies	50	1,488,484	2,433,336
NGOs	14	361,877	496,801
Economy	8	Couldn't be enclosed due to reasons that have to do with financial statements	-----
Governance (security & civil)	19	19,781	-----
Infrastructure	11	1,923,695	-----
Social & cultural services	21	1,105,016	-----
<b>Total</b>	<b>123</b>	<b>4,898,853</b>	<b>2,930,137</b>

Major financial/administrative violations disclosed in audited bodies in 2012 (by sector) are as follows:

### 1. Local Government Bodies

In this sector (municipalities, local councils, village councils, project committees, joint service councils), SAACB issued 50 audit reports, followed up 28 complaints and referred 17 files to the Anti Corruption Commission (suspected misappropriation, theft and misuse of public funds).

**The substantial violations observed in this sector in 2012 were as follows:**

#### Financial:

- Misappropriation and credit misuse at some LGBs due to weak control and accountability, and domination of some individuals over decision making.
- Some LGBs failed to perform accounting, necessary to verify record and process financial transactions (receipts and payments).
- Some LGBs did not collect some fees as prescribed by laws regulating their actions.
- Some disbursements have been done by some LGBs for exchange of services, actions or procurement with corroborating documents (tax invoices, source discount document, achievement reports), while some of them have been done without quotes or tenders. The procurement code of LGBs has not been applied.
- Some LGBs spent amounts for items that do not fall within spending authorizations mentioned in LGBs law.
- Some LGBs have not employed their staff according to the organizational structure approved by the Ministry of Local Government.



### **Administrative:**

- LGBs have not taken into account observations and violations disclosed by SAACB, and they failed to implement recommendations effectively
- Appointments are done directly at some LGBs without following legal procedures.
- Misappropriation, case of corruption or financial violations disclosed at the level of MOLG as well as LGBs have not been reported to SAACB. SAACB has not been informed of decisions made and outcomes reached in this respect.
- There has been job description duplication for some employees who work in their capacities as public servants and also as LGB members, which caused duplication of payment.
- Some mayors and staff acted or made procurement agreements in their personal capacities or through relatives, which is considered as conflict of interest.
- Some LGBs have not taken legal procedures against some absent council members who failed to attend more than three consecutive meetings without official excuse.
- There is no closed documentation cycle, sound warehouse management system, supplies logs and books for custodies and assets at some local councils and municipalities.
- Provisions of the building code have not been followed regarding granting building licenses, field inspection and completion of licensing files, especially determination of fees, legal clearances and collection of insurances.
- Growing loss from water and power grids at some LGBs due to worn out equipment, thefts or illegal subscription.
- Failure to take necessary legal actions and procedures against people who do not pay regularly.

**The total financial impact forfeited by LGBs and Palestine treasury was 2,433,336 USD and 1,488,484 USD respectively, as a result of failure to enforce provisions of laws and regulations that govern their work. The total of amounts misappropriated from some LGBs reached 486,668 NIS, while the amounts used for personal purposes were 5,442,356 NIS. The total of differences resulting from inventory of some cash boxes was 180,248 NIS.**

## **2. Economy**

As a result of audits performed in this sector (Ministry of Finance and respective departments, ministries included in this sector, Palestine Investment Fund and affiliates), SAACB issued 7 reports as well as the report on the Audit of the Financial Statement 2010 of the State of Palestine. One report has been referred to the Anti Corruption Commission.

**The substantial violations observed in this sector in 2012 were as follows:**

1. There have been some substantial violations committed by the Ministry of Finance in terms of management of public funds. SAACB issued a qualified opinion on the on the Audit of the Financial Statement 2010 of the State of Palestine. The basis of the qualified opinion was as follows:
  - Unequal cash balance of 2010 balance sheets due to incomplete bank reconciliations, bank accounts of MOF unregistered and unlisted in the 2010 financial statements and MOF failure to disclose nature and cause of error pertaining to correcting previous balances of 2009 (20,442,000 USD) for 2010 financial statements.
  - SAACB deems that disclosures and amounts of public debt (foreign and domestic loans and their payments) are not adequate.
  - SAACB expressed qualified opinion on MOF compliance to public debt-related laws for several reasons.
  - MOF failed to conduct compulsory treatment for differences in exchange rates as stated by standard 1/7/8 of international public sector accounting standards on cash basis.
  - Payments and receipts from third parties have not been fairly shown, especially those given by Arab funds. SAACB could not audit some bilateral agreements regarding direct grants given by donors allowing some centers of responsibility and ministries.
  - There are substantial differences between total actual payments (comparison list of budget vs. actual) and the second list (consolidated statement for cash payments and receipts of the State of Palestine). There is not clarification of the nature and reason of these differences according to compulsory standards of public sector accounting (cash basis).
  - MOF has violated many compulsory standards of international public sector accounting (cash basis of financial statements preparation).
  - MOF gave guarantee to loans in 2010 without consent of the council of ministers.
  - MOF purchased land and real estate's for the benefit of some corridors of power in violation of laws and regulations, and with values exceeding equal value of appraisal, which violates the decisions taken by the leasing committee.
  - There has been failure to implement recommendations of SAACB, where competent departments at MOF failed to follow up the previous two management letters of 2008 and 2009, along with recommendations and proposals to overcome weaknesses, improve financial performance and enhance control systems.
  - There is not clear policy to deal with arrears, which affects consistency and stability of offers between years.
  - There is not clear and fixed financial policy regarding bilateral agreements between centers of responsibility (ministries and public institutions) and donors, which do not fall under MOF supervision.

2. Head of the IT department at Tubas taxation department Mr. (A.F.A.D) misappropriated part of amounts deposited by taxpayers through receipt of tax amount in cash.
3. Value of cheques bounced at the income tax general department in 2010 reached 11,783,211 NIS, 129,117 NIS and 550 JD (until November 2011). MOF has not followed the legal procedures to cash these cheques.
4. Monthly reports prepared by the financial division at the general department of taxation, excise and tobacco have been characterized by inaccuracy. There has been difference between these reports and the monthly income records at MOF's accounting department.
5. There has been difference between entries of used/imported vehicles used in TAWASUL Software and approved list, which caused devaluation of customs duties paid.

### **3. NGOs**

The NGOs department has issued 14 reports in 2012 (financial/administrative), 8 of which have been referred to the Anti Corruption Commission.

#### **The substantial violations observed in this sector were as follows:**

##### **Financial:**

1. As a result of failure of some NGOs to observe laws and regulations that govern income tax, value added tax and tax clearance, the treasury of the State of Palestine forfeited 361,877 USD.
2. Some NGOs have suffered losses amounting to a total of 496,801 USD, due to misuse and credit abuse by senior management:
  - Suspected misappropriation (44900 USD).
  - Fake expenses (158,872 USD).
  - Fake and accrued salaries (200,400 USD).
3. Negligence shown by many boards of directors to collect membership fees (annual subscriptions) from general assembly members (8420 NIS).
4. Failure to close accounts and prepare final accounts, in the case of some NGOs. Financial statements of some NGOs do not fairly and honestly show the financial status and the performance.
5. Some audit reports have been faked, and official bonds have been manipulated and given to donors to meet conditions of grants. The financial departments of some NGO's made fake invoices and corroborating documents in order to settle values.
6. Absence of financial and accounting systems, financial instructions and regulatory procedures at some NGOs, which define all financial procedures and authorities for registering and storing financial data and retrieval of financial reports.
7. There has been confusion between accounts of some NGOs and personal accounts of chairpersons, despite the financial disclosure of both is independent.
8. Official positions have been used for personal interest.

9. NGOs failed to follow laws and instructions that regulate disbursement and procurement in terms of invitation to bids, source discount, purchase orders, tax invoices, entry bonds and receipt committees.
10. Failure to follow proper ways to collect cash and in-kind income, and absence of regulatory or organizational procedures that would help verifying credibility of amounts collected.
11. There has been direct spending from revenues collected before official registration in financial records.
12. Amounts of some NGOs have been spent for purposes other than those designated.
13. Incomplete documentation cycle, absence of input/output bonds and absence of segregation of duties and responsibilities regarding record and execution of financial transactions.
14. Some NGOs do not conduct necessary bookkeeping, and there is not complete documentation cycle to regulate financial transactions.
15. Incomplete documentation cycle for collection of in-kind donations, where amounts of in-kind material received are not confirmed by approved lists. Neither entry documents for this material are prepared, nor are committee formed to prepare receipt minutes for these donations.

**Administrative:**

1. There has been shortcoming in components of internal control systems at some NGOs, in addition to absence of oversight and supervision held by boards of directors.
2. Extensive authorities have been given to heads of board and executive manager at some NGOs, which might result in the misuse of position.
3. There is overlapping of objectives and programs in some NGOs, besides absence of future plans, which diminishes realization of objectives and purposes.
4. There has been misuse of power and investment of position by some board directors.
5. There were some employee's combining public sector employment and paid jobs at some NGOs, or receiving payment for exchange of NGO management activities, in violation of article 61 of the amended civil service law 4/2005.
6. Boards failed to hold regular meetings and carry out entrusted duties as stated in the law of charitable societies and civil institutions.
7. There has been marginalization of supervisory role played by general assembly's over actions of NGOs, along with domination of boards and CEOs over financial/administrative decisions.
8. Board member at some NGOs remained in office for more than ten years, and within action environment in which chances to misuse position increase.
9. Competent ministries failed to follow up actions and activities of these NGOs, in addition to failure of ministries to compel NGOs to give regular reports showing outcomes of actions for the purpose of follow up and performance assessment.

#### **4. Social & Cultural Services**

The social/cultural services department has issued 21 reports in 2012 (financial/administrative), 3 of which have been referred to the Anti Corruption Commission.

#### **The substantial violations observed in this sector were as follows:**

##### **Health:**

1. There has been private purchasing of medications outside the basic list, and in spite of alternatives available.
2. Projects are not studied thoroughly, technically and financially, and execution is not followed up properly.
3. Unlike the agreement to establish the national non-communicable diseases in Palestine, part of the project's budget has been spent to purchase medications for the Ministry of Health. Income tax (73,028 Euro) has not been deducted, and there has been infringement regarding invitation to bids.
4. MOH warehouse is not appropriate for medication storage, maintenance logs are not accurate and the respective database is incomplete. Medications worth of 119,000 NIS have been lent to a private company in violation of the public procurement law.
5. There have been violations to legal procedures for invitation to bids.
6. There is clear medication shortage, and medications are given in some subsidiary clinics by a nurse, not a pharmacist.

##### **Education:**

1. There is no internal control unit at Palestine Technical College for girls, the procurement and receipt committees consist of the same persons, revenues are not deposited in bank accounts on a daily basis and advances have not been settled yet.
2. Financial reconciliations are not prepared with educational institutions in students lending fund.
3. The committee entrusted with accreditation of college certificates does not hold regular meetings, there is ambiguity about *modus operandi*, and the system has not been implemented rightly.

##### **Endowment (Waqf) and religious affairs:**

1. Weak regulations over financial policies/procedures, disclosure and authorities. There have been errors regarding accounting orientation and classification, unregulated disbursements and there is waste of money at Safa Dairy of Nablus Alms Committee.
2. Illegal formation and non-professional decisions made by procurement committees, as well as insufficient regulations for input/output and balances at Safa Dairy.
3. There was tax evasion of 522,662 NIS, medications are not purchased based on tendering, there is absence of an internal control unit and there are a number of

nurses who do not hold a certificate to practice the profession at Razi Hospital – Jenin Alms Committee.

4. Absence of proper approved legal and organizational framework regulating hajj, and the role played by the Ministry of Endowment to define authorities of official hajj missions is unclear in this respect. 38 hajj guides have been recruited outside the Ministry without clear basis.

#### **Prisoners & national culture:**

1. There has been tax evasion of 471, 239, 07 NIS at Martyr Abu Jihad College.
2. Incomplete financial system and unclosed advances from 2011 (110,000 NIS), partition of some procurements and failure to pay liabilities of the Prisoners Club.
3. There has been violation to provisions of charitable society's law regarding board membership, quorum and delegation of staff from Ministry of Prisoners and security agencies to the Prisoners Club without complete corroborating documents and clear and accurate definition of tasks.
4. Insufficient adherence to the financial codes, execution of project agreements and a number of projects are not financially settled since 2003 at the national education and culture committee.

#### **5. Governance (civil/security)**

The governance department (civil/security) has issued 19 reports in 2012.

#### **The substantial violations observed in this sector (sovereignty ministries, security agencies and the Judiciary) were as follows:**

1. Weak internal controls at some audited bodies (lack of staff and idleness at some bodies). Internal control units carry out executive duties at some institutions, and there is absence of approved procedural guidelines at some internal control units.
2. Weak adherence to some provisions of the Palestinian financial code, as alimony liquidation terms have not been followed, incomplete corroborating documents, weak commitment to limits concerning incidental advance boxes, maximum limit of spending, weak bookkeeping and irregular financial reporting and failure to deposit income of military judiciary authority to treasury account.
3. There has been violation of some provisions of the general procurement law 9/1998 through failure to follow legal provisions upon procurement and warehouse management, absence of seal log for names of staff entrusted with seals at some bodies, absence of record for supplies and fixed assets, no regular inventory for supplies and fixed assets and no independent and organized warehouse that meets safety regulations at some audited bodies.

## **6. Infrastructure**

The infrastructure Department has issued 11 reports (financial/administrative) in 2012, in addition to attending 118 tenders.

### **The substantial violations observed in this sector were as follows:**

1. There is no legal basis regulating collection of Palestine Broadcast Corporation income.
2. There are no general policies and approved priorities to plan and implement sanitation and wastewater projects, especially donors-financed projects.
3. The National Water Council failed to undertake entrusted duties and responsibilities.
4. There is not clear legal basis demonstrating formation of a committee responsible for auctions organized by the state transportation department, and there is no basis for formation of the technical committee responsible for considering technical specifications of vehicles to be sold out.
5. There are not clear and defined criteria for the state transportation department on classification of bidders, which help elimination of any bidder who previously violated procurement regulations. The department does not have procedures in this regard, i.e.: a black list.
6. There is not clear basis for the method by which bids pricing and estimated cost are set, where increase or decrease have been observed for estimated cost with huge differences of quotations proposed by contractors.
7. There have been impediments in the way of project execution due to failure to pay contractors undertaking MOF-financed projects.
8. There are not executive codes for labor law, or regulations governing some actions regarding housewifery.
9. Unions organization law has not been endorsed yet.
10. There is no legal basis for income and fees collected by Ministry of Labor.

## **7. Legal Affairs & Public Complaints**

Legal affairs department received and followed up 267 complaints in 2012, which included violations, negligence and reportages addressing ignorance misconduct or misuse.

### **The substantial violations observed in this sector were as follows:**

1. Frequent administrative violations (promotion, placement, assignment, allowance).
2. Absence of organization to administrative assignments by the council of ministers in terms of authorities entrusted, conditions and duration of assignment and competition for vacancies.
3. Violations of confiscation mechanisms committed by competent authorities (Ministry of Transport, Ministry of Economy, Ministry of Health, the police).
4. There is no legal basis for security checks.

5. SAACB expressed reservation as to failure to enforce court rulings, which included failure to enforce and impediments to enforcements according to provisions of article 106 of the Palestinian Basic Law.
6. SAACB expressed reservation as to delay of paying for supplied or executing works after provision by companies that have been awarded tenders.
7. SAACB expressed reservation as to the enforcement of laws and regulations *ex post facto*, as this enforcement violates the Palestinian Basic Law.
8. The Palestinian legislations are still lacking provisions regarding employment of spouses or degree of kinship within the same audited bodies, in terms of prevention, allowance or organization.
9. SAACB expressed reservation as to exclusion of provisions of law without legal basis that confirms violation of exclusions to law.
10. SAACB expressed reservation as to organization of exclusion from tenders, as organization shows problems appeared in execution, and they are reference to examine tenders right from planning, referral and then execution; the most important stage.
11. Failure to approve budgets for annual and service benefits in the items of contract staff, as prescribed in labor law.
12. Continued violation to council of minister decision on state vehicles.
13. There is not clear legal basis for relatives' employment in the same place. General rules might be taken into account to for the benefit of management; however, this might denote legislative shortcoming in organization.

## **8. Tenders**

In 2012, SAACB took part in meetings of the central procurement commission as an observer. The number of tenders reached 550 (Ministry of Public Works, General Supplies Department, local government bodies, state bodies).

### **The substantial violations observed in this sector were as follows:**

#### **Ministry of Public Works**

1. Some committee members failed to show up for tender meetings in time, which violates article 7 of the public works tenders law 6/1999.
2. Committee members failed to sign tender documents completely as stated by article 21/7 of the public works tenders law 6/1999. Staff of the department needs to be completed so as to undertake duties and responsibilities entrusted by the public works tenders law 6/1999, as well as code of the central tenders commission that defines respective authorities.
3. There are clear differences sometimes in quotations and estimated cost.

#### **Ministry of Education**

1. Names of Israeli companies or Israeli products were mentioned in tender documents, unlike council of ministers decision (01/111/13/M.O/S.F) of 2011 on giving Palestinian products priority in state tenders and procurements.



### **Ministry of Health–supplies department**

1. Head of tenders committee failed to show up at meetings.
2. Start of meeting has been delayed.
3. Receipt of tender minutes has been delayed.

### **Ministry of Finance**

1. There is not segregation of authorities, where the central procurement committee members take part in the technical committee that deals with matches between tender documents and financial matters, which eventually devolve upon the central tenders committee for decision making (tenders of department of supply and equipment).
2. The secretary of the central procurement committee participated in discussions without an official authorization, being a former member to the central tenders committee.
3. All committee members have not attended some meetings, especially the two members from body benefiting from tender upon final referral, unlike articles 14 and 15 of the public supplies law 9/1998.
4. Some minutes have not been signed by some members despite quorum.
5. Central tenders commission held a meeting on 26/12/2012 without quorum, and unlike article 15/A of general supplies law 9/1998.

### **Statistics**

The year 2012 witnessed many achievements at the level of audited bodies, which were consistent with strategic goals, as SAACB is seeking to ensure that audited bodies are acting according to laws, regulations, local/international criteria and government expectations to bring sustainable development. The following are key achievements reached in 2012:

#### **Audits carried out:**

Audit teams visited roughly 1121 bodies (examining and audit visits) for the purpose of comprehensive audit, follow up public complaints and attend tenders at these bodies as an observer:

- 181 examination visits to LGBs.
- Comprehensive audit visits to 123 audited bodies.
- Complaint follow up visits to 267 audited bodies.
- Bidding visits (550).

#### **Audit reports published:**

SAACB issued 123 reports on performance of audited bodies, which included results of financial/administrative audit and recommendations, which help correction of performance.

### **Cooperation with Anti Corruption Commission:**

43 files have been referred to the Anti Corruption Commission, of which 29 files about actions of SAACB during 2012, and another 12 files on reports that have been made in the previous years.

### **Complaints follow up**

Audit teams followed up 267 complaints, and reports have been issued on follow up outcomes. Complaints were filed by the public or staff at the audited bodies.

### **Tenders:**

Audit teams attended 550 tenders as an observer

### **Financial resources of SAACB – 2012**

The actual budget of SAACB for 2012 was 13,266,867 NIS (3,537,800 USD), where it has been prepared according to program and performance budgeting, and was executed with two basic programs:

- **'High quality audit reports':** %75 of total budget.

- **'Institutional performance of SAACB':** %25 of total actual budget.

%97 of the budget has been used for items shown in table below:

<b>Item</b>	<b>Allocated amount/NIS</b>	<b>Actual amounts spent/NIS</b>	<b>Percentage of use</b>	<b>Item percentage</b>
Salaries and wages	8,895,586	8,895,586	%100	%67
Transport allowance	1,700,000	1,423,969	%84	%13
Social contributions	1,020,210	1,020,210	%100	%8
Travel and official missions	400,000	389,801	%97	%3
Operational expenses/defined	540,000	526,900	%98	%4
Rents	459,400	441,321	%96	%3
Other operational expenses	160,000	147,284	%92	%1
Fixed assets & capital stock	91,670	56,431	%62	%1
<b>Total</b>	<b>13,266,866</b>	<b>12,901,502</b>	<b>SMA%97</b>	<b>%100</b>

**Human resources:**

- SAACB employs 152 staff members as of 31/12/2012, of which seven employed with contracts (see table below).
- No staff member has been recruited according to updates (10) in the 2012 budget law due to the presidential decree stating halt to recruitment.

	Audit positions		Supporting positions	
	Position	No.	Position	No.
1	Director general	1	Director general	1
2	Deputy director general	2	Deputy director general	1
3	Head of department	9	Head of unit	2
4	Head of division	26	Head of department	13
5	Auditor	55	Head of division	7
6	-----	-----	Supporting positions	18
7	-----	-----	Service positions	18
	Total	92	Total	60
	<b>Total = 152</b>			