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# **The Jewish Agency for Israel**

Office of the National Institutions Comptroller

## **The Israeli Society Unit**

### **Scholarships Department**

### **Education Fund Scholarships**

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## 1. Objectives

The audit took place in the Jewish Agency for Israel's Israeli Society Unit and focused on the Israeli Society Unit's Scholarships Department ("the Jewish Agency" and "the Scholarships Department", respectively). The audit's objectives were to examine the Scholarship Department's fiscal conduct and compliance with proper operating procedures.

Of the Scholarships Department's various activities, the audit focused on Education Fund scholarships, as defined below, with particular emphasis on three key areas.

- Fiscal management in Education Funds.
- The Scholarships Department's work flows.
- In-depth examination of a sample of scholarship awards and payments.

## 2. Method and Scope

The audit took place in July 2023 – February 2024.

The audit included meetings with the Israeli Society Unit Director, the Scholarships Department staff, the Jewish Agency's chief accountant, Finance Unit staff, and the director in Israel of the United Israel Appeal – UIA. Furthermore, the Office of the Comptroller also received documents, and written and verbal explanations in response to its inquiries.

The audit included meetings with the Financial Aid Unit of the Hebrew University's Dean of Students Office ("the Aid Center"), and with ALEH – Association for Promoting Blind and Dyslexic Students in Israel ("ALEH"). Both organizations work with the Scholarships Department to source students for Education Fund scholarships.

The audit examined, among other things:

- Fiscal management of Education Fund monies, allocated for scholarships.
- Use of Education Fund monies.

- The Scholarships Department's activities, including compliance with the Scholarships Procedure, as defined below.
- In-depth examination of 3 sample funds, focusing on scholarship award processes in these funds.

Fiscal data refer to the 2022-2023 (5083) academic year, unless stated otherwise (the Scholarships Department operates and presents fiscal and other data by academic year, and not by calendar year).

Amounts are presented in USD, unless stated otherwise.

Linguistic note – In Hebrew, there is no distinction between 'fund' and 'principal', with both terms being referred to in Hebrew as '*keren*'. The Hebrew report uses 'fund' to refer to the administrative vehicle, and 'principal' to refer to the principal. The Iron Swords War broke out during the audit. The Scholarships Department was tasked with additional challenges and responsibilities. This report does not cover the Scholarships Department's activities during or subsequent to the war.

The National Institutions Comptroller previously audited the Scholarships Department in 2009.

**It is noted that the Office of the Comptroller staff received the full cooperation of all persons with whom they met and whom they contacted.**

### **Israeli Society Unit Director's response**

The report is interesting and informative. Some things need improvement, and some are more complicated to change. Thank you very much for the audit, and for bringing things to light.

## **3. Scholarships Department - General**

**3.1.** The Scholarships Department was established in 2006 to consolidate all of the Jewish Agency's study scholarships under one organizational unit. The Scholarships Department's staff comprises two employees who perform all departmental tasks.

- 3.2.** The Office of the Comptroller was told that the Scholarships Department’s goal is to realize the potential for utilizing fund principals to award scholarships while strictly adhering to donor intentions.
- 3.3.** The Scholarships Department’s operations are formalized under a support and scholarships procedure drafted in 2006, and subsequently updated in March 2009, and August 2016 (“the Scholarships Procedure”).
- 3.4.** The bulk of the Scholarships Department’s activity is to award scholarships according to the criteria set by the various funds or by the Scholarships Procedure; to comply with review, documentation and, ultimately, payment procedures for these scholarships. The Scholarships Department operates as an organ providing management, review and scholarship-award services.
- 3.5.** In the 2022-2023 academic year a total of USD 490,161 were awarded in scholarships through the Department, to 436 recipients, as follows:<sup>1</sup>
- Education Fund scholarships – USD 148,544 in scholarships, awarded to 243 recipients. For additional details on Education Funds, see Section 4 below.
  - Youth Village scholarships – USD 166,734 in scholarships, awarded to 103 recipients. These scholarships are awarded by the Jewish Agency to alumni of Jewish Agency youth villages from disadvantaged backgrounds. The scholarship gives them the opportunity to obtain higher education degrees while defining their identity, developing leadership and responsibility skills, life-skills, and promoting social entrepreneurship.
  - Keren HaYesod scholarships – USD 47,151 in scholarships, awarded to 37 recipients. Keren HaYesod, together with the Jewish Agency, offers higher education scholarships, offering disadvantaged youth better opportunities in life. The goal is to have scholarship recipients successfully integrate in the job market, while driving meaningful social impact.
  - Scholarships from other funds and sources (including the “Choosing Tomorrow” project) – USD 55,648 in scholarships, awarded to 38 recipients.

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<sup>1</sup> Scholarship amounts and recipient numbers include collaborations between different funds – the distribution into the different categories was based on the scholarship’s purpose, and not on the source of the fund providing the scholarship.

- Scholarships from other Jewish Agency sources – Such as the Partnerships Unit and *shlichut* and klitah center alumni – USD 72,048 in scholarships, awarded to 73 recipients.

**3.6.** The Department organizes seminars and professional meet-ups during the year with scholarship coordinators from the five youth villages. Special emphasis is placed on providing information and practical tools on scholarships; facilitating peer instruction; advice-seeking; and strengthening bonds within the team.

These numerous and well-needed activities are carried out by the Scholarships Department's limited staff, together with a Finance Unit employee.

**3.7.** The Department hosts scholarship award ceremonies, and maintains continuous contact with academic institutions and non-profit organizations which source scholarship candidates.

The Office of the Comptroller attended a ceremony awarding scholarships to alumni of Jewish Agency youth villages, together with The Spirit of Israel – The Israeli Appeal Ltd. (PBC). The Office of the Comptroller was impressed with the dignified manner in which scholarships were given and their importance for the recipients. The ceremony was respectful and quite moving. Scholarship recipients told their life stories, and described the Jewish Agency's place in their lives, both as youth village students in the past, and as academic scholarship recipients in the present.

**3.8.** The Office of the Comptroller also attended a scholarship award ceremony for the Edith Falk Foundation, for blind and vision-impaired students in academic institutions. The ceremony took place in ALEH's offices in the Hebrew University. The ceremony was attended by the scholarship recipients who recounted their experience studying in academic or other educational institutions around the country. The ceremony was moving and heart-warming, and was attended by UIA's representative in Israel and the Jewish Agency's Scholarship Program Director.

**3.9.** The Office of the Comptroller was shown emotional thank-you letters where scholarship recipients expressed their appreciation and let the Scholarships Department know of the crucial impact the scholarship had in helping them succeed in their studies.



the Jewish Agency's general cash balances, and imputed interest attributed to the funds is not formalized by any binding Jewish Agency policy decision.

It is noted that UIA, which serves as the trustee for the amounts donated to establish the funds, has transferred the funds' management to the Jewish Agency. To the best of the Office of the Comptroller's knowledge, UIA is not involved in Jewish Agency decisions concerning policies for investing and assuring fund principals. Moreover, UIA's representatives in Israel did not know that Education Fund principals are not kept separate from the Jewish Agency's other cash balances.

The Jewish Agency's audited financial statements include a note referring to the restricted net assets item,<sup>3</sup> which does not fully reflect the Jewish Agency's obligations as trustee for Education Fund principals. Furthermore, in detailing financial assets, the audited financial statements do not reflect that these assets include investments of Education Fund principals, held by the Jewish Agency so as to use their yields for such purposes as specified by the donors.

## **5.2. Jewish Agency's responsibility as trustee for Education Fund principals**

The relationship between UIA, the Jewish Agency, the donors of Education Fund principals, and the potential beneficiaries of these funds are, at least nominally, characterized by fiduciary duties. As such, the Office of the Comptroller believes the provisions of the Trust Law should apply, as should court rulings interpreting said Law.

### Key points from the Trust Law and case precedents<sup>4</sup>

The Office of the Comptroller believes that Education Funds should be considered and interpreted, among other things, in accordance with the Trust Law, 1979 ("the Trust Law"), including:

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<sup>3</sup> Note 15 to the financial statements as of December 31, 2023.

<sup>4</sup> Below are key sections from the Trust Law which are applicable and important in interpreting Education Fund management.

Section 1 states, "A trust is a relationship to an asset whereby a trustee is bound to hold said asset or act in respect thereof in the interest of a beneficiary or for some other purpose";

Section 2 states, "A trust is created by law, by a contract with a trustee, or by a deed of endowment";

Section 3(c) states, "A trustee must hold trust assets separately from other assets or so that it can be distinguished from them";

Section 7 states, "(a) A trustee shall keep accounts of all the affairs of the trust";

- 5.2.1. Legal trust is an arrangement whereby an asset is held or managed by a trustee on a beneficiary's behalf or for a specified purpose. In the case of the Education Funds: when a donor transfers monies to a trustee, with instructions to use the monies towards a certain purpose or a specific group, a trust is formed. The trustee is obligated to follow the donor's instructions and manage the funds towards the specified goal.
- 5.2.2. In principle, under the Trust Law, the trustee (UIA) may not delegate their duties to another. However, they may employ others as necessary for the purpose of the trust. In our case, it seems that this is the arrangement under which the Jewish Agency manages the Education Funds' principals and their associated scholarships.
- 5.2.3. As concerns the Education Funds, the Constituent Documents can be considered to constitute an agreement giving rise to the trust.
- 5.2.4. The trustee must maintain trust assets separately from other assets, or in such a way as to make them distinguishable.

### **5.3. Findings**

- 5.3.1. Education Fund principals are not kept in dedicated accounts, but rather as part of the Jewish Agency's general cash balances.
- 5.3.2. Interest on Education Fund principals is imputed only as an accounting item, and not through specific investments accruing actual yields on principals.
- 5.3.3. No discussions were held with UIA concerning the investment policy for the fund principals.
- 5.3.4. The Jewish Agency's audited financial statements do not fully reflect its obligation to maintain trust monies separately from other assets, or in a manner that allows such monies to be separately distinguishable.

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(b) A trustee must provide the beneficiaries a report on the affairs of the trust once a year and upon termination of his tenure, and provide them additional information as per their reasonable request".

Section 10 states:

(a) A trustee must safeguard the assets of the trust, manage and develop them and act to achieve the purposes of the trust, and is authorized to take all action necessary for the performance of his duties.

(b) In performing his duties the trustee must act in good faith and diligently as a reasonable person would act under those circumstances.

...

(d) A trustee may not delegate any of their duties to others; the above shall not prevent the employment of an individual as necessary for the purposes of the trust."



#### **5.4. Recommendations**

- 5.4.1. **The Jewish Agency must coordinate with UIA to establish policies governing the investment of Education Fund principals, and the accrual of investment yields on such principals.**
- 5.4.2. **In establishing policies on fund accruals allowing the distribution of monies to beneficiaries, the method for accruing yields on funds in the long term must be set as an alternative to separate, income-generating investments.**
- 5.4.3. **In the audited financial statements, in the note concerning restricted net assets, consider presenting Education Fund liabilities in a separate line item from the other restricted net assets.**
- 5.4.4. **In the explanations concerning the investment of Jewish Agency monies, consider adding that these assets include a certain, specified amount for investments of Education Fund principals.**

#### **Finance Unit's response**

The Finance Unit accepts the Office of the Comptroller's recommendations concerning presentation and disclosure in the Jewish Agency's financial statements. Starting with the financial statements as of December 31, 2024, fund balances will be presented as a separate line item under 'Net assets', with additional disclosure under the 'Cash balances' item, as per the Office of the Comptroller's recommendation.

Under the establishment terms for the vast majority of the funds, the Jewish Agency will use the yields on the fund to distribute scholarships, instead of utilizing the principal itself (the original amount). It is thus necessary to invest these monies solely in low-risk channels, and not in channels that entail potential risk of losses.

The Jewish Agency allots these funds interest at the SOFR rate, which is higher than the rate that would have been obtained through bank deposits.

Opening and managing separate bank accounts for fund principals would entail administrative costs that the Jewish Agency would then have to deduct from the funds. Thus,

changing the present management method, coupled with below-SOFR yields, would reduce the amounts distributable to beneficiaries.

### **UIA Israel's representative's response**

The scholarship principals are endowments for all intents and purposes, and the fund should operate accordingly.

Monies are supposed to be actually invested through a dedicated account, regularly accruing interest.

Discussions concerning the investment policy for these amounts should be held each year, between the Jewish Agency and the Jewish Federations of North America/the campaign.

## **6. List of Education Funds**

The Office of the Comptroller received a detailed list of Education Funds. The Scholarships Department and Finance Unit use this list as a primary tool for information concerning the amounts recorded for each fund, and their potential uses (“the Education Funds Chart”). The financial information in the Education Funds Chart is generated by the Finance Unit’s Operations Unit. A summary of permitted uses for each fund was previously entered into this chart by the Scholarships Department. If new information is received concerning a given fund – the Education Funds Chart is updated accordingly.

Due to the Education Funds Chart’s importance as an administrative tool, the various details presented in this chart will be discussed in depth.

## **7. Education Funds Chart – Constituent Documents**

The Education Funds Chart includes a brief description of each fund’s purpose based on its Constituent Documents. As concerns Constituent Documents and as indicated in the Education Funds Chart, funds can be divided into three main groups:

- Detailed description of fund purpose – 57 funds have detailed descriptions of the fund’s purpose (at varying levels of detail).

- Use for ‘tuition scholarships’ (without additional details) – 15 funds state that their purpose is ‘student scholarships’ or ‘pupil scholarships’, usually with an additional note that they can be used ‘without limitation’.
- Unspecified purpose – for 20 funds, the chart notes that there are no records concerning their designated purpose.

The Office of the Comptroller examined 10 Constituent Documents from the fund group with detailed fund purposes. In all funds examined, fund descriptions and the summary of their designated purpose (in the Education Funds Chart) were found to adequately reflect the Constituent Documents.

**Compliant.**

## **8. Education Funds Chart – Use of Fund Principals**

- 8.1.** The Scholarships Department and Finance Unit stated that the intent is to maximize the use of monies in the various funds, in line with their permitted purposes.

The Office of the Comptroller was told that, unless provided otherwise in the Constituent Documents (and lacking later agreements by the fund donor’s families and heirs), Education Funds only utilize the accrued interest recorded for each individual fund (except in the case of funds without Constituent Documents).

In the 2022-2023 academic year (as of February 2023), Education Fund balances totaled USD 8,399,816. According to the Education Funds Chart, for the vast majority of funds it was decided to use only accrued interest and not the fund principal. In several funds, it was possible to use both the fund principal and the accrued accounting interest, as specified by the donor. It is sometimes explicitly stated that the donor’s intention was to exhaust all fund monies within a set number of years.

The amounts available to the Scholarships Department, in Education Funds allowing use of both principal and interest, totaled USD 1,204,829, at the time.

Furthermore, amounts available to the Scholarships Department, from Education Funds only allowing the use of accrued interest, totaled USD 871,828.

For funds without records and Constituent Documents, the chart notes “No documentation”. The Office of the Comptroller was told that it was decided not to use the entire fund principals, out of concern for using monies contrary to donor wishes.

**Of the above amounts, a total of USD 177,501 was approved for expenditure in 2022-2023.**

**In practice, only USD 137,990 were awarded in scholarships.**

**8.2.** Upon inquiry concerning the gap between amounts available for scholarships, and actual scholarship awards, several answers were received:

- In funds permitting use of both principal and accrued interest, there is no intention of using the entire amount all at once in a single year. Rather, the intent is to allow scholarships to be offered over several years and allow scholarship continuity. Thus, actual utilization of these funds is lower than the amount available to the Scholarships Department.
- Some funds saw only partial usage at the request of the scholarship implementation program managers, due to specific circumstances and considerations. For example: managers for *olim* programs requested to exercise a scholarship fund for *olim* to the amount of USD 20,000 (NIS 68,000). The request was approved by the committee. However, it was later requested to implement the program and utilize the amounts only in the subsequent year due to significant logistical hurdles.
- Another program aimed at an academic college was approved to the amount of USD 18,000 (NIS 60,000). However, it was only partially implemented, and the college asked to exercise the remaining balance the following year, for operational reasons relating to the program.
- These funds remained virtually unutilized that year (without any particular explanation), causing said gap.

- The Scholarships Department consolidates distributable amounts from funds accruing only minor interest yields. The Scholarships Department specified that the minimum utilization will be USD 1,000 accrued by a fund, to facilitate operations and actual utilization of these amounts.
- There are objective challenges in utilizing fund monies according to purposes dictated years ago. The Office of the Comptroller was shown several funds where their historic purpose impedes their utilization. For example, it is difficult to find children in need of kindergarten scholarships in an area that has undergone fundamental social-economic changes.
- A short time before the audit, the Scholarships Department recruited a new team. The team worked to study material and workflows to understand the funds and their purposes, identify scholarship candidates for the various programs, and to study and reinforce collaborations with various academic institutions. Since then the team has been working to increase utilization rates for funds, and maximize their use.

### 8.3. Findings

- 8.3.1.** There is a significant gap between the amounts available to the Scholarships Department, and actual utilization of these amounts. It is noted that a similar conclusion appears in the 2009 audit report.
- 8.3.2.** There are no clear decisions or clear operating procedure on how to utilize monies in funds permitting use of both principals and accrued interest.
- 8.3.3.** The utilization threshold of USD 1,000 in accrued interest, set by the Scholarships Department, was not implemented uniformly. In some funds, amounts below USD 1,000 were utilized.
- 8.3.4.** In some funds, it would seem to be possible to utilize the principal and/or accrued interest, and these remained unutilized.
- 8.3.5.** Accrued amounts are not utilized in funds without Constituent Documents.
- 8.3.6.** The Education Funds Chart provides data for all types of Education Funds, without **formal** distinctions.

#### **8.4. Recommendations**

- 8.4.1. Establish written policies concerning routine fiscal management of Education Funds, and criteria for utilizing amounts accrued in the various funds. This includes:**
- **In funds where Constituent Documents specify purposes and only accrued interest may be used – establish clear policies on the utilization of accrued interest, available for distribution each year.**
  - **If monies are only to be used after a fund accrues a specified amount in interest, clear policies should be set in this matter.**
  - **In funds where both principal and interest may be utilized – specify when and whether fund principals are to be used. A set number of years may be set until full utilization of principal and interest, or it may be decided that at least accrued interest will be utilized each year.**
- 8.4.2. In funds whose specified purpose is difficult to implement due to changed circumstances or other reasons – work to identify and pro-actively contact the donors or their heirs to change the specified purpose or find other alternatives, with relevant legal counsel. If necessary, apply to the courts for further instructions.**
- 8.4.3. In funds without recorded Constituent Documents – work to identify and pro-actively contact the donors or their heirs, to obtain instructions on the fund’s utilization, or seek legal advice as to options for using these funds many years after their creation. If necessary, apply to the courts for further instructions.**
- 8.4.4. Consider updating the Education Funds Chart and splitting it into different fund types (specified purpose, unspecified purpose, etc.). This would streamline workflows and help distinguish between the types of funds and their uses.**

## **Scholarships Department and Finance Unit's response**

**Section 8.4.1** – Recommendations are accepted and will be brought before the Scholarships Committee.

**Section 8.4.2** – In the past, we contacted UIA's representative to study the matter.

**Section 8.4.3** – The Finance Unit and UIA performed thorough checks in both Israel and the US. In the past, we contacted UIA's representative to study the matter. The Finance Unit believes there is no more to be done in this matter.

**Section 8.4.4** – The chart has been subdivided into five categories based on fund type.

## **9. Scholarships Department – Routine Management**

### **9.1. Introduction**

The Office of the Comptroller examined the Scholarships Department's routine operations, as concerns the Education Funds, decision-making, decision documentation, and compliance with the Scholarships Procedure.

### **9.2. Scholarships Committee**

Section 3.2 to the Scholarships Procedure specifies the Scholarships Committee's composition as follows: "The director of the operating unit as chair, operating unit representative, Finance Unit representative, Resource Development Unit representative, UIA representative" ("the Main Scholarships Committee").<sup>5</sup>

The Main Scholarships Committee's duties are set forth in Section 3.1 to the Scholarships Procedure. These include formulating the Jewish Agency's scholarships plan; setting scholarship criteria for the various programs according to the Jewish Agency's strategic considerations and donor wishes; and establishing support areas for scholarships, and their scope.

According to information from the Scholarships Department, the Main Scholarships Committee was never established.

In practice, there are 7 different sub-committees:

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<sup>5</sup> The Procedure does not specify which is the operating unit – under the Jewish Agency's present structure, this means the Israeli Society Unit.

- Education Funds Committee
- Youth Villages Committee – together with Spirit of Israel
- Youth Villages Committee – together with the Jane and Larry Sherman, Louise Paktor of behalf of the Jaeger Foundation, and the Jewish Agency for Israel
- Keren HaYesod Committee
- Youth Futures Committee
- Falk Foundation Committee
- Sam and Ruth Lee Scholarship Fund Committee – scholarships for the physically disabled

No supporting documents or binding procedure were received for establishing these sub-committees, how their member composition is determined, and each sub-committee's mandate.

The subcommittees meet regularly, in violation of Section 3.4 to the Scholarships Procedure, which states that sub-committees shall be established in urgent cases.

The Education Funds Committee comprises 5 members: third-party volunteer as committee chair (appointed by the Jewish Agency Chairman); UIA's representative in Israel; the Director of the Israeli Society Unit; representatives of the Jewish Agency Finance Unit: chief accountant and finance supervisor. Information in meeting summaries received by the Office of the Comptroller indicates that cross-organizational and principal issues on managing fund monies – were not brought before the sub-committees.

The sub-committees mainly deal with Section 3.1C to the Scholarships Procedure – “To establish scholarship support areas, and their scope”. Sub-committees discuss and handle scholarship applications, either approving or denying them (usually while noting the amount of the approved scholarship).

The Office of the Comptroller requested the criteria on which the Jewish Agency bases scholarship decisions, and minutes of reports on the Scholarships Department's activities. Other than the guidelines in the Constituent Documents, no principal decisions were found, or criteria established by the Education Fund Scholarships Sub-Committee.



The sub-committees convene at least once a year, thus meeting the provisions of Section 3.3 to the Scholarships Procedure.

Examination and review of sub-committee decisions from previous years found records of a decision concerning the number of hours of volunteer work expected of scholarship recipients.

The Scholarships Department makes sure to include a letter for each scholarship recipient, noting the partners in the donation and the name of the fund or funds supporting the scholarship.

### **9.2.1. Findings**

9.2.1.1. The Main Scholarships Committee, prescribed under the Scholarships Procedure – was not established.

9.2.1.2. Lacking a Main Scholarships Committee, no discussions were held and no policies established for the Jewish Agency's scholarships program. No general criteria were set for scholarship awards, nor were reports prepared on the Scholarships Departments activities. Thus, the Main Scholarships Committee's duties under Section 3.1 to the Scholarships Procedure – were not met.

9.2.1.3. There are 7 sub-committees dealing with various scholarships. These sub-committees convene annually.

### **9.2.2. Recommendations**

9.2.2.1. **Consider establishing the Main Scholarships Committee pursuant to Section 3 to the Scholarships Procedure. Alternatively, if it is decided that said committee is not necessary, amend the procedure to align with the current practice of specific committees, assuming current practice serves the scholarship award process.**

9.2.2.2. **Formalize the existing sub-committee's activities by changing and aligning the Scholarships Procedure.**

### **Scholarships Department's response to Section 9.2.2**

The Scholarships Department believes that, since a large part of the scholarships are under specific clusters and each such segment has professional and public staff

serving on the scholarships committee, each committee should establish the procedures and criteria relevant for the purposes of its respective funds.

As recommended, we will work to update the Scholarships Procedure.

### **9.3. Minutes**

According to Section 3.1g to the Scholarships Procedure, one of the Main Scholarships Committee's duties is to keep minutes of its decisions. The Office of the Comptroller did not receive minutes, but rather summary documents for the Education Funds Committee, listing the names of the scholarship recipients for whom the Education Funds Committee approved a scholarship, and the scholarship amount. The same practice was also seen in the committee awarding scholarships to visually-impaired and blind individuals.

The meeting summaries did not specify the date on which the committee convened, the items on the agenda, the participants, or the committee's decisions. Lacking formal minutes, committees do not approve minutes or track decisions from previous meetings.

#### **9.3.1. Findings**

In violation of the Scholarships Procedure, scholarship sub-committees do not issue minutes, but rather comment on approving or denying scholarship applications, specifying the scholarship amount.

#### **9.3.2. Recommendation**

**Sub-committees should keep minutes and note, among other things, the committee meeting date, items raised for discussion, participant names, and decisions.**

#### **Scholarships Department's response to Section 9.3.2**

The recommendation is accepted and its implementation has begun in the 2023-2024 academic year.

#### 9.4. Sourcing applicants

The first part of Section 5 to the Scholarships Procedure - *Work Flows* is dedicated to sourcing and approving scholarship applicants. In brief, the process set out in the Scholarships Procedure is as follows:

- The scholarships program will be advertised on the Jewish Agency website, academic institutions will be contacted proactively, and the program will be advertised in the national press.
- Prospective candidates will contact the Jewish Agency and submit applications, along with the necessary documents.
- Applicants will be screened. A list of eligible candidates will be established, as well as a list of candidates who did not meet the eligibility criteria. The lists will be brought before the Scholarships Committee for discussion. The Committee will keep minutes recording its decisions.
- Notice will be sent to candidates concerning the grant or denial of their application.
- Rejected applicants may appeal the decision.

The Jewish Agency website does indeed contain a page entitled ‘Student Scholarships’. The page provides a brief description indicating that the Jewish Agency provides tuition support for students of recognized higher education institutions in Israel. The website directs visitors to the Scholarships Department’s email and phone number.

Upon inquiry, the Office of the Comptroller was told that the Scholarships Department receives several dozen inquiries a month, both directly and through the Jewish Agency Public Relations Unit. There are no records or follow-up on these inquiries.

The Scholarships Department does not handle scholarship inquiries directly. Rather, the Scholarships Department directs inquiries to the student assistance centers in the academic centers, and to other professional organizations, for submitting scholarship applications. Grantees receiving scholarships from Education Funds are selected, reviewed, and screened by third-party organizations.

The office of the Comptroller held in-depth meetings with the Hebrew University’s Financial Aid Center, which screens and sources scholarship candidates for one of

the Education Funds, and with ALEH, which sources scholarship candidates (nationwide) with full or partial visual impairment. In these meetings, the Office of the Comptroller was impressed with these organizations' screening process, and the criteria they apply to source candidates.

It is further noted that the Financial Aid Center awards Jewish Agency scholarships from one of the Education Funds, whose Constituent Documents specify its purpose as providing scholarships to economically disadvantaged students in the Hebrew University. The Unit meets the fund's criteria, and awards scholarships from all over the country – provided they study in the Hebrew University.

ALEH awards scholarships from a fund designated for blind or vision-impaired students. The organization sources students from various educational institutions, and checks whether they meet the specified scholarship eligibility criteria under the Constituent Documents for the fund supporting the scholarships.

Responses to the Office of the Comptroller's inquiries indicate that this practice of 'outsourcing' candidate screening activities is also applied for scholarship applicants in other Education Funds. In principal, the Scholarships Department does not award scholarships independently, but rather sources scholarship recipients through assistance centers in the universities, and specialist organizations such as ALEH.

#### **9.4.1. Findings**

- 9.4.1.1. The Scholarships Procedure specifies that the Scholarships Department will issue 'open calls' and applicants will apply, in such way as prescribed in the Procedure, to receive scholarships from the Scholarships Department.
- 9.4.1.2. In practice, the Scholarships Department 'outsources' activities, and does not directly provide services to scholarship applicants.
- 9.4.1.3. There are no criteria or rules as to which organizations will provide the Scholarships Department with outsourced services, or the standards to which they must hold as service providers.
- 9.4.1.4. The Office of the Comptroller met with two organizations providing the Scholarships Department with outsourced services, and was impressed with their professionalism in sourcing scholarship candidates.

#### **9.4.2. Recommendations**

- 9.4.2.1. **Amend the procedure to reflect the Scholarships Department's practice of 'outsourcing' activities for sourcing scholarship applicants.**
- 9.4.2.2. **Set criteria and minimum requirements for selecting 'outsourcing' organizations assisting the Jewish Agency, and consider diversifying and increasing the number of these organizations.**

#### **Scholarships Department's response**

**Re. Section 9.4.2.1** – The recommendation is accepted and will be brought before the Scholarships Committee for decision.

#### **9.5. Scholarship criteria and payment to recipients**

Section 4.2A to the Scholarships Procedure specifies that scholarship applications will be open to “Students with Israeli citizenship studying in recognized institutions for higher education or engineering, at a scope of at least 12 academic hours a week, who do not receive other aid from the Jewish Agency”.

The Office of the Comptroller examined the Scholarships Department's compliance with these conditions as concerns the Education Funds, including as part of the in-depth reviews detailed below.

- The Scholarships Department checks whether scholarship recipients have a blue identity card. It is noted that permanent residents are also entitled to blue identity cards, and so there may be cases where scholarships are awarded to non-citizens.
- Studies in recognized institutions for higher education or engineering, at a scope of at least 12 academic hours a week. Scholarships recipients did indeed meet these conditions.
- Scholarship recipients do not receive other aid from the Jewish Agency – In addition, Section 4.4 to the Scholarships Procedure requires that “Scholarships be awarded for a period of one year, and no more than on three consecutive years”. Upon inquiry, the Office of the Comptroller was told that the Scholarships Department does not check whether recipients receive other aid from the Jewish Agency. Among other things, it was stated that, if such 'double'

assistance is given, then the fact that the recipient requires additional scholarships is in itself grounds for awarding the scholarship – even if it constitutes additional aid. The Scholarships Department confirmed that they do not award grants for more than three years. However, lacking checks on scholarship awards and past aid, there may be instances where students receive scholarships for more than three years straight through several different funds and in violation of Section 4.4 to the Procedure.

Section 4.3A to the Scholarships Procedure specifies the general terms for granting a Jewish Agency scholarship:

- Meeting the eligibility criteria for the specific scholarship, as determined by the Scholarships Committee.
- Volunteering work in the community by the applicant (waived if the scholarship is for less than NIS 2,000), as determined by the Committee or as required by the donor.
- Presenting proof of studies for the academic year in which the scholarship is actually paid.
- Signing a confidentiality waiver that would allow the Jewish Agency to check the provided data, and transmit information to third parties (such as the donors).
- No change in the applicant's personal status throughout the scholarship period, in terms of the criteria on which the scholarship was awarded.

The Office of the Comptroller examined the Scholarships Department's compliance with the above conditions, including as part of the in-depth reviews below.

Item 1 – compliance with eligibility criteria – In-depth examination indicated that the Scholarships Department relies on the aid centers or organizations, which provide outsourced services in this matter.

Item 2 – Volunteer work in the community – In-depth examination indicated that in one scholarship fund, recipients were not required to volunteer in the community even though the scholarship exceeded NIS 2,000.

Item 3 – Presenting proof of studies – The Scholarships Department verifies proof of studies.

Item 4 – Signing a confidentiality waiver – Recipients of Education Fund scholarships do not sign a confidentiality waiver, even though information about them is sometimes transmitted to donors.

Item 5 – Changes in recipients’ personal status – There is no formal process for this check.

The Office of the Comptroller examined workflows for issuing and signing cheques, and for their delivery to recipients. The Scholarships Department and Finance Unit comply with cheque issuance and signature requirements, and the requirements for transferring scholarship amounts to recipients, as detailed in Sections 5.7 and 5.8 to the Scholarships Procedure.

**Compliant.**

#### **9.5.1. Findings**

9.5.1.1. The Scholarships Department checks that recipients have blue Israeli identity cards, but not that they are Israeli citizens, as required by the Scholarships Procedure.

9.5.1.2. The Scholarships Department does not check if recipients receive other scholarships or aid from the Jewish Agency. Consequently, it also does not check the duration limit for assistance, as dictated by the Procedure.

9.5.1.3. Current proofs of study are duly received from recipients.

9.5.1.4. Recipients do not sign a confidentiality waiver.

9.5.1.5. The Scholarships Department and Finance Unit comply with the Procedure as concerns payments to scholarship recipients – **Compliant.**

#### **9.5.2. Recommendations**

9.5.2.1. **Make sure that recipients are indeed Israeli citizens, as required by the procedure. Alternatively, change the procedure to suffice with checking that recipients are permanent residents.**

9.5.2.2. **The Scholarships Department should check, through reasonable means at its disposal, whether recipients have received or are receiving other aid from the Jewish Agency, as per the procedure (recipient declarations in this matter may be obtained).**

**9.5.2.3. The Scholarships Department should obtain a confidentiality waiver to transmit personal information related to the scholarship application, which recipients should sign before receiving the scholarship.**

### **Scholarships Department's response**

**Section 9.5.2.1** – Will be brought before the Scholarships Committee for decision.

**Section 9.5.2.2** – The recommendation is accepted concerning recipient declarations.

**Section 9.5.2.3** – The recommendation is accepted and is already implemented in scholarships for youth village alumni. Will be applied to all other scholarships.

## **10. In-Depth Sample Examination**

### **10.1. General**

The Office of the Comptroller performed in-depth examination of 3 Education Funds, awarding scholarships in 2022-2023.

In each fund, examinations included the following:

- The fund's Constituent Documents and match between these documents and actual scholarships.
- Applicant sourcing practices, methods for determining the scholarship amount and criteria.
- Scholarships Committee approvals.
- Work flows with scholarship recipients – receipt and review of documents.
- Issuing cheques and payment documentation.
- Ancillary documents.

For reasons of privacy and to prevent disclosure of information on scholarship recipients, this report does not mention the names of the examined funds, or personally identifiable information on individuals receiving scholarships from these funds.



## **10.2. Fund A**

**10.2.1.** Fund A is dedicated for blind and vision-impaired students.

**10.2.2.** The fund's Constituent Documents specify that fund monies will support scholarships for higher education studies for blind or vision-impaired students.

**10.2.3.** The Scholarships Department enlists the aid of ALEH to source scholarship applicants. According to the Ministry of Justice website Guidestar, the organization has proper management certification, a tax credit certification for donations, and an annual turnover of more than NIS 17 million in 2022. The Office of the Comptroller met with ALEH representatives and was impressed with their professionalism in managing the organization's scholarship activities. This includes checking applicants, their needs, and their volunteer work in the community. The Office of the Comptroller also met with a scholarship recipient and learned directly about the scholarship's importance for them and the volunteer program in which they take part. The meeting indicated that many recipients volunteer in programs that help and support other blind and vision-impaired individuals, serving as personal examples and role models.

**10.2.4.** In approving scholarships from Fund A, a dedicated committee is convened, comprising members from ALEH and the Scholarships Department. According to the table received following this committee's meeting, USD 20,000 in scholarships were approved in 2022-2023, out of a total interest balance of almost USD 50,000 available to the Scholarships Department from Fund A in 2022-2022

**10.2.5.** Upon reviewing the table summarizing the scholarships committee's decisions, having convened to approve Fund A scholarship recipients for 2022-2023, the following were found:

- Each recipient received a USD 1,000 scholarship, paid in NIS based on the exchange rate on the payment date.
- Criteria were set: individuals who are blind or have a visual impairment of more than 40%, hold an Israeli identity card, are regular registered students, up to 30 years of age, with an option to exceptionally include students over 30 or students studying for diplomas.

- Scholarships will be granted to students “for up to two years over 5 years”.

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- Students will volunteer in the community for 40 hours during the year.
- ALEH will transfer the list of eligible candidates and their placement in volunteer programs, and the scholarship will be awarded in one lump sum in a ceremony after the volunteer work is completed.

The Fund A Scholarships Committee was presented with a list of 21 scholarship candidates. It was decided that 19 candidates would receive full scholarships, while 2 would receive half of the scholarship, each.

It was also decided that, for some recipients, volunteer requirements would accommodate their medical condition, i.e. – their volunteer hour requirements would be reduced or waived.

It is emphasized that recipients study in various different institutions, and there was no preference for any one particular institution.

**10.2.6.** The recipient approval process, and documentation work flows in the Scholarships Department were as follows:

- The Scholarships Department receives the scholarship recipients’ details. These details are entered into the information system (Salesforce platform) used by the Scholarships Department.
- The Scholarships Department verifies proof of studies, identity cards, and blindness/vision-disability card.
- Once all these documents are approved, the names are submitted to the Fund A Scholarships Committee.
- ALEH sees to the recipients’ placement in community volunteer programs. Confirmations are received from host organizations concerning volunteer work, and are submitted to the Scholarships Department.
- A cheque is made out to the scholarship recipients, and awarded in a special ceremony. In 2022-2023, the ceremony did not take place because of the

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<sup>6</sup> This is how the decision was phrased – apparently the intention was that scholarships may be awarded for a maximum of two academic years, and within a period of no more than five years.

Iron Swords War, and recipients received their cheque through ALEH or in the mail.

Of all recipients awarded this scholarship in 2022-2023, the Office of the Comptroller sampled 4 and examined the process for their review, receipt of documents, and scholarship award.

The Office of the Comptroller found that all documents were received as per the aforementioned process. Documentation of the cheque payment was found in the Jewish Agency's ERP system.

**Workflows and documentation were compliant.**

### **10.2.7. Findings**

10.2.7.1. Fund A scholarships are awarded in line with the purpose stated in the fund's Constituent Documents.

10.2.7.2. In sourcing applicants, the Scholarships Department enlists the aid of a third-party organization, specializing in supporting the blind and vision-disabled. The Office of the Comptroller was favorably impressed with the organization's conduct.

10.2.7.3. In 2022-2023, USD 20,000 were awarded in scholarships, out of USD 50,000 in distributable interest balances available to the Scholarships Department. The reason for this partial utilization was that it was aligned with existing needs, and with a view to support scholarship awards the following year.

10.2.7.4. Scholarship criteria comply with the Scholarships Procedure, except:

- Recipients are verified to hold identity cards, not citizenship as required by the procedure. Consider changing the Procedure to require only that recipients are permanent residents.
- No review is applied to check for additional Jewish Agency support. It is thus also not possible to verify the number of years in which the Jewish Agency has awarded scholarships. The Office of the Comptroller was told that if ALEH submits a past recipient for a second scholarship, the committee is updated of that fact and it is recorded in the committee's records.

- Scholarship recipients did not sign a confidentiality waiver for transmitting their personal detail in connection with the scholarship application. The Office of the Comptroller was told that the Scholarships Department will work to resolve this issue starting from the current scholarship year.

10.2.7.5. **Work flows for registering scholarship recipients, documenting their eligibility, verifying their volunteer work, and actual scholarship payments were all compliant.**

### 10.3. Fund B

10.3.1. Fund B supports disadvantaged students in the Hebrew University.

10.3.2. The fund's Constituent Documents specify that the donation may either be transferred to the Hebrew University to issue scholarships to disadvantaged students, or the Jewish Agency may award scholarships for Hebrew University students using the fund. It was clarified, during the fund's establishment, that each year, only the yield on the fund principal may be distributed, and the fund should receive reports on the number of students receiving scholarships each year.

10.3.3. The Scholarships Department enlists the help of the Hebrew University Financial Aid Center to source recipients. In early 2023, the Scholarships Department contacted the Aid Center and asked that it source 4 recipients who are "in need, and outstanding", studying in the Hebrew University. It was further stated that priority would be given to *olim* and residents of outlying areas. Each recipient would receive a scholarship of NIS 2,500.

10.3.4. The requirement of academic excellence was added by the Scholarships Department. This condition is not included in Fund B's Constituent Documents.

10.3.5. The Office of the Comptroller met with Aid Center representatives and was favorably impressed with their professionalism in managing scholarship activities. The Aid Center has clear and formal documents and scholarship criteria. Thorough checks are performed to make sure that students meet the main criteria set by the Scholarships Department for Fund B – disadvantaged

economic background, studies in the Hebrew University, and academic excellence.

**10.3.6.** According to the table summarizing Fund B Scholarships Committee decisions, USD 3,000 in scholarships were approved in 2022-2023, out of almost USD 4,750 in interest balances available to the Scholarships Department. This amount was equal to about NIS 10,000, distributable to the 4 recipients. Lacking formal minutes, the document for the scholarship committee meeting convened for this purpose indicates that the committee received the list of scholarship recipients recommended by the Hebrew University Aid Center in 2022-2023. The list includes 4 individuals, and specifies their financial condition, their tuition fees, and information on their academic excellence.

Fund B scholarship recipients are not required to volunteer in the community.

**10.3.7.** The Scholarships Department's process for approving and document scholarship recipients includes:

- Receiving the recipients' details and entering them in the Salesforce system.
- Receiving proof of studies and tuition fees.
- Issuing the cheques and delivering them to recipients, through the Hebrew University Aid Center.
- Issuing a detailed report to the fund, describing the scholarship recipients and providing a brief fiscal summary of the fund's performance.

The Office of the Comptroller sampled the work flows for reviewing recipients, obtaining documents, and scholarship payment, for two of the four scholarship recipients in 2022-2023.

All documents were obtained as per the aforementioned process. Cheque payment was documented in the Jewish Agency's ERP system.

**The process was documented and found compliant.**

### **10.3.8. Findings**

10.3.8.1. Fund B scholarships are awarded in line with the purpose specified in the fund's Constituent Documents. In practice, the Scholarships Department has added conditions not included in the fund's Constituent Documents,

requiring that scholarships be awarded to outstanding recipients, with preference to olim and residents of outlying areas. The table summarizing the committee's decision (used in lieu of minutes) did not provide support for these additional conditions, nor did it indicate if the committee reviewed recipients in light of these requirements.

The Office of the Comptroller was told that the Constituent Documents require students to be “deserving”. Over the years, the various committees that discussed this point, the requirement was interpreted as “outstanding”.

The Office of the Comptroller was told that, following the audit's findings, the Scholarships Department will fine-tune scholarship awards according to the requirements in the Constituent Documents.

It is noted that the Scholarships Department provides the donor behind Fund B descriptive and financial reports annually.

10.3.8.2. The Hebrew University Aid Center works to source scholarship recipients who meet the necessary requirements. The Office of the Comptroller was favorably impressed with the Aid Center's conduct.

10.3.8.3. The scholarship criteria comply with the Scholarships Procedure, except:

- Recipients were not required to volunteer in the community. The Scholarships Procedure requires community volunteer work for any scholarship above NIS 2,000.
- Recipients are checked for Israeli identity cards, not citizenship as required by the Procedure. Consider changing the procedure to only require that recipients be permanent residents.
- No checks are made for additional Jewish Agency support.
- Recipients do not sign a confidentiality waiver for transmitting their personal information in connection with the scholarship application.

10.3.8.4. **Work flows for registering scholarship recipients, documenting their eligibility, actual scholarship payments, and reporting to the fund were all compliant, except for obtaining information as detailed above.**

#### 10.4. Fund C

**10.4.1.** Fund Ce supports *olim* studying Hebrew and English.

**10.4.2.** The fund was established pursuant to a will, which distributed an estate across various goals, including supporting *olim* studying Hebrew and English.

**10.4.3.** According to the table summarizing the scholarships committee's decisions, in 2022-2023, USD 5,000 (NIS 17,000) in scholarships were approved together with the Ariel University Olim Unit. for *olim* studying Hebrew and English in Ariel University.

An additional USD 7,353 (NIS 25,000) in scholarships were approved for *olim* studying Hebrew and English and preparing for their psychometric exam in Nitzana – a youth village serving Bedouin teens in the Negev, founded by the Jewish Agency (this, in addition to other scholarships awarded to alumni of other Jewish Agency youth villages through other funds).

In all, USD 12,353 (NIS 42,000) in scholarships were approved, from an available balance of USD 24,522.

**10.4.4.** The scholarships for Ariel University students took shape following a specific inquiry by the university, requesting that the Scholarships Department approve 17 scholarships of NIS 1,000 each. The request for scholarships for *olim* in Nitzana was submitted on the youth village's behalf. A detailed request was sent asking that scholarships be awarded to *olim* studying Hebrew in the youth village's *ulpan*, who attend a preparatory course for the psychometric exam which also includes English language studies. Scholarships were requested for 25 individuals. Ultimately, 23 of scholarships were approved, of NIS 1,000 each.

**10.4.5.** The Scholarships Department's process for approving recipients and documenting scholarships includes:

- Receiving the scholarship recipients' details and entering them in the Scholarships Department's Salesforce information system.
- Obtaining proof of studies (it is noted that recipients do not study in higher education institutions, but rather the youth village).
- Cheques are issued and given to recipients







were all compliant, except for obtaining information as detailed above.

**10.5. Recommendations**

- 10.5.1. Two of the three sampled funds saw a utilization rate of 50% of the interest balance available to the Scholarships Department. Utilization rates for balances distributable as scholarships should be increased.**
- 10.5.2. Require scholarship recipients to volunteer in the community for all scholarships above NIS 2,000. Alternatively, change the Scholarships Procedure accordingly.**
- 10.5.3. Check and obtain documents confirming that recipients meet the funds' principle eligibility criteria. Just as the Scholarships Department verifies that recipients have blindness or visual disability cards in Fund A, or are outstanding Hebrew University students in Fund B – the Scholarships Department should make sure that confirmation (*oleh* cards) are obtained for scholarship recipients in the fund supporting *olim*.**

**Scholarships Department's and Finance Unit's response to Section 10.5.1**

The Office of the Comptroller's recommendation is accepted and the Scholarships Department will work to increase utilization of interest balances in 2024-2025. However, the Department operates with a view towards long-term scholarship continuity, and a forward-looking approach towards interest balances available to the Department.

**Scholarships Department's response to Section 10.5.2**

Will be brought before the Scholarships Department for decision.

**Scholarships Department's response to Section 10.5.3**

The recommendation is accepted and will already be implemented this year.

## 11. Summary of Recommendations

| <u>Section</u> | <u>Topic</u>                                  | <u>Recommendation</u>  |
|----------------|---|--|
| 5.4            | Education Funds – Fiscal Management Trust Law | <b>5.4.1</b><br>The Jewish Agency must coordinate with UIA to establish policies governing the investment of Education Fund principals, and the accrual of investment yields on such principals.   |
|                |   | <b>5.4.2</b><br>In establishing policies on fund accruals allowing the distribution of monies to beneficiaries, the method for accruing yields on funds in the long term must be set as an alternative to separate, income-generating investments. |
|                |   | <b>5.4.3</b><br>In the audited financial statements, in the note concerning restricted net assets, consider presenting Education Fund liabilities <u>in a separate line item</u> from the other restricted net assets.                             |
|                |   | <b>5.4.4</b><br>In the explanations concerning the investment of Jewish Agency monies, consider adding that these assets include a certain, specified amount for investments of Education Fund principals.   |

| Section | Topic                        | Recommendation  |
|---------|------------------------------|---|
| 8       | Use of Education Fund Monies | <p><b>8.4.1</b></p> <p>Establish written policies concerning routine fiscal management of Education Funds, and criteria for utilizing amounts accrued in the various funds. This includes:</p> <ul style="list-style-type: none"> <li>• In funds where Constituent Documents specify purposes and only accrued interest may be used – establish clear policies on the utilization of accrued interest, available for distribution each year.</li> <li>• If monies are only to be used after a fund accrues a specified amount in interest, clear policies should be set in this matter.</li> <li>• In funds where both principal and interest may be utilized – specify when and whether fund principals are to be used. A set number of years may be set until full utilization of principal and interest, or it may be decided that <u>at least</u> accrued interest will be utilized each year.</li> </ul> |
|         |                              | <p><b>8.4.2</b></p> <p>In funds whose specified purpose is difficult to implement due to changed circumstances or other reasons – work to identify and pro-actively contact the donors or their heirs to change the specified purpose or find other alternatives, with relevant legal counsel. If necessary, apply to the courts for further instructions.</p>  |

| Section | Topic   | Recommendation  |
|---------|---|---|
|         |   | <p><b>8.4.3</b></p> <p><b>In funds without recorded Constituent Documents – work to identify and pro-actively contact the donors or their heirs, to obtain instructions on the fund’s utilization, or seek legal advice as to options for using these funds many years after their creation. If necessary, apply to the courts for further instructions.</b></p> <hr/> <p><b>8.4.4</b></p> <p><b>Consider updating the Education Funds Chart and splitting it into different fund types (specified purpose, unspecified purpose, etc.). This would streamline workflows and help distinguish between the types of funds and their uses.</b></p> |
| 9       | <p><b>Scholarships Department – Routine Management</b></p> <p><b>9.2 Scholarships Committee</b></p> | <p><b>9.2.2.1</b></p> <p><b>Consider establishing the Main Scholarships Committee pursuant to Section 3 to the Scholarships Procedure. Alternatively, if it is decided that said committee is not necessary, amend the procedure to align with the current practice of specific committees, assuming current practice serves the scholarship award process.</b></p> <hr/> <p><b>.9.2.2.2</b></p> <p><b>Formalize the existing sub-committee’s activities by changing and aligning the Scholarships Procedure.</b></p>   |
| 9       | <p><b>Scholarships Department – Routine Management</b></p> <p><b>9.3 - Minutes</b></p>              | <p><b>9.3.2</b></p> <p><b>Sub-committees should keep minutes and note, among other things, the committee meeting date, items raised for discussion, participant names, and decisions.</b></p>   |

| Section         | Topic  | Recommendation   |
|-----------------|--|--|
| <p><b>9</b></p> | <p><b>Scholarships Department – Routine Management</b></p> <p><b>9.4 Sourcing Recipients</b></p> | <p><b>9.4.2.1</b></p> <p>Amend the procedure to reflect the Scholarships Department’s practice of ‘outsourcing’ activities for sourcing scholarship applicants.</p>  |
|                 |  | <p><b>9.4.2.2</b></p> <p>Set criteria and minimum requirements for selecting ‘outsourcing’ organizations assisting the Jewish Agency, and consider diversifying and increasing the number of these organizations.</p>  |
| <p><b>9</b></p> | <p><b>Scholarships Department</b></p> <p><b>9.5 Scholarship Criteria</b></p>                     | <p><b>9.5.2.1</b></p> <p>Make sure that recipients are indeed Israeli citizens, as required by the procedure. Alternatively, change the procedure to suffice with checking that recipients are permanent residents.</p>  |
|                 |  | <p><b>9.5.2.2</b></p> <p>The Scholarships Department should check, through reasonable means at its disposal, whether recipients have received or are receiving other aid from the Jewish Agency, as per the procedure (recipient declarations in this matter may be obtained).</p> |
|                 |  | <p><b>9.5.2.3</b></p> <p>The Scholarships Department should obtain a confidentiality waiver to transmit personal information related to the scholarship application, which recipients should sign before receiving the scholarship.</p>  |

| Section          | Topic                                | Recommendation   |
|------------------|--------------------------------------|--|
| <p><b>10</b></p> | <p><b>In-Depth Sample Review</b></p> | <p><b>10.5.1</b></p> <p>Two of the three sampled funds saw a utilization rate of 50% of the interest balance available to the Scholarships Department. Utilization rates for balances distributable as scholarships should be increased.</p>   |
|                  |                                      | <p><b>10.5.2</b></p> <p>Require scholarship recipients to volunteer in the community for all scholarships above NIS 2,000. Alternatively, change the Scholarships Procedure accordingly.</p>   |
|                  |                                      | <p><b>10.5.3</b></p> <p>Check and obtain documents confirming that recipients meet the funds' principle eligibility criteria. Just as the Scholarships Department verifies that recipients have blindness or visual disability cards in Fund A, or are outstanding Hebrew University students in Fund B – the Scholarships Department should make sure that confirmation (<i>oleh</i> cards) are obtained for scholarship recipients in the fund supporting <i>olim</i>.</p> |