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The Jewish Agency for Israel

Office of the National Institutions Comptroller

Community Services Unit

Jewish Agency Office in Mexico

Table of Contents

<u>Section</u>	<u>Title</u>	<u>Page</u>
1	Objectives	2
2	Method and Scope	2
3	General	2
<u>Findings and Recommendations</u>		
Chapter 1 - Finances		4
4.	Budget	4
5.	Banks and Authorized Signatories	9
6.	Payments	11
7.	Procurement	16
8.	BITUI's Board of Directors	18
9.	Salaries and Human Resources	20
10.	Business Expenses	22
Chapter 2 - Activities		24
11.	Activity and Content Management	24
12.	Work Plans	25
13.	Aliyah	27
14.	Shlichim and Youth Movement Activities	29
15.	Project TEN	32
Chapter 3 – Employee and Shlichim Questionnaire		35
Appendices		37

1. **Objectives**

The Office of the Comptroller examined the Mexico Office's administrative and fiscal practices and its performance of Jewish Agency activities.

2. **Method and Scope**

- 2.1 The audit was performed as part of the Office of the National Institutions Comptroller's work plan, and took place in the Mexico Office's facility in Mexico, in March 2024.
- 2.2 The audit included talks with Office staff, including the outsourced local bookkeeper, as well as meetings with supervisors in the Jewish Agency's Jerusalem headquarters in Israel.
- 2.3 The audit also included meetings with Keren HaYesod's representatives in Mexico, attorneys for BITUI – the local legal entity, and the leadership of the Jewish community in Mexico who serve as BITUI board members.

3. **General**

- 3.1 According to data from the Jewish community, there are some 50,000 Jews in Mexico, and some 65,000 eligible individuals under the Law of Return. Today, Mexico has the third largest Jewish community in Latin America, and one of the eight largest Jewish communities in the world. According to data provided by the Office, Mexico City itself is home to some 40,000 Jews.
- 3.2 Historically, Mexico's Jews arrived mostly from western Europe (until the 19th century), Turkey, eastern Europe, and Syria. Jews in Mexico are organized in communities, with institutions such as synagogues, schools, and sports and culture centers. These institutions are active and play a key role in the daily lives of the various Jewish communities.

There are 15 Jewish schools in Mexico City, hosting 85% of the children in the city's Jewish community.

Communities are Zionist in nature, and maintain ties with Israel through their institutions, and particularly through their schools. It is noted that the communities are well versed in Israeli current affairs.

3.3 The Jewish Agency Mexico Office’s activities are carried out through the legal entity known as BITUI (“BITUI” or “the Organization”). This is a local non-government association, operating as a non-profit, whose founders and executives are leaders in the Jewish community in Mexico.

The Mexico Office collaborates with all National Institutions – KKL-JNF, Keren HaYesod, WZO - and with other local institutions such as the Central Committee of the Jewish Community of Mexico, the Association of Jewish Students in Mexico, and others.

Data concerning the Jewish communities in the region (served by the Office), as provided by the Office director:

Country	Jews under the Law of Return	Jews
Columbia	4500	2,900
Costa Rica	3400	2,600
Cuba	500	350
Dominican Republic	400	100
Ecuador	1200	600
Guatemala	1800	900
Honduras	250	100
Panama	16000	12,000
Venezuela	7000	4,000
Peru	3500	2,200
El Salvador	400	100

Activities in the region is carried out through the Office's staff, a small team of local employees, and volunteers.

Chapter 1 - Finances

General

The Mexico Office's finances are managed by the treasurer, and a local bookkeeper providing outsourced services.

The Treasurer for Latin America, working from the Buenos Aires Office, is responsible for both the local treasury in Argentina, and fiscal activity in all Latin America countries (except Brazil). This includes the Mexico treasury. Under the current organizational structure, the Latin America Treasurer oversees both the local bookkeeper and the Mexico treasurer, and is their direct supervisor. The Treasurer supervises and controls all fiscal activity in Latin America treasuries. This responsibility includes routine tracking and control over budget utilization across all budget items, and adherence to approved budget limits.

4. Budget

The Office's budget is set in Israel by the Finance Unit. The Latin America Treasurer and the Office director are responsible for proper budget management.

Findings

4.1 Revenues supporting the Mexico Office's activities derive from the Jewish Agency's Community Services budget items, and Aliyah Preparation budget items.

In addition to these two revenue items, additional revenue sources are reimbursement/expense coverage under various items in the Jewish Agency's core budget. These items are recorded as 'negative expenses', thus reducing expense balances in the budget.

These sources are coupled with revenues from Aliyah files opened by the Office, and revenues from Ofek Israeli (“Ofek”).¹ The Ofek budget is based on planned revenues and activities (expenses), respectively.

Reimbursement/expense coverage, along with the above revenues, **constitute a part of the expense budget** and are presented under the expense column. In practice, **these revenues reduce planned expenditure** and the expense column in the budget is ultimately presented under the ‘**Net expense budget**’ item.

Budget management presents planned (budgeted) expenses against actual expenses.

The Finance Unit manages revenues as part of the global revenues for the ‘Community Services, Aliyah preparation, and other revenue sources’ item. These data are not under the Office’s or the Latin America Treasurer’s responsibility.

- 4.2** The Office’s budget planning and management activities are carried out by the Finance Unit, through the ERP system’s budget module.

The aforementioned budget includes activities in Mexico, and a separate allocation for other countries in the region (Venezuela, Columbia, Peru, and Panama).

- 4.3** In addition to the budget detailed in Sections 4.1 and 4.2 above, there is another element – inflows from the local community (“Local Community Budget” or “Latin America Allocations”). These revenues are received in Mexico through Keren HaYesod, and constitute an elective budget supporting the Office’s activities (Mexico only).

The Office of the Comptroller was told that updates concerning the Local Community Budget are usually received in the final quarter of the year. This undermines the ability to plan activities and commit to suppliers, ultimately undermining activities.

¹ A public benefit company with the goal of promoting Aliyah to Israel. The company was established in 2015 by the Jewish Agency and World Zionist Organization, pursuant to Government Decision 1746, of June 2014.

It is noted that the Local Community Budget balance is carried forward from one year to the next, and can be utilized, for the aforementioned needs, indefinitely.

Upon receiving the budget commitment from the local community, and receiving approval from Keren HaYesod’s headquarters in Jerusalem, data are entered into the ERP system in the Finance Unit, **which manages this budget separately from the current budget** (as detailed in Sections 4.1 and 4.2 above) under a ‘donors report’.

4.4 Budgets for 2023-2024, excluding the Local Community Budget:²

2023 Budget (USD)				
	Planned	Actual	Difference (USD)	Difference (%)
Mexico				
Expenses	408,627	273,265	135,362	33%
Refunds and revenues	(89,814)	(28,007)	(61,807)	69%
‘Net’ expenses	314,813	245,258	69,555	22%
Regional Countries				
Expenses	26,908	12,884	14,024	52%
Refunds and revenues	(5,000)	0	(5,000)	100%
‘Net’ expenses	21,908	12,884	9,024	41%
Total				
Expenses	435,535	286,149	149,386	34%
Refunds and revenues	(94,814)	(28,007)	(66,807)	70%
‘Net’ expenses	340,721	258,142	82,579	24%

² 2024 budget, as of November 2024

2024 Budget (USD)				
	Planned	Actual	Difference (USD)	Difference (%)
Mexico				
Expenses	404,019	273,265	130,754	32%
Refunds and revenues	(168,717)	(28,007)	(140,710)	83%
‘Net’ expenses	245,302	245,258	44	0.02%
Regional Countries				
Expenses	57,966	12,884	45,082	78%
Refunds and revenues	5,000	0	5,000	100%
‘Net’ expenses	52,966	12,884	40,082	76%
Total				
Expenses	461,985	286,149	175,836	38%
Refunds and revenues	(163,717)	(28,007)	(135,710)	83%
‘Net’ expenses	298,268	258,142	40,126	13%

4.5 The 2023 ‘donors report’ received from the Finance Unit indicated that a revenues budget of USD 270,850 was recorded, against expenses of USD 301,666 (over-utilization of USD 30,816, covered by the community).

In 2024 (as of October 2024), USD 214,310 were recorded in revenues. Revenue-expenses analysis had yet to be performed for that year.

4.6 In 2023, the bulk of the difference between planned and actual budget performance was due to lower revenues from Ofek (a total of USD 18,661 were received in 2023, compared to planned revenues of USD 167,343).

In 2024 as well,³ the bulk of the difference between planned and actual performance was attributable to the Ofek budget (difference of USD 55,000 between actual revenues and expenses), unreceived reimbursement (revenue) for educational activities, and increased rent costs.

³ 2024 budget data are not final, and current as of October 2024.

4.7 The Office has an ERP system with a payments module, accessible by the treasurer and Office director. Budget performance reports from the ERP system are received periodically from the Argentina treasury, and from the Finance Unit in Jerusalem.

4.8 Analysis of budget-related workflows indicated the following:

- The Office director and the treasurer are authorized and able to view "on-line" the budget details that are available in the ERP, including budget balances in specific budget items.

However, the Office director and the treasurer cannot generate a report of budget vs. actual, in a uniform format generated automatically at the press of a button. Therefore, they are dependent on a report generated in the Finance Unit in Jerusalem. The information received through this report is a month old and sometimes even more.

- Budget performance reports include the Office's budget including the Ofek budget. At the same time, as mentioned, there is also the Local Community Budget.

The Office of the Comptroller was told that a uniform, manually-generated report is sent to the Office periodically. However, it is not possible to get a comprehensive overview of all budget components at the start of the year, when the data is received. **The timing difference in the entire budget's approval** creates uncertainty in understanding, applying, and managing the Office's budget in a planned and structured manner.

Recommendations

4.9 Allow relevant Office staff to automatically generate from the ERP system, an administrative report of budget vs. actual.

4.10 Develop a uniform budget report format to present all budgets used by the Mexico Office.

Finance Unit's response

Recommendation 4.9 – Accepted, subject to technical feasibility in the ERP system.

5. Bank Accounts and Authorized Signatories

5.1 BITUI manages its finances through one bank account with BANORTE.

5.2 BITUI's 2013 charter indicated that each member of its board of directors can carry out, among others, financial transactions on behalf of BITUI (in the bank or other entities). The board authorized the local bookkeeper (outsourced, as mentions above), to perform bank transactions, therefore, in practice, he is a sole signatory, as members of the board are not involved in current payments. In practice, only the LOCAL BOOKKEEPER (as aforesaid – outsourced) was granted permissions to perform bank transactions. Thus, he is the sole authorized signatory.

On April 4, 2019, BITUI's board of directors approved that the Office treasurer may act on the Organization's behalf, with the following powers:

- Make and approve documents on the company's behalf
- Pay taxes including payroll taxes and pay institutions such as pension funds and social security
- Manage BITUI's property

As mentioned above, only the local bookkeeper is in practice an authorized signatory in BITUI's bank account.

5.3 It is noted that granting permissions to perform actions to only one individual constitutes a risk that unauthorized actions will be performed in the bank account.

It is noted that current permissions do not limit the permissible amount for payment from the bank account.

The Office of the Comptroller believes that authorization to the bank account should be given, to several people, such as – the treasurer and the Office

director. Such authorization should complement their responsibilities in managing the Office's finances.

- 5.4 Upon inquiry with the Organization's legal counsel, the Office of the Comptroller was told that there was no obstacle to specifying another authorized signatory and issuing them means such as ID tokens.

Recommendations

- 5.5 **Add at least one authorized signatory to the bank account, and if possible appoint two additional authorized signatories, so that payments will require approval by two out of three authorized signatories.**
- 5.6 **Limit the maximum amount payable/transferrable from the bank account.**

Finance Unit's response

Recommendation 5.5 – Indeed, there is no legal obstacle to adding authorized signatories. However, there was a constraint from the bank's online portal. After working closely with the bank, we managed to address the problem and are currently switching to our common practice of 2 concurrent authorized signatories.

Recommendation 5.6 – Since the bank system does not support different levels of authorization for authorized signatories, or assigning maximum limits to each signatory, it is not possible to limit the amount.

6. Payments

6.1 The Office's payment workflows:

The client fills in a manual purchase order (PO) form, stating the budget item number, amount payable, supplier details, and details on the purchase (specific need and the goods or services).

The treasurer enters the PO data into the ERP system, and generates weekly payment order reports. These are exported to Excel and sent to the Office director for approval. The treasurer checks the documents, including budget item and invoice.

The treasurer sends the report (w/ attachments) to the LATAM Treasurer, who approves it in the ERP system. After approval, the LATAM Treasurer emails the Mexico treasurer approval confirmation.

Upon confirmation, the treasurer issues an Excel file detailing the necessary payments, and sends the approved file to the local bookkeeper, for payment by bank transfer.



Analysis of the payment process found the following:

- 6.2** As aforesaid, purchase orders (POs) are not filled in digitally, but rather in handwriting. Filling in the forms is cumbersome, particularly the need to write out the budget item number (about 40 digits), which may lead to errors.

For example, a PO form:

Cheque / Transferencia
 Titular / razón social
 Banco
 Tipo de cuenta
 CLUF / CUI
 CBU

Notificar pago por mail
 a: avram@jafi.org
 Cc:

Partida presupuestaria:
 Proyecto: Marketing Digital - Ofak Israel
 ERP: 01.62.048501.721130221.5315010.000000.300599.24100

Observaciones:

Aclaración: *[Signature]*
 Firma: *[Signature]*

USO INTERNO
 Fecha recepción: *[Blank]* Firma responsable: *[Blank]*

In case of error, the treasurer must correct POs (personally, or through the PO client). The lengthy process creates potential for delays in payments to suppliers.

It is noted that, at the Office director's request, PO clients must scan and attach each PO form for the Office director and treasurer to approve payment.

- 6.3** New suppliers are entered in the ERP system by the treasury in Argentina, after receiving new supplier requests and supporting documents from the Office treasurer.

In addition to entering new suppliers in the ERP system, they must also be entered into the bank system, to allow payment. This is done by the local bookkeeper, who is also an authorized signatory.

It is noted that having the same person enter payment orders and new suppliers in the bank system contradicts the separation of duties principle common when approving bank transfers.

The Finance Unit stated that, in the past, suppliers were entered by the Latin America Treasurer. However, after a change in the bank's system, this was no longer possible, and so it was necessary to switch to the current practice. It was further stated that, following lengthy talks with the bank, workflows are currently being changed to allow for separation of duties, with the Mexico treasurer entering new suppliers and all payments into the bank system, and the Latin America Treasurer providing the second signature.

- 6.4** After making the payments, the Office treasurer receives an email from the bank, with the details of the transfers. This provides a certain level of compensating control over the payment process implemented, as aforesaid, by the local bookkeeper alone. The Office of the Comptroller notes that the Office director does not receive the transferred payment report from the bank as an additional control.

6.5 Up until summer 2024, bank reconciliations in Mexico (in the ERP system) were performed by a treasury employee in Buenos Aires, as the Mexico Office treasurer was on personal leave. Recently, responsibility for these workflows was re-assumed by the Mexico Office treasurer.

Bank reconciliations in Mexico are checked quarterly, as part of the routine controls applied by the Jerusalem accounting staff.

The Office of the Comptroller examined bank reconciliation workflows in Mexico, and sampled the reconciliations performed in August 2023-January 2024. All six sampled reconciliations matched the bank records, ERP system, and check file received. **Compliant.**

6.6 Examination of a **sample of 42 payments, to a total amount of MXN 1,606,996** (USD 95,000) from July 2023 indicated:

6.6.1 All payments were duly approved by the authorized signatories in the ERP system.

6.6.2 All payments had manually-filled POs, which were entered into the ERP system.

6.6.3 All payments had supporting documents.

6.6.4 Five sampled payments (out of the 42) did not include the Office director's approval (signed approval on the PO form).

6.7 The Office does not have credit cards, and does not make payments by check, but rather by bank transfer.

6.8 The Office has a safe where cash is kept. It is noted that under the procedure entitled *Operative Guidelines for Treasury Operating Procedures – Operative Guidelines for Petty Cash and Advances Procedure*, cash amounts must be counted every six months, and the inspection and its results must be documented.

The Office of the Comptroller examined the Office safe. Findings were as follows:

6.8.1 According to the local bookkeeper, the safe had not been opened for some time (over 3 years). Furthermore, contrary to accepted practice, there are no records (in the safe) of when it was opened, cash counts, and documentation of its contents in minutes.

6.8.2 The Finance Unit stated that, at the end of each year, a report is sent to the accounting staff in Israel. Upon request, the Office of the Comptroller received the results of the last cash count, performed by the Latin America Treasurer on December 31, 2023.

6.8.3 The Office of the Comptroller found that no one in the Office had the code for the safe. In emergencies, it would not be possible to open the safe and use the cash.

There is no guideline as to when the cash in the safe may be used. Thus, the purpose for keeping these cash balances is unclear. The Finance Unit stated that cash balances were accrued over ten years ago, before the Jewish Agency started working through BITUI. It was decided not to use these amounts, even in emergencies.

6.8.4 At the Office of the Comptroller's request, the Latin America Treasurer sent BITUI's accountant the code to the safe, in the course of the audit.

Upon counting the contents of the safe, there were immaterial differences between data in the ERP system (USD 36,343) and amounts in the safe (USD 36,361; i.e. – a difference of USD 18). There were an additional MXN 17,405 in the safe, compared with MXN 17,412 in the ERP system, a difference of half a dollar.

Cash payments – On January 1, 2024, an emergency aid delegation flew from Mexico to Israel, following the start of the Iron Swords War. The delegation included 18 individuals (16 from Mexico, 1 from Peru, and 1 from Ecuador). Delegation members covered part of their travel costs (USD 300-500 per participant), with BITUI, the Jewish Agency

Community Services budget, youth movements, and others covering the bulk of the expenses.

The amount for the delegation's flight tickets, to the amount of MXN 580,082 (USD 34,000) was paid to the travel agent entirely by BITUI.

The youth movements' share in these costs, to the amount of USD 3,800, was given to the youth movement shaliach and the Office director by the movements **in cash**.

Several days after receiving the cash, it was agreed with the youth movements that their share in the delegation's cost would be paid through routine account reconciliations with BITUI. Thus, the cash amount was returned to the youth movements.

The Office of the Comptroller notes that receiving cash without receipts/supporting documents exposes BITUI and its executives to receiving income without due records, and creates potential for irregularities. Thus, BITUI's payments to suppliers and all of its inflows should only be done using generally accepted practices.

The Finance Unit stated that the transaction was not coordinated with the Finance Unit, the local treasurer, and the Latin America Treasurer. It was thus ordered to return the cash, as such payment does not constitute generally accepted practice.

Recommendations

6.9 Consider switching to digital purchase orders using the ERP system, coupled with digital order approval by the authorized persons.

Pending such review, purchase orders should be filled in digitally, without need to print them out and re-scan them.

6.10 Consider sending post-transaction payment reports to the Office director, for review.

6.11 Update the procedure and specify the purpose of the cash balances in the safe, and when they may be used; if they are not needed – return them to Israel, as well as keeping a documentation of the cash count, in the safe.

6.12 Make sure that at least two staff members in the Office have the code to the safe and periodically perform a cash count together.

Finance Unit's response

Recommendation 6.9 – Accepted.

Recommendation 6.10 – The Office director's responsibilities do not include this power.

Recommendation 6.11 – Accepted.

Recommendation 6.12 – For reasons of caution, sensitivity, and security, only the Latin America Treasurer should have this code.

7. Procurement

7.1 The Office's procurement process was formalized in the *Finance Unit Procedures – Latin America Treasury* (2023). These procedures specify, among other things, the quoting hierarchy. In the Office's actual procurement practices, the following quoting hierarchy is applied:



- 7.2 In the procurement process, the client must choose from a list of previously-approved suppliers (i.e. - the treasury has their details). Alternatively, the client may choose a new supplier, provided the Argentina treasury enters the supplier into the system (see Section 6 above). After choosing the supplier and the price for the service/product, the PO must be approved by the Office director.
- 7.3 In general, the various segment supervisors in the Office (Aliyah, youth movements, etc.) are responsible for contacting suppliers and obtaining price quotes for fulfilling the purchase orders. A treasury buyer is responsible for implementing all other purchase orders not handled by the segment supervisors.
- 7.4 Examination of a sample of 40 POs (from MXN 300/USD 17, and through to USD 19,000) indicated that only a minority (8) had been duly quoted.
- 7.5 For high-value POs, supplier selection is done by the treasury in Mexico City in consultation with the Latin America Treasurer. Procurement committee requirements are formalized under Finance Unit Procedures – Latin America Treasury, 2008.

Examination of the Office's workflows indicated that no procurement committee was established, nor any other organ comprising several Office staff and/or including the headquarters in Israel, for selecting suppliers and approving POs.

- 7.6 Below are several examples of contracts for which suppliers submitted quotes, but no framework agreement was signed, even though purchases were recurring over time, through several orders. Furthermore, there were no records of quotes from other suppliers:
- Supplier **A&E Tours SA DE CV** (travel agent) which received a purchase order in August 2023 for USD 19,101. Overall purchases from this supplier in July-December 2023 totaled USD 107,323.56. The Finance Unit stated that there are contracts with other travel agents as well.

- Supplier **Telefonos de Mexico, S.A.B. DE C.V** providing the Office with telecom services. Orders to this supplier in July-December 2023 totaled USD 1,046. The Finance Unit stated that it is not possible to switch supplier, as the supplier holds a monopoly.
- Supplier **Romfel Travel Service, S.A.** providing tourism services, received a total amount of USD 108,587 in July-December 2023.

Recommendations

- 7.7 Formalize procurement procedures aligned with the Mexico Office's practices based on the Jerusalem Finance Unit's procurement procedures and procurement committee, and Finance Unit Procedures – Latin America Treasury. This includes updating the quoting hierarchy as relevant.**
- 7.8 Make sure to obtain and document price quotes, as per the procedure that will be formalized, including workflows for regular, recurring orders from service and equipment suppliers.**

Finance Unit's response

Recommendations accepted. It is noted that the Finance Unit headquarters has begun updating the finance procedures for overseas treasuries.

8. BITUI's Board of Directors

- 8.1** On March 31, 2013, BITUI was registered in Mexico City as a civil association (in Spanish - *asociacion civil*). Registration included the Organization's charter noting its goals and that it is a non-profit, civil association.

BITUI is the legal framework that allows the Jewish Agency to operate its Office in Mexico, and so it works in conjunction with the Jewish Agency

headquarters, which provides all of BITUI's core budget. Thus, the Jewish Agency exerts influence over BITUI's operations, even though it is not under its ownership.

- 8.2** BITUI's registration documents state that that its board of directors will be responsible for all of the Organization's affairs, including planning, management, and financing.

As part of these duties and powers, the board must discuss and approve the financial statements, once a year.

Upon examination, the board was found not to have convened in 2023. Financial statements were prepared for that year, but were neither discussed nor approved by the board.

- 8.3** The Office of the Comptroller notes that one of BITUI's board members has passed away, and today there are only two members on the board.

The Office of the Comptroller believes that board decisions should be made by more than two members.

Recommendations

- 8.4 BITUI should consider increasing the number of board members, to at least 3.**
- 8.5 BITUI should consider making sure its board convenes to discuss and approve its financial statements.**

Finance Unit's response

Recommendations accepted. In accordance with the local legal counsel's instructions, until the number of board members is updated, the annual financial statements cannot be approved. The Latin America Treasurer has spoken with one of the board members to handle the process, and the board member has committed to pursuing the matter.

9. Salaries and Human Resources

General

At the time of the audit, the Office had 8 local non-Israeli workers, 9 shlichim (3 movement, 1 Israel Fellows, the Office director, and 4 shnat sherut). Local staff are employed by BITUI. Staff employment data are entered into the ERP HR module during onboarding.

Adding staff to the existing personnel roster must be approved by the Overseas Personnel Supervisor in the Jewish Agency's Jerusalem headquarters. The same applies to pay raises.

Personnel recruitment requires the Latin America Treasurer's approval, who also specifies the approved salary in local currency. When paying salaries, the Mexico treasurer instructs the accountant accordingly.

Findings

9.1 Employment termination was examined for 2023-2024 – The Office only pays for unutilized vacation days, as common in Mexico.

In cases of termination by the Office, local laws require severance of one month's pay for every year of employment.

The Office of the Comptroller was told there had been no employee terminations in recent years.

9.2 The Office has a work attendance clock, but it is not used. Thus, there is no report presenting actual employee work hours. As a result, pay effectively constitutes a general salary, which is not affected by actual work hours.

9.3 Vacation days – In general, employees are entitled to 12 days of annual leave, and up to a maximum of 32 days. Vacation leave is usually coordinated for all staff on set dates. On these days, monthly pay remains unchanged (full monthly pay). Reports on vacation leave, if any, in addition to the Office-wide vacation, are submitted to the Mexico treasurer, who consolidates this data.

- 9.4** Sick leave – The treasurer does not maintain records on sick leave balances, employees do not submit doctor’s notes, and in practice the Office pays for these days in full.
- 9.5** Payroll is prepared by BITUI’s, local bookkeeper as per the treasurer’s instructions and applicable employment contracts.
- 9.6** The Office of the Comptroller sampled all pay slips for the 8 Office staff (local, non-Israeli worker) in December 2023 and January 2024 (16 pay slips in all). Findings were as follows:
- 9.6.1 All sampled pay slips matched contractual employment terms.
- 9.6.2 It is noted that employees did not receive an employment contract, but rather only a document from their employer (BITUI) specifying their salary details, without their social and ancillary benefits. The treasurer and local bookkeeper stated that there is no legal requirement in Mexico to provide employees with the full contract, including all their employment terms.
- Talks with the Office staff indicated that they complain about the lack of written agreement detailing all their terms.
- 9.6.3 Employees were not paid overtime, as common in Mexico.
- 9.7** The Jewish Agency Sexual Harassment Prevention Officer serves as the contact for inquiries and complaints, including in Mexico.
- The Office does not have a person responsible for personnel management, and no one is responsible for handling such issues as workplace bullying and sexual harassment prevention.

Recommendations

- 9.8 Consider drafting employment contracts between local employees and BITUI. Contracts would detail applicable employment terms and be submitted to employees.**

9.9 Use the Office work attendance clock, and report work hours, sick days, and vacation leave.

9.10 Consider appointing a sexual harassment prevention officer and employee inquiry/complaint officer in the Office, under guidance of the organizational Officer in Jerusalem.

Finance Unit's response

Recommendation 9.8 – It is neither a statutory requirement nor common practice to prepare employment agreements in Mexico, since local laws dictate all applicable terms.

Recommendations 9.9 and 9.10 – Accepted, and we will act accordingly.

10. Business Expenses

General

Business expenses refer to both expenses incurred on the job in Mexico, and payment of per-diem allowances when traveling outside Mexico.

Findings

10.1 The Office does not have a petty cash account. If it is necessary to pay for a given expense, reimbursement is done with the treasurer (by bank transfer).

10.2 To request reimbursement (for business expenses in Mexico), employees must fill in a BITUI form specifying the amount claimed, the nature of the expense, the budget item, additional data, and attach receipts.

10.3 Employees and shlichim in the Office were unaware of the per-diem amounts to which they are entitled on business trips outside Mexico.

After submitting per-diem requests (post-travel), applicants were informed of their per-diem allotment on business travel abroad. Employees and shlichim waited anywhere from 2 to 5 months before receiving the money. The Office of

the Comptroller notes that there is no procedure/document governing per-diem allotments for Office staff and shlichim.

Recommendations

10.4 Formalize and circulate a procedure or guidelines specifying amounts to which employees are entitled on business travel both inside and outside Mexico.

10.5 Make sure to repay expenses by the end of the relevant month, against receipts for such business expenses.

Finance Unit's response

Recommendation 10.6 is accepted. We will make sure, like now, to repay expenses within a maximum of two weeks.

Community Services Unit's response

We will communicate with the Shlichim Unit to establish a per-diem procedure for shlichim, according to their operating organization (if Jewish Agency – per-diem will be paid from the regional office budget; if movement – the movement will pay the shlichim's per-diem costs).

Recommendation 10.6 – The recommendation is accepted and will help employees. Sometimes, employees are frustrated that it takes a long time to be reimbursed for expenses.

Chapter 2 – Activity and Content Management

11. Activity and Content Management

Activities in Mexico focus on the following main segments:



Key Office activities

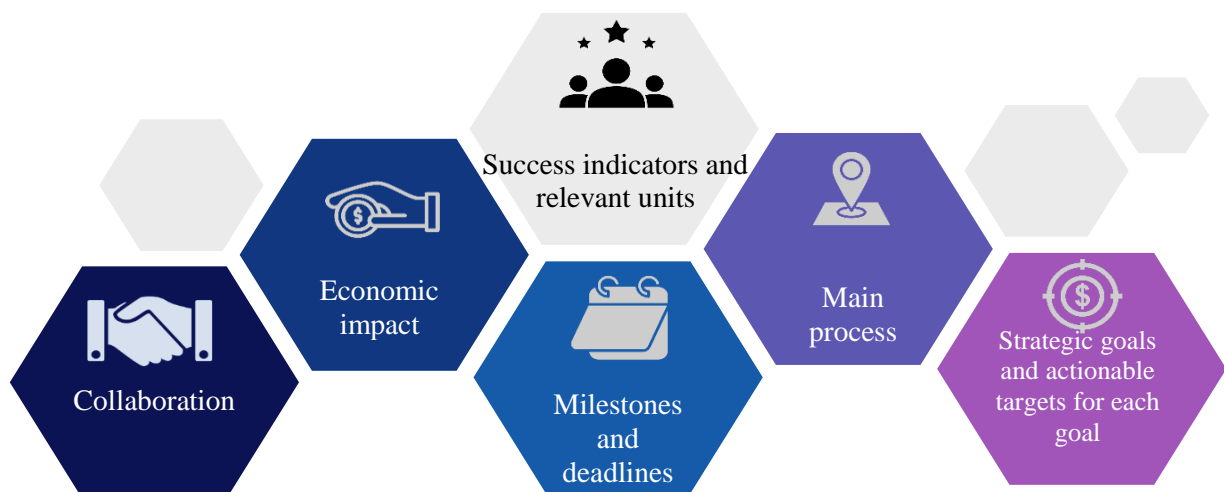
- Aliyah from Mexico and the region.
- Informal education programs, through the 9 youth movements, engaging some 950 students and instructors in weekend activities.
- MASA programs attracting some 75% of Jewish high-school graduates in Mexico (483 participants in 2023). The Office of the Comptroller was told that this is the highest participation rate in all of Latin America. MASA programs also attracted a further 200 participants from the other regional countries served by the Office.
- Israel education seminar – A collaboration between the Office and the Diaspora Ministry, Ebraica University, and other partners. The project consisted of a training seminar for Hebrew and Jewish culture teachers in Jewish schools and Mexico, and attracted over 130 teachers.
- Working with all Jewish schools in Mexico and Central America to convey Israeli and Jewish curricula, including a Zionist quiz, bible quiz, and more.

The Office’s activities integrate into the local community’s own extensive activity program, led by the Central Committee of Jewish Communities in Mexico which hosts cultural activities throughout the year, such as dance contests, sports events, etc. These activities take place in a culture and sports center in Mexico City (CDI – Centro Deportivo Israelita), which is shared by all local communities. These community activities include outreach and pro-Israel activities.

12. Work Plans

12.1 There were work plans for Mexico and Central America for 2023.

12.2 Work plans were based on the organizational work plan format, and included the following:



12.3 The work plan included 26 items, detailing activities and key processes, across all relevant units for Mexico and the region.

12.4 The plan’s economic impact section did not present financial data, but rather only descriptive text. For example, the item entitled ‘Increasing young olim numbers, personalized support’ which had a 10% growth target for young

olim, the plan stated – “Dedicated budget for marketing (donors), Ofek, Klitah Ministry, MASA”.

Another example in this item – “Increasing collaboration with youth organizations and youth movements” (key process), with a specified target of “Implementing programs for Israel, improving content, and participant satisfaction with such content. Availability and support during the activity year and involvement in long-term programs in Israel”.

The economic impact for the item was stated as “Youth organizations and youth movements, schools, local universities”.

The Office of the Comptroller notes that in both of the above examples, the plan’s economic impact lacks data clarifying the financial resources needed to allow the activity. Thus, in practice, the plan does not present economic impact. Moreover, in other items as well, the plan does not provide actual figures.

12.5 There is a mismatch in the terminology used to present budget items (ERP) and the terminology used in work plan items.

Office staff explained the budget allocated to each program. However, the work plan does not specify any budget items, and the budget does not mention any items from the work plan.

12.6 At the end of the year, no document was prepared presenting the past year’s activities and detailing work plan performance, to allow review of the Office’s performance levels or the various planned focus areas, including the need for activity continuity or options for changing activities.

The conclusion from examining the work plan is that, in its current format, the plan does not constitute an effective, actionable managerial tool for managing activities and working with the budget.

Recommendations

12.7 Include monetary amounts in the work plan, to present economic impact.

12.8 Sync the work plan with budget items, by referring to relevant budget items and/or through the terminology in work plan items.

12.9 Establish an end-of-year document to review work plan performance.

Finance Unit's response

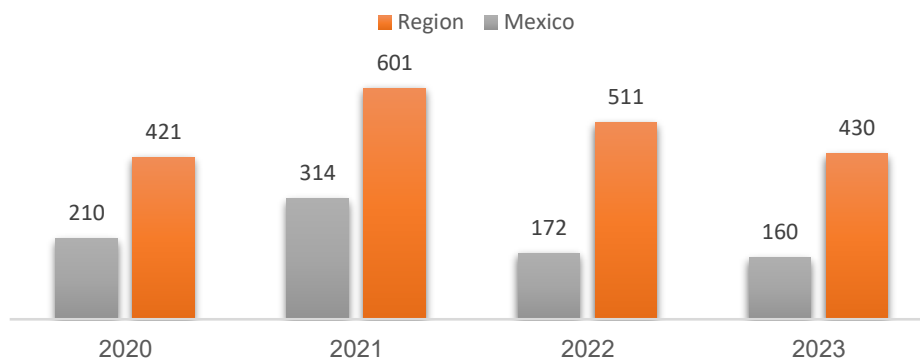
Recommendations accepted. It is noted that the Finance Unit's Mexico supervisor in Israel, the local treasurer, or the Latin America Treasurer were not involved in the work plan's preparation, and were not aware of the document's existence.

13. Aliyah

General

Recent Aliyah data for Mexico and the countries served by the Office:

Aliyah from Mexico and Central America



13.1 Talks with Office staff indicated that the community in Mexico, which is Zionist, affluent, and socially united, is not particularly conducive to promoting Aliyah. It is thus difficult to introduce Aliyah-promoting messages and content to schools.

13.2 Ofek activities in 2022 only started towards the end of the year, while 2023 did not see any activity at all as no budget was approved (only salary components). Thus, Aliyah-promoting activities were only nominal in scale.

13.3 In carrying out Aliyah activities, the Office's Aliyah supervisor and Aliyah coordinator, potential olim from Mexico, and potential olim from the region all use the website <https://www.jewishagency.org/es/>. This website is managed from Buenos Aires, in Spanish.

The Office's Aliyah staff are not involved in the website's management, and so it is focused mainly on the Jewish community in Argentina, with only minimal representation for images and content relevant to Mexico and Central America. In day-to-day operations, there is good synergy between the Global Center and eligibility staff and the Mexico Office.⁴

13.4 According to the Office Aliyah coordinator, a local 'bot' was developed in the past year which provides services to Aliyah candidates prior to opening an Aliyah file. The bot is proving effective. However, the Office of the Comptroller notes that this bot was developed without consultation with the Aliyah and Klitah Unit in Jerusalem. Thus, the bot's implications for information that candidates receive from the Aliyah Unit's central information system (JAMP) – was not studied.

13.5 Recommendation

Make sure that local initiatives for online and IT development, which affect the information received by Aliyah candidates, are only implemented in coordination with the Aliyah and Klitah Unit in the Jerusalem headquarters.

⁴ A global call center operated by the Aliyah and Klitah Unit in Jerusalem, which uses IT and telecom systems to handle Aliyah and eligibility processes with Aliyah candidates worldwide.

Director of Aliyah Continuity Division in the Aliya and Klitah Unit's Response:

We are working on making the information accessible in all languages using AI. This project will be completed in the course of 2025. The information on the web should be presented in various languages and not be geared to the countries of origin of Olim.

14. Shlichim and Youth Movement Activities

14.1 Managing shlichim activities and tasks

Talks with shlichim (youth movements, Aliyah, and Israel Fellows) and analysis of shlichim work flows (see Appendix A) indicated the following:

- 14.1.1 Most shlichim are routinely active in youth movements. Most have received either sub-optimal on-the-job training, or none at all, and even their pre-shlichut training was insufficient.
- 14.1.2 All shlichim routinely interact with youth movements in Mexico and Israel, and offer a diverse range of activities. However, they do not have a work plan with the Office, are not required to report to the Office director, and their interaction with the Office is not well-defined.
- 14.1.3 There are no operating procedures or feedback from Israel.
- 14.1.4 Shlichim do not have performance indicators or targets.

14.2 Map of local youth movement shlichut

Youth movement shlichim are dispatched to destination countries by joint decision of the youth movement and the Jewish Agency Shlichim Unit. This decision is made after studying the profile and needs of the local communities, and budget considerations associated with shlichut costs. Once a decision is made, the Office director is updated accordingly.

The Office director does not actually have any influence over the decision to dispatch shlichim, and has no influence over a given shaliach's suitability for the Office or the community.

The Office of the Comptroller believes a step is missing in the process for determining shlichut locations and shlichut needs, where the Office would be consulted and provide feedback.

14.3 Onboarding shlichim in the Mexico Office

Once shlichim arrive in Mexico, they must arrange their accommodations. The people involved in a new shaliach's arrival, including locating an apartment, are the Office director, the Latin America Treasurer, and representatives from the youth movement who help the shaliach with these first steps. The Office of the Comptroller notes that, upon arrival, shlichim (and their family, as relevant) stay at a hotel until a suitable apartment is found. This can sometimes take a month or more.

The Office of the Comptroller believes the above process is inefficient in its use of the shaliach's time and causes tensions, disappointment, and even frustration for all involved.

Recommendations

- 14.4 Improve job hand-off for shlichim during their onboarding, and formalize a procedure in this matter.**
- 14.5 Formalize a process for preparing work plans for shlichim, including performance indicators and targets, to serve as a basis for performance reporting to the Office director. Furthermore, establish formal workflows including periodic meetings between the Office director and each shaliach.**
- 14.6 Consider obtaining feedback from Office directors prior to deciding to dispatch shlichim, including checking their suitability.**

14.7 Consider improving house-hunting workflows for shlichim, so that a substantial portion of the process takes place from Israel, by working with realtors ahead of time and receiving information and quotes for relevant apartments. Furthermore, specify who is responsible for onboarding shlichim upon their arrival, to help familiarize them with their new surroundings, handling necessary admin (e.g. – work permit), etc.

Shlichim Unit's response

Recommendation 14.4 – Although pre-shlichut training is indeed very brief considering the amount of information that needs to be conveyed to shlichim, the Shlichim Unit accepts the Office of the Comptroller's recommendation to reinforce the part concerning the destination country in general, and the regional Office's part during training.

Recommendation 14.5 – The Shlichim Unit accepts the recommendation.

Recommendation 14.6 – Shlichut candidates are selected by the Shlichim Unit's screening staff in consultation with the youth movements, campuses, and communities. Once the screening staff have made their decision on a candidate's suitability for shlichut, and before their final placement, the candidate talks with the Office director to allow them to get to know each other and for the Office director to give their approval. We try to reach understandings and agreements with all relevant stakeholders in the shlichut.

Recommendation 14.7 – It is not possible to rent an apartment in advance while they are still in Israel for several reasons: Income Tax Regulations specify that employing an overseas worker and payment of their salary and ancillary benefits (rent) begin from their employment date (arrival abroad at the start of their employment). Therefore, we cannot commit to reimburse housing costs prior to their arrival and the start of their actual employment.

Shlichim usually are unwilling to rent an apartment without actually seeing it.

We do recommend to start preliminary checks on areas and apartments on the corresponding websites, and to consider potential apartments. The recommendation to highlight this need is accepted – both as part of the Office director’s duties, and to establish a procedure as part of the training process and coordinate pre-dispatch meetings between the Office director, treasurer, file manager, and shaliach.

The Shlichim Unit would like to flag the need for a professional HR support function, in general, and certainly in Mexico City which effectively does not have an active treasury. We are flagging this regardless of this report, though this report (on all its recommendations) confirms the need for an HR function. We believe a recommendation should be included to employ a local worker (part time) to provide an HR solution for onboarding and providing ongoing support to shlichim.

15. TEN

General

15.1 The TEN Center is located on the outskirts of Mexico City, and volunteer work takes place in various different schools. The project has been ongoing for about a decade with the Jewish community in Mexico City, with the aim of developing and enriching educational activity in the area, for the non-Jewish community. Activities are carried out in partnership with the Office, local municipal authorities, and with the support of the city’s Jewish community.

Activities include meetings between volunteers and local children several times a week in local schools (elementary and secondary). Activities with local children and teachers are based on games fostering critical thinking, sports, music, and reading, and engage children and youths of all ages.

15.2 CADENA is a non-government organization (NGO) providing health services and assistance for disadvantaged populations. CADENA’s administrative infrastructure in Mexico has been providing TEN with services for about a

This change would minimize the risk from relying on cash payments, and increase the Office's supervision over project expenses. It is emphasized that TEN operates within the Office's geographic jurisdiction, and until the end of 2024 was part of the network of Jewish Agency programs.

It is noted that, as of the audit date, the Office director was involved in TEN's activities, and considered them part of the Office's activity portfolio.

In light of the above, it is noted that CADENA focuses on support and rescue operations, while TEN operates educational projects. Thus, the project's operations do not fully align with those of the organization facilitating its expenses. This puts the current practice at risk.

15.7 Following the description of the project's expense-related practices, an issue concerning the rental agreement for the apartment (for volunteers) was also found. The process involved the Office director and TEN's director in Israel, and ended with a rental agreement being signed between Daroma Tzafona in Israel and the property owner in Mexico City.⁵

The property owner, who is not familiar with Daroma Tzafona in Israel, and which the agreement names as the tenant, contacted the Office director to request a deposit or guarantee to secure the payments. According to the Office director, he provided the property owner a deposit out of his own pocket, to the amount of USD 10,000, until the matter could be resolved. Later, the property owner received a guarantee from a BITUI board member, who is one of the leading figures in the Jewish community in Mexico City.

The Office of the Comptroller emphasizes that payment of the deposit as aforesaid, is improper and puts the Office director and BITUI at risk.

⁵ Daroma Tzafona Tikkun Olam Ltd. (PBC) is a public benefit company and, among other things, manages the TEN Project.

The TEN project wound down and shuttered its operations at the end of 2024, including the facility in Mexico. Thus, no recommendations will be given in this chapter.

Finance Unit's response

Payment of the deposit was done without the treasury's knowledge or agreement. When the incident was found, the treasurer explained the severity of the matter to the Office director.

Chapter 3 – Questionnaire for Employees and Shlichim

16. Employee Questionnaire

General

The Office of the Comptroller prepared a questionnaire, which was circulated to employees and shlichim during the Office of the Comptroller's visit to the Office. Before receiving responses to the questionnaire, the Office of the Comptroller spoke with each of the respondents, and explained the questions.

In some questions, respondents were asked to choose one of the options in the questionnaire (ranking), while in another part of the questionnaire respondents were presented open-ended questions to which they could respond freely.

Ranked-response questions presented 4 options: excellent, good, mediocre, and needs improvement. Responses presented in this report are anonymous, maintaining the respondents' privacy.

Responses were received from 7 employees and 4 shlichim, for a total of 11 respondents.

The questionnaire focused on the following:







- Employee training/orientation during onboarding
- Evaluations and feedback from superiors
- Channels for complaints
- Places for improvement in the Office's work




Analysis of responses indicated the following:

- A. There is no structured process for training/orienting new employees.**
- B. There is no point of contact for employee complaints.**
- C. Employee evaluations/feedback processes need improvement.**
- D. Structured workflows and schedules should be established.**

Appendices




Appendix A – Task Management for Shlichim

Israel Fellows shlichah	
Training in Israel 	<ul style="list-style-type: none"> Received only two days of training in Israel (usually a week or more is allotted)
Work plan and targets 	<ul style="list-style-type: none"> Prepared her own work plan. Does not have targets or performance metrics.
Routine management 	<ul style="list-style-type: none"> No routine meetings with the Office director Not required to report, either to the Office or to the Jewish Agency headquarters in Israel Does not receive feedback from Israel (phone, WhatsApp, email) Does not know who her supervisor is and feels disconnected
Bnei Akiva shaliach	
Training in Israel 	<ul style="list-style-type: none"> Received 10 days' comprehensive training in Israel Hand-off from previous shaliach of only a few hours
Work plan and targets 	<ul style="list-style-type: none"> No work plan. Independently maintains records of activities to compile a work plan in the future Does not speak Spanish and does not perform Aliyah interviews, even though such interviews are in integral part of the job
Routine management 	<ul style="list-style-type: none"> Is in routine contact with the Office director, particularly through weekly meetings with the entire staff. Also routinely receives support and assistance from the principal in the school where he works, as part of the movement (Bnei Akiva) Maintains a routine with regular days in the movement, including team meetings with the youth movement (instructors) Submits written activity summaries to the movement once a month

Shaliach for HaShomer HaTzair and Maccabi HaTzair	
Training in Israel 	<ul style="list-style-type: none"> • Did not have any hand-off. Assumed the position after a year without a shaliach for these movements. • Upon assuming his position, he spoke on the phone with past shlichim from the Office.
Work plan and targets 	<ul style="list-style-type: none"> • The movement has a work plan template and the shaliach helps integrate relevant content. • Works with the movement coordinator in Israel, and the movement's Secretary General. Is in routine contact with these, including calls with the coordinator about activities. • Maintains a routine and has regular meetings with the Office director.
Routine management 	<ul style="list-style-type: none"> • HaShomer HaTzair has some 40 students, of which 12 are instructors; Maccabi HaTzair has 150 students, with regular activities on Shabbat. • Works with instructors and the principal to plan winter and summer camps, including budgets and logistics.

Youth movement shaliach – HaNoar HaTzioni, Dor Hadash, HaHalutz LaMerchav, HaBonim Dror

Shaliach working under a unique track, combining activities for four youth movements.

Training in Israel and hand-off 	<ul style="list-style-type: none"> • Received full training. • Replaced a previous shaliach and had a full week of hand-off, including familiarization with activities and relevant people. • Onboarding upon arrival took a long time, and he had several logistical problems (apartment, etc.).
Work plan and targets 	<ul style="list-style-type: none"> • There is an educational program that instructors for all movements prepare once a month, and a spreadsheet with an annual work plan. • Does not report in writing to the Office director, or to Israel, on activities. • No targets or KPIs have been set.
Routine management 	<ul style="list-style-type: none"> • Maintains continuous contact with department directors from all youth movements in Israel. Has weekly Zoom meetings with them.

	<ul style="list-style-type: none">• HaNoar HaTzioni and Dor Hadash – have annual meetings for all shlichim, activities on Shabbat (students) and Wednesdays (planning with instructors). Halutz LaMerchav – routine activity. Shaliach is not clear on working with HaBonim Dror, even after a year on the job; does not have instructions.• Problems encountered during routine activity.• Although shaliach claims to be familiar with youth movements, he is unclear on the Jewish Agency’s role in youth movement activities in Mexico, including the Jewish Agency’s role and activity concerning Israeli spokespersonship, particularly after October 2023.• He lacks procedures that specify operating methods and how to implement work flows.• No 1-on-1 meetings with the Office director on activities, although the Office does have team meetings.• Is included in work with youth movement treasurers to plan activity budgets.• Plans and manages summer and winter camps (some 150 participants).
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Summary of Recommendations

Section	Recommendations
<p style="text-align: center;">4</p> <p style="text-align: center;">Budget</p>	<p>4.9 Allow relevant Office staff to automatically generate from the ERP system, an administrative report of budget vs. actual.</p> <p>4.10 Develop a uniform budget report format to present all budgets used by the Mexico Office.</p>
<p style="text-align: center;">5</p> <p style="text-align: center;">Banks and Authorized Signatories</p>	<p>5.5 Add at least one authorized signatory to the bank account, and if possible appoint two additional authorized signatories, so that payments will require approval by two out of three authorized signatories.</p> <p>5.6 Limit the maximum amount payable/transferrable from the bank account.</p>
<p style="text-align: center;">6</p> <p style="text-align: center;">Payments</p>	<p>6.9 Consider switching to digital purchase orders using the ERP system, coupled with digital order approval by the authorized persons. Pending such review, purchase orders should be filled in digitally, without need to print them out and re-scan them.</p> <p>6.10 Consider sending post-transaction payment reports to the Office director, for review.</p> <p>6.11 Update the procedure and specify the purpose of the cash balances in the safe, and when they may be used; if they are not needed – return them to Israel, as well as keeping documentation of the cash count in the safe.</p> <p>6.12 Make sure that at least two staff members in the Office have the code to the safe and periodically perform a cash count together</p>

<p style="text-align: center;">7</p> <p style="text-align: center;">Procurement</p>	<p>7.7 Formalize procurement procedures aligned with the Mexico Office’s practices based on the Jerusalem Finance Unit’s procurement procedures and procurement committee, and Finance Unit Procedures – Latin America Treasury. This includes updating the quoting hierarchy as relevant.</p> <p>7.8 Make sure to obtain and document price quotes, as per the procedure that will be formalized, including workflows for regular, recurring orders from service and equipment suppliers.</p>
<p style="text-align: center;">8</p> <p style="text-align: center;">BITUI’s Board</p>	<p>8.4 BITUI should consider increasing the number of board members, to at least 3.</p> <p>8.5 BITUI should consider making sure its board convenes to discuss and approve its financial statements.</p>
<p style="text-align: center;">9</p> <p style="text-align: center;">Salaries and HR</p>	<p>9.8 Consider drafting employment contracts between local employees and BITUI. Contracts would detail applicable employment terms and be submitted to employees.</p> <p>9.9 Use the Office work attendance clock, and report work hours, sick days, and vacation leave.</p> <p>9.10 Consider appointing a sexual harassment prevention officer and employee inquiry/complaint officer in the Office, under guidance of the organizational Officer in Jerusalem.</p>
<p style="text-align: center;">10</p> <p style="text-align: center;">Business Expenses</p>	<p>10.5 Formalize and circulate a procedure or guidelines specifying amounts to which employees are entitled on business travel both inside and outside Mexico.</p> <p>10.6 Make sure to repay expenses by the end of the relevant month, against receipts for such business expenses.</p>

<p style="text-align: center;">12</p> <p style="text-align: center;">Work Plans</p>	<p>12.7 Include monetary amounts in the work plan, to present economic impact.</p> <p>12.8 Sync the work plan with budget items, by referring to relevant budget items and/or through the terminology in work plan items.</p> <p>12.9 Establish an end-of-year document to review work plan performance.</p>
<p style="text-align: center;">13</p> <p style="text-align: center;">Aliyah</p>	<p>13.5 Make sure that local initiatives for online and IT development, which affect the information received by Aliyah candidates, are only implemented in coordination with the Aliyah and Klitah Unit in the Jerusalem headquarters.</p>
<p style="text-align: center;">14</p> <p style="text-align: center;">Shlichim and Youth Movement Activities</p>	<p>14.4 Improve job hand-off for shlichim during their onboarding, and formalize a procedure in this matter.</p> <p>14.5 Formalize a process for preparing work plans for shlichim, including performance indicators and targets, to serve as a basis for performance reporting to the Office director. Furthermore, establish formal workflows including periodic meetings between the Office director and each shaliach.</p> <p>14.6 Consider obtaining feedback from Office directors prior to deciding to dispatch shlichim, including checking their suitability.</p> <p>14.7 Consider improving house-hunting workflows for shlichim, so that a substantial portion of the process takes place from Israel, by working with realtors ahead of time and receiving information and quotes for relevant apartments. Furthermore, specify who is responsible for onboarding shlichim upon their arrival, to help familiarize them with</p>

	their new surroundings, handling necessary admin (e.g. – work permit), etc.
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