

Auditor Says \$71M Misspent in State Tenders

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Government officials misspent more than 2 billion rubles (\$71 million) in state tenders between November and March, the Audit Chamber said in a report obtained by The Moscow Times on Tuesday.

Contracts were overpriced by almost 252 million rubles, agencies failed to receive 1.5 million rubles in goods, and "ineffective expenses" accounted for 992 million rubles, the lion's share of the misspent funds, the report said, without elaborating.

President Dmitry Medvedev called for measures to curb corruption at state tenders in October. The head of the Kremlin's control department, Konstantin Chuichenko, said corruption eats up more than 1 trillion rubles (\$35 billion) of the 5 trillion rubles (\$178.5 billion) that federal, regional and municipal agencies spend in the tenders every year.

The government is considering legislation to prevent corruption at tenders, which result

in more than 10 million contracts per year.

The Audit Chamber report said the Federal Anti-Monopoly Service, which is responsible for monitoring tenders, has detected more violations over the past two years. The anti-monopoly service fined government agencies 10,399 times last year for a total of 227.2 million rubles, compared with 2,989 times in 2008 for 91.1 million rubles.

More than 94 percent of state contracts were placed "on a noncompetitive basis" in 2010, the report said. The number of dishonest suppliers has grown from 1,484 in 2008 to 4,519 in 2010, it said.

A large chunk of the money was misspent by unspecified agencies on defense needs controlled by the Federal Service for Defense Contracts, or Rosoboronzakaz, which issued 573 fines in 2010 for 34.6 million rubles, compared with 234 fines in 2008 for 8.38 million rubles, the report said.

Another defense agency, the Federal Agency for Delivery of Weapons, Military and Special Equipment, or Rosoboronpostavka, was accused of misspending by increasing the average salary of its workers to 135,000 rubles (\$4,800) per month last year, an amount 2.2 times higher than at other state agencies, Gazeta.ru reported.

Corrupt military officials steal practically 20 percent of the country's defense budget through kickbacks and bogus contracts, chief military prosecutor Sergei Fridinsky told Rossiiskaya Gazeta last week.

The Audit Chamber report said the Federal Prison Service spent 48.6 million rubles on cars in 2009 and 2010, while the Justice Ministry spent 24.6 million rubles for the same reason over those two years, but both misspent a large part of the money on "economically unjustified" car parts.

The report also criticized a 2005 federal law on state tenders, saying it had reduced competition from 3.68 bids per tender in 2006 to 2.78 bids per tender today.

Also, 60 percent to 90 percent of state tenders are held with procedural mistakes, the report said.

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