

Gazprom Sprang a 2009 Leak of \$1Bln

By [The Moscow Times](#)

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The Audit Chamber estimates that Gazprom managed to lose 28 billion rubles (nearly \$1 billion) of funds and property — about 4 percent of total funds spent — through its subsidiaries' implementation of the gas giant's 2009 capital expenditure program.

The company is trying to combat such losses, the auditors say, but anti-corruption crusader Alexei Navalny says the estimate is actually low.

In January 2010, President Dmitry Medvedev said he cared about how state companies' huge resources are spent, and ordered the Audit Chamber to check the efficiency of state companies' investment programs. The first results of their effort were announced late last week.

The biggest spender in the country, Gazprom, in 2009 alone lost more than 28 billion rubles, according to the Audit Chamber report. That is the amount of "unreasonable expenses, financial losses, and missing money and material possessions" that was discovered by a Gazprom internal audit of its subsidiaries.

The total investment program for that year was 745.5 billion rubles, indicating that nearly 4 percent was lost. The audit does not reveal the way in which this was lost — only via purchases or also through contracted services — or in which subsidiaries. The report noted that Gazprom did not ignore the situation. "Several employees" were subjected to "material and disciplinary accountability. Some were given reprimands; others lost their bonuses, were demoted, or fired."

Measures were taken to repair the damage caused by the violations and prevent them from occurring in the future. Efforts were made to return assets and seek the "return of overpayments."

Gazprom is also cited for economical aspects of its 2009 investment program, in which it saved a record 16.5 billion rubles thanks to tenders, pricing evaluations, reducing project budgets and so forth. Increased efforts by the company to reduce expenses in 2009 and the first half of 2010 brought results, the auditors said.

However, according to the report, in 2009 the internal audit department of Gazprom only checked 11 subsidiaries. The previous year, it managed to check 17 or 18 subsidiaries. The company has several hundred subsidiaries and dependent companies in Russia. Of these, 32 are very large, including GazpromNeft, Gazprom Refining, Mezhhregiongaz, Gazprom Export, seven wholly owned gas extraction companies, 17 gas transportation companies and four Gazprom-controlled energy companies.

A spokesman for the Audit Chamber did not respond to Vedomosti's questions. Gazprom declined to comment.

Minority shareholder Alexei Navalny has doubts about the estimation in the auditors' report. For Gazprom, 4 percent is not a large number, he said. The real losses could be about 10 percent, considering the loyalty of the authorities to the company's management and how difficult it is to control investment spending in certain types of work, such as that done in faraway regions, Navalny added.

This year, Gazprom expects to invest about 1.2 trillion rubles and maintain that level for the next two years. The Audit Chamber did not specify in its report whether it thinks the government needs to take action on Gazprom's losses. It limits its commentary to general conclusions.

For example, the report says "none of the audited state companies, except Rosneft, demonstrate functional systems for evaluating the management quality of capital construction [projects]." The general negative effect of the state companies' violations is growing tariffs.

According to the audit materials, an "informational letter" about the results of the audit should have been sent to First Deputy Prime Minister Igor Shuvalov. His spokesman was unable to tell Vedomosti about Shuvalov's reaction to the Audit Chamber report.

A copy of the Audit Chamber's report can be found on vedomosti.ru.

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