

Finance Watchdog to Probe Gazprom

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January 15, 2013

The  **Moscow Times**

The Audit Chamber will conduct a “thorough probe” into Gazprom’s spending for the first time in five years, Sergei Stepashin, head of the public finance watchdog, said Tuesday.

Another probe will concern state-owned agricultural leasing company Rosagrolizing.

The firm was once headed by former Agriculture Minister Yelena Skrynnik, currently a witness in the fraud case against Rosagrolizing.

Stepashin said the audit will include a probe into the gas giant’s efficiency and noncore expenses.

“For the first time in five years we have laid out a plan for inspecting this organization,” Stepashin said at an Interfax news conference Tuesday.

He added that the probe will be conducted by November.

Stepashin said it would target the company’s noncore assets, seen by the company’s

opponents as loss-making. These include St. Petersburg's Zenit football club.

The official stated that Gazprom, which is currently building a stadium for Zenit in St. Petersburg, could have saved 10 billion rubles (\$330 million) on the construction.

"Only Wembley [Stadium in London], which has a different construction style, is more expensive. If you want to do something posh like that, then find private funds," Stepashin, an avid football fan, said.

Analyst Grigory Birg said on Investkafe's website that Gazprom had long been accused of spending its money inefficiently, preferring to invest in various construction projects that are often at odds with shareholders' interests.

He said Gazprom's capital expenditures exceeded the plan by 198 billion rubles in 2011.

But Birg added that though investors will be "highly interested" in finding out the results of the probe, "it will hardly change the company's strategy."

The Audit Chamber has conducted several probes of Gazprom's finances over the past few years. The watchdog reported in 2009 that over \$1 billion had been misspent by the company. Several company workers were reprimanded during that time, but no senior executives were punished.

Vladimir Milov, a former deputy energy minister and opposition leader, was also skeptical about the probe.

"The Audit Chamber is a meaningless body that has achieved no serious results over the past 20 years," he said.

Commenting on the Rosagrolizing probe, Stepashin said that independent experts would be invited to help conduct it. The audit will concern not only Skrynnik's tenure at the company from 2001 to 2009 but also the period of the current management, he said.

According to a report aired on NTV television late last year, Rosagrolizing is being investigated over embezzlement worth \$1.2 billion.

Skrynnik accused NTV of libel and said the \$1.2 billion figure referred to the debt owed by several agricultural firms to Rosagrolizing, not to embezzled funds.

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