

Financial and Economic Activity Control

JSC NIAEP financial and economic activity control is carried out by the Review Committee, independent auditor and Internal Control and Audit Department of JSC NIAEP.

Review Committee

In order to control financial and economic activity of the Company, the JSC NIAEP Review Committee is annually elected by the General Shareholder Meeting. By decision No. 31 of the JSC NIAEP General Shareholder Meeting made on April 4, 2013, the Review Committee was elected including members as follows:

Aleksey Alekseevich Pimenov
Vera Yevgenyevna Topilskaya
Elena Vladimirovna Samogorodskaya

The competence of the Review Committee is determined by:

Federal Law on Joint-Stock Companies;
Charter of JSC NIAEP;
Provision on the JSC NIAEP Review Committee.

The Review Committee is accountable to the General Shareholder Meeting only and is independent from executive officers of the Company's management bodies. Conclusion of the Review Committee according to the results of work in 2012 is given in [Annex No. 6](#).

According to the sole shareholder's decision, members of the JSC NIAEP Review Committee may receive remuneration or reimbursement of expenditures connected with performance of their obligations. The amount of remuneration and reimbursement is determined by the sole shareholder's decision. No such decisions were made in 2012, no remuneration paid and no expenditures reimbursed.

Independent Auditor

Limited Liability Company Financial and Accounting Consultants acts as the JSC NIAEP independent auditor in accordance with decision of the sole shareholder No. 23 of June 29, 2012.

Internal Control and Audit Department

The Internal Control and Audit Department carries out control over financial and economic activity of JSC NIAP and its subsidiaries. The work of the Internal Control and Audit Department is regulated by the schedule of inspections approved by the Internal Control and Audit Department of State Corporation ROSATOM and the decisions of the JSC NIAEP management bodies, as well as orders and instructions of the JSC NIAEP sole executive body.

In accordance with the Agreement on Transfer to JSC NIAEP of Powers of the JSC ASE Sole Executive Body, since 2012 the Department has performed the functions of internal control and audit in JSC

ASE as well. As a consequence, in 2012 the number of inspections increased and changes were made in the list of objects subject to review and in the inspection structure.

83 inspections were held in 2012 (72 in 2011). The share of field inspections of financial and economic activity of JSC NIAEP separate subdivisions and its subsidiaries and affiliates amounted to 77% of the total number of inspections.

As in the previous periods, in 2012 procurement and contractual work was reviewed on a mandatory basis during inspections of financial and economic activity of subdivisions: the carried out procurement procedures were reviewed for compliance with the Unified Industry Standard of Procurement and supply contracts were checked for fulfillment. Special attention was paid to purchases from the sole supplier.

A considerable number of violations were revealed in such business processes as procurement and management of suppliers' services during design and exploration work; procurement and management of subcontracting organizations' services during construction and mounting work; investment management; informational technologies management. In order to reduce the risks in these business processes, corrective measures were elaborated. Elimination of the revealed violations is controlled by the Internal Control and Audit Department.

This notwithstanding, in 2012 a considerable reduction (4 times compared to 2011) was noted in the number of violations revealed during inspection of procurements and supplies of equipment and materials for the facilities under construction. According to the results of inspections, 11 executive officers were brought to disciplinary responsibility (6 only in 2011), including 10 top managers.



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