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China Finds Huge Fraud by Officials

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SHANGHAI — Chinese officials misused or embezzled about \$35 billion in government money in the first 11 months of the year, according to a national audit released this week.

The announcement is the latest indication of how widespread corruption has become among government agencies and how difficult it will be for Beijing to root it out.

The [National Audit Office](#), which carried out the examination, did not disclose the size of the budgets reviewed this year. But the agency, which is based in Beijing, said that it surveyed nearly 100,000 government departments and state-owned companies, and that more than 1,000 officials were facing prosecution or disciplinary action because of the audits.

Auditors said government officials engaged in everything from money laundering and issuing fraudulent loans to cheating the government through the sale or purchase of state land or mining rights.

“Criminals are now more intelligent, and covert,” Liu Jiayi, the director of the National Audit Office, was quoted as saying in the state-run news media.

Prime Minister [Wen Jiabao](#) hailed the work of the auditors on Tuesday and called on them to monitor government projects and prevent waste.

But analysts say the Communist Party faces significant hurdles in trying to curtail corruption. Every year Beijing announces new anticorruption drives, new laws and new policies aimed at dealing with the problem. But every year the scale of fraud seems enormous, particularly in a country where the average person earns less than \$50 a week.

In 2005, for instance, the National Audit Office reported finding about \$35 billion worth of government funds misused or embezzled. That was the last year the office gave a national figure covering its audits, according to its Web site.

Experts say the audits revealed one thing: many in government are finding ways to steal public money.

“The huge crackdown reflects the seriousness of corruption in [China](#)’s government,” said Zhu Lijia, a professor of public policy at the Chinese Academy of Governance in Beijing. “Even the National Audit Office should be supervised. In the past few years it was the N.A.O. that decided whether to publish or hide some statistics.”

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