

Memorandum

DATE: July 24, 2009

Audit Report Number: OAS-L-09-15

REPLY TO
ATTN OF: IG-32 (A08DN009)

SUBJECT: Audit of Bonneville Power Administration Fish Hatchery Projects

TO: Administrator, Bonneville Power Administration

INTRODUCTION AND OBJECTIVE

Under the Northwest Power Act of 1980 (the Act), Bonneville Power Administration (Bonneville) is responsible for funding a program to protect, mitigate, and enhance fish and wildlife impacted by Federal hydroelectric projects in the Pacific Northwest's Columbia River Basin. The Act directs Bonneville to work with the Northwest Power and Conservation Council (the Council) to determine viable protection and mitigation projects. The Council recommends projects based on the advice of a regional Independent Scientific Review Panel (ISRP), established under the Northwest Power Act, and entities such as regional fish and wildlife agencies and Indian tribes.

Between Fiscal Years 2007 and 2009, Bonneville estimates that it will fund about \$596 million for over 300 fish and wildlife projects. Of this amount, \$91.7 million has been budgeted for the operation or construction of approximately 39 fish hatchery projects. The goal of the hatchery projects is to increase the abundance and diversity of fish affected by the Federal hydroelectric system. The projects are complex, experimental, multi-year efforts affecting numerous stakeholders. Bonneville is legally obligated by the Endangered Species Act and by agreements with Indian tribes to fund certain projects designed to avoid jeopardy to and contribute to the recovery of endangered salmon runs. To mitigate the risks associated with these long term and experimental projects, Bonneville and the Council follow an adaptive management design methodology. The methodology requires clear objectives, performance measures, and periodic review and revision of objectives and measures based on project performance.

Because of the sizeable dollar investment in hatchery projects and the importance of salmon in the Pacific Northwest, we initiated an audit to determine whether Bonneville had adequately managed fish hatchery projects.

CONCLUSIONS AND OBSERVATIONS

Our audit revealed that Bonneville had not always adequately managed hatchery projects. Specifically, Bonneville had not ensured that scientific issues concerning project

objectives and performance measures were always addressed for four fish hatchery production projects that we judgmentally selected for review. Specifically, clearly defined objectives and outcome-oriented performance measures had not been established, as recommended by the ISRP, for the four projects begun in the early nineties. The projects were designed to reestablish endangered salmon in Idaho and Washington. Despite repeated ISRP requests, project sponsors had not established clearly defined objectives and outcome-oriented performance measures. By 2006, the ISRP concluded that the projects were no longer based on sound scientific principles. Since 2006, Bonneville has spent over \$9.3 million on the projects.

Bonneville had not always required full implementation of the adaptive management design methodology as part of its decision to fund fish hatchery projects. As previously noted, the adaptive management design methodology is predicated on having clearly defined objectives and performance measures. To its credit, Bonneville plans to enhance its use of adaptive management to ensure that hatchery projects are based on sound scientific principles, have clearly defined objectives and outcome-oriented performance measures, and include appropriate management plans that deliver cost-effective mitigation of risks to fish from Federal hydroelectric development. In addition, Bonneville will use a new project management system to document project decision histories and to ensure fish hatchery projects address major scientific concerns. Given Bonneville's proactive responses to the concerns identified during the audit, we did not make any formal recommendations in this report.

No formal recommendations are being made; therefore, a response is not required. We appreciate the cooperation of your staff during our review.

Attachment



Joanne Hill
Director, Energy Audits Division
Office of Inspector General

cc: Chief of Staff
Vice-President, Bonneville Environment, Fish and Wildlife
Bonneville Power Administration Liaison Office
Audit Liaison, Bonneville Power Administration, Room 8G-061, Forrester
Team Leader, Audit Liaison Team, CF-1.2
Dianne Williams, Office of Internal Review, CF-1.2

SCOPE AND METHODOLOGY

The audit was performed from February 2008 to June 2009 at the Department of Energy's, Bonneville Power Administration (Bonneville) in Portland, Oregon. To accomplish our objective, we reviewed fish recovery laws, regulations, policies and procedures; summarized current and historical information on the projects selected for review; reviewed reports and assessments issued by the Independent Scientific Review Panel and the Northwest Power and Conservation Council; analyzed project issues identified in current and prior periods; reviewed prior Office of Inspector General and Government Accountability Office reports and other related reports; and discussed our audit results with Bonneville officials.

We conducted this performance audit in accordance with generally accepted Government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. The audit included tests of controls and compliance with laws and regulations to the extent necessary to satisfy the audit objective. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our audit.

During the audit, we assessed Bonneville's compliance with the *Government Performance and Results Act of 1993* as it related to the audit objective. We concluded that Bonneville has not always ensured that outcome-oriented performance measures were established for fish hatchery projects. Finally, we relied on computer generated data to a limited degree, primarily to determine estimates of total project funding. We tested the data to validate the reliability of the information as necessary to satisfy our audit objective. Our tests indicated that the Bonneville-generated computer data was accurate and could be relied upon for the purpose of the audit.

Management waived an exit conference.