

ENDANGERED SPECIES

Long-buried audit finds misuse of protection funds

Scott Streater, E&E News reporter • Published: Wednesday, April 29, 2020



An audit has found misuse of money to protect the lesser prairie chicken. Larry Lamsa/Wikimedia Commons

The nonprofit group charged with carrying out a mostly voluntary federal recovery strategy for the imperiled lesser prairie chicken has mishandled funds meant to protect the bird, spending large sums on an office building and staff salaries instead of conservation, according to an internal audit that suggests the program should be terminated.

The conclusions will almost certainly intensify the debate over whether voluntary measures or ironclad federal protections under the Endangered Species Act are the best approach to safeguarding species.

The audit — completed last July by a Colorado-based conservation investment advisory firm — centers on the Western Association of Fish and Wildlife Agencies (WAFWA) and its administration of the Range-wide Oil and Gas Candidate Conservation Agreement with Assurances program.

It also evaluates the management of a species recovery foundation that has raised roughly \$60 million that is supposed to be used, among other things, to pay private landowners who are willing to place parcels into conservation easements critical to the lesser prairie chicken.

WAFWA administers the Lesser Prairie Chicken Range-wide Conservation Plan under the guidance of the Fish and Wildlife Service, which is currently reviewing the status of the bird for possible protection under the Endangered Species Act.

The audit was posted online today as an appendix to a WAFWA annual [report](#). The group submitted the report last week to FWS.

WAFWA, in a formal response to the audit included in the annual report, acknowledges the program's shortcomings. But it states the components of the lesser prairie chicken plan are working and that it has "reduced threats by providing strong incentives for the oil and gas industry to co-locate facilities and reduce project footprints in the highest quality habitat" for the bird.

There are more than 100 oil and gas companies participating in the conservation agreement program for the brown-and-white-striped lesser prairie chicken. The bird is found in parts of Texas, New Mexico, Oklahoma, Colorado and Kansas.

Most of the major problems uncovered by the audit center around WAFWA's failure to place adequate financial accountability measures to ensure the millions of dollars being paid to landowners who agree to preserve private property that includes important lesser prairie chicken habitat are being used properly.

Among the major findings:

- WAFWA spent \$650,000 to purchase an administrative building in Boise, Idaho, using a \$162,500 loan from the species restoration foundation endowment. The audit says this was "not appropriate

uses of funds."

- WAFWA "improperly transferred money" from the conservation endowment to fund the administrative costs of the program, "including salaries of WAFWA's staff." The audit labeled this as "misallocated resources."
- Royal Bank of Canada, WAFWA's "investment advisor" for the species restoration foundation, provided "erroneous advice" to the group's chief financial officer on how to manage the endowment funds. The audit recommends that WAFWA "select a new investment adviser and terminate its relationship" with the bank "as soon as possible."

The audit — conducted by Conservation Investment Management — concluded with four recommendations, including terminating the program, restructuring it or transferring the program "to a third-party immediately," if one could be found.

WAFWA 'acted immediately'

Chris Moore, WAFWA's acting executive director, pointed to the detailed formal response to the audit, which he said was submitted to FWS but was "considered to be internal, confidential document not for public distribution."

The audit is being included in the annual report after FWS received several Freedom of Information Act requests for the document.

WAFWA, in the formal response, lays out a series of steps the group has taken and plans to put in place shortly.

"Based on the Audit Report's recommendations, WAFWA acted immediately to improve its short-term financial situation and overall organizational structure," it says. "WAFWA continues to implement new procedures and approaches to address the recommendations from the audit."

Some of those moves include "significant staffing reductions" made last year, and the group is now tapping "state fish and wildlife agency staff and contractors — rather than full-time, in-house staff — to handle collection of field data," it states. It also has "begun expanding its funding sources to increase immediate and near-term financial support to the program."

The response also states that the group "has modified accounting procedures and made changes to staff to more efficiently and effectively administer the program, allowing for increased transparency and accountability."

WAFWA says it's also selling the building it purchased for \$650,000.

The group has hired a consultant "to help identify best strategies to improve" its candidate conservation agreement with assurances program. It has also formed an investment committee "composed of financial experts" to "provide strategic investment recommendations," it adds.

WAFWA also mentioned the audit, and the numerous financial and administrative problems revealed in it, in an [update](#) on the lesser prairie chicken program posted on the group's website on April 8.

"Based on the audit's recommendations, WAFWA immediately took several actions to improve its short-term financial situation and organizational structure, including measures to reduce the cost of administering the CCAA," the update says. "WAFWA continues to implement new procedures and approaches to address the recommendations of the audit."

'Grossly mismanaged'

WAFWA shared the results of the audit with its board of directors at the group's annual meeting last July in Manhattan, Kan.

But until today, the audit had never been made public.

Conservation groups — including the Center for Biological Diversity, which has argued the bird needs ESA protection — are upset the document was kept buried.

"The audit's conclusions make clear WAFWA grossly mismanaged efforts to save the lesser prairie chicken from extinction," said Noah Greenwald, CBD's endangered species director, in a statement. "Given these revelations, there's no question these magnificent dancing birds need the Endangered Species Act's protections to have any hope of survival."

CBD is part of a coalition of environmental groups that filed a federal lawsuit last year demanding FWS complete a long-delayed 12-month determination analyzing whether the lesser prairie chicken warrants protection. They want the bird to be listed under the Endangered Species Act.

FWS is currently reviewing the bird's status and is expected to make a preliminary announcement whether to list the bird for ESA protection by May 2021.

An FWS spokesman told E&E News the agency could not comment on the audit.

"It would take us some time to read and digest the implications of the audit before we would be able to comment," the spokesman said, "and clearly there is not enough time for us to do that here."

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