

Federal Compliance Audit

**Wells National Estuarine Research
Reserve Management Authority**

June 30, 2022



Proven Expertise & Integrity

WELLS NATIONAL ESTUARINE RESEARCH RESERVE MANAGEMENT
AUTHORITY

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JUNE 30, 2022

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WELLS NATIONAL ESTUARINE RESEARCH RESERVE MANAGEMENT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Award Number</u>	<u>Federal Expenditures</u>	<u>Subrecipient Expenditures</u>
U.S. Department of Commerce:				
Direct programs:				
Coastal Zone Management Estuarine Research Reserves	11.420	NA21NOS4200038	\$ 704,694	\$ -
Coastal Zone Management Estuarine Research Reserves	11.420	NA20NOS4200035	73,087	-
Coastal Zone Management Estuarine Research Reserves	11.420	NA19NOS4200065	12,607	-
Coastal Zone Management Estuarine Research Reserves	11.420	NA19NOS4200047	24,726	-
Coastal Zone Management Estuarine Research Reserves	11.420	NA21NOS4200056	51,201	-
Fisheries Development and Utilization Research and Development				
Grants and Cooperative Agreements Program	11.427	NA20NMF4270156	77,046	-
Sea Grant Support	11.417	NA19OAR4170397	67,117	-
Sea Grant Support	11.417	NA21OAR4170378	2,102	-
Total direct programs			<u>1,012,580</u>	<u>-</u>
Pass-through programs from:				
National Estuarine Research Reserve Association:				
Coastal Zone Management Administration Awards	11.419	NA19NOS4190058	9,189	-
University of Maine System:				
Fisheries Development and Utilization Research and Development				
Grants and Cooperative Agreements Program	11.427	NA20NMF4270161	18,485	-
Southern Maine Planning and Development Commission:				
Coastal Zone Management Administration Awards	11.419	NA18NOS4197419	5,640	-
Northeastern Regional Association of Coastal Ocean Observing Systems:				
Center for Sponsored Coastal Ocean Research	11.478	NA18NOS4780178	7,738	-
New Hampshire Fish and Game Department:				
Sea Grant Support	11.417	NA21OAR4170373	960	-
Total pass-through programs			<u>42,012</u>	<u>-</u>
Total U.S. Department of Commerce			<u>1,054,592</u>	<u>-</u>
U.S. Environmental Protection Agency:				
Pass-through programs from:				
University of Maine System:				
National Estuary Program	66.456	CE-00A00673-0	53	-
National Estuary Program	66.456	CE-00A00662-0	3,431	-
National Estuary Program	66.456	not provided	5,000	-
York County Soil & Water Conservation District:				
Water Quality Management Planning	66.454	C69142313	-	-
Total U.S. Environmental Protection Agency			<u>8,484</u>	<u>-</u>
U.S. Department of Agriculture:				
Direct programs:				
Natural Resources Conservation Service	10.U01	not provided	19,959	-
Total direct programs			<u>19,959</u>	<u>-</u>
Pass-through programs from:				
National Fish and Wildlife Foundation:				
National Fish and Wildlife Foundation	10.683	not provided	15,766	-
Total pass-through programs			<u>15,766</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>35,725</u>	<u>-</u>
U.S. Department of the Interior Fish and Wildlife Service:				
Pass-through programs from:				
State of Maine Department of Inland Fisheries and Wildlife:				
Wildlife Restoration and Basic Hunter Education	15.611	not provided	22,179	-
Total U.S. Department of the Interior Fish and Wildlife Service			<u>22,179</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,120,980</u>	<u>\$ -</u>

WELLS NATIONAL ESTUARINE RESEARCH RESERVE MANAGEMENT
AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Wells National Estuarine Research Reserve Management Authority under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Wells National Estuarine Research Reserve Management Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Wells National Estuarine Research Reserve Management Authority.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. Wells National Estuarine Research Reserve Management Authority. has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Wells National Estuarine Research Reserve Management Authority
Wells, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Wells National Estuarine Research Reserve Management Authority as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Wells National Estuarine Research Reserve Management Authority's basic financial statements and have issued our report thereon dated February 7, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Wells National Estuarine Research Reserve Management Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wells National Estuarine Research Reserve Management Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wells National Estuarine Research Reserve Management Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Wells National Estuarine Research Reserve Management Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Wells National Estuarine Research Reserve Management Authority in a separate letter dated February 6, 2023.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
February 7, 2023



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Wells National Estuarine Research Reserve Management Authority
Wells, Maine

Report on Compliance for Each Major Federal Program

We have audited Wells National Estuarine Research Reserve Management Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Wells National Estuarine Research Reserve Management Authority's major federal programs for the year ended June 30, 2022. Wells National Estuarine Research Reserve Management Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to each of its major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Wells National Estuarine Research Reserve Management Authority's major federal programs based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wells National Estuarine Research Reserve

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Management Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Wells National Estuarine Research Reserve Management Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, Wells National Estuarine Research Reserve Management Authority, complied in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Report on Internal Control Over Compliance

Management of Wells National Estuarine Research Reserve Management Authority is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Wells National Estuarine Research Reserve Management Authority internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Wells National Estuarine Research Reserve Management Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency or combination of deficiencies, in internal control over compliance requirements of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all

deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
February 7, 2023

WELLS NATIONAL ESTUARINE RESEARCH RESERVE MANAGEMENT
AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with §200.516 of Uniform Guidance? yes no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
11.420	Coastal Zone Management Estuarine Research Reserves

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None