

I MINA' BENTE OCHO NA LIHESLATURAN GUAHAN
2006 (SECOND) REGULAR SESSION

Bill No. 344 (EC)

Introduced by:

Edward J.B. Calvo *EJC*

AN ACT TO AMEND SECTION 3 OF CHAPTER IV OF
PUBLIC LAW 28-68 AND TO RESTORE THE FISCAL
YEAR 2006 AGENCY APPROPRIATIONS THAT
HAVE BEEN AUTOMATICALLY DEAPPROPRIATED
FOR FAILING TO MEET THE REPORTING
REQUIREMENTS OF THE "GENERAL
APPROPRIATIONS ACT OF FISCAL YEAR 2006".

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1. Legislative Intent and Findings.** *I Liheslaturan Guåhan*
3 finds that accountability is the foundation of good government and that a
4 strong accountability regime assures that the government is using public
5 resources and funds efficiently and effectively. A central element of
6 accountability is transparency. Full and clear information on programs and
7 operations allows the people of Guam and *I Liheslaturan Guåhan* to hold
8 agencies accountable for its actions and results. The "*General Appropriations*
9 *Act of Fiscal Year 2006*" (Public Law 28-68), included provisions that
10 required the government to exercise fiscal accountability and transparency.
11 Agency heads are required to submit quarterly financial disclosure reports
12 that provide accurate fund balances and expenditures to *I Liheslaturan*
13 *Guåhan* while posting the same on their websites thus allowing public

1 scrutiny. Agencies are imposed with budgetary sanctions that
2 automatically deappropriate five percent (5%) from their respective budget
3 upon the Public Auditor's certification of non-compliance of the reporting
4 requirements.

5 The Public Auditor's (OPA) first quarter financial compliance report
6 (OPA 06-02), reflected eight (8) agencies not submitting reports and
7 recognized that fifteen (15) reports were submitted by BBMR and not by
8 the agency head as required by law. Additionally, thirty seven (37)
9 agencies did not post reports on their website with six (6) agencies not
10 having websites. OPA's second quarter report (OPA 06-09), realized
11 improvements as more agencies came into compliance after submitting and
12 posting their financial reports. *I Liheslaturan Guåhan* has not received
13 OPA's third quarter report.

14 This fiscal year's reporting requirements are fiscal reforms that
15 impose new accountability and transparency requirements to the
16 budgetary process. Confusion caused through the unfamiliarity of new
17 procedures and forms; the lack of technological skills to timely post a
18 report on a website; agencies not having websites; or the untimely
19 submittal of financial reports are ways an agency may come into non-
20 compliance. The majority of government entities have complied to most of
21 the new reporting requirements of the *General Appropriations Act of Fiscal*
22 *Year 2006*, and the government as a whole continue to demonstrate and
23 improve compliance.

1 *I Liheslaturan Guåhan* recognize the hard work by the agencies
2 towards implementing this fiscal year's budgetary reforms. This Act will
3 restore funds deappropriated prior to July 1, 2006, to the respective
4 agencies to which they were originally appropriated allowing a clean slate
5 in the implementation of fiscal reforms.

6 **Section 2. Deappropriation of Funds Amendment.** Section 3 of
7 Chapter IV of Public Law 28-68 is hereby amended to read:

8 **"Section 3. Deappropriation of Funds.** Failure to comply with
9 reporting requirements as mandated in this Act, after the forty-fifth
10 (45th) day from the original report due date, shall result in the
11 automatic deappropriation of funds of five percent (5%) of the
12 appropriations made to the non-compliant entity for EACH
13 requirement not met. This Section shall *not* apply when the island is
14 declared to be in the Condition of Readiness One or when *I Maga'lahi*
15 has declared a state of emergency. The Public Auditor shall certify
16 the deappropriation and report it to *I Maga'lahaen Guåhan* and the
17 Speaker of *I Liheslaturan Guåhan*. The Bureau of Budget and
18 Management Research shall adjust the appropriation/allotment to
19 effectuate any deappropriation and submit a report of such
20 deappropriation(s) along with copies of the appropriation/allotment
21 modification to the Speaker of *I Liheslaturan Guåhan*. The provisions
22 of this section shall become effective on July 1, 2006, the beginning of
23 the fourth quarter of Fiscal Year 2006."

1 **Section 3. Restoration of Funds Previously Deappropriated.** In
2 order that there is no interruption in the administrative business of the
3 government and in carrying out critical public services, funds
4 deappropriated in accordance to Section 3 of Chapter IV of Public Law 28-
5 68 prior to July 1, 2006, are hereby restored to the respective agencies to
6 which they were originally appropriated. The Director of the Bureau of
7 Budget and Management Research shall immediately effectuate the
8 restoration of funds to agencies affected by the deappropriation of funding.