

I Mina'trentai Singko Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
316-35 (COR)	Therese M. Terlaje	AN ACT TO <i>AMEND</i> §1909(a) OF TITLE 1, CHAPTER 19, AND TO <i>AMEND</i> §22203 OF TITLE 5, CHAPTER 22, GUAM CODE ANNOTATED RELATIVE TO INCREASING TRANSPARENCY AND ACCOUNTABILITY BY REQUIRING EARLIER SUBMISSION OF FINANCIAL STATEMENTS AND FINANCIAL AUDITS.	3/13/20 3:42 p.m.	6/2/20	Committee on Public Accountability, Human Resources, and the Guam Buildup			Request: 6/3/20 6/10/20	

Senator Régine Biscoe Lee,
Chair

Senator Amanda L. Shelton,
Vice Chair

Speaker Tina Rose Muña Barnes,
Member

Vice Speaker Telena Cruz Nelson,
Member

Senator Kelly Marsh (Taitano), PhD,
Member

Senator Sabina Flores Perez,
Member



Senator Clynton E. Ridgell,
Member

Senator Joe S. San Agustin,
Member

Senator Jose "Pedro" Terlaje,
Member

Senator Therese M. Terlaje,
Member

Senator James C. Moylan,
Member

Senator Mary Camacho Torres,
Member and Chair, Subcommittee on Protocol

COMMITTEE ON RULES
I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN
35TH GUAM LEGISLATURE

June 10, 2020

MEMO

To: **Rennae Meno**
Clerk of the Legislature

From: **Senator Régine Biscoe Lee**
Chair, Committee on Rules

Re: **Fiscal Note**

Buenas yan Håfa adai.

Attached, please find the fiscal note for the following bill:

Bill No. 316-35 (COR)

Please forward the same to Management Information Services (MIS) for posting on our website.

For any questions or concerns, please feel free to contact Mary Maravilla, Committee on Rules Director at 472-2461.

Thank you for your attention to this important matter.



Bureau of Budget & Management Research
Fiscal Note of Bill No. 316-35 (COR)

AN ACT TO AMEND §1909(a) OF TITLE 1, CHAPTER 19, AND TO AMEND §22203 OF TITLE 5, CHAPTER 22, GUAM CODE ANNOTATED RELATIVE TO INCREASING TRANSPARENCY AND ACCOUNTABILITY BY REQUIRING EARLIER SUBMISSION OF FINANCIAL STATEMENTS AND FINANCIAL AUDITS.

Department/Agency Appropriation Information

Dept./Agency Affected: Department of Administration	Dept./Agency Head: Edward M. Birn
Department's General Fund (GF) appropriation(s) to date:	\$7,044,204
Department's Other Fund appropriation(s) to date: Indirect Cost Fund (831,303) and Limited Gaming Fund (\$88,216)	\$919,519
Total Department/Agency Appropriation(s) to date:	\$7,963,723
Dept./Agency Affected: Office of Public Accountability	Dept./Agency Head: Benjamin J.F. Cruz
Department's General Fund (GF) appropriation(s) to date:	\$1,253,599
Department's Other Fund appropriation(s) to date:	\$0
Total Department/Agency Appropriation(s) to date:	\$1,253,599

Fund Source Information of Proposed Appropriation

	General Fund:	(Specify Special Fund):	Total:
FY 2019 Unreserved Fund Balance	\$0	\$0	\$0
FY 2020 Adopted Revenues	\$0	\$0	\$0
FY 2020 Appro. (P.L. 35-36 thru)	\$0	\$0	\$0
Sub-total:	\$0	\$0	\$0
Less appropriation in Bill	\$0	\$0	\$0
Total:	\$0	\$0	\$0

Estimated Fiscal Impact of Bill

	One Full Fiscal Year	For Remainder of FY 2020 (if applicable)	FY 2021	FY 2022	FY 2023	FY 2024
General Fund	1/	\$0	\$0	\$0	\$0	\$0
Special Fund	1/	\$0	\$0	\$0	\$0	\$0
Total	1/	\$0	\$0	\$0	\$0	\$0

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|---|------------|----------|
| 1. Does the bill contain "revenue generating" provisions? | / / Yes | / X / No |
| If Yes, see attachment | | |
| 2. Is amount appropriated adequate to fund the intent of the appropriation? | / X / N/A | / / Yes |
| If no, what is the additional amount required? | / X / N/A | / / No |
| 3. Does the Bill establish a new program/agency? | / / Yes | / X / No |
| If yes, will the program duplicate existing programs/agencies? | / X / N/A | / / Yes |
| Is there a federal mandate to establish the program/agency? | / / Yes | / X / No |
| 4. Will the enactment of this Bill require new physical facilities? | / / Yes | / X / No |
| 5. Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason: | / X / Yes | / / No |
| / / Requested agency comments not received by due date | / / Other: | |

Analyst: <u>Abigail Reyes, BMA III</u>	Date: <u>6/2/2020</u>	Director: <u>Lester L. Carlson, Jr., Director</u>	Date: <u>JUN 10 2020</u>
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Notes:
 1/ See attached comments.

BUREAU OF BUDGET AND MANAGEMENT RESEARCH
COMMENTS ON BILL NO. 316-35 (COR)

The proposed legislation intends to amend §1909(a) of Chapter 19, Title 1 Guam Code Annotated (GCA) and §22203 of Chapter 22, 5GCA relative to increasing transparency and accountability by mandating the submission of financial statements within ninety (90) days after the close of the fiscal year to enable the completion of financial audits on March 31, which is three (3) months earlier than the current requirement of June 30.

Relative to §1909(a) of Chapter 19, 1GCA, the proposed legislation amends the duties of the Public Auditor by changing the deadline to complete annual audits for the prior fiscal year from June 30 to March 31. Further, it proposes to give the Public Auditor the authority to require each agency to submit to the Office of Public Accountability (OPA), the Governor, and the Guam Legislature its financial statements within ninety (90) days after the end of the preceding fiscal year. Relative to §22203 of Chapter 22, 5GCA, the proposed legislation amends the duties of the Director of Administration by specifying that preparations of financial statements must take place within ninety (90) days after the end of the preceding fiscal year.

According to OPA, a March 31 deadline is currently in place for all the existing financial audit contracts with the exception of the government-wide audit. The OPA further stated that this proposed legislation aligns with their strategic goal of “delivering quality audit reports that are timely and impactful”. As such, the OPA is in support of the proposed legislation. On the other hand, while the intent of the proposed legislation is ideal, numerous factors may preclude the Department of Administration (DOA) from meeting the proposed deadline to submit all financial statements to OPA. According to DOA, the government-wide financial audit is inclusive of thirty-nine (39) line agencies as well as major and nonmajor component units (GDOE, GIAA, GCC, GHURA, GMHA, GPA, GWA, PAG, UOG, and nonmajor component units). While DOA oversees the line agencies’ financial statements, the component units are independent and submit their financial statements to DOA only upon completion, which historically have delayed DOA’s transmittal to the OPA.

For FY 2020, the amount of \$439,800 is appropriated from the General Fund for the FY 2019 Audit of the Government of Guam’s General Purpose Financial Statement and Single Audit Report. Other appropriations for audits in FY 2020 include \$20,500 from the Tourist Attraction Fund (TAF) for the FY 2019 TAF Audit and \$18,500 from the Guam Highway Fund (GHF) for the FY 2019 GHF Audit. These appropriations are made to DOA while OPA is to administer such funds and oversee the annual audit. The financial audits are then performed through a contractual agreement between the Government of Guam and private accounting firms.

The proposed legislation does not contain revenue generating provisions, nor does it appropriate any additional funding source to the OPA and DOA. Further, the proposed legislation does not impose additional mandates to the affected entities as it only seeks to amend the submission due dates for financial statements and audits. Given the administrative nature of the proposed legislation, the Bureau does not anticipate a direct fiscal impact to the Government of Guam. However, the Bureau recognizes the benefits of this proposed legislation to include the enhanced ability of the government to provide timely reports to external stakeholders such as investors and rating agencies, thereby improving Guam’s credibility and creditworthiness.