

Puerto Rico Commission for the Comprehensive Audit of the Public Credit REQUEST FOR QUOTATIONS AND QUALIFICATIONS

Request for Quotations and Qualifications for Professional Auditing and Forensic Accounting Services

Mandatory Proposer Conference: On November 2 and November 4th, 2016, the Puerto Rico Commission for the Comprehensive Audit of the Public Debt will hold teleconferences for proposers to answer questions about the nature of the Commission, the audit services it will procure, and the nature of our work. Attendance at this conference is NOT mandatory, but highly encouraged. Teleconference capability will be provided. Call-in information will be emailed to each interested party submitting an email to atty.alvin.velazquez@gmail.com. A Spanish language version of this RFQQ is forthcoming.

Submittal: **Responses to this solicitation for quotations and statements of qualifications (Referred to herein as “responses”) will be received in PDF format as only means of acceptance. All certifications must be rendered by electronic signature.** One proposal via email to atty.alvin.velazquez@gmail.com will be accepted on or before 5pm Eastern Standard Time (EST) on November 9, 2016.

Addressed to: Executive Coordinator, Puerto Rico Commission for the Comprehensive Audit of the Public Credit

Mark subject title of e-mail transmitting RFQQ envelope: RFQQ for Debt Auditing Services

Proposals received after the time and date stated above shall be returned to the proposer.

INQUIRIES:

Direct questions for clarification of this Request for Quotations and Qualifications document to the Executive Director at 787-398-8302 or email at atty.alvin.velazquez@gmail.com.

**Puerto Rico Commission for the Comprehensive Audit of the Public Credit
REQUEST FOR QUOTATIONS AND QUALIFICATIONS**

SEALED PROPOSALS will be received by the Puerto Rico Commission for the Comprehensive Audit of the Public Credit ("Commission") located in San Juan, PR, until 5 p.m. eastern standard time, November 9, 2016:

Financial, Compliance and Performance Auditing Services

The Commission will hold two pre-proposal conferences: 1) Wednesday, November 2, 2016 from 3-5pm EST and 2) Friday November 4, 2016, from 3-5 via teleconference. Attendance at the pre-proposal conference is not mandatory, but is highly encouraged, as questions regarding the scope of the RFP will NOT be answered over phone or email outside of these two scheduled teleconferences.

The Commission hereby affirmatively ensures that bidders will not be discriminated against on the basis of race, color, national origin, ancestry, handicap, gender, marital status or religion in any consideration leading to the award of contract.

No qualified disabled person shall, on the basis of disability, be excluded from participating in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity leading to the award of a contract.

The right is reserved by the Commission to reject any or all proposals, to waive any irregularities or informalities not affected by law, to evaluate the proposals submitted and to award the contract according to the proposal which best serves the interests of said Commission.

Dated this October 26, 2016 at San Juan, Puerto Rico.

I. INTRODUCTION

A. Information

The Puerto Rico Commission for the Comprehensive Audit of the Public Credit ("Commission) issues this request for qualifications and quotations from qualified consultants to assist the Commission in fulfilling the mandate granted to it by the Commonwealth Legislature.

A description of the mandate of the Commission, its mode of organization and other pertinent information are included in the Background section of this RFQQ.

The Commission will use the responses it receives as the basis for selecting one or more firms to assist the Commission in performing the following attest and forensic duties assigned to it by the Commonwealth Legislature:

1. Examine and opine upon the reasonableness of, and conformity with US Generally Accepted Governmental Accounting Principles, the Commonwealth's representation of its outstanding indebtedness as of June 30, 2016. The examination will include determining whether the debt encumbered by the Commonwealth, its component units and other related parties have been fairly and fully disclosed on the balance of sheet and notes thereto as of the Commonwealth's year-end financial reporting date as to classification, amount and any other characteristic considered to be material from a financial reporting standpoint in the 40 years previously then ended and recommending any adjustments to carrying values of long term indebtedness previously reported in the Commonwealth's basic financial statements and notes thereto. (Financial audit services).
2. Assess and report upon the degree to which the Commonwealth, its component units and parties any related parties other than the Commonwealth instrumentalities have adhered in all material respects to applicable US and Commonwealth constitutional, statutory and regulatory requirements with respect to the issue, servicing, and reporting requirements imposed upon the Commonwealth as a condition of issuing debentures to finance capital improvements, continuing operations and economic development. (Attest audit).
3. Assess how controls over the use of debt can be improved upon to ensure that in the future Puerto Rico's debt load is sustainable and issued in a manner that effectively protects the legal and financial interests of the Commonwealth (Performance audit services).
4. Perform investigative work as an advocate for the taxpayer into any irregularities apparent or alleged wherein probable cause of malfeasance or misfeasance is discovered as a result of audits performed (Forensic Accounting).

The budget for audit services to be procured by the Commission is expected to total \$1,200,000 over eighteen months. The Commission has yet to receive the entire amount of funding, however despite that fact sufficient funds have been appropriated. This comprehensive and integrated audit of the public debt is expected to be completed in installments and phases over the next 18 months with the assignments increasing in scope and complexity as learning is achieved through the initial studies to be performed.

The level of effort to be expended upon each element of the Commission's audit mandate (financial, compliance and performance) is expected to be equally proportionate.

The charge of the Debt Audit Commission extends to the 40 years ended June 30, 2016. This initial series of audits will concentrate upon debt issued by the Commonwealth and its instrumentalities during the five years ended June 30, 2016

The assignments are expected to be parceled out on a modular approach wherein the work conducted on a small scale initially can serve as the foundation for larger more integrated and comprehensive initiatives.

This solicitation seeks, quotations with an expected award of no more than \$100,000 for one or more separate self-contained performance, financial, compliance or (combined audit) of one or more tranches of debt issued by the

Commonwealth. Alternatively, bidders may offer project management and quality assurance services assuming an audit requiring roughly 1,600 hours to complete and for which the Commission would take responsibility for under a “co-sourcing” arrangement with a duly qualified firm or qualified collection of individuals.

This solicitation also seeks hourly rate quotations and statements of qualifications from firms who are interested in providing assistance to the Commission in the way of forensic accounting or by way of project management assistance / independent quality assurance as part of a “co-sourced” audit.

To help proponents understand the nature and scope of work desired and the nature of the subject to be studied, proponents are encouraged to study Commonwealth bond offering documents available via the Electronic Municipal Market Access (EMMA) web portal and to review press accounts of the Puerto Rico Debt Audit Commission’s work both of which are available in the public domain. The Commission also asks that potential bidders review the Commission’s website at <http://www.oslpr.org/auditoriadeladeudapr>

As noted previously within this solicitation, the work that is the subject of this Request for Quotations and Qualifications RFQQ for which firms are asked to provide a preliminary project plan and budget for is limited to securities and credits issued during the 60 months ended June 30, 2016. However, this series of audits is expected to serve as a template for a broader effort. Hence the Commission is eager to obtain proposals and plans that will serve as a template for future success.

To help proponents price and scope their offerings two categories of audits are depicted in this solicitation:

- Issues identified individually, which have been the subject of “pre-audit” survey study and reporting by volunteers working for the Commission that do NOT comply with Yellow Book standards; located here (<http://www.oslpr.org/auditoriadeladeudapr/publicaciones-e-informes.html>) and,
- Issues for which the Commission has yet to study at any length or in any detail (securities and credits issued by the Commonwealth or one of its instrumentalities between June 30, 2011 and June 30, 2013).

As a frame of reference in preparing budgets and schedules, the work that is described herein and for which qualifications and quotations are sought is expected to require no more than 12 weeks to complete and at a commitment of staff hours of no less than 400 hours.

Firms may compose and parcel their offerings in the following dimension, choosing to fit project scope to fit the \$100,000 soft target that has been established by the Commission as follows:

- A scope that is limited to a single audit element (financial, compliance or performance) and one debt issue (e.g. 2014 GO Commonwealth GO offering);
- A scope that includes multiple debt issues but only concentrates upon a single audit element
- A scope that includes multiple audit elements but only one debt issue.

In constructing their bids, the firms should assume that they will have unrestricted access to the work papers prepared by audits previously performed by independent auditors which are pertinent.

<http://www.oslpr.org/auditoriadeladeudapr/publicaciones-e-informes.html>

The Commission will hold proposal conferences via teleconference on November 2rd and November 4th. These are opportunities for Proposers to ask questions about the program and the Request for Quotations and Qualifications requirements.

One electronic copy of proponents statements of quotations and qualifications should be submitted via electronic mail is to be submitted to the Executive Coordinator of the Commission, at atty.alvin.velazquez@gmail.com, on or before November 9, at 5pm EDT.

This Request for Quotations and Qualifications is being issued by the Puerto Rico Commission for the Comprehensive Audit of the Public Credit ("Commission). Unless otherwise directed, all communications regarding this Request for Quotations and Qualifications should be directed to the Executive Coordinator at 787-398-8302 or atty.alvin.velazquez@gmail.com.

Any revisions to the Request for Quotations and Qualifications will be issued and distributed as addenda. **Proposers are specifically directed not to contact any other Commission personnel for meetings, conferences or technical discussions related to this Request for Quotations and Qualifications.** Failure to adhere to this policy may be grounds for rejection of proposals.

B. Background

The Commonwealth of Puerto Rico is an island territory of the United States located approximately 1,000 miles south, southeast of Florida. 3.5 million inhabitants reside on the island. The government of Puerto Rico consists of three branches: a legislative, judicial, and executive branch. The Government of Puerto Rico is also receiving fiscal oversight from the Financial Oversight and Management Board for Puerto Rico, an entity created pursuant to the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA). The Commonwealth carries a total debt burden of approximately \$68 billion dollars across a total of 19 different issuing agencies.

The Commission for the Comprehensive Audit of the Public Debt is a creation of the Puerto Rican Legislature with the unrestricted and unconditional power of inquiry into all aspects of the Commonwealth's use of indentures for financing continuing operations, capital improvements, economic development and other public purposes. The duties of the Commission are codified in Puerto Rico Law 97 of 2015, Art. 2, which can be located on page 8 here: <http://www.oslpr.org/auditoriadeladeudapr/assets/ley-97-01-jul-2015.pdf>

The Commission exists for the purpose of auditing Puerto Rico's public debt, and specifically compliance with various norms set out in Puerto Rico's constitution and laws, and relevant federal laws. The Commission consists of 17 members who come from a variety of backgrounds, including finance and business faculty from the University of Puerto Rico, representatives from civil society (including the financial sector and labor), and elected officials. While the Commission funds its operations from government appropriations, the Commission operates with complete legal and administrative autonomy from the Commonwealth's central government per Law 97.

The purpose of the Commission can briefly be summarized as follows:

- To provide a current and complete accounting as to the amount of outstanding indebtedness of the Commonwealth primary government, its component units and any other enterprises which share in the responsibility for servicing such indebtedness outstanding
- To examine and to opine upon the degree of conformity with constitutional, statutory and common law and all other applicable instructions, restrictions and regulations concerning the use of debentures by the Commonwealth Primary Government and other involved parties
- To discern and to describe what if any measures should be adopted by the Commonwealth Executive Branch and Legislature should adopt to improve the level of assurance in the future that debt issued by the Commonwealth will be issued in a manner that is prudent, sustainable and in conformity with all applicable controlling authorities.

Law 97 provides the Commission with the power of inquiry. Accordingly, should it be necessary to rely upon judicial intervention to ensure unrestricted access to Executive branch records or to compel responses; the Commission is prepared to do so.

In order to ensure the integrity of the audit process, the Commission has resolved to perform and to report upon these attest and financial engagements in accordance with U.S. Government Accounting Office Yellow Book Standards ("Yellow Book"). Congress gave the Oversight Board and Commonwealth government the ability to review and consider any reports that the Commission issues. Sec. 413(a) of Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA") also provides that nothing in PROMESA shall prevent the Commission from filing its reports for the Oversight Board's considerations.

C. Nature and Scope of Services to be Provided

As indicated previously, the professional services to be acquired through this solicitation entail an integrated and comprehensive audit of the Commonwealth's public debt. As such auditors will be expected to opine upon and to disclose any reportable conditions observed in conducting the following categories of audits on behalf of the Commission:

- I. Fairness of financial presentation of long term debt schedules and notes thereto (Financial)
- II. Conformity with all controlling authorities (Compliance)
- III. Economy, efficiency and effectiveness (Performance)
- IV. Forensic Auditing where applicable

This integrated audit will be conducted in accordance with U.S. General Accounting Office Standards ("Yellow Book").

Proponents should structure their proposal with the following parameters in mind:

1. Proponents offers must be good for 180 days
2. Fees and terms must be proposed for the expected 12 to 18 month term of the audit (with the basis for any cost escalators and the basis therefore proposed during the duration of the contract be specified in the RFQQ response)
3. Each major audit element (financial, compliance, performance, and forensic) is expected to be conducted contemporaneously and in a coordinated fashion by teams responsible for each element.
4. Firms will be asked to provide the project management and quality assurance infrastructure to ensure conformity with US GAO audit standards and to help ensure that the audits are planned and directed with due professional care and that the audit reports are issued on time and within budget under both a "turnkey" approach or alternatively under a "co-sourcing" arrangement.
5. Under the "co-sourcing" scenario, firms must be willing to make a good faith effort to obtain a goal of up to 75% of the total staff hours from local sources selected in consultation with the Executive Coordinator and CFO of the Commission.
6. Upon project close out all auditor work-papers other than previously discarded as draft documents will be a matter of public record
7. Auditors selected by the Commission will be expected to share contemporaneous records of draft audit work-papers when auditing similar tranches of debt yet with scopes of addressing dissimilar audit objectives.

D. Order of and Timeline for Completion of Work

The nature, scope and timing of the audits to be conducted by the firm(s) selected remain the subject of study and evaluation by the Commission staff. However, it is expected that upon receipt of notification to proceed each audit will be planned so that it can be completed within twelve to sixteen weeks (inclusive of the receipt of auditee response).

Given the nature of this work, and the uncertain financial circumstances of the Commonwealth's fiscal situation and its funding stream, the Commission expects to break up the audit into reviews of smaller tranches of debt, and to issue reports on an ongoing basis, with a final report due at the end of the process required by Law 97 of 2015 to be able to pay on a per work product basis.

E. RFQQ/AGREEMENT SCHEDULE

<u>Event</u>	<u>Date of Event</u>
RFQQ Available to the public.....	October 27, 2016
Proposer Conference at 3:00 p.m. EST via teleconference.....	November 2 and November 4, 2016
RFQQ due at 5:00 pm @ Commission	November 9, 2016
<i>Interviews/Presentations-short-listed firms</i>	<i>November 16-19, 2016</i>
<i>Award of contract @ Commission meeting.....</i>	<i>November 23, 2016</i>
<i>Note: More than one contract may be awarded</i>	
<i>Contract begins</i>	<i>TBD</i>

Italicized items are at the Commission's option, and dates may be changed if needed. The Commission reserves the right to award contract solely on the basis of proposal content.

II. SCOPE OF SERVICES

A. Consultant Responsibilities

For the purpose of preparing a comprehensive and integrated audit proposal, the following objectives should be used as a basis for proponents to produce an estimate of project costs, preliminary project plan and work breakdown structure:

1. For one or more debentures and categories of debentures listed as follows evaluate and attest to one or more of the following attributes:
 - i. the financial fairness of financial statement representation,
 - ii. compliance with applicable laws
 - iii. opportunities for improved economy, efficiency and effectiveness
2. Report individually and collectively on the effectiveness on internal controls relating to the issuance of public debt and compliance with laws, regulations, and the provisions of contracts with advisors, underwriters, and others which could have a material effect on the financial statements contained in the bond or credit offerings. Compliance would be with the independent rules for all audits in accordance with Generally Accepted Government Auditing Standards (Yellow Book).

Provide independent quality assurance and project management assistance for resources acquired by the Commission under a "co-sourcing" audit approach; in order to leverage local talent and keep the costs of the audit in line with funds received.

Submit a Management Report to the Commission with comments and recommendations pertaining to the Commonwealth use of public credit. This would include observances of the adequacy of the system of internal control, and if weaknesses are noted, make appropriation recommendations.

The Commission reserves the right to accept or reject any of the individual components of the work product items.

B. Required Product

Ongoing Independent Auditor's Report on the Commonwealth's Compliance with its debt standards, and the required supporting schedules as outlined above and in the Introductory Section.

C. Services of the Consultant

The Commission will require the consultant to perform the tasks detailed above and in the Introductory Section on an ongoing basis, and so that it can provide reports to the Legislature, no less than every six months as funding allows.

PROPOSAL CONTENT AND FORMAT REQUIREMENTS

The following are proposal requirements. Respondents are requested to organize their proposal into sections with tabs corresponding to the listed selection criteria as follows. You must answer the following questions in the same sequence as below, or provide a brief explanation as to why no answer is provided. The Commission staff will evaluate the completeness of the response to the RFQQ.

A. General Information

- Firm name, address, telephone number and email address.
- Account Representative or other person to contact for clarification of any item contained in the proposal. Include telephone and fax numbers if different from above.
- Personnel of the Proposer's Firm must be identified in the proposal with their background and the firm must give assurances of continuity of its personnel. A contact person needs to be identified.
- The Proposer must submit documentation as to its independence, experience with municipal audits, commitment to obtain practice privileges in Puerto Rico if so required, firm size and capacity, experience in conducting audits in accordance to the Yellow Book, and a Statement of Qualifications.
- Please disclose whether you have conducted any audits or provided professional service contracts for the Commonwealth of Puerto Rico or any of its component units.
- References and Referrals

B. Proposed Project Approach

- Summarize your approach and understanding of the project and any special considerations of which the Commission should be aware. Indicate clearly, the levels of participation you will expect from Commission staff and the Commonwealth in the fulfillment of the contract. Please indicate the proposed timetable for preliminary field work, cash analysis, and final field work.
- Meeting(s)
- Completion date: rolling

Exceptions to the requirements of the RFQQ should be clearly delineated in this section.

C. Staff Qualifications and Related Experience

1. Staff Qualifications and Experience

This section should demonstrate the qualifications of all professional personnel to be assigned to this project by providing resumes/experience summaries describing their education, credentials, related experience and their proposed roles for this contract, including their ability to communicate in Spanish and English. Note: Consultant may not substitute any member of the project team without prior written approval of the Executive Coordinator.

2. Related Experience

Include descriptive information concerning the experience of the firm. Include information about previous audits that might be comparable, including the size and type of the audits and the scope of services provided. In addition, provide references for the three (3) most comparable audits for which your firm has provided, or currently is

providing, similar services. While the Commission fully expects that audit reports will be presented in English, many of the relevant documents will be in Spanish. Please provide evidence of your firm's ability to review Spanish documents without the assistance of translators.

D. Proposed Fee Structure and Schedules

Provide proposed hourly rates by professional staff and schedules of any expected travel, lodging and incidental expenses.

- Proposers should review the requirements of this RFQQ and address all services in this fee schedule that might reasonably be expected to support the project. Indicate how the Commission will be invoiced for services, i.e., unit or hourly costs. This information should be detailed and broken down by type of service and units of work or other applicable measure. Proposers should endeavor to provide a comprehensive fee schedule, as the Commission will not include compensation in the contract for items not addressed.
- Include a total *estimated* cost to accomplish the audit objectives described within the sample project provided within this RFQQ, based on the consultant's fee schedule and the scope of work as outlined in this RFQQ. This cost will be used as a basis for negotiations.
- The fee proposal along with the proposed project approach, will be used as a basis for any contract negotiations. The actual scope of services and fees included in the contract may be negotiated and may vary to satisfy the Commission's actual needs.
- "Turnkey audit" Fee structure may be broken down based on review of tranche of debt and audit category(ies):

	Fee Quoted Per Element/Issue			
	Financial	Performance	Compliance	Combined (if multiple) Check each element proposed in column to left and state total bid
Individual offerings issued between FYE 6/30/2013 and FYE 6/30/2015:				
• 2015 TRANS				
• 2014 GO Offering				
• 2013 PREPA Power Revenue Bond				
• Debt issued by Agency during fiscal years 2011				
• Primary Government				
• Government Development Bank				
• Component unit other than Government Development Bank				
• Instrumentality of the Commonwealth other than Component unit				
• Combined (if multiple, check select which tranche or issue and indicate total amount bid)				
Subtotal by Tranche / Issue				

For firms proposing to provide financial, compliance and performance audit “co-sourcing” services or Forensic accounting services, please provide a rate sheet indicating rates proposed by staff level and amount of estimated hours (you may also use the above table if it would be helpful to the potential bidder).

E. Conflict of Interest

- Disclose any financial or business relationship with the Commonwealth or any member of the Commission that may have an impact on the outcome of the project.
- List current clients who may have a financial interest in the outcome of the project.
- Disclose any contracts performed for the Government of Puerto Rico or its component units.

CONSULTANT SELECTION PROCEDURE

Selection of the successful proposal shall be generally based on the information provided by the Consultant in response to the Request for Quotations and Qualifications and any subsequent interviews that may be conducted. *Consultant interviews will be held solely at the option and discretion of the Commission and/or its Executive Coordinator.* The process for selection shall occur in the following sequence:

- Review Proposals
- Interview “short-listed” firms (at the option and discretion of the Commission and or Executive Coordinator)
- Identify best qualified firm(s)
- Award contract

The Commission staff will evaluate the responses and make recommendation to the full Commission.

The Committee will review the responses for format to ensure conformance with the requirements of the RFQQ and may select finalists to interview with the Committee as a part of the Committee's evaluation process. The Commission does not guarantee that an interview will take place, thus reserving the right to select a consultant based solely on the information provided in the responses received in response to the RFQQ.

A. Criteria

The Committee will address the following criteria in evaluation of responses in order to gauge the ability of a consultant to perform the contract as specified. The same general criteria will be used to judge both the proposal and the presentation, should the Commission and/or the Executive Coordinator choose to conduct interviews with short-listed firms.

Criteria	As Demonstrated By:
• Merit of Proposal/Presentation	Proposal thoroughness and approach
• Knowledge and expertise	Capability of personnel, firm qualifications and experience
• Cost as a total maximum fee	Adequacy of staff to perform the work
• Record of past performance	Maximum fee for each year is detailed by program
	Demonstrated ability to keep costs within project budgets
	References
	Ability to work effectively with Commission staff, other public agencies and related parties
	Demonstrated ability to complete work tasks within project timelines

B. Weight of Criteria

Criteria	Weight
• Merit of Proposal/Presentation	25
• Knowledge and Expertise	25
• Cost responses	30
• Past Performance, References	20

Prior to the award of contract, the Commission must be assured that the proposer selected has all of the resources required to successfully perform under the contract. This includes, but is not limited to, personnel with the skills required, equipment/materials and financial resources sufficient to provide services called for under this contract. If, during the evaluation process, the Commission is unable to assure itself of the proposer's ability to perform under the contract, if awarded, the Commission has the option of requesting from the proposer, any information that the Commission deems necessary to determine the proposer's capabilities. If such information is required, the proposer will be notified and will be permitted seven (7) days to submit the requested information.

C. Background Check

The Commission reserves the right to conduct a background inquiry of each proposer which may include the collection of appropriate criminal history information, contractual and business associations and practices, employment histories and reputation in the business community. By submitting a proposal to the Commission, the proposer consents to such an inquiry and agrees to make available to the Commission such books and records as the Commission deems necessary to conduct the inquiry.

D. Award of Contract

The Debt Audit Commission reserves the right to reject any or all responses, to waive any informality in any proposal, to sit in act as sole judge of the merit of each response submitted, to select a consultant, and to award in any manner which is more favorable to the Debt Audit Commission. The successful firm may be required to execute a contract with the Debt Audit Commission.

ADMINISTRATIVE MATTERS

A. WITHDRAWAL OF RESPONSES

Any proposal may be withdrawn at any time prior to the time fixed in the public notice for the receipt of responses, only by written request for the withdrawal of the proposal filed with the Purchasing Division. The request shall be executed by the proposer or his duly authorized representative. The withdrawal of a proposal does not prejudice the right of the proposer to file a new proposal. No proposal may be withdrawn after the time fixed in the public notice for the receipt of responses.

B. REJECTION OF RESPONSES

Failure to meet the requirements of the RFQQ may be cause for rejection of the proposal. The Commission may reject the proposal if it is deemed incomplete, contains irregularities of any kind or is offered conditionally. The Commission reserves the right to reject any and all responses without cause.

The proposal is to be prepared in such a way as to provide a straightforward, concise delineation of the information requested. Responses which contain false or misleading statements, or which do not support an attribute or condition claimed by the proposer, may be cause for rejection of the proposal. If, in the opinion of the Commission, such information was intended to mislead the Commission its evaluation of the proposal, it will be cause for rejection of the proposal.

C. EVALUATION/AWARD OF CONTRACT

Evaluation and selection of responses will be based on the information called for in this RFQQ. Brochures or other promotional presentations beyond that sufficient to submit a complete and effective proposal are not desired. Elaborate artwork, expensive paper or binders, and expensive visuals are not necessary.

Commission staff and the Commission will evaluate responses. Members of the public may be invited to observe the Commission's deliberations over which firm to hire. Any information contained in the proposal may become public. In connection with its evaluation, Commission, at its option, may invite one or more proposers to make an oral presentation to the Commission or its designees. During these interviews, the proposers will be allowed to present such evidence as may be appropriate in order that the Commission can correctly analyze all materials and documentation submitted as a part of the responses.

The Commission has the right to make the selection of a proposer based on any or all factors of value, whether quantitatively identifiable or not, including, but not limited to, the anticipated initiative and ability of the proposer to perform the services set forth herein.

The Debt Audit Commission reserves the right to reject any or all responses; to waive any requirements, both the Commission's and those proposed by the vendor; to waive any irregularities or informalities in any proposal or the RFQQ process when it is in the best interest of the Commission do so; to negotiate for the modification of any proposal with mutual consent of the proposer; to re-advertise for responses, if desired; to sit and act as sole judge of the merit and qualifications of the service offered and; to evaluate in its absolute discretion, the proposal of each vendor, so as to select the vendor which best serves the requirements of the Commission, thus insuring that the best interest of the Commission will be served. The Proposer's past performance and the Commission's assurance that each proposer will provide service as proposal, will be taken into consideration when responses are being evaluated.

The Commission may make such investigation as it deems necessary to determine the ability of a proposer to furnish the required services, and the proposer will furnish to the Commission all such information and data for this purpose as the Commission may request. The Commission reserves the right to reject any proposal if the evidence submitted by, or investigation of, such proposer fails to satisfy the Commission that such proposer is properly qualified to carry out the obligations of a contract and to deliver the services contemplated herein or; the proposal of any proposer who has previously failed to perform properly, or complete on time, contracts of a similar nature. Any material misrepresentation or material falsification of information provided to the Commission in the proposer's proposal submission, or at any point in the proposal evaluation process, including any interview conducted, is grounds for rejection of the proposal. In the event that the misrepresentation or falsification is not discovered until after any agreement is awarded, the agreement may be terminated at that time. A determination as to whether a misrepresentation or falsification of the proposal submission is material shall be made solely in the exercise of the Commission's sound discretion. The Commission expressly reserves the right to reject the proposal of any proposer who is in default on the payment of taxes, licenses or other moneys due to the Commonwealth and its Department of Hacienda.

The award, if made, will be made within ninety (90) days from proposal closing date. Proposer agrees and so stipulates in submitting this proposal, as though stated therein, and in any subsequent award of contract that:

1. Proposer is an independent contractor, not an employee, agent, or officer of the Commonwealth.
2. Contract, should it be awarded, shall be interpreted, construed, and given effect in all respects according to the laws of the Commonwealth of Puerto Rico.
3. Should proposer be awarded contract, proposer shall not assign contract, or any part thereof, or any moneys due or to become due thereunder, without prior consent of the Commission.
4. Proposer shall indemnify and hold harmless the Commission, its officers, officials, employees, and agents from and against all claims, damages, losses, and expenses caused in whole or in part by any negligent act or omission of the proposer, its consultants, subcontractor, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable, except where caused by the active negligence, sole negligence, or willful misconduct by the Commission.
5. Proposer shall hold the Commission harmless from liability of any nature or kind, including cost and expenses for infringement or use of any copyrighted composition, secret process, patented or unpatented invention, article or appliance furnished or used in connection with the contract.
6. Proposer warrants that no gratuities, in the form of gifts, entertainment, or otherwise, were offered or given by the proposer, to any officer or employee of the Commission with a view toward securing the contract or securing

favorable treatment with respect to any determination concerning the performance of the contract. For breach or violation of this warranty, the Commission shall have the right to terminate the contract, either in whole or in part. The rights and remedies of the Commission provided in this clause shall not be exclusive, and are in addition to any other rights and remedies provided by law or under the contract.

D. ETHICS IN PUBLIC CONTRACTING

Each proposer, by submitting a proposal, certifies that it is not a party to any collusive action or any action that may be in violation of the Sherman Antitrust Act by submitting a proposal, the proposer certifies that its proposal was made without fraud; that it has not offered or received any kickbacks or inducements from any other proposer in connection with the Request for Quotations and Qualifications; and that it has not conferred on any public employee, public member or public official having responsibility for this procurement transaction, any payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value. The proposer further certifies that no relationship exists between itself and another person or organization that interferes with fair competition or constitutes a conflict of interest with respect to a contract with the Debt Audit Commission.

More than one proposal from an individual, firm, partnership, corporation or association under the same or different names may be rejected. Reasonable grounds for believing that a proposer has interest in more than one proposal for the work solicited may result in rejection of all responses in which the proposer is believed to have an interest.

E. VENUE

Any contract resulting from this solicitation shall be governed by, and construed in accordance with, the laws of the Commonwealth of Puerto Rico. Venue for any litigation arising out of the contract will be vested in the Court of First Instance, San Juan, Puerto Rico.

F. INCURRING COSTS

The Debt Audit Commission is not liable for any cost incurred by proposers in responding to this Request for Quotations and Qualifications.