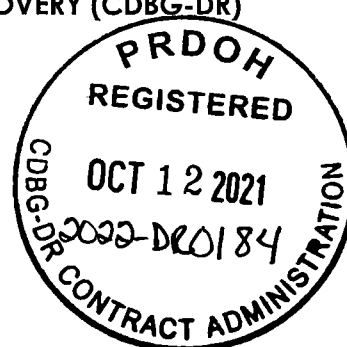




GOVERNMENT OF PUERTO RICO
DEPARTMENT OF HOUSING

COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY (CDBG-DR)

**AGREEMENT FOR
AUDITING SERVICES
BETWEEN THE
PUERTO RICO DEPARTMENT OF HOUSING
AND
KEVANE GRANT THORNTON, LLP**



THIS AGREEMENT FOR AUDITING SERVICES, (hereinafter referred to as the "Agreement") is entered into in San Juan, Puerto Rico, this 8 of October, 2021, by and between the **PUERTO RICO DEPARTMENT OF HOUSING** (hereinafter, "PRDOH"), a public agency created under Law No. 97 of June 10, 1972, as amended, 3 L.P.R.A. § 441 *et seq.*, known as the Department of Housing Governing Act with principal offices at 606 Barbosa Avenue, San Juan, Puerto Rico, herein represented by William O. Rodríguez Rodríguez, attorney, of legal age, single, and resident of San Juan, Puerto Rico, in his capacity as Secretary; and **KEVANE GRANT THORNTON, LLP** (hereinafter, the "CONTRACTOR"), with principal offices in 33 Bolivia Street, Suite 400, San Juan, Puerto Rico, 00917-2013, herein represented by Luis Carlos Marcano Molina, in his capacity as Managing Partner, of legal age, married, and resident of San Juan, Puerto Rico, duly authorized by Resolution by the CONTRACTOR.

WHEREAS, on September 2017, Hurricanes Irma and María made landfall in Puerto Rico causing catastrophic island wide damage, knocking out power, water, and telecommunications for the entire island and its island municipalities. Hurricane María caused major structure and infrastructure damage to family homes, businesses and government facilities triggering the displacement of thousands of residents of the Island from their homes and jobs.

WHEREAS, under the Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017, signed into law September 8, 2017 (Pub. L. 115-56), \$1.5 billion were allocated by the U.S. Department of Housing and Urban Development (HUD) for disaster recovery assistance to the Government of Puerto Rico under the CDBG-DR. These funds are intended to provide financial assistance to address unmet needs that arise and that are not covered by other sources of financial aid.

WHEREAS, on February 9, 2018, a Notice was published in the Federal Register, Vol. 83, No. 28 (83 FR 5844), that allocated \$1.5 billion for disaster recovery assistance to the Government of Puerto Rico.

WHEREAS, under the Bipartisan Budget Act of 2018, signed into law February 9, 2018 (Pub. L. 115-123), an additional \$8.22 billion were allocated by HUD for disaster recovery assistance to the Government of Puerto Rico under CDBG-DR.

WHEREAS, pursuant to a letter dated February 23, 2018 sent by the former Governor of Puerto Rico to the Secretary of HUD, the PRDOH is the governmental agency designated as grantee of the CDBG-DR funds allocated to the Government of Puerto Rico.

WHEREAS, on August 14, 2018, a Notice was published in the Federal Register Vol. 83, No. 157, (83 FR 40314) that made an additional allocation to Puerto Rico of \$8.22 billion for recovery. With these allocations of funding, the PRDOH aims to lead a transparent, comprehensive recovery to benefit the residents of Puerto Rico. PRDOH holds accountability and is committed to the responsible, efficient, and transparent administration of CDBG-DR grant funding.

LCMM
LCMM

WRR
WRR

WHEREAS, On September 20, 2018, the Governor of Puerto Rico and the Secretary of HUD signed the Grant Agreement.

WHEREAS, the PRDOH is interested in contracting an auditing services firm to assist PRDOH with independent consulting services for a broad range of audit activities as related to programs under CDBG-DR grants. This firm will support PRDOH’s objectives of ensuring compliance with all CDBG-DR, HUD and applicable federal and local requirements, rules and regulations, as well as in PRDOH’s objectives of the Action Plan, as amended, and adequately coordinating and monitoring all CDBG-DR related activities.

WHEREAS, on December 11, 2020, the PRDOH issued the RFP-2020-09 with CDBG-DR funds. This request was placed through the Registro Único de Subastas (RUS, by its Spanish Acronym) and the CDBG-DR website. Through this procurement process, PRDOH was able to reach five (5) qualified firms listed for their capacity and experience with federal grants to deliver qualified services.

WHEREAS, on January 22, 2021, the CONTRACTOR submitted a proposal (hereinafter referred to as the “Proposal”), which fully complied with the requirements set forth by the PRDOH.

WHEREAS, Kevane Grant Thornton, LLP was chosen to perform the required services at a reasonable proposed cost to assist PRDOH in the Puerto Rico’s recovery efforts according to the award criteria established in the RFP.

WHEREAS, the PRDOH desires to enter into an agreement with **Kevane Grant Thornton, LLP** to secure its services and accepts the CONTRACTOR’s Proposal and costs, and the CONTRACTOR by its acceptance of the terms and conditions of this Agreement is ready, willing and able to provide the requested services contemplated under this Agreement.

NOW THEREFORE, in consideration of the mutual promises and the terms and conditions set forth herein, the PRDOH and the CONTRACTOR agree as follows:

I. TYPE OF CONTRACT

Contract Type: This is a fixed fee and hourly contract. Under this Agreement, CONTRACTOR shall submit monthly invoices to the PRDOH based on the Cost Form (**Attachment D**) and as the services are rendered. Any and all changes and/or modifications to this Agreement shall be in writing and must be signed by both parties.

Attachments Incorporated: The following attachments are incorporated into this Agreement by reference and are hereby made part of this Agreement:

Attachment A	Notice of Award
Attachment B	Proposal
Attachment C	Scope of Services
Attachment D	Cost Form
Attachment E	Insurance Requirements (DV-OSPA-78-5)
Attachment F	HUD General Provisions
Attachment G	Contractor Certification Requirement

All Attachments hereto are fully incorporated herewith such that the terms and conditions of the Attachments shall be as binding as any terms and conditions of this executed written Agreement. Should any inconsistency appear between the Attachments and this Agreement, the Agreement shall prevail.

II. TERM OF AGREEMENT

- A.** This Agreement shall be in effect and enforceable between the parties from the date of its execution. The Term of this Agreement will be for a performance period of **thirty-six (36) months**, ending on October, 8, 20²⁴.
- B. Contract Extensions:** PRDOH may, at its sole discretion, extend the Agreement's term for an additional term of **twenty four (24) months**, or expressed in days, **seven hundred and thirty (730) days** upon mutual written agreement of the parties.
- C.** The term of this Agreement shall not exceed the lifetime of the initial Grant Agreement between PRDOH and HUD, unless the term of the initial Grant Agreement is extended by HUD, in which case the Agreement shall not exceed said extended period.

III. SCOPE OF SERVICES

The CONTRACTOR will provide the services described in **Attachment C** of the Agreement. The parties agree that the CONTRACTOR shall furnish all permits, consents, licenses, equipment, software and supplies necessary to perform the Services, at CONTRACTOR's sole cost.

IV. COMPENSATION AND PAYMENT

- A.** The PRDOH agrees to pay the CONTRACTOR for allowable Services rendered under this Agreement in accordance with the rates and amounts described in **Attachment D** of this Agreement.
- B.** The PRDOH will pay the CONTRACTOR, for allowable services performed during the term of this Agreement, a maximum amount not to exceed **THREE MILLION TWO HUNDRED FOURTEEN THOUSAND EIGHT HUNDRED DOLLARS (\$3,214,800.00)**; **Account Number R01A01ADM-DOH-NA / R02A01ADM-DOH-NA 4170-02-000**.
- C.** Such payment shall be compensation for all allowable services required, performed and accepted under this Agreement included in **Attachment C** and **Attachment D**.
- D.** Any additional funds to complete the services requested by the PRDOH to the CONTRACTOR will be subject to evaluation before acceptance as well as funds availability and will require an amendment to this Agreement.
- E.** The CONTRACTOR shall submit an invoice to PRDOH on a monthly basis. Said invoice must be submitted including all required invoice supporting documents, including but not limited to monthly reports, timesheets, invoice and photos evidence, expense plan and/or work projections. If PRDOH determines that the submitted invoice and supporting documents are acceptable, then the invoice will be approved for payment.

LCMM
LCMM

WRR
WRR

- F.** An authorized representative of the PRDOH will review each invoice and, if adequate, will approve and process its payment. Payments to the CONTRACTOR shall be made by electronic funds transfer (EFT). PRDOH reserves the right to conduct any audits it deems necessary. The CONTRACTOR agrees to cooperate fully with any such audit or audits.
- G.** While providing the services under this Agreement, the CONTRACTOR must adhere to applicable requirements of the CDBG-DR grant. If the CONTRACTOR performs ineligible activities under the CDBG-DR grant or program, the CONTRACTOR cannot include them in the invoice for payment to the CONTRACTOR.
- H.** CONTRACTOR shall be liable to the PRDOH for any costs disallowed pursuant to financial and/or compliance audit(s) of funds received under this Agreement. CONTRACTOR shall reimburse such disallowed costs from funds other than those CONTRACTOR received under this Agreement.
- I.** The CONTRACTOR acknowledges and agrees to repay any CDBG-DR funds used for ineligible costs.
- J.** In order for the CONTRACTOR to receive payment for any work performed hereunder, the following certification must be included in each application for payment or invoice submitted to the PRDOH for payment:

"Under penalty of absolute nullity, I hereby certify that no public servant of the government entity is a party to or has an interest of any kind in the profits or benefits to be obtained under the contract which is the basis of this invoice, and should he be a party to, or have an interest in, the profits or benefits to be obtained under the contract, a waiver has been previously issued. The only consideration to provide the contracted goods or services under the contract is the payment agreed upon with the authorized representative of the government entity. The amount that appears in the invoice is fair and correct. The work has been performed, the goods have been delivered, and the services have been rendered, and no payment has been received therefor."

V. REIMBURSABLE EXPENSES

The PRDOH will not reimburse any costs incurred by the CONTRACTOR not included in the approved Proposal or in an executed written amendment.

VI. ADDITIONAL SERVICES

Should additional services be needed by the PRDOH, such additional services shall be agreed upon by the parties in a written document signed by both parties, prior to the issuance of a notice to proceed with the performance of such additional services.

VII. OWNERSHIP AND USE OF DOCUMENTS

- A.** With the exception of the CONTRACTOR's working papers, the CONTRACTOR acknowledges the PRDOH's ownership of all information, drafts, documents, reports, papers, and other materials developed and prepared by the CONTRACTOR, its agents or representatives, for purposes of performing key obligations hereunder. In the event of any termination, the CONTRACTOR shall deliver such information, drafts,

LCMM
LCMM

WORR
WORR

reports, papers and other materials to the PRDOH, in document form or as computer program data, and the CONTRACTOR recognizes the PRDOH's right to request such documentation or computer program data. If the CONTRACTOR fails to deliver said information, the PRDOH may seek a judicial order to enforce its rights.

- B.** Proof of expenditures incurred by the CONTRACTOR on behalf of PRDOH shall be made available to PRDOH. The CONTRACTOR agrees to maintain accurate records and files of all contract documents, correspondence, book estimates, bills, and other information related to the CONTRACTOR account. These documents shall be open for the PRDOH examination at all reasonable times during the term of this Agreement, and up to **five (5) years** from closeout of the grant to the state, or the period required by other local applicable laws and regulations.

VIII. DOCUMENTATION AND RECORDKEEPING

- A. Records to be Maintained:** The CONTRACTOR shall maintain records of the state and units of general local government, including supporting documentation, which shall be retained for the greater of **five (5) years** from closeout of the grant to the state, or the period required by other local applicable laws and regulations. Such records include but are not limited to: Records providing a full description of each activity undertaken; Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG-DR program; Records required to determine the eligibility of activities; Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG-DR assistance; Records documenting compliance with the fair housing and equal opportunity requirements of the CDBG-DR program regulations; Financial records as required by 24 C.F.R. § 570.502, and 2 C.F.R. part 200, including records necessary to demonstrate compliance with all applicable procurement requirements; and other records necessary to document compliance with this agreement, any other applicable Federal statutes and regulations, and the terms and conditions of PRDOH's Federal award.
- B. Access to Records:** The CONTRACTOR shall permit the PRDOH and auditors to have access to the CONTRACTOR's records and financial statements as necessary for the PRDOH to meet its audit requirements under the Federal award.
- C. Record Retention and Transmission of Records to the PRDOH:** Prior to close out of this Agreement, the CONTRACTOR must transmit to the PRDOH records sufficient for the PRDOH to demonstrate that all costs under this Agreement met the requirements of the Federal award.
- D. CONTRACTOR's Data and Privileged Information:** The CONTRACTOR is required to maintain confidential data demonstrating client eligibility for activities provided under this Agreement. Such data may include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of activities provided.
- E. PII Policy:** The CONTRACTOR must comply with the PRDOH CDBG-DR Personal Identifiable Information Policy, as found in the CDBG-DR Website (www.cdbg-dr.pr.gov), which is herein included and made integral part of this Agreement, as it may be updated from time to time.

IX. ACCESS TO RECORDS

- A. The CONTRACTOR agrees to provide the Government of Puerto Rico, PRDOH, HUD's Secretary, the Comptroller General of the United States, or any of their authorized representative's access to any books, documents, papers, and records of the CONTRACTOR which are directly pertinent to this Agreement for the purposes of making audits, examinations, excerpts, and transcriptions.
- B. The CONTRACTOR agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed.

X. NON-DISCLOSURE AND CONFIDENTIALITY

- A. **Confidential Information; Definition:** The term Confidential Information as used throughout this Section, means any information concerning PRDOH operations and that of its CONTRACTOR (e.g., the projects, computer processing systems, object and source codes and other PRDOH business and financial affairs). The term Confidential Information shall also deem to include all notes, analysis, compilation, studies and interpretation or other documents prepared by CONTRACTOR, its agents or representatives, in connection with PRDOH operations.
- B. **Non-Disclosure:** CONTRACTOR agrees to take all reasonable steps or measures to keep confidential all Confidential Information and will not, at any time, present or future, without PRDOH express written authorization, signed by the Secretary of the PRDOH, use or sell, market or disclose any Confidential Information to any third party, contractor, corporation, or association for any purpose whatsoever. CONTRACTOR further agrees that, except as they relate to the normal course of the service, the CONTRACTOR will not make copies of the Confidential Information except upon PRDOH express written authorization, signed by an authorized representative of PRDOH, and will not remove any copy or sample of Confidential Information without prior written authorization from PRDOH. CONTRACTOR retains the right to control its work papers subject to these confidentiality provisions.
- C. **Return Documents:** Upon receipt of written request from the PRDOH, CONTRACTOR will return to PRDOH all copies or samples of Confidential Information which, at the time of the notice are in CONTRACTOR's or its agent's possession. CONTRACTOR reserves the right to retain a set of its work papers.
- D. **Equitable Relief:** The CONTRACTOR acknowledges and agrees that a breach of the provision of subparagraph B and C of this Section will cause PRDOH to suffer irreparable damage that could not be remedied or compensated adequately only by mere monetary retribution. The CONTRACTOR further agrees that money damages may not be a sufficient remedy for any breach of this Section. Accordingly, the CONTRACTOR agrees that PRDOH shall have the right to seek injunctive relief and the specific performance of the provisions of this Section to enjoin a breach or attempted breach of the provision hereof, such right being in addition to any and all other rights and remedies that are available to PRDOH by law, equity, or otherwise.

XI. PERFORMANCE WARRANTY

- (a) CONTRACTOR warrants that it will perform all work and provide all Deliverables under this Contract in a manner consistent with the degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances.
- (b) CONTRACTOR warrants that all Deliverables it completes under this Contract shall: meet or exceed the standards of CONTRACTOR's trade, profession, or industry;

LCMM
LCMM

WORR
WORR

meet or exceed the specifications set forth in the Attachments to this Agreement; and be fit for ordinary use, of good quality, and with no material defects.

(c) If CONTRACTOR submits Deliverables that do not meet specifications, fails to complete Deliverables timely, or fails to perform its obligation under this Contract, PRDOH may require CONTRACTOR, at its sole expense, to:

1. repair or replace Deliverables that do not meet specifications;
2. refund payment for Deliverables that do not meet specifications and accept the return of such Deliverables;
3. pay liquidated damages for any past due Deliverable; and
4. take necessary action to ensure that future performance and Deliverables meet specifications and conform to the Contract.

XII. TERMINATION

- A. Termination for Cause or Default:** The PRDOH may terminate this Agreement, in whole or in part, because of CONTRACTOR's failure to fulfill any of its obligations. The PRDOH shall terminate this Agreement by delivering to the CONTRACTOR a **thirty (30) calendar day** notice of termination specifying the extent to which the performance of the service under this Agreement is terminated, the reason therefor and the effective date of termination. CONTRACTOR shall, upon written notice, be provided a **ten (10) calendar day** opportunity to cure the alleged defect that resulted in the perceived default. If the defect is not cured within that period of time, CONTRACTOR shall immediately discontinue all such services being terminated and deliver to the PRDOH all information, notes, drafts, documents, analysis, reports, compilations, studies and other materials accumulated or generated in performing the services contemplated in this Agreement, whether completed or in process. Notwithstanding the above, the CONTRACTOR shall not be relieved of liability to the PRDOH for damage sustained to PRDOH CDBG-DR Program by virtue of any breach of the Agreement by the CONTRACTOR. The PRDOH may withhold any payments to the CONTRACTOR, for the purpose of off-set or partial payment, as the case may be, of amounts owed to the PRDOH by the CONTRACTOR. PRDOH shall make payment, in accordance with the terms of this Agreement, of any amounts due to CONTRACTOR for allowable services rendered prior to the termination notice.
- B. Termination for Convenience:** The PRDOH may terminate this Agreement, in whole or in part, whenever the PRDOH determines that such termination is necessary or convenient to the Agency. The PRDOH will terminate this Agreement by delivering to the CONTRACTOR a **thirty (30) calendar day** notice of termination specifying the extent to which the performance of the work under this Agreement is terminated, and the effective date of termination. Upon receipt of such notice, the CONTRACTOR shall immediately discontinue all services affected and deliver to the PRDOH all information, studies and other materials property of the PRDOH. In the event of a termination by Notice, the PRDOH shall be liable only for payment of services rendered up to and including the effective date of termination. PRDOH shall make payment, in accordance with the terms of this Agreement, of any amounts due to CONTRACTOR for allowable services rendered prior to the termination notice.
- C. Termination by Unilateral Abandonment:** The PRDOH will consider this Agreement immediately terminated, in the event that the CONTRACTOR unilaterally and without prior notice, chooses to abandon (in any shape, form or fashion) cease and desist in the specific performance of its general and particular duties and responsibilities as agreed in this Agreement. Upon the knowledge of such event, the PRDOH will not be held liable and will immediately, automatically and retroactively deduct from any future reimbursement, all funds from the day such unilateral abandonment took

LCMM
LCMM

WORR
WORR

place. The PRDOH will not be compelled to continue the performance of the Agreement, should the CONTRACTOR breach the Agreement by unilateral abandonment. For the purposes of this Section, Abandonment shall mean that CONTRACTOR voluntarily and intentionally disavows its contractual duties in a manner that is overt and without question a relinquishment of said contractual duties.

- D. Unilateral Termination:** The PRDOH may terminate this Agreement, in whole or in part, at PRDOH's sole discretion, with or without cause, at any time. The PRDOH will terminate this Agreement by delivering to the CONTRACTOR a **thirty (30) calendar day** notice of termination specifying the extent to which the performance of the work under this Agreement is terminated, and the effective date of termination. Upon receipt of such notice, the CONTRACTOR shall immediately discontinue all services affected and deliver to the PRDOH all information, studies and other materials property of the PRDOH. In the event of a termination by Notice, the PRDOH shall be liable only for payment of services rendered up to and including the effective date of termination.
- E. Suspension:** The PRDOH may suspend this Agreement in whole or in part at any time for the PRDOH's convenience. The PRDOH shall give the CONTRACTOR **five (5) business days'** written notice of such suspension. Upon receipt of said notice the CONTRACTOR shall immediately discontinue all Services affected.
- F. Immediate Termination:** In the event the CONTRACTOR is subjected to a criminal or civil action, suit, proceeding, inquiry or court of applicable jurisdiction, or any governmental agency, or the CONTRACTOR shall be subject to an order, judgment, or opinion, issued by any federal or local authority, a court of applicable jurisdiction, or any governmental agency, in connection with the execution, delivery, and performance by the CONTRACTOR of this Agreement or the CONTRACTOR of this Agreement has been noncompliant, breach, inaccuracy of any representation, warranties, covenants, or the certifications provided herein, whether the noncompliance, breach or inaccuracy takes place before or after the execution of this Agreement, the PRDOH shall have the right to the immediate termination of this Agreement notwithstanding, any provisions to the contrary herein. This Section will apply in the event of any judgment that may obligate the PRDOH to terminate the Agreement pursuant to Act Number 2 of January 2, 2018, as amended, known as the Anti-Corruption Code for the New Puerto Rico.
- G. Period of Transition:** Upon termination of this Agreement, and for **ninety (90) consecutive calendar days** thereafter (the Transition Period), CONTRACTOR agrees to make himself available to assist the PRDOH with the transition of services assigned to CONTRACTOR by the PRDOH. CONTRACTOR shall provide to the PRDOH the assistance reasonably requested to facilitate the orderly transfer of responsibility for performance of the Services to the PRDOH or a third party designated by the PRDOH. PRDOH reserves the right to provide for the execution of a Transition Services Agreement for the Transition Period. In such instance, the CONTRACTOR will be paid at a reasonable, agreed upon, hourly rate for any work performed for the PRDOH during the Transition Period. Moreover, during that Transition Period, all finished or unfinished records (files, data, work product) connected with this Agreement will be turned over to PRDOH.

XIII. PENALTIES AND LIQUIDATED DAMAGES

A. Penalties

LCMM
LCMM

WORR
WORR

1. In the event the CONTRACTOR is determined to have engaged in any proscribed conduct or otherwise is in default as to any applicable term, condition, or requirement of this Agreement, at any time following the Effective Date of the Agreement, the CONTRACTOR agrees that, PRDOH may impose sanctions against the CONTRACTOR for any default in accordance with **Attachment C** and this Section. Refer to all required provisions set forth at 2 C.F.R. § 200.326 and 24 C.F.R. § 570.489(g), and the CDBG-DR Procurement Manual and Contract Requirements, Art. XII, Section 2(a.), as found in the CDBG-DR Website (www.cdbg-dr.pr.gov) which is herein included and made integral part of this Agreement, as it may be updated from time to time.
2. If the CONTRACTOR fails to comply with federal statutes, regulations or the terms and conditions of the Agreement, PRDOH may take one or more of the following actions:
 - i. Temporarily withhold cash payments pending correction of the deficiency by the CONTRACTOR.
 - ii. Disallow all or part of the cost of the activity or action not in compliance.
 - iii. Initiate suspension or debarment proceedings as authorized under 2 C.F.R. part 180.
 - iv. Withhold further Federal awards for the project or program.
 - v. Take other remedies that may be legally available.

B. Liquidated damages

The CONTRACTOR shall pay to PRDOH, as liquidated damages, \$185.00 for each calendar day that any task deliverable required is late until deemed in compliance subject to a maximum of \$1,500.00 established in this Contract between PRDOH and the CONTRACTOR, in accordance with **Attachments C**. Said sum, in view of the difficulty of accurately ascertaining the loss which PRDOH will suffer by reason of delay in the completion of the Work hereunder, is hereby fixed and agreed as the liquidated damages that PRDOH will suffer by reason of such delay. Liquidated damages received hereunder are not intended to be nor shall they be treated as either a partial or full waiver or discharge of the PRDOH's right to indemnification, or the CONTRACTOR's obligation to indemnify the PRDOH pursuant to this Contract, or to any other remedy provided for in this Contract or by Law. Liquidated damages may be assessed at the sole discretion of PRDOH. For the purpose of applying and calculating such liquidated damages, a grace period of **ten (10) business days** shall be observed. The PRDOH may deduct and retain out of the monies which may become due hereunder, the amount of any such liquidated damages; and in case the amount which may become due hereunder shall be less than the amount of liquidated damages due to the PRDOH per the formula above, the CONTRACTOR shall be liable to pay the difference.

XIV. LIABILITY

In no event, the PRDOH shall be liable for any indirect, incidental, special or consequential damages, or damages for loss of profits, revenue, data or use, incurred by either party or any third party, whether in an action in contract or tort, even if the other party or any person has been advised of the possibility of such damages. Third parties operating under this program, with their agency, will have their own general civil and criminal liability imposed by law towards the PRDOH, the CONTRACTOR and any citizen.

The CONTRACTOR shall carry the insurances as are required by law (if applicable), as set forth below. The CONTRACTOR shall furnish PRDOH certificates of insurance.

XV. INSURANCE

A. Required Coverage

The CONTRACTOR shall keep in force and effect for the period beginning from the execution of the Agreement and ending at the completion of all services to be provided hereunder, insurance policies in compliance with the PRDOH's requirements as set forth in OSPA-78-5, attached hereto and made an integral part hereof as **Attachment E**. The CONTRACTOR shall meet all other insurance requirements as may be imposed by the PRDOH from time to time.

Upon the execution of this Agreement, the CONTRACTOR shall furnish PRDOH with original and two (2) certified copies of the insurance policies described in **Attachment E** and any other evidence PRDOH may request as to the policies' full force and effect.

Any deductible amount, under any of the policies, will be assumed in whole by the CONTRACTOR for any and all losses, claims, expenses, suits, damages, costs, demands or liabilities, joint and several of whatever kind and nature arising from the Agreement resulting from this solicitation by and between the CONTRACTOR and PRDOH.

The PRDOH shall not be held responsible under any circumstances for payments of any nature regarding deductibles of any Commercial Liability Policies for the aforementioned Agreement.

B. Endorsements

Each insurance policy maintained by the CONTRACTOR must be endorsed as follows:

1. PRDOH, Government of Puerto Rico, HUD and its officers, agents and employees are named as additional insured (except Worker's Compensation) but only with respect to liability arising out of tasks performed for such insured by or on behalf of the named insured.
2. To provide waiver of subrogation coverage for all insurance policies provided or herein in favor of PRDOH and its respective officers, agents and employees.
3. The insurer shall be required to give PRDOH written notice at least **thirty (30) days** in advance of any cancellation in any such policies.

The CONTRACTOR shall furnish to PRDOH, prior to commencement of the work, certificates of insurance from insurers with a rating by the A.M. Best Co. of B+ and five (5) or over on all policies, reflecting policies in force, and shall also provide certificates evidencing all renewals of such policies. Insurers shall retain an A.M. Best Co. rating of B+ and five (5) or over on all policies throughout the term of this Agreement and all policy periods required herein. The insurance company must be authorized to do business in Puerto Rico and be in good standing.

C. Related Requirements

The CONTRACTOR shall furnish original Certificates of Insurance evidencing the required coverage to be in force on the Effective Date of Agreement. In the case of Payment and Performance Bond, Certificate of Authority, Power of Attorney and Power of Attorney License issued by the Commissioner of Insurance shall be furnished. THE REQUIRED DOCUMENTATION MUST BE RECEIVED PRIOR TO THE CONTRATOR COMMENCING WORK. NO CONTRACTOR OR ITS AUTHORIZED REPRESENTATIVES ARE TO BEGIN THEIR RESPONSIBILITIES UNDER THE AGREEMENT PRIOR TO FULL COMPLIANCE WITH THIS REQUIREMENT AND NOTIFICATION FROM PRDOH TO PROCEED.

Renewal Certificates of Insurance or such similar evidence is to be received by the Contract Administration of the Legal Division and/or the Finance area of the CDBG-DR program prior to expiration of insurance coverage. At PRDOH's option, non-compliance will result in one or more of the following actions: (1) The PRDOH will purchase insurance on behalf of the CONTRACTOR and will charge back all cost to the CONTRACTOR; (2) all payments due the CONTRACTOR will be held until the CONTRACTOR has complied with the Agreement; and/or (3) The CONTRACTOR will be assessed **Five Thousand Dollars (\$5,000.00) for every day of non-compliance.**

The receipt of any certificate does not constitute agreement by PRDOH that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with the requirements of the Agreement. The insurance policies shall provide for **thirty (30) days** written notice to be given to PRDOH in the event coverage is substantially changed, cancelled or non-renewed.

The CONTRACTOR shall require all subcontractors or consultants to carry the insurance required herein or the CONTRACTOR, may provide the coverage for any or all of its subcontractors and if so, the evidence of insurance submitted shall so stipulate and adhere to the same requirements and conditions as outlined above.

The CONTRACTOR expressly understands and agrees that whenever the CONTRACTOR is covered by other primary, excess, or excess contingent insurance that, any insurance or self-insurance program maintained by PRDOH shall apply in excess of and will not contribute with insurance provided by the CONTRACTOR under this Agreement.

XVI. HOLD HARMLESS

The CONTRACTOR and its affiliates, its successors and assignees will indemnify the PRDOH from any damages and/or losses arising out of any breach of this Agreement by the CONTRACTOR or against personal injuries or property damage resulting from any act of negligence or omission by the CONTRACTOR and its affiliates in connection with this Agreement.

XVII. FORCE MAJEURE

In the event of a fire, flood, earthquake, natural disaster, hurricane, riot, act of governmental authority in its sovereign capacity, pandemic officially declared by the Government of Puerto Rico, strike, labor dispute or unrest, embargo, war, insurrection or civil unrest, any *Force Majeure* including inclement weather, herein collectively referred to as *Force Majeure* during the term of this Agreement, neither the PRDOH nor the CONTRACTOR shall be liable to the other party for nonperformance during the conditions created by such event.

LCMM
LCMM

WORR
WORR

The CONTRACTOR shall notify, as soon as possible, the PRDOH of the occurrence of the *Force Majeure* event and describe in reasonable detail, the nature of the *Force Majeure* event.

XVIII. CONFLICTS OF INTEREST

The CONTRACTOR shall comply with the ethics requirements set forth herein and warrant that to the best of its knowledge and belief and except as otherwise disclosed, it does not have any organizational conflict of interest which is defined as a situation in which the nature of the work under a PRDOH contract and CONTRACTOR'S organizational, financial, contractual or other interest are such that:

- a) Award of the Agreement may result in an unfair competitive advantage; or
- b) The CONTRACTOR's objectivity in performing the contract work may be impaired.

The CONTRACTOR agrees that if after award he or she discovers an organizational conflict of interest with respect to this Agreement, it shall make an immediate (within the next **seventy-two (72) hours**) and full disclosure in writing to the Contracting Officer, which shall include a description of the action, which the CONTRACTOR has taken or intends to take to eliminate or neutralize the conflict. The CONTRACTOR will disclose the details of any existing or future contract to provide services to third parties participating or for the purpose to participate in disaster recovery programs or projects in Puerto Rico. The PRDOH may, however, terminate the Agreement for the convenience of PRDOH if it would be in its best interest.

In the event the CONTRACTOR was aware of an organizational conflict of interest before the award of this Agreement and did not disclose the conflict to the Contracting Officer, the PRDOH may terminate the Agreement for default.

The provisions of this clause shall be included in all subcontracts and/or consulting agreements wherein the work to be performed is similar to the services provided by the CONTRACTOR. The CONTRACTOR shall include in such subcontracts and consulting agreements any necessary provision to eliminate or neutralize conflicts of interest.

XIX. INDEPENDENT CONTRACTOR

The relationship of the CONTRACTOR to PRDOH shall be that of an independent CONTRACTOR rendering professional services. Neither the CONTRACTOR nor any personnel of the CONTRACTOR shall have any authority to execute contracts or make commitments on behalf of PRDOH. Nothing contained herein shall be deemed to create the relationship of employer/employee, principal/agent, joint venture or partner between the CONTRACTOR and PRDOH. Further, the CONTRACTOR recognizes that in view of its status as an independent CONTRACTOR, neither it nor its employees or subcontractors will be entitled to participate in or receive any fringe benefits normally granted to PRDOH employees under such programs, including, but not limited to, worker's compensation, voluntary disability, travel accident insurance, medical/dental insurance, life insurance, long-term disability, holiday pay, sick pay, salary continuation pay, leaves of absence (paid or unpaid), pension plan and savings plan.

The CONTRACTOR shall have exclusive control over its employees and subcontractors (and the CONTRACTOR's employees and subcontractors are herein, collectively, referred to as the "CONTRACTOR Personnel"), its labor and employee relations and its policies relating to wages, hours, working conditions and other employment conditions.

LCMM
LCMM

WORR
WORR

The CONTRACTOR has the exclusive right to hire, transfer, suspend, lay off, recall, promote, discipline, discharge and adjust grievances with its CONTRACTOR Personnel. The CONTRACTOR is solely responsible for all salaries and other compensation of its CONTRACTOR Personnel who provide Services.

The CONTRACTOR is solely responsible for making all deductions and withholdings from its employees' salaries and other compensation and paying all contributions, taxes and assessments, including union payments. The CONTRACTOR shall be responsible for and shall defend, indemnify and hold harmless PRDOH, and its agents, officers, directors, employees, representatives, CONTRACTOR's, successors and assigns against all costs, expenses and liabilities, including without limitation reasonably prudent attorneys' fees relative to the situation, in connection with the CONTRACTOR's employment and/or hiring of any CONTRACTOR Personnel providing any of the Services, including without limitation: (i) payment when due of wages and benefits, (ii) withholding of all payroll taxes, including but not limited to, unemployment insurance, workers' compensation, FICA and FUTA, (iii) compliance with the Immigration Reform Control Act, and (iv) compliance with any other applicable laws relating to employment of any CONTRACTOR Personnel of, and/or hiring by, CONTRACTOR in connection with the Services.

XX. NOTICES

All notices required or permitted to be given under the Agreement shall be in writing, and shall be deemed given when delivered by hand or sent by registered or certified mail, return receipt requested, to the address as follows:

To: PRDOH

William O. Rodríguez Rodríguez, Esq.
Secretary
Puerto Rico Department of Housing
606 Barbosa Ave.
Juan C. Cordero Dávila Bldg.
San Juan, PR 00918

To: CONTRACTOR

Luis Carlos Marcano Molina
Managing Partner
Kevane Grant Thornton, LLP
33 Bolivia Street, Suite 400
San Juan, PR 00917-2013

XXI. THIRD PARTIES

Nothing contained in this Agreement shall create a contractual relationship with, or a cause of action of a third party against either the PRDOH or the CONTRACTOR.

XXII. SUBCONTRACTS

A. General: All subcontracts shall contain the applicable provisions described in **Attachment F** (HUD General Provisions), as well as applicable provisions set forth in 2 C.F.R. § 200.101. The PRDOH shall review subcontracts as part of the compliance, monitoring, and oversight process performed by PRDOH or upon request.

B. Specific Requirements: All subcontracts shall contain provisions specifying:

- i. That the work performed by the subcontractor be in accordance with the applicable terms of this Agreement between the PRDOH and CONTRACTOR;

- ii. That nothing contained in such subcontract agreement shall impair the rights of the PRDOH;
- iii. That nothing contained herein, or under this Agreement will create any contractual relation between the subcontractor and the PRDOH;
- iv. That the subcontractor specifically agrees to be bound by the confidentiality provision regarding Personal Identifiable Information set forth in this Agreement;
- v. That CONTRACTOR will be responsible for ensuring all subcontract work is performed consistent with federal and state regulations and/or policies to be eligible for reimbursement of the approved work; and
- vi. All Federal flow down provisions are included in the subcontract agreement per Federal guidelines.

- C. Monitoring:** CONTRACTOR shall diligently monitor all subcontracted services. If CONTRACTOR discovers any areas of noncompliance, CONTRACTOR shall provide the PRDOH summarized written reports supported with documented evidence of corrective action.
- D. Content:** CONTRACTOR shall cause all the applicable provisions of this Agreement to be included in, and made a part of, any subcontract executed in the performance of this Agreement.
- E. Notification:** CONTRACTOR shall notify and provide a copy of any and all subcontracts related to this Agreement and CDBG-DR funds to the Contract Administration Area of the PRDOH CDBG-DR Legal Division within **three (3) business days** of its execution.

XXIII. CERTIFICATION OF COMPLIANCE WITH LEGAL REQUIREMENTS

Given that the Agreement involves funds for which HUD is the oversight agency, the CONTRACTOR agrees to carry out its obligations under this Agreement in compliance with all the requirements described in **Attachment F** (HUD General Provisions), **Attachment G** (Contractor Certification Requirement) and the following provisions:

- A. Compliance with Executive Order 24:** Pursuant to Executive Order 24 of June 18, 1991, the CONTRACTOR certifies and guarantees that at the signing of this Agreement it has filed all the necessary and required income tax returns to the Government of Puerto Rico for the last **five (5) years**. The CONTRACTOR further certifies that it has complied and is current with the payment of any and all income taxes that are, or were due, to the Government of Puerto Rico. The CONTRACTOR shall hand out, to the satisfaction of the PRDOH and whenever requested by the PRDOH during the term of this Agreement, the necessary documentation to support its compliance of this clause. The CONTRACTOR will be given a specific amount of time by the PRDOH to produce said documents. During the term of this Agreement, the CONTRACTOR agrees to pay and/or to remain current with any repayment plan agreed to by the CONTRACTOR with the Government of Puerto Rico.
- B. Compliance with Executive Order 52:** Pursuant to Executive Order 52 of August 28, 1992, amending EO-1991-24, the CONTRACTOR certifies and warrants that it has made all payments required for unemployment benefits, workmen's compensation and social security for chauffeurs, whichever is applicable, or that in lieu thereof, has subscribed a payment plan in connection with any such unpaid items and is in full compliance with the terms thereof. The CONTRACTOR accepts and acknowledges its responsibility for requiring and obtaining a similar warranty and certification from

each and every CONTRACTOR and subcontractor whose service the CONTRACTOR has secured in connection with the services to be rendered under this Agreement and shall forward evidence to PRDOH as to its compliance with this requirement.

- C. Social Security and Income Tax Retentions:** The CONTRACTOR will be responsible for rendering and paying the Federal Social Security and Income Tax Contributions for any amount owed as a result of the income from this Agreement.
- D. Government of Puerto Rico Municipal Tax Collection Center (CRIM, for its Spanish acronym):** The CONTRACTOR certifies and guarantees that at the signing of this Agreement it has no current debt with regards to property taxes that may be registered with the Government of Puerto Rico's Municipal Tax Collection Center. The CONTRACTOR further certifies to be current with the payment of any and all property taxes that are or were due to the Government of Puerto Rico. The CONTRACTOR shall hand out, to the satisfaction of the PRDOH and whenever requested by the PRDOH during the term of this Agreement, the necessary documentation to support its compliance of this clause. The CONTRACTOR will deliver upon request any documentation requested under this clause as per request of PRDOH. During the Term of this Agreement, the CONTRACTOR agrees to pay and/or to remain current with any repayment plan agreed to by the CONTRACTOR with the Government of Puerto Rico with regards to its property taxes.
- E. Income Tax Withholding:** The PRDOH shall retain the corresponding amount from all payments made to the CONTRACTOR, as required by the Puerto Rico Internal Revenue Code. The PRDOH will advance such withholdings to the Government of Puerto Rico's Treasury Department (known in Spanish as *Departamento de Hacienda del Gobierno de Puerto Rico*). The PRDOH will adjust such withholdings provided the CONTRACTOR produces satisfactory evidence of partial or total exemption from withholding.
- F. Compliance with Act No. 45 of April 18, 1935, as amended, 11 L.P.R.A. § 1, et seq.:** The CONTRACTOR certifies and guarantees that at the signing of this Agreement has valid insurance issued by the State Insurance Fund Corporation (CFSE, for its Spanish Acronym), as established by Act No. 45, *supra*, known as the "Puerto Rico Workers' Accident Compensation Act".
- G. Government of Puerto Rico's Agency for the Collection of Child Support (ASUME, for its Spanish acronym):** The CONTRACTOR certifies and guarantees that at the signing of this Agreement that the CONTRACTOR nor any of its Partners, if applicable, have any debt or outstanding debt collection legal procedures with regards to child support payments that may be registered with the Government of Puerto Rico's Child Support Administration. The CONTRACTOR hereby certifies that it is a limited liability company organized and existing in good standing under the laws of the Government of Puerto Rico. The CONTRACTOR shall present, to the satisfaction of PRDOH, the necessary documentation to substantiate the same. The CONTRACTOR will be given a specific amount of time by PRDOH to deliver said documents.
- H. Compliance with Act No. 168-2000, as amended, 8 L.P.R.A. § 711 , et seq.:** The CONTRACTOR is in full compliance with Act No. 168-2000, as amended, known as "Act for the Improvement of Elderly Support of Puerto Rico."
- I. Compliance with Act No. 1-2012, as amended, 3 L.P.R.A. § 1854, et seq.:** The PRDOH and the CONTRACTOR hereby certify that in signing this Agreement they are in

LCMM
LCMM

WRR
WRR

compliance with Act No. 1-2012, as amended, known as "Puerto Rico Government Ethics Act of 2011", in connection with the possibility of a conflict of interest.

J. Clause of Governmental Ethics Certification of Absence of Conflict of Interests - The CONTRACTOR certifies that: (1) No public servant of this executive agency has a pecuniary interest in this contract, purchase or commercial transaction. (2) No public servant of this executive agency has requested me or accepted from me, directly or indirectly, for him (her), for any member of his family unit or for any person, gifts, bonuses, favors, services, donations, loans or anything else of monetary value. (3) No public servant (s) requested or accepted any good of economic value, linked to this transaction, from any person of my entity as payment for performing the duties and responsibilities of their employment. (4) No public servant has requested from me, directly or indirectly, for him (her), for any member of her family unit, or for any other person, business or entity, some of economic value, including gifts, loans, promises, favors or services in exchange for the performance of said public servant is influenced in my favor or of my entity. (5) I have no kinship relationship, within the fourth degree of consanguinity and second by affinity, with any public servant who has the power to influence and participate in the institutional decisions of this executive agency.

K. Ethics. CONTRACTOR also acknowledges receipt and agrees to obey with the Anticorruption Code for the New Puerto Rico known in Spanish as "Código Anticorrupción para el Nuevo Puerto Rico".

L. Non-Conviction. The CONTRACTOR certifies that it has not been convicted nor accused of a felony or misdemeanor against the government, public faith and function, or that involves public property or funds, either federal or local in origin. Furthermore, CONTRACTOR also certifies that:

1. It has not been convicted, nor has pleaded guilty at a state or federal bar, in any jurisdiction of the United States of America, of crimes consisting of fraud, embezzlement or misappropriation of public funds, as stated in Act Number 2 of January 2, 2018, as amended, known as the Anti-Corruption Code for the New Puerto Rico, which prohibits the award of Offers or government contracts to those convicted of fraud, misappropriation of public fund.
2. It understands and accepts that any guilty plea or conviction for any of the crimes specified in Article 3 of said Act, will also result in the immediate cancellation of any contracts in force at the time of conviction, between the undersigned and whichever Government Agencies, Instrumentalities, Public Corporations, Municipalities and the Legislative or Judicial Branches.
3. It declares under oath the above mentioned in conformity with what is established as in Act Number 2 of January 2, 2018, as amended, known as the Anti-Corruption Code for the New Puerto Rico, which prohibits awarding Offers for government contracts, to those convicted of fraud, embezzlement or misappropriation of public funds.
4. The CONTRACTOR represents and guarantees that none of its employees, officials or agents have been convicted of a felony or misdemeanor as described in this sub-section. Moreover, the CONTRACTOR agrees to notify PRDOH should any employee, official, or agent is convicted of a felony or misdemeanor as described in this sub-section after the date of this Agreement. Said notice shall be made within **ten (10) business days** from the time of the conviction.

M. Other payments or compensation: The CONTRACTOR certifies that it does not receive payment or compensation for regular services rendered as an official or public employee to another government entity, agency, public corporation or municipality, and knows the ethical standards of his profession and assumes responsibility for his actions.

N. Consequences of Non-Compliance: The CONTRACTOR expressly agrees that the conditions outlined throughout this Section are essential requirements of this Agreement; thus, should any one of these representations, warrants, and certifications be incorrect, inaccurate or misleading, in whole or in part, there shall be sufficient cause for PRDOH to render this Agreement null and void and the CONTRACTOR reimburse to PRDOH all moneys received under this Agreement.

XXIV. ACT NO. 18 OF OCTOBER 30, 1975, as amended, 2 L.P.R.A. secs. 97-98

The parties to this Agreement agree that its effective date will be subject to the due registration and remittance to the Office of the Comptroller of Puerto Rico. No rendering or consideration subject matter of this Agreement will be required before its registration at the Office of the Comptroller of Puerto Rico pursuant to Act No. 18 of October 30, 1975, as amended. The CONTRACTOR will be responsible for ensuring that this Agreement has been registered before the rendering of services by requesting a copy of the registered Agreement with its proper number and date of registry. No services under this Agreement will continue to be delivered after its effective date unless at the expiration date, an amendment signed by both parties and duly registered exists. No services performed in violation of this provision will be paid. The party violating this clause will be doing so without any legal authority, this action will be deemed as *ultra vires*.

XXV. MEMORANDUM NO. 2021-003; CIRCULAR LETTER 001-2021 OF THE OFFICE OF THE CHIEF OF STAFF OF THE GOVERNOR (SECRETARÍA DE LA GOBERNACIÓN) & THE OFFICE OF MANAGEMENT AND BUDGET (OFICINA DE GERENCIA Y PRESUPUESTO)

A. Interagency Services Clause: Both contracting parties acknowledge and agree that services retained may be provided to any entity of the Executive Branch with which the contracting entity makes an interagency agreement or by direct provision of the Office of the Chief of Staff of the Governor (*Secretaría de la Gobernación*). These services will be performed under the same terms and conditions in terms of hours of work and compensation set forth in this Agreement. For purposes of this clause, the term "Executive Branch entity" includes all agencies of the Government of Puerto Rico, as well as public instrumentalities and corporations and the Office of the Governor.

B. Termination Clause: The Chief of Staff (*Secretario de la Gobernación*) of the Governor shall have the power to terminate this Agreement at any time.

C. Contract Review Policy of the Financial Supervision and Administration Board for Puerto Rico: The parties acknowledge that the contractor has submitted the certification entitled "Contractor Certification Requirement" required in accordance with the Contract Review Policy of the Financial Oversight and Management Board (FOMB) for Puerto Rico, effective as of November 6, 2017 as amended on October 30, 2020, signed by the Contractor's Executive Director (or another official with an equivalent position or authority to issue such certifications). A signed copy of the "Contractor's Certification Requirement" is included as **Attachment G** to this contract.

XXVI. MEMORANDUM NO. 2021-029; CIRCULAR LETTER NO. 013-2021 OF THE OFFICE OF THE CHIEF OF STAFF OF THE GOVERNOR (SECRETARÍA DE LA GOBERNACIÓN)

LCMM
LCMM

WORR
WORR

& THE OFFICE OF MANAGEMENT AND BUDGET (OFICINA DE GERENCIA Y PRESUPUESTO):

- A.** The PRDOH certifies that the CONTRACTOR was selected as the provider of the services described in this agreement, pursuant to OE 2021-029.
- B.** The Parties certify that they acknowledge the provisions stated in OE 2021-029 and CC 013-2021. Any failure to comply with the requirements set forth in OE 2021-029 and CC 013-2021 will result in the termination of this agreement.
- C.** The CONTRACTOR certifies that it has informed PRDOH of any current contractual relationship with any government entities of the Government of Puerto Rico. The CONTRACTOR certifies that said entities are all the entities of the Government of Puerto Rico with which they maintain a contractual relationship. In addition, the CONTRACTOR recognizes and accepts that omitting any information regarding any current contractual relationship with any governmental entity could result in the termination of this agreement if so required by PRDOH.
- D.** The CONTRACTOR certifies that it has informed the PRDOH whether or not the entity is a public corporation whose shares are exchanged in a stock exchange properly regulated. In the event that the CONTRACTOR certifies that it is not a public corporation that exchanges shares in a stock change, the CONTRACTOR certifies it has completed the applicable certification as stated in CC-013-2021.

XXVII. COMPLIANCE WITH FEDERAL LAW, REGULATIONS, & EXECUTIVE ORDERS

The CONTRACTOR acknowledges that HUD financial assistance will be used to fund the Agreement only. Also, the CONTRACTOR shall comply with all applicable Federal, state and local laws, rules, regulations, and policies relating to CDBG-DR and CDBG Program services. This includes without limitation, applicable Federal Registers; 2 C.F.R. part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Community Development Act of 1974; 24 C.F.R. part 570 Community Development Block Grant; applicable waivers; Fair Housing Act, 24 C.F.R. Part 35, 24 C.F.R. Part 58, 24 C.F.R. Part 135; National Historic Preservation Act, and any other applicable state laws or regulations, including the requirements related to nondiscrimination, labor standards, and the environment; and Action Plan amendments and HUD's guidance on the funds. Also, CONTRACTOR shall comply, without limitation, those set forth in **Attachment F** and in compliance with all the requirements described in **Attachment G**.

XXVIII. CDBG-DR POLICIES AND PROCEDURES

In addition to what is established in this Agreement, the CONTRACTOR shall comply with all CDBG-DR program specific and general policies and procedures, including, but not limited to, the Contract and Subrecipient Agreement Manual, OS&H Guideline, MWBE Policy, Procurement Manual and Contractual Requirements, URA & ADP Guidelines, Cross Cutting Guidelines, AFWAM Policy, Section 3 Policy, Personally Identifiable Information, Confidentiality, and Nondisclosure Policy and Conflict of Interest and Standards of Conduct Policy, as found in the CDBG-DR Website (www.cdbg-dr.pr.gov), which are herein included and made integral part of this Agreement, as they may be updated from time to time, and reporting requirements as established by the PRDOH.

XXIX. SECTION 3 CLAUSE

A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this contract agree to comply with HUD's regulations in 24 C.F.R. part 75, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 75 regulations.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 C.F.R. part 75 and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 C.F.R. part 75. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 C.F.R. part 75.

E. The contractor acknowledges that subrecipients, contractors, and subcontractors are required to meet the employment, training, and contraction requirements of 24 CFR 75.19, regardless of whether Section 3 language is included in recipient or subrecipient agreements, program regulatory agreements, or contracts.

F. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 C.F.R. part 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 C.F.R. part 75.

G. Noncompliance with HUD's regulations in 24 C.F.R. part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

H. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (46 U.S.C. § 5307) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and sub contracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section

LCMM
LCMM

WRR
WRR

3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

- I. The Contractor agrees to submit, and shall require its subcontractors to submit to them, quarterly reports to the PRDOH detailing the total number of labor hours worked on the Section 3 Project, the total number of labor hours worked by Section 3 Workers, and the total number of hours worked by Targeted Section 3 Workers, and any affirmative efforts made during the quarter to direct hiring efforts to low- and very low-income persons, particularly persons who are Section 3 Workers and Targeted Section 3 Workers.

LCMM
LCMM

WORR
WORR

XXX.BYRD ANTI-LOBBYING AMENDMENT, 31 U.S.C. § 1352

The CONTRACTOR certifies, to the best of his or her knowledge, that:

- A. -No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- B. --If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Forms-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.
- C. -The CONTRACTOR shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all sub recipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31, U.S.C. § 1352 (as amended by the Lobbying Disclosure Act of 1995). The CONTRACTOR acknowledges that any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure. The CONTRACTOR certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the CONTRACTOR understands and agrees that the provisions of 31 U.S.C. § 3801 et seq., apply to this certification and disclosure, if any.

XXXI.EQUAL OPPORTUNITY

- A. -The CONTRACTOR will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during

employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

- LCMM
LCMM
- B.--The CONTRACTOR will, in all solicitations or advertisements for employees placed by or on behalf of the CONTRACTOR, state that all qualified applicants will receive considerations for employment without regard to race, color, religion, sex, or national origin.
- WRR
WRR
- C.--When applicable, the CONTRACTOR will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the CONTRACTOR's commitments under this Section and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- D.--The CONTRACTOR will comply with all provisions of Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, and as supplemented by the rules, regulations, and relevant orders of the United States Secretary of Labor.
- E.--The CONTRACTOR will furnish all information and reports required by Executive Order 11246 of September 24, 1965, as amended, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- F.--In the event of the CONTRACTOR's noncompliance with the nondiscrimination clauses of this Agreement or with any of the said rules, regulations, or orders, this Agreement may be canceled, terminated, or suspended in whole or in part and the CONTRACTOR may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, as amended, and such other sanctions as may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, as amended, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- G.--The CONTRACTOR will include the portion of the sentence immediately preceding paragraph (A) and the provisions of paragraphs (A) through (F) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each subcontractor or vendor. The CONTRACTOR will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance. Provided, however, that in the event a CONTRACTOR becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the CONTRACTOR may

request the United States to enter into such litigation to protect the interests of the United States.

XXXII.CLEAN AIR ACT

- A. -The CONTRACTOR agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 *et seq.*
- B. --The CONTRACTOR agrees to report each violation to the PRDOH and understands and agrees that the PRDOH will, in turn, report each violation as required to assure notification to the Government of Puerto Rico, HUD, and the appropriate Environmental Protection Agency Regional Office.
- C. -The CONTRACTOR agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance provided by HUD.

XXXIII.SOLID WASTE DISPOSAL ACT

- 1) In the performance of this contract, the CONTRACTOR shall make maximum use of products containing recovered materials that are Environmental Protection Agency (EPA)- designated items unless the product cannot be acquired:
 - a. Competitively within a timeframe providing for compliance with the contract performance schedule;
 - b. Meeting contract performance requirements; or
 - c. At a reasonable price.
- 2) Information about this requirement, along with the list of EPA- designated items, is available at EPA's Comprehensive Procurement Guidelines web site, <https://www.epa.gov/smm/comprehensive-procurement-guideline-cpg-program>.
- e
- 3) Contractor must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include:
 - a. procuring only items designated in guidelines of the EPA at 40 C.F.R. part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds ten thousand dollars (\$10,000) or the value of the quantity acquired during the preceding fiscal year exceeded ten thousand dollars (\$10,000);
 - b. procuring solid waste management services in a manner that maximizes energy and resource recovery; and
 - c. establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

XXXIV.WATER POLLUTION CONTROL ACT

- A. -The CONTRACTOR agrees to comply with all applicable standards, orders or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. §1251, *et seq.*
- B. --The CONTRACTOR agrees to report each violation to the PRDOH and understands and agrees that the PRDOH will, in turn, report each violation as required to assure

notification to the Government of Puerto Rico, HUD, and the appropriate Environmental Protection Agency Regional Office.

- C.-The CONTRACTOR agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance provided by HUD.

XXXV. DRUG FREE WORKPLACE

The CONTRACTOR should establish procedures and policies to promote a Drug-Free workplace. Further, the CONTRACTOR should notify all employees of its policy for maintaining a Drug-Free workplace, and the penalties that may be imposed for drug abuse violations occurring in the workplace. Further, the CONTRACTOR shall notify the PRDOH if any of its employees is convicted of a criminal drug offense in the workplace no later than **ten (10) days** after such conviction.

XXXVI.SUSPENSION AND DEBARMENT

- A. -This Agreement is a covered transaction for purposes of 2 C.F.R. part 180 and 2 C.F.R. part 2424. As such, the CONTRACTOR is required to verify that none of the CONTRACTOR, its principals (defined at 2 C.F.R. § 180.995), or its affiliates (defined at 2 C.F.R. §180.905) are excluded (defined at 2 C.F.R. §180.940) or disqualified (defined at 2 C.F.R. §180.935).
- B.--The CONTRACTOR must comply with 2 C.F.R. part 180, subpart C and 2 C.F.R. part 2424, and must include a requirement to comply with these regulations in any lower tier covered transaction it enters into.
- C. -This certification is a material representation of fact relied upon by PRDOH. If it is later determined that the CONTRACTOR did not comply with 2 C.F.R. part 180, subpart C and 2 C.F.R. part 2424, in addition to remedies available to PRDOH, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment.
- D. -The CONTRACTOR agrees to comply with the requirements of 2 C.F.R. part 180, subpart C and 2 C.F.R. part 2424, while this Agreement is valid. The CONTRACTOR further agrees to include a provision requiring such compliance in its lower tier covered transactions.

XXXVII. NO OBLIGATION BY THE FEDERAL GOVERNMENT

The Federal Government is not a party to this Agreement and is not subject to any obligations or liabilities to the non-Federal entity, CONTRACTOR, or any other party pertaining to any matter resulting from the Agreement.

XXXVIII. PROGRAM FRAUD & FALSE OR FRAUDULENT STATEMENTS OR RELATED ACTS

The CONTRACTOR acknowledges that 31 U.S.C. Chapter 38 (Administrative Remedies for False Claims and Statements) applies to the CONTRACTOR's actions pertaining to this Agreement.

XXXIX. BANKRUPTCY

LCMM
LCMM

WORR
WORR

In the event that CONTRACTOR files for bankruptcy protection, the Government of Puerto Rico and PRDOH may deem this Agreement null and void, and terminate this Agreement without notice.

XL. ENTIRE AGREEMENT

This Agreement and all its attachments represent the entire and integrated agreement between PRDOH and the CONTRACTOR and supersede all prior negotiations, representations, agreements and/or understandings of any kind. This Agreement may be amended only by written document signed by both PRDOH and the CONTRACTOR.

LCMM
LCMM

XLI. MODIFICATION OF AGREEMENT

Any modification of this Agreement or additional obligation assumed by either party in connection with this Agreement shall be binding only if written and signed by both parties, and its authorized representatives. Those amendments shall make specific reference to this Agreement, comply with programmatic policies, procedures, and guidelines. Such amendments shall not invalidate this Agreement, nor relieve or release the Parties from their obligations under this Agreement.

However, PRDOH reserves the right to notify in writing to CONTRACTOR any applicable policies, procedures, regulations, requirements, guidelines, or change in law, whether existing or to be established, as well as changes and/or amendments thereof, and the notified policies, procedures, regulations, requirements, guidelines and laws shall be deemed incorporated by reference to this Agreement without the need of executing a separate written and signed amendment.

XLII. BINDING EFFECT

This Agreement shall be binding upon and shall inure to the benefit of PRDOH and the CONTRACTOR, their successors and assigns.

The CONTRACTOR shall not assign this Agreement, in whole or in part, without the prior written consent of PRDOH, and any attempted assignment not in accordance herewith shall be null and void and of no force or effect.

XLIII. ASSIGNMENT OF RIGHTS

The rights of each party hereunder are personal to that party and may not be assigned or otherwise transferred to any other person, contractor, corporation, or other entity without the prior, express, and written consent of the other party.

XLIV. NON-WAIVER

The failure or delay of either party to insist upon the performance of and/or the compliance with any of the terms and conditions of this Agreement shall not be construed as a waiver of such terms and conditions or the right to enforce compliance with such terms and conditions.

XLV. ORDER OF PRECEDENCE

In the event of an inconsistency in this Agreement or if a conflict occurs between this Agreement and any Attachment, Appendix, Exhibit, or Schedule, unless otherwise

WORR
WORR

specifically stated in those documents, the order of precedence shall be: Federal laws, regulations, and policies applicable to this Agreement, this Contract and the HUD General Provisions (Attachment F), the Scope of Work (Attachment C), the Cost Form (Attachment D), and lastly, the CONTRACTOR's proposal (Attachment B).

XLVI. GOVERNING LAW JURISDICTION

This Agreement shall be governed by, interpreted, and enforced in accordance with the laws of the Government of Puerto Rico and any applicable federal laws and regulations. The parties further agree to assert any claims or causes of action that may arise out of this Agreement in the Puerto Rico Court of First Instance, Superior Court of San Juan, Puerto Rico.

XLVII. CONSOLIDATIONS, MERGERS, CHANGE OF NAME, OR DISSOLUTIONS

A. Consolidation or Merger

In the event that the signing party (e.g. Subrecipient, Contractor, or Subcontractor) of the Agreement with the PRDOH moves for a consolidation or merger with another entity (private or public), by its discretion or otherwise, written notice of such decision or event shall be delivered to the PRDOH **at least fifteen (15) business days prior to the effective date** of the consolidation or merger. The notice shall include, but not limited to, a description of: the expected effective date of the consolidation or merger; name of each of the constituent entities moving to consolidate or merge into the single resulting or surviving entity; the proposed name of the resulting entity (in case of a consolidation) or the name of the surviving entity (in case of a merger) if necessary; reference to the projected capacity of the resulting or surviving entity to comply with the terms, conditions, obligations, tasks, services, and performance goals or requirements included in the Agreement as well as its Exhibits or Attachments; and a brief summary of the proposed plan to achieve the transition of duties (Scope of Work or Scope of Services), tasks, and performance goals or requirements to the resulting or surviving entity.

Upon the consolidation or the merger becoming effective, and supporting evidence of such event is notified to PRDOH, execution of an Amendment to the Agreement may follow. The Amendment would include, but not limited to, modifications to the clauses that refer to the identity, personal circumstances, address, and any other information related to the signing party deemed relevant by PRDOH for the execution of the Amendment. **No amendment to the Agreement will be necessary if the Subrecipient, Contractor, or Subcontractor becomes the surviving entity following a merger.**

Failure to comply with any of the before mentioned conditions, may result in the activation of the termination clauses provided in the Agreement.

B. Change of Name

In the event that the signing party (e.g. Subrecipient, Contractor, or Subcontractor) of the Agreement with the PRDOH initiates a change of name process, written notice of such decision or event shall be delivered to the PRDOH **at least fifteen (15) business days** prior to the effective date of such event. The notice shall include, but not limited to, a description of: the expected effective date of the change of name; the proposed name; inform of any change of address; and reference of any change in the capacity of the entity to comply with the terms, conditions, obligations, tasks, services, and performance goals or requirements included in the Agreement, as well as its Exhibits or Attachments.

Upon the change of name becoming effective, and supporting evidence of such event is notified to PRDOH, execution of an Amendment to the Agreement may follow. The Amendment would include, but not limited to, modifications to the clauses that refer to the identity, personal circumstances, address, and any other information related to the signing party deemed relevant by PRDOH for the execution of the Amendment.

Failure to comply with any of the before mentioned conditions, may result in the activation of the termination clauses provided in the Agreement.

C. Dissolution

LCMM
LCMM

WORR
WORR

In the event that the signing party (e.g. Subrecipient, Contractor, or Subcontractor) of the Agreement with the PRDOH moves for dissolution of the entity, written notice of such decision or event shall be delivered to the PRDOH **at least fifteen (15) business days** prior to the effective date of such event. The notice shall include, but not limited to, a description of the expected effective date of the dissolution; and contact information of one or more of its directors, officials or agents. Upon dissolution, becoming effective, and supporting evidence of such event is notified to PRDOH, termination of the Agreement will follow. Consequently, the signing party acknowledges and agrees to provide to the PRDOH, after termination of the Agreement, the assistance reasonably requested to facilitate the orderly transfer of responsibility for performance of the tasks or services to the PRDOH or a third party designated by the PRDOH. Moreover, all finished or unfinished records (files, data, work product) connected with this Agreement will be turned over to PRDOH following the Agreement termination.

XLVIII. HEADINGS

The titles to the paragraphs of this Agreement are solely for reference purposes and the convenience of the parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Agreement.

XLIX. FEDERAL FUNDING

The fulfillment of this Agreement is based on those funds being made available to the PRDOH as the lead administrative agency for Recovery. All expenditures under this Agreement must be made in accordance with this Agreement, the policies and procedures promulgated under the CDBG-DR Program, and any other applicable laws. Further, CONTRACTOR acknowledges that all funds are subject to recapture and repayment for non-compliance.

L. RECAPTURE OF FUNDS

PRDOH may recapture payments it makes to CONTRACTOR that (i) exceed the maximum allowable rates; (ii) are not allowed under applicable laws, rules, or regulations; or (iii) are otherwise inconsistent with this Agreement, including any unapproved expenditures. CONTRACTOR must refund such recaptured payments within **thirty (30) business days** after the PRDOH issues notice of recapture to CONTRACTOR.

LI. OVERPAYMENT

CONTRACTOR shall be liable to the PRDOH for any costs disallowed pursuant to financial and/or compliance audit(s) of funds received under this Agreement. CONTRACTOR shall reimburse such disallowed costs from funds other than those CONTRACTOR received under this Agreement.

LII. SEVERABILITY

If any provision of this Agreement shall operate or would prospectively operate to invalidate the Agreement in whole or in part, then such provision only shall be deemed severed and the remainder of the Agreement shall remain operative and in full effect.

LIII. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of whom shall be deemed to be an original, however, all of which together shall constitute one and the same instrument. If the Agreement is not executed by the PRDOH within **thirty (30) calendar days** of execution by the other party, this Agreement shall be null and void.

LIV.SURVIVAL OF TERMS AND CONDITIONS

The terms and conditions of this Agreement related to the following subjects shall survive the termination or expiration of this Agreement: interpretive provisions; consideration; warranties; general affirmations, federal assurances, federal and state certifications; CDBG-DR and state funding, recapture of CDBG-DR and/or state funds, overpayment of CDBG-DR and/or state funds; ownership and intellectual property, copyright; records retention methods and time requirements; inspection, monitoring and audit; confidentiality; public records; indemnification and liability; infringement of intellectual property rights; independent contractor relationship; compliance with laws; notices; choice of law and venue; severability; dispute resolution; consolidations, merger, change of name, and dissolution. Terms and conditions that, explicitly or by their nature, evidence the Parties' intent that they should survive the termination or expiration of this Agreement shall so survive.

IN WITNESS THEREOF, the parties hereto execute this Agreement in the place and on the date first above written.

DEPARTMENT OF HOUSING

KEVANE GRANT THORNTON, LLP

William O. Rodríguez Rodríguez

William O. Rodríguez Rodríguez (Oct 8, 2021 17:47 EDT)

William O. Rodríguez Rodríguez, Esq.,
Secretary

Luis Carlos Marciano Molina

Luis Carlos Marciano Molina (Oct 8, 2021 12:22 EDT)

Luis Carlos Marciano Molina
Managing Partner
DUNS No. 043153139



GOVERNMENT OF PUERTO RICO
DEPARTMENT OF HOUSING

ATTACHMENT A

Notice of Award Auditing Services CDBG-DR-RFP-2020-09

September 8, 2021

Luis Carlos Marcano Molina
Kevane Grant Thornton LLP
33 CALLE BOLIVIA STE 400
SAN JUAN PR 00917-2013

Tel: 787-754-1915
Email: luis.marcano@pr.gt.com

**Re: Request for Proposals No. CDBG-DR-RFP-2020-09
Auditing Services**

Dear Proposer,

On December 11, 2020, the Puerto Rico Department of Housing (**PRDOH**) issued the Request for Proposal No. CDBG-DR-RFP-2020-09 for Auditing Services (the **RFP** or **RFP-2020-09**) under the Community Development Block Grant for Disaster Recovery (**CDBG-DR**). The selected firm must possess the expertise and capabilities in a wide range of audit services to include, but not limited to, financial, programmatic, performance and management, and forensic audits, as well as inspections and evaluations. Audit services shall be conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS), and local and federal applicable regulations.

The following is a summary of the Bid Board Resolution, notified on September 7, 2021 to the CDBG-DR Program Procurement Division, which is appended hereto and made an integral part of this Notice of Award. In the event of any discrepancy between the Bid Board Resolution and this Notice of Award, the Bid Board Resolution shall prevail. (**Exhibit I**)

On August 31, 2021, the Bid Board of the Puerto Rico Department of Housing (**Board**) with quorum duly constituted, pursuant to Article 2, Section 2.8 (1) of Regulation No. 6106 of February 25, 2000, known as the Regulation for Bids of the Department of Housing and its components (**Regulation 6106**), as amended, and Article II, Section 2.1 (e) of Regulation No. 9205 of September 3 2020, on the Procurement Manual for CDBG-DR Program (**Regulation 9205**), upon evaluation of the recommendation issued by the CDBG-DR Procurement Division regarding the process for the Auditing Services under **RFP-2020-09**, including the Evaluation Committee's Report dated March 26, 2021, agrees to award the

Barbosa Avenue #606, Building Juan C. Cordero Dávila, Río Piedras, PR 00918 | P.O. Box 21365 San Juan, PR 00928-1365
Tel: (787)274-2527 | www.vivienda.pr.gov

RFP-2020-09 to the following proposers: **De Ángel & Compañía, CPA, LLC (De Ángel)**, and **Kevane Grant Thornton LLP (Kevane)**, for Auditing Services, two responsible firms who obtained the highest total proposal points after evaluation of their qualifications, approach for the project and price analysis. When comparing the revised hourly rates for the Key Staff, from **De Ángel**, and **Kevane**, the Board concluded that the proposed prices are reasonable for the services.

This award would result in the execution of two contracts:

- **De Ángel**, for the total amount of **\$3,524,400** for an initial contract term of three (3) years with the option of annual extensions up to two (2) years; and
- **Kevane**, for the total amount of **\$3,214,800** for an initial contract term of three (3) years with the option of annual extensions up to two (2) years.

The Procurement Division received five (5) proposals within the Proposal Due Date and Time:

1. FPV & GALINDEZ, LLC (**FPV**)
2. DE ÁNGEL & COMPAÑÍA, CPA, LLC (**De Ángel**)
3. KEVANE GRANT THORNTON, LLP (**Kevane**)
4. COHNREZNICK, LLP (**CohnReznick**)
5. AQUINO, DE CÓRDOVA, ALFARO, & CO (**Aquino**)

The proposals were evaluated by an Evaluation Committee appointed by virtue of Administrative Order No. 21-08, dated January 20, 2021. The Evaluation Committee performed the evaluation of the proposals based on the criteria stated in the RFP. The following criteria were considered as part of the evaluation:

- Mandatory Requirements (Pass/Fail) (Section 6.1 of the RFP)
- Qualifications (40 points) (Section 6.2 of the RFP)
- Work Approach (60 points) (Section 6.3 of the RFP)
- Bonus for Proposed Section 3 Business Concern (5 points) (Section 7 of the RFP)
- Preference of five points MWBE (5 points) (Section 7 of the RFP)
- Cost Proposal (30 points) (Section 8 of the RFP)

The initial evaluation considered the Mandatory Requirements of the proposals stated in Section 6.1 of the RFP-2020-09, including the Financial Requirements. Those proposers whose proposals met the Mandatory Requirements were assessed by the Evaluation Committee for Qualifications, Work Approach, and Oral Presentations. To be considered as "Qualified", the proposers needed to obtain a score greater than or equal to 70 points in the evaluation of their Qualifications and Work Approach. The proposers; De Ángel , Kevane, CohnReznick, and Aquino, were considered as "Qualified" for the services. A summary of the results of the evaluation of each proposal is shown in **Table 1** below:

Table 1: Proposals Evaluation Summary

Proposer	Man. Req.	Qual. Pts	Work. App. Pts	Sec. 321 M/WBE	Over. Tech.	Qualified	Overall Prop. Cost	Cost Prop. Points	Total Proposal Points
1. PRV	Fail	0	0	0	0	No	0	0	0
2. De Angel	Pass	35.5	59	5	99.5	Yes	\$4,680,000.00	28.22	127.72
3. Kevane	Pass	32.5	60	0	92.5	Yes	\$4,402,800.00	30	122.5
4. CohnReznick	Pass	38	56.67	0	94.67	Yes	\$12,708,000.00	10.39	105.06
5. Aquino	Pass	32.67	60	0	92.67	Yes	\$4,442,940.00	29.73	122.4

In order to obtain the revised Cost Proposal Points for a first round of negotiations, the Cost Proposal Points were revised according to the formula established in Section 9.3 of the RFP. **Table 2** includes the revised Cost Proposal Points and Total Proposal Points from De Ángel, Kevane, CohnReznick and Aquino.

Table 2: Revised Cost Proposal Points and Total Proposal Points

Proposer	Over. Tech. Points	BAFO Overall Prop. Cost	Revised Cost Prop. Points	Total Proposal Points
De Ángel	99.5	\$4,320,000.00	27.6	127.1
Kevane	92.5	\$3,974,400.00	30	122.5
Aquino	92.67	\$4,132,800.00	28.85	121.52
CohnReznick	94.67	\$12,427,200.00	9.59	104.26

Pursuant to the terms of the RFP-2020-09, the Evaluation Committee's recommendation, evaluation of the revised Cost Proposals and after determination of the reasonableness of the price, **the Board has determined to award two (2) contracts for Auditing Services to De Ángel and Kevane**, two responsible firms who obtained the highest total proposal points after evaluation of their qualifications, approach to the project, and price which were determined to be reasonable for the services.

The list of proposers, which is attached hereto and made an integral part hereof as **Exhibit II**, details the names, addresses, and contact information of all proposers that submitted a proposal in response to RFP-2020-09.

Any person, party or entity that considers itself having been adversely affected by an award determination of the Board made under the provisions of the Regulation 9205, may file a petition for reconsideration with the Bid Review Board (Request for

Reconsideration) within twenty (20) days from the date on which a copy of the Notice of Award was duly notified in accordance with Section 3.19 of Act 38-2017, Uniform Administrative Procedures Act of the Government of Puerto Rico. Simultaneously, with the filing of the Request for Reconsideration, said person, party or entity shall submit a copy of the Request for Resonsideration to all the parties in the process and to the PRDOH. Alternatively, a petition for review may be filed before the Court of Appeals of Puerto Rico.

LCMM
LCMM

The Bid Review Board shall consider the motion for reconsideration within thirty (30) calendar days from the date of filing thereof, which term the Review Board may extend once for just cause for an additional period of fifteen (15) calendar days. If the Review Board issues a decision on the motion for reconsideration, the term to file a request for judicial review before the Court of Appeals will begin as of the date of deposit of a copy of the corresponding notice with the U.S. Postal Service. If the Review Board does not issue a decision on the motion for reconsideration within the term allowed by law, the motion will be deemed denied as of right, and the term to file a request for judicial review will begin to run as of the date thereof, as provided in Section 3.19 of Act 38-2017.

WORR
WORR

An original and two copies of the motion for reconsideration shall be filed to the Secretary of the Review Board, and a copy thereof shall be filed with the Board.

Any proposer that considers itself adversely affected by this Notice of Award or the determination of the Review Board on a request for reconsideration, may file a request for judicial review before the Court of Appeals within twenty (20) calendar days from the date of deposit of the corresponding notice with the U.S. Postal Service, or within twenty (20) days from the date of expiration of the term, hence deemed denied as of right, set forth in Section 4.2 of Act 38-2017.

The mere filing of a Request for Reconsideration or a Judicial Review will not have the effect of halting the contested award. This Notice of Award does not represent a contract or constitute a contractual relationship between the PRDOH and your firm.

Sincerely,



Melissa Almodóvar Suárez, Esq.
Interim Procurement Division Director
CDBG-DR Program

Attachments

cc:

Mr. Ricardo Vázquez Morales, CPA, Chairman

Mr. Pedro J. Cintrán Vázquez, Esq.

Mr. José M. Urrutia Vélez, Esq.

Eng. Germán Acevedo Miranda, PE

Ms. Nesheree Soldevila Guzmán

Ms. Adalgisa Polanco Reyes, Secretary

I hereby certify that this Notice of Award was delivered to all proposers listed in **Exhibit II**.

Receipt Number: 7019 1640 0001 1241 9277

LCMM
LCMM

WORR
WORR



EXHIBIT II
LIST OF PROPOSERS
Request for Proposals
Auditing Services
CDBG-DR-RFP-2020-09

LCMM
LCMM

WRR
WRR

No.	Proposer	Address	Telephone
1	De Ángel & Compañía, CPA, LLC	Carlos De Ángel DE ANGEL & COMPANIA, CPA, LLC PO BOX 5460 CAGUAS PR 00726-5460 carlos@deangel.com	787-758-4428
2	Kevane Grant Thornton LLP	Luis Carlos Marciano Molina 33 CALLE BOLIVIA STE 400 SAN JUAN PR 00917-2013 luis.marciano@pr.gt.com	787-754-1915
3	Aquino, De Córdova, Alfaro & Co., LLP	Jorge L. Aquino Barreto PO BOX 70262 SAN JUAN PR 00936-8262 jaquino@adacpa.com	787-253-9595
4	CohnReznick LLP	William T. Hughes 7501 WISCONSIN AVE STE 400E BETHESDA MD 20814-6583 Bill.Hughes@cohnreznick.com	703-744-6750
5	FPV & GALINDEZ, LLC	Julio A. Galíndez, CPA, CGMA PO BOX 364152 SAN JUAN PR 00936-4152 INFO@FPVGALINDEZ.COM	787-725-4545



BID BOARD RESOLUTION

Puerto Rico Department of Housing
Community Development Block Grant Disaster Recovery (CDBG-DR)
Request for Proposals
Auditing Services
(CDBG-DR-RFP-2020-09)

DATE: August 31, 2021

TIME: 4:52 PM

LCMM
LCMM

WORR
WORR

The Bid Board of the Puerto Rico Department of Housing (Board) with quorum duly constituted, pursuant to Article 2, Section 2.8 (1) of the Regulation No. 6106 of February 25, 2000, known as the Regulation for Bids of the Department of Housing and its Components (Regulation 6106), as amended, and Article II, Section 2.1 (e) of the Regulation No. 9205 of August 4, 2020, known as the Procurement Manual for the CDBG-DR Program (Regulation 9205), upon evaluation of the recommendation issued by the CDBG-DR Procurement Division regarding the process for the Auditing Services under Request for Proposal No. CDBG-DR-RFP-2020-09 (RFP-2020-09), including the Evaluation Committee Report dated March 26, 2021, **has decided to award the RFP-2020-09 to De Ángel & Compañía, CPA, LLC and Kevane Grant Thornton LLP**, two (2) responsible firms who obtained the highest total proposal points after evaluation of their qualifications, approach for the project and price analysis. When comparing the revised hourly rates for the Key Staff, from De Ángel & Compañía, CPA, LLC and Kevane Grant Thornton LLP, the Board concluded that the proposed prices are reasonable for the services.

Ram
Mike
Nicole
JR
JD

This award would result in the execution of two (2) agreements with an aggregate cost of \$6,739,200.00:

- **De Ángel & Compañía, CPA, LLC**, for a total cost of **\$3,524,400.00** and a 3-year contract term with two optional extensions of one-year term.
- **Kevane Grant Thornton LLP**, for a total cost of **\$3,214,800.00** and a 3-year contract term with two optional extensions of one-year term.

On December 11, 2020, the Puerto Rico Department of Housing (PRDOH) issued the RFP-2020-09 to contract with one or more qualified proposers for Auditing Services with applicable expertise to provide independent consulting services for a broad range of audit activities as related to programs under the CDBG-DR grant(s). The PRDOH developed an Independent Cost Estimate (ICE) in the

amount of \$7,539,213.60 for one or more Audit Services firm contracting scenarios.

The Procurement Division received five (5) proposals within the Proposal Due Date and Time:

- LCMM
LCMM
- WORR
WORR
- nom
Mk
ndle
jgr
H
1. FPV & Galíndez, LLC
 2. De Ángel & Compañía, CPA, LLC
 3. Kevane Grant Thornton LLP
 4. Cohnreznick, LLC
 5. Aquino, De Córdova, Alfaro & Co., LLP

The proposals were evaluated by an Evaluation Committee appointed by virtue of Administrative Order No. 21-08 dated January 20, 2021. The Evaluation Committee performed the evaluation of the Proposals based on the criteria stated in the RFP-2020-09. The following criteria were considered as part of the evaluation:

- Mandatory Requirements (Pass/Fail) (Section 6.1 of the RFP)
- Qualifications (40 Points) (Section 6.2. of the RFP)
- Work Approach (60 Points) (Section 6.3. of the RFP)
- Bonus for Proposed Section 3 Business Concern (5 points) (Section 7 of the RFP)
- Preference of five points MWBE (5 points) (Section 7 of the RFP)
- Cost Proposal (30 Points) (Section 8 of the RFP)

Initial evaluation considered the Mandatory Requirements stated in the RFP. The proposers that comply with these requirements were evaluated for Qualifications and Work Approach requirements. Once the technical evaluation was completed, the Evaluation Committee evaluated the Cost Proposals submitted by Qualified Proposers based on the following formula:

Cost Proposal Points = $\frac{\text{Lowest Proposal Cost Received}}{\text{Proposal Cost}}$ x [Max. Cost Proposal Points]

In order for the Proposers to be considered "Qualified", their proposals must obtain a score greater than or equal to 70 points in the evaluation of their Qualifications and Work Approach requirements. For this process, the Evaluation Committee recommended negotiations with Qualified Proposers. RFP-2020-09 stated that recommendation will be based on a Best Value determination after

Worr
Worr

Low

John

Handwritten signature: *[Signature]*

From the evaluation performed by the Evaluation Committee, four (4) proposers were considered qualified for the services after obtaining 70 points or more in the evaluation of Qualifications and Work Approach requirements. In the

determination of Qualified Proposers, the Evaluation Committee considered Section 3 Business Concern and M/WBE Business preference points as per Section 7 of RFP-2020-09.

Table 2 summarizes Proposal Cost and Cost Proposal Points evaluation results using formula established in Section 9.3 and the Total Proposal Points (qualifications evaluation results + work approach evaluation results) for Qualified Proposers.

LCMM
LCMM

WRR
WRR
Nam
JMK
WRR
JMK
JMK

Proposer	Overall Rating Points	Cost Proposal Points	Total Proposal Points
1. De Ángel & Compañía, CPA, LLC	99.5	28.22	127.72
2. Kevane Grant Thornton LLP	92.5	30	122.5
3. Aquino, Lee & Company, Allstate CPA, LLP	92.67	29.73	122.4
4. Compasoft, LLC	94.67	10.39	105.06

According to the Evaluation Committee Report dated March 26, 2021, De Ángel & Compañía, CPA, LLC and Kevane Grant Thornton LLP obtained the highest total proposal scores. The Evaluation Committee recommended negotiations to allow Qualified Proposers to revise their Cost Proposals to maximize PRDOH's ability to obtain the best possible offer, based on the requirements of RFP-2020-09. Accordingly, on March 26, 2021, the Procurement Division notified the PRDOH Secretary, Mr. William O. Rodríguez Rodríguez, Esq., the recommendation to negotiate with Qualified Proposers. On the same date, Mr. Rodríguez Rodríguez, Esq., authorized the Procurement Division to conduct and coordinate the negotiations in accordance with the Procurement Manual.

On March 31, 2021, the Procurement Division sent letters to all Qualified Proposers to revise the Cost Proposals submitted. The revised Cost Proposals due date was set for April 6, 2021.

After the Qualified Proposers submitted their Best and Final Offer (BAFO), each Qualified Proposer's Cost Proposal Points were revised according to the formula established in Section 9.3 of RFP-2020-09 to obtain the Total Proposal Points. For this analysis, the Procurement Division considered revised Cost Proposals submitted under the original terms of RFP-2020-09, for the same audit services established in the Scope of Services.

Table 3 includes the overall technical points, the revised Cost Proposal (BAFO), the revised Cost Proposal Points and the Total Proposal Points from Qualified Proposers.

Table 3: Overall Technical Points, Revised Cost Proposal, Revised Cost Proposal Points and Total Proposal Points

Proposer	Overall Technical Points	BAFO Overall Proposal Cost	Revised Cost Proposal Points	Total Proposal Points
De Ángel & Compañía, CPA, LLC	99.5	\$4,320,000.00	27.6	127.1
Kevane Grant Thornton LLP	92.5	\$3,974,400.00	30	122.5
Aquino, De Córdova, Alfaro & Co., LLP	92.67	\$4,132,800.00	28.85	121.52
Cohnreznick, LLC	94.67	\$12,427,200.00	9.59	104.26

On April 29, 2021, the Internal Audit Office (IAO) submitted a memorandum to provide information regarding the need for the services, the quantity of resources needed and the number of Key Staff that will be required to address the services requested under RFP-2020-09. According to the memorandum, after RFP-2020-09 was published, and the multiple contracting scenario, the IAO recommended that two (2) audit firms will be sufficient to manage the services required. Also, the Key Staff structure for each auditing services firm shall be adjusted to provide the following resources: (i) one Program Manager; (ii) two Accountant/Auditor; (iii) two Fraud Examiner; (iv) two Fraud Examiner (Jr); (v) two Internal Auditor; (vi) two Internal Auditor (Jr); (vii) two Information System Auditor; and two Information System Auditor (Jr).

Therefore, based on the results of the Total Proposal Points after the evaluation of BAFOs and the recommendation from the IAO, the following firms were ranked in the top four positions:

1. **De Ángel & Compañía, CPA, LLC**, with a total proposal score of **127.1**;
2. **Kevane Grant Thornton LLP**, with a total proposal score of **122.5**;
3. **Aquino, De Córdova, Alfaro & Co., LLP**, with a total proposal score of **121.52**; and
4. **Cohnreznick, LLC**, with a total proposal score of **104.26**.

To determine the reasonableness of the price, the Procurement Division compared the hourly rates for Key Staff received from De Ángel & Compañía, CPA, LLC, Kevane Grant Thornton LLP, Aquino, De Córdova, Alfaro & Co., LLP, and Cohnreznick, LLC. After comparing revised labor rates for Key Staff from De

Ángel & Compañía, CPA, LLC, Kevane Grant Thornton LLP, and Aquino, De Córdova, Alfaro & Co., LLP, the Procurement Division concluded that proposed prices are reasonable. However, Cohnreznick, LLC's revised hourly rates are considered unreasonable for the services.

LCMM
LCMM
WORR
WORR
In accordance with Section 1 of the Scope of Services, the PRDOH reserved the right to contract one or more Audit Services firm as result of the selection of qualified Proposers. The award (or awards in case of multiple awards) shall be made to the responsible firm(s) whose technical approach to the project, qualifications, price and/or any other factors considered, are most advantageous to the PRDOH provided that the cost or price is reasonable under the methods identified in the Procurement Manual.

On May 25, 2021, this Board held a meeting to review and evaluate the Recommendations for Award submitted by the Procurement Division for the CDBG-RFP-2020-09/Auditing Services and the CDBG-RFP-2020-08/Financial and Accounting Consulting Services.

Due to the nature of the services requested for the aforementioned RFPs, the selected proposers for Auditing Services shall provide a broad range of audit activities as related to programs under the CDBG-DR grant(s); while the selected proposers for Financial and Consulting Services shall be capable of providing a broad range of financial and accounting activities for all CDBG-DR acquisitions over the Simplified Acquisition Threshold, for the PRDOH as related to programs under the CDBG-DR grant(s). As such, the Auditing Services selected proposer will have oversight of the Financial and Consulting Services, therefore, the awards should not be granted to the same proposer in both processes.

For both processes, the RFPs established on Section 2 that the PRDOH can select up to two (2) firms to provide the requested services. Upon revision of these two processes, the Board noticed that proposer Kevane Grant Thornton LLP was recommended in both RFPs, since it was ranked in the second position in both processes.

Accordingly, the Board requested the Procurement Division to evaluate the potential conflict of interest that would impede the recommendation of the award of these two RFPs to Kevane Grant Thornton LLP. As such, the Procurement Division requested an opinion to the Legal Division in order to evaluate if there was a conflict of interest that impedes these awards to the same entity.

On June 21, 2021, the Legal Division provided a Memorandum with a legal opinion "COI-21-00042 – Kevane Grant Thornton". After the examination of the applicable law, the Legal Division concluded, in synthesis, that there is a conflict of interest that impedes the recommendation of the award to Kevane Grant Thornton LLP in both RFP processes. Therefore, it was suggested to the Procurement Division to recommend the award of the Proposer Kevane Grant Thornton LLP to a single procurement process. Finally, the Legal Division determined that the Procurement Division must determine in which of the processes the Proposer will be recommended for award.

Hence, the Procurement Division compared the Cost Proposal from Qualified Proposers in the RFP-2020-08 for Financial and Accounting Consulting Services and the Cost Proposal from De Ángel & Compañía, CPA, LLC, Kevane Grant Thornton LLP, and Aquino, De Córdova, Alfaro & Co., LLP in the RFP-2020-09 for Auditing Services.

Kevane Grant Thornton LLP is the second Qualified Proposer in both processes and meets the reasonableness requirements both in its cost and in providing auditing services. Consequently, Proposer Kevane Grant Thornton LLP was selected to address the need to select two qualified proponents as suggested by the IAO Director.

On June 4, 2021, the Procurement Division requested an opinion to the Legal Division in order to evaluate if there is a conflict of interest of one of the companies selected in the RFP process identified with number CDBG-DR-RFP-2020-03. LPG CPA, P.S.C. (LPG), is a tier 1 subcontractor in the RFP process for Auditing Services. On June 29, 2021, the Procurement Division received a Memorandum (COI CONSULT 21-45 – LPG CPA PSC Memorandum) from the Legal Division with their findings and conclusion about the consulted conflict of interest.

The RFP process CDBG-DR-RFP-2020-03 was issued on June 24, 2020 to procure Case Manager Services to support PRDOH and Program partners, with the management of Applications, technical support to Applicants, processing support to administering partners or PRDOH, and outreach efforts on several CDBG-DR Programs (Economic Recovery Programs).

One of the current PRDOH contractor for the RFP process CDBG-DR-RFP-2020-03 is LPG and is a 1st tier subcontractor in the De Ángel & Compañía, CPA, LLC's proposal, currently being recommended for RFP-2020-09.

After the examination of the applicable law, the Legal Division concluded, in synthesis, that there is a conflict of interest that impedes the recommendation of the award of this procurement process to De Ángel & Compañía, CPA, LLC.

On July 7, 2021, the Procurement Division informed the Evaluation Committee about the potential conflict of interest, to the terms of RFP-2020-09. By means of Memorandum dated August 6, 2021, the Evaluation Committee provided information regarding the reevaluation of Proposer De Ángel & Compañía, CPA, LLC, based on a conflict of interest between the Proposer and the tier 1 subcontractor, LPG.

According to the Evaluation Committee's reevaluation about De Ángel & Compañía, CPA, LLC, they concluded: "[...]after reviewing the information provided by De Ángel, the Evaluation Committee recommends the Procurement Division to continue with the evaluation process." Due to the potential conflict of interest, as concluded in the Legal Division's Memorandum for COI CONSULT 21-45 – LPG CPA PSC, De Ángel withdrew LPG as a tier 1 subcontractor.

The Evaluation Committee also assessed information regarding key staff provided in connection with Mrs. Yesenia Díaz and her potential connection with LPG. De Ángel clarified that Mrs. Yesenia Díaz was not related to any PRDOH or CDBG-DR projects assigned to LPG. As such, the Evaluation Committee is contented with the clarifications received. Due to this fact, the Evaluation Committee understands that there would be no conflict of interest in the remainder of the process.

On August 30, 2021, the Legal Division concluded that there is no conflict of interest for De Ángel in connection with Mrs. Díaz at the present time. However, both De Ángel and Mrs. Yesenia Díaz shall disclose any matter that could give rise to a conflict of interest in the future if De Ángel is selected as an awardee under RFP-2020-09.

The Board, on the meeting called for today, August 31, 2021, reviewed and evaluated the Recommendations for Award for the CDBG-RFP-2020-09/Auditing Services and the CDBG-RFP-2020-08/Financial and Accounting Consulting Services submitted by the Procurement Division after all the conflicts of interest consults were provided from the Legal Division.

Pursuant to the terms of RFP-2020-09, the Evaluation Committee

recommendation, evaluation of the revised Cost Proposals and after determination of the reasonableness of the price, **the Board has determined to award contracts for Auditing Services to De Ángel & Compañía, CPA, LLC and Kevane Grant Thornton LLP**, two responsible firms who obtained the highest total proposal points after evaluation of their qualifications, approach to the project and price which are determined to be reasonable for the services.

- I. **De Ángel & Compañía, CPA, LLC**, for **\$3,524,400.00** for an initial contract term of three years with the option of annual extensions up to two years, distributed as shown in **Table 4**.

Table 4. De Ángel & Compañía, CPA, LLC Key Staff Hourly Rates per month per position

Position	Quantity of Resources	Maximum Hours per Month	Hourly Rate per Hour	Maximum Monthly Cost
Project Manager	1	40	\$110.00	\$4,400.00
Accountant/Auditor	2	80	\$65.00	\$10,400.00
Fraud Examiner	2	80	\$100.00	\$16,000.00
Fraud Examiner (Jr)	2	80	\$65.00	\$10,400.00
Internal Auditor	2	80	\$90.00	\$14,400.00
Internal Auditor (Jr)	2	90	\$65.00	\$11,700.00
Information System Auditor	2	90	\$105.00	\$18,900.00
Information System Auditor (Jr)	2	90	\$65.00	\$11,700.00
Total Cost per Month				\$97,900.00
Total Cost of Services for 1 Year (12 mos.)				\$1,174,800.00
Total Cost of Services for 3 Years				\$3,524,400.00

- II. **Kevane Grant Thornton LLP**, for **\$3,214,800.00** for an initial contract term of three years with the option of annual extensions up to two years, distributed as shown in **Table 5**.

Table 5. Kevane Grant Thornton LLP Key Staff Hourly Rates per month per position

Position	Quantity of Resources	Maximum Hours per Month	Hourly Rate per Hour	Maximum Monthly Cost
Project Manager	1	40	\$115.00	\$4,600.00
Accountant/Auditor	2	80	\$85.00	\$13,600.00
Fraud Examiner	2	80	\$85.00	\$13,600.00
Fraud Examiner (Jr)	2	80	\$55.00	\$8,800.00
Internal Auditor	2	80	\$85.00	\$13,600.00
Internal Auditor (Jr)	2	90	\$55.00	\$9,900.00
Information System Auditor	2	90	\$85.00	\$15,300.00
Information System Auditor (Jr)	2	90	\$55.00	\$9,900.00
Total Cost per Month				\$89,300.00
Total Cost of Services for 1 Year (12 mos.)				\$1,071,600.00
Total Cost of Services for 3 Years				\$3,214,800.00

The Bid Board Resolution shall be notified to all persons or legal entities who submitted a Proposal in response to the RFP-2020-09. The Award Notice shall indicate that any person, party or entity that considers itself having been adversely affected by an award determination of the Bid Board made under the provisions of the Regulation 9205, may file a petition for reconsideration with the PRDOH's Bid Review Board (Request for Reconsideration) within twenty (20) calendar days from the date on which a copy of the Award Notice or Resolution was filed in the record of the agency, in accordance with Section 3.19 of LPAU, 3 L.P.R.A. §9659. Simultaneously with the filing of the Request for Reconsideration, said person, party or entity shall submit a copy of the Request for Reconsideration to all the parties in the procedure and to the PRDOH. The Bid Review Board shall consider the motion within thirty (30) calendar days from filing. The Bid Review Board may extend this term once, for an additional term of fifteen (15) calendar days. If the Bid Review Board makes a determination upon consideration, the term to request judicial review shall commence on the date of mailing of the notice of the Bid Review Board's decision settling the motion in the case record. If the Bid Review Board fails to act on the motion for reconsideration within thirty (30) calendar days after the filing thereof, it shall be understood that the motion was outright denied and the term for judicial review shall begin to elapse from said date.

A petition for judicial review may be filed before the Court of Appeals of Puerto Rico within twenty (20) calendar days after a copy of the notice has been filed by the Bid Review Board or within twenty (20) calendar days after the Bid Review Board outright denied the reconsideration request. See Act No. 201-2003, as amended, known as the Judiciary Act of the Commonwealth of Puerto Rico of 2003, 4 L.P.R.A. § 24 et seq., and Section 4.2 of LPAU, 3 L.P.R.A. §9672.

The mere presentation of a Request for Reconsideration will not stay the contested award. The Bid Review Board may or may not consider the Request for Reconsideration. The terms in relation to this action or lack of action, as well as its judicial review, if any, shall be those established in LPAU.

[Remainder of Page Intentionally Left Blank] – Signature Page to Follow]

SIGNED BY:

Mr. Ricardo Vázquez Morales, CPA
Chairman

Ricardo Vázquez Morales

Mr. Pedro J. Cintrón Vázquez, Esq.

Pedro J. Cintrón

Mr. José M. Urrutia Vélez, Esq.

José M. Urrutia Vélez

Mr. Germán Acevedo Marín, P.E.

Nesherlee Soldevila Guzmán

Mrs. Nesherlee Soldevila Guzmán

CERTIFICATION: I hereby certify that I have delivered the original of this Resolution to Ms. Melissa Almodóvar Suárez, Esq., Acting Director of the Procurement Division under CDBG-DR, and a true and exact copy of this document to Mr. William O. Rodríguez Rodríguez, Esq., Secretary for the Puerto Rico Department of Housing on the 7th day of September 2021.

Mrs. Adalgisa Polanco Reyes
Secretary, Bid Board

7039 1640 0001 1241 9277

LCMM

WRR

U.S. Postal Service[™]
CERTIFIED MAIL[®] RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com.

SAN JUAN, PR 00917

OFFICIAL USE

Certified Mail Fee	\$3.75	0018
Postage	\$1.76	21
Total Postage and Fees	\$5.56	

Extra Services & Fees (check box, add fee as appropriate)

<input type="checkbox"/> Return Receipt (hardcopy)	\$	\$0.00
<input type="checkbox"/> Return Receipt (electronic)	\$	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$	\$0.00
<input type="checkbox"/> Adult Signature Required	\$	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$	\$0.00

Postmark Here

SEP 08 2021

09/08/2021

Sent To

Luis Carlos Marciano Molina - Karen Grant Thumma

Street and Apt. No., or PO Box No.

33 Calle Bolivia STE 400

City, State, ZIP+4[®]

San Juan PR 00917-2013

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

ATTACHMENT B

LCMM
LCMM

WORR
WORR

Auditing Services

Qualifications and Work Approach Proposal

QUAL _ [Work Approach] _ [2020-09] _ [Kevane Grant Thornton]

Work approach

The following presents the Work Approach document and discussion, as requested by Section 6.3 of the CDBG-DR-RFP-2020-09 (RFP).

Section 6.3.1 Approach for protection of the confidentiality of records

Attachment 1-Scope of Services Section 2 of the RFP calls for the protection of the confidentiality of records, including records in databases that may be transmitted electronically and via e-mail or the Internet. It is the policy of Grant Thornton to protect the confidentiality, integrity and availability of the information it holds in any form.

In the process of preparing the tasks included in the assignment, we may collect from the PRDOH, or with the PRDOH's authorization, certain essential information that is non-public, such as information concerning income, expenses, assets, liabilities, and other similar information, either electronically or in paper files. We will follow professional standards for protecting the confidentiality and security of the non-public information collected, including the General Data Protection Regulation (GDPR). We will not discuss any non-public information about the parties to any third party, except as permitted by the PRDOH or required by law.

The documentation for this engagement is the property of Grant Thornton and constitutes confidential information. We have a responsibility to retain the documentation for a period of time sufficient to satisfy any applicable legal or regulatory requirements for records retention. However, we may be requested to make certain documentation available to the regulators pursuant to law or regulation. If requested, access to the documentation will be provided to the Regulator(s) under the supervision of Grant Thornton personnel and at a location designated by us. Furthermore, upon request, we may provide photocopies of selected documentation to the Regulator(s). The Regulator(s) may intend, or decide, to distribute the photocopies or information contained therein to others, including governmental agencies.

Section 6.3.2. Approach for facilitating interactions with the PRDOH

In collaboration with the PRDOH and under the direction of the projects' managers/directors for each of the tasks, in order to accomplish effectively and efficiently such tasks, we suggest the strategy of being in a constant state of awareness and communication with the task teams and the PRDOH's owners of the projects and/or tasks. This would maintain such managers or directors review phase active and continuous. We envisioned such managers and directors visiting the field and supervising our assigned staff on a regular basis (or online, if physical presence in the field is still not feasible because of the Pandemic), in order to maintain a steady flow of work going on and to anticipate or detect challenges and issues on a timely basis.

We will advise our assigned staff to be committed, very energetic and insistent on having weekly status report meetings with management/directors of the tasks in order to create a robust follow up process. In addition to holding these weekly meetings, we suggest such meetings to be supplemented with brief follow up communications of the action plans discussed at the meetings and distribute them to all personnel staff assigned who would be responsible for addressing such action plans, so that no one is bypassed in the action plans agreed at the meetings. Again, being aggressive in these follow up procedures is critical. Exit meetings should be scheduled at the conclusion of a significant portion or segment of a task to discuss preliminary findings with managers and if applicable provide a list of outstanding items.

LCMM
LCMM

WORR
WORR

Section 6.3.3. Approach to informing PRDOH of new accounting issues, inconsistencies, non-conformity to standard accounting practices, and/or other deficiencies and the resolution of such issues

The GASB, the Emerging Issues Task Force and other regulatory bodies frequently issue new accounting standards and guidance. In some circumstances, standards may be issued and become effective in the same period, providing a limited implementation phase. The Grant Thornton team stays abreast of these new developments through on-the-job training and continuing education to pre-empt issues and draft solutions to them. Grant Thornton will promptly communicate emerging issues to the PRDOH and provide regular updates on new accounting standards and guidance and advise on an adequate and timely implementation approach. Our team has a strong track record in helping clients manage change in a fluctuating environment.

LCMM
LCMM

WORR
WORR

One potential issue that has been recurring over the past few years, not only affecting the PRDOH but the rest of the Central Government agencies and certain public corporations, is the fact that the adoption of new accounting standards and certain other processes often depends on instructions and guidance from the Central Accounting Office of the Commonwealth (at the PR Department of the Treasury), as the financial statements preparation and audit process of the central government is run at such office. Therefore, management, consultants and the central government's external auditors always strive for uniform application throughout all the agencies of the Commonwealth; which means that timely relay of such guidance and timely communications among all agencies is critical, which sometimes is not achieved. Often times, even information required for the adoption of a particular accounting standard is beyond the control of the PRDOH and other instrumentalities. For instance, based on the results observed from the last Single Audit report of the PRDOH (June 30, 2018, which suggests that the June 30, 2019 Single Audit report might have fared in the same deficiency), we noticed that the PRDOH did not comply with the submission date required for the Data Collection Form and Reporting Package, basically because the PRDOH was not able to receive information regarding the retirement plan (GASB Statement No. 68) and Other Postemployment Benefits (OPEB) (GASB Statement No. 75) information and actuarial data; as such data's responsibility resided on other players, not at the PRDOH. This situation may repeat itself with the adoption of future standards or other processes. Evidently, these deficiencies might take a toll on the efficiency and timeliness of audit procedures. We will always strive to maintain the PRDOH's and the CDBR-DR project office's management alert as to the potential of these situations occurring, foster with them a timely and effective communication with the Commonwealth's Central Accounting Office's team and always provide the PRDOH and the CDBG-DR office with alternative solutions to entertain in order to avoid any further deficiencies of this and other types. Bear in mind that we have had extensive experience with the Commonwealth's Central Accounting Office (as you will see on Exhibits B and L), as some of our key management and partner personnel have been involved with the Commonwealth's financial statements audit at both sides of the aisle: as external auditors in the first decade of the 2000's and as consultants as recently as during the past eight years; so, we will be able to communicate effectively and efficiently with the Central Accounting Office on these topics and potential issues.

The impact of the Hurricanes Irma and María have had accounting and financial reporting implications for the entire Commonwealth, but specially with the PRDOH and the granting of the CDBG-DR funds from the U.S. Department of Housing and Urban Development (HUD); therefore new funds and accounts may have been created to track related disaster relief grants and expenses being received through the non-exchange transactions with HUD (the CDBG-DR funds); accounting for insurance recovery claims that must follow certain rules and guidance for proper recognition and classification; and certain assets may require now a more profound impairment analysis in accordance with the appropriate GASB literature. We can assist you in following and

maintaining the proper track with the current applicability of the following accounting standards which address most of the specific aforementioned implications of the effects of the hurricanes:

- **GASB Statement No.33, *Accounting and Financial Reporting for Nonexchange Transactions.***
- **GASB Statement No.34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.***
- **GASB Statement No.42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.***
- **GASB Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions.***
- **GASB Statement No. 68, *Accounting and Financial Reporting for Pension—an amendment of GASB 27 and related standards like GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68 and GASB No. 82, *Pension Issues—an Amendment of GASB Statements No 67, No. 68 and No. 73.**** After June 30, 2018, the equivalent statement applicable would be **GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.***
- **GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.***

LCMM
LCMM

WORR
WORR

According to Attachment 1, Scope of Services, to the CDBG-DR-RFP 2020-09 (RFP), the PRDOH is currently administering multiple activities and projects under the GDBR-DR program, including home repair, reconstruction and relocation; housing; rental assistance; small business financing; economic development investment; agricultural programs; among many others. Based on the nature of these programs which certainly will involve areas such as construction, acquisition or leasing of capital assets, alliances with the private area, holding resources for others, among other assistance, there are multiple GASB standards that are currently applicable and also future standards that may be relevant, which we will be able to assist as to whether they may be applicable or not. Again, we will also make sure that you are aligned to the Commonwealth's Central Accounting Office with respect to the potential applicability of these accounting standards:

- **GASB Statement No. 83, *Certain Asset Retirement Obligations.*** This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for fiscal year 2019.

As some CDBG-DR projects and reconstruction activities may involve removal or retirement of previously existing capital assets, the applicability of this standard should be reviewed.

- **GASB Statement No. 84, *Fiduciary Activities.*** This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust

funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The requirements of this Statement are effective for fiscal year 2020.

In the event that any of the activities with the CDBG-DR funds involve any type of fiduciary activity or holding funds in custody for others, it would be prudent to evaluate the applicability of these standards; although the possibility of such applicability might appear remote.

- **GASB Statement No. 87, *Leases*.** This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement were originally effective for fiscal year 2021, but as a result of the Pandemic, delayed for 18 months.

CDBG-DR funds may be used for the leasing of capital assets; therefore, it will be critical to keep track of an inventory of any leasing arrangement and its terms, in order to analyze them for the adoption of this statement. This is a complex statement, where instructions and guidance will come most probably from the Central Accounting Office of the Commonwealth.

- **GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.** As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal year 2023.

This is a statement to have in mind in case of the establishment of a PPP or APA in any of the CDBG-DR funded activities.

LCMM
LCMM

WVORR
WVORR

- **GASB Statement No. 96, Subscription-Based Information Technology Arrangements.** This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal year 2023.

LCMM
LCMM

This is a statement to have in mind in case any of the CDBG-DR funded activities commits the central government to a SBITA.

WORR
WORR

Section 6.3.4. Plan for conducting risk assessments for PRDOH and development of an internal audit schedule for the periodic review of internal controls

In the performance of internal audit services, Grant Thornton adheres to the International Standards for the Professional Practice of Internal Auditing (“Standards”), Code of Ethics, and additional guidance published by the Institute of Internal Auditors (“IIA”), the Committee of Sponsoring Organizations’ Internal Control – Integrated Framework, the American Institute of Certified Public Accountants (“AICPA”) Statements on Standards for Consulting Services, and where applicable, the Generally Accepted Government Auditing Standards (“GAGAS”). In some instances, our methodology exceeds the minimum standards set by the profession. In this respect, it is designed to provide guidance and instruction to our professionals to enhance the high quality of service provided to our clients. Grant Thornton will execute the full outsourcing of internal audit considering contractual and regulatory Standards applicable to PRDOH.

Although the scope of the audits will depend on the needs identified by PRDOH and risk assessment process performed at early stage of the planning, we present our risk-based methodology that focuses on PRDOH’s objectives and any impediment to achieving these objectives. For more detailed information about our Internal Audit approach, please refer to Section 6.3.7 below.

Section 6.3.5. Process for the audit of financial statements, including timetable, approach, and expected deliverables

PRDOH is seeking assistance for the audit of the financial statements of programs funded under CDBG-DR program (“PRDOH Programs”), which are detailed in Attachment 1, *Scope of Services*, as well as audits of other partners and subrecipients, as the case may be.

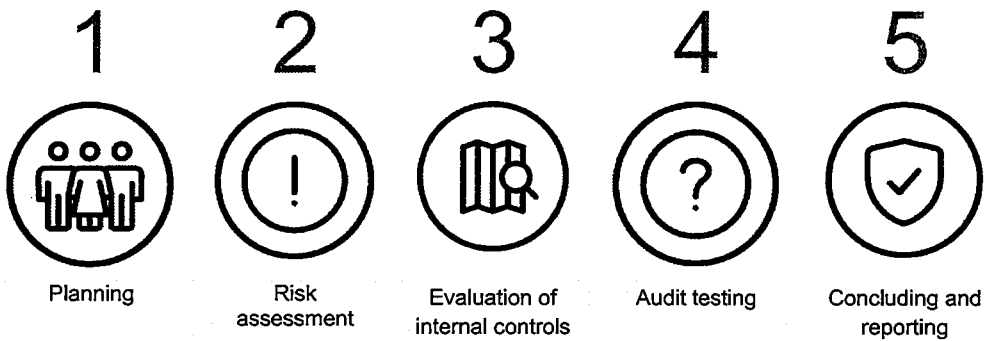
PRDOH will receive a high-quality audit of such financial statements from KGT. Designing a tailored audit program customized for this project’s objectives, our approach will include:

- Regular interaction and communication with the audit committee or its equivalent and your management team
- A quality audit team and responsive national office support, as needed
- Comprehensive planning
- Use of innovative technology
- Transparency throughout the process

The audit process

The table below summarizes the key steps of the audit process.

LCMM
LCMM



WORR
WORR

Planning

Planning is where we focus on obtaining an understanding of your business challenges and risks, organizational structure, key business and financial reporting processes, and industry specific events and trends to heighten the effectiveness and efficiency of the audit.

Risk Assessment

We take a top-down approach when assessing financial reporting risks. This process includes meeting with the audit committee or its equivalent and key financial and executive personnel of PRDOH. It also involves reviewing the financial reporting implications arising from your strategic goals, objectives, business plans and risk areas. During risk assessment we consider how fraud or error could result in a material misstatement of PRDOH Programs' financial statements.

Evaluation of internal controls

To develop an audit strategy, professional standards require us to obtain an understanding of PRDOH and its environment, the applicable CDBG-DR program, and any applicable other partner or subrecipient, including its internal controls. We begin this process by evaluating controls at the PRDOH, CDBG-DR- and or other partner/subrecipient level that relate to financial reporting. This assessment includes aspects of their control environment, risk assessment, monitoring, information system (including information technology) and financial reporting processes. We also obtain an understanding of controls over financial reporting activities such as the recording and processing of transactions. We use this understanding to:

- identify the types of misstatements that could occur
- evaluate the internal control deficiencies that may increase the risk of material misstatement; and
- design internal control testing strategies, where such an approach would be appropriate.

Based on this evaluation, we will identify areas where our audit could be more effective or efficient by taking an approach that includes testing the controls.

Audit testing

Our risk-based audit approach focuses our audit efforts on those financial statement assertions that have an increased risk of material misstatement. Based on our knowledge of the Entity, the CDBG-DR program and experience with other governmental entities, we expect to perform a combination of tests of controls, substantive tests of details and analytical procedures, such as:

- confirmation of balances or transactions, as applicable
- testing high value, unusual and other key items and items selected through sampling routines
- recalculation, inspection, observation procedures
- analytical procedures, including trend, ratio, and reasonableness tests

Our focus on upfront planning and understanding of the business allows us to tailor our substantive audit procedures to achieve an effective and efficient audit.

Concluding and reporting

Our deliverables include:

- Grant Thornton 's report on the fair presentation of PRDOH Programs' financial statements and uniform guidance report.
- An internal control letter that describes control deficiencies identified during the audit, our recommendations on addressing them and other observations and recommendations on other business matters
- Communications to the audit committee or its equivalent, or whichever group would oversee the governance over the CDBG-DR project, such as our observations on the quality and acceptability of the accounting principles

LCMM

WORR

Timetable

Description	Actions	Timing
Acceptance and planning	<ul style="list-style-type: none">- KGT client independence and acceptance procedures- Contract signed- Conduct internal client service team meeting- Meet with the management team/s to:<ul style="list-style-type: none">- Confirm expectations and discuss risks- Discuss scope of work and timetable- Identify current-year audit issues and discuss recently issued accounting pronouncements- Coordinate fieldwork timing- Develop an audit plan that addresses risk areas and meets management's expectations- Meet with management to discuss audit plan	First month of the Project
Internal controls documentation and interim procedures	<ul style="list-style-type: none">- Document the existing controls environment- Evaluation of internal controls and IT processes- Review significant accounting policies and key contractual documents / laws- Adjust audit plan and coordinate with PRDOH's staff based on the results of the documented controls environment- Discuss preliminary results with management- Preliminary evaluation of major programs	Two months after project commencement
Final audit fieldwork	<ul style="list-style-type: none">- Review of significant transactions- Final fieldwork- Compliance testing- Procedures:<ul style="list-style-type: none">- Substantive testing- Analytical review- Account analysis- Detailed test work- Perform/update control evaluation- Update preliminary audit procedures	Four months after project

	<ul style="list-style-type: none"> – Meet with management to discuss results, financial statements and other required communications – Discussion of findings identified (preliminary report) 	
Deliverables	<ul style="list-style-type: none"> – Issue final audit report – Present audit results to management, audit committee board, and/or other stakeholders 	Six months after project commencement

According to the answer of question #32 on Addendum No.3, a more detailed timetable and specific list of deliverables will be established later during the term of the contract with the Internal Audit Division of the CDBG-DR Program, which may be less or more extensive than the example provided above.

LCMM
LCMM

Section 6.3.6. Process of the audit of Segments of Financial Statements as noted in the Scope of Services

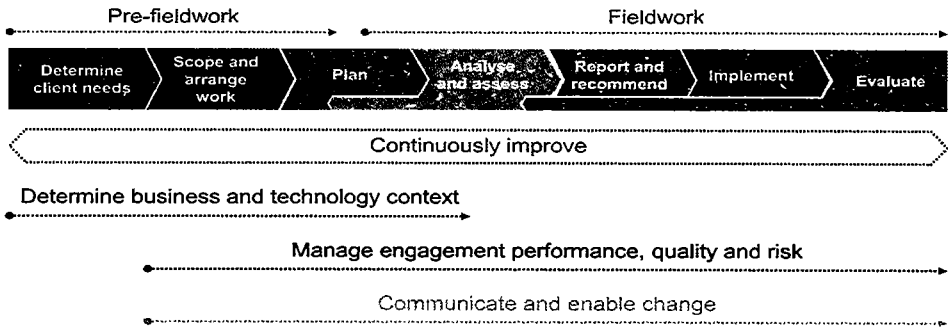
WORR
WORR

We plan to follow the same conceptual audit approach described on Section 6.3.5 above but tailored to the specific segment of the financial statements we get requested to audit. The extent and details of such audit approach will depend on the particular segment assigned, which would be discussed during the term of the contract.

Section 6.3.7. Process for an Internal Audit

Grant Thornton methodology for providing full outsourcing of internal audit services to PRDOH provides for an independent and objective process, following a systematic and disciplined approach comprised of the following phases:

Grant Thornton’s operational advisory – Internal Audit Life Cycle



- Determine CDBG-DR Internal Audit Division needs – Listen to and understand PRDOH articulation of the issues, opportunities, and risks that prompt the need for internal audit services and translate those needs into internal audit engagement issues and deliverables to ensure our services are well-tailored to address specific needs.
- Scope and arrange work – Scope of the Project will cover the PRDOH programs funded under the CDBG-DR program (CDBG-DR Divisions) for an initial three (3) year term.
- Plan – Identify business objectives/processes, assess enterprise-wide risk maturity, and develop a risk-based audit strategy considering risk appetite. This plan will be flexible and subject to tailoring in response to the final objectives to be established by the Internal Audit Division of the CDBG-DR during the term of the contract.

- Analyse and assess – Understand and assess the risk maturity of the audit areas, understand and identify risks within processes, assess and prioritize major risks and assess control systems in place for managing those risks. Discuss and agree detailed approach with PRDOH and the project team. Tests of control effectiveness and conclusion of the process review and documentation of identified gaps. Advice on establishing effective governance, risk and control arrangements.
- Report and recommend – Written report summarizing areas of risk and assessment of existence and/or effectiveness of internal control. Independent assurance around process control systems, with recommendations and suggestions for improvement.
- Implement – Promote implementation of recommendations.
- Evaluate – Alternative solutions and monitoring of recommendations status until implementation.
- Determine business and technology context – Understand the factors and circumstances that influence the nature and potential severity of risks.
- Manage engagement performance – Administration of the engagement from its inception through close out and evaluation.
- Communicate and enable change – Establish a trusted business advisory relationship in which two-way communication occurs freely and at appropriate intervals.

LCMM
LCMM

WORR
WORR

Manage engagement performance

In serving PRDOH, Grant Thornton will define and execute several steps to effectively initiate, administer and close the overall engagement and each related project. Performing these steps assists in ensuring the future success of the entire engagement and our relationship with the PRDOH.

Effective project administration increases the likelihood that the project meets the PRDOH's needs and expectations and, if necessary, alerts us to problems early in the Project. Each engagement and project will be closed appropriately to ensure that all critical steps have been performed to the PRDOH's satisfaction.

Grant Thornton will periodically communicate to PRDOH the status of the engagement, which will include, but not be limited to, communication of:

- significant issues or findings;
- potential scope changes;
- project progress and milestones; and
- items that may affect project timing.

Process understanding

Process understanding procedures will include interviews with management and key personnel; review of financial reports; policies and procedures associated with business processes; and compliance requirements; consideration of key operational aspects; and an understanding of the information systems environment. A detailed understanding of the management structure, significant financial and operational processes, compliance requirements, and information systems will be obtained.

As needed, Grant Thornton will incorporate the use of internal control questionnaires, process flowcharts, and the examination of how documents are handled for key processes.

Understand the flow of transactions



Grant Thornton, as may be applicable, is to understand the significant processes and practices employed by PRDOH, specifically addressing the following components:

LCMM

- Management philosophy, and operating style, and risk assessment practices;
- Organizational structure, and delegations of authority and responsibility;
- Positions of accountability for financial and programmatic results;
- Process strengths (best practices), weaknesses, and mitigating controls;
- Information systems, applications, databases, and electronic interfaces.

WORR

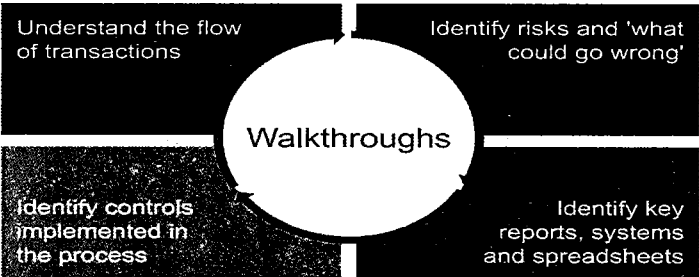
This assessment is a key aspect for assessing the effectiveness of the high-level structures and controls within the processes since it assists us to identify significant risks. Such assessment is performed by reference to a recognized control model/ framework such as:

- CoCo – the Control Model developed by the Criteria of Control Board (“CoCo”) of the Canadian Institute of Chartered Accountants (“CICA”); and
- COSO – the Internal Control-Integrated Framework developed by the Committee of Sponsoring Organizations (“COSO”) of the Treadway Commission.

Process analysis and risk assessment

During this step we go further in the process analysis to identify risks and assess key controls and remaining risk. It is at this point that we begin to relate risks, processes, and key controls. The decision on the technique used to perform the risk assessments may vary; nonetheless the approach considered to be ideal for most circumstances is one that involves interviewing the process owners and key stakeholders in the process.

Process for evaluating design of controls



After identifying the objectives, Grant Thornton identifies risks that threaten these objectives and assesses the impact and likelihood of such risks.



During the control assessment process, we work to identify the key controls in place to address each significant risk. This step entails an assessment of the design and effectiveness of the controls relied upon by management to mitigate the process risks.

Effective project oversight starts with a clear understanding of the risks combined with a framework for testing to determine if proper controls are in place – and working – to mitigate the risks to an acceptable level.

Categorizing key controls by type can help to evaluate the effectiveness of the control and develop effective risk treatments. Some examples of control categories include the following:

Nature of the risk response:

- Preventative controls** occur before a risk event may take place.
- Detective controls** are designed to provide indication of whether a risk has materialised and its actual implications. Detective controls are normally performed after a risk event has occurred (but not necessarily crystallisation of the risk).
- Remedial controls** are designed to respond to situations where the detective controls have identified that a risk has materialised, ie business contingency arrangements in the scenario of a major earthquake.

Based on the assumption that the controls are operating as described and as intended, a preliminary assessment is made about the remaining risk after considering the relied upon key controls that were identified. Responses to remaining risk can be to:

- Terminate** – Finding some means to eliminate a risk entirely because if it occurred it may completely destroy the business.
- Tolerate** – An informed decision to accept the likelihood and consequence of a particular risk occurring.
- Transfer** – Shifting the responsibility or burden for loss to another party, for example through insurance or other means.
- Treat** – A selective application of appropriate techniques and management principles to reduce either the likelihood of a risk occurring (generally through internal controls) or its consequences (generally through contingency planning) or both.

We record the risks and key controls according to level of significance and obtain confirmation from management. In performing the risk assessment process, issues are often identified. At this time, we document any gaps or performance improvement opportunities.

Process validation and compliance tests

At this stage we leverage the knowledge gained from performing the process analysis and risk and control assessments to further assess the reasonableness of processes and controls. The activities performed during process review allow us the opportunity to identify improvements to the process which could enhance efficiency and effectiveness. We often identify cost-saving recommendations or bring to management's attention

LCMM
LCMM

WORR
WORR

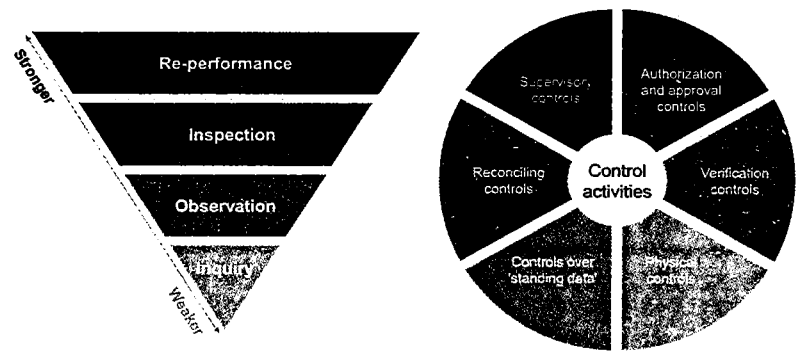
operational weaknesses of which it was unaware. This is a key step in our methodology of adding value. Professional judgment always applies when evaluating or assessing any process.

This step's primary focus is to help management identify gaps in the control activities and/or control weaknesses and assess whether mitigating controls are in place, including those related to compliance with regulatory requirements.

Testing procedures are structured to provide the most robust evidence for the least effort to satisfy the testing objectives. The extent of procedures may vary from observation and inquiry and process walkthroughs to detailed controls validation and testing. In executing the procedures, we aim to be as concise as possible. The aim is to provide sufficient basis without excessive effort.

LCMM
LCMM

WRR
WRR



A performance improvement observation ("PIO") is noted when the process review of key controls illustrates that a significant risk remains even after the related key controls have been reviewed. Therefore, the control is either missing or not working as expected.

For each PIO, we document the following information:

5 C's of PIOs

1. Criteria	▶	What should have happened?
2. Condition	▶	What actually happened?
3. Cause	▶	Why did it happen?
4. Consequence	▶	What effect did/could it have?
5. Correction	▶	What client action should we recommend?

It is necessary to confirm our observations with management. At this juncture, results of the process review are presented to management for verification. Once the issues are verified, management will then be asked to agree on an action plan to address the issues discovered during the Project.

In addition to agreeing upon a format, the PIOs should be prioritized. Ultimately, the significance of issues is determined through discussions with management, but they should fall within a basic ratings framework. A suggested three-tier rating is defined below:

- Significant - Issue represents a control deficiency, which could have or is having a material effect on the process or adversely affect the ability to achieve process objectives. Requires immediate management action.

- Moderate – Issue represents a control weakness, which could have or is having some adverse effect on the ability to achieve process objectives. Requires near-term management action.
- Low – Issue represents a minor control weakness with minimal but reportable impact. Management should consider action within a reasonable time period.

Communicate and enable change

The report will include a comprehensive list of all performance improvement opportunities as well as the potential impact of the issues and respective recommended solutions.

We can tailor our report to meet the needs of individual clients; however, consistency will provide greater streamlining and leverage throughout the engagement. The following structure is suggested as a basis for reporting:

- Executive summary – Provides a concise summary that outlines the key issues in the report. A reader of the full report is normally aware of its key contents from reading the Executive Summary.
- Project details – Lists the issues to be resolved together with a brief description, impact, recommendations, and a management response.

Certain advisory services are supported by global methodologies and software packages, including business risk services, transaction advisory services, and forensic services. A key element in our internal audit methodology is the use of cutting-edge technology. TeamMate supports our business risk services solutions by providing standardized risk assessment and reporting on internal audit engagements.

Forensic audit

As regulations and guidelines impose greater roles and responsibilities on internal auditors, involvement in fraud prevention and detection has become a standard requirement. Black's Law Dictionary defines fraud as the "knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment."

While fraud may or may not result in a loss to the PRDOH, any unfair or unlawful gain or fraudulent activity by an employee, official, or third party should be investigated, reported, and stopped. Any form of fraud that involves a PRDOH employee or official is unacceptable.

PRDOH must take steps to deter internal fraud and respond appropriately if fraud is discovered. Typically, internal financial fraud falls into one of three categories:

- Fraudulent financial statements
- Misappropriation of assets
- Corruption

The objective consists in conducting a review and evaluation of suspicious transactions and activities, and preparing such analyses and summaries as required, to assist PRDOH in its evaluation about the propriety of such transactions and activities considering laws and regulations applicable to PRDOH.

LCMM
LCMM

WORR
WORR

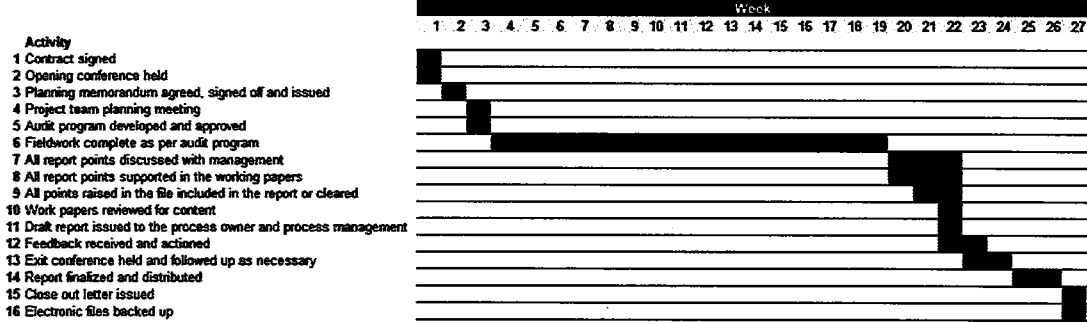
Estimated audit timeline

We present an estimated audit timeline, which is subject to modifications as PRDOH's needs are further refined. A key initial engagement activity will be to review, validate and continually assess the hour estimates, timing and extent of the audits, to determine if limitations exist that may hinder the execution of the audit plan and our ability to achieve the desired outcomes within the budget. It is important to note that while we may provide information to assist in the prioritization, ultimately, we perform our work based on the direction of the PRDOH. It is the role of Grant Thornton to recommend modifications if any to the audit plan to the PRDOH with a reasonable rationale and the PRDOH's responsibility to assess, revise, and/or adopt the plan.

LCMM

WOPR

Estimated timeline for internal audit activities



According to the answer of question #32 on Addendum No.3, a more detailed timetable will be established later during the term of the contract with the Internal Audit Division of the CDBG-DR Program, which could be either shorter or longer than the standard depicted above, depending on the specific objectives and directives of such Internal Audit Division.

Section 6.3.8. Process for an Information Technology audit

The PRDOH has requested our expertise and capabilities in areas of risk management, information technology management systems and telecommunications. The services requested in the proposal includes:

- 1. Audit of internal Controls and risk associated with IT Systems
- 2. Identification of System weaknesses and development of action plans addressing identified risks.
- 3. Review of network security
- 4. Audit of compliance with federal IT requirements.

Grant Thornton adheres to several well-known guidelines and frameworks to perform their audits and assurance services. Starting with the Global Technology Audit Guides ("GTAG") published by the Institute of Internal Auditors which provide guidance to auditors in the implementation of methodologies to identify, manage and reduce risks inherent in the technologies and operations implemented by the organizations. In addition, we conduct our services following the Information Technology Audit Framework and (ITAF) issued by the Information Systems Audit and Control Association (ISACA). The ITAF provide a structured method consisting of a set of set of general performance and reporting standards that support our auditors to execute the audit in a consistent manner.

Our approach to perform the audit engagements include four phases:

- 1. Determined the CDBG-DR Internal Audit Division's Needs - Coordinate interviews with management and key personnel to complete a business and technical understanding of the network infrastructure,

applications, and services that the IT department provides to internal (operations) and external (local and state government agencies). In the process, we also collect and identify required compliance against policies and local or federal agencies.

During the interviews, we will also document the risks and inherited weaknesses in the current IT processes, network infrastructure and applications that may negatively impact financial reporting, safeguard of assets and data and/or compliance with local and federal regulations. The risks may be categorized and aligned with the hierarchy of IT Controls recommended by GTAG. A summary of the GTAG IT controls is recommended below:

LCMM
LCMM

Governance

- a. Policies – clear direction in all aspect of information systems must be documented in company policies and should be presented and approved by management, the board and communicated to the staff.

Management

- a. Standards – specific details on how the IT policies are implemented and accomplished should be documented in a set of standards that must be approved by management. The standard provide best practices on how processes and specific controls are implement.
- b. Organization and management – an appropriate organization structure with clear roles and responsibilities and reduce such as segregation of duties, financial controls and change management.
- c. Physical and Environmental controls – the network infrastructure and the individual components (servers and workstations) must be identified, monitored and access should be restricted to authorized personnel.

WORR
WORR

Technical

- a. System software controls – system software can be highly complex and can apply to components and appliance within the system and network environment. Key technical controls that could be considered include: Intrusion and vulnerability assessments, encryption services, access rights allocated and controlled according to the policies.
- b. System development controls – organizations must adopt and implement a methodology for system acquisition and development. We would assess the method adopted by the IT Department to gain assurance that controls design is adequate.
- c. Application based controls – the main objective of the application-based controls is to ensure that data registered, modified and deleted in a complete and accurate manner. We would assess how effective is the applications and the processes established in performing this process.

The risks must be aligned to PRDOH mission and objectives to ensure the audit services covers key risks that may limit the Department achievement of their objectives.

2. Scope and arrange - The scope of the IT audit engagement will include the processes, network infrastructure and applications identified during the business and technical understanding.
3. Plan - Prepare and present to management an Audit Plan that will cover the risks identified in the risk assessment and additional engagements that the audit committee or its equivalent within the PRDOH or the CDBG-DR Internal Audit Divisionm may include. The plan will include recommendations of the IT audits that must be completed in an interval of three years. The plan and engagement will include timetables, resources, budgeted hours, and deliveries that must be approved by the audit committee.

4. Analyze and assess - Discuss with management the observations identified during the engagements and prepare and prepare correction action plans that reduce any risk exposures.
5. Report and recommend - A report will be issued after each audit that will include between other things: areas to be audited, objectives, compliance with applicable laws/regulations and or auditing standards, detail list of audit observations and management recommendations
6. Implement and evaluate - Guide management in the implementation and monitoring of the correction action plan and test the effectiveness of the controls implemented.

The risk analysis and audit engagement will be performed with information system auditors that have a master's degree in information technology, with more and twenty years of experience in information system audit and CISA certified.

LCMM
LCMM

Communicate and enable change

The report will include a comprehensive list of all performance improvement opportunities as well as the potential impact of the issues and respective recommended solutions.

WORR
WORR

We can tailor our report to meet the needs of individual clients; however, consistency will provide greater streamlining and leverage throughout the engagement. The following structure is suggested as a basis for reporting:

- Executive summary – Provides a concise summary that outlines the key issues in the report. A reader of the full report is normally aware of its key contents from reading the Executive Summary.
- Project details – Lists the issues to be resolved together with a brief description, impact, recommendations, and a management response.



SCOPE OF SERVICES

Request for Proposals

Auditing Services

Community Development Block Grant – Disaster Recovery Puerto Rico Department of Housing

1. Introduction and Overview

The Puerto Rico Department of Housing (hereinafter "PRDOH") is issuing this Request for Proposals (RFP) to engage an Audit Services firm with applicable expertise to provide independent, objective assurance and consulting services for a broad range of audit activities, as described below.

The PRDOH anticipates awarding the resultant contract(s) for an initial three (3) year term with the option of annual extensions up to two (2) years. All services to be performed as a result of the contract(s) will be issued through task orders.

The PRDOH reserves the right, without limitations, to: (i) cancel this solicitation and reissue the RFP or another version of it, if it deems that doing so is in the best interest of the Public Interest; (ii) amend the contract(s) of the Selected Proposer to, among others, extend its original duration, as further explained in the RFP, or to extend the scale of its scope to include work under subsequent CDBG-DR action plans as related to the services requested herein, or to reduce the scale of its scope to decrease work as a consequence of underperformance or inexcusable delays related to the services requested herein; and (iii) to contract with one or more qualified proposers for Auditing Services as result of the selection of qualified Proposers or the cancellation of this RFP.

PRDOH currently administers the programs funded under the CDBG-DR program, including the following:

- Home Repair, Reconstruction or Relocation Program
- Title Clearance Program
- Social Interest Housing Program
- Housing Counseling Program
- CDBG-DR Gap to Low Income Housing Tax Credits Program (LIHTC)
- Rental Assistance Program
- Community Energy and Water Resilience Installations Program
- Multi-Family Reconstruction, Repair, and Resilience Program
- Homebuyer Assistance Program
- Planning Coordination Program
- Municipal Resilience Planning Program
- Whole Community Resilience Planning Program
- Agency Planning Initiatives Program (GIS, Planning Integration)
- Economic Recovery Planning Program
- Home Resilience Innovation Competition Program
- Small Business Financing
- Small Business Incubators and Accelerators
- Workforce Training Program
- Tourism and Business Marketing Program
- Strategic Projects and Commercial Development Program
- Economic Development Investment Portfolio for Growth Program
- Re-Grow PR Urban and Rural Agriculture Program

- Non-Federal Match Program
- Critical Infrastructure Resilience Program
- City Revitalization Program

A detailed description of all CDBG-DR Programs is included in the Action Plan approved by the U.S. Housing and Urban Development (HUD) on July 29, 2018. A complete copy of the Action Plan is available at www.cdbg-dr.pr.gov/action-plan/.

The Scope of Services presented is based upon circumstances existing at the time the RFP is released. The PRDOH reserves the right to modify or delete the tasks listed and, if appropriate, add additional tasks prior to and during the term of the contemplated contract.

2. Services Requested

The PRDOH is seeking consultants with expertise and capabilities in a wide range of Audit Services to include, but not limited to, financial, programmatic, performance and management, and forensic audits, as well as inspections and evaluations. Examples of the service areas for these audit services include internal controls, construction, risk management, information technology, management systems, grant management, accounting project management, and telecommunications. Audit activities shall be conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS), and local and federal applicable regulations. The projects may include but are not limited to:

2.1. Financial Statement Audits:

- Audit of financial statements prepared in conformity with standards of accounting issued by Federal Accounting Standards Board (FSAB) and by the American Institute of Certified Public Accountants (AICPA);

2.2. Segments of Financial Statements:

- Audit of financial information, i.e. statements of revenue and expenses, statement of cash receipts and disbursements, statement of fixed assets, budget requests, and variances between estimated and actual financial performance;

2.3. Internal Audit:

- Audit of compliance with applicable Laws, regulations, and adopted policies and procedures;
- Audit of compliance of procurement actions and contract oversight;
- Audit of internal controls;
- Evaluation of risk management and remediation;
- Audit of financial reporting and safeguarding assets including the use of computer-based systems;
- Determine the extent to which a program achieves a desired level of program results;
- Assess the effectiveness of the program and/or individual program components;
- Determine whether the program complements, duplicates, overlaps or conflicts with other related programs;
- Provide PRDOH management with unbiased perspective on strengths and weaknesses of program administration;

2.4. Information Technology Audit:

- Audit of internal controls and risks associated with IT systems;

LCMM
LCMM

WRR
WRR

- Identification of system weaknesses and development of action plans addressing identified risks;
- Review of network security;
- Audit of compliance with federal IT requirements.

2.5. Additional projects may include:

- Assist PRDOH Audit Department with the development of risk assessments, audit plans, policies and procedures, and other documents, as needed;
- Prepare reports and statements of compliance with specific legislation;
- Ensure the operating effectiveness of the internal accounting system is in accordance with approved and generally accepted auditing standards;
- Perform independent assessments and prepare and issue financial reports and statements;
- Prepare necessary federal reports;
- Evaluate the internal controls to determine conformance, and recommend necessary changes in policies, procedures or controls;
- Assess the process and performance of program delivery systems;
- Sample projects to assess program efficiency and effectiveness;
- Review PRDOH's responsiveness and customer satisfaction levels;
- Recommend improvements to programs, processes, customer delivery methods, strategies, etc.;
- Identify efficiencies to ensure compliance with Federal and local regulations;
- Establish an implementation plan, timeline and framework for evaluation and completion of projects;
- Review and evaluate required resources to perform functions;
- Evaluate whether desired outcomes are being achieved;
- Make recommendations to increase efficiency, improve internal controls, improve management, etc.;
- Review documents and records to determine compliance with regulations;
- Perform additional related services.

3. Requirements and Performance Standards

3.1. Required Experience

- Administration of the CDBG-DR program
- Federal Financial Management
- Federal grant compliance
- Grant life cycle
- Construction
- Environmental laws and regulations applicable to the use of federal funds
- Duplication of Benefits
- Low Income Tax Credit (LIHTC) Program
- Electronic invoicing
- Computer-based auditing
- Experience using Teammate audit software
- Financial Forensic

3.2. Proposers shall, as may be applicable, adhere to:

- Generally Accepted Auditing Standards applicable to governmental units, as promulgated by the American Institute for Certified Public Accountants (AICPA);

LCMM
LCMM

WORR
WORR

- Governmental standards promulgated by the Governmental Accounting Standards Board (GASB), Generally Accepted Government Auditing Standards (GAGAS), Institute of Internal Auditor (IIA) professional auditing standards;
- Government Accountability Office (GAO) standards, regulations and guidelines applicable in Puerto Rico;
- Laws, Rules, Regulations, and Federal Register notices applicable to PRDOH's use of CDBG-DR funds.

3.3. Proposers shall have the following key staff available for the assignment:

Key Staff	Requirements	Roles & Responsibilities
Project Manager	<ul style="list-style-type: none"> + Must have a bachelor's degree in Business, Management, Accounting or related areas. + Must have five (5) years of experience in project management 	<ul style="list-style-type: none"> + Oversees the operational planning, establishment, execution, and evaluates the activities. + Serves as the Point of Contact (POC) and liaison with PRDOH on operational matters.
Accountant/Auditor	<ul style="list-style-type: none"> + Must have a bachelor's degree in Accounting or related areas. + Must have three (3) years of experience as an accountant. + Must be a Certified Public Accountant + Must be Certified in Financial Forensics 	<ul style="list-style-type: none"> + Ensures that statements, records and report comply with laws and regulations + Performs accounting functions such as audits or financial statement analysis
Fraud Examiner	<ul style="list-style-type: none"> + Must have a bachelor's degree in Accounting or related areas + Must have three (3) years of experience as a fraud examiner + Must be a Certified Fraud Examiner 	<ul style="list-style-type: none"> + Reviews statements and records for evidence of suspected fraud + Identifies evidence of fraud, conducts interviews and writes reports, and proactively evaluates the fraud risk of a business or organization.
Internal Auditor	<ul style="list-style-type: none"> + Must have a bachelor's degree in Accounting or related areas. + Must have three (3) years of experience in internal auditing + Must be a Certified Internal Auditor 	<ul style="list-style-type: none"> + Perform risk assessments + Assess how efficient the agency's internal controls are + Identify ways to improve the process for finding and eliminating waste and fraud
Information System Auditor	<ul style="list-style-type: none"> + Must have a bachelor's degree in Information Technology, Engineering or related areas + Must have three (3) years of experience in information system auditing + Must be a Certified Information System Auditor (CISA) 	<ul style="list-style-type: none"> + Ensures information related controls and processes are working properly + Determines the risks to the agency's information assets, and help identify methods to minimize those risks + Ensure information management processes are in compliance with IT-specific laws, policies and standards
Fraud Examiner (Jr.)	<ul style="list-style-type: none"> + Must have a bachelor's degree in Accounting or related areas. + Must have at least one year of experience in Fraud. 	<ul style="list-style-type: none"> + Responsible for assisting auditors in performing the more critical test of procedures, preparing entry-level reports, researching financial data, and examining documents to verify the accuracy and compliance with policies, procedures, and acceptable accounting standards, as well as, preparing work-papers and supporting documentation.

LCMM
LCMM

WRR
WRR

Key Staff	Requirements	Roles & Responsibilities
Internal Auditor (Jr.)	+ Must have a bachelor's degree in Accounting or related areas. + Must have at least one year of experience in Internal Auditing.	+ Responsible for assisting auditors in performing the more critical test of procedures, preparing entry-level reports, researching financial data, and examining documents to verify the accuracy and compliance with policies, procedures, and acceptable accounting standards, as well as, preparing work-papers and supporting documentation.
Information Systems Auditor (Jr.)	+ Must have a bachelor's degree in Accounting or related areas. + Must have at least one year of experience in Information System.	+ Responsible for assisting auditors in performing the more critical test of procedures, preparing entry-level reports, researching financial data, and examining documents to verify the accuracy and compliance with policies, procedures, and acceptable accounting standards, as well as, preparing work-papers and supporting documentation.

The Accountant, Fraud Examiner, Internal Auditor or the Information System Auditor positions can be occupied by the Project Manager if the person comply with the requirements for both positions.

4. Deliverables

At a minimum, the key deliverables to be produced through this RFP shall include such items as:

- Risk assessments, audit plans, policies and procedures, and other documents as needed in support of PRDOH's Audit Department;
- Comprehensive reports on actions taken and advice given;
- Work papers and analysis providing information about the process used to develop reports;
- White papers on process limitations in existing programs or efficiencies to be gained (if any) after review;
- Discussion of any potential concerns from federal agencies (i.e. HUD) or findings, as well as corrective plan of action;
- Quarterly reports on activities;
- Reporting and updating timelines;
- Project work plans, timeframes, and budget tools;
- Proposed system(s) and template(s) used to capture and report information.

5. Response Requirements

In response to this Solicitation, Proposers should return the entire completed Proposal Submission package. Proposers should carefully follow the format and instructions outlined therein. All documents and information must be fully completed and signed as required.

The proposal shall be written quite detailed to permit the PRDOH to conduct a meaningful evaluation of the proposed services. However, overly elaborate responses are not requested or desired.

LCMM
LCMM

WRR
WRR

NOTE: FALSE OR MISLEADING STATEMENTS REGARDING STAFF QUALIFICATIONS OR PRIOR PROJECTS WILL RESULT IN THE DISQUALIFICATION OF THE RESPONSE AND CANCELLATION OF ANY RESULTING PURCHASE ORDER IF DISCOVERED AFTER AWARD.

5.1. SAM Registry

Proposers must be registered in the System for Award Management (SAM) at the time of the Proposal submission or initiate the registration process right after the Proposal submission. For more information about the System for Award Management (SAM) go to <https://www.sam.gov/SAM/>. Awards will only be issued to entities which are cleared and not ineligible for award of a contract due to suspension, debarment, or HUD imposed limited denial of participation.

5.2. Required Qualifications of Proposer

Selected Proposer under the Contract must always be in compliance with the following:

- Adequate financial resources to perform the contract, or the ability to obtain them; financial statements for the past 2 years will be required, or equivalent financial records must be included in the proposal.
- Be able to comply with an accelerated delivery or performance schedule.
- Satisfactory performance record.
- Satisfactory record of integrity and business ethics.
- Necessary organization, experience, accounting and operational controls, and technical skills.
- Neither proposer nor any person or entity associated who is partnering with proposer has been the subject of any adverse findings that would have prevented the PRDOH from selecting proposer. Such adverse findings include, but are not limited to, the following:
 - Negative findings from a Federal Inspector General or from the U.S. Government Accountability Office, or from an Inspector General in another state.
 - Pending or unresolved legal action from the U.S. Attorney General or from an attorney general in Puerto Rico or another state.
 - Pending litigation with the Government of Puerto Rico, or any other state.
 - Arson conviction or pending case.
 - Harassment conviction or pending case.
 - Puerto Rico and Federal or private mortgage arrears, default, or foreclosure proceedings.
 - In rem foreclosure.
 - Sale tax lien or substantial tax arrears.
 - Fair Housing violations or current litigation.
 - Defaults under any Federal and Puerto Rico-sponsored program.
 - A record of substantial building code violations or litigation against properties owned and/or managed by Proposer or by any entity or individual that comprises Proposer.
 - Past or pending voluntary or involuntary bankruptcy proceeding.
 - Conviction for fraud, bribery, or grand larceny.

The Proposer shall be responsible for completing the activities outlined in this Scope of Services. The Selected Proposer shall assist PRDOH by providing additional resources to accomplish assignments authorized by the PRDOH.

END OF SCOPE OF SERVICES

LCMM
LCMM

WORR
WORR



Exhibit O
COST FORM
Request for Proposals
Auditing Services
Community Development Block Grant – Disaster Recovery
Puerto Rico Department of Housing
CDBG-DR-RFP-2020-09
Exhibit O Cost Form (Revised – September 8, 2021)

Name of Proposer: Kevane Grant Thornton LLP

LCMM
LCMM

WORR
WORR

Position	Qty. of Resources [A]	Max. Hours per Months [B]	Rate Per Hour [C]	Max. Monthly Cost [D] [D = (AxB) x C]
Project Manager	1	40	\$115.00	\$4,600.00
Accountant/Auditor	2	80	\$85.00	\$13,600.00
Fraud Examiner	2	80	\$85.00	\$13,600.00
Fraud Examiner (Junior)	2	80	\$55.00	\$8,800.00
Internal Auditor	2	80	\$85.00	\$13,600.00
Internal Auditor (Junior)	2	90	\$55.00	\$9,900.00
Information Systems Auditor	2	90	\$85.00	\$15,300.00
Information Systems Auditor (Junior)	2	90	\$55.00	\$9,900.00
Total Cost per Month				\$89,300.00
Total Cost of Services for 1 Years (12 Months)				\$1,071,600.00
Total Cost of Services for 3 Years (36 Months)				\$3,214,800.00

Notes on Proposal Cost

- (1) Hourly rates must include royalties, reimbursements, taxes, as well any other additional fees and administrative cost applicable to the services.
- (2) Services will be provided on an on-call basis by the contractor. Therefore, there could be months where the estimated monthly cost is less or more than that stated in the estimate. The contract is expected to function as a not-to-exceed contract from which services will be invoiced based on actual hours worked by each resource.
- (3) Estimated costs for each position should not be interpreted as a cap of costs or hours that may be invoiced for a specific position. Invoicing shall be based on the actual needs of resources for the services requested by the PRDOH.

Proposer's Signature

Date

Proposer's Printed Name



OSPA
Request for Proposals
Auditing Service
Community Development Block Grant – Disaster Recovery
Puerto Rico Department of Housing

SPECIAL INSURANCE AND BONDING SPECIFICATIONS
FOR PROFESSIONAL SERVICES

LCMM
LCMM

LICITATION NUMBER – CDBG-DR- RFP- 2020-09

WORR
WORR

A. The successful bidder before commencing work or receiving a written notice to proceed with, or being allowed to start to work, must submit to the **Local Housing Authority* (Department of Housing) (LHA*)**, original and two (2) certified copies of the hereafter mentioned insurance policies and/or bonds, thus including all endorsements and agreements required under the special contractual conditions as per the following:

1. (X) State Insurance Fund Workmen's Compensation Insurance Policy

In accordance with the Workmen's Compensation Act No. 45, to facilitate its acquisition, the ***LHA** shall provide a letter to the successful bidder addressed to the State Insurance Fund.

2. (X) Commercial General Liability (Broad Form) including the following insurance coverage

COVERAGE	LIMIT
I. Commercial General Liability:	\$1,000,000.00
• General Aggregate	\$2,000,000.00
• Products & Complete Operations	\$1,000,000.00
• Personal Injury & Advertising	\$1,000,000.00
• Each Occurrence	\$1,000,000.00
• Fire Damage	\$100,000.00 (Any one Fire)
• Medical Expense	\$10,000.00 (Any one person)
II. Employer's Liability Stop Gap:	
• Bodily Injury by Accident Each Employee Each Accident	\$1,000,000.00 \$1,000,000.00
• Bodily Injury by Disease Each Employee	\$1,000,000.00

COVERAGE	LIMIT
Each Accident	\$1,000,000.00

3. (X) Comprehensive Automobile Liability Form including the following insurance coverages

LIMIT
<ul style="list-style-type: none">• Auto Liability - \$1,000,000.00• Physical Damages - \$1,000,000.00• Medical Payments - \$10,000.00
The Commercial Auto cover must be applied to the following symbols:
<ul style="list-style-type: none">• Liability Coverage -1• Physical Damages – 2 and 8• Hired – Borrowed Auto - 8• Non-Owned Auto Liability - 9

LCMM
LCMM

WRR
WRR

4. (X) Professional General Liability and/or Errors and Omissions Policy

(X) A. Risk, interest, location and limits

(X) A.1 Description of work to be done

(X) A.2 Limit:

(X) each occurrence	\$1,000,000
(X) aggregate	\$5,000,000
(X) deductible	\$5,000.00

(X) A.3 Certification that the insurance contract has been given as surplus lines coverage under the Commonwealth Insurance Code, when applicable.

5. (X) Umbrella

Limit - \$3,000.000.00

6. (X) The policies to be obtained must contain the following endorsements including as additional insured the **Department of Housing, U.S. Department of Housing and Urban Development (HUD)**, and the **Government of Puerto Rico**.

- (X) a. Breach of warranty
- (X) b. Waiver and / or Release of Subrogation
- (X) c. Additional Insured Clause
- (X) d. Hold Harmless Agreement
- (X) e. 30 Days Cancellation Clause

7. (X) The insurance carrier or carriers which will present said certificates of insurance must have at least a B+ rating according to the Best Rating Guide.

B. IMPORTANT NOTICE TO INSURANCE AND SURETY COMPANIES AND THEIR REPRESENTATIVES

All insurance companies and all guarantors who issue policies or bonds under our special contractual conditions are subject to:

1. Be authorized to do business within the Commonwealth of Puerto Rico and have the corresponding license issued by the Commissioner of Insurance.
2. To be enjoying a good economic situation and to be classified under the Category of B+ by the "Best Rating Guide".
3. Submit to the **LHA*** a written certification as evidence of full payment of premiums by the Contractor. Mention each risk coverage premium separately.
4. Avoid sub-contractual obligations of premium financing or any other kind, which may be detrimental to the public interest.
5. Avoid any request for cancellation by the contractor prior to the expiration date of the policy, without the consent of the Contract Division of the **LHA***. Discuss any refund of unearned premium.
6. Follow all Federal Bail and Acceptance Insurance Regulations, when applicable.
7. Indicate in the appropriate place of all insurance policies and/or bonds, the full description of the project, work or service to be rendered.
8. Not to make any amendments to insurance policies and bonds issued under the special conditions mentioned above, unless approved by the Insurance Section of the Department of Housing.
9. To ensure that all insurance policies or bonds are issued to comply with all of our special insurance conditions with respect to the period of coverage, type of risk coverage, as well as all limits, as specified, and also to eliminate those exclusions in accordance with our request.
10. Clarify any questions regarding insurance requirements by any means of communication with the Insurance Section of the Department of Housing under the Secretary for Legal Affairs.

C. EVIDENCE OF INSURANCE COVERAGE OF EACH SUBCONTRACTOR TO BE SUBMITTED BY THE SUCCESSFUL BIDDER AS THE PRIME CONTRACTOR:

The successful bidder, as the prime contractor, has the duty to require each of the subcontractors or subcontractors to maintain in force all insurance policies

LCMM
LCMM

WORR
WORR

and/or bonds necessary to cover their individual participation in the risk or risks related to the subcontracted work or service to be rendered.

Therefore, we emphasize that prior to commencing work or receiving written notice to proceed with such work or being authorized to commence work, the successful prime contractor has the responsibility to provide the **LHA*** with evidence to the effect that all insurance and/or bonds required under the special conditions or required under the sub-contract to each of the sub-contractors or sub-sub-contractors are current and duly approved by the Contract Division of the **LHA***.

All insurance policies shall remain in effect for the entire contractual period, so that with any order of change and/or amendment resulting in alteration of the original project completion date or total original cost, the prime contractor shall take the necessary steps to request the insurer to include such changes in all related insurance policies and/or bonds and to submit evidence by appropriate endorsements with effective dates. Cancellations without consent are not accepted.

The **LHA*** reserves the right to stop any work or service under contract until the breach of these requirements has been remedied, so that any delay in the performance of the contract based on any breach of the insurance coverage requirements shall be deemed the sole responsibility of the Main Contractor.

D. CONFLICT OR DIFFERENCE BETWEEN THE SPECIFICATIONS OF THE TENDERING, PROCEDURE AND SPECIAL INSURANCE CONDITIONS AND BONDS, FORM DV-OSPA-78-5

In the event of any conflict or difference in the description of coverage or in amounts or limits, etc., with respect to insurance requirements, the *"Special Conditions of Insurance and Bonds"* as set forth in this **Form (DV-OSPA-78-5)** shall prevail over any other insurance specifications.

E. CERTIFICATE OF CONTRACT DIVISION

We hereby certify, to our best knowledge and understanding, that we have prepared the aforementioned *"Insurance and Bonds Special Conditions"* after a proper evaluation of the related risks, based on the information of the nature of the project and description submitted to us, as requested by the Contracting Program through a written application.

LCMM
LCMM

WORR
WORR

DESCRIPTION OF THE SERVICES:

Request for Proposals
Auditing Service

LCMM
LCMM

November 25, 2020
Date

Candice M. Noriega Morales
Candice M. Noriega Morales
Insurance Specialist
CDBG-DR Program

WORR
WORR

ATTACHMENT F

CDBG-DR Program
HUD General Provisions
Page 1 / 18

HUD GENERAL PROVISIONS

Given that the Contract involves funds for which the U.S. Department of Housing and Urban Development (**HUD**) is the oversight agency, the following terms and conditions may apply to this Contract. In addition, Contractor shall comply with the Federal Labor Standards Provisions set forth in Form HUD-4010, available at <https://www.hudexchange.info/resource/2490/hud-form-4010-federal-labor-standards-provisions/>

The CONTRACTOR shall include these terms and conditions in all subcontracts or purchase orders directly servicing the Contract.

These general provisions may be updated from time to time. It is the sole responsibility of the CONTRACTOR to be aware of any changes hereto, to amend and implement such changes and to ensure subcontracts terms and conditions are modified as necessary, if any.

General Provisions:

1. PROVISIONS REQUIRED BY LAW DEEMED INSERTED

Each and every provision of law and clause required by law to be inserted in this Contract shall be deemed to be inserted herein and the Contract shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party, the Contract shall forthwith be physically amended to make such insertion or correction.

2. STATUTORY AND REGULATORY COMPLIANCE

CONTRACTOR shall comply with all laws and regulations applicable to the Community Development Block Grant-Disaster Recovery funds appropriated by: the Continuing Appropriations Act, 2018, and Supplemental Appropriations for Disaster Relief Requirements, 2017 (**Pub. L. 115-56**) approved on September 8, 2017, as amended; the Bipartisan Budget Act of 2018 (**Pub. L. 115-123**) approved on February 9, 2018, as amended; the Additional Supplemental Appropriations for Disaster Relief Act, 2019, (**Pub. L. 116-20**) approved on June 6, 2019, as amended; as well as including, but not limited to the applicable Office of Management and Budget Circulars, which may impact the administration of funds and/or set forth certain cost principles, including if certain expenses are allowed.

3. BREACH OF CONTRACT TERMS

The Puerto Rico Department of Housing (**PRDOH**) reserves its right to all administrative, contractual, or legal remedies, including but not limited to suspension or termination of

LCMM
LCMM

WRR
WRR

this Contract, in instances where the CONTRACTOR or any of its subcontractors violate or breach any Contract term. If the CONTRACTOR or any of its subcontractors violate or breach any Contract term, they shall be subject to such sanctions and penalties as may be appropriate. The duties and obligations imposed by the Contract documents, and the rights and remedies available thereunder shall be in addition to and not a limitation of any duties, obligations, rights and remedies otherwise imposed or available by law.

4. REPORTING REQUIREMENTS

The CONTRACTOR shall complete and submit all reports, in such form and according to such schedule, as may be required by PRDOH and/or the Government of Puerto Rico. The CONTRACTOR shall cooperate with all the PRDOH and/or the Government of Puerto Rico efforts to comply with HUD requirements and regulations pertaining to reporting, including but not limited to 24 C.F.R. §§ 85.40-41 (or 84.50-52, if applicable) and § 570.507, when applicable.

5. ACCESS TO RECORDS

The Government of Puerto Rico, the PRDOH, HUD, the Comptroller General of the United States, or any of their duly authorized representatives, shall have, at any time and from time to time during normal business hours, access to any work product, books, documents, papers, and records of the CONTRACTOR which are related to this Contract, for the purpose of inspection, audits, examinations, and making excerpts, copies and transcriptions.

6. MAINTENANCE/RETENTION OF RECORDS

All records (files, data, work product) connected with this Contract will be turned over to PRDOH following the Agreement termination to be maintained for the remainder of the grant and post grant closeout.

7. SMALL AND MINORITY FIRMS, WOMEN'S BUSINESS ENTERPRISES, AND LABOR SURPLUS AREA FIRMS

The CONTRACTOR will take necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used in subcontracting when possible. Steps include, but are not limited to:

- (i) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
- (ii) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;

LCMM
LCMM

WOPR
WOPR

- (iii) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises;
- (iv) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises; and
- (v) Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce.

Additionally, for contracts of **\$10,000 or more**, the CONTRACTOR shall file Form HUD 2516 (Contract and Subcontract Activity) with the PRDOH on a quarterly basis.

8. RIGHTS TO INVENTIONS MADE UNDER A CONTRACT OR AGREEMENT

Contracts or agreements for the performance of experimental, developmental, or research work shall provide for the rights of the Federal Government and the recipient in any resulting invention in accordance with 37 C.F.R. Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements", and any implementing regulations issued by HUD.

9. TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

The Proposer will comply with the provisions of Title VI of the Civil Rights Act of 1964, which prohibits discrimination on the basis of race, color, or national origin in any program or activity that receives Federal funds or other Federal financial assistance. Programs that receive Federal funds cannot distinguish among individuals on the basis of race, color or national origin, either directly or indirectly, in the types, quantity, quality or timelines of program services, aids or benefits that they provide or the manner in which they provide them. This prohibition applies to intentional discrimination as well as to procedures, criteria or methods of administration that appear neutral but have a discriminatory effect on individuals because of their race, color, or national origin. Policies and practices that have such an effect must be eliminated unless a recipient can show that they were necessary to achieve a legitimate nondiscriminatory objective.

10. SECTION 109 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

The CONTRACTOR shall comply with the provisions of Section 109 of the Housing and Community Development Act of 1974. No person in the United States shall on the grounds of race, color, national origin, religion or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title. Section 109 further provides that discrimination on the basis of age under the Age Discrimination Act of 1975 or with

LCMM
LCMM

WOCR
WOCR

respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973, as amended, is prohibited.

11. SECTION 504 OF THE REHABILITATION ACT OF 1973

The CONTRACTOR shall comply with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794), as amended, and any applicable regulations.

The CONTRACTOR agrees that no qualified individual with handicaps shall, solely on the basis of handicap, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity that receives Federal financial assistance from HUD.

12. AGE DISCRIMINATION ACT OF 1975

The CONTRACTOR shall comply with the Age Discrimination Act of 1975 (42 U.S.C. § 6101 et seq.), as amended, and any applicable regulations. No person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to, discrimination under, any program or activity receiving Federal financial assistance.

13. DEBARMENT, SUSPENSION, AND INELIGIBILITY

The CONTRACTOR represents and warrants that it and its subcontractors are not debarred or suspended or otherwise excluded from or ineligible for participation in Federal assistance programs subject to 2 C.F.R. Part 2424.

14. CONFLICTS OF INTEREST

The CONTRACTOR shall notify the PRDOH as soon as possible if this Contract or any aspect related to the anticipated work under this Contract raises an actual or potential conflict of interest (as defined at 2 C.F.R. Part 215 and 24 C.F.R. § 85.36 or 84.42, if applicable). The CONTRACTOR shall explain the actual or potential conflict in writing in sufficient detail so that the PRDOH is able to assess such actual or potential conflict. The CONTRACTOR shall provide the PRDOH any additional information necessary to fully assess and address such actual or potential conflict of interest. The CONTRACTOR shall accept any reasonable conflict mitigation strategy employed by the PRDOH, including but not limited to the use of an independent subcontractor(s) to perform the portion of work that gives rise to the actual or potential conflict.

15. SUBCONTRACTING

When subcontracting, the CONTRACTOR shall solicit for and contract with such subcontractors in a manner providing for fair competition. Some of the situations considered to be restrictive of competition include, but are not limited to:

LCMM
LCMM

WRR
WRR

- (i) Placing unreasonable requirements on firms in order for them to qualify to do business;
- (ii) Requiring unnecessary experience and excessive bonding;
- (iii) Noncompetitive pricing practices between firms or between affiliated Companies;
- (iv) Noncompetitive awards to consultants that are on retainer contracts,
- (v) Organizational conflicts of interest;
- (vi) Specifying only a brand name product instead of allowing an equal product to be offered and describing the performance of other relevant requirements of the procurement; and
- (vii) Any arbitrary action in the procurement process.

The CONTRACTOR represents to the PRDOH that all work shall be performed by personnel experienced in the appropriate and applicable profession and areas of expertise, taking into account the nature of the work to be performed under this Contract.

The CONTRACTOR will include these HUD General Provisions in every subcontract issued by it, so that such provisions will be binding upon each of its subcontractors as well as the requirement to flow down such terms to all lower-tiered subcontractors.

16. ASSIGNABILITY

The CONTRACTOR shall not assign any interest in this Agreement, and shall not transfer any interest in the same (whether by assignment or novation) without prior written approval of the PRDOH.

17. INDEMNIFICATION

The CONTRACTOR shall indemnify, defend, and hold harmless the Government of Puerto Rico and PRDOH, its agents and employees, from and against any and all claims, actions, suits, charges, and judgments arising from or related to the negligence or willful misconduct of the CONTRACTOR in the performance of the services called for in this Contract.

18. COPELAND "ANTI-KICKBACK" ACT

(Applicable to all construction or repair contracts)

Salaries of personnel performing work under this Contract shall be paid unconditionally and not less often than once a month without payroll deduction or rebate on any account except only such payroll deductions as are mandatory by law or permitted by the applicable regulations issued by the Secretary of Labor pursuant to the Copeland "Anti-Kickback Act" of June 13, 1934 (48 Stat. 948; 62 Stat. 740; 63 Stat. 108; Title 18 U.S.C. § 874; and Title 40 U.S.C. § 276c). The CONTRACTOR shall comply with all applicable "Anti-Kickback" regulations and shall insert appropriate provisions in all subcontracts covering

LCMM
LCMM

WRR
WRR

work under this Agreement to ensure compliance by subcontractors with such regulations, and shall be responsible for the submission of affidavits required of subcontractors thereunder except as the Secretary of Labor may specifically provide for variations of or exemptions from the requirements thereof.

19. CONTRACT WORK HOURS AND SAFETY STANDARDS ACT

(Applicable to construction contracts exceeding \$2,000 and contracts exceeding \$2,500 that involve the employment of mechanics or laborers.)

The CONTRACTOR shall comply with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 3701-3708) as supplemented by Department of Labor regulations (29 C.F.R. Part 5).

All laborers and mechanics employed by CONTRACTORS or subcontractors shall receive overtime compensation in accordance with and subject to the provisions of the Contract Work Hours and Safety Standards Act, and the CONTRACTORS and subcontractors shall comply with all regulations issued pursuant to that act and with other applicable Federal laws and regulations pertaining to labor standards.

20. DAVIS-BACON ACT

(Applicable to construction contracts exceeding \$2,000 when required by Federal program legislation.)

The CONTRACTOR shall comply with the Davis Bacon Act (40 U.S.C. §§ 3141, et seq.) as supplemented by Department of Labor regulations (29 C.F.R. Part 5).

All laborers and mechanics employed by CONTRACTORS or subcontractors, including employees of other governments, on construction work assisted under this Contract, and subject to the provisions of the federal acts and regulations listed in this paragraph, shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act.

On a semi-annual basis, the CONTRACTOR shall submit Form HUD 4710 (Semi-Annual labor Standards Enforcement Report) to PRDOH.

21. TERMINATION FOR CAUSE

(Applicable to contracts exceeding \$10,000)

If, through any cause, the CONTRACTOR shall fail to fulfill in a timely and proper manner his or her obligations under this Contract, or if the CONTRACTOR shall violate any of the covenants, agreements, or stipulations of this Contract, the PRDOH shall thereupon have the right to terminate this Contract by giving written notice to the CONTRACTOR of such termination and specifying the effective date thereof, at least five (5) days before the

LCMM
LCMM

WRR
WRR

effective date of such termination. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs, and reports prepared by the CONTRACTOR under this Agreement shall, at the option of the PRDOH, become the PRDOH's property and the CONTRACTOR shall be entitled to receive just and equitable compensation for any work satisfactorily completed hereunder. Notwithstanding the above, the CONTRACTOR shall not be relieved of liability to the Government of Puerto Rico and PRDOH for damages sustained by the Government of Puerto Rico and/or PRDOH by virtue of any breach of the Agreement by the CONTRACTOR, and the Government of Puerto Rico and/or PRDOH may withhold any payments to the CONTRACTOR for the purpose of set-off until such time as the exact amount of damages due to the Government of Puerto Rico and/or PRDOH from the CONTRACTOR is determined.

22. TERMINATION FOR CONVENIENCE

(Applicable to contracts exceeding \$10,000)

The PRDOH may terminate this Contract at any time by giving at least ten (10) days' notice in writing to the CONTRACTOR. If the Contract is terminated by the PRDOH as provided herein, the CONTRACTOR will be paid for the time provided and expenses incurred up to the termination date.

23. SECTION 503 OF THE REHABILITATION ACT OF 1973

(Applicable to contracts exceeding \$10,000)

The CONTRACTOR shall comply with Section 503 of the Rehabilitation Act of 1973 (29 U.S.C. § 793), as amended, and any applicable regulations.

Equal Opportunity for Workers with Disabilities:

- 1) The CONTRACTOR will not discriminate against any employee or applicant for employment because of physical or mental disability in regard to any position for which the employee or applicant for employment is qualified. The CONTRACTOR agrees to take affirmative action to employ, advance in employment and otherwise treat qualified individuals with disabilities without discrimination based on their physical or mental disability in all employment practices, including the following:
 - (i) Recruitment, advertising, and job application procedures;
 - (ii) Hiring, upgrading, promotion, award of tenure, demotion, transfer, layoff, termination, right of return from layoff and rehiring;
 - (iii) Rates of pay or any other form of compensation and changes in compensation;

- (iv) Job assignments, job classifications, organizational structures, position descriptions, lines of progression, and seniority lists;
- (v) Leaves of absence, sick leave, or any other leave;
- (vi) Fringe benefits available by virtue of employment, whether or not administered by the CONTRACTOR;
- (vii) Selection and financial support for training, including apprenticeship, professional meetings, conferences, and other related activities, and selection for leaves of absence to pursue training;
- (viii) Activities sponsored by the CONTRACTOR including social or recreational programs; and
- (ix) Any other term, condition, or privilege of employment.

- 2) The CONTRACTOR agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the act.
- 3) In the event of the CONTRACTOR's noncompliance with the requirements of this clause, actions for noncompliance may be taken in accordance with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the act.
- 4) The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the Deputy Assistant Secretary for Federal Contract Compliance Programs, provided by or through the contracting officer. Such notices shall state the rights of applicants and employees as well as the CONTRACTOR'S obligation under the law to take affirmative action to employ and advance in employment qualified employees and applicants with disabilities. The CONTRACTOR must ensure that applicants and employees with disabilities are informed of the contents of the notice (e.g., the CONTRACTOR may have the notice read to a visually disabled individual, or may lower the posted notice so that it might be read by a person in a wheelchair).
- 5) The CONTRACTOR will notify each labor organization or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the CONTRACTOR is bound by the terms of Section 503 of the Rehabilitation Act of 1973, as amended, and is committed to take affirmative action to employ and advance in employment individuals with physical or mental disabilities.
- 6) The CONTRACTOR will include the provisions of this clause in every subcontract or purchase order in excess of \$10,000, unless exempted by the rules, regulations, or orders of the Secretary issued pursuant to Section 503 of the act, as amended, so that such provisions will be binding upon each subcontractor or vendor. The

LCMM
LCMM

WOCR
WOCR

CONTRACTOR will take such action with respect to any subcontract or purchase order as the Deputy Assistant Secretary for Federal Contract Compliance Programs may direct to enforce such provisions, including action for noncompliance.

24. EQUAL EMPLOYMENT OPPORTUNITY

(Applicable to construction contracts and subcontracts exceeding \$10,000)

The CONTRACTOR shall comply with Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 C.F.R. chapter 60).

During the performance of this Agreement, the CONTRACTOR agrees as follows:

- 1) The CONTRACTOR shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The CONTRACTOR shall take affirmative action to ensure that applicants for employment are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.
- 2) The CONTRACTOR shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by Contracting Officer setting forth the provisions of this non-discrimination clause. The CONTRACTOR shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
- 3) The CONTRACTOR will, in all solicitations or advertisements for employees placed by or on behalf of the CONTRACTOR, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.
- 4) The CONTRACTOR will send to each labor union or representative of workers with which he or she has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers representative of the CONTRACTOR's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

LCMM
LCMM

WORR
WORR

- 5) The CONTRACTOR will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.
- 6) The CONTRACTOR will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to books, records and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.
- 7) In the event of the CONTRACTOR's non-compliance with the non-discrimination clause of this Agreement or with any of such rules, regulations or orders, this Agreement may be cancelled, terminated or suspended in whole or in part and the CONTRACTOR may be declared ineligible for further government contracts in accordance with procedures authorized in Executive Order 11246 and such other sanctions as may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.
- 8) CONTRACTOR shall incorporate the provisions of 1 through 7 above in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor so that such provisions shall be binding on such subcontractor. The CONTRACTOR will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for non-compliance, provided, however, that in the event the CONTRACTOR becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the CONTRACTOR may request the United States to enter into such litigation to protect the interests of the United States.

25. CERTIFICATION OF NONSEGREGATED FACILITIES

(Applicable to construction contracts exceeding \$10,000)

The CONTRACTOR certifies that it does not maintain or provide for its establishments, and that it does not permit employees to perform their services at any location, under its control, where segregated facilities are maintained. It certifies further that it will not maintain or provide for employees any segregated facilities at any of its establishments, and it will not permit employees to perform their services at any location under its control

LCMM
LCMM

WOCR
WOCR

where segregated facilities are maintained. The CONTRACTOR agrees that a breach of this certification is a violation of the equal opportunity clause of this Agreement.

As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms, and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation and housing facilities provided for employees which are segregated by explicit directive or are, in fact, segregated on the basis of race, color, religion, or national origin because of habit, local custom, or any other reason.

The CONTRACTOR further agrees that (except where it has obtained for specific time periods) it will obtain identical certification from proposed subcontractors prior to the award of subcontracts exceeding \$10,000 which are not exempt from the provisions of the equal opportunity clause; that it will retain such certifications in its files; and that it will forward the preceding notice to such proposed subcontractors (except where proposed subcontractors have submitted identical certifications for specific time periods).

26. CERTIFICATION OF COMPLIANCE WITH CLEAN AIR AND WATER ACTS
(Applicable to contracts exceeding \$100,000)

The CONTRACTOR and all subcontractors shall comply with the requirements of the Clean Air Act, as amended, 42 U.S.C. § 7401 *et seq.*, the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251 *et seq.*, and the regulations of the Environmental Protection Agency with respect thereto, at 40 C.F.R. Part 15 and 32, as amended, Section 508 of the Clean Water Act (33 U.S.C. § 1368) and Executive Order 11738.

In addition to the foregoing requirements, all nonexempt contractors and subcontractors shall furnish to the owner, the following:

- 1) A stipulation by the CONTRACTOR or subcontractors, that any facility to be utilized in the performance of any nonexempt contract or subcontract, is not listed on the Excluded Party Listing System pursuant to 40 C.F.R. Part 32 or on the List of Violating Facilities issued by the Environmental Protection Agency (**EPA**) pursuant to 40 C.F.R. Part 15, as amended.
- 2) Agreement by the CONTRACTOR to comply with all the requirements of Section 114 of the Clean Air Act, as amended, (42 U.S.C. § 7414) and Section 308 of the Federal Water Pollution Control Act, as amended, (33 U.S.C. § 1318) relating to inspection, monitoring, entry, reports and information, as well as all other requirements specified

in said Section 114 and Section 308, and all regulations and guidelines issued thereunder.

- 3) A stipulation that as a condition for the award of the Agreement, prompt notice will be given of any notification received from the Director, Office of Federal Activities, EPA, indicating that a facility utilized, or to be utilized for the Agreement, is under consideration to be listed on the Excluded Party Listing System or the EPA List of Violating Facilities.
- 4) Agreement by the CONTRACTOR that he or she will include, or cause to be included, the criteria and requirements in paragraph (1) through (4) of this section in every nonexempt subcontract and requiring that the CONTRACTOR will take such action as the government may direct as a means of enforcing such provisions.

27. ANTI-LOBBYING

(Applicable to contracts exceeding \$100,000)

By the execution of this Contract, the CONTRACTOR certifies, to the best of his or her knowledge and belief, that:

- 1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the CONTRACTOR, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- 2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the CONTRACTOR shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities", in accordance with its instructions.
- 3) The CONTRACTOR shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

LCMM
LCMM

WRR
WRR

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

28. BONDING REQUIREMENTS

(Applicable to construction and facility improvement contracts exceeding \$100,000)

The CONTRACTOR shall comply with Puerto Rico bonding requirements, unless they have not been approved by HUD, in which case the CONTRACTOR shall comply with the following minimum bonding requirements:

- 1) A bid guarantee from each bidder equivalent to five percent (5%) of the bid price. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his or her bid, execute such contractual documents as may be required within the time specified.
- 2) A performance bond on the part of the CONTRACTOR for one hundred percent (100%) of the Agreement price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the CONTRACTOR's obligations under such contract.
- 3) A payment bond on the part of the CONTRACTOR for one hundred percent (100%) of the Agreement price. A "payment bond" is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

29. SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968

(As required by applicable thresholds)

- 1) The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. § 1701u (**Section 3**). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

LCMM
LCMM

WRR
WRR

- 2) The parties to this Agreement agree to comply with HUD's regulations in 24 C.F.R. Part 75 which implement Section 3. As evidenced by their execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 75 regulations.
- 3) The CONTRACTOR agrees to send to each labor organization or representative of workers with which the CONTRACTOR has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the CONTRACTOR's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- 4) The CONTRACTOR agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 C.F.R. Part 75, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 C.F.R. Part 75. The CONTRACTOR will not subcontract with any subcontractor where the CONTRACTOR has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 C.F.R. Part 75.
- 5) The CONTRACTOR will certify that any vacant employment positions, including training positions, that are filled: (1) after the CONTRACTOR is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 C.F.R. Part 75 require employment opportunities to be directed, were not filled to circumvent the CONTRACTOR's obligations under 24 C.F.R. Part 75.
- 6) Noncompliance with HUD's regulations in 24 C.F.R. Part 75 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.
- 7) With respect to work performed in connection with Section 3 covered Indian housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (46 U.S.C. § 5307) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible: (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian

LCMM
LCMM

WORR
WORR

organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).

- 8) For contracts exceeding \$100,000, the CONTRACTOR shall submit Form HUD 60002 (Section 3 Summary Report) to PRDOH on a quarterly basis, notwithstanding the annual reporting requirement set forth in that form's instructions.

30. FAIR HOUSING ACT

CONTRACTOR shall comply with the provisions of the Fair Housing Act of 1968, as amended. The act prohibits discrimination in the sale or rental of housing, the financing of housing or the provision of brokerage services against any person on the basis of race, color, religion, sex, national origin, handicap or familial status. The Equal Opportunity in Housing Act prohibits discrimination against individuals on the basis of race, color, religion, sex or national origin in the sale, rental, leasing or other disposition of residential property, or in the use or occupancy of housing assisted with Federal funds.

31. ENERGY POLICY AND CONSERVATION ACT

CONTRACTOR shall comply with mandatory standards and policies relating to energy efficiency as contained in the Government of Puerto Rico's energy conservation plan, issued in compliance with the Energy Policy and Conservation Act (42 U.S.C. 6201 *et seq*).

32. HATCH ACT

CONTRACTOR agrees to comply with mandatory standards and policies relating to Hatch Act, Public Law 76-252, as amended.

The Hatch Act applies to political activities of certain state and local employees. As a Puerto Rico Department of Housing CONTRACTOR, you may do any of the following activities: be a candidate in nonpartisan elections; attend political meetings and conventions; contribute money; campaign in partisan elections; and hold office in political parties.

The CONTRACTOR may not do the following activities: be a candidate in partisan elections; use official influence to interfere in elections; coerce political contributions from subordinates in support of political parties or candidates. The office of special counsel operates a website that provides guidance concerning hatch act issues.

33. HEALTH AND SAFETY STANDARDS

LCMM
LCMM

WORR
WORR

All parties participating in this project agree to comply with Sections 107 and 103 of the Contract Work Hours and Safety Standards Act. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions, which are unsanitary, hazardous, or dangerous to his or her health and safety as determined under construction, safety, and health standards promulgated by the Secretary of Labor. These requirements do not apply to the purchase of supplies or materials or articles ordinarily available on the open market, or contracts for transportation.

34. PERSONNEL

The CONTRACTOR represents that it has, or will secure at its own expense, all personnel required in performing the services under this Agreement. Such personnel shall not be employees of, or have any contractual relationship with, the contracting party. All the services required hereunder will be performed by the CONTRACTOR or under its supervision, and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under State and local law to perform such services. No person who is serving sentence in a penal or correctional institution shall be employed on work under this Contract.

35. WITHHOLDING OF WAGES

If in the performance of this Agreement, there is any underpayment of wages by the CONTRACTOR or by any subcontractor thereunder, the PRDOH may withhold from the CONTRACTOR out of payment due to him or her an amount sufficient to pay to employees underpaid the difference between the wages required thereby to be paid and the wages actually paid such employees for the total number of hours worked. The amounts withheld may be disbursed by the PRDOH for and on account of the CONTRACTOR or subcontractor to the respective employees to whom they are due.

36. CLAIMS AND DISPUTES PERTAINING TO WAGE RATES

Claims and disputes pertaining to wage rates or to classifications of professional staff or technicians performing work under this Contract shall be promptly reported in writing by the CONTRACTOR to the PRDOH for the latter's decision, which shall be final with respect thereto.

37. DISCRIMINATION BECAUSE OF CERTAIN LABOR MATTERS

No person employed on the services covered by this Agreement shall be discharged or in any way discriminated against because he or she has filed any complaint or instituted or caused to be instituted any proceeding or has testified or is about to testify in any proceeding under or relating to the labor standards applicable hereunder to his or her employer.

LCMM
LCMM

WOCR
WOCR

38. INTEREST OF MEMBERS OF LOCAL PUBLIC AGENCY AND OTHERS

The CONTRACTOR agrees to establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have a family, business, or other tie. The CONTRACTOR will be aware of and avoid any violation of the laws of this State which prohibit municipal officers and employees from having or owning any interest or share, individually or as agent or employee of any person or corporation, either directly or indirectly, in any contract made or let by the governing authorities of such municipality for the construction or doing of any public work, or for the sale or purchase of any materials, supplies or property of any description, or for any other purpose whatsoever, or in any subcontract arising therefrom or connected therewith, or to receive, either directly or indirectly, any portion or share of any money or other thing paid for the construction or doing of any public work, or for the sale or purchase of any property, or upon any other contract made by the governing authorities of the municipality, or subcontract arising therefore or connected therewith.

The CONTRACTOR will also be aware of and avoid any violation of the laws of this State which prescribe a criminal penalty for any public officer who has an interest in any contract passed by the board of which he or she is a member during the time he or she was a member and for one year thereafter.

39. INTEREST OF CERTAIN FEDERAL OFFICERS

No member of, or delegate to, the Congress of the United States and no Resident Commissioner shall be admitted any share or part of this Agreement or to any benefit to arise therefrom.

40. INTEREST OF CONTRACTOR

The CONTRACTOR agrees that it presently has no interest and shall not acquire any interest, direct or indirect, in the above described project or any parcels therein or any other interest which would conflict in any manner or degree with the performance of the Work hereunder. The CONTRACTOR further agrees that no person having any such interest shall be employed in the performance of this Agreement.

41. POLITICAL ACTIVITY

The CONTRACTOR will comply with the provisions of the Hatch Act (5 U.S.C. § 1501 et seq.), which limits the political activity of employees.

42. RELIGIOUS ACTIVITY

LCMM
LCMM

WOCR
WOCR

The CONTRACTOR agrees to abstain from using any funds related to this Agreement for inherently religious activities prohibited by 24 C.F.R. § 570.200(j), such as worship, religious instruction, or proselytization.

43. FLOOD DISASTER PROTECTION ACT OF 1973

The CONTRACTOR will ensure that procedures and mechanisms are put into place to monitor compliance with all flood insurance requirements as found in the Flood Disaster Protection Act of 1973, 24 C.F.R. § 570.605.

44. LEAD BASED PAINT

The CONTRACTOR must comply with the regulations regarding lead-based paint found at 24 C.F.R. Part 35 on LEAD-BASED PAINT POISONING PREVENTION IN CERTAIN RESIDENTIAL STRUCTURES with regards to all housing units assisted using CDBG-DR funds.

45. VALUE ENGINEERING

(Applicable to construction contracts exceeding \$2,000 when required by Federal program legislation.)

The CONTRACTOR must comply with the regulations regarding systematic and organized approach to analyze functions of systems, equipment, facilities, services, and materials to ensure they achieve their essential functions at the lowest cost consistent to life cycle in execution, reliability, quality, and safety, in accordance with 24 C.F.R. § 200.318(g).

LCMM
LCMM

WORR
WORR



ATTACHMENT G

CERTIFICATION

KEVANE GRANT THORNTON LLP

I. Contractor (or Subrecipient) Certification Requirement:

1. Neither the contractor (or subrecipient) nor any of its owners¹, partners, directors, officials or employees, has agreed to share or give a percentage of the contractor's (or subrecipient's) compensation under the contract² to, or otherwise compensate, any third party, whether directly or indirectly, in connection with the procurement, negotiation, execution or performance of the contract.
2. To the best knowledge of the signatory (after due investigation), no person has unduly intervened in the procurement, negotiation or execution of the contract, for its own benefit or that of a third person, in contravention of applicable law.
3. To the best knowledge of the signatory (after due investigation), no person has: (i) offered, paid, or promised to pay money to; (ii) offered, given, or promised to give anything of value to; or (iii) otherwise influenced any public official or employee with the purpose of securing any advantages, privileges or favors for the benefit of such person in connection with the contract (such as the execution of a subcontract with contractor, beneficial treatment under the contract, or the written or unwritten promise of a gift, favor, or other monetary or non-monetary benefit).
4. Neither the contractor (or subrecipient), nor any of its owners, partners, directors, officials or employees or, to the best of its knowledge (after due investigation), its representatives or sub-contractors, has required, directly or indirectly, from third persons to take any action with the purpose of influencing any public official or employee in connection with the procurement, negotiation or execution of the contract, in contravention of applicable law.

¹ For purposes of this Certification, a contractor's "owner" shall mean any person or entity with more than a ten percent (10%) ownership interest in the contractor.

² As used herein, the term "contract" is inclusive of any amendments, modifications or extensions.

LCMM
LCMM

WORR
WORR

5. Any incorrect, incomplete or false statement made by the contractor's (or subrecipient's) representative as part of this certification shall cause the nullity of the proposed contract and the contractor (or subrecipient) must reimburse immediately to the Commonwealth any amounts, payments or benefits received from the Commonwealth under the proposed contract.

LCMM
LCMM

The above certifications shall be signed under penalty of perjury by the Chief Executive Officer (or equivalent highest rank officer) in the following form:

"I hereby certify under penalty of perjury that the foregoing is complete, true and correct."

WORR
WORR

By: Luis Carlos Marciano Molina

Signature: *Luis Carlos Marciano Molina*
Luis Carlos Marciano Molina (Oct 8, 2021 12:22 EDT)

Date: _____









Auditing Services Agreement Kevane

Final Audit Report

2021-10-08

Created:	2021-10-08
By:	Radames Comas Segarra (rcomas@vivienda.pr.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAAAnJrstm8b-8Onj30ZhhyPvUI4TXG6cfYH

"Auditing Services Agreement Kevane" History

-  Document created by Radames Comas Segarra (rcomas@vivienda.pr.gov)
2021-10-08 - 3:52:45 PM GMT- IP address: 196.28.53.20
-  Document emailed to Luis Carlos Marcano Molina (luis.marcano@pr.gt.com) for signature
2021-10-08 - 3:56:42 PM GMT
-  Email viewed by Luis Carlos Marcano Molina (luis.marcano@pr.gt.com)
2021-10-08 - 4:14:16 PM GMT- IP address: 200.50.2.162
-  Document e-signed by Luis Carlos Marcano Molina (luis.marcano@pr.gt.com)
Signature Date: 2021-10-08 - 4:22:50 PM GMT - Time Source: server- IP address: 200.50.2.162
-  Document emailed to William O. Rodríguez Rodríguez (w.rodriguez@vivienda.pr.gov) for signature
2021-10-08 - 4:22:56 PM GMT
-  Email viewed by William O. Rodríguez Rodríguez (w.rodriguez@vivienda.pr.gov)
2021-10-08 - 9:44:08 PM GMT- IP address: 104.47.65.254
-  Document e-signed by William O. Rodríguez Rodríguez (w.rodriguez@vivienda.pr.gov)
Signature Date: 2021-10-08 - 9:47:06 PM GMT - Time Source: server- IP address: 70.45.47.107
-  Agreement completed.
2021-10-08 - 9:47:06 PM GMT