



GOVERNMENT OF PUERTO RICO  
DEPARTMENT OF HOUSING

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

AGREEMENT FOR  
TEAMMATE+, TEAMCLOUD HOSTING AND CONSULTING SERVICES  
BETWEEN THE  
PUERTO RICO DEPARTMENT OF HOUSING  
AND  
GORICO ADVISORY GROUP PR, LLC



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**THIS AGREEMENT FOR TEAMMATE+, TEAMCLOUD HOSTING AND CONSULTING SERVICES**, (hereinafter referred to as the "Agreement") is entered into in San Juan, Puerto Rico, this 1st of July, 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 **GORICO ADVISORY GROUP PR, LLC** (hereinafter, the "CONTRACTOR"), with principal offices in Carr. 169 km. 6.0 Esq. David Urbina Bo. Camarones, Guaynabo, Puerto Rico 00971, herein represented by José Guillermo Deyá Meléndez, in his capacity as President, of legal age, married, and resident of Guaynabo, 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**, 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**, 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**, 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.

**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 a firm to provide TemMate+, TeamCloud Hosting and Consulting Services. The firm will assist the PRDOH with an audit management solution that is capable of maintaining and safeguarding all audit and investigation documents in a safe environment where the Internal Audit Office (IAO) auditors can only access these documents. 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 November 5, 2018 the PRDOH purchased twenty (20) TeamMate licenses from Wolters Kluwer Financial Services for the CDBG-DR IAO. Due to the pandemic, it has been difficult to access TeamMate remotely, which is the reason the IAO requested an upgrade in services of the existing licenses in use and to acquire ten (10) additional licenses for the use of the IAO and the CDBG-DR Monitoring Division.

**WHEREAS**, on February 4, 2021, the PRDOH issued a Noncompetitive Proposal Method Written Justification for TeamMate+, TeamCloud and Consulting Services Acquisition with CDBG-DR funds. Sole source acquisitions are allowed under the CDBG-DR Procurement Manual, Section 8.7 Noncompetitive Proposal Method and Emergency Purchases, when the item is available only from a single source, based on good faith review of available sources, and is supported by written justification.

**WHEREAS**, Gorico Advisory Group PR, LLC is Wolters Kluwer Financial Services only and exclusive partner authorized to market and support TeamMate in Puerto Rico.

**WHEREAS**, on February 19, 2021, Gorico Advisory Group PR, LLC 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.

**WHEREAS**, the PRDOH desires to enter into an agreement with **Gorico Advisory Group PR, LLC** 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 C**) 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:

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<b>Attachment A</b>	Procurement Memorandum- Noncompetitive Proposal Method
<b>Attachment B</b>	Proposal
<b>Attachment C</b>	Cost Form
<b>Attachment D</b>	Insurance Requirements (DV-OSPA-78-5)
<b>Attachment E</b>	HUD General Provisions
<b>Attachment F</b>	Contractor Certification Requirement

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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.

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## 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 **forty eight (48) months**, ending on July, 1st, 2025.
- B. 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 A** and **Attachment B** 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 C** 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 **EIGHT HUNDRED SEVENTY THREE THOUSAND ONE HUNDRED AND THIRTY ONE DOLLARS AND EIGHTY SIX CENTS (\$873,131.86)**; Account Number R02A01ADM-DOH-NA 4190-22-000 / 4190-10-000.
- C. Such payment shall be compensation for all allowable services required, performed and accepted under this Agreement included in **Attachment B** and **Attachment C**.
- 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.

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- 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. Extended overhead costs is an Ineligible cost under this Agreement and shall not be reimbursable.
  - K. 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

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- 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, 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](http://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.

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## 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; 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.

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## 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) 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) 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) 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 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) 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) 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

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unfinished records (files, data, work product) connected with this Agreement will be turned over to PRDOH.

### **XIII. PENALTIES AND LIQUIDATED DAMAGES**

#### **A. Penalties**

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 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](http://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, \$100.00 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. 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) 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.

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#### 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 D**.

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 D** 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+

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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, strike, labor dispute or unrest, embargo, war, insurrection or civil unrest, any *Force Majeure* including inclement weather, herein

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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.

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.

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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. 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.

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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
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To: CONTRACTOR	José Guillermo Deyá Meléndez President Gorico Advisory Group PR, LLC PO BOX 367126 San Juan, PR 00936
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**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 E** (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.

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**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) 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 E** (HUD General Provisions), **Attachment F** (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.

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**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.

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**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 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

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in this sub-section after the date of this Agreement. Said notice shall be made within **ten (10) 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.

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**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 F** to this contract.

## **XXVI. 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. § 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 E** and in compliance with all the requirements described in **Attachment F**.

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## **XXVII. 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](http://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.

## **XXVIII. 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.

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- 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 (25 U.S.C. 450e) 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 3 and section7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section7(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.

#### **XXIX.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 Form to Report Lobbying," 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.

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### **XXX.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.
- 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.
- 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.

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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.

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#### **XXXI.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.

#### **XXXII.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>.

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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.

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### **XXXIII.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.

### **XXXIV. 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.

### **XXXV.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.

#### **XXXVI. 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.

#### **XXXVII. 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.

#### **XXXVIII. BANKRUPTCY**

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.

#### **XXXIX. 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.

#### **XL. 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.

#### **XLI. BINDING EFFECT**

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

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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.

#### **XLII. 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.

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#### **XLIII. 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.

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#### **XLIV. 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 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 E), the Procurement Memorandum (Attachment A), the Cost Form (Attachment C), and lastly, the CONTRACTOR's proposal (Attachment B).

#### **XLV. 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.

#### **XLVI. 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) 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) 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

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) 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.

**XLVII. 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.

**XLVIII. 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.

**XLIX. 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.

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CONTRACTOR must refund such recaptured payments within **thirty (30) days** after the PRDOH issues notice of recapture to CONTRACTOR.

#### L. 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.

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#### LI. 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.

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#### LII. 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) days** of execution by the other party, this Agreement shall be null and void.

#### LIII.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 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**

**Gorico Advisory Group PR, LLC**

William O. Rodríguez Rodríguez  
William O. Rodríguez Rodríguez (Jul 1, 2021 19:43 EDT)

**William O. Rodríguez Rodríguez, Esq.,**  
Secretary

Jose G. Deyá Jr.  
Jose G. Deyá Jr. (Jun 30, 2021 13:44 EDT)

**José Guillermo Deyá Meléndez**  
President  
DUNS No. 117948816



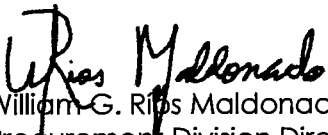
February 19, 2021

William O. Rodríguez Rodríguez, Esq.  
Secretary  
Puerto Rico Department of Housing

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Maretzie Díaz Sánchez, Esq. Disaster Recovery  
Deputy Secretary CDBG-DR Program

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William G. Ríos Maldonado, Esq.  
Procurement Division Director  
CDBG-DR Program

**Re: Noncompetitive Proposal Method  
TeamMate+, TeamCloud Hosting and Consulting Services Acquisition**

The Internal Audit Office (Audit Office), submitted a written justification<sup>1</sup> for the acquisition of Wolters Kluwer Financial Services, Inc. (Wolters Kluwer) audit software, TeamMate+ Audit, an upgrade to 20 existing TeamMate AM licenses, cloud hosting through TeamCloud services, acquisition of ten additional TeamMate+ licenses and other services that offer guidance for the implementation of processes and methodological approach for integral risk management and risk-based audits<sup>2</sup>. This acquisition is proposed through a Non Competitive Proposal Method, as being available only from a single source. As part of the Audit Office control process it is required an audit management solution that is capable of maintaining and safeguarding all audit and investigation documents (working papers, risk assessments, confidential information) in a safe environment where these documents can only be accessed by the Audit Office auditors. In addition, it is mandated that the internal audit activity include a risk assessment of all the areas of the CDBG-DR Program. To accomplish these tasks, the Audit Office utilizes audit software tools to perform audit activities efficiently.

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<sup>1</sup> Refer to the "Noncompetitive Proposal Method Written Justification: TeamMate+, TeamCloud Hosting and Consulting Services Acquisition" document dated February 4, 2020.

<sup>2</sup> User Area performed a research of market prices for the goods or services to determine the threshold for the process. An Independent Cost Estimate was also prepared for an approximate cost of \$894,798.51.

As explained by de Audit Office, the Puerto Rico Department of Housing (PRDOH) had previously acquired 20 licenses of the audit software TeamMate AM, from Wolters Kluwer that were installed at PRDOH on-site servers. Currently, this tool has been a key component to the CDBG-DR internal auditors and monitors to evaluate compliance, operational efficiency and controls, cost savings, information technology, security, and other areas as needed to minimize risks for the CDBG-DR Program. The workload from the Audit Office and Monitoring Division has increased, and additional staff recruiting is in process. Therefore, the need for additional audit software licenses arose. Also, due to the circumstances related to the pandemic, remote connection to PRDOH's on-site servers imposed a difficulty to access the TeamMate AM software to the teleworking staff. Furthermore, it will be necessary to acquire 10 additional TeamMate+ licenses for the use of the Audit Office per the increase of employees.

As stated by the Audit Office, the solicited acquisition will not only allow continuity of the use of the previously acquired licenses for the audit work, but also will expand the opportunity to develop flexible work plans for multiple audit teams and project types, provide assurance to risk, and regulatory requirements with transparency and reliability. Wolters Kluwer will provide support in the installation, configuration and training services of the TeamMate+ licenses. Also, will perform the migration of data from the existing on-site server to the TeamCloud. In addition, the Audit Office requires assistance from Wolters Kluwer to provide guidance for the implementation of a process and methodological approach for integral risk management and risk-based audits, which will include: diagnosis results, presentation of strengths and opportunities, recommendations, methodologies for risk management, templates for risk self-assessments by management, risk and control matrices, among other services. Furthermore, periodical assistance will be required for the review, confirmation and possible adjustments to the enterprise risk management (ERM) process and methodology.

As confirmed with the PRDOH IT Office, the TeamMate+ licenses and TeamCloud hosting, can only be acquired from Wolters Kluwer. As such, the Wolters Kluwer Financial Services software, TeamMate+, can only be acquired by its sole authorized distributor in Puerto Rico and the Caribbean, Gorico Advisory Group (Gorico)<sup>3</sup>. As discussed with the PRDOH IT Office: TeamMate is not compatible with other similar software; the previously acquired software is closed based client/server, which do not has an environment to be accessed remotely; there cannot be direct access to the TeamMate data with other software; existent data could only be exported and need a conversion if other software is utilized; the migration to use the cloud-based services is the best solution to utilize the services remotely, as they are actually needed by the Audit Office employees and in the event of other similar emergencies that remote access is the best alternative.<sup>4</sup>

TeamMate+ solution and TeamCloud hosting is manufactured by Wolters Kluwer whose sole authorized distributor in the Caribbean is Gorico. On December 1, 2020,

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<sup>3</sup> See letter from Wolters Kluwer Representative, Stephanie Hendry, dated January 5, 2021 designating Gorico Advisory Group as its sole authorized distributor in the Caribbean.

<sup>4</sup> Email dated January 28, 2021 from IT office, Hector Marrero Coll.

Gorico presented a Quote to the Audit Office for the implementation of a process and methodological approach for integral risk management and risk-based audits, including: diagnosis results, presentation of strengths and opportunities, recommendations, methodologies for risk management, templates for risk self-assessments by management, risk and control matrices, among other services (services). Wolters Kluwer included services for periodical assistance for the review, confirmation and possible adjustments to the enterprise risk management (ERM) process and methodology as described in **Table 1:**

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Description	Estimated Hours	Fees	Total
Phase 1: Understanding and Methodological Design: Implementation of a process and methodological approach for integrated risk management and risk-based audits (2 months)	400	\$60,000	\$60,000
Phase 2: Monthly Support: implementation of a process and methodological approach for integrated risk management and risk-based audits (2.5 years)	2,700	\$13,500	\$405,000
Installation, Configuration and Training of TeamMate+ (1.5 months)	300	\$45,000	\$45,000
Confirmation and Updating of Risks and Controls, as well as Methodology and Risk Manual with all Areas and Processes (4 months)	240	\$9,000	\$36,000
Total Quote for Services		\$546,000	

The Audit Office reached Wolters Kluwers' sole authorized distributor, Gorico, so they present a Quote to upgrade 20 existing TeamMate licenses to have the capability of remote access through a cloud-based system (TeamMate+) and to acquire 10 new TeamMate+ licenses. On December 11, 2020, Gorico submitted a Quote for the following services during a 4-year period as illustrated in **Table 2:**

Description	Estimated Hours	Fees	Renewal 2021-2022	Renewal 2022-2023	Renewal 2023-2024	Renewal 2024-2025
Acquisition of TeamMate+ Licenses (10 Licenses)	N/A	\$43,870	---	---	---	---
Implementation of TeamMate+ to TeamCloud (Onetime fee)	20	\$5,000	N/A	N/A	N/A	N/A
Hosting Service (TeamCloud) per Month per User (30 Users at \$80/Month)	N/A	\$28,800	\$30,240	\$31,752	\$33,339.60	\$35,006.58
Maintenance Renewal TeamMate+ (30 Licenses)	N/A		\$27,638.10	\$29,020.01	\$30,471.01	\$31,994.56
Sub-Total		\$77,670	\$57,878.10	\$60,772.01	\$63,810.61	\$67,001.14
Total Quote for Licenses, Hosting <sup>5</sup> and Maintenance					\$327,131.86	

<sup>5</sup> On February 13, 2021, Gorico confirmed that costs related to TeamMate licenses and hosting services (TeamCloud) are valid up to February 26, 2021.

On December 21, 2020, the Audit Office met virtually with Gorico's representatives and requested clarifications regarding the difference in cost among the original audit licenses which cost was \$3,553 per license and the new Quote per license of \$4,387, which is a 23.5% increase in cost. Gorico representatives explained that the original Quoted licenses were TeamMate AM versions that were installed at PRDOH's server. The new TeamMate+ licenses supports compatibility across all browsers and devices, giving users the flexibility to manage the auditing process via any internet-enabled device, including desktops, laptops, tablets, and mobiles.

Also, the Audit Office inquired about certain annual maintenance fees of 20% and TeamCloud hosting fees of 5% that will be billed after the first 12 months of using TeamMate from the date of approval. Gorico clarified that these costs are included in the quotation dated December 11, 2020, for the period of 4-years after contract is executed. Therefore, no additional fees will be billed to the PRDOH for the cloud services and maintenance services. On December 21, 2020, Gorico sent a revised quotation to confirm that maintenance and hosting fees are include in the quoted prices. The total cost related to the services, licenses acquisition and related costs is for \$873,131.86. On February 18, 2021, the Finance Department certified the availability of funds for this process.

Finally, to determine that rates for services are reasonable, the Audit Office compared Contract number 2021-000114 from the *Office of Courts Administration (OAT, by its acronym in Spanish)* and Contract number 2021-000025 from the Office of Inspector General of Puerto Rico and Gorico quote. Also, the price list from the Texas Department of Information Resources (Wolters Kluwer Financial Services, Inc.: DIR-TSO-4187) was searched to verify TeamMate+ licenses, implementation and TeamCloud hosting price reasonableness. For the risk management consulting services, the proposed rate per hour of \$150.00 to the PRDOH is Wolters Kluwer's standard fee for similar services on the Office of Inspector General of Puerto Rico reviewed contract. Afterwards, the Audit Office determined that the prices offered by Gorico are reasonable for the services.

The Procurement Division completed the revision of the documentation submitted by the Audit Office and determined to agree with their recommendation under the terms and information provided. Given the above, the Procurement Division submit this recommendation for your consideration and approval.

- Attachment I. Written Justification dated February 4, 2020
- Attachment II. Sole authorized letter
- Attachment III. Wolters Kluwer Purchase Order CDBG-DR 2018-00006
- Attachment IV. IT Office Recommendation
- Attachment V. Gorico Quotation Consulting Services dated December 1, 2020
- Attachment VI. Gorico Quotation Licenses dated December 21, 2020
- Attachment VII. Contracts from the Office of Courts Administration, Inspector General and Texas  
state price list
- Attachment VIII. Gorico Fees Time Extension

# DEPARTAMENTO DE LA VIVIENDA DE PUERTO RICO

Programa de subvención en bloque para el  
desarrollo comunitario para la recuperación antes  
desastre de Puerto Rico (CDBG-DR)

“ Propuesta para la asistencia en la implementación  
de un Proceso y Enfoque Metodológico de Gestión  
Integral de Riesgos a través de TM+

Diciembre 2020



GOVERNANCE • RISK • COMPLIANCE

### GORICO Advisory Group

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2do. Piso, Santo Domingo, Republica  
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**Elsie Melendez**  
Coordinador de Proyecto  
Departamento la Vivienda de Puerto Rico  
Puerto Rico

1 de diciembre, 2020

### **Estimada Sra. Melendez:**

Agradecemos la oportunidad de presentar nuestra propuesta de servicios profesionales para la asistencia en la implementación del proceso y enfoque metodológico de Gestión Integral de Riesgos a través de TM+, con la finalidad de que la oficina de Auditoría Interna del programa CDBG-DR del Departamento de la Vivienda de Puerto Rico pueda optimizar y mejor gestionar el logro de los Objetivos Estratégicos y particulares, Mitigación de Riesgos y adecuado diseño del Ambiente del Control Interno que fortalezca el logro de la misión y visión del programa.

Parte de esta propuesta contempla el aprovechamiento de la nueva versión de Teammate (TM+) mediante la Instalación, Configuración técnica, Migración y Capacitación de TeamMate+ Audit para apoyar todo el proceso de Gestión Integral de Riesgos y el apoyo de una función de Auditoría basada en Gestión Integral de Riesgo.

Es importante destacar que TeamMate+ está basado en los estándares internacionales de Gestión de Riesgos, de Controles Internos y de Auditoría Interna establecidos por las COSO 2013, COSO ERM y el IIA (Instituto de Auditores Internos) y además se fundamenta en otros estándares metodológicos, tales como: ISO, COBIT, SOX, etc.

Esperamos a través de este documento poder transmitirle el entusiasmo, compromiso y habilidades que tenemos para brindarles nuestros servicios con la calidad que nos caracteriza.

Quedamos a su disposición para ampliar el contenido de nuestra propuesta, si usted así lo considera necesario.

Estamos convencidos que TeamMate+ y GORICO es la más adecuada solución para que el Departamento de la Vivienda de Puerto Rico impulse un proceso de Gestión de Riesgos.

Muy atentamente,

**Julio García**  
Socio

GORICO ADVISORY GROUP © 2020





# OBJETIVOS DEL PROYECTO

# OBJETIVOS DEL PROYECTO



## OBJETIVO GENERAL DEL PROYECTO:

- OBJETIVO I: IMPLEMENTACIÓN DE UN PROCESO Y ENFOQUE METODOLÓGICO PARA LA GESTIÓN INTEGRAL DE RIESGOS Y AUDITORÍAS BASADAS EN RIESGOS. Implementar un proceso y un enfoque metodológico de Gestión Integral de Riesgos que optimice el logro de la misión y visión del programa.
- OBJETIVO II: MIGRACIÓN HACIA TM+ PARA LA GESTIÓN INTEGRAL DE RIESGOS Y AUDITORÍAS BASADAS EN RIESGOS. Aprovechar las nuevas funcionalidades que ofrece TM+ para el proceso de Gestión Integral de Riesgos y el proceso de Auditorías basada en Gestión de Riesgos. Así, como la optimización de los controles para el cumplimiento regulatorio y el cumplimiento metodológico con normativas asociadas al programa y estándares locales e internacionales, tales como el COSO ERM, COSO 2013, SOX, ISOs, COBIT, ITIL, etc.
- OBJETIVO III: REVISIÓN, CONFIRMACIÓN Y POSIBLES AJUSTES AL PROCESO Y METODOLOGÍA ERM. Confirmación con cada uno de los dueños de las áreas y procesos (directores y gerentes dueño de los procesos de cada área sujetos a revisión y responsables de la mitigaciones de riesgos) y obtener su aprobación en los riesgos – riesgos emergentes, que los riesgos levantados estén siendo gestionados de manera adecuada y que existen controles establecidos para la mitigación de los mismos.



# OBJETIVOS DEL PROYECTO

## OBJETIVO ESPECÍFICOS:

- OBJETIVO I: IMPLEMENTACIÓN DE UN PROCESO Y ENFOQUE METODOLÓGICO PARA LA GESTIÓN INTEGRAL DE RIESGOS Y AUDITORÍAS BASADAS EN RIESGOS:
  - 1. Realizar un diagnóstico de los actuales procesos de riesgos que se llevan acabo en la organización para determinar la alineación con mejores prácticas tales como COSO 2013 y COSO ERM.
  -  2. Realización de talleres de Gestión Integral de Riesgos para las diferentes áreas del Programa.  
Realización de Encuestas de Cultura y Procesos de Gestión de Riesgos.
  -  3. Definir e implementar un proceso y enfoque metodológico de Gestión Integral de Riesgos a través de TM+ considerando las mejores prácticas tales como COSO ERM y COSO 2013, Regulaciones y Leyes del Programa y Regulaciones Externas e Internas.
  - 4. Definición de plantillas de Autoevaluaciones de Riesgos.
  - 5. Realizar un levantamiento de matrices de riesgos y controles y autoevaluaciones de riesgos para las Áreas y Procesos del Programa (mediante TM+).
  - 6. Presentar reportes de las matrices de riesgos y controles. Presentar mapa de calor de riesgos del Programa.



# OBJETIVOS DEL PROYECTO

## OBJETIVO ESPECÍFICOS:

### ○ OBJETIVO II: MIGRACIÓN HACIA TM+ PARA LA GESTIÓN INTEGRAL DE RIESGOS Y AUDITORÍAS BASADAS EN RIESGOS: .

1. Considerando los resultados del objetivos I (definición de un proceso y enfoque metodológico para el ERM y Auditoría basada en Riesgos ) a los fines de la instalación, configuración y entrenamiento de TM+.

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2. Instalación y Configuración de TM+ respondiendo al proceso y enfoque metodológico de ERM y Auditoría basada en Riesgos.

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3. Asistir con el fortalecimiento de la metodología de auditoria bajo un enfoque de gestión de riesgos, planes de trabajo, ejecución de revisiones, generación de informes y planes de acciones de las auditorias del Departamento de Vivienda.

4. Asistencia en diseño de plantillas de ERM por Áreas y Procesos del Programa, y plantillas por tipos de auditorias basadas en Riesgos, levantamiento de información (encuestas), informes de trabajo e informe de alto nivel, etc.

5. Capacitación al personal clave (personal Champion de alto nivel) y a los colaboradores de las unidades de ERM y Auditoría basada en Riesgos sobre las nuevas bondades y funcionalidades incluidas en TM+.



# OBJETIVOS DEL PROYECTO

## OBJETIVO ESPECÍFICOS:

### ○ OBJETIVO III: REVISIÓN, CONFIRMACIÓN Y POSIBLES AJUSTES AL PROCESO Y METODOLOGÍA ERM:

1. El objetivo de esta fase es confirmar con cada uno de los dueños de los procesos y obtener su aprobación en los riesgos y posibles nuevos riesgos y que los riesgos levantados están siendo gestionados de manera adecuada y que existen controles establecidos para la mitigación de los mismos.

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JGD. Entregar formalmente las matrices a cada dueño de proceso y obtener de manera firmada la aceptación de las mismas.

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WORR. Realizar cualquier mejora a las matrices en TeamMate si se identifican algún cambio importante que amerite actualizar las mismas. Asegurar que estén llevando a cabo los procesos de gestión de riesgos según su implementación.

4. Asegurar el cumplimiento del manual de gestión de riesgos (a ser actualizado y/o diseñado acorde a COSO y Mejores prácticas asociadas), confirmando que los cambios en los procesos, tecnología, estructura, otros, son considerados estos cambios en las matrices y las mismas son actualizadas oportunamente.
5. Servir de apoyo ante cualquier inquietud sobre el flujo operativo para una adecuada gestión de riesgos.





# ALCANCE

WÖRR  
WÖRR

- Definir un plan de trabajo que permita cerrar las brechas con los requerimientos del COSO 2013 y COSO ERM, así como con otras buenas prácticas de la industria.
- Diseño y/o modificación de la metodología para la Gestión de Riesgos en el Departamento para la Vivienda
- Definición del equipo de trabajo (tanto del programa CDBG-DR del Departamento de la Vivienda como GORICO) para el desarrollo del plan de trabajo.
- Apoyar con el cambio cultural para la gestión de riesgos en el programa CDBG-DR del Departamento de la Vivienda.
- Impartir talleres metodológicos sobre mejores prácticas en la gestión de riesgos.

## OBJETIVO I: IMPLEMENTACIÓN DE UN PROCESO Y ENFOQUE METODOLÓGICO PARA LA GESTIÓN INTEGRAL DE RIESGOS Y AUDITORÍAS BASADAS EN RIESGOS

- JGD  
JGD

- WÖRR  
WÖRR

- Definición de políticas y procesos para la Gestión de Riesgos de manera continua.
- Evaluar como el ambiente de control interno apoya las estrategias y objetivos.
- Presentación de matrices de riesgos y mapa de riesgos del programa DCBG-DR del Departamento de la Vivienda.



# ALCANCE

## OBJETIVO I: PROCESO Y METODOLOGÍA ERM

ACTIVIDADES A SER REALIZADAS PARA EL  
ALCANCE DEL OBJETIVO I:

IMPLEMENTACIÓN DE UN PROCESO Y  
ENFOQUE METODOLÓGICO PARA LA  
GESTIÓN INTEGRAL DE RIESGOS Y  
AUDITORÍAS BASADAS EN RIESGOS

JGD  
JGD

### Evaluación de antecedentes corporativos:

- Revisión de lineamientos estratégicos y de gobierno corporativo.
- Revisión de la estructura organizacional.
- Revisión del funcionamiento de los principales órganos.
- Revisión de organigrama y responsabilidades.

WORR  
WORR

### Evaluación de procesos corporativos y cadena de valor y sistemas de gestión y productos:

- Revisión de manuales corporativos de funciones.
- Revisión de manuales, herramientas y procedimientos para la gestión de riesgos
- Revisión de actuales normativas.
- Revisión de actuales matrices de riesgos y controles.

### Evaluación de indicadores de gestión:

- Evaluación de las actuales estrategias.
- Identificación de los servicios y stakeholders.
- Identificación y confirmación de los actuales Indicadores Claves de Desempeño.
- Evaluación de los actuales Indicadores de Desempeños (KPI's).

### Evaluación de marco regulatorio:

- Revisión del marco legal y regulatorio local.
- Revisión de actuales regulaciones externas y externas.

### Evaluación de valores y cultura de riesgos:

- Encuesta sobre cultura de riesgos, talleres y cuestionarios para evaluar la cultura.



ACTIVIDADES A SER REALIZADAS PARA EL ALCANCE DEL OBJETIVO I:

# IMPLEMENTACIÓN DE UN PROCESO Y ENFOQUE METODOLÓGICO PARA LA GESTIÓN INTEGRAL DE RIESGOS Y AUDITORÍAS BASADAS EN RIESGOS

**Diseño y/o modificación de la metodología para la  
Gestión de Riesgos en el Departamento de la  
Vivienda de Puerto Rico.**

- WORR Diseño del enfoque metodológico para la Gestión de Riesgos.
- Diseño de las plantillas para las autoevaluaciones de Riesgos por áreas o procesos.
- Diseño del manual de la Gestión de Riesgos.

### Definición del equipo de trabajo.

- Estructura del equipo de trabajo de el Departamento de la Vivienda de Puerto Rico y GORICO para el proyecto.
- Roles y Responsabilidades de las áreas involucradas en el proyecto y GORICO.

## Apoyar con el cambio cultural para la gestión de riesgos.

- Socialización de la metodología de Gestión de Riesgos para todas las áreas.
- Talleres sobre la Gestión de Riesgos.
- Talleres de TM+ sobre la Gestión de Riesgos para todas las áreas involucradas.

**Realizar un levantamiento de las matrices de riesgos:**

- Diseños de las plantillas de Riesgos para las áreas y procesos en la autoevaluaciones de riesgos:
  - ✓Procesos Operativos
  - ✓Procesos Técnicos
  - ✓Procesos Administrativos
  - ✓Procesos Financieros
  - ✓Tecnológicos
  - ✓Cumplimiento y/o Regulatorio.

# ALCANCE

## OBJETIVO I: PROCESO Y METODOLOGÍA ERM

ACTIVIDADES A SER REALIZADAS PARA EL  
ALCANCE DEL OBJETIVO I:

IMPLEMENTACIÓN DE UN PROCESO Y  
ENFOQUE METODOLÓGICO PARA LA  
GESTIÓN INTEGRAL DE RIESGOS Y  
AUDITORÍAS BASADAS EN RIESGOS

*JGD*  
JGD **Evaluar como el ambiente de control interno apoya  
las estrategias y objetivos:**

- Revisión de las matrices de riesgos y controles.
- Identificación de posibles oportunidades de mejoras  
(riesgos, diseños de controles, controles faltantes,  
etc.).

*WRR*  
WRR

**Presentación de matrices de riesgos y mapa de  
riesgos al Departamento de la Vivienda de Puerto  
Rico:**

- Revisión de las mejoras sugeridas a las matrices de  
riesgos y controles con las áreas responsables.

**Procesos para la Gestión de Riesgos de manera  
continua :**

- Manual para la Gestión de Riesgos.
- Equipo de trabajo con roles y responsabilidades en la  
gestión de riesgos.

**Realizar un levantamiento de las matrices de riesgos :**

- Diseños de las plantillas de Riesgos para las áreas y  
procesos en la autoevaluaciones de riesgos:
  - ✓Procesos Operativos
  - ✓Procesos Técnicos
  - ✓Procesos Administrativos
  - ✓Procesos Financieros
  - ✓Tecnológicos
  - ✓Cumplimiento y-o Regulatorio.



# ALCANCE

## OBJETIVO II: MIGRACIÓN HACIA TM+

ACTIVIDADES A SER REALIZADAS PARA EL  
ALCANCE DEL OBJETIVO II:

### MIGRACIÓN HACIA TM+ PARA LA GESTIÓN INTEGRAL DE RIESGOS Y AUDITORÍAS BASADAS EN RIESGOS

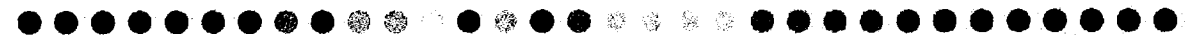
- La migración / configuración de TM+ estará considerando la metodología definida y aprobada para el ERM.
- Entrenamiento metodológico y funcional a través de TM+ de los colaboradores de riesgos de las áreas y procesos, así como para los auditores del programa ya mencionado.

*JGD*  
JGD

*WRR*  
WRR

Consideración del proceso y metodología que el Departamento de Vivienda debe cumplir con leyes y regulaciones para las auditorías, estaremos cubriendo desde el punto de vista metodológico, los siguientes tópicos:

- Actual metodología para la definición del plan, los proyectos y procedimientos de auditorías.
- Ver como para cada proyecto se contemplan el cumplimiento normativo del Departamento de Vivienda.
- Consideraciones de las leyes y regulaciones en los proyectos de Auditorías.
- Asegurar que los procedimientos de revisiones estén cumpliendo con las normativas internas de auditorías, estándares de auditorías y mejores prácticas de la profesión.
- Ver como se definen las muestras, de acuerdo a la frecuencia del control y de acuerdo al universo de los datos a revisar.
- Otros temas.



# MIGRACIÓN HACIA TM+ PARA LA GESTIÓN INTEGRAL DE RIESGOS Y AUDITORÍAS BASADAS EN RIESGOS

A los fines de realizar un uso óptimo, entre otros:

- JGD  
JGD •
- WRR  
WRR
- Entendimiento de las necesidades de la unidad de Auditoría sobre las taxonomías requeridas (categorías y terminologías) con el objetivo definir las configuraciones que mejor respondan a los trabajos de auditorías ejecutados en el programa CDBG-DR del Departamento de Vivienda.
- Levantamiento de las dimensiones requeridas (estructura de entidades auditadas, procesos, leyes y regulaciones, estándares metodológicos), con el objetivo de integrarlas y enlazarlas en TeamMate+.

- Capacitación al personal de auditoría sobre la definición de las evaluaciones de riesgos y controles, fórmulas y factores de evaluaciones de riesgos, creación de proyectos, documentación de trabajos, seguimiento, de forma que se pueda tener una vista panorámica del nivel de riesgo por entidad y/o proceso evaluado, y los hallazgos identificados.
- Levantamiento de los Dashboard, reporterías e indicadores de desempeño (KPIs) requeridos según la ejecución de las auditorías, esto para uso de la alta dirección y las diferentes unidades de gestión.

# ALCANCE

## OBJETIVO II: MIGRACIÓN HACIA TM+

ACTIVIDADES A SER REALIZADAS PARA EL  
ALCANCE DEL OBJETIVO II:

MIGRACIÓN HACIA TM+ PARA LA GESTIÓN  
INTEGRAL DE RIESGOS Y AUDITORÍAS  
BASADAS EN RIESGOS

A los fines de la configuración para la migración el  
equipo de consultores de GORICO en compañía del  
personal de Auditoría realizará lo siguiente:

- Levantamiento de información (lo cual incluye  
entender y/o reconfirmar los objetivos de la función,  
actuales procesos de auditorías, plantillas, informes  
deseados e Indicadores de desempeños de la  
unidad de auditoría (Balance Score Cards) y  
levantamiento de las informaciones que serán  
migradas a TeamMate+. Estaremos dando  
recomendaciones sobre mejores prácticas para el  
enfoque metodológico y el proceso de migración  
(antes y dentro del proceso de migración).

- Revisión de los requerimientos técnicos y funcionales  
del Servidor Web, Base de datos, y equipos donde será  
instalado TeamMate+.
- Instalación y configuración técnica de TM+.
- En conjunto con las unidades de Auditoría, GORICO  
realizará un proceso de validación de la metodología,  
configuración y los datos migrados desde TeamMate AM  
a TeamMate+.



A los fines de la configuración para la migración el equipo de consultores de GORICO en compañía del personal de Auditoría realizará lo siguiente:

- Configuración de las diferentes plantillas de proyectos de auditorías.
- Apoyo en la alineación de las dimensiones (entidades auditables, procesos y cumplimiento con las leyes y regulaciones).
- Diseños de encuestas y/o levantamientos de informaciones previo auditorías (sobre riesgos, cambios de leyes y/o regulaciones, cambios de procesos, etc.).
- Diseños de reportes de auditorías, Indicadores de Desempeños e Informes de alto nivel.
- Otros.

# ALCANCE

## OBJETIVO II: MIGRACIÓN HACIA TM+

ACTIVIDADES A SER REALIZADAS PARA EL  
ALCANCE DEL OBJETIVO II:

### MIGRACIÓN HACIA TM+ PARA LA GESTIÓN INTEGRAL DE RIESGOS Y AUDITORÍAS BASADAS EN RIESGOS

GORICO asistirá al personal de las unidades de  
Auditoría en el entrenamiento para los Champions  
(quienes serán certificados por GORICO, luego de los  
entrenamientos) mediante:

WORR  
WORR • Capacitación sobre la configuración metodológica de  
TM+, sobre la taxonomía requerida (categorías y  
terminologías), fórmula para evaluación de riesgos,  
importación de dimensiones (Jerarquía  
Organizacional, Regulaciones, mejores prácticas,  
otros) para responder de forma exitosa a los  
requerimientos funcionales de TeamMate+ en el  
Departamento de Vivienda.

- Adicionalmente, estará realizando un proceso de  
transferencia de conocimiento en la creación de nuevas  
políticas, flujos de trabajos, roles y responsabilidades, y  
configuraciones requeridas que permitan maximizar el  
uso de TeamMate+ y brindar resultados óptimos en  
según los objetivos establecidos en el Departamento de  
Vivienda.
- Otros temas asociados al proceso de configuración  
general y generación de informes.
- Capacitación 360 para el entendimiento de todas las  
funcionalidades de TM+ (desde la Planificación,  
proyectos, procedimientos y resultados de las  
auditorías).





# ALCANCE

## OBJETIVO III: REVISIÓN Y CONFIRMACIÓN DEL ERM

### ACTIVIDADES A SER REALIZADAS

### OBJETIVO III: REVISIÓN, CONFIRMACIÓN Y POSIBLES AJUSTES AL PROCESO Y METODOLOGÍA ERM

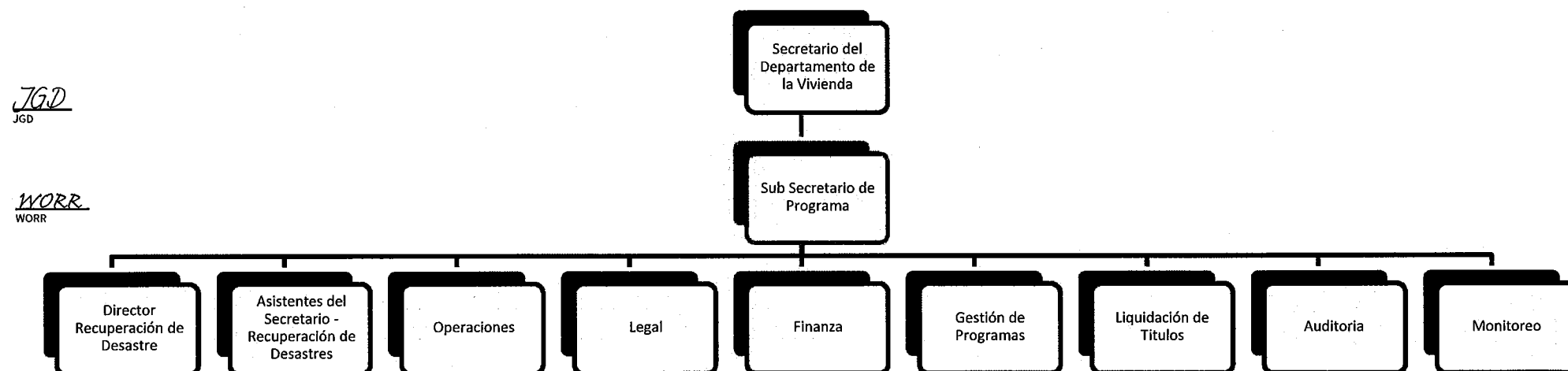
- El objetivo de esta fase es confirmar con cada uno de los dueños de los procesos y obtener su aprobación en los riesgos y posibles nuevos riesgos y que los riesgos levantados están siendo gestionados de manera adecuada y que existen controles establecidos para la mitigación de los mismos.
- Entregar formalmente las matrices a cada dueño de proceso y obtener de manera firmada la aceptación de las mismas.
- Realizar cualquier mejora a las matrices en TeamMate si se identifican algún cambio importante que amerite actualizar las mismas

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JGD

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- Asegurar que estén llevando a cabo los procesos de gestión de riesgos según su implementación.
- Asegurar el cumplimiento del manual de gestión de riesgos, confirmando que los cambios en los procesos, tecnología, estructura, otros, son considerados estos cambios en las matrices y las mismas son actualizadas oportunamente.
- Servir de apoyo ante cualquier inquietud sobre el flujo operativo para una adecuada gestión de riesgos.








# ALCANCE

## ÁREAS Y PROCESOS

A continuación Listamos los procesos sobre los cuales estaríamos realizando el levantamiento de riesgos:

- 1. Operaciones
- 2. Legal
- 3. Finanza
- 4. Gestión de Programas
- 5. Liquidación de Títulos
- 6. Auditoria
-  7. Monitoreo

### Operaciones:

  
WORR

- Componentes Programativos
- Comunicaciones
- Recursos Humanos
- Adiestramiento
- Tecnología de la Información
- Seguridad de la Información
- Control de Documentos
- Radicación de Informes
- Seguridad y Salud
- Administrativo de Programas

### Legal:

- Cumplimiento de Contratos
- Cumplimiento Regulatorio
- Política y Procedimiento
- Especialistas Técnico
- Seguros

### Finanzas

- Contabilidad
- Presupuesto
- Cuentas por Pagar
- Monitoreo Fiscal
- Contabilidad de Programas



### Adquisiciones (Procurement)

- Liquidación de Títulos:**

- JGD

### Gestión de Programas:

Worr  
Worr

## Permiso Ambiental

- Planificación y Subvención
- Subvenciones de Vivienda
- Recuperación Económica
- Subvención de Infraestructura

## Auditoría

## Monitorio



# CALENDARIO

# CALENDARIO GENERAL

El calendario de trabajo se ha definido en apoyo mensual (a definir una cantidad de horas mensuales según apetito del Departamento de la Vivienda de Puerto Rico, y el mismo iniciará con la aprobación de esta propuesta:

Objetivos	DESCRIPCIÓN DE ACTIVIDADES	Tiempo estimado en meses y años
I <i>JGD</i> JGD	IMPLEMENTACIÓN DE UN PROCESO Y ENFOQUE METODOLÓGICO PARA LA GESTIÓN INTEGRAL DE RIESGOS Y AUDITORÍAS BASADAS EN RIESGOS	2.5 años
II <i>WRR</i> WRR	MIGRACIÓN HACIA TM+ PARA LA GESTIÓN INTEGRAL DE RIESGOS Y AUDITORÍAS BASADAS EN RIESGOS	2 meses
III	REVISIÓN, CONFIRMACIÓN Y POSIBLES AJUSTES AL PROCESO Y METODOLOGÍA ERM	4 Meses

## Entregables:

Mensualmente se estará entregando un reporte con los trabajos realizados y los resultados obtenidos, así como del avance de las matrices levantadas, según calendario detallado presentado en el próximo slide.



# CALENDARIO DETALLADO

Procesos	Año 1												Año 2												Año 3													
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12		
OBJEVTOS I Y II																																						
OBJETIVO I: REVISIÓN DEL ACTUAL ENFOQUE METODOLÓGICO PARA LA GESTIÓN DE RIESGOS																																						
OBJETIVO II: INSTALACION, CONFIGURACION Y ENTRENAMIENTO DE TM+																																						
DETALLE OBJETIVO I																																						
ADQUISICIONES (PROCUREMENT)																																						
•ESPECIALISTAS DE PROGRAMAS																																						
CONTRATOS																																						
•CUMPLIMIENTO																																						
GESTIÓN DE PROGRAMAS:																																						
•PERMISO AMBIENTAL																																						
•PLANIFICACIÓN Y SUBVENCIÓN																																						
•SUBVENCIONES DE VIVIENDA																																						
•RECUPERACIÓN ECONÓMICA																																						
•SUBVENCIÓN DE INFRAESTRUCTURA																																						
LIQUIDACIÓN DE TÍTULOS:																																						
•ESPECIALIDAD EN INFORME																																						
FINANZAS:																																						
•CONTABILIDAD																																						
•PRESUPUESTO																																						
•CUENTAS POR PAGAR																																						
•MONITOREO FISCAL																																						
•CONTABILIDAD DE PROGRAMAS																																						



# CALENDARIO DETALLADO

Procesos	Año 1												Año 2												Año 3												
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	
OPERACIONES:																																					
•COMPONENTES PROGRAMATIVOS																																					
•COMUNICACIONES																																					
•RECURSOS HUMANOS																																					
•ADIESTRAMIENTO																																					
•TECNOLOGÍA DE LA INFORMACIÓN																																					
•SEGURIDAD DE LA INFORMACIÓN																																					
•CONTROL DE DOCUMENTOS																																					
•RADICACIÓN DE INFORMES																																					
•SEGURIDAD Y SALUD																																					
•ADMINISTRATIVO DE PROGRAMAS																																					
LEGAL:																																					
•CUMPLIMIENTO DE CONTRATOS																																					
•CUMPLIMIENTO REGULATORIO																																					
•POLÍTICA Y PROCEDIMIENTO																																					
•ESPECIALISTAS TÉCNICO																																					
•SEGUROS																																					
AUDITORÍA																																					
MONITOREO																																					
OBJETIVO III																																					
CONFIRMACION Y ACTUALIZACION CON TODAS LAS AREA DE LOS LEVANTAMIENTOS DE RIESGOS POR PROCESO																																					
NOTA:																																					
FASE I: ESTIMAMOS UN TOTAL DE 400 HORAS EN 2 MESES																																					
FASE II: ESTIMAMOS 90 HORAS MENSUALES POR 2.5 AÑOS																																					
FASE III ESTIMAMOS 60 HORAS MENSUALES POR 4 MESES																																					







# ENTREGABLES

# ALCANCE DEL PROYECTO Y ENTREGABLES

Los entregables serán por objetivos:

○ OBJETIVO I: IMPLEMENTACIÓN DE UN PROCESO Y ENFOQUE METODOLÓGICO PARA LA GESTIÓN INTEGRAL DE RIESGOS Y AUDITORÍAS BASADAS EN RIESGOS

- Resultados del diagnóstico
- Presentación de fortalezas y oportunidades
- Recomendaciones
- Plan de acción de las recomendaciones
- Metodologías para la Gestión de Riesgos
- Plantillas para las autoevaluaciones de riesgos por las gerencias
- Matrices de Riesgos y Controles
- Mapa de calor de Riesgos para Áreas y Procesos
- Manual de políticas y procedimientos para la Gestión de Riesgos
- Informe mensual sobre los avances de las matrices confirmadas
- Entrega de las matrices firmadas por cada dueño de proceso

JGD  
JGD

WRR  
WRR



# ALCANCE DEL PROYECTO Y ENTREGABLES

Los entregables serán por objetivos:

○ OBJETIVO II: MIGRACIÓN HACIA TM+ PARA LA GESTIÓN INTEGRAL DE RIESGOS Y AUDITORÍAS BASADAS EN RIESGOS.

- Implementación de TM+
- Configuración de TM+
- Migración de los datos deseados de TeamMate AM a TM+
- Reportes de Auditorías y reportes de alto nivel para la Alta Gerencia, Consejo, y Auditoría Interna.
- Acta emitida por GORICO dejando constancia de la implementación, configuración, migración de datos, reportes de auditoría, reportes de alto nivel y capacitación impartida.
- Manuales técnicos de la solución TeamMate+ Audit (manuales elaborados por el propietario de la solución Wolters Kluwer).
- Manual funcional de TeamMate+ Audit (manual en línea).
- Certificados de participación de entrenamiento de TM+.

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WOLTERS KLUWER

○ OBJETIVO III: REVISIÓN, CONFIRMACIÓN Y POSIBLES AJUSTES AL PROCESO Y METODOLOGÍA ERM.

- Resultados de las revisiones mensuales
- Actualizaciones de las matrices de riesgos y controles
- Actualización de la metodología y manual de riesgos





# HONORARIOS

Los honorarios relacionados a la asistencia que estaremos proveyendo son detallados a continuación:

Actividad	Descripción	Horas estimadas	Honorarios (US\$)	Renovación 2021-2022 US\$	Renovación 2022-2023 US\$	Renovación 2023-2024 US\$	Renovación 2024-2025 US\$
0	Adquisición de licencias TeamMate (10 Licencias)	N/A	43,870.00				
1	Implementación de TeamMate+ Audit en la Nube (TeamCloud) (Este servicio se paga una sola vez para su implementación).	20	5,000.00	N/A	N/A	N/A	N/A
JGD 2	Servicio de hosting (TeamCloud) x mes x usuario (30 usuarios a razón de US\$80 mensual). Costo anualizado.	N/A	28,800.00	30,240.00	31,752.00	33,339.60	35,006.58
WRR 3	Renovación de mantenimiento TeamMate+ Audit (30 licencias)	N/A		27,638.10	29,020.01	30,471.01	31,994.56
	Totales:	20	\$77,670.00	57,878.10	60,772.01	63,810.61	67,001.14

Nota: Los costos presentados para la adquisición de licencias, servicio hosting (TeamCloud) son vigentes hasta el 31 de Enero 2021.

Hay que destacar que los honorarios relacionados a consultoría sobre la configuración y capacitación de TM+, se definen en la propuesta de Gestión Integral de Riesgos. Por lo que en caso de que este proyecto no sea aprobado (el de Riesgo), para esta propuesta se deben contemplar los tiempos y honorarios asociados.





# Honorarios

## Condiciones y observaciones especiales:

La forma de pago de estos servicios de consultoría será según el siguiente esquema:

- El pago del licenciamiento y los servicios de TeamCloud deben ser pagados 100% con la firma del contrato. Esta factura será emitida por el fabricante WKFS (fabricante y propietario del software).
- Los montos detallados en esta propuesta son netos, por lo cual se debe contemplar cualquier impuesto y/o retención que aplique.
- El contrato de licenciamiento del software será entre el programa DCGB-DR del Departamento de Vivienda de Puerto Rico y Wolters Kluwer Financial Services (en adelante WKFS - propietario de la solución TeamMate).
- Cabe destacar que los costos de renovaciones presentados ya incluyen los incrementos estimados anualmente por el fabricante.

JGD  
JGD

WRR  
WRR





# HONORARIOS Alcance I, II y III

Los honorarios relacionados a la consultoría que estaremos realizando son mencionados a continuación (considerando una inversión de horas de entre 3,640 a 3,800 horas de 12-15 consultores):

Como parte de esta propuesta hemos considerado en una primera fase la revisión al marco de gestión de riesgos del departamento de vivienda, así como un apoyo mensual en el levantamiento de las matrices de riesgos. A continuación el

Objetivos	Descripción	Horas estimadas	Honorarios (US\$)	Totales (US\$)
<i>JGD</i> JGD I	Fase 1: <b>ENTENDIMIENTO Y DISEÑO METODOLÓGICO :</b> IMPLEMENTACIÓN DE UN PROCESO Y ENFOQUE METODOLÓGICO PARA LA GESTIÓN INTEGRAL DE RIESGOS Y AUDITORÍAS BASADAS EN RIESGOS (2 MESES)	400 (UNICA). En 2 meses.	60,000	60,000
<i>WRR</i> WRR	Fase 2: <b>APOYO MENSUAL :</b> IMPLEMENTACIÓN DE UN PROCESO Y ENFOQUE METODOLÓGICO PARA LA GESTIÓN INTEGRAL DE RIESGOS Y AUDITORÍAS BASADAS EN RIESGOS (2.5 AÑOS)	90 (MENSUAL). 2,700 horas en dos años y medio	13,500	405,000
II	INSTALACIÓN, CONFIGURACIÓN Y ENTRENAMIENTO DE TM+ (1.5 MESES)	300 (UNICA). En un mes y medio	45,000	45,000
III	CONFIRMACIÓN Y ACTUALIZACIÓN DE LOS RIESGOS Y CONTROLES, ASÍ COMO METODOLOGÍA Y MANUAL DE RIESGOS CON TODAS LAS ÁREAS Y PROCESOS (4 meses)	60 (MENSUAL). 240 horas en 4 meses.	9,000	36,000

Nota: Total de horas estimadas es de 3,640 – 3,800. Considerar que existen servicios únicos (trabajos a realizarse una sola vez) y otros mensuales (trabajos mensuales según alcances).





Estos precios no incluyen los gastos incidentales (se relacionan a gastos administrativos, costos de herramientas a usar para el proyecto y viáticos de los consultores) , los cuales no serán mayor al 10% del costo total de los honorarios definidos por alcances y meses. Adicionalmente, no incluye los impuestos correspondientes (considerando que estaremos facturando a través de GORICO Puerto Rico, no aplica el IVU para entidades gubernamentales de Puerto Rico ).

La forma de pago de estos servicios de consultoría será según el siguiente esquema:

- Para los servicios (únicos, que no son mensuales) 60% con inicios de los servicios y 40% al finalizar los servicios de consultoría.
- Para los servicios mensuales, se facturara cada mes por adelantado.
- Los montos detallados en esta propuesta son netos, por lo cual se debe contemplar cualquier impuesto y/o retención que aplique (considerando que se facturará desde GORICO Puerto Rico, el IVU no aplicaría)

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OSPA  
Non-Competitive Procurement Method TeamMate +, TeamCloud Hosting and  
Consulting Services Acquisition  
Community Development Block Grant – Disaster Recovery  
Puerto Rico Department of Housing  
Secretary for Legal Affairs  
Contract Division

SPECIAL INSURANCE AND BONDING SPECIFICATIONS  
FOR ACQUISITIONS

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LICITATION NUMBER – \_\_\_\_\_

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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 **Puerto Rico Department of Housing (\*PRDOH)**, 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 **\*PRDOH** 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:	
• Each Occurrence	\$1,000,000.00
• General Aggregate	\$2,000,000.00
• Products & Complete Operations	\$1,000,000.00
• Personal Injury & Advertising	\$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 Each Accident	\$1,000,000.00



COVERAGE	LIMIT
	\$1,000,000.00

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

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

4. (X) Professional Liability

(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	\$2,000,000
(X) Deductible	\$ 5,000

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

5. (x) Employer's Practices Liability

Limit - \$1,000,000.00

6. (x) Cyber Liability

Limit - \$1,000,000.00

7. (x) Umbrella

Limit - \$5,000,00.00

8. Payment & Performance Bond

Limit – Total cost of the project- \$873,313

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9. (X) The policies to be obtained must contain the following endorsements including as additional insured the ***Puerto Rico Department of Housing (\*PRDOH), 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. 60 Days Cancellation Clause

10. (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.

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**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+ Rating according to the Best Rating Guide.
3. Submit to the ***\*PRDOH*** 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 ***\*PRDOH***. 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 **\*PRDOH**.
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 **\*PRDOH** under the Secretary for Legal Affairs.

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

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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 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 **\*PRDOH** 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 **\*PRDOH**.

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 **\*PRDOH** 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.

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**E. CERTIFICATE OF CONTRACT DIVISION**

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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.

**DESCRIPTION OF THE SERVICES:**

**Non-Competitive Procurement Method TeamMate +, TeamCloud Hosting and Consulting Services Acquisition**

March 3, 2021  
Date

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

## 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

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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.

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#### **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;

- (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.

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#### **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.

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#### **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

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:

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- (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.

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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.

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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

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. §§ 327-330) as supplemented by Department of Labor regulations (29 C.F.R. Part 5).

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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.

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**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. §§ 276a to 276a-7) 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

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.

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**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.

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- 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

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 CFR chapter 60).

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

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- 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.

- 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

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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.

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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).

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**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. § 1857 *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. § 1857 c-8) 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.

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## **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 Form to Report Lobbying", 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.



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.

- 2) The parties to this Agreement agree to comply with HUD's regulations in 24 C.F.R. Part 135, 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 135 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 135, 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 135. 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 135.
- 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 135 require employment opportunities to be directed, were not filled to circumvent the CONTRACTOR's obligations under 24 C.F.R. Part 135.
- 6) Noncompliance with HUD's regulations in 24 C.F.R. Part 135 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 (25 U.S.C. § 450e) 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

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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 94-163, 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**

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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.

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### **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**

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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).

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## ATTACHMENT F

### CERTIFICATION

#### GORICO ADVISORY GROUP PR, LLC

##### **I. Contractor (or Subrecipient) Certification Requirement:**

1. Neither the contractor (or subrecipient) nor any of its owners<sup>1</sup>, partners, directors, officials or employees, has agreed to share or give a percentage of the contractor's (or subrecipient's) compensation under the contract<sup>2</sup> 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.

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<sup>1</sup> 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.

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

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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.

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."**

By: José Guillermo Deyá Meléndez  
President

Signature: Jose G. Deya Jr.  
Jose G. Deya Jr. (Jun 30, 2021 13:44 EDT)

Date: Jun-30-2021

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# Gorico Advisory Group PR LLC Agreement (final)

Final Audit Report

2021-07-01

Created:	2021-06-30
By:	Radames Comas Segarra (rcomas@vivienda.pr.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAAWobwH0X12OnEQy_WQw7-LWZICEOIGfYZ

## "Gorico Advisory Group PR LLC Agreement (final)" History

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