



# **Financial Oversight and Management Board for Puerto Rico**

## **REQUEST FOR PROPOSAL**

### **AUDIT OF THE FINANCIAL STATEMENTS OF THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO**

April 10, 2017

#### **EXECUTIVE SUMMARY**

The Financial Oversight and Management Board for Puerto Rico (“the Oversight Board”) is accepting a statement of qualifications and proposals from qualified and experienced certified public accounting firms to provide audit services for the Oversight Board in the future. We invite firms to submit a proposal to the Oversight Board by April 24, 2017. The Oversight Board is sending this Request for Proposal (“RFP”) to help with its selection process. The Oversight Board will subsequently review the submitted proposals to identify and engage the services of a certified public accounting firm. A description of the Oversight Board, the services needed and other pertinent information follows.

#### **BACKGROUND OF THE OVERSIGHT BOARD**

The Oversight Board was established by the bipartisan Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), which was signed into law by President Obama on June 30, 2016 to address the economic crisis in Puerto Rico and to provide a method for a covered territory (Puerto Rico) to achieve fiscal responsibility and to restore access to the capital markets.

The Oversight Board is tasked with working with the Government of Puerto Rico to create the necessary foundation for economic growth and to restore opportunity to the people of Puerto Rico. The Board consists of seven members appointed by the President of the United States and the Governor of Puerto Rico, or his designated representative, as ex-officio member.

## **SERVICES TO BE PERFORMED**

Your proposal is expected to cover the audit of the financial statements of the Oversight Board to be completed in accordance with generally accepted auditing standards. The audit report must be issued to the Board by the second week of August.

## **OTHER INFORMATION**

Throughout this proposal process, your firm may gain access to information considered confidential by the Oversight Board. The confidential information includes this Request For Proposal (RFP) and all information and materials relating to the business and processes of the Oversight Board.

By accepting this RFP, your firm understands and agrees that the confidential information furnished hereunder shall be used solely for the purpose of responding to this RFP. Any confidential documents and information provided during this process shall remain the property of the Oversight Board, shall be kept confidential, and shall be returned to the Oversight Board upon request.

Reproduction of any part of this RFP is authorized only to the extent necessary for the preparation of your response. Your firm shall ensure that all such copies are destroyed when no longer required in connection with this RFP. Only the Oversight Board shall have the right to release any publicity concerning this RFP.

We will similarly treat your information as confidential, although the Oversight Board reserves the right to discuss your response with one or more consultants to assist in analyzing the responses.

Any such consultant(s) will be bound by our non-disclosure agreement(s). All the terms and conditions of this non-disclosure agreement shall remain in full force and effect according to the terms therein.

## **YOUR RESPONSE TO THIS REQUEST FOR PROPOSAL**

In responding to this request, please provide the following information.

### **Background on the Firm**

- Identify the five largest clients your firm (or office) has lost in the past three years and the reasons.
- Furnish standard billing rates for classes of professional personnel for each of the last three years.

- Provide the names and contact information for at least three other similarly sized clients of the partner and manager that will be assigned to Oversight Board.
- Describe how important the Oversight Board would be to your firm.
- Please include a copy of your firm's most recent Peer Review report, Public Company Accounting Oversight Board ("PCAOB") report, the related letters of comments, and the firm's response to the letters of comments.
- Detail any civil or criminal litigation matter involving the firm but not necessarily the client.

### **EXPECTED APPROACH TO THIS AUDIT**

Describe how your firm will approach the audit of the Oversight Board, including the use of any affiliate member firm personnel.

### **ELIGIBILITY REQUIREMENTS**

In order to be eligible to respond to this RFP, the proponent must meet all the following qualifications:

1. **Licensed**: The firm must be properly licensed for practice as a certified public accounting firm in Puerto Rico.
2. **Independent**: The firm must meet the independence requirements of the American Institute of Certified Public Accountants and current Government Auditing Standards published by the U.S. Government Accountability Office.
3. **Quality control**: The firm must meet the continuing education and external quality control review requirements contained in current Government Auditing Standards published by the U.S. Government Accountability Office.
4. **Non-discrimination**: The firm must comply, at all times during bidding and contracting period, with all applicable federal and local nondiscrimination requirements.
5. **Not Barred from Practice**: The firm cannot have been barred from practice for the past ten years and cannot be under investigation for audit failures.

### **PERSONNEL QUALIFICATIONS**

Provide sufficient information and related experience of personnel who will perform the audit services. Include resumes of the partner directly responsible for this engagement and other professionals directly involved. Resumes shall include all relevant experience during the last three years, education and professional licenses.

### **FEES AND EXPENSES**

The response to the RFP should include proposed fees and expenses for the audit of the financial statements of the Oversight Board for the year ending June 30, 2017, with the option of auditing the financial statements for each of the two subsequent fiscal years, 2018 and 2019, based upon satisfactory performance. Fees and expenses will be capped at the amount included in the proposal and any additional time and work shall be preapproved. Audits are to be performed in accordance with generally accepted auditing standards. Please include the estimated number of hours and a description of whatever guarantees can be given regarding fee increases in future years.

The response should also contain a list of each person who may perform services and their title, the proposed rate or blended hourly rate proposed, and the level of involvement anticipated for each component. Hourly rates of the firm employees should be provided for services which may be requested outside of the scope described above. Notwithstanding the foregoing, the Board reserves the right to modify the form of proposed contract.

The firm shall present an invoice on a monthly basis for services rendered and support for expenses billed. Any out of scope service or expenditure must be preapproved.

### **SELECTION CRITERIA**

The following criteria and weighting will be used to evaluate the proposal:

1. Responsiveness: The completeness and conformity of the proposal to the RFP requirements.
2. Experience: This includes, but is not limited to the qualifications and work experience of key personnel assigned to the audit and experience in governmental financial audits.
3. Competency and Capacity: The existence of adequate personnel who can reasonably respond to the Oversight Board's needs with demonstrated knowledge, skills, and abilities to perform required services competently.
4. Technical: The appropriateness and adequacy of proposed procedures, reasonableness of times estimates and total audit hours, size and structure of the CPA firm and appropriateness of assigned staff levels.
5. Fees: The overall cost of the audit over the contract period.

### **RESPONSE DEADLINES**

The response to the RFP is due no later than 5:00 p.m. on April 24, 2017. Please respond in a thorough and timely fashion. Proposals submitted beyond the deadline may not be accepted. The Oversight Board reserves the right not to consider responses to the RFP or revisions after the response due date. All proposals received shall remain in effect for sixty (60) days from the date of receipt of the proposal. Evaluation of the responses and ultimate selection will be made by the Oversight Board.

It is the intent of the Oversight Board to select a certified public accounting firm based on the RFP response and, at the Board's option, conduct subsequent interviews with various applicants.

All inquiries, correspondence, and submissions during the RFP process should be addressed to [ramon.ruiz@promesa.gov](mailto:ramon.ruiz@promesa.gov).