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**Request for Proposal #2024-3 (“RFP”)  
For Professional Services in connection with the Development and Execution  
of an Accounting Remediation Plan for the Puerto Rico Electric Power  
Authority (“PREPA Remediation”)**

**Requests for Clarifications (“RFCs”)**

In accordance with Section 4 of the RFP, the Fiscal Agency and Financial Advisory Authority (“AAFAF”, for its Spanish acronym) and the Puerto Rico Department of Treasury (“PRDT”) hereby respond to the written questions that were received on or before the deadline stated in the RFP. Capitalized terms not defined herein shall have the meaning ascribed to such term in the RFP.

**GENERAL CLARIFICATION:**

Note that RFP #2024-3 is for the purpose of procuring professional services to (1) assess PREPA’s current accounting procedures and practices and provide recommendations on areas of opportunity and improvement; (2) develop a proposed plan to execute such recommendations for PRDT and PREPA’s review; and (3) in case of acceptance of the proposed plan, provide guidelines and assistance to Treasury and PREPA in the execution of the plan. A separate, competitive procurement process will be subsequently conducted to select a qualified contractor for the Execution Phase of the plan.

**Question:**

In response to your RFP we need more information regarding the timing expectations to complete the tasks and needs presented in the email submitted:

“Purpose of the Request for Proposal (“RFP”)

PRDT and the Secretary are seeking advisors to (1) assess PREPA’s current accounting procedures and practices and provide recommendations on areas of opportunity and improvement; (2) develop a proposed plan to execute such recommendations for PRDT and PREPA’s review; and (3) in case of acceptance of the proposed plan, provide guidelines and assistance to Treasury and PREPA in the execution of the plan.”

We need to know the time frame expectations, weeks/months/years, for all the stages defined in your email to assign the required human resources to get the job done in the time frame excepted by PREPA’s representatives. This is a very comprehensive initiative, and it is not clear the resources available to us to work as a team to develop a cohesive plan to be executed in a time frame that should be share



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PUERTO RICO  
**TREASURY**  
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upfront to ensure all parties are focused and committed on goals and objectives that could be measured, executed, evaluated and adjust accordingly along the way.

Response:

As established in Section 2 of the RFP (*Scope of RFP*), the expectation is that proponents provide details in their proposals of the approach (including timeframes) and key personnel they will use to perform the assessment of PREPA's current accounting procedures and practices considering all items established in Section 2a.i., and to develop a plan and assist in the execution of such plan. PRDT and AAFAF are not providing a specific timeframe in the RFP document to have the opportunity of comparing timelines and methodologies proposed by participants of this competitive process based on their past experiences in similar projects and resources available to provide the services to be contracted in relation to this RFP.

However, proponents should consider that this project is of the utmost importance to PRDT, AAFAF and the Government of Puerto Rico ("Government"), and we will evaluate the proposed timelines, approach and methodologies balancing the need to perform these services as soon as possible and as a priority (during the remaining months of FY2024 and FY2025), but also recognizing the complexity of the tasks and the need to ensure they are managed properly.

Question:

Who should the proposal be addressed to:

- a. Puerto Rico Department of Treasury (PRDT) and Chief Financial Officer of the Government (Secretary or CFO), or
- b. Puerto Rico Fiscal Agency and Financial Advisory Authority (AAFAF)?

Response:

The proposals should be addressed to the Secretary of Treasury and Chief Financial Officer of the Government.

Question:

What is the expected contract duration?

Response:

The expectation is that contract(s) to be executed in relation to this RFP will cover the remaining months of FY2024 and FY2025, subject to the corresponding budget and



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& FINANCIAL ADVISORY**  
AUTHORITY

PUERTO RICO  
**TREASURY**  
DEPARTMENT



contract approvals. PRDT reserves the right, at its sole discretion and subject to customary approvals, to renew contracts for additional time, as needed.

Question:

Is there a preferred fee proposal structure (fixed price vs. rate card)?

Response:

A fixed price structure is preferred. If submitting a rate card fee proposal, please submit the expected hours to be incurred and total projected costs of the project.

Question:

For relevant experience with similar projects, is there a specific number of projects required to be included in the proposal?

Response:

In terms of relevant experience with similar projects, there is no specific number of projects required to be included in the proposals. However, proponents should only include projects that are relevant to the scope of the RFP.

Question:

How many accounting policies and procedures are available for review?

Response:

The identification of all PREPA's accounting policies and procedures to be reviewed is part of the tasks that proponents should consider in the assessment stage. PRDT will provide a list during the kickoff of the project, but as part of the assessment the selected proponent(s) will validate and confirm that all current accounting policies and procedures are being considered.

Question:

Can you provide additional information on the asset split and Balance Sheet Split (as contractually defined) scope items?

Response:

As established in Section 2.a.i.b. of the RFP, the expectation is that selected provider(s) will perform an assessment of PREPA's trial balance and related documentation to



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& FINANCIAL ADVISORY**  
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PUERTO RICO  
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DEPARTMENT



prepare a detailed roadmap for an asset split by key financial area. The aim of Section 2.a.i.b. is for the selected proponent(s) to address PREPA's historical and current state trial balance and assess and provide a roadmap to correct balance sheet reconciling issues (i.e. assets and inventory).

Question:

How many restructured entities are there under the current reporting structure?

Response:

Under the current PREPA reporting structure, the restructured entities operating under PREPA HoldCo include the following:

- PREPA GenCo, LLC
- PREPA HydroCo LLC
- PREPA Holdings, LLC
- PREPA Property Co LLC
- PREPA GridCo, LLC (currently operating as part of PREPA HoldCo)

Question:

Please explain the contractually defined "Balance Sheet Split" referred to in a(i)b(v).

Response:

The aim of Section 2.a.i.b. is for the selected proponent(s) to address PREPA's historical and current state trial balance and assess and provide a roadmap to correct balance sheet reconciling issues (i.e. assets and inventory).

Question:

What defines 'audit ready'?

Response:

The term "audit readiness" was used to refer to PREPA's readiness for an asset split by key financial areas identified in the RFP.

Question:

When/what year was the last completed audit?



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PUERTO RICO  
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Response:

PREPA's last completed audit is FY2021, with the FY2022 audited financial statements expected to be issued in the very near future.

Question:

When was the last audit and what year(s) are included in scope?

Response:

The expectation is that the assessment will include review and evaluation of historical data and, in terms of the audited financial statements, the selected proponent(s) will have available for review the most recent audits (until FY2022).

Question:

What constitutes audit readiness for the CC&B system?

Response:

The term "audit readiness" was used to refer to PREPA's readiness for an asset split by key financial areas identified in the RFP.

Question:

What financial accounts are included in CC&B (e.g., Accounts Receivable)?

Response:

As part of the assessment stage, the selected proponent should review all financial accounts.

Question:

Are there existing documented policies and procedures? If so, which ones?

Response:

The identification of all of PREPA's accounting policies and procedures to be reviewed is part of the tasks that proponents should consider in the assessment stage. PRTD will provide a list during project kickoff, but as part of the assessment the selected proponent(s) will validate and confirm that all current accounting policies and procedures are being considered.



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Question:

Are there existing documented systems schematics? If so, how complete are they?

Response:

As part of the assessment stage, the selected proponent(s) will be provided with relevant documentation, as available.

Question:

What systems are in scope and what systems are out of scope?

Response:

As part of the assessment stage, the selected proponent(s) should review all relevant systems.

Question:

How many years/months are account reconciliations needed for the following:

- a. Bank accounts
- b. Inventory
- c. Fixed assets
- d. CC&B

Response:

This is information that selected proponent(s) will have access to as part of the assessment stage.

Question:

How many bank accounts are there and as of what date were they last reconciled?

Response:

This is information that selected proponent(s) will have access to as part of the assessment stage.

Question:



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PUERTO RICO  
**TREASURY**  
DEPARTMENT



When was the last inventory count? What percentage of the total was counted?

Response:

This is information that selected proponent(s) will have access to as part of the assessment stage.

Question:

When was the last fixed asset count? What percentage of the total was counted?

Response:

This is information that selected proponent(s) will have access to as part of the assessment stage.

Question:

Where is historical fixed asset data stored? Are maintenance and repair records available?

Response:

This is information that selected proponent(s) will have access to as part of the assessment stage.

Question:

Are we working solely with PREPA, or are we working with other entities?

Response:

The selected proponent(s) will work with PREPA (including its agent, LUMA Energy ServCo), PRDT, AAFAF, the Public-Private Partnerships Authority, and any other entity authorized by the Government and as established in the corresponding agreement(s) under this RFP.

Question:

What level of access will we have to internal team?

Response:



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The selected proponent(s) will work together with internal resources designated by the entities listed above.

Question:

Given the need for an assessment to develop a detailed roadmap, please confirm that our fee estimate is limited to the assessment phase.

Response:

The fee estimates should include all stages covered by the RFP: (1) assessment; (2) development of detailed plan; and (3) providing guidance and assistance in the execution of the plan.

Question:

Will data be made available through remote system access to facilitate hybrid or remote work?

Response:

Access to systems needs to comply with specific rules and requirements, which will be established in the corresponding agreement(s) with the selected proponent(s). Therefore, remote system access will not be guaranteed, but the Government will work to make the data available.

Question:

What is the expectation for resources to be on site?

Response:

The expectation is that the team dedicated to the project will be available to work on site and remotely, although travel and lodging expenses would need to be authorized in advance by PRDT and agreed to in the corresponding agreement(s).