

**REQUEST FOR PROPOSALS  
SCHNEIDER REGIONAL MEDICAL CENTER**

**Request for Proposal for Professional Audit Services**

Pursuant to the Government Hospitals and Health Facilities Corporation (GHHFC) procurement policy the Schneider Regional Medical Center (SRMC) will receive proposals for the work described below. Proposals will be received **until November 30, 2021 @ 4o' clock, P.M. ATLANTIC STANDARD TIME**

**SCOPE OF SERVICES: ATTACHED**

**NEGOTIATED PROCEDURES:**

The Chief Executive Officer (CEO) will appoint a Selection Committee to assist in the evaluation and selection of the vendor. Accordingly, current data on qualifications and performance should be submitted with proposals. After reviewing the qualifications and proposals the Committee will select for discussions from the firm/s or person/s considered not less than three (3), in order of preference, **deemed to be the most highly qualified to provide the services herein required.** Discussions will be conducted successively and severally with the firm or persons so selected the anticipated concepts and the relative utility alternative methods of approach for furnishing the services hereunder.

**FACTORS FOR DISCUSSIONS**

1. Prior experience of prospective firm and staff [0 -- 30]
  - a. Auditing State, Agencies, and/or local government activities. (General Government) [0 – 5]
  - b. Auditing State, Agencies, and/or local government activities. (Specific to a CMS Certified Hospital & Medical Facility) [0 – 15]
  - c. Auditing programs financed by Federal Government. [0 – 10]
2. Organizational size and structure of the prospective firm. [0 – 20]
  - a. Consideration of size, audit approach, and capabilities of the prospective firm in relation to the demands of tasks to be performed. [0 – 20]
3. Qualification of staff to be assigned to the audit. [0 – 25]

This will be determined from resumes submitted, education, position in firm, years, and types of experience will be considered.

  - a. Audit team makeup. [0 – 15]
  - b. Overall supervision. [0 – 10]
3. Proposer's understanding of work to be performed. [0 – 25]
  - a. Adequate staffing for audit completion [0 – 10]

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- b. Realistic time estimates of each audit step [0 – 10]
- c. Organization/user friendliness of schedules [0 – 5]

Maximum Points: **100**

SRMC will use the total scores as a guide in selecting an auditor. SRMC also reserves the right to negotiate with any proposer, if it is deemed in the best interest for SRMC.

**NEGOTIATION:**

The Selection Committee shall recommend to the CEO the **highest qualified firm or person with whom a contract shall be negotiated**. The Director with the assistance of the Selection Committee shall attempt to negotiate a contract with such firm or person.

Should the CEO be unable to negotiate a satisfactory contract with the firm to be the most qualified, at a price determined to be fair and reasonable to SRMC, negotiations with the firm will be formally terminated. Negotiations will then be commenced with the second most qualified, the third most qualified or additional firms to preference and their competence and qualification and shall continue until an agreement is reached.

**INSTRUCTION TO PROPOSALS**

**A. NOTICE**

**This project is for securing auditing services.**

Information provided in the scope of work is to be used only for purposes of preparing a proposal. It is further expected that each bidder will read the scope of work with care, as failure to meet certain specified conditions may invalidate the proposal.

Schneider Regional Medical Center, hereinafter referred to as SRMC, reserves the right to reject any or all proposals or any portion thereof and to accept the proposal deemed most advantageous to SRMC. Price shall not be the sole criterion of awarding this project. Scope and quality of work proposed and the ability of the bidder to complete this type of project shall also be considered.

Applicants are requested to submit proposals based on the scope of work. Alternative proposals recommending new features and technology other than that requested in the scope of work will receive consideration providing such new features and/or technology is clearly explained. Any

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exceptions to the requirements requested herein must be clearly noted in writing and be included as part of the proposal.

SRMC welcomes firms that are small and minority business firms, labor surplus area firms and whenever women's owned business enterprises are used in subcontracting opportunities.

The information contained herein is believed to be accurate but is not to be considered in any way as a warranty. Request for additional information clarifying the Scope of Work should be directed in writing to LeRue C. Browne, Director of Procurement & Materials Management at [lcbrowne@srmedicalcenter.org](mailto:lcbrowne@srmedicalcenter.org).

Failure to ask questions, request changes or submit objections shall constitute the acceptance of all terms, conditions, and requirements in this RFP. The issuance of a written addendum by SRMC is the **only** official method by which interpretation, clarification or additional information can be given. It is the responsibility of the potential Bidder to contact SRMC to ensure that they receive all addenda prior to the submittal of the proposal package. **The proposal package will be considered nonresponsive if all modifications are not incorporated.**

**B. STATEMENT OF PURPOSE:**

**This solicitation is to secure an auditing firm to express an opinion on the fair presentation of its basic financial statements, and the related notes to the financial statements, in conformity with generally accepted accounting principles.**

**C. PROPOSED SCOPE OF WORK:**

**See Attached Scope of Work**

**D. TIMETABLE**

1. Last day for requests for written clarification will be November 17, 2021
2. Responses – Addenda or Modifications to Solicitation, November 22, 2021
3. Proposals will be accepted at the Hospital, no later than November 30, 2021, 4PM AST
4. Bid Opening December 1, 2021, 10am AST

**E. SUBMISSION OF PROPOSAL**

All interested parties shall submit one (1) original and five (4) copies to SRMC. Bidding documents may be obtained from SRMC for a fee of \$25.00 per set. They shall be addressed to:

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Schneider Regional Medical Center  
9048 Sugar Estate  
St. Thomas, Virgin Islands 00801  
ATTN: LeRue C. Browne, Director of Procurement & Materials Management

The sealed envelope containing the proposal must have the following information written on the outside of the envelope:

<p style="text-align:center"><b>SEALED PROPOSALS – DO NOT OPEN</b></p> <p>RFP [Name of Bidder] [Mailing Address of Bidder] [Telephone Number of Bidder] [Email Address of Bidder]</p>
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Where proposals are sent by mail, the bidder shall be responsible for their delivery to SRMC **before** the date and time set for closing of acceptance of proposals.

**F. WITHDRAWALS OF PROPOSAL**

A proposal may be withdrawn at any time prior to the time specified as the closing time for acceptance of proposals. However, no proposal shall be withdrawn or canceled for a period of thirty (30) days after said closing time for acceptance of proposals nor shall the successful provider withdraw or cancel or modify his proposal, except at the request of SRMC after having been notified that said proposal has been accepted by SRMC.

**G. INTERPRETATION OF SPECIFICATIONS**

If any person contemplating submitting a proposal requires clarification of any part of the scope of work, he/she may submit to SRMC a written request for an interpretation thereof to LeRue C. Browne, Director of Procurement & Materials Management [lbrowne@srmedicalcenter.org](mailto:lbrowne@srmedicalcenter.org).

SRMC will not respond to questions received after the above established date. The person submitting the request will be responsible for its prompt delivery. Any interpretation of the scope of work will be made in writing to all prospective providers. Oral explanations will not be binding.

**H. CONSIDERATION OF PROPOSAL**

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The Director of Procurement & Materials Management shall represent and act for SRMC in all matters pertaining to the scope of work and contract in conjunction therewith. This RFP does not commit SRMC to the award of a contract, nor pay any cost incurred in the preparation and submission of proposals in anticipation of a contract. SRMC reserves the right to reject any or all proposals and to disregard any informally and/ or irregularity in the proposal when, in its opinion, the best interest of SRMC will be served by such action. Proposals failing to provide some of the items in the scope of work shall not be rejected per se but any deviations from the scope must be clearly substantiated.

### **I. ACCEPTANCE OF PROPOSALS**

SRMC will notify in writing acceptance of one of the proposals. Failure to provide any supplementary documentation to comply with the vendor's proposal may be grounds for disqualification.

### **J. CONTENTS OF PROPOSAL**

The following is a list of information to be included in the written proposal. Failure to comply with all the requirements as outlined will disqualify the applicant.

1. Introductory letter about the applicant:

- a. Name, address, email, and phone number
- b. Type of service for which individual/firm is qualified

2. Organization:

- a. A brief statement as to the firm's understanding of the work to be performed, the commitment to perform the work within the time period, and a statement as to why the firm believes it to be the best qualified to perform the engagement.
- b. The period for which the offer will be honored, which should be at least ninety (90) days from the date of the proposal.
- c. Copy of Articles of Incorporation or Articles of Organization or equivalent
- d. Copy of Corporate Resolution or Memorandum Authorizing Signatory of equivalent
- e. Copy of Certificate of Good Standing or Certificate of Existence or equivalent
- f. Copy of Valid USVI Trade name Registration (if applicable)
- g. Copy of Valid USVI Business License
- h. Performance and Payment Bond if applicable
- i. Listing of **ALL** of Vendor's Pending Litigation

3. Body of Proposal: The purpose of the proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake an independent audit of SRMC and

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its components in conformity with the requirements of this RFP. As such, the substance of proposals will carry more weight than their form or manner of presentation. The qualifications proposal should demonstrate the qualifications of the firm and of the staff to be assigned to this engagement. It should also specify an audit approach that will meet the requirements of the RFP. The proposal should address all the points outlined in the request for proposal. The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposal. While additional data may be presented, responses to the following items must be included, particularly given that said items will be an integral component by which the proposal will be evaluated:

4. **Independence:** The firm should provide an affirmative statement that it is independent of SRMC as defined by current professional standards. Professional standards refer specifically to Generally Accepted Auditing Standards as established by the American Institute of Certified Public Accountants, Generally Accepted Government Auditing Standards established by the U.S. General Accounting Office, and any other standards applicable to audits of government entities.
5. **Licensed to Practice:** An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in the U.S. Virgin Islands or will perform all steps necessary to obtain a license to practice in the Virgin Islands prior to commencement of services.
6. **Firm Qualifications and Experience:** The proposal should state the size of the firm, the size of the firm's governmental audit staff and the location for the office from which the audit will be performed. If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve, as the principal auditor should be noted, if applicable. The firm is also required to submit a copy of the report on its most recent external quality control review (Peer Review), with a statement whether that quality control review included a review of specific government engagements. The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past five (5) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past five (5) years with state regulatory bodies or professional organizations.
7. **Partner, Manager, Supervisor and Staff Qualifications and Experience:** The firm should identify the principal management and supervisory staff, including engagement partners, managers, and other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a Certified Public

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Accountant in the Virgin Islands. The firm also should provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to performance of this audit. Engagement partner, managers, other supervisory staff, and specialists may be changed if those personnel leave the firm are promoted or are assigned to other clients or offices. These personnel may also be changed for other reasons. However, the Authority retains the right to approve or reject replacements.

8. **Similar Engagements with Other Entities:** For the specific firm's office that will be assigned responsibility for the audit, list the most significant audit engagements, with a maximum of ten (10) performed in the last five (5) years, that are similar to the engagement described in this request for proposals. At least seven (7) of the engagements should be government entities of similar size and scope. Indicate the scope of work, number of audits completed for the specific government entity, performance period of the most recent completed engagement, actual issuance date of the most recent completed audit report, name of engagement partner, total audit hours, and the name and telephone number of the principal client contact.
  
9. **Specific Audit Approach:** The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this RFP. In developing the work plan, references should be made to such sources of information as SRMC's most recent audited financial statements, budget, and related materials. Proposers will be required to provide the following information on their audit approach:
  - a) Proposed segmentation of the engagement with anticipated time frames for each segment.
  - b) Level of staff and number of hours to be assigned to each proposed segment of the engagement.
  - c) Extent of use of management information systems/software/etc. that will significantly aid in completing the engagement as defined and delineated in I.A.6.
  - d) Type and extent of analytical procedures to be used in the engagement.
  - e) Approach to be taken to gain and document an understanding of SRMC's internal control structure.
  - f) Approach to be taken in determining laws and regulations that will be subject to audit test work.
  - g) Identification of the approach used to test controls and compliance.
  - h) Identification of the extent of substantive tests of balances procedures to be performed.

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i) Identification of the firm's pre-issuance report review procedures that the SRMC's audit reports will be subject to. If firm personnel other than members of the engagement team will be involved in the pre-issuance report review, those individuals should be identified.

10. Identification of Potential Problem Audit Areas: The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested by the Authority.

11. Fee Proposal: **The Fee Proposal must be submitted in a separately sealed envelope. SRMC wishes to evaluate proposals initially without regard to fees.**

*a. Total All-Inclusive Minimum to Maximum Price Range*

The proposal should contain all pricing information relative to performing the audit engagement as described in this RFP. The total all-inclusive price range to be bid must contain all direct and indirect costs including all out-of-pocket expenses. The proposed price range must be documented in the format included in **Appendix D**. SRMC will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar bid. Such costs should not be included in the proposal.

*b. Rates by Partner, Manager, Supervisor and Staff*

The proposal should include a schedule of professional fees and expenses, presented in the format provided in the attachment, **Appendix D**, that supports the total all-inclusive minimum to maximum price.

*c. Out-of-pocket expenses for firm personnel (e.g. travel, lodging, meals, etc.)* should be included on the schedule of professional fees and expenses in the format provided in the attachment, **Appendix D**. All expense reimbursements will be charged against the total all-inclusive price range submitted by the firm.

*d. Additional Professional Services, Other than Subject Matter Experts*

If it should become necessary for the Authority to request the auditor to render any additional services to supplement the services requested in this RFP, such additional work shall be performed only if set forth in an addendum to the contract between SRMC and the firm.

**K. CONFLICT OF INTEREST**

A proposer filing a proposal hereby certifies that no officer, agent, or employee of SRMC has a



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pecuniary interest in this proposal or has participated in contract negotiations on behalf of SRMC; that the proposal is made in good faith without fraud, collusion or connection of any kind with any other Bidder for the same request for proposals; the Bidder is competing solely in its own behalf without connection with or obligation to any undisclosed person or firm.

**L. LICENSE REQUIREMENT**

An award will not be made to any firm or individual doing business in the U.S. Virgin Islands to perform work with SRMC until evidence is submitted that the said firm or individual has a valid U.S.V.I. Business License to do business in the U.S. Virgin Islands. Bidders must submit a hard copy of a valid U.S. Virgin Islands business license within ten (10) working days after award.

All Bidders bidding as a Joint Venture must be licenses as a Joint Venture in the U.S. Virgin Islands.

**M. REQUIRED DOCUMENTS**

1. **PUBLIC LIABILITY:** The successful bidder will be required to obtain and have in place public liability insurance and other insurance necessary as requested in this proposal package. Insurance policy (ies) shall name SRMC as the certificate holder and additional insured via an endorsement. The public liability insurance shall have a minimum limit of not less than one million dollars (\$1,000,000.00) for anyone per occurrence for death or personal injury and one million dollars (\$1,000,000.00) for any one occurrence for property damage. Bidder must provide public liability insurance within (10) working days after award.
2. **PROFESSIONAL LIABILITY:** The successful bidder will be required to supply proof of professional liability insurance for the services to be performed, with policy limits of no less than \$1,000,000 per each occurrence. SRMC shall be listed thereon as a certificate holder but not as an additional insured. Proof of professional liability coverage must be provided within ten (10) working days after award.
4. **WORKERS' COMPENSATION:** Within ten (10) working days after award of project, the successful bidder must submit a copy of their certificate providing that the firm and its agents are covered by Workers' Compensation Employee's Liability.

**N. ACCEPTANCE OF CONTRACT TEMPLATE AND OTHER TERMS AND CONDITIONS**

By submitting a proposal in response to this RFP, the proposer agrees to accept the terms and

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conditions of SRMC's standard contract, a copy of which is attached to this RFP, if the proposer is selected for award. In addition, proposer agrees to comply with all legal requirements to contract with SRMC.

**O. ADDENDUM I**

Scope of Service

**P. APPENDIX A**

Evaluation Criteria

**Q. APPENDIX B**

Proposer Guarantee

**R. APPENDIX C**

Proposer Warranties

**S. APPENDIX D**

Professional Fees

**T. APPENDIX E**

RFP Exceptions Page

**U. APPENDIX F**

General Contract Terms and Conditions

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**SCOPE OF SERVICE**

Schneider Regional Medical Center (SRMC) desires the auditor to express an opinion on the fair presentation of SRMC's basic financial statements in conformity with Generally Accepted Accounting Principles (GAAP), Governmental Accounting Standards and Board (GASB), and include the following:

- A. Perform an examination of SRMC's basic financial statements for the purpose of rendering an opinion thereon. The audit is to be performed in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits contained in Governing Auditing Standards (1994) issued by the Comptroller General of the United States.
- B. Perform limited audit procedures related to the Required Supplemental Information (RSI), including Management's Discussion and Analysis (MD&A), and schedule of proportionate share of the net pension liability and schedule of contributions.
- C. Provide up to 20 hours of consultation and advice regarding GAAP as needed throughout the year to facilitate the audit process, which may include implementation of new GASB statements, as applicable.
- D. **Prerogatives**  
SRMC reserves the following prerogatives.
  - 1. To reject any or all proposals.
  - 2. To change audit phase and report due dates.
  - 3. To terminate the contract following ten (10) days written notification to the audit firm.
- E. **Contract Period**  
The professional services contract shall apply to the annual audit of the period ending September 30, 2021, September 30, 2022, and September 30, 2023 with the option for a 3-year extension.
- F. **Assignability**  
The firm cannot transfer any interest or provide for the assignment of the purchase of professional services contract with Schneider Regional Medical Center both in whole or in part, without the expressed written permission and written consent of the SRMC's Board of Directors and Chief Executive Officer.

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**G. Payment**

Payment for services rendered will be based upon receipt of an itemized statement from the audit firm. All billings should indicate the percentage of work completed. Amounts billed of the maximum price will not exceed the percentage of completion. Not more than 66% of the fee will be paid prior to receipt of a “final” version of the prospective firm’s audit report for the Basic Financial Statements, Single Audit, and Cost Report, as well as management letter comments.

**H. Ownership**

All proposals and reports become the property of the Schneider Regional Medical Center upon submission, for use as deemed appropriate. Work papers must be available for references and reproduction by SRMC for a minimum of seven (7) years, unless the firm is notified in writing by SRMC of the need to extend the retention period. Copies of adjusting audit entries and trial balances, if applicable, will be provided to SRMC upon completion of each individual audit engagement.

**I. Confidentiality**

All proposals, for the purpose of bidding, will be kept in strict confidence by SRMC. The proposers and subsequently selected audit firm may not issue news releases or other public notification regarding this project without prior approval from SRMC.

**J. Special Meetings**

A planning meeting will be held prior to the start of audit work each year, at the request of SRMC. In this meeting the firm is required to submit a Provided by Client (PBC) list. Progress meetings will be held as deemed necessary by the Chief Financial Officer to gauge audit progress and assist in facilitating the timely completion of the audit.

An exit conference will be held at the end of the audit to discuss findings and recommendations resulting from the audit work performed and a draft copy of the report will be provided at this time. In addition, special meetings will be scheduled when matters involving the potential of fraud, theft, misuse or misrepresentations on financial or grant reports, or similar matters are discovered that require notification and/or the determination of a course of action. Scheduling of these meetings will be the responsibility of the audit firm and shall include SRMC’s Board of Directors, Chief Executive Officer, and Chief Financial Officer.

**K. Field Work**

The prospective firm may be required to be on-site for a minimum of two (2) weeks to complete all field work. The firm will be expected to bear all travel expenses, if applicable.

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**REPORTS TO BE ISSUED**

Following the completion of the audit of the fiscal year's financial statements, the auditors shall issue the following reports in a timely manner:

1. An Independent Auditor's Report on the fair presentation of the financial statements in conformity with GAAP and GASB.
2. An Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. Single Audit Report, containing:
  - a. Schedule of Expenditures of Federal Awards (SEFA)
  - b. Notes to the SEFA
  - c. Independent Auditors' Report of Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
  - d. Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program, Internal Control Over Compliance in Accordance with OMB Circular A-133 and Schedules of Expenditures of Federal Awards.
  - e. Schedule of Findings and Questioned Costs.

**Report must be submitted to SRMC for review no later than February 1<sup>st</sup> of the Calendar Year.**

4. The prospective firm shall submit, no later than sixty (60) working days after the end of field work, a draft of the management letter, which shall identify material weaknesses observed in the system of internal accounting control as well as the effect of financial management and proposed steps to eliminate the weaknesses found. A proposal of post-closing adjustments, even if pending outside agencies deliverables.
5. Medicare Cost Report, including:
  - a. Bad Debt Portion**Report must be submitted to SRMC for review no later than February 1<sup>st</sup> of the Calendar Year.**
6. If Applicable, a separate management letter.

Final report printing and binding shall be the responsibility of the auditor, at no additional cost. Number of bind copies as followed:

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Report	Hard Copies	Bind	Electronic Copy
Basic Financial Statements	10	Yes	Yes
Single Audit	10	Yes	Yes
Medicare Cost Report	10	Yes	Yes
Management Letter, if applicable	10	No	Yes

**WORKING PAPERS RETENTION AND ACCESS TO WORKING PAPERS**

All audit working papers and reports must be retained, at the auditor's expense, for a minimum of seven (7) years unless the firm is notified in writing by the SRMC of the need to extend the retention period. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

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**APPENDIX A**

Upon determining that a proposal satisfies the mandatory requirements stated in the request for audit services, a comparative assessment of the relative benefits and deficiencies of the proposal in relationship to published evaluation criteria shall be made objectively. The award of a contract resulting from this request for auditing services shall be based on the best proposal received in accordance with the evaluation criteria stated below.

After an initial screening process of the RFP, a technical question-and-answer conference or interview may be conducted, if deemed necessary by SRMC to clarify or verify the proposer's proposal and to develop a comprehensive assessment of the service. SRMC reserves the right to consider historic information and fact, whether gained from the proposer's proposal, question-and-answer conferences, references, or any other source, in the evaluation process.

The proposer is cautioned that it is the proposer's sole responsibility to submit information related to the evaluation categories and that SRMC is under no obligation to solicit such information if it is not included with the proposer's proposal. Failure of the proposer to submit such information may cause an adverse impact on the evaluation of the proposer's proposal.

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**APPENDIX B**

**PROPOSER GUARANTEE**

The proposer certifies it can and will provide and make available, as a minimum, all services outlined as part of *Section II, "Nature of Services Required"*, and further provides the following certifications:

- A. The individual signing certifies that he/she is authorized to contract on behalf of the Proposer.
- B. The individual signing certifies that the Proposer is not involved in any agreement to pay money or other consideration for the execution of this agreement, other than to an employee of the firm.
- C. The individual signing certifies that the prices in this proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition.
- D. The individual signing certifies that the prices quoted in this proposal have not been knowingly disclosed by the Proposer prior to an award to any other Proposer or potential Proposer.
- E. The individual signing certifies that there has been no attempt by the Proposer to discourage any potential Proposer from submitting a proposal.
- F. The individual signing certifies that the Proposer is a properly licensed certified public accountant, licensed to conduct independent audits in the U.S. Virgin Islands or will be licensed to conduct independent audits in the U.S. Virgin Islands at the time services are rendered.
- G. The individual signing certifies that the Proposer meets the independence standards of the Government Auditing Standards (Current Revision).
- H. The individual signing certifies that she/he is aware of and will comply with the GAO Continuing Education Requirement of 80 hours of continuing education every two years; and that 24 hours of the 80 hours education will be in subjects directly related to the government environment and to government auditing for individuals.
- I. The individual signing certifies that she/he is aware of and will comply with the GAO requirement of an external quality control (peer) review at least once every three years.
- J. The individual signing certifies that she/he has read and understands the following publications relative to the prospective audits:
  - > Government Auditing Standards (Current Revision)
  - > OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations (June 1997)
  - > OMB Circular A-133 - Compliance Supplement (Revised June 1997)
  - > Indirect Cost and Other Rates for Grants



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The individual signing certifies that she/he has read and understands all the information in this Request for Proposal, including the information on the programs/grants/contracts to be audited.

K. The individual signing certifies that the Proposer, and any individuals to be assigned to the audits, does not have a record of substandard audit work and has not been debarred or suspended from doing work with any federal, state or local government.

➤ **NOTE:** If the Proposer or any individual to be assigned to the audits has been found in violation of any state or AICPA professional standards, this information must be disclosed.

Signature:

Name: \_

Title:\_\_\_

Firm: \_\_

Date:

**This page must be signed, notarized, and submitted as part of your RFP to be considered valid.**

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**APPENDIX C**

**PROPOSER WARRANTIES**

A. Proposer warrants that it is willing and able to comply with the laws of the United States and the United States Virgin Islands.

B. Proposer warrants that it has errors and omissions insurance policy with coverage of not less than \$1,000,000 for the willful or negligent acts or omissions of any partners, officers, employees or agents thereof and proof shall be submitted upon award of the contract.

C. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Firm: \_\_\_\_\_

Date: \_\_\_\_\_

**This page must be signed, notarized, and submitted as part of your RFP to be considered valid.**

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**APPENDIX D**

Summary schedule of professional fees and expenses (all-inclusive minimum to maximum price range) for professional services for the fiscal year ended September 30, 2020, September 30, 2021, and September 30, 2022. Total all-inclusive minimum to maximum price range for audit services must be delineated as follows:

**Professional Fees**

<b>Resource</b>	<b>Minimum Cost</b>	<b>Maximum Cost</b>
Partner	\$	
Senior Manager		
Manager		
Senior		
Subject Matter Expert (s)		
Out of Pocket Expenses		
<b>Grand Total</b>	<b>\$</b>	

**Signature:**

**Name:**

**Title:**

**Firm:**

**Date:**

**This page must be signed, notarized, and submitted as part of your RFP to be considered valid.**

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**APPENDIX E**

**RFP EXCEPTIONS PAGE**

The Proposer must note below all exceptions to the RFP specifications. I certify that the following are the only exceptions to the RFP specifications, and all forms attached. If your RFP meets all specifications for this RFP except as noted above, sign here:

Name and Title

Company \_\_\_\_\_

Date \_\_\_\_\_

**This page must be signed, notarized, and submitted as part of your RFP to be considered valid.**

\_\_\_\_\_

## APPENDIX F

### GENERAL PROVISIONS

The following provisions shall govern the Contract to the extent applicable:

#### 1. DEFINITIONS

The term "Contracting Officer" as used herein means the person executing this contract on behalf of the Hospital or his or her designee, and includes the duly appointed successor of the person executing this contract or his or her designee, or the duly authorized representative of the Hospital.

#### 2. SPECIFICATIONS AND DRAWINGS

The Contractor shall keep on the work a copy of the drawings and specifications and shall at all times give the Contracting Officer access thereto. Anything mentioned in the specifications and not shown on the drawings, or shown on the drawings and not mentioned in the specifications, shall be of like effect as if shown or mentioned or both. In case of difference between drawings and specifications, the specifications shall govern. In case of discrepancy either in the figures, in drawings, or in the specifications, the matter shall be promptly submitted to the Contracting Officer, who shall promptly make a determination in writing. Any adjustment by the Contractor without such determination shall be at its own risk and expense. The Contracting Officer shall furnish from time to time such detail drawings and other information as he or she may consider necessary, unless otherwise provided.

#### 3. CHANGES

(a) The Contracting Officer may, at any time, without notice to any sureties, by written order designated or indicated to be a change order, make any change in the work in the general scope of the contract, including but not limited to changes:

- (i) In the specifications (including drawings and designs);
- (ii) In the method or manner of performance of the work;
- (iii) In the furnished facilities, equipment, materials, services, or site; or
- (iv) directing acceleration in the performance of the work.

(b) Any other written order or an oral order (which terms as used in this paragraph (b) shall include direction, instruction, interpretation, or determination) from the Contracting Officer, which causes any such change, shall be treated as a change order under this clause, provided that the Contractor gives the Contracting Officer written notice stating the date, circumstances, and source of the order and that the Contractor regards the order as a change order.

(c) Except as herein provided, no order, statement, or conduct of the Contracting Officer shall be treated as a change under this clause or entitle the Contractor to an equitable adjustment hereunder.

(d) If any change under this clause causes an increase or decrease in the Contractor's cost of, or the time required for, the performance of any part of the work under this contract, whether or not changed by any order, an equitable adjustment shall be made and the contract modified in writing accordingly; provided, however, that except for claims based on defective specifications, no claim for any change under (b) above shall be allowed for any costs incurred more than 20 days before the Contractor gives written notice as therein required. And provided further, that in case of defective specifications for which the Hospital is responsible, the equitable adjustment shall include any increased cost reasonably incurred by the Contractor in attempting to comply with such defective specifications.

(e) If the Contractor intends to assert a claim for an equitable adjustment under this clause, it must, within 30 days after receipt of a written change order under (a) above or the furnishing of a written notice under (b) above, submit to the Contracting Officer a written statement setting forth the general nature and monetary extent of such claim, unless this period is extended by the Hospital. The statement of claim hereunder may be included in the notice under (b) above.

(f) No claim by the Contractor for an equitable adjustment hereunder shall be allowed if asserted after final payment under this Contract.

#### 4. DIFFERING SITE CONDITIONS

(a) The Contractor shall promptly, and before such conditions are disturbed, notify the Contracting Officer in writing of: (1) Subsurface or latent physical conditions at the site differing materially from those indicated in this Contract, or (2) unknown physical conditions at the site, of an unusual nature, differing materially from those ordinarily encountered and generally recognized as inhering in work of the character provided for in this Contract. The Contracting Officer shall promptly investigate the conditions, and if he or she finds that such conditions do materially so differ and cause an increase or decrease in the Contractor's cost of, or the time required for, performance of any part of the work under this Contract, whether or not changed as a result of such conditions, an equitable adjustment shall be made and the contract modified in writing accordingly.

(b) No claim of the Contractor under this clause shall be allowed unless the Contractor has given the notice required in (a) above; provided, however, the time prescribed therefore may be extended by the Hospital in its discretion.

(c) No claim by the Contractor for an equitable adjustment hereunder shall be allowed if asserted after final payment under this Contract.

#### 5. TERMINATION FOR DEFAULT--DAMAGES FOR DELAY--TIME EXTENSIONS

(a) If the Contractor refuses or fails to prosecute the work or any separable part thereof, with such diligence as will insure its completion within the time specified in this contract, or any extension thereof, or fails to complete said work within such time, the Hospital may, by written notice to the Contractor, terminate the right to proceed with the work or such part of the work as to which there has been delay. In such event the Hospital may take over the work and prosecute the same to completion, by contract or otherwise, and may take possession of and utilize in completing the work such materials, appliances, and other items as may be on the site of the work as necessary therefor. Regardless of whether the Contractor's right to proceed with the work is terminated, the Contractor and his sureties shall be liable for any damage to the Hospital resulting from its refusal or failure to complete the work within the specified time.

(b) If fixed and agreed liquidated damages are provided in the contract and if the Hospital so terminates the Contractor's right to proceed, the resulting damage will consist of such liquidated damages until such reasonable time as may be required for final completion of the work together with any increased costs occasioned by the Hospital in completing the work.

(c) If fixed and agreed liquidated damages are provided in the Contract and if the Hospital does not so terminate the Contractor's right to proceed, the resulting damage will consist of such liquidated damages until the work is completed or accepted.

(d) The Contractor's right to proceed shall not be so terminated nor the Contractor charged with resulting damage if:

(1) The delay in the completion of the work arises from unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including but not restricted to, acts of God, acts of the public enemy, acts of the Government in either its sovereign or contractual capacity, acts of another contractor in the performance of a contract with the Hospital or the Government, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, unusually severe weather, or delays of subcontractors or suppliers arising from the unforeseeable causes beyond the control and without the fault or negligence of both the Contractor and such subcontractors or suppliers; and

(2) The Contractor, within 10 days from the beginning of such delay (unless the Contracting Officer grants a further period of time before the date of final payment under the Contract,) notifies the Contracting Officer in writing of the causes of delay.

The Contracting Officer shall ascertain the facts and the extent of any delay and the extent the time for completing the work when, in his or her judgment, the findings of facts justify such an extension, and the findings of fact of the Contracting Officer shall be final and conclusive on the parties, subject only to appeal as provided in Clause 6 of these General Provisions.

(e) If, after notice of termination of the Contractor's right to proceed under the provisions of this clause, it is determined for any reason that the Contractor was not in default under the

provisions of this clause, or that the delay was excusable under the provisions of this clause, the rights and obligations of the parties shall, if the contract contains a clause providing for termination for the convenience of the Hospital, be the same as if the notice for termination had been issued pursuant to such clause. If, in the foregoing circumstances, this contract does not contain a clause providing for termination for convenience of the Hospital, the contract shall be equitably adjusted to compensate for such termination and the contract modified accordingly; failure to agree to any such adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes."

(f) The rights and remedies of the Hospital provided in this clause are in addition to any other rights and remedies provided by law of under this contract.

## 6. DISPUTES

(a) Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall reduce his or her decision to writing and mail or otherwise furnish a copy thereof to the Contractor. The decision of the Contracting Officer shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Contractor mails or otherwise furnishes to the Contracting Officer a written appeal addressed to the Chair of the GHHFC. The decision of the Chair or his or her duly authorized representative for the determination of such appeals shall be final and conclusive. This provision shall not be pleaded in any suit involving a question of fact arising under this contract as limited judicial review of any such decision to cases where fraud by such official or his representative or board is alleged: **Provided, however,** That any such decision shall be final and conclusive unless the same is fraudulent or capricious or arbitrary or so grossly erroneous as necessarily to imply bad faith or is not supported by substantial evidence. In connection with any appeal proceeding under this clause, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of his appeal. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision.

(b) This Disputes clause does not preclude consideration of questions of law in connection with decisions provided for in paragraph (a) above. Nothing in this contract, however, shall be construed as making final the decision of any administrative official, representative or board on a question of law.

## 7. PAYMENTS TO CONTRACTOR

(a) The Hospital will pay the Contractor the price as hereinafter provided.

(b) The Hospital will make progress payments monthly as the work proceeds, or at more frequent intervals as determined by the Contracting Officer, on a percentage completion basis. less retainage The Contractor shall furnish a breakdown of the total contract price showing the amount included therein for each principal category of the work, in such detail as requested, to provide a basis of determining progress payments. In the preparation of estimates the Contracting Officer, at his discretion, may authorize any

material delivered on the site and preparatory work done to be taken into consideration. Material delivered to the Contractor at locations other than the site may also be taken into consideration (1) if such consideration is specifically authorized by the contract and (2) if the Contractor furnishes satisfactory evidence that it has acquired title to such material and that it will be utilized on the work covered by this contract.

(c) In making any progress payments hereunder, there shall be retained 10 percent of the estimated amount until final completion and acceptance of the contract work. However, if the Contracting Officer, at any time after 50 percent of the work has been completed, finds that satisfactory progress is being made, he or she may but is not required to authorize any of the remaining progress payments to be made in full. Also, whenever the work is substantially complete, the Contracting Officer, if he or she considers the amount retained to be in excess of the amount adequate for the protection of the Hospital, at his or her sole discretion, may release to the Contractor all or a portion of such excess amount. Furthermore, on completion and acceptance of each separate building, phase, public work, or other division of the contract, on which the price is stated separately in the contract, payment may be made therefore without retention of a percentage at the sole discretion of the Contracting Officer.

(d) All material and work or work product covered by progress payments made shall thereupon become the sole property of the owner of the premises, expressly subject to any interest therein of the federal or local government or any instrumentality thereof as a result of the use of federal funding or local funds in connection therewith, but this provision shall not be construed as relieving the Contractor from the sole responsibility for all material and work upon which payments have been made or the restoration of any damaged work, or a waiving of the right of the Hospital to require fulfillment of all the terms of the Contract.

(e) Upon completion and acceptance of all work, the amount due to the Contractor under this contract shall be paid upon the presentation of a properly executed voucher or invoice and after the Contractor shall have furnished the Hospital with the required closeout documentation including without limitation a release, if required by the Hospital, of all claims against the Hospital or the Government arising by virtue of this Contract, other than claims in stated amounts as may be specifically excepted by the Contractor from the operation of the release. If the Contractor's claim to amounts payable under the contract has been assigned under the Assignment of Claims Act of 1940, as amended (31 U.S.C. § 203, 41 U.S.C. § 15), a release may also be required of the assignee.

## **8. ASSIGNMENT OF CLAIMS**

(a) If this contract provides for payments aggregating \$1,000 or more, claims for monies due or to become due to the Contractor from the Hospital under this contract may be assigned to a bank, trust company, or other financial institution, including any federal lending agency and may thereafter be further assigned and reassigned to any such institution. Any such assignment or reassignment shall cover all amounts payable under this contract and not already paid, and shall not be made to more than one party, except that any such assignment or reassignment may be made to one party as

agent or trustee for two or more parties participating in such financing. Unless otherwise provided in this contract, payments to an assignee of any monies due to become due under this contract shall not, to the extent provided in said Act, as amended, be subject to reduction or setoff.

## **9. MATERIAL AND WORKMANSHIP**

(a) Unless otherwise specifically provided in this contract, all equipment, material and articles incorporated into the work covered by this contract are to be new and of the most suitable grade for the purpose intended. Unless otherwise specifically provided in this contract, reference to any equipment, material, article or patented process, by trade name, make, or catalog number, shall be regarded as establishing a standard of quality and shall not be construed as limiting competition, and the Contractor may, at his option, use any equipment, material, article or process which, in the judgment of the Contracting Officer is equal to that named. The Contractor shall furnish to the Contracting Officer for his approval the name of the manufacturer, the model number, and other identifying data and information respecting the performance, capacity, nature, and rating of the machinery and mechanical and other equipment which the Contractor contemplates incorporating in the work. When required by this contract or when called for by the Contracting Officer, the Contractor shall furnish the Contracting Officer for approval full information concerning the material or articles which it contemplates incorporating in the work. When so directed, samples shall be submitted for approval at the Contractor's expense, with all shipping charges prepaid. Machinery, equipment, material and articles installed or used without required approval shall be at risk of subsequent rejection.

(b) All work under this contract shall be performed in a skillful and workmanlike manner. The Contracting Officer may, in writing, require the Contractor to remove from the work any employee the Contracting Officer deems incompetent, careless, or otherwise objectionable.

## **10. INSPECTION AND ACCEPTANCE**

(a) Except as otherwise provided in this contract, inspection and testing by the Hospital of material and workmanship required by this contract shall be made at reasonable times and at the site of the work, unless the Contracting Officer determines that such inspection or test of material which is to be incorporated in the work shall be made at the place of production, manufacture, or shipment of such material. To the extent specified by the Contracting Officer at the time of determining to make off-site inspection or testing, such inspection or testing shall be conclusive as to whether the material involved conforms to the contract requirements. Such off-site inspection or testing shall not relieve the Contractor of responsibility for damage to or loss of the material prior to acceptance, nor in any way affect the continuing rights of the Hospital after acceptance of the completed work under the terms of paragraph (f) of this clause, except as hereinabove provided.

(b) The Contractor shall, without charge, replace any material or correct any workmanship found by the Hospital not to conform to the contract requirements, unless in the public interest the Hospital consents to accept such material or workmanship with an appropriate adjustment in contract price. The Contractor shall promptly segregate and remove rejected material from the premises.

(c) If the Contractor does not promptly replace rejected material or correct rejected workmanship, the Hospital (1) may, by contract or otherwise, replace such material or correct such workmanship and charge the cost thereof to the Contractor, or (2) may terminate the Contractor's right to proceed in accordance with clause 5 of these General Provisions.

(d) The Contractor shall furnish promptly, without additional charge, all facilities, labor, and material reasonably needed for performing such safe and convenient inspection and testing as may be required by the Contracting Officer. All inspection and testing by the Hospital shall be performed in such manner as not unnecessarily to delay the work. Special, full size and performance tests shall be performed as described in this contract. The Contractor shall be charged with any additional cost of inspection when material and workmanship are not ready at the time specified by the Contractor for its inspection.

(e) Should it be considered necessary or advisable by the Hospital at any time before acceptance of the entire work to make an examination of work already completed, by removing or tearing same, the Contractor shall, on request, promptly furnish all necessary facilities, labor and material. If such work is found to be defective or non-conforming in any material respect, due to the fault of the Contractor or its subcontractors, Contractor shall defray all the expenses of such examination and of satisfactory reconstruction. If, however, such work is found to meet the requirements of the contract, an equitable adjustment shall be made in the contract price to compensate the Contractor for the additional services involved in such examination and reconstruction and, if completion of the work has been delayed thereby, it shall, in addition, be granted a suitable extension of time.

(f) Unless otherwise provided in this contract, acceptance by the Hospital shall be made as promptly as practicable after completion and inspection of all work required by this contract. Acceptance shall be final and conclusive except as regards latent defects, fraud, or such gross mistakes as may amount to fraud, or as regards the Hospital's rights under any warranty or guarantee.

#### **11. SUPERINTENDENCE BY CONTRACTOR**

The Contractor shall give its personal superintendence to the work or have a competent foreman or superintendent, satisfactory to the Contracting Officer, at all times during progress, with authority to act for the the Contractor.

#### **12. PERMITS AND RESPONSIBILITIES**

The Contractor shall, without additional expense to the Hospital, be responsible for obtaining any and all necessary licenses and permits of any kind or nature whatsoever, and for complying with any applicable federal or local laws, codes and regulations, in connection with the prosecution of the work hereunder. The Contractor shall be similarly responsible for all damages to persons or property that may occur as a result of its fault or negligence. The Contractor shall take proper safety and health precautions to protect the work, the workers, the public, and the property of others. The Contractor shall also be responsible for all materials delivered and work performed until completion and acceptance of the entire construction work, except for any completed unit of

construction thereof which theretofore may have been accepted.

#### **13. CONDITIONS AFFECTING THE WORK**

The Contractor shall be responsible for having taken steps reasonably necessary to ascertain the nature and location of the work, and the general and local conditions which can affect the work or the cost thereof. Any failure by the Contractor to do so will not relieve it from responsibility for successfully performing the work without additional expense to the Hospital. The Hospital assumes no responsibility for any understanding or representations concerning conditions made by any of its officers or agents prior to the execution of this contract, unless such understanding or representations are expressly stated in the contract.

#### **14. OTHER CONTRACTS**

The Hospital may undertake or award other contracts for additional work, and in such case the Contractor shall fully cooperate with such other contractors and the Hospital's employees or agents and carefully fit its own work to such additional work as may be directed by the Contracting Officer. The Contractor shall not commit or permit any act which will interfere with the performance of work by any other contractor or by the Hospital employees or agents.

#### **15. INDEMNITY**

Except as otherwise provided, the Contractor agrees to indemnify the Hospital (specifically including the GHHFC) and the Government of the Virgin Islands generally, along with the officers, directors, agents and employees of any of the foregoing, against liability, including costs and expenses, arising out of the performance of this contract or out of the use or disposal by or for the account of the Hospital of supplies furnished or construction work performed hereunder.

#### **16. ADDITIONAL BOND SECURITY**

If any surety upon a bond furnished in connection with this contract becomes unacceptable to the Hospital, or if any such surety fails to furnish reports as to the Contractor's financial condition from time to time as requested by the Hospital, the Contractor shall promptly furnish such additional security as may be required from time to time to protect the interests of the Hospital and of persons supplying labor or materials in the prosecution of the work contemplated by this contract.

#### **17. COVENANT AGAINST CONTINGENT FEES**

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting lawful payments to bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. The Contractor further warrants that no payments have been made or are due which would violate any local or federal law with respect to kickbacks, lobbying, conflicts of interest or false claims. For breach or violation of this warranty, the Hospital shall have the right to annul this contract without liability or in its discretion to deduct from the contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

#### **18. OFFICIALS NOT TO BENEFIT**



No member of the Legislature of members of Congress shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom.

### **19. UTILIZATION OF APPRENTICES OR TRAINEES & SMALL BUSINESS CONCERNS**

(a) It is the policy of the Hospital as declared by the Legislature that a fair portion of the purchases and contracts for suppliers and services for the Hospital be placed with small business concerns, minority business enterprises, and women's business enterprises.

(b) The Contractor agrees to accomplish the maximum amount of subcontracting to duly licensed small business, minority business, and women's business enterprise concerns that the Contractor finds to be consistent with the efficient performance of this Contract.

(c) To the extent applicable to this Contract, the Contractor shall hire, in addition to any other employee he may retain, apprentices or trainees or both for the performance of the work hereunder, the total number of which shall be determined by the Director of the Division of Apprenticeship and Training upon the basis of one (1) Apprentice (or Trainee) for the first journeyman steadily employed, and one (1) additional Apprentice (or Trainee) for every two (2) additional Journeymen steadily employed.

(d) To the extent applicable, within ten days of the execution of this Agreement the Contractor shall submit to the Division of Apprenticeship and Training, and to the Contracting Officer, a list of the occupations for which Journeymen will be required in the performance of this contract.

(e) To the extent applicable, veterans of the U.S. Armed Forces shall be given priority with respect to the hiring of Apprentices and Trainees.

(f) Failure of the Contractor to comply with the aforesaid provisions of this section, to the extent the same may be applicable hereto, shall be a material breach thereof.

### **20. SUSPENSION OF WORK**

(a) The Contracting Officer may order the Contractor in writing to suspend, delay, or interrupt any part of all of the work for such period of time as the Contracting Officer may determine to be appropriate for the convenience of the Hospital.

(b) If the performance of all or any part of the work is, for an unreasonable period of time, suspended, delayed, or interrupted by an act of the Contracting Officer in the administration of this contract or by his failure to act within the time specified in this contract (or if no time is specified, within a reasonable time), an adjustment may be made, in the sole discretion of the Hospital, for any increase in the cost of performance of this contract (excluding profit) necessarily caused by such unreasonable suspension, delay, or interruption and the contract modified in writing accordingly. However, no adjustment shall be made under this clause for any suspension, delay or interruption to the extent (1) that performance would have been so suspended, delayed, or interrupted by any other cause, including the fault or negligence of the Contractor or (2) for which an equitable

adjustment is provided for or excluded under any other provision of this contract.

(c) No claim under this clause shall be allowed (1) for any costs incurred more than 20 days before the Contractor shall have notified the Contracting Officer in writing of the act or failure to act involved (but this requirement shall not apply as to a claim resulting from a suspension order) and (2) unless the claim in an amount stated, is asserted in writing as soon as practicable after the termination of such suspension, delay, or interruption but not later than the date of final payment under the contract.

### **21. WARRANTY OF CONSTRUCTION**

(a) In addition to any other warranties set out elsewhere in this contract, the Contractor warrants that the work performed under this contract confirms to the contract requirements and is free of any defect of equipment, material or design furnished, or workmanship performed by the Contractor or any of this subcontractors and suppliers at any tier. Such warranty shall continue for a period of one year from the date of final acceptance of the work, but with respect to any part of the which the Hospital takes possession of prior to final acceptance, such warranty shall continue for a period of one year from the date the Hospital takes possession. Under this warranty, the Contractor shall remedy at his own expense any such failure to confirm or any such defect. In addition, the Contractor shall remedy at his own expense any damage to Hospital or Government owned or controlled real or personal property, when that damage is the result of the Contractor's failure to confirm to contract requirement or any such defect of equipment, material, workmanship, or design. The Contractor shall also restore any work damaged repaired or replaced hereunder will run for one year from the date of such repair or replacement.

(b) The Hospital shall notify the Contractor in writing within a reasonable time after the discovery of any failure, defect, or damage.

(c) Should the Contractor fail to remedy any failure, defect, or damage described in (a) above within a reasonable time after receipt of notice thereof the Hospital shall have the right to replace, repair, or otherwise remedy such failure, defect, or damage at the Contractor's expense.

(d) In addition to the rights and remedies provided by this clause, all sub-contractor, manufacturer, and supplier warranties expressed or implied, respecting any work and materials shall at the direction of the Hospital, be enforced by the Contractor for the benefit of the Hospital. In such case if the Contractor's warranty under (a) above has expired, any suit directed by the Hospital or the Government to enforce a subcontractors, manufactures or suppliers warranty shall be at the expense of same. The Contractor shall obtain any warranties which the subcontractors, manufacturers, or suppliers would give in normal commercial practice.

(e) If directed by the Contracting Officer, the Contractor shall require any such warranties to be executed to the Hospital or the Government, as their interests may appear.

(f) Notwithstanding any other provision of this clause, unless such a defect is caused by the negligence of the Contractor or his subcontractors or suppliers at any tier, the

Contractor shall not be liable for the repair of any defects of material or design furnished by the Hospital nor for the repair of any damage which results from any such defect in Hospital furnished material or design.

(g) The warranty specified herein shall not limit the Hospital's rights under the Inspection and Acceptance clause of this contract with respect to latent defects, gross mistake, or fraud.

SAMPLE ONLY