REQUEST FOR PROPOSAL
FOR AUDIT SERVICES
RFP 2018-1

W.E. Upjohn Institute for Employment Research
300 S. Westnedge Ave.
Kalamazoo, MI 49007

This RFP Notification Expires on
March 30, 2018
I. General Information

A. Purpose
This Request for Proposal (RFP) is to contract for:
• A financial and compliance audit for the years ending 12/31/2018 and 12/31/2019. The proposal includes options for three additional years.
• Completion of IRS Form 990.
• Compliance with IRS Form 5500.
• Auditors’ evaluation of internal control structure.

B. Eligible Respondents
Only licensed Certified Public Accountants may respond to this RFP.

C. Description of Entity
The W.E. Upjohn Unemployment Trustee Corporation, dba The Upjohn Institute for Employment Research, was established in 1932 under a trust agreement that authorizes the Corporation to research certain employment conditions, using the assets and revenues from the assets given to the Corporation at its creation. The United States Department of Treasury has granted the Corporation tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

Net assets consist of unrestricted net assets which are currently available for use under the direction of the board, and those resources invested in land, buildings, and equipment.

Contract revenue is derived from federal grants that are annually renewable and that are the primary support for employment training assistance programs. Contract receivables represent reimbursements for costs incurred under federal, state and private contracts.

Inventory consists of research studies published by the Corporation.

Investments are reported at market value.

Assets as presented on 12/31/17

<table>
<thead>
<tr>
<th>Asset</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$4,078,162</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>$122,717</td>
</tr>
<tr>
<td>Grants Receivable</td>
<td>$812,981</td>
</tr>
<tr>
<td>Investments</td>
<td>$208,348,755</td>
</tr>
<tr>
<td>Inventory</td>
<td>$277,810</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>$173,226</td>
</tr>
<tr>
<td>Fixed Assets Net of Depr.</td>
<td>$4,314,652</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$218,128,303</strong></td>
</tr>
</tbody>
</table>

D. Options
At the discretion of The Upjohn Institute, this audit contract can be extended for three additional one-year periods. The cost for the option periods will be agreed upon by The Upjohn Institute and the Respondent. The Respondent may submit approximate costs for years three, four and five if interested in this option.
II. Solicitation and Proposal Submission

A. Solicitation Schedule
To the extent possible, the following schedule will be adhered to for the administration of this Request for Proposal:

- RFP Instructions Released: Friday, February 16, 2018
- Technical Assistance Deadline: Friday, March 2, 2018
- Technical Assistance Response Available: Friday, March 9, 2018
- Letters of Intent (Form A Due): Friday, March 16, 2018
- Proposals Due: Friday, March 30, 2018
- Finalist Interviews: Tuesday, April 24, 2018
- Notification of Award: Wednesday, April 25, 2018 (approximate)

B. Technical Assistance

1. Technical Assistance Timeline
Technical assistance should be requested by Friday, March 2, 2018 at 4:30pm. Only written questions via email to meyers@upjohn.org will be accepted. Responses that may have an impact on the interpretation or clarification of these RFP instructions will be posted at http://www.upjohn.org/sites/default/files/pdf/UpjohnAuditRFP.pdf by Friday, March 9, 2018.

2. Letter of Intent
Letters of Intent, included as Form A, should be submitted by 4:30pm on Friday, March 16, 2018 electronically to meyers@upjohn.org or via mail to:
Amy Meyers
W.E. Upjohn Institute
300 S. Westnedge Avenue
Kalamazoo, MI 49007

3. The Upjohn Institute Contact
For purposes of administering this solicitation, the individual responsible for responding to any questions that may arise during the preparation of proposals in response to this RFP is:
Amy Meyers
meyers@upjohn.org
Please note Request for Proposal for Audit Services in the subject line

C. Proposal Submission

1. Submission Date
Proposals must be submitted no later than 4:30 p.m. on March 30, 2018.

Proposal submissions should be addressed as follows:
It is important that the Respondent’s proposal be submitted in a sealed envelope clearly marked: *Request for Proposal for Audit Services*

Failure to do so may result in premature disclosure of your proposal.

Proposals must be complete, legible, and technically accurate at the time of submission. Each proposal will be reviewed as submitted. After a proposal is submitted, it may not be modified prior to review unless requested by The Upjohn Institute.

A proposal may be withdrawn from consideration if the bidder transmits such a request in writing to the identified contact.

2. **Conditions of Proposal**
   All costs incurred in the preparation of a proposal responding to this RFP will be the responsibility of the Respondent and will not be reimbursed by The Upjohn Institute.

3. **Late Proposals**
   It is the responsibility of the Respondent to ensure that the proposal is received by The Upjohn Institute by the date and time specified above.

   Late proposals may not be considered.

4. **Right to Reject**
   The Upjohn Institute reserves the right to reject any and all proposals received in response to this RFP. A contract for the accepted proposal will be based upon the factors described in this RFP.

5. **Small, Minority-Owned and Women-Owned Firm**
   The Upjohn Institute will make positive efforts to procure audit services from minority businesses, women's business enterprises, and labor surplus area firms as stated in CFR 200.321.

6. **Notification of Award**
   It is expected that a decision selecting the successful audit firm will be made within the timeline presented in the solicitation schedule. Upon conclusion of final negotiations with the successful audit firm, all Respondents submitting proposals in response to this Request for Proposal will be informed, in writing, that a selection has been made.

   It is expected that the contract shall be two one-year fixed price contracts with options for three additional one-year periods.

   Selected respondent should be available throughout each year for general council.
III. Specifications

A. Scope of a Financial and Compliance Audit
The purpose of this RFP is to obtain the services of a public accounting firm, whose principal officers are independent certified public accountants, certified or licensed by a regulatory authority of a state or other political subdivision of the United States, hereinafter referred to as the “Respondent” to perform a financial and compliance audit of The Upjohn Institute.

Federal Contracts
Expenditures of federal awards are presented on the accrual basis of accounting. A financial and compliance audit as required by the Uniform Guidance shall be conducted.

B. Performance
The Respondent is required to prepare audit reports in accordance with 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Generally Accepted Government Auditing Standards (GAGAS); and Government Accounting Standards Board (GASB).

C. Price
The Respondent’s proposed price should be submitted to include information indicating how the price was determined and should be submitted with a separate listing of prices for each year. For example, the Respondent should indicate the estimated number of hours by staff level, hourly rates, and total cost by staff level. Any out-of-pocket expenses should also be indicated. Pricing for both 2018 and 2019 are required with submission of proposal.

D. Audit Review
The Upjohn Institute will review all audit reports prepared under this contract and its funding sources to ensure compliance with General Accounting Office’s (GAO) Government Audit Standards and other appropriate audit guides.

E. Confidentiality
The Respondent agrees to keep the information related to all contracts in strict confidence. Other than the reports submitted to The Upjohn Institute, the Respondent agrees not to publish, reproduce or otherwise divulge such information in whole or in part, in any manner or form or authorize or permit other to do so, taking such reasonable measures as are necessary to restrict access to the information, while in the Respondent’s possession, to these employees on the Respondent’s staff who must have the information on a “need-to-know” basis. The Respondent agrees to immediately notify, in writing, an authorized representative of The Upjohn Institute in the event the Respondent determines or has reason to suspect a breach of this requirement.

F. Audit Specifications
The fiscal year for The Upjohn Institute is the calendar year. Four copies of a draft audit and exit conference will be due no later than April 30th. An exit conference with representatives of The Upjohn Institute and the Respondent’s representatives will be held at the conclusion of the field work. Observations and recommendations must be summarized in writing and discussed with The Upjohn Institute. It should include internal control and program compliance observations and recommendations.
The lead auditor is expected to present the annual audit to the Institute’s Audit Committee and the Board of Director’s at their annual meeting in May, supplying 15 copies of the final audit report.

Upon request, auditors will make available copies of work papers pertaining to any questioned or disallowed costs determined in the audit. The work papers will be available for examination by authorized representatives of the cognizant federal or state agency, the General Accounting Office, and The Upjohn Institute.

Information related to all financial records, subrecipient records, and participant files must be held in strict confidence. The auditor agrees to immediately notify, in writing, The Upjohn Institute’s authorized representative if there is any reason to believe a breach of confidentiality is suspected.
IV. Respondent’s Technical Qualifications
The Respondent, in its proposal, shall, at a minimum, include the following:

A. Prior Auditing Experience
The Respondent should describe its prior auditing experience including the names, addresses, contact persons, and telephone numbers of prior organizations audited. Experience should include the following categories:

1. Prior experience auditing similar organizations to The Upjohn Institute.
2. Prior experience auditing similar state funded programs.
3. Prior experience auditing programs financed by the Federal Government.
4. Prior experience auditing similar county or local government activities.
5. Prior experience auditing nonprofit organizations.

B. Organization, Size, and Structure
The Respondent should describe its organization, size (in relation to audits to be performed) and structure. Indicate, if appropriate, that the firm is a small or minority-owned business. Respondent should include a copy of the most recent Peer Review, if the Respondent has had a Peer Review.

C. Staff Qualifications
The Respondent should describe the qualifications of staff to be assigned to the audits. Descriptions should include:

1. Audit team makeup.
2. Overall supervision to be exercised.
3. Prior experience of the individual audit team members.

Only include resumes of staff to be assigned to the audits include education, position in firm, years and types of experience, continuing professional education, state(s) in which licensed as a CPA, etc. will be considered.

D. Understanding of Work to be Performed
The Respondent should describe its understanding of work to be performed, including audit procedures, estimated hours, and other pertinent information.

E. Certifications
The Respondent must sign and include as an attachment to its proposal the Certifications enclosed with this RFP. The publications listed in the Certifications will not be provided to potential Respondents by The Upjohn Institute, because The Upjohn Institute desires to contract only with a Respondent who is already familiar with these publications.

F. Liability Insurance
The Respondent should submit a copy of their firm’s liability insurance coverage.
V. Proposal Evaluation

A. Submission of Proposals
All proposals shall include five copies of the Respondent’s technical qualifications, five copies of the pricing information (in a separately sealed envelope), and five copies of the signed Certifications. These documents will become part of the contract. In addition, the final proposal should also be submitted electronically to meyers@upjohn.org.

B. Non-responsive Proposals
Proposals may be judged non-responsive and removed from further consideration if any of the following occur:

1. The proposal is not received timely in accordance with the terms of this RFP.
2. The proposal does not follow the specified format.
3. The proposal does not include the Certifications.
4. The proposal is not adequate to form a judgment by the reviewers that the proposed undertaking would comply with the Government Audit Standards of the U.S. Comptroller General.

C. Evaluation of Proposals
The Audit Committee of the Board of Trustees will evaluate proposals on a qualitative basis. This includes submitted proposal response and pricing information, a review of the firm’s peer review report and related materials, interviews with senior engagement personnel to be assigned to our company, and the firm’s completeness and timeliness in its response. Please submit a copy of the firm’s last peer review report and related materials, as well as information on the firm’s liability insurance coverage.

The proposal response and pricing information will be evaluated based on the following:

- Prior Auditing Experience (40%)
- Organization, Size and Structure (10%)
- Staff Qualifications (40%)
- Pricing (10%)

D. Review Process
The Upjohn Institute may, at its discretion, request presentations by or meetings with any or all Respondents, to clarify or negotiate modifications to the Respondents’ proposals.

However, The Upjohn Institute reserves the right to make an award without further discussion of the proposals submitted. Therefore, proposals should be submitted initially on the most favorable terms, from both technical and price standpoints, which the Respondent can propose.
VI. Certifications

On behalf of the Respondent:

A. The individual signing certifies that he/she is authorized to contract on behalf of the Respondent.

B. The individual signing certifies that the Respondent is not involved in any agreement to pay money or other consideration for the execution of this agreement, other than to any employee of the Respondent.

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 Respondent prior to an award to any other Respondent or potential Respondent.

E. The individual signing certifies that there has been no attempt by the Respondent to discourage any potential Respondent from submitting a proposal.

F. The individual signing certifies that the Respondent is a properly licensed certified public accountant or a public accountant licensed on or before ____________________.

G. The individual signing certifies that the Respondent meets the independence standards of the Government Auditing Standards.

H. The individual signing certifies that he/she 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 he/she 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 he/she has read and understands the following publications relative to the proposed audits (not all inclusive):

1. 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

2. Generally Accepted Government Auditing Standards (GAGAS)

3. Government Accounting Standards Board (GASB)

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

Dated this______________ day of ______________, 2018.

__________________________________________
(Respondent’s Firm Name)

__________________________________________
(Signature of Respondent’s Representative)

__________________________________________
(Printed Name and Title of Individual Signing)
Request for Proposal 2018-1
Audit Services
Pre-bid Application Letter of Intent

Organizations interested in submitting a proposal for RFP 2018-1 must complete and submit this Pre-bid Application Letter of Intent by March 16, 2018.

Please mail or e-mail this form to:
Amy Meyers, 300 S. Westnedge Avenue, Kalamazoo, Michigan 49007-4628
E-mail: meyers@upjohn.org

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<thead>
<tr>
<th>ORGANIZATION INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization Name</td>
</tr>
<tr>
<td>Contact Person</td>
</tr>
<tr>
<td>Mailing Address</td>
</tr>
<tr>
<td>Telephone Number</td>
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<tr>
<td>Fax Number</td>
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<td>E-mail</td>
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</tbody>
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<table>
<thead>
<tr>
<th>CERTIFICATION</th>
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<tbody>
<tr>
<td>The undersigned certifies that they have reviewed the general specifications contained in this announcement and are committing the agency/organization identified above to prepare and submit a competitive proposal for Audit Services described herein.</td>
</tr>
<tr>
<td>I further certify that the information provided in this Request for Proposal 2018-1 Letter of Intent is complete and accurate as of the date indicated below.</td>
</tr>
<tr>
<td>Signature</td>
</tr>
<tr>
<td>Typed/Printed Name and Title</td>
</tr>
<tr>
<td>Date</td>
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RFP ID: 2018_1

Technical Assistance Responses

- What is the time frame that you are typically ready for the preliminary and final audit field work?

  W.E. Upjohn Institute Response: Mid-March is the time frame that the Institute is typically ready for the audit field work.

- How long have past auditors spent in the field and with how many people?

  W.E. Upjohn Institute Response: Past auditors have typically spent one week in the field with two full time reviewers.

- Any significant changes in the type of Federal Grants from that received in the 2016 report?

  W.E. Upjohn Institute Response: There have been no significant changes in the type of Federal Grants from that received in the 2016 report.

- Do the auditors typically have any adjusting journal entries and if so, what are they for?

  W.E. Upjohn Institute Response: No, the auditors typically do not have any adjusting journal entries.

- What accounting software are you using?

  W.E. Upjohn Institute Response: The Institute uses Abila MIP accounting software.

- Do you outsource payroll or do it internally and how many employees do you have?

  W.E. Upjohn Institute Response: The Institute processes payroll internally. The Institute currently has 100 employees.

- Do you maintain your fixed asset schedule or rely on the audit firm to maintain it?

  W.E. Upjohn Institute Response: The Institute maintains the fixed asset schedule.