

# WITHDRAWN

01-0822-PR13

August 22, 2001

## APPROVE ENTERING INTO AGREEMENTS WITH VARIOUS AUDITING FIRMS FOR INTERNAL AUDIT SERVICES

### THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into agreements with the following auditing firms to provide internal audit services to the Department of Audit Services at a cost not to exceed \$2,050,000 in the aggregate. Vendors were selected pursuant to a duly advertised Request for Proposals (# 01-250016). Written agreements for each vendor are currently being negotiated. No payment shall be made to any vendor prior to the execution of such vendor's written agreement. The authority granted herein shall automatically rescind as to each vendor in the event a written agreement is not executed within 90 days of the date of this Board Report. Information pertinent to these agreements is stated below.

**Specification Number: 01-250016**

#### VENDORS

1. **KPMG, LLP**  
303 East Wacker Drive  
Chicago, IL 60601  
Contact Person: Mark Stauffer  
(312) 665-5391  
Vendor #23326
2. **Gerardo Liwanag & Associates**  
236 Waukegan Rd.  
Glenview, IL 60025  
Contact Person: Gerardo Liwanag  
(847) 724-4331  
Vendor # 34148
3. **Bronner Group**  
120 N. LaSalle Street  
Chicago, IL 60025  
Contact Person: Gila Bronner  
(312) 759-5101  
Vendor #29738
4. **Benford Brown & Associates**  
2319 East 71<sup>st</sup> St.  
Chicago, IL 60649  
Contact Person: Timothy Watson  
(773) 752-7078  
Vendor # 31413
5. **Washington, Pittman & McKeever, LLC**  
819 South Wabash Avenue – Suite 600  
Chicago, Illinois 60605  
Contact Person: Lester H. McKeever, Jr.  
(312) 786-0330  
Vendor #13766

#### USER:

**Department of Audit Services**  
125 S. Clark Street - 5<sup>th</sup> Floor  
Chicago, IL 60603  
Contact Person: Leonard Moody  
(773) 553-1481

**TERM:** The term of each agreement shall commence on September 1, 2001 and shall end on August 31, 2002. The Board shall have the option to renew the agreements for two (2) additional one-year periods, with the hourly rates for each vendor to be re-negotiated. In addition, upon signing of this agreement with KPMG, the existing contract with KPMG for internal audit services will automatically terminate.

**SCOPE OF SERVICES:** KPMG will provide internal audit services including the development of an internal audit plan for the Board by collaboratively working with the Board's management review programs, and the Board's policies and procedures, and will make recommendations to improve compliance, effectiveness and efficiency. The remaining audit firms (Gerardo Liwanag & Associates, Bronner Group, Benford Brown & Associates, and Washington, Pittman & McKeever, LLC) shall perform internal audits of individual school units to ensure compliance with Board rules as they relate to management of cash accounts, expense reimbursements, payroll and fixed assets. The regular audit schedule consists of limited scope reviews and principal transition audits, and some special scope audits.

**DELIVERABLES:**

KPMG shall provide the following:

- An annual risk assessment report, by business process, which will identify and prioritize the Board's risks based on management input and Audit Services' detailed analysis and judgment.
- Individual detailed audit reports for identified Board business units and programs, including an executive summary and detailed findings, recommendations and management action plans.

**OUTCOMES:** As a result of each review, the various audit firms will provide specific relevant recommendations that will assist Board management in improving compliance with policies and procedures and improve the effectiveness and efficiency of operations.

**COMPENSATION:** The various consultants shall be paid during the term period based on the hourly rates detailed in their respective agreements, not to exceed the sum of \$2,050,000 in the aggregate.

**AUTHORIZATION:** Authorize the General Counsel to include other relevant terms and conditions in the written agreements. Authorize the President and Secretary to execute the written agreements. Authorize the Director of Audit Services to execute all ancillary documents required to administer or effectuate the written agreements.

**AFFIRMATIVE ACTION:** Vendors agree to comply with and be bound by the provisions of the Revised Remedial Plan for Minority and Women Business Enterprise Economic participation (M/WBE Plan).

**LSC REVIEW:** Local School Council approval is not applicable to this report.

**FINANCIAL:** Charge to Department of Audit Services: \$2,050,000                      Fiscal Year: 2002  
 Budget Classification: 0110-210-000-1013-5410  
 Source of Funds: General Fund, 210

**GENERAL CONDITIONS:**

Inspector General – Each party to the agreements shall acknowledge that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel necessary to conduct those investigations.

Conflicts – The agreements shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their terms of office.

Indebtedness – The Board’s Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreements.

Ethics – The Board’s Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreements.

Contingent Liability – The agreements shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

**Approved for Consideration:**

  
Natalye Paquin  
Chief Purchasing Officer

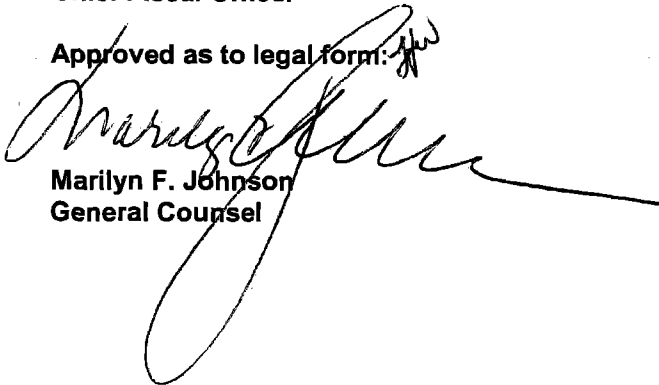
**Approved:**

  
Arne Duncan  
Chief Executive Officer

**Within Appropriation:**

  
Kenneth C. Gotsch  
Chief Fiscal Officer

**Approved as to legal form:**

  
Marilyn F. Johnson  
General Counsel