

**APPROVE ENTERING INTO AGREEMENTS WITH VARIOUS AUDITING FIRMS
FOR INTERNAL SCHOOL-BASED AUDIT SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into agreements with the following auditing firms to provide internal school-based audit services to the Department of Audit Services at a cost not to exceed \$300,000 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. **Gerardo Liwanag & Associates**
236 Waukegan Rd.
Glenview, IL 60025
Contact Person: Gerardo Liwanag
(847) 724-4331
Vendor # 34148
 2. **Bronner Group**
120 N. LaSalle Street
Chicago, IL 60025
Contact Person: Gila Bronner
(312) 759-5101
Vendor #29738
 3. **Benford Brown & Associates**
2319 East 71st St.
Chicago, IL 60649
Contact Person: Timothy Watson
(773) 752-7078
Vendor # 31413
 4. **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 - 5th Floor
Chicago, IL 60603
Contact Person: Leonard Moody
(773) 553-1481

TERM: The term of each agreement shall commence on December 1, 2001 and shall end on November 30, 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.

SCOPE OF SERVICES: Vendors shall perform internal audits of individual school units and will provide recommendations for school staff to ensure compliance with Board rules as they relate to management of cash accounts, expense reimbursements, payroll and fixed assets. As necessary, the Director of Audit Services may request the vendors to perform special audits of programs or other departments. The regular audit schedule consists of limited scope reviews and principal transition audits, and some special scope audits.

DELIVERABLES:

Vendors shall provide individual detailed audit reports for identified individual school units, including specific findings and recommendations, or specific programs or departments, as the case may be.

OUTCOMES: As a result of each review, the vendor's services will result in specific relevant recommendations that will assist the schools and the Board management in improving compliance with policies and procedures and will improve the effectiveness and efficiency of operations.

COMPENSATION: Vendors shall be paid during the term period based on the hourly rates detailed in their respective agreements, not to exceed the sum of \$300,000 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: \$300,000 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:



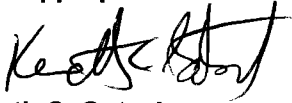
Anita Rocha
Acting Chief Purchasing Officer

Approved:



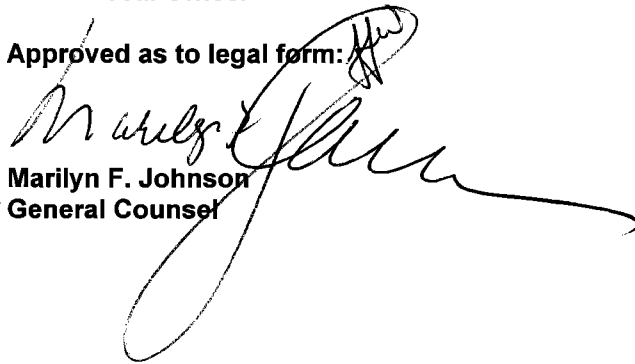
Arne Duncan
Chief Executive Officer

Within Appropriation:



Kenneth C. Gotsch
Chief Fiscal Officer

Approved as to legal form:



Marilyn F. Johnson
General Counsel