

**APPROVE ENTERING INTO AN AGREEMENT WITH DELOITTE & TOUCHE LLP
FOR INTERNAL AUDITING SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into an agreement with Deloitte & Touche LLP to provide Internal Auditing Services to the Department of Audit Services at a cost not to exceed \$1,156,274.90. Vendor was selected on a competitive basis in accordance with Board Rule 5-4.1 pursuant to a duly advertised Request for Proposal (Specification Number 07-250001). A written agreement for the vendor is currently being negotiated. No services shall be provided by and no payment shall be made to the vendor prior to the execution of the written agreement. The authority granted herein shall automatically rescind in the event a written agreement is not executed within 90 days of the date of this Board Report. Information pertinent to this agreement is stated below.

Specification Number: 07-250001

Contract Administrator: Martha Escareno

VENDOR: Deloitte & Touche LLP
111 S. Wacker Drive,
Chicago, IL 60606
Contact person: Daniel Levenson
Tel No.: (312) 486-2896
Vendor No.: 46243

USER: Department of Audit Services
125 S. Clark – 5th Floor
Chicago, Illinois 60603
Contact Person: Leonard Moody
Tel. No.: (773) 553-1481

TERM: The term of the agreement shall commence on September 1, 2007 and shall end August 31, 2009. The Board shall have the option to renew the agreement for two (2) additional one-year periods.

SCOPE OF SERVICES: Vendor 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 program and the Board's policies and procedures, and will make recommendations to improve compliance, effectiveness and efficiency.

DELIVERABLES: Vendor shall provide the following:

- An annual risk assessment report, by business process, which will identify and prioritize the Board's risk 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 vendor 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: Vendor shall be paid during the term based on the hourly rates identified in the vendor's agreement, not to exceed the sum of \$1,156,274.90.

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

AFFIRMATIVE ACTION: This contract is in full compliance with the goals required by the Remedial Program for Minority and Women Owned Business Enterprise contract participation (M/WBE Plan). The M/WBE participation goals for this contract include: 25% MBE and 5%WBE.

The vendor has identified and scheduled the following firms and percentages:

Total MBE = 25.14%

African American = 25.14%

Washington, Pittman & McKeever
819 S. Wabash Ave.
Chicago, IL 60605

\$175,950 or 25.14%

certified until April 1, 2008

Total WBE = 10.13%

WBE

Bronner Group
120 N. LaSalle St. – Ste 1300
Chicago, IL 60602

\$ 70,875 or 10.13%

certified until August 1, 2008

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

FINANCIAL: Charge to Department of Audit Services: \$ 1,156,274.90 Fiscal Years: 2008 and 2009
Budget Classifications: 10430-115-54125-252802-000000
Source of Funds: 115 – General

GENERAL CONDITIONS:

Inspector General – Each party to the agreement 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.

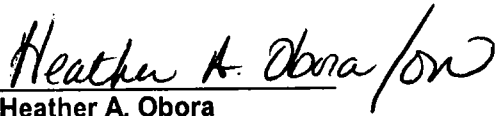
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of or the letting of contracts to, former Board members during the one year period following expiration or other termination of their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

Indebtedness – The Board's Indebtedness Policy adopted June 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – The Board's Ethics Code adopted June 23, 2004 (04-0623-PO4), as amended from time to time, shall be incorporated into and made a part of the agreement.

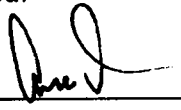
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation.

Approved for Consideration:



Heather A. Obora
Chief Purchasing Officer

Approved:



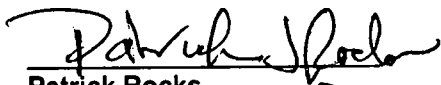
Arne Duncan
Chief Executive Officer

Within Appropriation:



Pedro Martinez
Chief Financial Officer

Approved as to legal form 



Patrick Rocks
General Counsel 