

**APPROVE ENTERING INTO AN AGREEMENT WITH KPMG, LLP FOR
INTERNAL AUDITING SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into an agreement with KPMG, LLP to provide internal auditing services to the Department of Audit Services at a cost not to exceed \$150,000.00. Consultant was selected on a non-competitive basis due to the consultant's specific expertise with ERP (Enterprise Resource Planning). A written agreement for Consultant's services is currently being negotiated. No services shall be provided by Consultant and no payment shall be made to Consultant 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.

VENDOR:

1)
KPMG, LLP
303 E. Wacker Dr., 15th Floor
Chicago, IL 60601
Bridget Anderson
312-665-5391
Vendor # 23326

USER:

Department of Audit Services
125 S Clark St - 13th Floor
Chicago, IL 60603
Leonard Moody, Director
773-553-1481

TERM:

The term of this agreement shall commence on July 1, 2008 and shall end June 30, 2009. This agreement shall have no options to renew.

EARLY TERMINATION RIGHT:

The Board shall have the right to terminate this agreement with 30 days written notice.

SCOPE OF SERVICES:

Consultant will assist the Board with an analysis of current business process performance. The analysis consists of the following main points: 1. Key drivers for performance; 2. Identification of gaps between existing processes compared to overall industry standards for business processes; 3. Reveal any potential hidden processes to match with performance goals; and 4. Encourage best practice decisions in the use of existing technology to increase performance overall.

DELIVERABLES:

Consultant will deliver a report which will include an analysis of current business process performance. The analysis will reveal an improved, desired state of business process performance and the consultant will assist in the development of a high level business case supporting changes needed to be made.

OUTCOMES:

Consultant's services will result in an improved business process and leveraging of existing technology to accomplish these goals. Users will see better service delivery due to the successful implementation of the business performance process.

COMPENSATION:

Consultant shall be paid as follows: at their customary hourly rate, total invoices not to exceed the sum of \$150,000.00.

REIMBURSABLE EXPENSES:

None.

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 Chief Executive Officer to execute all ancillary documents required to administer or effectuate this agreement.

AFFIRMATIVE ACTION:

The M/WBE goals for this contract include 35% total MBE and 5% total WBE. KPMG has been granted a waiver of the M/WBE participation goals because the contract is not further divisible. KPMG has committed to making a \$5,000.00 contribution to UNCF (Chicago Chapter). Vendor has stated that every effort will be made to identify an indirect opportunity for an M/WBE before the contract ends.

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Charge to the Department of Audit Services: \$150,000.00

10430-115-54125-252802-000000-2009

\$150,000.00

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.

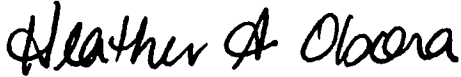
Conflicts - The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their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

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 J. ROCKS
General Counsel