

**AUTHORIZE FIRST AND FINAL RENEWAL AGREEMENT WITH MCGLADERY AND PULLEN, LLP
FOR EXTERNAL AUDIT CONSULTING SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize first and final renewal agreement with McGladery and Pullen, LLP to provide consulting services to Chicago Public Schools Office of Financial Services at an annual estimated cost set forth in the Compensation Section of this report. A written document exercising this option is currently being negotiated. No payment shall be made to McGladery and Pullen during the option period prior to execution of the written document. The authority granted herein shall automatically rescind in the event a written document is not executed within 90 days of the date of this Board Report. Information pertinent to this option is stated below.

VENDOR:

- 1) Vendor # 29778
MCGLADREY & PULLEN, LLP
1 SOUTH WACKER DRIVE., STE 800
CHICAGO, IL 60606-3392
Joseph J. Evans

USER INFORMATION :

Contact:
12410 - Corporate Accounting

42 West Madison Street

Chicago, IL 60602

Fraze, Mr. Larry

773-553-2710

ORIGINAL AGREEMENT:

The original Agreement (authorized by Board Report 11-0126-PR13) in the amount of \$3,276,465 is for a term commencing March 31, 2011 and ending February 28, 2015 with the Board having one (1) option to renew for a one (1) year term. The original agreement was awarded on a competitive basis pursuant to Board Rule 7-2.

OPTION PERIOD:

The term of this agreement is being renewed for one (1) year commencing March 1, 2015 and shall end February 29, 2016.

OPTION PERIODS REMAINING:

There are no option periods remaining.

SCOPE OF SERVICES:

Vendor will continue to provide an annual independent audit on the Board for the fiscal year ending 2015 that will include:

- A financial audit in accordance with generally accepted auditing standards and government auditing standards
- A single audit in accordance with the U.S. Accounting Office's Government Accounting Standards, as amended (also known as the Yellow Book)
- Review of internal controls
- Review of computer system and related database
- Management Letter of Recommendations that contains findings and best practices noted during the audit
- Review of the Illinois School District Annual

DELIVERABLES:

Vendor will continue to provide the following reports and deliverables:

- Independent auditors' report on the basic financial statements performed in accordance with generally accepted auditing standards and government auditing standards.
- Independent auditors' report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133.
- Independent auditors' report on internal control over financial reporting and on compliance and on other matters based on an audit of financial statements performed in accordance with government auditing standards.
- Presentation of audit results including required auditor communications to the Board Members.
- Certification of the Illinois School District Annual Financial Report (AFR) Audit to ensure it was prepared in accordance with applicable standards and requirements per 23 Illinois Administrative Code Part 100.
- Management Letter of Recommendations including status of items reported in previous Management Letter; process and procedure improvements noted during the audits; and responses and action plans from management.
- Other deliverables as agreed to by the Chief Financial Officer for additional scopes of service.

OUTCOMES:

Vendor's services will result in issuance of an opinion letter in accordance with generally accepted auditing standards (GAAP) and the standards applicable to financial audits contained in Government Auditing Standards. The annual audit will result in a letter of recommendation commenting on assessment of risk controls to identify and evaluate the effectiveness of internal controls and management risks within the key business processes.

COMPENSATION:

Vendor shall be paid during this option period an estimated annual cost for this option period are set forth below: \$759,580.00
FY 15: \$253,193.33
FY 16: \$506,386.67

AUTHORIZATION:

Authorize the General Counsel to include other relevant terms and conditions in the written option document. Authorize the President and Secretary to execute the option document. Authorize Chief Financial Officer to execute all ancillary documents required to administer or effectuate this option agreement.

AFFIRMATIVE ACTION:

The contract is in full compliance with the goal of 30% MBE and 5% WBE required by the Remedial Program for Minority and Women Business Enterprise Contract Participation for Goods and Services Contracts (M/WBE Program). The vendor has identified the following:

Total MBE: 30%

E.C. Ortiz & Co.
333 S. Des Plaines
Chicago, Illinois 60661

Total WBE: 10%

Velma Butler & Co.
6 East Monroe Street, Suite 400
Chicago, Illinois 60603

Arrow Messenger
1322 W. Walton
Chicago, Illinois 60642

On3 Promotional Partners, LLC
1543 Sheridan Road
Kenosha, Wisconsin 53140

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Fund 115 Corporate Accounting, Unit 12410, \$759,580
FY 15: \$253,193.33
FY 16: \$506,386.67
Future year funding is contingent upon budget appropriation and approval.

CFDA#: Not Applicable

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 May 25, 2011 (11-0525-PO2), 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:



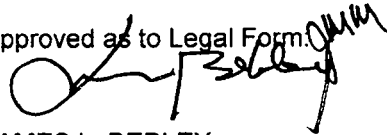
SÉBASTIEN de LONGEAUX
Chief Procurement Officer

Approved:



BARBARA BYRD-BENNETT
Chief Executive Officer

Approved as to Legal Form:



JAMES L. BEBLEY
General Counsel