

**APPROVE EXERCISING THE SECOND OPTION TO RENEW AGREEMENTS WITH VARIOUS AUDITING FIRMS FOR INTERNAL SCHOOL-BASED AUDIT SERVICES**

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

Approve exercising the second option to renew 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. A written renewal agreement for each vendor is currently being negotiated. No payment shall be made to any vendor prior to the execution of such vendor's written renewal agreement. The authority granted herein shall automatically rescind as to each vendor in the event a written renewal agreement is not executed within 90 days of the date of this Board Report. Information pertinent to these renewal agreements is stated below.

**Specification Number: 01-250016**

- VENDORS:**
- |   |   |
|---|---|
| <p>1. <b>Gerardo Liwanag &amp; Associates</b><br/>236 Waukegan Rd.<br/>Glenview, IL 60025<br/>Contact Person: Gerardo Liwanag<br/>(847) 724-4331<br/>Vendor # 34148</p>         | <p>2. <b>Bronner Group</b><br/>120 N. LaSalle Street<br/>Chicago, IL 60602<br/>Contact Person: Gila Bronner<br/>(312) 759-5101<br/>Vendor #29738</p>  |
| <p>3. <b>Benford Brown &amp; Associates</b><br/>2319 East 71<sup>st</sup> St.<br/>Chicago, IL 60649<br/>Contact Person: Timothy Watson<br/>(773) 752-7078<br/>Vendor #31413</p> | <p>4. <b>Washington, Pittman &amp; McKeever, LLC</b><br/>819 South Wabash Avenue – Suite 600<br/>Chicago, Illinois 60605<br/>Contact Person: Lester H. McKeever, Jr.<br/>(312) 786-0330<br/>Vendor #13766</p> |
- USER: Department of Audit Services**  
125 S. Clark Street - 5<sup>th</sup> Floor  
Chicago, IL 60603  
Contact Person: Leonard Moody  
(773) 553-1481

**ORIGINAL AGREEMENTS:** The original agreements (authorized by Board Report 01-1128-PR10) were for a one-year period commencing December 1, 2001 and ending November 30, 2002, with the Board having two (2) options to renew for additional one year periods, with the hourly rates for each vendor to be renegotiated. The original agreements were awarded pursuant to a duly advertised RFP (Specification No. 01-250016). The agreements were renewed for an additional one-year period (authorized by Board Report 03-0225-PR11) commencing December 1, 2002 and ending November 30, 2003.

**OPTION PERIOD:** The term of each agreement shall be renewed for an additional period of twelve months commencing December 1, 2003 and ending November 30, 2004.

**OPTION PERIODS REMAINING:** There are no renewal periods remaining.

**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:** Pursuant to Section 6.2 of the Revised Remedial Plan for Minority and Women Business Enterprise Contract Participation (M/WBE Plan), the Per Contract and Category Goals method for M/WBE participation will be utilized. Aggregated compliance of the vendors in the pool will be reported on a monthly basis. The M/WBE participation goals for this contract include: 35% total MBE, 22% total African American, 10% total Hispanic, 2% total Asian and 5% total WBE. The attached list of vendors has been identified and is scheduled to provide the following M/WBE participation.

Total MBE 75%

Total 50% African American:  
Benford Brown & Associates/25%  
Washington, Pittman & McKeever, LLC/25%

Total 25% Asian:  
Gerardo Liwanag & Associates/25%

Total 25% WBE

Bronner Group/25%

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

**FINANCIAL:** Charge to Department of Audit Services: \$300,000 Fiscal Years: 2004 & 2005  
Budget Classification: 0110-210-000-1013-5410 -- \$175,000 for FY 2004  
Budget Classification: 0110-210-000-1013-5410 -- \$125,000 for FY 2005

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.

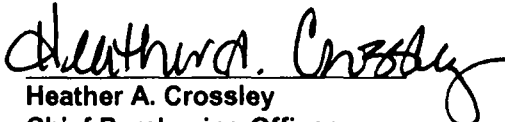
Conflicts – The agreements shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one-year period following expiration or other termination of their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

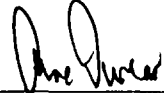
Ethics – The Board’s Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreements.

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:**

  
Heather A. Crossley  
Chief Purchasing Officer

**Approved:**

  
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Arne Duncan  
Chief Executive Officer

**Within Appropriation:**

  
\_\_\_\_\_  
John Maiorca  
Chief Financial Officer

**Approved as to legal form:** 

  
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Ruth M. Moscovitch  
General Counsel