

**APPROVE ENTERING INTO AGREEMENTS WITH VARIOUS AUDITING FIRMS  
FOR INTERNAL AUDITING SERVICES FOR THE SCHOOL BASED PROGRAM**

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

Approve entering into agreements with various auditing firms to provide Internal Auditing Services for the School Based Program with the Department of Audit Services at a cost not to exceed \$300,000 in the aggregate. Vendors were selected on a competitive basis in accordance with Board Rule 5-4.1 pursuant to a Request for Proposal (Specification Number 04-250184). 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 by such vendor within 90 days of the date of this Board Report. Information pertinent to these agreements is stated below.

Specification Number: 04-250184

Contract Administrator: Martha Escareno

- VENDORS:**
- |   |   |
|---|---|
| <p>1. Gerardo Liwanag &amp; Associates<br/>236 Waukegan Road<br/>Glenview, IL 60025<br/>Contact person Gerardo Liwanag<br/>Tel. No.: (847) 724-4331<br/>Vendor #:34148</p>              | <p>2. Washington, Pittman &amp; McKeever, LLC<br/>819 South Wabash Avenue, Suite 600<br/>Chicago, IL 60606<br/>Contact person: Lester H. McKeever, Jr.<br/>Tel. No.: (312) 786-0330<br/>Vendor #13766</p> |
| <p>3. Ragland &amp; Associates, LLC<br/>15525 South Park, Suite 111<br/>South Holland, IL 60473<br/>Contact person: Lawrence Ragland<br/>Tel. No.: (708) 333-0634<br/>Vendor #66028</p> | <p>4. Crowe &amp; Associates, LLC<br/>70 West Madison Street, Suite 700<br/>Chicago, IL 60602<br/>Contact person: Cynthia A. Pierce<br/>Tel. No.: (312) 899-7000<br/>Vendor #29378</p>                    |

**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 each agreement shall commence on the date of execution of the contract and shall end March 31, 2007. The Board shall have the option to renew the agreements for two (2) additional one-year periods.

**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 reimbursement, 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, principal transition audits, and 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 vendors' services will result in specific relevant recommendations that will assist the schools and the Board in improving compliance with policies and procedures and will improve the effectiveness and efficiency of operations.

**COMPENSATION:** Each Vendor shall be paid during the term 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 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. Thus, contracts for subsequent vendors from the pool created by this contract will be subject to compliance reviews and a contract-by-contract basis. Aggregated compliance of the vendors in the pool will be reported on a Monthly basis.

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

**FINANCIAL:** Charge to Department of Audit Services: \$300,000                      Fiscal Year: 2005 and 2006  
Budget Classification: 0113-210-000-1013-5410  
Source of Funds: 210 – 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.

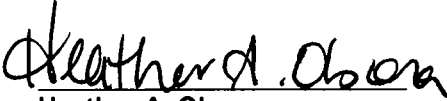
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their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

Indebtedness – The Board's Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.

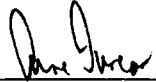
Ethics – The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

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

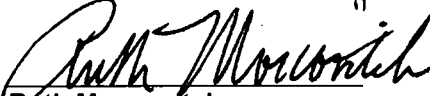
Approved:

  
Arne Duncan  
Chief Executive Officer

Within Appropriation:

  
John Maiorca  
Chief Financial Officer

Approved as to legal form: 

  
Ruth Moscovitch  
General Counsel