

**APPROVE THE RENEWAL OF THE EXISTING AGREEMENT WITH KPMG LLP FOR E-RATE
PROGRAM AUDIT SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve the renewal of the existing agreement with KPMG LLP for E-Rate Program audit services to the Office of Technology Services ("OTS") at a cost not to exceed \$85,000.00. A written renewal agreement for Consultant's services is currently being negotiated. No payment shall be made to Consultant during the renewal period prior to the execution of the written renewal agreement. The authority granted herein shall automatically rescind in the event a written renewal document is not executed within ninety (90) days of the date of this Board Report. Information pertinent to this renewal agreement is stated below.

SPECIFICATION NO.: 03-250203

CONSULTANT: KPMG LLP
303 East Wacker Drive
Chicago, Illinois 60601
Contact: Bridget M. Anderson
Telephone No.: (312) 665-1000
Vendor No.: 23326

USER: Office of Technology Services
125 South Clark Street
Chicago, Illinois 60603
Contact: Robert W. Runcie, Chief Information Officer
Jane Kratochvil, E-Rate Director
Telephone No. 773-553-1300

ORIGINAL AGREEMENT: The original agreement (authorized by Board Report 03-1022-PR18) in the amount of \$358,120.00, is for a term commencing March 16, 2003 and ending June 30, 2004. The agreement was renewed (authorized by Board Report 04-0428-PR16) for a term commencing July 1, 2004 and ending December 31, 2004. The agreement was renewed (authorized by Board Report 04-1117-PR9) for a term commencing January 1, 2005 and ending February 28, 2005. The agreement was then renewed (authorized by Board Report 05-0323-PR9) for a term commencing March 24, 2005 and ending June 30, 2005. Consultant was originally selected on a non-competitive basis because of its expertise of E-Rate program rules and regulations and to ensure that CPS continues to comply with federal regulations.

RENEWAL TERM: This agreement shall be renewed for a term commencing on July 1, 2005 and ending December 31, 2005. Consultant performed no services from July 1, 2005 to July 27, 2005, and shall receive no payment for any services rendered during such time period.

SCOPE OF SERVICES: KPMG will continue to provide E-Rate Program audit services for E-Rate Year 4 and Year 5 including the following:

- Review amounts billed to SLD and CPS by service providers for program Year 4 and Year 5;
- Obtain and review any documentation related to eligibility of items, discount percentages, billing process and project management structure;
- Develop an effective procedure for communicating project status;
- Review inventory management processes;
- Review available E-Rate program documentation to determine compliance with E-Rate eligibility requirements;
- Review a test of transactions from all invoices and expenditures.

DELIVERABLES: Consultant will continue to provide a quarterly audit report that will consist of the following:

- Individual detailed audit report that identifies deficiencies in the reporting of expenditures
- Recommendations and management action plan for improvement in operations.
- Updates/developments related to the status of findings and recommendations
- Draft reports based upon the work completed
- Findings of questionable expenditures and other concerns

OUTCOMES: As a result of each review, the vendor will provide specific relevant recommendations that will ensure that CPS continues to comply with federal regulations, improving the effectiveness and efficiency of operations.

COMPENSATION: Consultant shall be paid as follows: Upon invoicing, not to exceed the sum of \$85,000.00.

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

AFFIRMATIVE ACTION: This contract is in full compliance with the goals required by the Revised Remedial Plan for Minority and Women Business Enterprise Contract Participation (M/WBE). The M/WBE participation goals for the contract include: 35% total MBE, 22% total African American, 10% total Hispanic, 2% total Asian and 5% total WBE.

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

Total MBE 35%:

Total African American

Advance Data Concepts 819 South Wabash Chicago, IL 60605	\$9,350.00 / 11% Certified through 10/01/05
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Total 21% Hispanic:

Prado & Renteria (GP & R Group) 1837 South Michigan Ave. Chicago, IL 60616	\$17,850.00 / 21% Certified 09/01/05
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Total 3% Asian:

Gerardo G. Liwanag 236 Waukegan Road Glenview, IL 60025	\$2,550.00 / 3% Certified through 09/01/05
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Total 5% WBE:

The Bronner Group 120 North LaSalle St., Suite 1300 Chicago, IL 60602	\$4,250.00 / 5% Certified through 06/01/05
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LSC REVIEW: Local School Council approval is not applicable to this report.

FINANCIAL: Charge to the Office of Technology Services: \$85,000.00
 Budget Classification: 0220-210-000-1149-5410 \$85,000.00 FY '06

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.

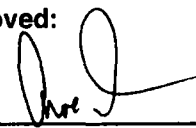
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:




Heather A. Obora
Chief Purchasing Officer

Approved:



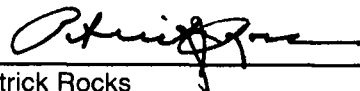
Arne Duncan
Chief Executive Officer

Within Appropriation:



John Maiorca
Chief Financial Officer

Approved as to Legal Form: 



Patrick Rocks
General Counsel