

**AMEND BOARD REPORT 06-0222-PR10**  
**RATIFY ENTERING INTO AN AGREEMENT WITH KPMG LLP**  
**FOR E-RATE PROGRAM AUDIT SERVICES**

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

Ratify entering into an 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. Consultant was 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. A written agreement for Consultant's services is currently being negotiated. No payment shall be made to Consultant during the period 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 ninety (90) days of the date of this Board Report. Information pertinent to this agreement is stated below.

This amendment is necessary to extend the term of the contract for a six (6) month period in order to continue to provide auditing services for completion of the E-Rate Year 5 program at no additional cost to the Board.

**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

**TERM:** The term of this agreement shall commence February 1, 2006 and end ~~June 30, 2006~~ December 31, 2006.

**EARLY TERMINATION RIGHT:** The Board shall have the right to terminate this agreement with 30 days written notice.

**SCOPE OF SERVICES:** KPMG will provide E-Rate Program audit services for E-Rate Year 5 including the following:

- Review amounts billed to SLD and CPS by service providers for program 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 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 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, KPMG 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 agreement. Authorize the President and Secretary to execute the 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	\$9,350.00 / 11%
819 South Wabash	Certified through 10/01/05
Chicago, IL 60605	

**Total 21% Hispanic:**

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

**Total 3% Asian:**

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

**Total 5% WBE:**

The Bronner Group	\$4,250.00 / 5%
120 North LaSalle St., Suite 1300	Certified through 06/01/05
Chicago, IL 60602	

**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.

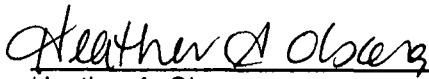
**Conflicts** – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of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

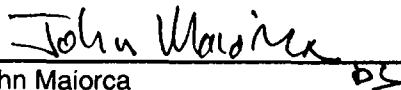
**Approved for Consideration:**

  
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Heather A. Obora  
Chief Purchasing Officer

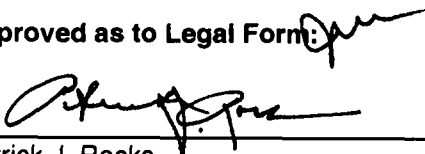
**Approved:**

  
\_\_\_\_\_  
Arne Duncan  
Chief Executive Officer

**Within Appropriation:**

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

**Approved as to Legal Form:**

  
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Patrick J. Rocks  
General Counsel