

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

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

Approve exercising the second option to renew the 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. Written renewal agreements exercising these options for each vendor are 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 by such vendor within 90 days of the date of this Board Report. Information pertinent to these options is stated below.

Specification Number: 04-250184

- 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 60605<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 Chizek &amp; Co. LLP<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

**ORIGINAL AGREEMENT:** The original Agreement (authorized by Board Report 05-0323-PR11) in the amount of \$300,000.00 is for the term commencing on date of execution and ending March 31, 2007, with the Board having two options to renew for one year terms. The agreement was renewed (authorized by Board Report 07-0328-PR10) for a term commencing April 1, 2007 and ending March 31, 2008. The original agreement was awarded on a competitive basis pursuant to Board Rule 5-4.1.

**OPTION PERIOD:** The term of this agreement is being extended for one year commencing April 1, 2008 and ending March 31, 2009.

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

**SCOPE OF SERVICES:** Vendors will continue to 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 will continue to 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 renewal agreements. Authorize the President and Secretary to execute the renewal 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  
Budget Classification: 10430-115-54125-252802-000000 FY08-\$100,000, FY09-\$200,000  
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.

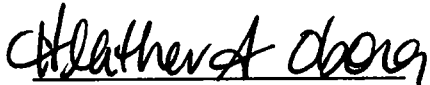
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their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

Indebtedness – The Board's Indebtedness Policy adopted June 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

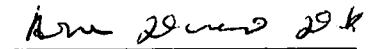
Ethics – The Board's Ethics Code adopted June 23, 2004 (04-0623-PO4), as amended from time to time, shall be incorporated into and made a part of the agreement.

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).

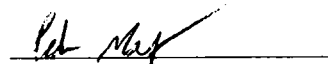
Approved for Consideration:

  
\_\_\_\_\_  
Heather A. Obora  
Chief Purchasing Officer

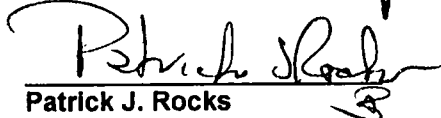
Approved:

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

Within Appropriation:

  
\_\_\_\_\_  
Pedro Martinez  
Chief Financial Officer

Approved as to legal form: 

  
\_\_\_\_\_  
Patrick J. Rocks  
General Counsel