

AMEND BOARD REPORT 07-0725-PR13
AMEND BOARD REPORT 07-0425-PR10
APPROVE ENTERING INTO AN AGREEMENT WITH KPMG LLP
FOR E-RATE PROGRAM AUDIT SERVICES

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into an agreement with KPMG LLP for E-Rate Program Audit Services to Information & Technology Services ("ITS") at a cost not to exceed ~~\$780,000.00~~ \$685,000.00. Vendor was selected on a competitive basis pursuant to Board Rule 5-4.1. A written agreement for audit 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 amended Board Report. Information pertinent to this agreement is stated below.

The first amendment is to list the correct specification number, to change the end date of the agreement and to reflect the name change of the department to receive the services. No written amendment to the agreement is required.

This June 2008 amendment is to adjust the scope and decrease the contract amount of the audit due to the Federal Communications Commission's (FCC) agent, the Universal Service Administrative Company (USAC) engaging in an E-Rate audit that includes Years 7 (Funding Year 2004), 8 (Funding Year 2005) and 9 (Funding Year 2006) from Feb 15, 2008 through June 6, 2008. The adjustment allows ITS to continue to have audit services while strategically utilizing resources in needed areas. The vendor has been notified of the change in scope and the rationale for the change. A written amendment to the agreement is required. The authority granted herein shall automatically rescind in the event a written amendment is not executed within ninety (90) days of this Board Report.

SPECIFICATION NO.: 06-250048

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

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

TERM: The term of this agreement shall commence May 1, 2007 and end April 28, 2010. This agreement shall have two (2) options to renew for periods of one (1) year each.

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

SCOPE OF SERVICES: Vendor will provide E-Rate Program audit services for E-Rate Year 6 (Funding Year 2003), ~~7 (Funding Year 2004)~~ 10 (Funding Year 2007) and ~~8 (Funding Year 2005)~~ 11 (Funding Year 2008) including the following:

- Review amounts billed to SLD and CPS by service providers for program Year 6, 7, 10 and 8 11,
- 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: Vendor 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 LLP 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 ~~\$780,000.00~~ \$685,000.00.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written agreement and amendment. Authorize the President and Secretary to execute the agreement and amendment. 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: 22%

Benford Brown & Associates, LLC
8135 S. Stony Island
Chicago, IL 60617

Total Hispanic: 10%

Gladys R. Wilson & Associates, P.C.
3439 North Harlem Avenue
Chicago, IL 60634

Total Asian: 3%

Gerardo G. Liwanag & Associates, CPA'S
236 Waukegan Road
Glenview, IL 60025

Total WBE: 5%

Bronner Group, LLC
120 North LaSalle St., Suite 1300
Chicago, IL 60602

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

FINANCIAL: Charge to the Information & Technology Services: ~~\$780,000.00~~ \$685,000.00

Budget Classification:

12510-115-54125-252209-000000	FY07	\$260,000.00 <u>\$295,000.00</u>
12510-115-54125-252209-000000	FY08	\$260,000.00 <u>\$195,000.00</u>
12510-115-54125-252209-000000	FY09	\$260,000.00 <u>\$195,000.00</u>

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. Obara

Heather A. Obara
Chief Purchasing Officer

Approved:

Arne Duncan

Arne Duncan
Chief Executive Officer

Within Appropriation:

Pedro Martinez

Pedro Martinez
Chief Financial Officer

Approved as to Legal Form

PM

Patrick J. Rocks

Patrick J. Rocks
General Counsel

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