

**APPROVE ENTERING INTO A GAINSHARE AGREEMENT WITH VARIOUS VENDORS FOR
RECOVERY AUDIT SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into a gainshare agreement with various vendors to provide Recovery Audit Services to the department of Procurement and Contracts at a total aggregate cost not to exceed \$1,000,000.00 (vendors shall be compensated on a percentage of the recoveries). Vendors were selected on a competitive basis pursuant to Board Rule 7-2. No services shall be provided by and no payments shall be made to any Vendor prior to execution of their written agreement. The authority granted herein shall automatically rescind as to each vendor in the event their written agreement is not executed within 90 days of the date of this Board Report. Information pertinent to the agreements is stated below.

Specification Number : 12-250034

Contract Administrator : Flores, Miss Nanzi / 773-553-2273

VENDOR:

- 1) Vendor # 64946
RENEW INTERNATIONAL, LLC
14100 SOUTHWEST FREEWAY., STE 320
SUGAR LAND, TX 77478
Daniel A. Schafer
281 276-4538
281-201-4389

- 2) Vendor # 44490
PROFESSIONAL AUDITING SERVICES OF
AMERICA
29193 NORTHWESTERN HWY. STE 643
SOUTHFIELD, MI 48034
Roy Jackson
800 353-3050
248 239-0705

USER INFORMATION :

Contact: 12210 - Procurement and Contracts Office
125 South Clark Street 10th Floor
Chicago, IL 60603
De Longeaux, Mr. Sebastien
773-553-2280

TERM:

The term of each agreement shall commence on the date the agreement is signed and shall end on October 31, 2013. The agreements shall have three (3) options to renew for periods of one (1) year each.

EARLY TERMINATION RIGHT:

The Board shall have the right to terminate each agreement with 30 days written notice.

SCOPE OF SERVICES:

The vendors will provide professional supplier contract compliance reviews and Accounts Payable recovery audit services in addition to recommendations and improvements to processes and procedures.

The recovery audit services shall include the identification and recovery of overpayments and identifying how the overpayment occurred. Such reasons include but are not limited to the following:

- a) Duplicate payment/duplicate billing
- b) Payments to incorrect supplier
- c) Payment outside of agreed terms
- d) Document problems
- e) Sales tax issues
- f) Misapplied returns and rebate issues
- g) Freight issues
- h) Fraud issues
- i) Overcharges of allocated charges

DELIVERABLES:

Vendors shall provide the following deliverables: 1) Review and analyze Accounts Payable and Procurement information from the Board's internal and external sources to discover overpayments, 2) Track overpayments and request suppliers to remit the funds to the Board; including funds from vendors and contractors who are no longer conducting business with the Board, 3) Provide the Board with copies of all invoices from vendors and contractors for overpayments made by the Board, 4) Provide bi-weekly reports of recoveries and confirmed credits, and 5) Provide detailed summary reports at the conclusion of the overall audit activity including, but not limited to, cost saving opportunities, best practice recommendations and training to the Board for improvements based upon observations and discoveries made during and throughout the recovery audit period.

OUTCOMES:

Vendors' services will result in the identification of overpayments and recovery of such identified credits owed to the Board.

COMPENSATION:

Vendors shall be compensated on a percentage of the recoveries; total not to exceed the sum of \$1,000,000.00 in aggregate for all vendors inclusive of all reimbursable expenses.

Renew International, LLC shall receive the following percentages of each recovery made for the 50 suppliers determined by Renew and CPS' Chief Procurement Officer:

- Contract Compliance Review recoveries for contracts valued over \$10M: a fee of forty percent (40%) of each recovery made in the amount of \$30,001 to \$499,000, twenty-five percent (25%) of each recovery made in the amount of \$500,000 to \$1,000,000, and twenty percent (20%) of each recovery made in the amount over \$1,000,000;
- Contract Compliance Review recoveries for contracts valued under \$10,000,000: a fee of forty percent (40%) of each recovery made in the amount of over \$30,000;
- Supplier Payment Reviews: a fee of twenty-eight percent (28%) of each recovery made in the amount of \$1 to \$500,000 and twenty percent (20%) of each recovery made in the amount of over \$500,000.

Professional Auditing Services shall receive the following percentages of each recovery Professional Auditing Services conducts:

- A fee of 20% of each recovery made for payment reviews for all vendors, excluding the 50 suppliers determined by Renew and CPS' Chief Procurement Officer;
- A fee of 20% of each recovery made for audit reviews for utility vendors;

- As it specifically pertains to Waste Management Services and other possible similar onsite audit opportunities, PAS' contingency based compensation will be adjusted to recognize the same fee structure as that of Revenew International, LLC if both of the following conditions are met:

1. CPS' Chief Procurement Officer provides prior approval of the audit structure, work to be conducted, and fee structure; and
2. The onsite audit/compliance testing reflects the same effort as would be provided by Revenew, including but not limited to, Professional Auditing Services providing an onsite visit to the vendor's facilities for a minimum of a five day duration.

REIMBURSABLE EXPENSES:

Vendors may be reimbursed for travel expenses. Expenses will be reimbursed only if the recoveries from the vendor's audit exceed the requested reimbursable expenses. All reimbursable expenses require the prior approval of the Chief Procurement Officer or designee. The total compensation amount reflected herein is inclusive of all reimbursable expenses.

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 Chief Procurement Officer to execute all ancillary documents required to administer or effectuate the agreements.

AFFIRMATIVE ACTION:

Pursuant to the Remedial Program for Minority and Women Owned Business Enterprise Participation in Goods and Services Contracts, contracts for subsequent vendors from the pool created by this agreement will be subject to aggregated compliance reviews and monitored on a monthly basis.

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Charge to: Department of Procurement and Contracts
Budget Classification: TBD A54125 (Professional & Technical Services)
Fiscal Year: 2012-2013

CFDA#: Not Applicable

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 May 25, 2011 (11-0525-PO2), 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:



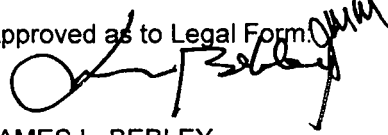
SÉBASTIEN de LONGEAUX
Chief Procurement Officer

Approved:



JEAN-CLAUDE BRIZARD
Chief Executive Officer

Approved as to Legal Form.



JAMES L. BEBLEY
General Counsel