

April 27, 2016

**APPROVE PAYMENT AND RATIFY THE EXTENSION OF THE AGREEMENT WITH RSM US, LLP  
FORMERLY KNOWN AS MCGLADREY AND PULLEN, LLP FOR EXTERNAL AUDIT CONSULTING  
SERVICES**

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

Approve payment and ratify the extension of the agreement with RSM US, LLP (formerly known as McGladrey and Pullen, LLP) to provide external audit consulting services to the Department of Finance at an estimated annual cost set forth in the Compensation Section of this report. Vendor provided additional audit services from March 1, 2015 to February 29, 2016 in the amount of \$63,293 and those services have been completed. Vendor has not provided any services since March 1, 2016. A written extension document is currently being negotiated. No payment shall be made to Vendor during this extension period prior to execution of their written document other than the approve payment amount referenced above. The authority granted herein shall automatically rescind in the event their written document is not executed within 90 days of the date of this Board Report. Information pertinent to this extension is stated below.

Specification Number : 10-250040

Contract Administrator : Hernandez, Miss Patricia / 773-553-2256

**VENDOR:**

- 1) Vendor # 29778  
RSM US LLP  
1 SOUTH WACKER DRIVE  
CHICAGO, IL 60606-3392  
Joseph Evans  
312 634-4540

Ownership: Over 100 Partners, Not One  
Partner Owns More Than 1%

**USER INFORMATION :**

Project  
Manager: 12410 - Accounting  
  
42 West Madison Street  
  
Chicago, IL 60602  
  
Fraze, Mr. Larry  
  
773-553-2757

**ORIGINAL AGREEMENT:**

The original agreement (authorized by Board Report 11-0126-PR13) in the amount of \$3,276,465.00 was for a term commencing March 31, 2011 and ending February 28, 2015 with the Board having one (1) option to renew for a one (1) year term. The renewal agreement (authorized by Board Report 15-0128-PR2) in the amount of \$759,580.00 was for a term commencing March 1, 2015 and ending February 29, 2016. The original agreement was awarded on a competitive basis pursuant to Board Rule 7-2.

**EXTENSION PERIOD:**

The term of this agreement is being extended for one (1) year commencing March 1, 2016 and ending February 28, 2017.

**SCOPE OF SERVICES:**

Vendor will continue to provide an annual independent audit on the Board for the fiscal year ending 2016 that will include:

- A financial audit in accordance with generally accepted auditing standards and government auditing standards;
- A single audit in accordance with the U.S. Accounting Office's Government Accounting Standards, as amended (also known as the Yellow Book);
- Review of internal controls;
- Review of computer system and related database;
- Management Letter of Recommendations that contains findings and best practices noted during the audit; and
- Review of the Illinois School District Annual.

**DELIVERABLES:**

Vendor will continue to provide the following reports and deliverables:

- Independent auditors' report on the basic financial statements performed in accordance with generally accepted auditing standards and government auditing standards.
- Independent auditors' report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133.
- Independent auditors' report on internal control over financial reporting and on compliance and on other matters based on an audit of financial statements performed in accordance with government auditing standards.
- Presentation of audit results including required auditor communications to the Board Members.
- Certification of the Illinois School District Annual Financial Report (AFR) Audit to ensure it was prepared in accordance with applicable standards and requirements per 23 Illinois Administrative Code Part 100.
- Management Letter of Recommendations including status of items reported in previous Management Letter; process and procedure improvements noted during the audits; and responses and action plans from management.
- Other deliverables as agreed to by the Chief Financial Officer for additional scopes of service.

**OUTCOMES:**

Vendor's services will result in issuance of an opinion letter in accordance with generally accepted auditing standards (GAAP) and the standards applicable to financial audits contained in Government Auditing Standards. The annual audit will result in a letter of recommendation commenting on assessment of risk controls to identify and evaluate the effectiveness of internal controls and management risks within the key business processes.

**COMPENSATION:**

Vendor shall continue to be paid as stated in their contract during this extension period. Estimated annual costs for the one (1) year term are set forth below:

\$759,580 FY16 and FY17.

Approve Payment amount for FY15 Audit:

\$63,292.33 FY16

**AUTHORIZATION:**

Authorize the General Counsel to include other relevant terms and conditions in the written extension document. Authorize the President and Secretary to execute the extension document. Authorize the Chief Financial Officer to execute all ancillary documents required to administer or effectuate this option agreement.

**AFFIRMATIVE ACTION:**

The contract is in full compliance with the goal of 30% MBE and 7% WBE required by the Remedial Program for Minority and Women Business Enterprise Contract Participation for Goods and Services Contracts (M/WBE Program). The vendor has identified the following:

**Total MBE: 30%**

E. C. Ortiz & Co.  
333 S. DesPlaines  
Chicago, Illinois 60661  
Ownership: Edilberto Calalang Ortiz - Over 51%

**Total WBE: 7%**

Velma Butler & Co.  
6 East Monroe Street, Ste. 400  
Chicago, Illinois 60603  
Ownership: Velma Butler - Over 51%

Arrow Messenger  
1322 W. Walton  
Chicago, Illinois 60042  
Ownership: Phyllis L. Apelbaum - Over 51%

On3Promotional Partners, LLC  
1543 Sheridan Rd.  
Kenosha, Wisconsin 53140  
Ownership: Dawn Sullivan - Over 51%

**LSC REVIEW:**

Local School Council approval is not applicable to this report.

**FINANCIAL:**

Fund 115, Corporate Accounting, Unit 12410, \$822,872.33

FY16 and FY17: \$759,580

Approve Payment for FY15 Audit:

FY 16: \$63,292.33

Future year funding is contingent upon budget appropriation and approval.

**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:



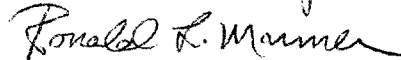
SÉBASTIEN de LONGEAUX  
Chief Procurement Officer

Approved:



FORREST CLAYPOOL  
Chief Executive Officer

Approved as to Legal Form:



RONALD L. MARMER  
General Counsel