

**AUTHORIZE A NEW AGREEMENT WITH BAKER TILLY VIRCHOW KRAUSE, LLP FOR EXTERNAL  
AUDITING SERVICES**

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

Authorize a new agreement with Baker Tilly Virchow Krause, LLP to provide External Auditing Services to the Department of Finance at an estimated annual cost set forth in the Compensation Section of this report. Vendor was selected on a competitive basis pursuant to Board Rule 7-2. A written agreement for Vendor's services is currently being negotiated. No services shall be provided by Vendor and no payment shall be made to Vendor prior to the execution of their written agreement. The authority granted herein shall automatically rescind in the event their written agreement is not executed within 90 days of the date of this Board Report. Information pertinent to this agreement is stated below.

Specification Number : 17-350013

Contract Administrator : Sinnema, Mr. Ethan Cedric / 773-553-5180

**VENDOR:**

- 1) Vendor # 89952  
BAKER TILLY VIRCHOW KRAUSE, LLP  
225 NORTH MICHIGAN AVE.  
CHICAGO, IL 60601

Heather Acker  
630 645-6209

Ownership: No Partner Has More Than A  
Two Percent Stake In The Firm

**USER INFORMATION :**

Project  
Manager: 12410 - Accounting  
  
42 West Madison Street  
  
Chicago, IL 60602  
  
Gildart, Miss Melinda Menyon  
  
773-553-2747

**TERM:**

The term of this agreement shall commence on April 1, 2017 and shall end on March 31, 2020. 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 annual independent audits for the Board for fiscal years ending 2017 through 2019 that will include:

- A financial audit in accordance with generally accepted auditing standards and government auditing standards;
- A Federal Single Audit in accordance with the U.S. Government Accountability Office, Government Accounting Standards, as amended (also known as the Yellow Book);
- Review of internal controls;
- Review of computer systems and related databases;
- Management Letter of Recommendations that contains findings and best practices noted during the audit; and
- Review of the Illinois State Board of Education District Annual Financial Report.

**DELIVERABLES:**

Vendor will 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 Federal Uniform Grant Guidance, Title 2, Subtitle A, Chapter II Part 200 (and the State of Illinois Equivalent).
- Independent auditors' reports on internal controls over financial reporting and compliance, including 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 State Board of Education 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 in writing by the Senior Vice President of Finance.

**OUTCOMES:**

Vendor's services will result in the issuance of opinion letters 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 an assessment of risk controls to identify and evaluate the effectiveness of internal controls and management risks within the key business processes.

**COMPENSATION:**

Vendor shall be paid according to the terms of the agreement. Estimated annual costs for the three (3) year term are set forth below:

- \$244,444.44, FY17
- \$733,333.33, FY18
- \$733,333.33, FY19
- \$488,888.90, FY20

**REIMBURSABLE EXPENSES:**

None.

**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 Senior Vice President of Finance to execute all ancillary documents required to administer or effectuate this agreement.

**AFFIRMATIVE ACTION:**

Pursuant to the Remedial Program for Minority and Women Owned Business Enterprise Participation in Goods and Services Contract (M/WBE Program), this contract is in full compliance with the participation goals of 30% MBE and 7% WBE. The following firms have been scheduled:

Total MBE: 30%

Prado and Renteria  
1837 S. Michigan Ave.  
Chicago, IL 60616

Total WBE: 7%

Pilar Financial Practice Management, LLC.  
852 Madison Street  
Oak Park, IL 60302

Velma Butler & Co.

6 East Monroe Street, suite 400  
Chicago, IL 60603

**LSC REVIEW:**

Local School Council approval is not applicable to this report.

**FINANCIAL:**

Fund 115, Corporate Accounting, Unit 12410

\$244,444.44, FY17

\$733,333.33, FY18

\$733,333.33, FY19

\$488,888.90, FY20

Not to exceed \$2,200,000.00 for the three (3) year term. 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.

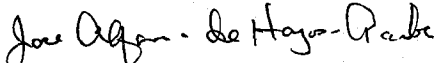
Conflicts - The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their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

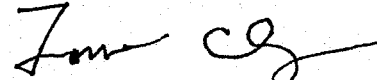
Ethics - The Board's Ethics Code adopted May 25, 2011 (11-0525-PO2), as amended from time to time, shall be incorporated into and made a part of the agreement.


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).

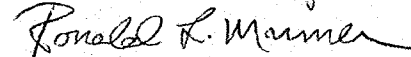
Approved for Consideration:

  
JOSE ALFONSO DE HOYOS-ACOSTA  
Chief Administrative Officer

Approved:

  
FORREST CLAYPOOL  
Chief Executive Officer

Approved as to Legal Form: 

  
RONALD L. MARMER  
General Counsel