

January 22, 2020

**AUTHORIZE THE FIRST RENEWAL AGREEMENT WITH BAKER TILLY VIRCHOW KRAUSE, LLP
FOR EXTERNAL AUDITING SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize the first renewal agreement with Baker Tilly Virchow Krause, LLP to provide external auditing services to the Accounting Department at an estimated annual cost set forth in the Compensation Section of this report. A written document exercising this option is currently being negotiated. No payment shall be made to Baker Tilly Virchow Krause, LLP during the option period prior to execution of the written document. The authority granted herein shall automatically rescind in the event a written document is not executed within 90 days of the date of this Board Report. Information pertinent to this option is stated below.

Specification Number : 17-350015

Contract Administrator : Cantero, Mrs. Nanzi / 773-553-2280

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 :

Contact:

12410 - Accounting
42 West Madison Street
Chicago, IL 60602
Moore, Mr. Lenny R.
773-553-2710

ORIGINAL AGREEMENT:

The original Agreement (authorized by Board Report 17-0322-PR11) in the amount of \$2,200,000 was for a term commencing April 1, 2017 and ending March 31, 2020, with the Board having two (2) options to renew for one (1) year terms each. The original agreement was awarded on a competitive basis pursuant to former Board Rule 7-2.

OPTION PERIOD:

The term of this agreement is being renewed for one (1) year commencing April 1, 2020 and ending March 31, 2021.

OPTION PERIODS REMAINING:

There is one (1) option period for one (1) year remaining.

SCOPE OF SERVICES:

Vendor will continue to provide annual independent audits for the Board for fiscal years ending 2020 through 2021 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 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 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 Treasurer & Deputy Chief Financial Officer.

OUTCOMES:

Vendor's services will continue to 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 continue to be paid according to the terms of the agreement. Estimated costs for the one (1) year renewal term are set below:
FY20 \$733,334
FY21 \$488,889

AUTHORIZATION:

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

FY20 \$733,334
FY21 \$488,889

Not to exceed \$1,222,223 for the one (1) year renewal 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:




JONATHAN MAPLES
Chief Procurement Officer

Approved:



JANICE K. JACKSON
Chief Executive Officer

Approved as to Legal Form: 



JOSEPH T. MORIARTY
General Counsel