

CHAPTER III ADMINISTRATIVE ORGANIZATION

Sec. 3-1. Chief Executive Officer. The Chief Executive Officer shall have all the duties and powers authorized by the Illinois School Code and all such additional duties and powers as may be granted by the Board of Education.

Sec. 3-2. Law Department. The General Counsel shall have charge and control, subject to the approval of the Board of Education, of the Law Department and of all litigation, legal questions, and such other legal matters as may be referred to the department by the Board of Education or by the Chief Executive Officer. The General Counsel shall have authority to issue legal opinions, to bring actions on behalf of the Board, to take any actions required by law and to settle any matter before the Law Department, including, but not limited to, federal and state court cases, administrative enforcement agency cases, workers' compensation claims, employment issues, and contract disputes, for a sum up to and including \$50,000, without Board approval. The General Counsel shall report any settlements in excess of \$10,000 to the Board in an appropriate manner on a monthly basis. The General Counsel shall also review all contracts, bonds, and leases subject to the exceptions noted in Section 7-15 herein.

Assistants and Deputies General Counsel shall work under the direction and supervision of the General Counsel and are expressly prohibited from performing legal work for or undertaking legal representation of any person or entity other than the Board of Education. Violation of the prohibition against outside practice by an Assistant or Deputy General Counsel shall constitute cause for immediate dismissal from employment.

Sec. 3-3. Retention of Outside Legal Counsel. The retention of outside legal counsel is reserved to the Board. Subject to approval by the Board, the General Counsel may retain outside legal counsel to appear in legal proceedings on his/her behalf or to provide other legal services to the Board. The General Counsel is also authorized to retain hearing officers, arbitrators, mediators, expert consultants and witnesses and court reporters and to authorize payment of fees, expenses and costs related to those retentions. Any actions taken pursuant to this section shall be reported to the Board on a monthly basis.

Sec. 3-4. Payment of Judgments and Awards. The General Counsel is authorized to approve payment of any judgments, awards, fines or penalties rendered against or imposed upon the Board when, in the opinion of the General Counsel, no further proceedings are justified. The General Counsel shall report payment of any judgments, awards, fines or penalties in excess of \$10,000 to the Board on a monthly basis.

Sec. 3-5. Attorney's Appearance in Legal Proceedings. The General Counsel shall appear for and protect the rights and interests of the Board of Education in all cases, suits, and proceedings brought by or against the Board of Education. The General Counsel also shall take all actions necessary to fulfill the Board's obligations pursuant to Section 105 ILCS 5/34-18.1 of the School Code. If a current or former member, officer or employee of the Board is required to appear in any matter or defend against or respond to any claim, in their individual or official capacity, the General Counsel may elect to represent such person, appoint outside counsel to represent such person or approve reimbursement of reasonable legal expenses and costs provided that the person was acting in the scope of the person's office or employment during the events giving rise to the matter or claim. No Board funds shall be expended for payment of legal services rendered on behalf of any person in the event the person is identified as the target of a criminal investigation or upon the charge of such person by criminal complaint, information or indictment in criminal proceedings. Upon the conclusion of the criminal investigation or proceedings in which the person was a target or defendant, however, such person may request reimbursement of reasonable legal expenses and costs if such person has not been charged or has been acquitted or found not guilty or if all charges against such person in the action have been dismissed. All requests for reimbursement are subject to approval of the General Counsel and the Board.

Sec. 3-6. Workers' Compensation - Authority to Make Statutory Payments. The Chief Financial Officer or his designee shall have authority, in proper cases under the Workers' Compensation Act and Occupational Diseases Act as determined with advice of the General Counsel, to issue requisitions directing the payment of temporary total disability and statutory losses including statutory permanent total disability benefits to Board of Education employees who have sustained accidental injuries or incurred occupational diseases, and of medical and hospital expenses in such cases, without the adoption of Board Reports. Settlements of any Workers' Compensation claims shall be in accordance with Board Rule 3-2.

Sec. 3-7. Administrative Organizational Units. The Board of Education shall establish such administrative organization units as it may deem necessary or appropriate to ensure the effective and efficient operation of the system and determine the duties and functions of each. Chiefs, officers and the heads of departments shall be appointed by the Board in accordance with Chapter IV of these Rules.

Sec. 3-8. Inspector General. The Inspector General, who is appointed by the Mayor of the City of Chicago, shall investigate allegations of fraud, waste and financial mismanagement in the District by a Local School Council member or an employee, contractor or member of the Board or involving school projects managed or handled by the Public Building Commission and shall perform other duties requested by the Board including, but not limited to, investigations into

employee misconduct, including allegations of criminal activity by employees. Based on the nature, extent or combination of allegations, the Inspector General may refer any matter involving allegations of fraud, waste, financial mismanagement, employee misconduct or employee criminal activity to another appropriate District department for investigation and handling. The Inspector General shall report on and make recommendations to the Board about the investigations completed by the Office of the Inspector General. From time to time the Board acknowledges by Board Resolution the Mayor's appointment of an individual to serve as Inspector General and the terms of that Resolution will be in full force and effect for the duration of the Inspector General's tenure unless further amended by the Board. Prior to the beginning of each fiscal year, the Board shall determine the budget allocation for operation of the Office of the Inspector General.

Sec. 3-9. Office of Internal Audit and Advisory Services

a. *Chief Internal Auditor.* The Chief Internal Auditor will lead the Office of Internal Audit and Advisory Services (IAAS). The Chief Internal Auditor is responsible for conducting internal audits and improving the internal audit process.

i. Internal Audit must be independent of the activities it evaluates so that it may conduct its work freely and objectively. The personnel of IAAS report exclusively to the Chief Internal Auditor. The Chief Internal Auditor reports functionally to the Board for direction, accountability, ensuring a broad scope of audit coverage and sufficient authority of IAAS. The Chief Internal Auditor reports administratively (i.e., day-to-day operations) to the Chief Executive Officer.

ii. The Chief Internal Auditor, in execution of its duties, must:

(1) Provide the Board with an annual assessment on the adequacy and effectiveness of the district processes for controlling its activities and managing its risks in the areas under subsections (d) below and the Quality Assurance and Improvement Program subsection (h) below.

(2) Quarterly provide reporting to the Board on the status of the internal audit process.

b. *IAAS Purpose.* The purpose and mission of the IAAS is to provide assurance and advisory services through independent and objective reviews to improve and enhance district processes and operations to contribute toward Chicago Public Schools' mission, providing high-quality public education opportunities for every child.

c. *IAAS Authority.*

i. The IAAS has the authority to:

(1) Have full, free, and unrestricted access to all the district's functions, records, information, property, and personnel in order to fulfill its objective as set by the Board.

(2) Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.

(3) Obtain the necessary assistance and cooperation of personnel in departments of the district where audit activities are conducted, as well as other specialized services from within or outside the district, as appropriate.

ii. In order to maintain its independence and objectivity, IAAS is not authorized to:

(1) Perform any management or operational duties for the district.

(2) *Initiate or approve accounting transactions external to IAAS.*

d. *IAAS Scope of Work.* The scope of work of the IAAS is to examine and evaluate the adequacy and effectiveness of risk management, internal controls and governance processes. IAAS manages and oversees district- and school-level audits and risk management activities that are designed to meet the following objectives:

(i) Evaluate the effectiveness of the department, school, or program's internal controls and business practices to ensure operational and financial goals are met.

(ii) Evaluate compliance with applicable laws, regulations, ordinances, Board rules, ethics policies, contracts, grants, and administrative policies and procedures.

(iii) Assist department, school, or program management in integrating innovative business practices and strategies to improve organizational efficiency and effectiveness and minimize risks.

(iv) Assess organizational risk, develop a risk-based internal audit plan and assist leadership to develop effective risk management strategies.

(v) All systems, processes, operations, functions, and activities within Chicago Public Schools (“the district”) are subject to IAAS evaluations. IAAS will identify opportunities for improving management controls and effectiveness and communicate opportunities to the appropriate levels of management.

e. *IAAS Responsibilities.* The IAAS must:

(i) Keep the Executive Management Team and Board of Education appropriately informed on all relevant mission and audit plan matters to ensure effective communications and independence.

(ii) Develop a flexible and risk-prioritized annual audit plan using an appropriate risk assessment methodology, including any risks or control concerns identified by management.

(iii) Implement and conduct the annual audit plan, including as appropriate, any special tasks or projects requested by management and the Board.

(iv) Provide periodic updates of audit plan accomplishments to the Executive Management Team and the Board as well as any modifications to the plan.

(v) Maintain professional integrity, attitude and audit staff competence with the sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Board Rule.

(vi) Evaluate significant business, process, and organizational changes and assess their impact on the district’s control structure.

(vii) Issue periodic reports to the Executive Management Team and the Board summarizing results of audit activities and highlighting significant issues identified and those that have been resolved.

(viii) Partner with management on risk management activities and facilitate the Risk Committee to form strategic alliances to identify, assess, manage, and monitor risks so as to add value and drive improvements of the district’s operations. The Risk Committee Charter outlines authority, responsibility, and membership of the committee.

(ix) Notify the Office of Inspector General if through the course of an audit or review fraud, waste, or abuse is encountered.

f. *Confidentiality.* The IAAS will respect the value and ownership of information received and must not disclose information without appropriate authority unless there is a legal or professional obligation to do so. Professionalism and prudence in the use and protection of information acquired in the course of conducting Internal Audit activities must be exercised at all times.

g. *Standard of Professional Practice and Ethics.* The IAAS must comply with the *Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors (IIA), and the IIA's *Code of Ethics*.

h. *Quality Assurance and Improvement Program.* The IAAS must maintain a quality assurance and improvement program that covers all aspects of the internal audit department. The program should include an evaluation of the internal audit department's conformance with the IIA's Standards for the Professional Practice of Internal Auditing and an evaluation of whether internal auditors apply the IIA's Code of Ethics. The program should also assess the efficiency and effectiveness of the internal audit department and identify opportunities for improvement.

The Chief Internal Auditor will communicate to senior management and the Board on the internal audit department's quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Chicago Public Schools.

Final:	Board Rule 3-9 was adopted on a Final basis at the September 22, 2021 Board Meeting [Board Report 21-0922-RU1].
Public Comment:	Pursuant to Board Rule 2-6 this Rule [3-9] was subject to Public Comment from 7/6/21-8/6/21 and was rescinded and adopted new on an interim basis at the June 23, 2021 Board Meeting [Board Report 21-0623-RU1].