

**APPROVE SETTLEMENT AGREEMENT AND COMPLIANCE AGREEMENT
WITH THE NATIONAL SCIENCE FOUNDATION AND THE NSF OFFICE OF INSPECTOR GENERAL**

THE GENERAL COUNSEL RECOMMENDS THE FOLLOWING:

Approve a settlement agreement and a compliance agreement between the National Science Foundation ("NSF"), the NSF Office of the Inspector General ("OIG"), and the Board regarding the Board's compliance with rules governing grants from NSF.

ENTITY: Office of the Inspector General
National Science Foundation
4201 Wilson Boulevard
Arlington, VA 22230

HISTORY: The proposed agreements arose from audits of a grant from NSF to the Board, for the period of September 15, 1994 to February 29, 2000, and involving an award of \$13,879,301 to the Board. The auditors/investigators determined that, although there was no evidence of any wrongful conduct, the Board did not have required documentation to support all grant expenditures. The compliance agreement sets forth NSF's requirements for proper documentation for any future grants from NSF. The settlement agreement provides that funding for NSF's current grant to the Board will be reduced by \$150,000.00.

RECOMMENDED SETTLEMENT: The General Counsel recommends execution of both the compliance agreement and the settlement agreement, and acceptance of the terms therein.

AUTHORIZATION: Authorize the General Counsel to execute a Settlement and Mutual Release Agreement pursuant to the above-referenced terms.

LSC REVIEW: LSC approval is not applicable to this report.

AFFIRMATIVE ACTION STATUS: None.

FINANCIAL: Charge \$150,000.00 to budget line 0330-239-321-1521-5560

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 July 26, 1995, (95-0726-EX3), as amended from time to time, is hereby incorporated into and made a part of the agreement.

Ethics - The Board's Ethics Code adopted September 27, 1995, (95-0927-RU3), as amended from time to time, is hereby 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,


RUTH M. MOSCOVITCH
General Counsel

Within Appropriation:


JOHN J. MAIORCA
Chief Financial Officer

MRJ