

APPROVE EXERCISING THE OPTION TO RENEW THE AGREEMENT WITH MCGLADREY AND PULLEN, LLP FOR EXTERNAL AUDIT SERVICES

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the option to renew the agreement with McGladrey and Pullen LLP to provide consulting services to Chicago Public Schools Office of School Financial Services, at a cost for the option period not to exceed \$1,000,500. A written document exercising this option is currently being negotiated. No payment shall be made to Consultant during the option period prior to the 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 : 05-250036
Contract Administrator : Martha Escareno / 773-553-2284

CONSULTANT:

Vendor # 29778
Mcgladrey & Pullen, Llp
191 North Wacker Drive., Ste 1400
Chicago, Il 60606-0000
Joseph Evans, Partner
312-782-2190

USER:

Corporate Accounting
125 South Clark Street 14th Floor
Chicago, IL 60603

Contact : Daryl Okrzesik

Phone: 773-553-2710
Project Manager: Vincent Chiu
Phone: 773-553-2729

ORIGINAL AGREEMENT:

The original Agreement (authorized by Board Report 06-0322-PR7 as amended by 07-0228-PR11) in the amount of \$3,040,000 is for a term commencing April 1, 2006 and ending March 31, 2010 with the Board having one option to renew for a period of one year. The original agreement was awarded on a competitive basis pursuant to Board Rule 7.2.

OPTION PERIOD:

The term of this agreement is being renewed for one year commencing April 1, 2010 and ending March 31, 2011.

OPTION PERIODS REMAINING:

There are no option periods remaining.

SCOPE OF SERVICES:

Consultant shall continue to perform an annual independent audit of the Board for the fiscal year ending 2010 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.A. Accounting Office's Government Accounting Standards, as amended (also known as the Yellow Book)

Review of internal controls

Data processing review

Management Letter of Recommendations and contains findings and best practices noted during the audit

Additional work in support of implementing new government accounting standards, complying with audit attestation requests as required by Federal, state, local or other funding agencies, and other audit related services upon approval of the Chief Financial Officer. The particular scope of services and fees for each request for additional services will be set forth in a written document signed by the Chief Financial Officer.

DELIVERABLES:

Consultant shall 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 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

Independent auditors' report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A133

Presentation of audit results including required auditor communications to the Board Members

Management Letter of Recommendations including the following information:

Items reported in previous Management Letter have been corrected and recommendations implemented.

Process and procedure improvements noted during the audits.

Responses and action plans from management.

Other deliverables as agreed to by the Chief Financial Officer for additional scope of services. The additional deliverables will be set forth in the particular scope of services for each request for additional services and signed by the Chief Financial Officer.

OUTCOMES:

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:

Consultant shall be paid during this option period as follows: an annual fee payable in three equal installments per year not to exceed the sum of \$870,000 and a contingency amount of 15% of the annual fee or \$130,500 for additional services. Fees for additional scopes of service shall be paid upon the

negotiated fee schedule and submission of the deliverables and shall be payable upon invoicing. The aggregate of all additional scopes of service shall not exceed 15% of the annual fee per fiscal year. The total compensation payable for the term shall not exceed \$1,000,500.

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 Chief Financial Officer to execute all ancillary documents required to administer or effectuate this option agreement, including any scopes of services for additional services.

AFFIRMATIVE ACTION:

This contract is in full compliance with goals required by the Remedial Program for Minority and Women Business Enterprise Participation in Goods and Services Contracts. The M/WBE participation goals for this contract are 35% MBE and 5% WBE.

The vendor has identified and scheduled the following firms:

Total MBE: 35%
E.C. Ortiz and Company, LLP
333 S. Des Plaines, 2-N
Chicago, IL 60661

Total WBE: 5%
Velma Butler and Co., Ltd.
6 East Monroe Street, Suite 400
Chicago, IL 60603

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Charge to School Financial Services: up to \$1,000,500

Contingency authorization not to exceed 15 percent of annual fee per fiscal year.

Source of Funds: Various Departments and Programs

12410-115-54125-252501-000000-2010	\$870,000.00
12410-115-54125-252501-000000-2011	\$130,500.00

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.

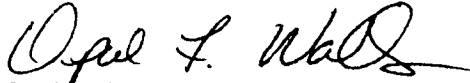
Conflicts - The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their 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 June 23, 2004 (04-0623-PO4), 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:



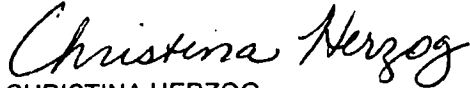
Opal L. Walls
Chief Purchasing Officer

Approved:



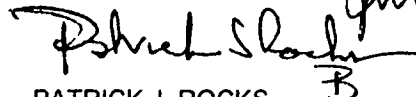
Ron Huberman
Chief Executive Officer

Within Appropriation:



CHRISTINA HERZOG
ACTING CHIEF FINANCIAL OFFICER

Approved as to Legal Form:



PATRICK J. ROCKS
General Counsel