

**APPROVE EXERCISING THE FIRST OPTION TO RENEW THE AGREEMENT
WITH DELOITTE AND TOUCHE LLP FOR EXTERNAL AUDIT SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the first option to renew the agreement with Deloitte and Touche LLP to provide external
audit services to the Office of School Financial Services at a cost for the option period not to exceed

\$1,173,000. 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.

OUTCOMES: The annual audit will result in:

- A report to the audit committee that will present business and information processing risks that might impact the financial statement

identify and evaluate the effectiveness of internal controls and management risks within the key business processes

COMPENSATION: Consultant shall be paid in three installments (not to exceed \$970,000 for the year), and shall be reimbursed for printing costs of the annual financial report (not to exceed \$50,000 for the year); the total aggregate annual sum not to exceed \$1,020,000. A contingency authorization not to

Total WBE 5%

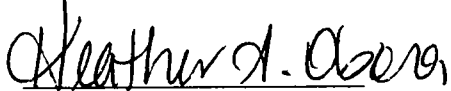
The District of Columbia, DC 20001-1000

Chicago, IL 60602

LSC REVIEW: Local School Council approval is not applicable to this report.

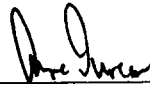
FINANCIAL: Charge to School Financial Services: up to \$1,000,000 Fiscal Year: 2005

Approved for Consideration:



Heather A. Obora
Chief Purchasing Officer

Approved:



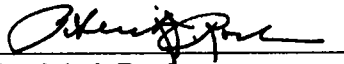
Arne Duncan
Chief Executive Officer

Within Approval:



John Malorca
Chief Financial Officer

Approved as to legal form: 



Patrick J. Rocks
General Counsel