

May 22, 2002

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02-0

**FOR INDEPENDENCE AND PROVISION
SERVICES BY EXTERNAL AUDITORS**

**ADOPT POLICY ON AUDITOR
OF CONSULTING SERVICE**

BACKGROUND INFORMATION:
The Board of Education of the City of Chicago (the Board) finds that it is in its best interests as a public body to adopt a policy regarding the provision of consulting services by external auditors.

regarding subsection (a), a contract may be awarded to a contractor that will not impair its independence, such services shall include:

(b) Notwithstanding the External Auditor for services that will

accounts and trial balance and any adjusting, correcting and closing entries that have been approved by the Board (or its management); preparing draft notes to

the financial statements based on information determined and approved by the

Board (or its management); maintaining a description schedule for which the

Board (or its management) maintains a description schedule for which the

and salvage of value of the asset;

2. Providing payroll services limited to services

the Board's employees based on Board m

salaries or pay rates and deductions from pay; gene

checks; transmitting Board approved payroll to a financial institution, provided

policy upon an affirmative vote of two-thirds of its members when the Board finds that, at least, two of the following conditions have been met:

1. The entity to be awarded the contract is aware of the conflict of interest, possesses the knowledge related to the subject matter of the contract;
2. The award of the contract to the entity is significantly in the best economic interest of the state;
3. The entity is the sole source of the desired service; and
4. The impediment to the award of the contract is of a limited duration and would

External Auditor pursuant to Section

Section 6

In the event that a contract is awarded to an External

4(h) of Section 5, the External Auditor must submit to the Board, prior to execution of the contract, a written assurance that personnel who are performing audit services will be precluded from performing any related non-audit work and that personnel performing any related non-audit work will be precluded from performing any related audit work. Any service quality control system will ensure compliance with independence requirements. Any service rendered by an External Auditor pursuant to section 4(h) or section 5 must be audited by a party that is wholly independent of the External Auditor.