

**30850**

**ADOPTED - BOARD OF TRUSTEES COMMUNITY  
COLLEGE DISTRICT NO. 508  
JANUARY 12, 2011**

**BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT NO. 508  
COUNTY OF COOK AND STATE OF ILLINOIS**

**EXTERNAL AUDIT SERVICES – DELOITTE & TOUCHE  
(Amend Board Report 29524 Adopted June 11, 2009)  
OFFICE OF FINANCE  
(Ratification)**

**THE CHANCELLOR**

**REPORTS**

that in Board Report 29524 adopted on June 11, 2009, the Board of Trustees authorized the Chairman to enter into an agreement with Deloitte and Touche, LLP of Chicago, IL for a period of three (3) years beginning June 12, 2009 through June 30, 2012, with an option to extend for one (1) additional year (subject to Board approval) at negotiated rates not to exceed \$595,000 for fiscal year 2009, \$615,000 for fiscal year 2010, and \$645,000 for fiscal year 2011 to provide external audit services in accordance with Request For Proposal (RFP) #NU0907 dated March 2, 2009; and

that the fees of \$615,000 for fiscal year 2010 were subsequently reduced to \$527,646 as set forth in the Deloitte & Touche engagement letter dated June 15, 2010. However, the June 15, 2010 engagement letter did not include fees for additional scope of work changes related to the new audit requirements regarding: (1) American Recovery and Reinvestment ACT funds received and expended by City Colleges of Chicago; and (2) New sampling requirements per the American Institute of Certified Public Accountants (AICPA) guide since the guidelines for these two requirements were not finalized and issued at the time that the engagement letter was completed; and

that Deloitte and Touche advised City Colleges of Chicago of the following:

(1) The AICPA issued a new chapter in the Audit and Accounting Guide for Audits Done in Accordance with Government Auditing Standards and Circular A-133 Compliance Audits that provided guidelines for auditors to follow in determining the appropriate sample sizes in a compliance testing environment. As a result, additional selections were required to be made for 5 of the 14 compliance requirements within the Student Financial Audit Cluster, which resulted in a total of 175 additional selections; and

(2) The American Reinvestment and Recovery Act (ARRA) funding received this year resulted in two additional programs selected for testing because the programs have inherently high risk due to the ARRA funding and are required to be tested as major programs in FY 2010; and

that this additional scope of work resulted in 312 total work hours at \$119/ per hour for a total in additional fees of \$38,441; and

that the Office of M/WBE Contract Compliance has reviewed the above referenced amendment and Deloitte and Touche, LLP, subcontracting with certified MBE firms Maria Prada and William Morales and the certified WBE firm Bronner Group for direct participation, remains in compliance with the Board Approved Participation Plan; and

that it shall be the duty of each party to the agreement to cooperate with the Inspector General for City Colleges of Chicago in any investigation conducted pursuant to the Inspector General's authority under Article II, Section 2.6.4(b) of the Board Rules for Management and Government.

**THE CHANCELLOR**

**RECOMMENDS**

that the Board of Trustees authorizes the Chairman to amend the agreement with Deloitte and Touché, LLP of Chicago, IL for the fiscal year 2010 audit services for an increase in fees not to exceed \$38,441 for the additional scope of work related to: (1) American Recovery and Reinvestment ACT funds received and expended by City Colleges and (2) New sampling requirements per the American Institute of Certified Public Accountants (AICPA) guide.

**FINANCIAL**

Audit Fund – 04001 0010105 00082 01000 0000000 531100  
Various Grants – 21000 0010105 00082 01000 0000000 531100

FY 2011 - Not to exceed \$38,441 (additional fee)

**Respectfully submitted,**

**Cheryl L. Hyman  
Chancellor**

**January 12, 2011 – Office of Finance- District Office**