

**BOARD OF TRUSTEES AUDIT COMMITTEE MEETING
DALLAS COUNTY COMMUNITY COLLEGE DISTRICT
AND RICHLAND COLLEGIATE HIGH SCHOOL**

R.L. Thornton, Jr. Administration Building

701 Elm Street

Dallas, TX 75202

Board Room (4th floor)

Tuesday, September 18, 2007

3:30 PM

AGENDA

1. Certification of posting of notice of the meeting Wright Lassiter
2. Pre-Audit Presentation by Grant Thornton Ben Kohnle
Committee Action: No action required Jim Forson
3. 4th Quarter Report from Internal Audit Joe Huber
Committee Action: Review as provided by Board Policy CDC (LOCAL)
4. Special Internal Audit Report on Control Self Assessment Study Joe Huber
Committee Action: No action required
5. Annual Internal Audit Plan Joe Huber
Committee Action: Review as provided by Board Policy CDC (LOCAL)
6. Review of Investment Policy Ed DesPlas
Committee Action: Motion to present a resolution to the Board at its regular meeting on October 2, 2007, evidencing the Board has reviewed policy and strategy, as provided by Board Policies CAK (LEGAL and LOCAL)
7. Report from Investment Officers on Training Ed DesPlas
Committee Action: Review as provided by Board Policies CAK (LEGAL and LOCAL)
8. List of Qualified Brokers/Dealers Ed DesPlas
Committee Action: Motion to present a financial report to the Board of Trustees at its regular meeting on October 2, 2007, as provided by Board Policies

CAK (LEGAL and LOCAL)

9. 4th Quarter Report on Investment Transactions Ed DesPlas
Committee Action: Motion to present an informative report to the Board of Trustees at its regular meeting on October 2, 2007, as provided by Board Policy CAK (LEGAL)

10. 4th Quarter M/WBE Report Ed DesPlas
Committee Action: No action required

11. Review of Chancellor's Travel Kathryn Tucker
Committee Action: No action required

12. Adjournment of Audit Committee

**CERTIFICATION OF POSTING OF NOTICE SEPTEMBER 18, 2007
AUDIT COMMITTEE MEETING OF THE
DALLAS COUNTY COMMUNITY COLLEGE DISTRICT
AND RICHLAND COLLEGIATE HIGH SCHOOL
BOARD OF TRUSTEES**

I, Wright L. Lassiter, Jr., Secretary of the Board of Trustees of the Dallas County Community College District, do certify that a copy of this notice was posted on the 14th day of September, 2007 in a place convenient to the public in the R.L. Thornton, Jr. Administration Building, and a copy of this notice was provided on the 14th day of September, 2007 to John F. Warren, County Clerk of Dallas County, Texas, and the notice was posted on the bulletin board at the Frank Crowley Courts Building, all as required by the Texas Government Code, §551.054.



Wright L. Lassiter, Jr., Secretary

TO: Audit Committee of the Board of Trustees

FROM: Rafael J. Godinez, CPA

DATE: August 31, 2007

RE: Quarterly Summary of Activities
For the Quarter Ended August 31, 2007

The following is a summary of activities by the DCCCD Internal Audit Department since the previous Audit Committee meeting of June 26, 2007.

AUDITS COMPLETED – Reports Issued

- Travel Expenses – District Wide

The purpose of the audit was to ensure compliance with District Policies and Procedures pertaining to employee reimbursements for expenses incurred while on business related travel and to ensure that such expenses comply with Internal Revenue Service regulations. A total of 212 reimbursements were selected for review including administrators, faculty, support personnel, and trustees. Although minor exceptions were noted during the audit, there has been a notable reduction over the past four years in the instances of non-compliance. Business officers should continue to emphasize to all employees and supervisors the policies and procedures for business travel. Specific areas to note include:

- Conference registrations should be made early to avoid late fees.
- Personal or non-business charges should not be included for reimbursement.
- Registrations paid directly by employees should be properly documented.
- Extended stays should be justified by the employee's supervisor.
- Employees should utilize the most economical parking at airports.

- Non-Teaching Stipends – District Wide

The District utilizes stipends as a means for compensating employees for supplemental activities. Teaching stipends are paid to all full-time employees for teaching courses on an extra service basis and to part-time faculty teaching. Non-teaching stipends are supplemental payments made to full-time and part-time employees for activities not related to classroom teaching. These include such items as Business and Travel stipends, Parking stipends, Bilingual stipends, Overtime stipends, Straight time stipends, Training stipends, Miscellaneous stipends, and general Non-Teaching (NTCH) stipends. The purpose of the audit was to ensure that stipend payments were made in accordance with established policies and to ensure proper authorization and rate of pay. All non-teaching

stipends were reviewed and analyzed for the period January 1, 2006 through June 1, 2007.

- Business and Travel stipends are paid only to administrators to cover expenses incurred while traveling in district. This is a non-accountable plan as per IRS regulations and is included as part of compensation for income tax purposes. Other employees are reimbursed for in-district travel after submitting a mileage and expense form. During the 17-month period under audit, 454 employees received this stipend for a total of \$66,882. No exceptions were noted in the payment of this stipend.
- Overtime stipends are paid to employees who are not exempt from the Fair Labor Standards Act for hours worked in excess of the normal work schedule. For the 17-month period of the audit, this stipend was paid to 339 employees for a total of \$250,032. Exceptions noted included: lack of prior approvals; no documentation of adequate breaks; miscalculation (1 employee) of overtime hours due to a holiday during the week in question; accumulation (1 employee) of 386 hours of comp time dating to 2005 in violation of policy; and overtime worked at home (1 employee).
- Straight Time stipends are occasionally paid to exempt employees for overtime hours. Policy allows the location CEO to authorize this compensation if it is in the best interest of the college and for duties that require the skills and expertise of the particular incumbent. During the 17-month period under audit, this amounted to \$69,828 paid to 162 employees. No exceptions were noted.
- Training stipends are paid primarily to adjunct instructors to compensate for participation in training and other growth activities as approved by the college presidents. During the 17-month period under audit, this stipend was paid to 506 employees for a total of \$78,729. No exceptions were noted.
- Parking stipends are paid only to employees in the downtown locations of El Centro College, District office, and the UCD. The current amount per employee is \$75 per month for a monthly total of approximately \$31,087.
- Non-Teaching (NTCH) stipends are paid for non-teaching duties, primarily by faculty members, as approved by the presidents. These may include

materials update in a particular teaching area, development of new programs, or “lead” faculty in large complex divisions. Also, this stipend is used to pay for faculty non-teaching formula pay, sabbatical pay, and summer duties by faculty scale personnel, such as counselors and librarians. For the 17-month period under audit, approximately 196 employees received NTCH stipends for a total of \$390,829. No exceptions were noted.

- Assistance to External Auditors

Assistance is being provided to Grant Thornton in performance of the District’s annual financial statement and OMB A-133 audit. The areas of preliminary work include Payroll Disbursements, General Disbursements and Federal Student Financial Aid. Work in these areas is ongoing.

AUDITS IN PROGRESS

The following audits are currently in progress:

- Information Technology General Controls Review
- Long Distance Telephone Expenses
- Testing Centers Compliance

cc Wright Lassiter
Ed DesPlas

**Special Report to the Audit Committee
of the
Dallas County Community College District
Board of Trustees**

CONTROL SELF-ASSESSMENT PROGRAM

Fiscal Year 2007

Introduction

In September 2000, the Audit Committee requested that District administration develop a plan that would address the issue of internal control training for employees. In conjunction with representatives from all District locations, the Control Self-Assessment (CSA) program was developed and implemented to help meet the Committee's request. The primary objective of the CSA program is to enhance managers' awareness as to the system of internal control over the various operating activities in which they engage during the year. Additionally, CSA can assist each manager in evaluating the level of compliance with these controls within their workgroup. The CSA process is not meant to be a one-time activity. Rather, it is to be an integral part of evaluating management responsibilities on an ongoing basis. This report marks the completion of the seventh year of the CSA program.

Internal Control Definition

A standard definition of internal control was released in 1992 by the Committee of Sponsoring Organizations (COSO) of the National Commission on Fraudulent Financial Reporting. Internal control was defined by the commission as "a process effected by an organization designed to provide reasonable assurance regarding the

achievement of objectives in the areas of effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.” The definition was intended to reflect the concept that internal control is a process - a means to an end, not an end in itself. Also, people affect internal control. It is not just policy manuals and procedures, but people functioning at every level of the institution. It is extremely important that all participants in the internal control process understand their roles and responsibilities. The COSO definition and its structured approach to internal control has also been adopted as the best approach for addressing compliance with the Sarbanes-Oxley Act of 2002.

There are five interrelated components, derived from an organization’s operations and administrative processes, which must be present in order for an internal control system to be effective. These are:

1. **Control Environment** – The core of any institution is its people. Their individual attributes (integrity, ethical values, and competence) and the environment in which they operate determine the success of the institution.
2. **Risk Assessment** – Institutions must be aware of the risks they face and establish mechanisms to identify, analyze, and manage risks.
3. **Control Activities** – Control policies and procedures must be established and executed to help ensure that objectives are achieved. These activities include approvals, authorizations, verifications, reconciliations, security of assets, and segregation of duties.
4. **Information and Communication** – An effective system should enable employees of the institution to capture and exchange the information needed to manage and control its operations.

5. **Monitoring** – The internal control system must be monitored and modified as necessary so that the system can react to changing conditions. Monitoring occurs on an ongoing basis during normal operations or through separate evaluations by management.

The COSO report also identifies the limitations of internal control. No matter how well designed and operated, internal control can provide only reasonable assurance regarding achievement of an organization's objectives. Chief among these limitations is simple human error or faulty judgments. Additionally, controls can be circumvented through collusion and well-planned fraud. Management should evaluate all of these factors within the context of a cost benefit relationship so that the organization is not burdened by an excessive and expensive control system that provides little added benefit.

The Control Self-Assessment Process

The Texas State Auditor's Office (SAO) issued to all state agencies a list of "Best Practices" for internal control. The SAO said, "*Implementing the COSO concepts including the Self-Assessment Program may be the most important of the best practices.*" CSA is an approach to internal control where work groups, departments, functions or business process owners analyze their business objectives, risks and related controls. The goal is to improve controls to assure that the organization's stated objectives can be achieved. CSA can be accomplished by means of workshops, surveys or questionnaires. Given the large size of the target population within the District, questionnaires addressing various functional areas are the most efficient and effective method to use. The questions are intended to measure cost center managers' awareness of the various control activities that have been established, as well as identifying opportunities for enhancement and possible training needs.

The following is a brief outline of the 2006-07 CSA program:

1. The CSA coordinators from each of the District locations met in November 2006 to identify the functional areas to be addressed in this year's questionnaires.
2. The President's Cabinet (top management group) at each location was informed of the areas to be covered and the location's president or CEO communicated the purpose for CSA to their cost center managers.
3. The coordinators developed questionnaires focusing on the control techniques from each of the functional areas being addressed, and in early spring of 2007 the questionnaires were sent to all cost center managers.
4. Responses from the questionnaire were analyzed and shared with the management groups at each location. Each location prepared an action plan to address those areas identified by the respondents as needing additional attention or training.
5. Finally, in early summer, the questionnaire summary and the action plan recommendations were communicated to the cost center managers who initially completed the questionnaire.

In November 2007, the CSA cycle will begin all over again. New functional areas will be identified and questionnaires will be developed.

Questionnaire Results and Summary of Action Plans

As previously stated, all locations of the District participated in the CSA program.

The topics included in this year's questionnaire were:

- ❑ Purchasing – Petty Cash – Professional Service Contracts
- ❑ Information Security
- ❑ Copyrights
- ❑ Grant Management

Each location evaluated the results of their questionnaires and prepared an individual action plan. Although the questionnaires were the same for all locations, CSA was purposely intended to be a unique project at each location, not a district-wide project. As anticipated, results from the questionnaires varied from location to location. The specific method and timing for addressing those areas identified as needing additional attention was to be determined by each location's management.

A district-wide summary of the questionnaire is attached to this report. Some questions have been highlighted as ones needing more emphasis in determining action plans. The results point to a general need for additional training in the regulations governing grant management. Each location has prepared an action plan that includes the methods and timing for addressing the areas needing improvement. The types of actions taken or proposed by the various locations throughout the District include, but are not limited to the following:

- ❑ Establish programs requiring a minimum number of Staff Development hours each year.
- ❑ Business Services personnel will continue to offer training and information sessions for managers and supervisors on various functional areas.
- ❑ Plan formal training sessions on grant related topics.

- ❑ Publish survey results on the District's intranet with links to policies and procedures for each survey question.
- ❑ Include CSA topics in the monthly management meetings.
- ❑ Conduct training sessions on relevant issues for cost center managers at the beginning of the year and on a one on one basis as requested throughout the year.
- ❑ Publish articles in the campus newsletters highlighting various topics of interest.
- ❑ Continue to use e-mail as a tool for providing managers with "tips" on various topics of interest.

Conclusion

All indications are that the CSA program continues to be a very worthwhile effort and beneficial to both the administration and the participants. The questionnaire response rate this year fell from prior years' levels due to technical difficulties in the conversion to an electronic survey format. However, feedback received continues to indicate that the program has influenced in a positive manner the participants' awareness for the need and importance of internal control. The administration has gained valuable insight as to those functional areas where controls may be enhanced through additional communication, clarification, or training. Future CSA cycles addressing other functional areas should continue to add value to the District and ensure that the system of internal control is maintained current and viable.

As in previous years, I would like to recognize all of the CSA Coordinators for their cooperation and assistance in making this program a success. I would also like to thank senior management for their wholehearted and ongoing support of the CSA program. Finally, I would like to thank all cost center managers for their participation in the program by responding to the questionnaire.

Rafael J. Godinez, CPA

Executive District Director

Of Internal Audit

August 31, 2007

CONTROL SELF-ASSESSMENT SURVEY
District Wide Results
For Fiscal Year 2006-2007

	<u>YES</u>	<u>NO</u>	<u>N/A</u>	<u>Total</u>	<u>YES</u> <u>%</u>	<u>NO</u> <u>%</u>	<u>N/A</u> <u>%</u>
<u>I. Purchasing/Petty Cash/PSC's</u>							
<u>Purchasing</u>							
1. Do you know when a bid is required for Campus Purchase Orders?	149	13	6	168	88.7%	7.7%	3.6%
2. Are you aware there is a maximum dollar limit on Campus Purchase Orders?	153	9	6	168	91.1%	5.4%	3.6%
3. Are you aware that if a DCCCD employee enters into an agreement with a vendor without going through the District's approval process, they could be held responsible for payment to that vendor as the contract would not be a legal binding document with the District?	154	10	4	168	91.7%	6.0%	2.4%
4. Do you know how to find DCCCD CPI (contracted price information) on the purchasing web site?	104	54	10	168	61.9%	32.1%	6.0%
5. Are you aware that all computers and software requisitions should be reviewed/approved by your location's I.T. department?	160	5	3	168	95.2%	3.0%	1.8%

6. Do you know that all purchases charged to a grant account must be approved by the grant manager/Resource Development Office?	144	12	12	168	85.7%	7.1%	7.1%
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7. Do you know that student clubs and organizations are not tax-exempt and cannot use the district tax exemption number for purchases?	80	60	28	168	47.6%	35.7%	16.7%
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8. Do you know the appropriate steps for handling erroneous, damaged or incomplete orders on purchase orders?	111	50	7	168	66.1%	29.8%	4.2%
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9. Does someone in your office verify the accuracy of your purchases when you receive the goods?	164	1	3	168	97.6%	0.6%	1.8%
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Petty Cash / Imprest Checks

1. Are you aware that petty cash and/or imprest checks may not be issued for conference registrations, travel advance/reimbursements, or payments to 1099 vendors?	120	36	12	168	71.4%	21.4%	7.1%
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2. Are you aware that the limit on a Petty Cash disbursement is \$75.00?	131	25	12	168	78.0%	14.9%	7.1%
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3. Do you know that the petty cash and imprest checks issued must be reconciled by receipts within 24 hours of pick-up?	104	55	9	168	61.9%	32.7%	5.4%
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Professional Service Contracts

1. Are you aware that Professional Service Contracts (PSCs) are only to be used when contracting for services provided by individuals/business entities who are not employees of the District?

133 23 12 168 79.2% 13.7% 7.1%

2. Did you know that any Professional Service Contract (PSC) valued at \$500 or more requires at least three quotes?

135 22 11 168 80.4% 13.1% 6.5%

3. Are you aware that the IRS views an individual as an employee of the District if the District can control the individual's hours of work and the work produced?

112 47 9 168 66.7% 28.0% 5.4%

4. Are you aware that professional services contractors are to be selected through an open, accountable, fair and equitable process that encourages competitive participation by competent independent contractors?

146 12 10 168 86.9% 7.1% 6.0%

5. Did you know that you must use a rating instrument to rank and choose a business entity/individual before awarding a PSC valued at \$500 or greater?

96 59 13 168 57.1% 35.1% 7.7%

6. Did you know that even if you contract with a Special Contractor (sole vendor) you must complete a rating instrument that shows area of expertise, competence, and a detailed reason for selecting the special contractor?	90	64	14	168	53.6%	38.1%	8.3%
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7. Are you aware that all PSC's must be submitted to the location Vice President of Business Services for review prior to the event/service?	132	25	11	168	78.6%	14.9%	6.5%
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II. Information Security

1. Are you aware of your responsibilities due to The Financial Modernization Act of 1999, also known as the Gramm-Leach-Bliley Act or GLB Act, which is a federal law requiring financial institutions to take steps to ensure the security and confidentiality of a consumer's (student) financial records? Requirements are defined on the District Web Site, Employees page, under the Policy & Procedures caption.	93	63	12	168	55.4%	37.5%	7.1%
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2. Are you aware that your monitor and work area must be positioned so the public cannot read any confidential/sensitive information about a student?	144	16	8	168	85.7%	9.5%	4.8%
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3. Are you aware that it's not O.K. to leave your PC screen, or student file, containing private information open when you leave your work area for any reason?	153	8	7	168	91.1%	4.8%	4.2%
4. Do you know that you cannot send personal student information such as credit card number, bank account number, driver's license number, or private information through GroupWise email, or store that information on your "C" drive?	142	17	9	168	84.5%	10.1%	5.4%
5. Do you know that if you work with student financial information, your computer should have a password protected screensaver to secure your access during idle periods?	106	37	25	168	63.1%	22.0%	14.9%
6. Are you aware of your responsibilities in the Family Educational Rights and Privacy Act (FERPA), which protects the privacy of student education records, as defined on the District Web Site, Employees page, under the Policy & Procedures caption?	151	9	8	168	89.9%	5.4%	4.8%
7. Are you aware that employees may not release transcripts to a third party even if they present a consent letter with a signature granting permission?	105	37	26	168	62.5%	22.0%	15.5%

8. Do you know you cannot, under any circumstance, give out information to anyone – even parents or relatives - about when and where a student’s class is meeting, or how a student is doing in class?	147	9	12	168	87.5%	5.4%	7.1%
9. Did you know that instructors should never leave completed exams, student’s papers, etc. outside their offices for students to pick-up?	136	12	20	168	81.0%	7.1%	11.9%
10. Are you aware that the FTC Disposal Rule requires that private student information from reports, screen prints, notes, electronic files or media, etc. must be destroyed, so that the information cannot be read or reconstructed?	145	14	9	168	86.3%	8.3%	5.4%
11. Are you aware that if an unauthorized person retrieves private information about a student from your computer screen or work area, that you left unattended, you and the institution are responsible, under government laws?	136	23	9	168	81.0%	13.7%	5.4%

III. Copyrights

1. Are you aware that you can find the District’s policy concerning copyrighted material on the DCCCD web site?	134	34	0	168	79.8%	20.2%	0.0%
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2. Are you aware that the unauthorized or unlicensed use, duplication, or copying of computer software or documentation is contrary to District policy and is a violation of the law?	162	6	0	168	96.4%	3.6%	0.0%
3. Do you know that a copyright infringement occurs when a copyrighted work is reproduced, distributed, performed, publicly displayed or made into a derivative work without the permission of the copyright owner?	161	6	1	168	95.8%	3.6%	0.6%
4. Do you know how to tell if a work is copyrighted?	132	33	3	168	78.6%	19.6%	1.8%
5. Are you aware that it is a violation of copyright law to reproduce chapters or exercises from a textbook so students do not have to purchase the book?	152	6	10	168	90.5%	3.6%	6.0%
6. Do you know what to consider when determining whether the use of a copyrighted work is a "fair use"?	92	63	13	168	54.8%	37.5%	7.7%
7. Are you aware that copyright infringement is a federal crime and that violators are subject to both civil and criminal penalties and/or disciplinary actions?	160	6	2	168	95.2%	3.6%	1.2%
8. Are you aware that images and text found on the internet are protected by copyright just like printed materials?	138	29	1	168	82.1%	17.3%	0.6%

9. Do you know who to contact for specific guidance related to copyright issues?	98	69	1	168	58.3%	41.1%	0.6%
10. Are you aware that if you infringe on someone's copyright using DCCCD computers or other resources that you, not the District, will be held responsible?	134	33	1	168	79.8%	19.6%	0.6%
11. Do you know that if an employee created work as a part of his/her employment, it is considered "work made for hire", and the district is considered to be the copyright owner?	138	28	2	168	82.1%	16.7%	1.2%

IV. Grants

1. Are you and your staff familiar with all of the OMB Circulars that apply to Educational Institutions?	29	34	3	66	43.9%	51.5%	4.5%
2. Do you know where to locate the "Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements with Educational Institutions?" (OMB A-21)	39	24	3	66	59.1%	36.4%	4.5%
3. Do you know where to locate the "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education?" (OMB A-110)	36	26	4	66	54.5%	39.4%	6.1%

4. Are you and your staff familiar with the requirements of Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations?"	28	32	6	66	42.4%	48.5%	9.1%
5. Do you know what costs can be included to meet "in-kind" matching requirements, and the documentation to support them?	25	27	14	66	37.9%	40.9%	21.2%
6. Are you aware that prior approval is required for budget and program plan revisions?	61	4	1	66	92.4%	6.1%	1.5%
7. Are you aware that grant recipients shall use the equipment in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal Funds?	51	13	2	66	77.3%	19.7%	3.0%
8. Are you aware of the property management standards for equipment acquired with Federal funds?	37	26	3	66	56.1%	39.4%	4.5%
9. Do you know the procedures on how to dispose of equipment no longer needed by the grant and/or our-dated equipment purchased with grant funds?	29	31	6	66	43.9%	47.0%	9.1%
10. Do you know the steps to take if grant equipment is stolen?	31	32	3	66	47.0%	48.5%	4.5%
11. Are you aware all DCCCD purchasing policies apply and must be followed when making grant funded acquisitions?	58	6	2	66	87.9%	9.1%	3.0%

12. Are you aware of the retention and access requirements for records to be available for review for a period of three years (five years for Coordinating Board) from the date of submission of the final expenditure report?	50	12	4	66	75.8%	18.2%	6.1%
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13. Are you aware that the DSC Records Management office can help you with the storage of grant records?	46	18	2	66	69.7%	27.3%	3.0%
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14. Are you familiar with the possible “remedies for noncompliance” when a recipient materially fails to comply with the terms and conditions of an award?	30	34	2	66	45.5%	51.5%	3.0%
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15. Do you know the travel rules pertaining to your grant? (Some agencies require prior approval for out-of-state trips, etc.)	46	13	7	66	69.7%	19.7%	10.6%
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16. Are you aware of the requirement to accurately and properly document personnel costs charged to programs? I.E. time and effort documentation.	54	10	2	66	81.8%	15.2%	3.0%
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17. Are you aware that the costs of <u>promotional items and memorabilia</u> , including models, gifts and souvenirs are unallowable?	48	16	2	66	72.7%	24.2%	3.0%
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18. Are you aware that materials and supplies charged to a program should include only the materials and supplies actually used for the performance of the program?	60	5	1	66	90.9%	7.6%	1.5%
19. Do you know how to determine which federal or state regulations govern your grant?	39	23	4	66	59.1%	34.8%	6.1%
20. Do you know what “supplanting” means in reference to grants?	32	29	5	66	48.5%	43.9%	7.6%
21. Do you understand what is meant by verifiable documentation?	45	16	5	66	68.2%	24.2%	7.6%
22. Are you aware that services being provided by the grant must be completed by the grant end date?	61	2	3	66	92.4%	3.0%	4.5%
23. Is there a formal process on your campus for reviewing grant proposals prior to final approval by the president?	42	10	14	66	63.6%	15.2%	21.2%
24. Is there a process for ensuring that the campus has an adequate infrastructure to meet the goals of the grant?	39	8	19	66	59.1%	12.1%	28.8%
25. Are subcontracts reviewed for compliance with the regulations of the granting agency?	31	6	29	66	47.0%	9.1%	43.9%
26. Are sub-recipients monitored for program and financial compliance with grant regulations?	29	5	32	66	43.9%	7.6%	48.5%

27. Have you received adequate training in order to properly manage your grant?	34	16	16	66	51.5%	24.2%	24.2%
28. Do you know or have access to the close-out procedures when your grant is ending?	40	15	11	66	60.6%	22.7%	16.7%

**Dallas County Community College
District**

Internal Audit Department

Annual Audit Plan
For the Fiscal Year Ending
August 31, 2008

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

Internal Audit Department

Plan for the Year Ending August 31, 2008

<u>Audit Staff</u>	<u>Degree/ Certification</u>	<u>Title</u>	<u>Starting Date</u>
Godinez, Rafael	BBA, CPA	Director	June 1988
Huber, Joseph	BBA	Auditor II	June 1980
Archer, Anthony	BBA	Auditor II	April 2006
Jackson, Kquinta	BA	IT Auditor	May 2006

Total Available Week Days	1,040	100%
Less Non-Audit Days:		
Vacation	75	7%
Holidays	60	6%
Sick Days	48	5%
Other	30	3%
Supervision & Administration	<u>200</u>	19%
Total Non-Audit Days	<u>413</u>	40%
Net Audit Days Available	627	60%
Reserved for Special Requests	<u>37</u>	4%
Net Planned Audit Days	<u><u>590</u></u>	57%

Planned Audits

<u>Audit Number</u>	<u>Description</u>	<u>Estimated Man-days</u>
2008-01	ASSISTANCE TO GRANT THORNTON LLP Audits in conjunction with the financial and A-133 reviews. - Federal Programs/Financial Aid - Disbursement: General - Disbursement: Payroll - Other Requests	25 15 15 10
2008-02	FOLLOW-UP ON PREVIOUS AUDITS Review status of implementation of prior audit recommendations.	10
2008-03	CASH RECEIPTS PROCESSING CONTROLS Review and test controls over cash receipts, postings and deposits.	20
2008-04	PHYSICAL ASSETS INVENTORY OBSERVATION Observe and test physical inventory and procedures pertaining to changes in inventory records.	20
2008-05	EMPLOYEE TRAVEL EXPENSES Audit of travel expense reports for compliance with District policies.	20
2008-06	CONSTRUCTION AUDIT Audit of expenditures related to capital construction projects.	25
2008-07	GRANT AUDIT - EFC NATIONAL SCIENCE FOUNDATION Audit for compliance with federal regulations and District policies.	25

2008-08	GRANT AUDIT - ECC TITLE V CLOSING THE GAP Audit for compliance with federal regulations and District policies.	25
2008-09	CRIMINAL BACKGROUND POLICY Audit for compliance with legal and policy requirements.	25
2008-10	HAZARDOUS MATERIALS HANDLING Audit for compliance with Federal and State safety regulations.	30
2008-11	CAMPUS PURCHASING Audit for compliance with District policies and procedures.	30
2008-12	STUDENT & EXCHANGE VISITOR INFORMATION SYSTEM Audit for compliance with Federal regulations for reporting of student status.	30
2008-13	SYSTEM ACCESS - GROUPWISE SYSTEM Audit of controls over access to the GroupWise email system.	25
2008-14	SYSTEM ACCESS - IMAGING SYSTEM Audit of controls over access to the records imaging system.	25
2008-15	E-CHASE CARD SYSTEM CONTROLS Audit of controls over the disbursement system for students and employees.	25
2008-16	EMPLOYEES ADJUNCT TEACHING CONTRACTS Audit for compliance with District workload policies.	25
2008-17	COURSE ENROLLMENT ANALYSIS Analytical review of enrollment levels by course.	25

2008-18	SACS COMPLIANCE - CREDENTIALS Audit for compliance with requirements established by SACS.	30
2008-19	TESTING CENTERS COMPLIANCE Audit of controls and procedures of the testing center activities.	30
2008-20	OFFICIAL FUNCTIONS COMPLIANCE Audit of compliance with District policies and procedures.	20
2008-21	FINANCIAL AID CONTROLS - COST OF ATTENDANCE Audit of compliance with District policies and procedures.	25
2008-22	TUITION WAIVERS Audit of compliance with District policies and procedures.	20
2008-23	LONG DISTANCE TELEPHONE EXPENSES Audit of compliance with District policies and procedures.	15

590

POLICY REPORT NO. 6

Approval of Resolution Relating to Investment Policy

It is recommended that the resolution reflecting review of the investment policy and strategies be approved, and, that Board Policy CAK (LOCAL) maintain its current wording.

Background

Board Policy CAK (LEGAL), paragraph on ANNUAL REVIEW, states: *The Board shall adopt a written instrument stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.*

The Audit Committee reviewed investment policies and strategies on September 18, 2007. Trustees who serve on the Audit Committee are Ms. Compton, (chair), Ms. Boyle and Mr. Ferguson.

Added wording for CAK (LOCAL) was previously approved at the September 4, 2007, board meeting based on a recommendation from the Texas Association of School Boards (TASB) for specific wording regarding interest rate risk. This addition simply clarified a process the District already follows to reduce interest rate risk.

During the 80th legislative session Senate Bill 495, Amendment to Chapter 2256, Government Code Public Funds Investment Act, was approved by the Texas legislature. This amendment allows municipal electric utilities that are authorized to enter into fuel hedging contracts to enter into contracts for coal and nuclear fuel. It does not affect the District. Therefore, no additional changes to the District's policy are needed at this time.

Maintaining the policy as it currently is stated satisfies the requirement for annual review.

Source of recommendation: Mr. Ed DesPlas, vice chancellor of business affairs

RESOLUTION
OF THE BOARD OF TRUSTEES
OF THE DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

WHEREAS, the Audit Committee of the Board of Trustees of Dallas County Community College District in its quarterly meeting on September 18, 2007, reviewed the Board's investment policy and strategies; and

WHEREAS, the Audit Committee further recommended no changes to the investment policy, CAK (Local); and

WHEREAS, the Audit Committee's review and recommendation was considered by the Board of Trustees at its regular meeting on October 2, 2007; NOW
THEREFORE,

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF DALLAS COUNTY
COMMUNITY COLLEGE DISTRICT:

Section 1. That the Audit Committee's review of the Board's investment policy and strategies is accepted and approved.

Section 2. That there are no recommended changes to CAK (Local) by the Audit Committee and its recommendation is accepted and approved.

Section 3. That this resolution is effective upon adoption by the Board of Trustees.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

By: _____
Jerry M. Prater, Chair
Board of Trustees

ATTEST

By: _____
Wright L. Lassiter, Jr., Secretary to
The Board of Trustees
Dallas County Community College District

REPORT FROM INVESTMENT OFFICERS ON TRAINING

Board Members (0)

Board Policy CAK (LEGAL) provides: *Each member of the Board and its investment officer shall attend at least one training session, provided by the Texas Higher Education Coordinating Board, relating to the person's responsibilities under the Public Funds Investment Act within six months after taking office or assuming duties.*

<u>Name</u>	<u>Training Date</u>	<u>Source</u>
None		

Investment Officers (2)

Board Policy CAK (LEGAL) provides: *The investment officer shall attend a training session not less than once in a two-year period and may receive training from any independent source approved by the Board.*

Two officers took required training this past year.

<u>Name</u>	<u>Training Date</u>	<u>Expiration Date</u>	<u>Source</u>
Edward DesPlas	January 24, 2007	January 24, 2009	University of North Texas Center for Public Management
Robb Dean	June 19, 2007	June 19, 2009	University of North Texas Center for Public Management

Investment Staff (0)

In addition to the investment officer named above, the District's investment analyst attended training as follows:

<u>Name</u>	<u>Training Date</u>	<u>Expiration Date</u>	<u>Source</u>
None			

FINANCIAL REPORT NO. 8

Approval of Broker-Dealers

It is recommended that the Board of Trustees approve the attached list of broker-dealers, as provided by Board Policy CAK (LEGAL), which states: *The Board or a designated investment committee, shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the College District.*

Background

The Audit Committee reviewed the attached list of brokers/dealers on September 18, 2007. Trustees who serve on the Audit Committee are Ms. Charletta Compton (chair), Ms. Kitty Boyle and Mr. Bob Ferguson.

After reviewing the investment needs of the District for fiscal year 2007-08, the staff recommends no changes to the current list of broker-dealers and investment pools.

Source of recommendation: Mr. Ed DesPlas, vice chancellor of business affairs

LIST OF QUALIFIED BROKERS/DEALERS

INVESTMENT POOLS RECOMMENDED FOR CONTINUATION

The investment pools listed in this report, TexPool and TexSTAR, were organized in accordance with The Interlocal Cooperation Act and the Public Funds Investment Act, (Chapters 791 and 2256) of the Texas Government Code. These two acts provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments.

TexPool: Texas Local Government Investment Pool ("TexPool") was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The State Comptroller of Public Accounts oversees TexPool. Lehman Brothers and Federated Investors manage the daily operations of the pool under a contract with the Comptroller. As of July 2007, TexPool has over 1,900 participants and a total invested balance of more than \$17 billion. Of that amount, 84.2% is invested in Repurchase Agreements, and 15.8% in Agency Notes. TexPool's weighted average maturity is 29 days; Standard & Poor's current rating is AAAM.¹

TexSTAR: A local government investment pool organized under the authority of the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. Created in April 2002 through a contract among its participating governing units, the pool is governed by a board of directors to provide for the joint investment of participants' public funds under their control. TexSTAR is administered by JP Morgan Chase and First Southwest Asset Management, Inc. organized in full compliance with the Texas Public Funds Investment Act. As of July, 2007, TexSTAR has over 511 participants and a total invested balance of more than 5 billion. Of that amount, 86.9% is invested in Repurchase Agreements, and 13.1% in Agency Notes. TexSTAR's weighted average maturity is 19 days; Standard & Poor's current rating is AAAM.²

¹ Source: July 2007 TexPool Newsletter

² Source: August 2007 TexSTAR Newsletter

BROKERS/DEALERS

Annually the District performs due diligence on the brokers/dealers that are approved to do business with the District. This is accomplished by researching the record of actions taken by individuals and filed with the National Association of Security Dealers. Each of the following brokers/dealers has been reviewed. None have actions that involve any criminal activity. The actions listed are various lawsuits and arbitration actions taken by the SEC that are not material in effect.

All brokers/dealers are registered with the Security and Exchange Commission (SEC) and all are members of the National Association of Securities Dealers (NASD). Primary brokers/dealers may perform treasury and federal agency notes transactions and repurchase transactions with the District. Secondary brokers/dealers may perform only treasury and federal agency notes transactions for the District.

PRIMARY

Banc of America Securities LLC: This firm is a subsidiary of Bank of America Corporation (NYSE:BAC), one of the world's leading financial services companies. The company's Global Capital Markets and Investment Banking (GCIB) provide investment banking, equity and debt capital raising, research, trading, risk management, treasury management and financial advisory services. Through offices in 35 countries, GCIB serves domestic and international corporations, institutional investors, financial institutions and government entities.

Deutsche Bank Securities Inc.: The firm is part of the Corporate and Investment Bank unit of German colossus Deutsche Bank. Deutsche Bank is one of the world's leading international financial service providers. With roughly 65,435 employees, the bank serves customers in 73 countries worldwide. More than half of the bank's staff work outside Germany. The bank offers corporate and institutional clients the full product assortment of an international corporate and investment bank. The firm's investment banking activities focus on health care, media, telecommunications, real estate, and technology industries.

Lehman Brothers Inc.: The firm offers investment and merchant banking services, as well as underwriting, equities and fixed income products (bonds and other debt), asset management, institutional sales, and private client services. The firm's alliance with Fidelity Investments gives Fidelity's brokerage clients access to Lehman's investment products. Employees and management own about a third of the company. Assets under management at Lehman's Investment Management Division rose to a record \$175 billion.

Cantor Fitzgerald L. P.: This is a global financial services firm with leading position in the institutional equity and fixed income markets. Founded in 1945 and headquartered in New York City, Cantor Fitzgerald has trading desks in all major worldwide financial centers, 30 worldwide offices and a 2,500 person global workforce.

Secondary

Coastal Securities L.P.: Headquartered in Houston, Texas, Coastal Securities L.P. was founded in 1991 as a broker-dealer of fixed income securities. Coastal Securities L.P. serves as either an underwriter or financial advisor to a variety of public entities. In June 1996, Coastal Securities L.P. acquired another Houston-based securities firm, confirming Coastal's commitment to the fixed income market.

Muriel Siebert & Co., Inc. ("Siebert"): Siebert was one of the first stock brokerage firms in the U.S. to adopt a discounted commission schedule on May 1, 1975, when discounting was first permitted. Siebert conducts its municipal investment banking activities through Siebert, Brandford, Shank & Co., LLC, a separate M/WBE certified affiliate specializing in municipal and financial advisory services. Siebert is based in New York City and recently purchased the retail brokerage accounts of William O'Neill & Co., the Los Angeles-based institutional equities and financial data firm which is the parent company of Investors Business Daily. Siebert has a large well-established retail account base, over 100 employees, and revenues greater than \$25 million a year.

Sterene, Agee & Leach, Inc.: Founded in 1901, Sterne, Agee & Leach, Inc. is a wholly owned subsidiary of Sterne Agee Group, Inc., headquartered in Birmingham, Alabama. Sterne Agee has extended its reach throughout the Southeast, with offices in 17 states. Sterne Agee offers full-service equity and capital markets support.

RBC Dain Rauscher Corporation.: This is a wholly owned subsidiary of Royal Bank of Canada. The company's broker-dealer, RBC Dain Rauscher Inc., serves individual investors and small business owners through offices across the United States, and capital markets and correspondent clients in select U.S. and international markets. In March 2002, RBC Dain Rauscher merged with Tucker Anthony Sutro to form the nation's ninth largest full-service securities firm.

Walton Johnson & Company: The firm is a full service, 100% minority-owned investment banking firm based in Texas. The firm offers a broad range of investment banking services and products, including sales and trading.

INFORMATIVE REPORT NO. 9

Presentation of 4th Quarter Investment Transactions

The 4th quarter investment transactions are presented as provided by Board Policy CAK (Legal), which states: *Not less than quarterly, the investment officer shall prepare and submit to the Board a written report of investment transactions for all funds covered by the Public Funds Investment Act.*

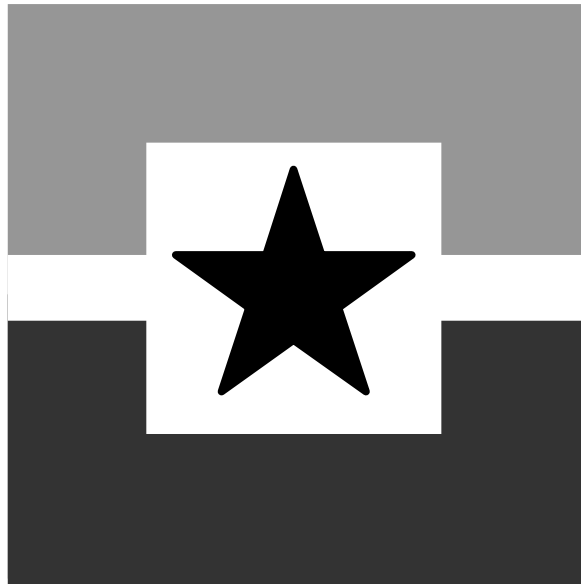
Background

Trustees who serve on the Audit Committee are Ms. Charletta Compton (chair), Ms. Kitty Boyle and Mr. Bob Ferguson. The Audit Committee reviewed the report of 4th quarter investment transactions on September 18, 2007. If indicated, Audit Committee members will discuss the statements with the Board during the meeting on October 2, 2007.

The 4th quarter investment transaction report is typical for this phase of the annual financial cycle.

Source of recommendation: Mr. Ed DesPlas, vice chancellor of business affairs

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT



Investment Portfolio

As of August 31, 2007

**Dallas County Community College District
4th Quarter Report of Investment Transactions
Executive Summary**

The investment portfolio of the District is summarized in the table *Investment Portfolio Summary Report*. The purchase date, maturity date, yield to maturity, book value, and market value are shown for each of the investment securities of the District as of August 31, 2007. The configuration of the portfolio is shown for both the quarters ended May 31, 2007 and August 31, 2007, see Figures 1 and 2. The portfolio is invested 13.81% in U.S. Agency securities and 11.35% is invested in U.S. Treasury securities. The remaining 74.84% is invested in TexPool and TexSTAR. Of the portfolio, 80.10 % will mature in one year or less. No security has a maturity of more than three years from August 2007. An analysis of the portfolio maturity is shown in Figure 3. The portfolio has coupons that range from 3.00% to 4.01% and the District is earning 5.27% average return on the short-term investment pools. Because of a rising interest environment, the portfolio yield is currently underperforming the Treasury yield curve as of August 31, 2007 from a minimum of 28 basis points (3 years or less) to a maximum of 115 basis points (2 years or less) for long term investments but is outperforming the Treasury yield curve by 60 basis points (1 year or less) for shorter term investments and the pools. An analysis of the District's portfolio yield compared with the Treasury yield at August 31, 2007 and August 31, 2006 is shown in Figure 4.

Note: There is a *Glossary of Investment Terms* at the end of this report.

Dallas County Community College District
Investment Portfolio Summary Report
Activity for the 4th Quarter Ended August 31, 2007

INVESTMENTS:		MARKET	ACCRUED INTEREST	WEIGHTED AVERAGE MATURITY	YIELD TO MATURITY
Beginning of Period	May 31, 2007	\$ 229,964,578	\$ 1,079,911	436	4.53%
Purchases		\$ 91,077,497			
Maturities / Sold		\$ (113,775,787)			
Market Value Change		\$ 775,715			
End of Period	August 31, 2007	\$ 208,042,003	\$ 139,918	469	4.73%

This report is prepared in compliance with generally accepted accounting principles, the investment strategy expressed in the Investment Policy of the DCCCD Board of Trustees, and the Public Funds Investment Act, as amended.

/s/ Edward M. DesPlas
 Edward M. DesPlas, Vice Chancellor of Business Affairs

/s/ Kim Green
 Kim Green, Associate Vice Chancellor of Business Affairs

/s/ Robb Dean
 Robb Dean, Director of Finance and Treasury

Dallas County Community College District
Investment Portfolio Transaction Summary Report
Activity for the 4th Quarter Ended August 31, 2007
By Type of Investment

	Face Amount 8/31/2007	Market Transactions					Market Value 8/31/2007
		Market Value 5/31/2007	Securities Purchased	Securities Matured /Sold	Market Value Change		
SUMMARY:							
MONEY MARKET FUNDS / INVESTMENT POOLS	\$ 155,694,817	\$ 130,893,107	\$ 91,077,497	\$ (66,275,787)	\$ -	\$ 155,694,817	
TREASURY SECURITIES	24,000,000	23,264,440	-	-	341,760	23,606,200	
AGENCY SECURITIES	76,600,000	75,807,031	-	(47,500,000)	433,955	28,740,986	
PORTFOLIO TOTAL	\$ 256,294,817	\$ 229,964,578	\$ 91,077,497	\$ (113,775,787)	\$ 775,715	\$ 208,042,003	

	Face Amount 8/31/2007	Book Transaction Excludes Unrealized Gain and Loss					Book Value 8/31/2007
		Book Value 5/31/2007	Securities Purchased	Securities Matured / Sold	Securities (Disc.)/Prem.		
SUMMARY:							
MONEY MARKET FUNDS / INVESTMENT POOLS	\$ 155,694,817	\$ 130,893,107	\$ 91,077,497	\$ (66,275,787)	\$ -	\$ 155,694,817	
TREASURY SECURITIES	24,000,000	24,010,161	-	-	(1,504)	24,008,657	
AGENCY SECURITIES	76,600,000	76,594,870	-	(47,500,000)	5,128	29,099,998	
PORTFOLIO TOTAL	\$ 256,294,817	\$ 231,498,138	\$ 91,077,497	\$ (113,775,787)	\$ 3,624	\$ 208,803,472	

Dallas County Community College District
Investment Portfolio Transaction Report
Activity for the 4th Quarter Ended August 31, 2007

Invest. ID	Cusip Number	Description	Purchase Date	Call Date	Maturity Date	Face Amount	Yield
MONEY MARKET FUNDS / INVESTMENT POOLS							
73190		TEXPOOL	30-Jul-90		N/A	\$ 89,524,281	(1)
1111		TEXSTAR	23-Jun-03		N/A	38,702,985	(2)
2003		TEXSTAR (TAX NOTE)	06-Aug-03		N/A	1,789,505	(2)
2004		TEXSTAR (TAX NOTE)	06-Apr-04		N/A	13,294,251	(2)
40		TEXSTAR (GO)	14-Sep-04		N/A	12,383,795	(2)
REPURCHASE AGREEMENTS							
None							
TREASURY SECURITIES							
13081	T912828BV1	U. S. Treasury	29-Jan-04		15-Jan-09	4,000,000	3.23%
13082	T912828BZ2	U. S. Treasury	25-Feb-04		15-Feb-09	20,000,000	2.97%
AGENCY SECURITIES							
16215	3128X2NSO	FHLMC Notes	28-Jan-04		28-Jan-08	3,000,000	3.25%
16216	3133ITQU8	FFCB Notes	28-Jan-04		28-Jul-08	3,000,000	3.55%
16217	3136F3Y59	FNMA Notes	30-Jan-04		30-Jul-07	7,500,000	3.00%
16218	3128X2UG8	FHLMC Notes	13-Feb-04		13-Aug-07	2,500,000	3.09%
16219	3128X2WC5	FHLMC Notes	23-Feb-04		23-Aug-07	7,500,000	3.15%
16221	3128X2ZK4	FHLMC Notes	27-Feb-04		27-Aug-07	10,000,000	3.00%
16222	3128X2D28	FHLMC Notes	4-Mar-04		4-Sep-07	5,000,000	3.01%
16223	3128X2F34	FHLMC Notes	27-Feb-04	27-Feb-07	27-Feb-09	15,000,000	3.40%
16238	3133XJK80	FHLB Notes	16-Jan-07	16-Jul-07	16-Jan-09	20,000,000	5.30%
45-1	3128X3WY5	FHLMC Notes	1-Feb-06	22-Sep-06	22-Sep-09	1,300,000	4.00%
45-2	31359MWP4	FNMA Notes	1-Feb-06		21-Oct-09	1,800,000	4.01%
PORTFOLIO TOTAL						<u>\$ 256,294,817</u>	

(1) The TexPool yield varies daily. The yield as of May 31, 2007 was 5.2568% and August 31, 2007 was 5.2473%.
 (2) The TexSTAR yield varies daily. The yield as of May 31, 2007 was 5.2613% and August 31, 2007 was 5.2540%.

Market Transactions

Invest. ID	Market Value 5/31/2007	Securities Purchased	Securities Matured / Sold	Market Value Change	Market Value 8/31/2007
MONEY MARKET FUNDS / INVESTMENT POOLS					
73190	\$ 52,859,767	\$ 90,132,976	\$ (53,468,462)		\$ 89,524,281
1111	38,192,930	510,055			38,702,985
2003	1,794,888	23,747	(29,130)		1,789,505
2004	13,829,141	179,227	(714,117)		13,294,251
40	24,216,381	231,492	(12,064,078)		12,383,795
REPURCHASE AGREEMENTS					
None					
TREASURY SECURITIES					
13081	3,895,640			54,360	3,950,000
13082	19,368,800			287,400	19,656,200
AGENCY SECURITIES					
16215	2,958,870			20,880	2,979,750
16216	2,941,890			27,180	2,969,070
16217	7,464,825		(7,500,000)	35,175	-
16218	2,488,275		(2,500,000)	11,725	-
16219	7,462,575		(7,500,000)	37,425	-
16221	9,944,300		(10,000,000)	55,700	-
16222	4,969,950			28,950	4,998,900
16223	14,553,300			181,500	14,734,800
16238	20,000,000		(20,000,000)		-
45-1	1,268,046			14,612	1,282,658
45-2	1,755,000			20,808	1,775,808
PORTFOLIO TOTAL	\$ 229,964,578	\$ 91,077,497	\$ (113,775,787)	\$ 775,715	\$ 208,042,003

(1) The TexPool yield varies daily. The yield as of May 31, 2007 was 5.2568% and August 31, 2007 was 5.2473%.

(2) The TexSTAR yield varies daily. The yield as of May 31, 2007 was 5.2613% and August 31, 2007 was 5.2540%.

Book Transaction Excludes Unrealized Gain

Invest. ID	Book Value 5/31/2007	Securities Purchased	Securities Matured / Sold	Securities (Disc.)/Prem.	Book Value 8/31/2007
MONEY MARKET FUNDS / INVESTMENT POOLS					
73190	\$ 52,859,767	\$ 90,132,976	\$ (53,468,462)		\$ 89,524,281
1111	38,192,930	510,055			38,702,985
2003	1,794,888	23,747	(29,130)		1,789,505
2004	13,829,141	179,227	(714,117)		13,294,251
40	24,216,381	231,492	(12,064,078)		12,383,795
REPURCHASE AGREEMENTS					
None					
TREASURY SECURITIES					
13081	4,001,024			(159)	4,000,865
13082	20,009,137			(1,345)	20,007,792
AGENCY SECURITIES					
16215	3,000,000				3,000,000
16216	3,000,000				3,000,000
16217	7,495,391		(7,500,000)	4,609	-
16218	2,499,571		(2,500,000)	429	-
16219	7,500,000		(7,500,000)		-
16221	10,000,000		(10,000,000)		-
16222	4,999,908			90	4,999,998
16223	15,000,000				15,000,000
16238	20,000,000		(20,000,000)		-
45-1	1,300,000				1,300,000
45-2	1,800,000				1,800,000
PORTFOLIO TOTAL	\$ 231,498,138	\$ 91,077,497	\$ (113,775,787)	\$ 3,624	\$ 208,803,472

(1) The TexPool yield varies daily. The yield as of May 31, 2007 was 5.2568% and August 31, 2007 was 5.2473%.

(2) The TexSTAR yield varies daily. The yield as of May 31, 2007 was 5.2613% and August 31, 2007 was 5.2540%.

*Dallas County Community College District
Investment Portfolio Percentage Report
Activity for the 4th Quarter Ended May 31, 2007*

Type of Security	Portfolio Pct 5/31/2007	Market Value 5/31/2007	Portfolio Pct 8/31/2007	Market Value 8/31/2007
MONEY MKT FUNDS & INVESTMENT POOLS	56.92%	\$ 130,893,107	74.84%	\$ 155,694,817
TREASURY SECURITIES	10.12%	23,264,440	11.35%	23,606,200
AGENCY SECURITIES	32.96%	75,807,031	13.81%	28,740,986
PORTFOLIO TOTAL	100.00%	\$ 229,964,578	100.00%	\$ 208,042,003

Portfolio Percent by Investment Type

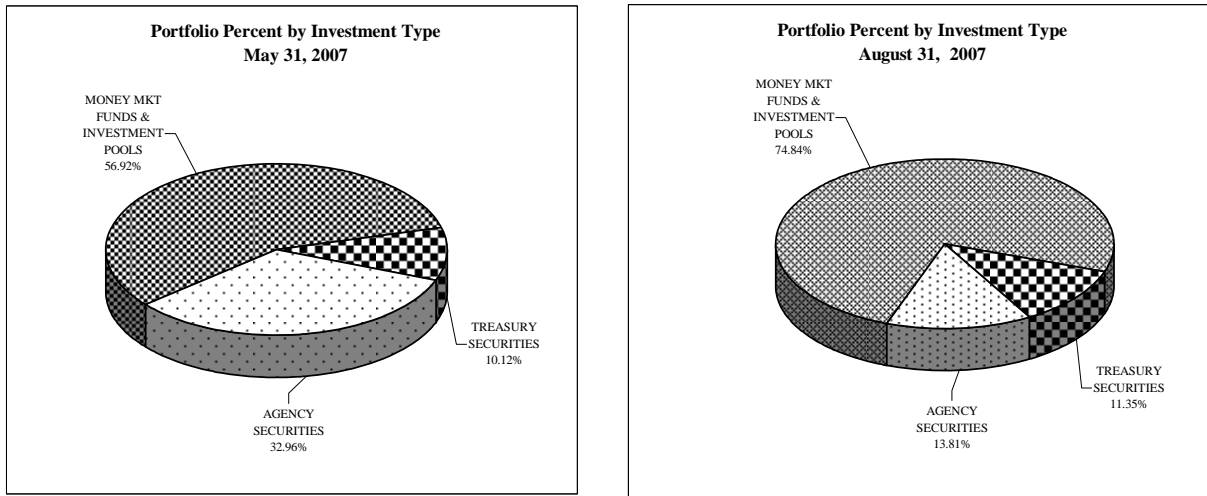


Figure 1 - Investment Portfolio Percentage Report

Dallas County Community College District
Investment Pool Report by Fund Type
 Activity for the 4th Quarter Ended May 31, 2007

Fund Description	Portfolio Pct 5/31/2007	Market Value 5/31/2007	Portfolio Pct 8/31/2007	Market Value 8/31/2007
Unrestricted Fund	68.98%	\$ 158,626,041	72.16%	\$ 150,125,209
Auxiliary Fund	8.33%	19,145,923	8.83%	18,359,458
Unexpended Plant Fund	19.89%	45,750,674	16.06%	33,413,235
Quasi - Endowment Fund	2.80%	6,441,940	2.95%	6,144,101
PORTFOLIO TOTAL	100.00%	\$ 229,964,578	100.00%	\$ 208,042,003

Portfolio Pool Allocation Percent by Fund Type

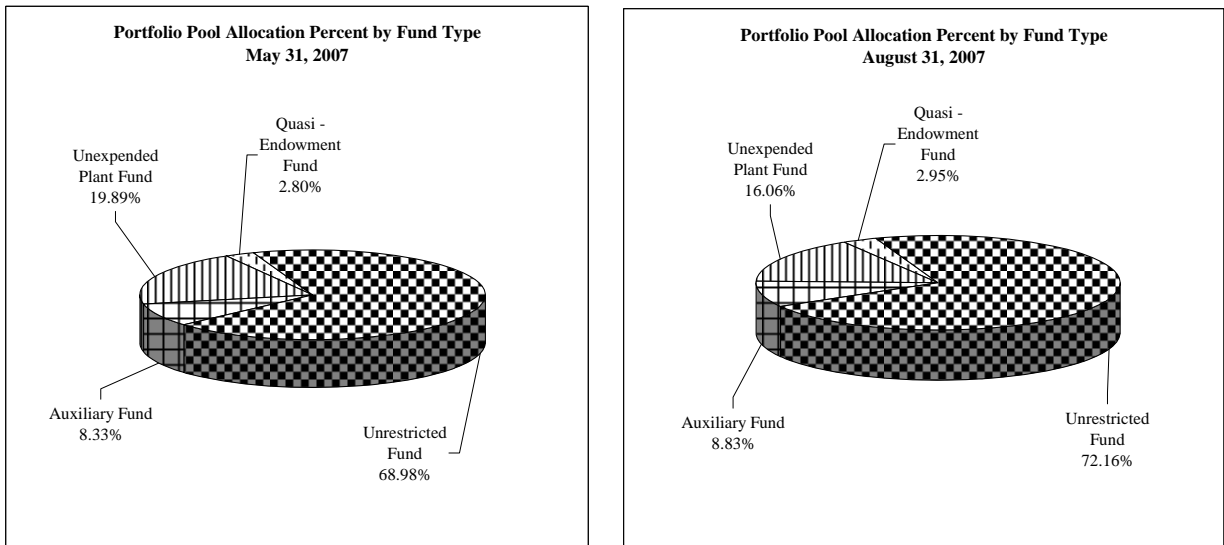
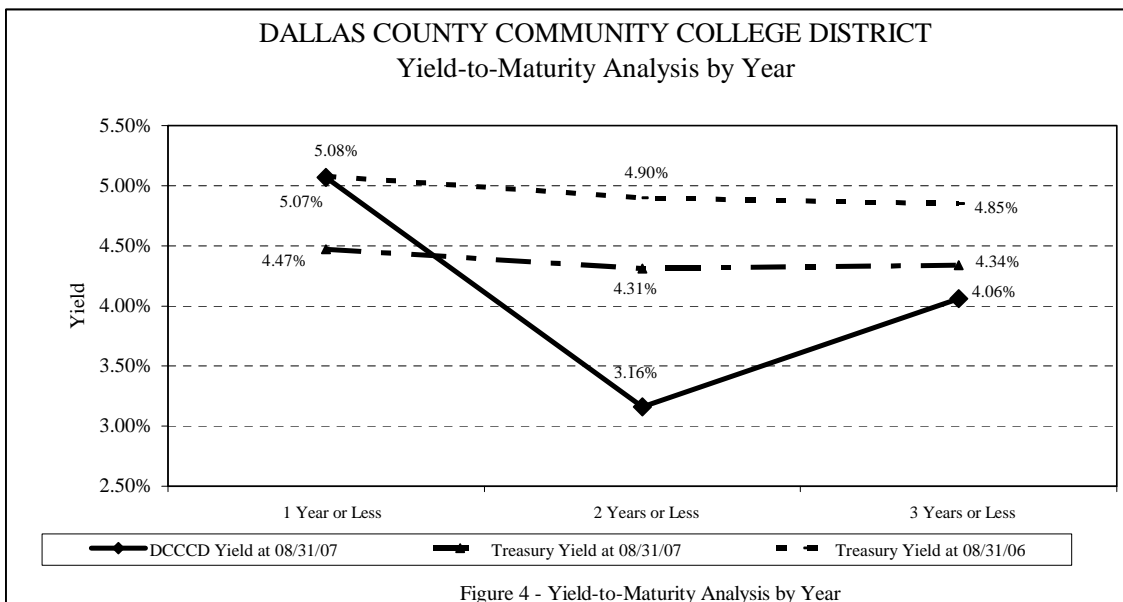
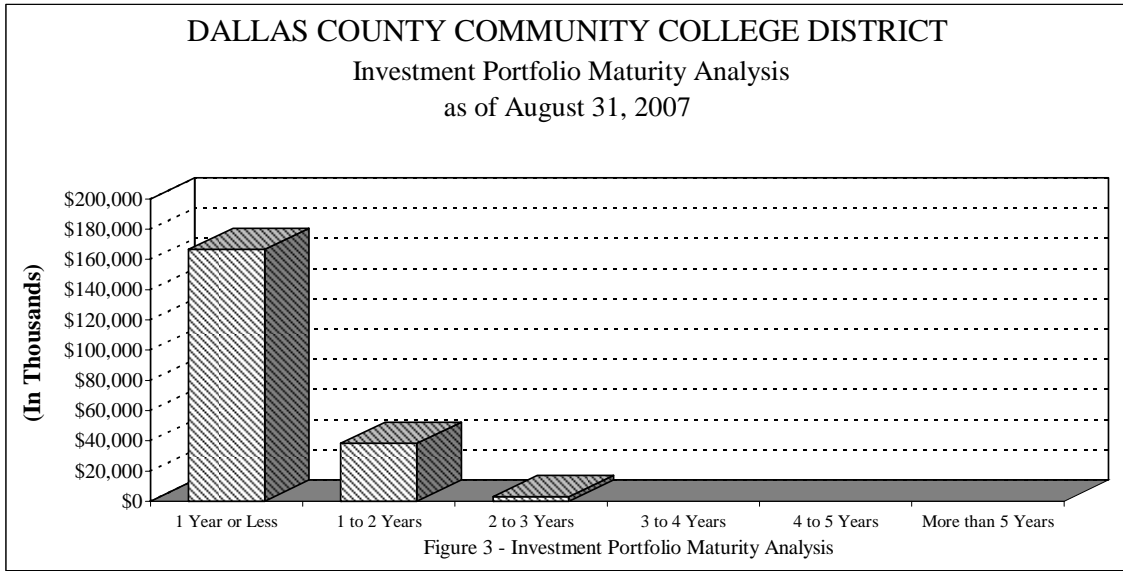


Figure 2 - Investment Portfolio Fund Report



GLOSSARY OF INVESTMENT TERMS

Agency: A security that is issued with an implied or actual pledge of the credit of the U.S. government. The agency is a department of the government or a pseudo-agency that is providing a governmental function (e.g., SLMA, FHLB).

Arbitrage: Arbitrage involves the simultaneous purchase of a security in one market and the sale of it or a derivative product in another market to profit from price differentials between the two markets. As used in municipal finance, it represents the spread between bond interest rates and the interest rate on investments of proceeds. Generally these earnings are limited by IRS requirements to spend proceeds quickly, usually within 24 months.

Basis point: 1/100th of a point (i.e., 50 basis points = .50 % or one half of one percent).

Bond: A long-term promissory note in which the issuer agrees to pay the owner the amount of the face value on a future date and to pay interest at a specified rate at regular intervals.

Broker/dealer: An individual or firm who acts as an intermediary between a buyer and seller, usually charging a commission.

Call: The right to redeem outstanding bonds before their scheduled maturity.

Coupon: The stated interest payment that is based on the face amount of a fixed income security. This amount is usually redeemable at a specific date for a specific payment.

Delivery vs. payment: The control feature that will not allow a security to be paid unless the security is delivered in the exact amount of value as the payment. This transaction usually involves a third party, usually the safekeeping department of a bank.

Discount: The amount of reduction from the face of a fixed income security to compensate for the difference in coupon price and the market value.

GASB 31: A pronouncement by the Governmental Accounting Standards Board that provided for a dissolution of distinct differences between book and market values. It caused there to be a “mark to market” on a regular basis, with a recognition of gains or losses contemporaneously by booking an unrealized gain or loss.

GO bond: A bond which is supported by general obligation tax revenues of a governmental entity.

Liquidity: The liquidity of a security is the ease with which the market can absorb volume buying or selling without dramatic fluctuation in price, i.e., ease of entry/exit into/from a market.

Market value: The market value of a security is the last-sale price multiplied by total units outstanding. It is calculated throughout the trading day and is related to the total value of the index.

Maturity: The date that a security comes due. The issuer must pay the holder the face amount of the security.

Municipal bonds: Bonds issued by states, cities, counties, and towns to fund public capital projects like roads, schools, sanitation facilities, bridges, as well as operating budgets. These bonds are exempt from federal taxation and from state and local taxes for the investors who reside in the state where the bond is issued.

Premium: The amount of extra price that is added above the face of a fixed income security to compensate for the difference in coupon price and the market value (which takes into consideration the current interest market compared to the stated coupon).

Repurchase agreement: Agreement between a seller and a buyer, usually of agency or treasury securities, where the seller agrees to repurchase the securities at an agreed upon price and date.

Revenue bond: A bond which is supported by pledged revenues of the entity.

Settlement: The conclusion of a securities transaction; a broker/dealer buying securities pays for them; a selling broker delivers the securities to the buyer's broker.

Treasury: A security that is issued with the full faith and credit of the United States government.

Underwriter: An investment banker who assumes the risk of bringing a new securities issue to market. The underwriter will buy the issue from the issuer and guarantee sale of a certain number of shares to investors; this is firm-commitment underwriting. To spread the risk of purchasing the issue, the underwriter often will form a syndicate (underwriting group, purchase group) among other investment firms. If the investment firm is unwilling to buy the issue outright, other underwriting forms may be used.

Unrealized gain or loss: The amount of difference between market value and book value of securities recorded on the financial records of an entity. The amount is an unrealized gain if market value is higher than book value. If the market value is lower than the book value, an unrealized loss is recorded. The amount is unrealized until such time as the security or asset is actually sold by the investor, at which time the amount of difference between market and book values is realized. A security held to maturity will not ever realize a gain or loss.



MEMORANDUM

Dallas County Community College District Office of the Vice Chancellor of Business Affairs

TO: Dr. Wright Lassiter

FROM: Ed DesPlas, Vice Chancellor of Business Affairs

DATE: September 10, 2007

SUBJECT: 4th Quarter FY 06/07 M/WBE Report

I am pleased to advise that administration is continuing in its efforts toward increasing accessibility for minority and women owned business enterprises (M/WBEs) to the District's procurement opportunities.

Payments to M/WBEs

The FY 06/07 payments (20.07%) to M/WBEs for goods and services shows a decrease (2.2%) from the amounts paid in the previous fiscal year (22.27%). FY 07/08 payments are expected to show a material increase with the start of the Bond Projects, since they are scheduled to have high M/WBE subcontracting participation.

Included in the 4th quarter figures are more than \$1 million in payments to M/WBE subcontractors and sub-consultants.

One detailed report is attached.

Bond Program

The Business Diversity staff continues to work closely with the Bond Program Management Team and Facilities Management to ensure the business communities are kept informed of the opportunities to participate on the Bond projects.

The Business Department staff meets with the construction managers weeks prior to their seeking subcontractor bids on their project(s) to:

- Identify the subcontracting opportunities available on the project(s) and subcontractor bid issue and construction dates for posting to the Bond and

Business Diversity website and distribution to the various construction associations.

- Assist in promoting and conducting the construction manager forums with minority organizations and contractors associations to share information on those projects and provide networking occasions with M/WBE subcontractors.
- Ensure the construction managers are fully aware of their “good faith efforts” responsibilities to include M/WBEs on their project(s) and to document those efforts.

The Black, Hispanic and Asian American Contractors Associations and the Business Diversity Department continue to work closely to ensure their members are kept informed of the bid schedules and of the subcontracting opportunities available on each project.

The M/WBE subcontracting on the bond projects continue to achieve high levels of participation:

- 43.6% - El Centro College Allied Health & Nursing Project/Paramount Bldg.
- 40.4% - Mountain View College Sports Complex, with an additional 20.3% assigned to the M/WBE prime contractor for a combined total of 60.7%.
- 32% - North Lake College North Education Campus
- 40+% - Eastfield General Classroom Building

The overall utilization of M/WBE sub-consultants (architects and engineers) is also very high (84%), with an additional 25% being performed by M/WBE prime consultants for a combined total of 42% of the consultant awards being made to M/WBEs.

Minority Chambers of Commerce Partnership

The Asian, Black and Hispanic Chambers and the Business Diversity department continue to meet on a regular basis to ensure increased awareness with their members of the business and educational opportunities with the District through various publications and languages.

Each chamber has assigned key staff to focus on matching District opportunities with their members utilizing various methods of distribution, including weekly emails, newsletters, plan room access and monthly committee meeting where recent opportunities are presented by Business Diversity staff.

As bids are being sought for the Bond Program, the chambers will assist with hosting regular meetings to outline each of the program phases of implementation and to provide equal access to information and contracting opportunities.

In the last year, the Black Chamber has established a unique partnership with the Small Business Development Center (SCDC) at Bill J. Priest Campus focused on hurricane Katrina evacuees that owned businesses in New Orleans who wished to re-establish their business in the Dallas area. The SBDC provided presentations on the various resources located within the SBDC as well as the Small Business Incubator at the Bill J. Priest Campus. The chamber also provided each participant with class schedule offerings at each DCCCD campus.

The Hispanic and Asian chambers continuously leveraged its many partnerships with Spanish and Asian dominated bilingual media outlets to promote the District's programs both in print and radio.

The District and its chamber partners are developing a Mentor/Protégé program in conjunction with the Dallas Independent School District and the City of Dallas focusing on a small group of mentors and protégés.

District representatives from all the colleges also continue to promote their educational and financial assistance opportunities at the various chambers community events, such as the Hispanic via Dallas and the Asian Festival where attendance is in the thousands.

A full report of the Tri-Chamber Agreement activities will be provided at the October 2, 2007 Board workshop. At the same workshop, a briefing will be given on the progress on the District's Business Diversity Program.

Community Meetings

The business diversity program staff represented DCCCD at a number of community meetings during the past quarter, including the following:

Staff Activities	2006-2007		
	June	July	August
Black Contractors Association Monthly Meeting		*	*
City of Dallas Goods, Professional & Other Services Forum	*		
Cross Timbers Government Procurement Conference			*
Entities New Member Orientation at the T-Intermodal Transportation Center	*		
Greater Dallas Asian American Chamber of Commerce Excellence in Education Banquet	*		
Greater Dallas Asian American Chamber of Commerce M/WBE Seminar for Korean Businesses			*
Greater Dallas Asian American Chamber of Commerce Monthly Meeting		*	*
Greater Dallas Hispanic Chamber of Commerce Corporate Advisory Council Meeting	*		

Greater Dallas Hispanic Chamber of Commerce Stars on the Rise Scholarship Awards Banquet	*		
Hispanic Contractors Association Monthly Luncheon		*	*
Hispanic Contractors Association New Member Orientation		*	
Hispanic Contractors Association Safety Awards Luncheon	*		
Hispanic Contractors Association Women's Business Conference & Luna Awards Luncheon	*		
Latino Business Hour Reception	*		
MED Week Conference			*
Tri-Chamber Meeting		*	

**Dallas County Community College District
M/WBE Financial Activity
FY 2006 - 2007 Annual Report
4th Quarter**

Ethnicity/Gender	2005-06 Year-to-Date		1st Quarter 06-07 09/01/2006-11/30/2006		2nd Quarter 06-07 12/01/2006-02/28/2007		3rd Quarter 06-07 03/01/2007-05/31/2007		4th Quarter 06-07 06/01/2007-08/31/2007		2006-07 Year-to-Date	
	Amount-\$	Percent	Amount-\$	Percent	Amount-\$	Percent	Amount-\$	Percent	Amount-\$	Percent	Amount-\$	Percent
Amer Indian/Alaskan Native, Female	75,764.00	0.10%	\$16,107.36	0.11%	\$9,385.50	0.06%	\$16,796.50	0.09%	\$33,687.00	0.17%	\$75,976.36	0.11%
Amer Indian/Alaskan Native, Male	\$901,189.00	1.24%	\$127,112.88	0.85%	\$892,521.27	5.28%	\$2,651.00	0.01%	\$318.66	0.00%	\$1,022,603.83	1.47%
Black/African-American, Female	\$326,032.00	0.45%	\$29,590.23	0.20%	\$84,608.34	0.50%	\$137,274.95	0.78%	\$89,912.90	0.45%	\$341,386.42	0.49%
Black/African-American, Male	\$4,380,464.00	6.00%	\$777,592.92	5.18%	\$801,351.38	3.56%	\$814,343.36	4.60%	\$590,610.76	2.93%	\$2,783,898.42	3.99%
Asian Indian, Female	\$1,359.00	0.00%	\$704.46	0.00%	\$382.98	0.00%	\$4,124.85	0.02%	\$11,751.17	0.06%	\$16,963.46	0.02%
Asian Indian, Male	\$1,111,123.00	1.52%	\$186,868.20	1.24%	\$875,020.31	5.17%	\$843,410.49	4.77%	\$1,247,761.05	6.16%	\$3,153,060.05	4.52%
Anglo-American, Female	\$4,684,336.00	6.42%	\$1,171,962.32	7.81%	\$1,214,888.93	7.18%	\$743,973.48	4.21%	\$771,198.39	3.82%	\$3,902,023.12	5.56%
Asian Pacific, Female	\$25,793.00	0.04%	\$3,163.48	0.02%		0.00%		0.00%	\$19,191.47	0.10%	\$22,354.95	0.03%
Asian Pacific, Male	\$0.00	0.00%	\$1,274.03		\$285.00		\$1,117.53	0.01%	\$1,003.77	0.00%	\$3,680.33	0.01%
Hispanic/Latino/Mex-American, Female	\$401,898.00	0.55%	\$154,721.77	1.03%	\$371,117.69	2.19%	\$219,491.56	1.24%	\$159,375.86	0.79%	\$904,708.88	1.30%
Hispanic/Latino/Mex-American, Male	\$3,633,008.00	4.98%	\$158,157.86	1.06%	\$366,910.26	2.17%	\$208,580.13	1.18%	\$353,654.42	1.75%	\$1,088,302.67	1.56%
Other, Female	\$712,096.00	0.98%	\$100,968.03	0.67%	\$148,211.70	0.68%	\$337,253.85	1.91%	\$108,366.52	0.54%	\$695,800.10	1.00%
Other, Male												
Total M/WBE	\$16,253,063.00	22.27%	\$2,729,223.54	18.18%	\$4,565,683.36	26.99%	\$3,329,017.70	18.82%	\$3,386,831.99	16.78%	\$14,010,756.59	20.07%
Not Classified	\$56,721,874.00	77.73%	\$12,282,338.01	81.82%	\$12,348,944.35	73.01%	\$14,359,539.70	81.18%	\$16,796,422.24	83.22%	\$55,787,244.30	79.93%
Sub-total for Discretionary Payments	\$72,974,938.00	100.00%	\$15,011,561.55	100.00%	\$16,914,627.71	100.00%	\$17,688,557.40	100.00%	\$20,183,254.23	100.00%	\$69,798,000.89	100.00%
Non-discretionary Payments	\$21,470,778.00		\$5,657,225.66		\$5,582,619.94		\$5,754,247.32		\$6,482,585.19		\$23,476,678.11	
Total Payments	\$94,445,716.00		\$20,668,787.21		\$22,497,247.65		\$23,442,804.72		\$26,665,839.42		\$93,274,679.00	