SOUTHWEST TENNESSEE COMMUNITY COLLEGE

SUBJECT: **Managing Internal Controls**

EFFECTIVE DATE: **July 1, 2007; Revised April 14, 2022; Revised September 1, 2026**

Purpose

The purpose of this policy is to set forth the responsibility of management to establish a network of processes that provide oversight and monitoring with the objective of controlling the operations of Southwest Tennessee Community College ("Southwest" or "the College") in a manner that provides the Tennessee Board of Regents ("TBR") with reasonable assurance regarding internal controls.

Policy/Procedure

Pursuant to Tennessee law, Southwest has established, and will maintain, internal controls regarding:

1. Obligations and costs are in compliance with applicable law;
2. Funds, property and other assets are safeguarded against waste, loss, unauthorized use or misappropriation; and
3. Revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets.

Southwest will annually perform an assessment of risk that incorporates the internal controls listed above. The assessment shall consider, as applicable, strategic, operational, financial, compliance, technology, cybersecurity, data privacy, reputation, safety, and continuity risks. In accordance with Tennessee law, the College seeks to provide reasonable assurance of:

1. Accountability for meeting program objectives;
2. Promoting operational efficiency and effectiveness;
3. Improving reliability of financial statements;
4. Strengthening compliance with laws, regulations, rules, and contracts and grant agreements; and
5. Reducing the risk of financial or other asset losses due to fraud, waste and abuse.

Internal Control Responsibility

Southwest administrators are charged with the responsibility of establishing a network of processes that provides oversight and monitoring with the objective of controlling the College's operations in a manner that provides TBR reasonable assurance that:

1. Data and information published either internally or externally are accurate, reliable, and timely.
2. The actions of employees are in compliance with the organization's policies, standards, plans and procedures, and all relevant laws and regulations.

3. The actions of students and employees related to Athletics comply with all relevant laws and regulations, policies, plans, procedures, accreditation requirements, student-athlete obligations, and standards of applicable athletic governing bodies, including the National Junior College Athletic Association (NJCAA) and the Tennessee Community College Athletic Association (TCCAA).
4. The organization’s resources, including its people, systems, information, data, physical and technology assets, and institutional reputation, are adequately protected from loss, misuse, unauthorized access, disclosure, alteration, destruction, or disruption.
5. Resources are acquired economically and used efficiently, effectively, and in support of the College’s mission.
6. Quality business processes and continuous improvement are emphasized.
7. The College’s plans, programs, goals, and objectives are achieved.

In conjunction with the Risk Manager, administrators shall document significant control activities, monitoring efforts, identified deficiencies, and corrective actions in a manner appropriate to the nature and level of risk.

Employees shall promptly report suspected fraud, waste, abuse, misuse of College resources, or significant internal-control deficiencies through established College reporting channels, which includes contacting the Internal Auditor. Retaliation against an individual who makes a good-faith report is prohibited to the extent provided by applicable law and College policy.

Assessment and Control Process
Assessing risk and implementing controls are a function of management and are an integral part of the overall process of managing operations. As such, it is the responsibility of managers at all levels of the organization to:

1. Identify and evaluate the exposures to loss that relate to their particular sphere of operations.
2. Specify and establish policies, plans, operational standards, procedures, systems, and other disciplines to minimize, mitigate, and/or limit the risks associated with the exposures identified.
3. Establish practical controlling processes that require and encourage employees to carry out their duties and responsibilities in a manner that achieves the control objectives outlined herein.

   Monitor and maintain the effectiveness of established controls, promptly evaluate identified weaknesses, and implement and document corrective action plans when warranted, while fostering continuous improvement.

Source of Policy: TCA 9-18-102; 4-35-101 **Administrator: President**

Related Policy: 1:00:00:00/5; 5:00:00:01/51 **TBR Policy/Guideline: 4.01.05.00; 8.01.00.00**

Approved: ______________________________ **Date: September 1, 2026**
President