SOUTHWEST TENNESSEE COMMUNITY COLLEGE

SUBJECT: **Managing Internal Controls**

EFFECTIVE DATE: **July 1, 2007**

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I.   Background

The Financial Integrity Act of 1983 requires each state agency to establish and maintain internal accounting and administrative control systems, evaluate the systems and report on their status annually.

In addition to the Financial Integrity Act of 1983, the General Assembly passed legislation known as the "State of Tennessee Audit Committee Act of 2005 (Section 4-35-101 Tennessee Code Annotated)." One responsibility of the Audit Committee is an evaluation of management's assessment of the body's system of internal controls. To comply with this law, the College will at least annually prepare documentation to support their assessment of risks and the controls necessary to mitigate the risks.

Source of Policy: **Internal Audit**

Related Policy: **N/A**

Responsible
Administrator: Office of the President
TBR Policy Reference: N/A
TBR Guideline Reference: N/A

Approved:

          President

Date: July 1, 2007

II.   **Internal Control Responsibility**

Administrators of the College are charged with the responsibility for establishing a network of processes that provides oversight and monitoring with the objective of controlling the operations of Southwest Tennessee Community College in a manner which provides the Tennessee Board of Regents reasonable assurance that:

Data and information published either internally or externally are accurate, reliable, and timely.

The actions of employees are in compliance with the organization's policies, standards, plans and procedures, and all relevant laws and regulations.

The organization's resources (including its people, systems, data/information bases, and customer goodwill) are adequately protected.

Resources are acquired economically and employed profitably; quality business processes and continuous improvement are emphasized.

The organization's plans, programs, goals, and objectives are achieved.

III.   **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:

Identify and evaluate the exposures to loss which relate to their particular sphere of operations.

Specify and establish policies, plans, operation standards, procedures, systems, and other disciplines to be used to minimize, mitigate, and/or limit the risks associated with the exposures identified.

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 in the preceding paragraph.

Maintain the effectiveness of the controlling processes they have established and foster continuous improvement to these processes.