

Series: Board Governance **COA:** RPM 2, 2.01, 2.04, 4.01-.03, 6.01, 8, FIN 3, GOV 6, 6.03, 6.04, 6.08

Policy Name: Risk Management
Policy Number: GOV- 203
Revision #/Date: (1) / 07/31/08
Effective Date: 11/2004

Applicable to: All CBCB Staff, Officers, and Contract Providers

SUBJECT: Risk Management

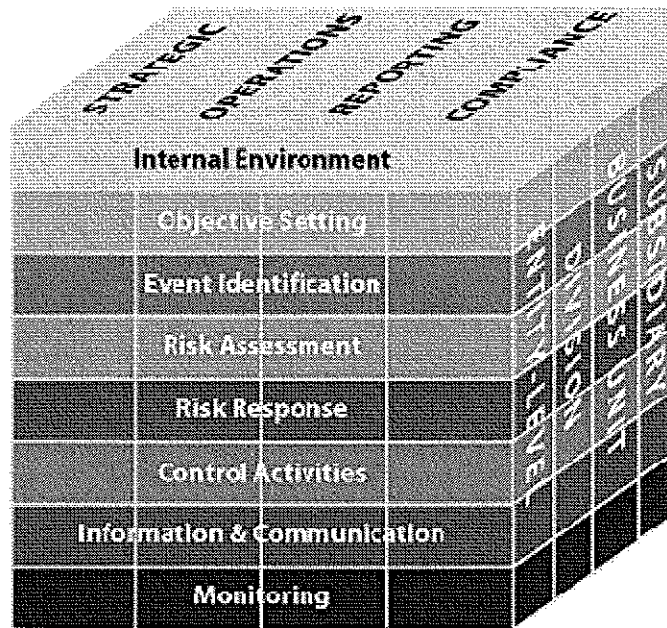
PURPOSE: CBCB will manage risk through the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management framework. This process is defined as follows:

Enterprise risk management is a process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.

Source: COSO Enterprise Risk Management – Integrated Framework. 2004. COSO.

POLICY:

The COSO Enterprise Risk Management (ERM) framework comprises both Objectives and Components. There is a direct relationship between objectives, which are what an entity strives to achieve and enterprise risk management components, which represent what is needed to achieve them. The relationship is depicted in a three-dimensional matrix as shown on the following page:



Management is responsible for implementing procedures that will assure that the ERM components are performing in a manner to reasonably assure that ERM objectives are being achieved.

Objectives

The Board of Directors (Board) will establish the mission of CBCB and will set the risk tolerance of the organization.

Within the context of the mission for CBCB, management will establish strategic objectives, select strategy, and set aligned objectives to be implemented through out the organization. The ERM framework for CBCB will be geared to achieving established objectives, set forth in four categories:

- Strategic – High-level goals, aligned with and supporting its mission.
- Operations – Effective and efficient use of CBCB resources.
- Reporting – Reliability of capturing data for reporting and analysis.
- Compliance – Compliance with applicable laws and regulations.

Management will establish strategic objectives and set strategy at a minimum annually prior to contracting services for each new fiscal year.

The Board realizes that objectives relating to reliability of reporting and compliance with laws and regulations are within the entity’s control, therefore ERM can be expected to provide reasonable assurance of achieving those objectives.

Achievement of strategic and operations objectives, however, is subject to external events not always within the entity’s control; accordingly, for these objectives, the Board acknowledges that ERM can provide reasonable assurance that management, and the Board in its oversight role, are

made aware, in a timely manner, of the extent to which the entity is moving toward achievement of the objectives.

Components

ERM consists of eight interrelated components. These are derived from the way management runs an enterprise and are integrated with the management process. These components are:

- **Internal Environment –**
The internal environment encompasses the tone of an organization and sets the basis for how risk is viewed and addressed by an entity's people, including risk management philosophy and risk appetite, integrity and ethical values, and the environment in which they operate.
- **Objective Setting –**
Objectives must exist before management can identify potential events affecting their achievement. Enterprise risk management ensures that management has in place a process to set objectives and that the chosen objectives support and align with the entity's mission and are consistent with its risk appetite.
- **Event Identification –**
Internal and external events affecting achievement of an entity's objectives must be identified, distinguishing between risks and opportunities. Opportunities are channeled back to management's strategy or objective-setting processes.
- **Risk Assessment –**
Risks are analyzed, considering likelihood and impact, as a basis for determining how they should be managed. Risks are assessed on an inherent and a residual basis.
- **Risk Response –**
Management selects risk responses – avoidance, elimination, reduction, sharing/transferring or acceptance of risk – developing a set of actions to align risks with the entity's risk tolerances and risk appetite.
- **Control Activities –**
Policies and procedures are established and implemented to help ensure the risk responses are effectively carried out.
- **Information and Communication –**
Relevant information is identified, captured, and communicated in a form and timeframe that enable people to carry out their responsibilities. Effective communication also occurs in a broader sense, flowing down, across, and up the entity.
- **Monitoring –**
The entirety of enterprise risk management is monitored and modifications made as necessary. Monitoring is accomplished through ongoing management activities, separate evaluations, or both.

It should be remembered that ERM is not strictly a serial process, where one component affects only the next. It is a multidirectional, interactive process in which almost any component can and does influence another.

Roles and Responsibilities

All staff of CBCB has some responsibility for ERM. At a minimum, the following individuals are responsible for the ERM process as follows:

- The Board establishes the mission and risk tolerance of CBCB. Annually the Board will conduct an assessment of CBCB risk to monitor and evaluate risk assessment, prevention and management effectiveness. The Board assessment will include, at a minimum, a review of insurance coverage as well as risk assessments and responses prepared by management.
- The Chief Executive Officer (CEO) is ultimately responsible for ERM and should assume ownership of the process. The CEO's role in ERM consists primarily of establishing the strategic objectives, selecting strategy to meet these objectives, and set aligned objectives to be implemented through out the organization.
- The Chief Operating Officer, Chief Financial Officer and Chief Personnel & Administrative Officer of CBCB will assist the CEO in establishing the strategic objectives and selecting strategy for the ERM process. In addition, these officers of CBCB will support the entity's risk management philosophy, promote compliance with ERM procedures, and manage risks within their spheres of responsibility consistent with risk tolerances.
- The Business Manager will coordinate the management and procurement of insurance coverage for CBCB as determined necessary by the ERM process and Board directives. All insurances shall be competitively procured; most often through an insurance broker. Annually, the Business Manager will prepare and distribute to staff and the Board a list of insurance coverages carried by CBCB.
- Committees shall be established by management to evaluate immediate and ongoing risks that includes a review of critical incidents, accidents, and/or grievances related to administering or performing services for CBCB clients.
- The Contract Manager will require each contract provider to maintain a Risk Management Plan (RMP) to include, at a minimum, the insurance coverage as outlined and required in Florida Statute 409.1671.
- All other CBCB personnel are responsible for executing ERM in accordance with established directives and procedures.

Board Identified Risk

The Board assessment of risk for CBCB include, at a minimum, the following items listed below. Management will devise and implement appropriate measures to appropriately respond to these risks:

- Whistle Blower Protection
To meet the requirement of the Sarbanes Oxley Act in addition to State of Florida and Federal law, CBCB will provide protection for whistle-blowers ("employees") who risk their careers by reporting suspected illegal activities within the organization. The system devised by management will involve training, evaluation, supervision, monitoring, as well as an

independent system for reporting up to the highest levels of the organization. All whistle blower reports will be delivered to the Board Audit Committee for review and, if required, further action.

- Insurance Coverage

During the ERM process, management will procure insurance coverage to limit liability and reduce risks when warranted and monetarily feasible. Minimum limits of insurance coverage required by law will be maintained at all times, to include:

- General Liability Coverage - \$1 million per claim/\$3 million per incident.
- Automobile Coverage - Require all staff who transport client children and families in their personal automobiles in order to carry out their job responsibilities obtain minimum bodily injury liability insurance in the amount of \$100,000 per claim, \$300,000 per incident, on their personal automobiles.
- Fidelity ("Crime") Bond Coverage
- Other insurance coverage that the Board requires management to procure in adequate amounts as determined by the ERM process include the following: Directors and Officer's Liability, Professional Liability, Automobile (Owned & Non-owned) Liability and Property Liability coverages.

Further, management will require sub-contractors to procure and maintain insurance coverage as required by Florida Statute 409.1671.

- Legal Representation

The agency will use a consultant attorney in cases where there is a need to clarify or interpret laws or rules. This attorney will refer CBCB to legal experts and representation as needed.

- Security of Information

CBCB will have procedures in place to ensure the safety and security of all records; either written or electronic. The agency will also limit access to these records to those staff and others who have legal authorization to view the data.

- Contact with the Media

The CEO and, if applicable, the Board are responsible for ensuring that media requests are responded to in a timely manner while maintaining the confidentiality and privacy of those persons who are involved. A potential media event will be considered a critical incident and warrant notification within one hour to the CEO. The CEO will then notify the Board as well as appropriate Department of Children & Families (DCF) staff regarding the media inquiry.

- Confidentiality & Retention of Records

CBCB will follow all applicable confidentiality and retention of record laws pertaining to data maintained by the organization. No CBCB staff will knowingly destroy a document with the intent to impede or hamper an investigation or legal inquiry of data in question.

- Line of Credit

CBCB will pursue access to financial reserves, bank line of credits or financial risk sharing with sub-contractors great enough to pay the claims of the network providers and to handle the operational expense of the organization for a minimum of one calendar month.

- Critical Incident Reporting

Incident reporting is the duty of all personnel associated with CBCB in providing direct client services or support services for children and families. CBCB staff and their providers will be required to provide pertinent information concerning critical incidents within appropriate timeframes. All critical incidents will be reported to the CEO or designee and to appropriate DCF staff verbally, followed by written confirmation. Critical incidents will include, at a minimum, the following:

- Death
- Serious Injury, or Serious Illness of a Child
- Potential Media Coverage
- Altercation
- Elopement
- Escape
- Abuse/Neglect/Abandonment/Threat of Harm
- Suicide Attempt
- Theft/Vandalism/Damage
- Other incident of a serious nature that poses physical or emotional danger to client, family members or staff.

- Provider Compliance

CBCB, through its QA/QI process and contract monitoring, will collect and analyze data on each provider's utilization, performance, and other variables affecting client service.

- Communication with Stake Holders and Providers

CBCB will regularly communicate with the following entities around operational issues in order to ensure the best quality of care and decrease risk to the organization:

- Child Placing Agencies
- Board
- DCF
- Leadership Roundtable
- Provider Network
- Together in Partnership (TIP)

- Client/Customer Satisfaction

A client/customer satisfaction reporting process will be developed for visitors, stakeholders (courts, GALs, providers, foster parents), clients, and their families to formally or informally communicate concerns regarding CBCB at a least annually.

- Client Rights

Procedures will be implemented to ensure clients the right to impartial access to services regardless of race, religion, gender, sexual orientation, ethnicity, age or disability.

- Disaster Plan

CBCB management will implement procedures that will enable the organization to adequately deal with a disaster affecting the clients of Brevard County. A disaster shall be defined as a natural, technological, or civil emergency proclaimed by Brevard County, the Governor of the State of Florida or the President of the United States.

Community Based Care of Brevard, Inc. Policy and Procedure Manual

- Employee Practices

The following human resource practices are considered essential for CBCB:

- Job Descriptions
- New Employee Orientation
- Worker's Compensation
- Americans with Disability Act Family and Medical Leave Act
- Sexual Harassment
- Wrongful Termination
- Safety Guidelines
- HIPAA


BY DIRECTION OF THE BOARD OF DIRECTORS:



MR. WILLIAM RYDER
Chair

Signature Date: Oct 29, 2005

AS APPROVED BY THE CHIEF EXECUTIVE OFFICER:



DR. PATRICIA NELLIUS-GUTHRIE
Chief Executive Officer

Signature Date: Oct. 27, 05