



Series: Risk Mgmt/Quality Assurance COA: RPM 2, 4.01, 4.03, 9.01-.02, 9.05- .06, 10; GOV 6, 6.03, 6.04, 6.06, 6.08; HR 3.03; FIN 2, 3
CFOP: NA

Procedure Name: Risk Assessment Process
Procedure Number: RQ-505
Revision #/Date: NA
Effective Date: 1/1/09
Applicable to: All CBCB Staff

SUBJECT: Identifying and Resolving Risk

PURPOSE: To establish a process within the COSO Enterprise Risk Management framework (ERM) to identify potential risk exposure and to develop an appropriate response whereby the organization's risk tolerance threshold established by the Board of Directors will be achieved.

PROCEDURE:

References

CBCB Policies/Procedures: CG-301, GOV-203, GOV-203, PR-901, RQ-502
Risk Management Tool
Risk Management Committee Review Form
Service Provider Risk Assessment Form

Definitions

Risk: A possible event or circumstance that can have a negative influence on CBCB.
COSO: Committee of Sponsoring Organizations of the Treadway Commission
Commodity/Good/Product: A tangible article of trade or commerce; a product as distinguished from a service.
Service: The performance of any duties or work for another; helpful or professional activity.
Vendor/Provider/Contractor: An individual or organization that sells goods or services.
Child and Family Services: Goods or services that are incurred for a specific purpose or to meet a specific objective identified for a child or family being served by CBCB.
Strategy Team: The executive management team of CBCB which consists of the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Compliance and Utilization Officer and the Chief Personnel and Administrative Officer.

Commencing Risk Assessment

To integrate ERM objectives and components, risk assessment will be performed, at a minimum, for each of the following business functions of CBCB:

1. Initial procurement of any project, contract, rate agreement, or other event to be engaged by CBCB.
2. Monitoring of executed child and family service contracts.
3. Monitoring of service delivery to CBCB clients.
4. Re-procurement of any existing project, service, contract, rate agreement, or other event to be engaged by CBCB.

1. Initial Procurement Risk Assessment

A risk assessment should be completed on any project, contract or other event to be engaged by CBCB as determined by the CBCB staff initiating the procurement. It should be noted that risk assessment is a subjective matter and should be pursued in the most reasonable manner possible. Such reason should include consideration, at a minimum, for the following:

- The Board of Director's risk tolerance is set at zero.
- The foreseeable harm to CBCB by not assessing risk.
- The extent of a risk exposure.
- The probability a risk will take place.
- Take into account human factors.
- Be part of any procurement decision making process.
- Frequency of the event.

At a minimum, a risk assessment should take place when the initial procurement of the project, contract, or other event meets one of the following criteria:

1. The value to procure or promote the item exceeds \$50,000.
2. The item is to provide commodities or services directly to clients of CBCB.
3. All vendors/providers seeking a rate agreement to provide services directly to clients of CBCB will, at a minimum, have their State Professional license verified to be in good standing with the issuing government regulator. If there are no outstanding violations or reports of abuse, etc., no further risk assessment need take place. If the vendor is not required to have a State Professional license to perform services, then a more in-depth risk assessment is required as with items qualifying under numbers 1 or 2 above.

When an item is to provide commodities or services directly to clients of CBCB, it is required that the risk assessment be performed by a team, not just the CBCB staff initiating the procurement.

To perform the risk assessment, the CBCB staff initiating the procurement will use the Risk Management Tool (RMT).

The Strategy Team must approve the final risk assessment for all items providing commodities or services directly to clients of CBCB.

The RMT must be available for review by the Chief Executive Officer (CEO) prior to executing any project, contract or other event that meets any of the above two requirements.

Risk Management Tool Instructions

The RMT is utilized as follows:

Risk Identification

Pages 2 – 11 are used specifically to identify potential risk factors.

Page 2 is the Risk Identification Categories List. The project, contract or other event being assessed for risk factors should be entered on the line located in the upper right corner of page 2. All risks identified should be listed under each category applicable on the list. If more risks are identified than slots available, another Risk Identification Categories List may be used. Only the number sequence for the slots will need to be changed as applicable.

Pages 3 – 11 are simple reference pages suggesting several different types of risk exposure that can be encountered in each risk category.

Risk Assessment

Page 13 is the Risk Assessment Chart. This form is used to record the following items on any risk(s) that has been identified for a particular project, contract or other event:

- Probability of the risk occurrence.
- Impact of the risk occurrence.
- Response to mitigate the risk.

To eliminate the need to rewrite each identified risk, the risk can be referenced by citing its corresponding slot number as listed on the Risk Identification Categories List from page 2. The risk's slot number should be written in the column labeled: Identified Risk.

The probability of a risk occurring should be determined by using the Risk Prioritization – Probability Chart located on page 14.

The impact of a risk should be determined by using the Risk Prioritization – Impact Chart located on page 15.

Any CBCB staff or others participating in the risk assessment should be listed on the Risk Assessment Chart. The CBCB staff charged with initiating the item should be circled.

Once the probability and impact of the risk(s) has been determined, an appropriate response must be decided. To quickly and accurately determine a response to the risk(s), the Risk Assessment Grid on page 16 should be utilized as follows:

- The slot number for each risk should be entered into the area of the chart that corresponds

to the risk's identified probability and impact score.

- Any risk that is entered into a Grid area that is identified with either/or a probability or impact written in red, immediate action must be taken to mitigate or eliminate the risk factor.
- Again, the project, contract or other event being assessed should be entered on the line located in the upper right corner of page 16.

The response to each identified risk from the Grid on page 16 should be determined by using the Risk Response Chart located on page 18.

Implementation of Risk Response

Once the Risk Assessment Chart has been completed for the project, contract or other event being assessed, the determined responses must be implemented. The CBCB staff charged with initiating the procurement of the said item will coordinate the implementation of the risk response unless otherwise directed by the CEO. If otherwise directed, the CBCB staff member charged with coordinating the implementation of the risk(s) response should be noted on the Risk Assessment Chart.

Filing of Risk Management Tool

If a risk assessment is completed, all documents used in the risk assessment process should be maintained in the Procurement file as outlined in procedure PR-901: Procurement of Commodities or Services. At a minimum, these documents should include the following:

- Page 2 - Risk Identification Categories List
- Page 13 - Risk Assessment Chart
- Page 16 - Risk Assessment Grid

2. Monitoring of Executed Child and Family Contracts

The Contract Department will utilize the Service Provider Risk Assessment Form for the monitoring of executed contracts for child and family services. This material may be referenced during the initial phase of risk assessment during the procurement process if deemed appropriate. Reference procedure CG-301, Contract Monitoring.

3. Monitoring of Service Delivery to CBCB Clients

To ensure the health and safety of the children and families receiving services at the direction of Community Based Care of Brevard, the Risk Management Committee will review selected delivery of service data to identify trends and to formulate training to confirm continuous quality improvement of services and the mitigation of risk. The Risk Management Committee will utilize the Risk Management Committee Review Form to complete the monitoring of service delivery. Reference procedure RQ-502, Risk Management Committee.

4. Re-procurement Risk Assessment

Upon re-procurement of any existing project, service, contract, or other event to be engaged by CBCB, the following minimum risk assessment should be completed:

1. An analysis should be done on the prior delivery of the commodity or service to CBCB and/or their clients as recorded in the monitorings of sections 2. and 3. outlined above. Client relations issues should also be reviewed and considered. Any citation should be noted and analyzed in respect with the criteria listed in section 1. outlined above.
2. A full risk assessment should be completed using the RMT when the project, contract or other event meets one of the following criteria:
 - The value to re-procure or continue to promote the item exceeds \$50,000.
 - The item is to provide commodities or services directly to clients of CBCB.


Upon renewal of any existing rate agreement for service or commodity delivery to CBCB, the following minimum risk assessment should be completed:

1. Rate agreement renewals should include a re-verification that the vendor/provider's Professional license is in good standing with the issuing government regulator. It should be noted that rate agreements will be renewed annually.
2. An analysis should be done on the prior delivery of the commodity or service to CBCB and their clients as recorded in the monitorings of section 3. outlined above. Any citation should be noted and analyzed in respect with the criteria listed in section 1. outlined above.

Reporting Risk Management Activities

As required by policy number GOV-203, Risk Management, annually the Strategy Team or their designee(s) will compile a report on the risk assessment activity completed by CBCB up to the annual Board of Directors' risk management meeting.

BY DIRECTION OF THE CHIEF EXECUTIVE OFFICER:



DR. PATRICIA NELLIUS-GUTHRIE
Chief Executive Officer
CBC of Brevard, Inc.

APPROVAL DATE: 2/3/09