

## Financial Risk Assessment Policy

### ***Policy***

It is the policy of Central Florida Behavioral Health Network, Inc. (CFBHN) to conduct financial risk assessments on Network Service Providers (NSPs).

### ***Purpose***

The purpose of this policy is to outline the procedure utilized to implement an objective and systematic financial assessment of NSPs.

### ***Procedure***

1. CFBHN conducts an annual financial risk assessment of each NSP. The assessment is based on the information received from each organization's independent audit or other financial reports. If an NSP is not subject to an audit according to 2 CFR 200.521 Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards, CFBHN will use the NSP's internal financial statements to conduct the financial risk assessment.
2. Each NSP is scored utilizing CFBHN's Financial Risk Assessment Tool. The scores are totaled to indicate the status of the NSP's financial health. The status may fall into one of three categories.
  - A. Low Risk: No Action Required. CFBHN records the information for future trend analysis.
  - B. Moderate Risk: CFBHN utilizes the NSP's quarterly financials and the Financial Risk Assessment Tool to perform additional risk analysis. CFBHN reviews results to identify any trends indicating the need for further review with the NSP. Based on the results and trends identified, the NSP may be moved to a different risk category.
  - C. High Risk: If an NSP's score falls in the *High Risk* category, CFBHN contacts the NSP to have them submit monthly Board minutes that include Financials. Additionally, CFBHN reviews the Board minutes to verify that the NSP's Board is being kept apprised of the NSP's financial status. CFBHN utilizes the NSP's monthly financials and the Financial Risk Assessment Tool to perform additional risk review, and create a trend analysis. CFBHN utilizes the trend analysis to establish benchmarks related to the financial health of the agency and meet with the CEO and Board Chairs, if available. These benchmarks are added to the NSP's contract as new contract deliverables. If the deliverables are not met, CFBHN's *Sanctions and Penalties Enactment* Policy is applied.
3. The CFBHN Executive Committee is notified of NSPs determined to be *High Risk*.
4. Other factors contributing to the risk assessment:
  - A. Advances
    - 1) An NSP may request an advance on their payment, however, CFBHN does not typically provide them. This decision is subject to the availability of funds.
    - 2) NSPs that have made a second request for advance payment must make the request to CFBHN's Board of Directors for approval.

**Financial Risk Assessment Policy (continued)**

- 3) Repeated requests for payment advances may result in termination of funding
- B. If an NSP remains in the *High Risk* category without evidence of improvement over time, the organization is subject to the *Sanctions & Penalties Enactment* policy

<p style="text-align: center;"><b>Financial Risk Assessment Policy</b></p> <p>Approval:  Linda McKinnon, President/Chief Executive Officer</p>	<p>Date Issued: <u>03/15/16</u></p> <p>Last Revision: <u>05/24/2021</u></p> <p>Review Date: <u>05/24/2021</u></p>
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