

**ATHENS-HOCKING-VINTON 317 BOARD**

**FINANCIAL RISK MANAGEMENT**

**Policy F-5**

**Current**

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**Supersedes**

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**Purpose**

The purpose of this policy is to assure prudent stewardship of public funds and the continued stability of behavioral health services for residents of Athens, Hocking, and Vinton Counties through the maintenance of adequate reserves, appropriate insurance coverage, and sound financial risk-management practices.

**Policy**

**A. Fiscal Reserves**

**1. General Fund**

The 317 Board will endeavor to maintain reasonable cash balance reserves in the general fund to stabilize budgets against cyclical changes in revenues and expenditures. This cash balance reserve will be sufficient to meet the 317 Board’s expense obligations for a **45-to-60-day** period. The Board may increase the reserve cash balance at times of greater uncertainty (i.e. transition between levy cycles, new state biennium budgets or other state and federal policy shifts). The 317 Board’s board of directors may also act to waive this requirement as it deems necessary. The reserve amount shall be monitored by Board staff and regularly reported to the full Board.

If the governing board chooses to formalize the reserve by resolution, the amount of money to be added to the formal reserve in any fiscal year shall not exceed five percent of the revenue credited to the Board in the preceding fiscal year.

When reserves are used by the Board, a schedule for replenishing the reserve in a reasonable time and in accordance with economic conditions will be presented to the board of directors.

**2. Construction Fund**

The 317 Board owns six properties. Two properties (Serenity Village and Logan house) generate income and have their own accounts with accumulated replacement reserves, and four properties (Board office, Adam-Amanda Rehabilitation Center, John W. Clem House, McArthur Peer Support) do not generate income, and the replacement reserves are covered by the Board’s Construction Fund. At the start of each state fiscal year, the Construction Fund will be replenished to \$200,000 to ensure that sufficient funds are available to address proper care of Board owned facilities.

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#### **B. Insurance**

The Board will purchase insurance coverage to protect against the risks listed below. Coverage amounts will be based on agent recommendation and/or independent insurance audit or review.

1. **Liability/Insurance.** Protection related to liability for injury to persons and/or damage to property related to operations and programs.
2. **Real and Personal Property/Insurance.** Real property refers to land and building and structures attached to the land; personal property refers to all other types of property, such as furniture, equipment, etc. Risk exposures are the loss and/or damage of property from theft, fire, misuse, etc.
3. **Officers and Employees Indemnification.** Subject to limited exceptions, the 317 Board is obligated by law to provide defense and indemnification for employees and board members for acts occurring within the course and scope of their employment or official duties.
4. **Cyber-Security.** Cyber insurance covers costs related to cyberattacks data breaches and system failures.
5. **Contract Provider Risk.** The 317 Board is also exposed to risk through its contractual relationship with service providers. To reduce this risk, the 317 Board will require all contract providers to maintain adequate insurance coverage. The 317 Board will require OhioDBH certified clinical treatment providers and providers leasing Board properties to name the 317 Board on their policies and provide proof of insurance coverage as the 317 Board deems necessary.

#### **C. Policies and Procedures**

The 317 Board will ensure sound governance and operations through the development of policies and procedures in at least the following areas: HIPAA, Cybersecurity, Personnel, Fiscal Controls, Ethics, Public Records and Inventory.

#### **D. Legal Counsel**

The 317 Board will seek legal review of contracts and policies to ensure compliance with constitutional, statutory, and regulatory requirements to seek to reduce legal and reputational risks.

### RESPONSIBILITY.

**Executive Director:** The Executive, Deputy and Fiscal Directors are responsible for the implementation of this policy.