

<b>Topic:</b> Risk appetite assessment of compliance matters	<b>Department:</b> Corporate Compliance
<b>Original effective date:</b> 3/1/08	<b>Last revision date:</b> 8/23/24
<b>Owner:</b> VP for Quality and Compliance	<b>Frequency of reviews:</b> Annual
<b>Internal/Regulatory Reference(s) (all that apply):</b> 18 NYCRR 521.3(a) & (c)(6)	
<b>Related documents/Links:</b> Risk Appetite Scoring Table (attached)	

**Policy:** It is the policy of The Arc of Monroe that business, administrative and support functions promote personal and organizational outcomes.

**Additional Information:** Risk assessment is both a critical and required element of an effective compliance program. This specific process is designed to determine if something we know or believe happened falls within our “risk comfort.” This is based on the premise that some minor, incidental things are likely to occur periodically; however, we wish to focus our time and energy on situations that exceed our risk comfort and are more significant or less routine. This is done by looking at the circumstances surrounding the situation and scoring specific elements.

Specifically, we look at the degree to which:

- It was documentation-related
- It related to Medicaid or other governmental funding
- It was deliberate or accidental
- It was due to an ineffective system or not
- It was an isolated incident or pervasive
- It was due to the actions of one or several people
- Management was involved in or responsible for this occurring
- This was the first time this happened or it had happened before
- This impacted the people we support
- There was a financial impact or payback as a result

<b>Procedure</b>	
<b>Task:</b>	<b>Responsible party:</b>
<b>General Guidelines:</b>	
1. The VP for Quality and Compliance has responsibility for this procedure.	VP for Quality and Compliance
2. For situations which are confirmed to have occurred or may have occurred, each of the 10 items is given a score to reflect Low, Moderate and High. In addition, it’s possible based on scoring to determine what specifically drove that score. Please review the attached “Risk Appetite Scoring Table” for details.	VP for Quality and Compliance
3. Results are weighted as follows: *Low scores are weighted 1 *Moderate scores are weighted 2	VP for Quality and Compliance

<p>*High scores are weighted 3</p> <p>This means that the total number of low scores is multiplied by one, moderate are multiplied by 2 and high are multiplied by 3. When added together, this gives us the final score.</p>	
<p>4. Final scores from 10-17 are considered within our risk comfort. Anything 18 or higher is considered outside. We will look to determine what drove the score that high and what action, if any, should or can be taken to improve these scores in the future.</p>	<p>VP for Quality and Compliance</p>
<p>5. Trending of scores (individual and final) will occur periodically as appropriate.</p>	<p>VP for Quality and Compliance</p>

**Document revision record:**

Revision Date	Release Date	Reason for change	Approver
6/25/09	6/25/09	Reasons for changes not documented	P Dancer
9/24/10	9/24/10	Reasons for changes not documented	P Dancer
10/17/12	10/17/12	Reasons for changes not documented	P Dancer
5/31/13	5/31/13	Reasons for changes not documented	P Dancer
5/30/17	5/30/17	Reasons for changes not documented	P Dancer
11/9/18	11/9/18	Reasons for changes not documented	P Dancer
10/29/19	10/29/19	Transitioned to new procedural format	P Dancer
12/30/20	12/30/20	Clarified which compliance cases this applies to	P Dancer
3/19/21	9/8/21	Fleshed out details and clarified some language	ICC
8/23/24	9/25/24	Added clarifying language	ICC

**Risk Appetite Scoring Table  
Sept 2014 Version**

*Only situations that are either inconclusive or confirmed are scored. Disconfirmed situations are not scored.*

<b>Area</b>	<b>Low</b>	<b>Moderate</b>	<b>High</b>
1. Documentation	Not documentation-related – L1	Missing but there is evidence that it was completed within required timelines – M1	Documentation was completed late – H1
		Partially complete (whether inaccurate or not) – M2	Complete but inaccurate – H2
			Missing and it appears it was never done, or it's unclear whether it was ever done or not (presumption would be that it was not) – H3
			Documentation is mishandled, such as sent to the wrong people, left where others can see it, left unsecured, where breach is possible, not distributed within timelines, etc. – H4
			Documentation is false or fraudulent – H5
2. Relationship to Medicaid, Medicare or other governmental funding	No relationship to Medicaid et al. – L2	Indirect relationship to Medicaid et al. – M3	Direct relationship to Medicaid et al. – H6
3. Deliberateness continuum	The situation is a result of a misunderstanding of a system – L3	Involved staff was untrained or insufficiently trained and made the best judgment – M4	The established system was followed however there is evidence that the system was faulty, insufficient or inadequate – H7
	The situation was outside Arc's control (i.e., a funder didn't pay us properly) – L3a	The situation is the result of inattention, carelessness, recklessness, or poor judgment in the implementation of established systems – M5	Involved staff deliberately chose to not follow the established systems – H8
		Involved staff was struggling with job responsibilities but failed to request assistance or support – M6	
		It's unclear whether the reported situation happened or not – M7	

4. Systems continuum	System, policy and/or standard in place and effective – L4	System in place and is partially but not fully effective – M8	There is no system in place – H9
		Partial systems is in place and there are critical gaps – M9	
		There is an informal system in place (common knowledge systems that everybody knows or what can be perceived as a common) – M10	
5. Pervasiveness within the program	Isolated (1-2 instances noted) – L5	Expanded presence (more than 2 but does not appear to involve the majority of the site/program or people served) – M11	Pervasive (involves the majority of the program) – H10
		It's unclear how pervasive the situation is – M12	
6. Individual to group continuum	Only one staff person is or appears to be involved in the situation – L6	Small work group appears to be involved (i.e., a core room, a residential shift, a small residence staff, a clique of staff). Involvement can include failure to report a known concern even if that person was not actively involved in the issue. – M13	All or most of a significant body of staff is involved in the situation reported (i.e., all staff at a location or in a department) – H11
	No Arc staff have responsibility for the situation (i.e., outside agency is responsible) – L6a	It's unclear whether one or several staff were involved in the reported situation – M14	
7. Management involvement	No management staff are involved in the situation reported – L7	It's unclear whether or not management staff are involved – M15	Management staff are involved in the situation reported – H12
8. Frequency of occurrence	A situation that is similar in sum/substance has not been reported or discovered in this program within the prior 12 months – L8	A situation that is similar in sum/substance has been reported or discovered within this program between 12 and 6 months prior to this occurrence – M16	A situation that is similar in sum/substance has been reported or discovered within this program within the prior 6 months – H13
9. Impact on people served	No impact on people served – L9	Indirect impact on people served – M17	Direct impact on people served – H14 <b>THIS IS ALWAYS THE SCORE FOR HIPAA/HITECH CASES</b>
		It's unclear what level of impact (if any) there was on people served – M18	
10. Financial adjustment	None – L10	Non-material financial adjustment – M19	Material financial adjustment – H15