

Topic: Risk appetite assessment of compliance matters	Department: Corporate Compliance
Original effective date: 3/1/08	Last revision date: 7/3/25
Owner: VP for Quality and Compliance	Frequency of reviews: Annual
Internal/Regulatory Reference(s) (all that apply): 18 NYCRR 521.3(a) & (c)(6)	
Related documents/Links: Risk Appetite Scoring Table (attached)	

Policy: It is the policy of The Arc of Monroe (“The Arc”) 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

Procedure	
Task:	Responsible party:
General Guidelines:	
1. The VP for Quality and Compliance has responsibility for this procedure.	VP for Quality and Compliance
2. For situations which are either confirmed to have occurred or may have occurred (inconclusive), each of the 10 items listed above 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>	
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.	VP for Quality and Compliance
5. Trending of scores (individual and final) will occur periodically as appropriate.	VP for Quality and Compliance

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
7/3/25	9/25/25	Added clarifying language	ICC