









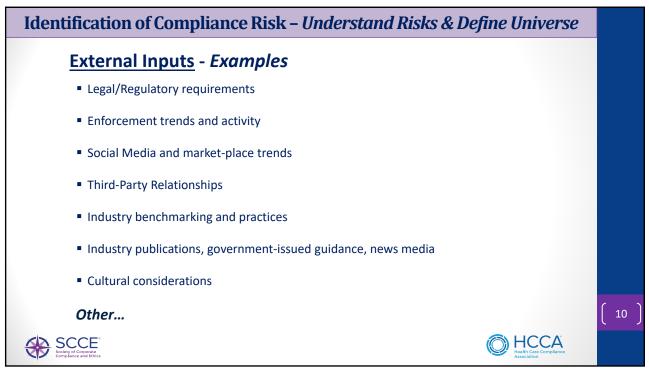




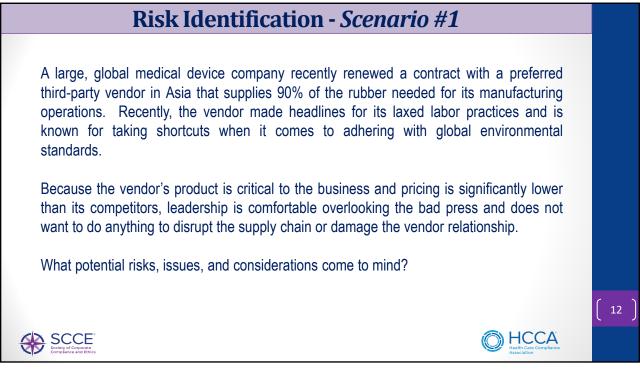
| Inherent Risk | "The risk to an entity in the absence of any direct or focused actions by management to alter its severity." <u>Enterprise Risk Management – Integrating with Strategy and Performance</u> ©2017, Committee of Sponsoring Organizations of the Treadway Commission (COSO). All rights reserved. Used with permission. |
|---------------|--|
| Control Risk | "Probability of loss resulting from the malfunction of internal control measures implemented to mitigate risks." DifferenceBetween.com/(difference-between-inherent-risk-and-vs-control-risk/) |
| Residual Risk | "The risk remaining after management has taken action to alter its severity." Enterprise Risk Management – Integrating with Strategy and Performance ©2017, Committee of Sponsoring Organizations of the Treadway Commission (COSO). All rights reserved. Used with permission. |

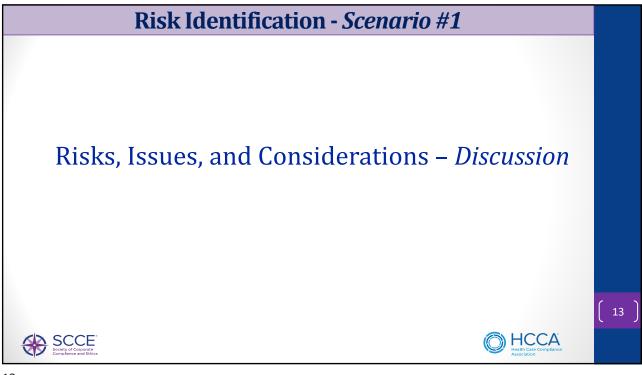




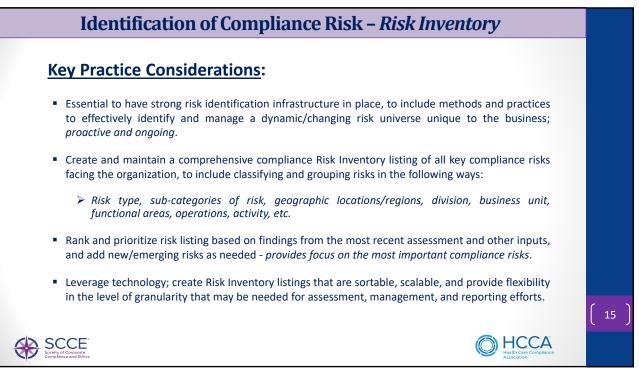








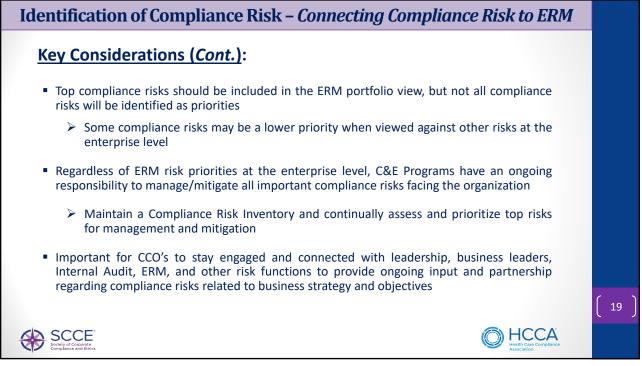








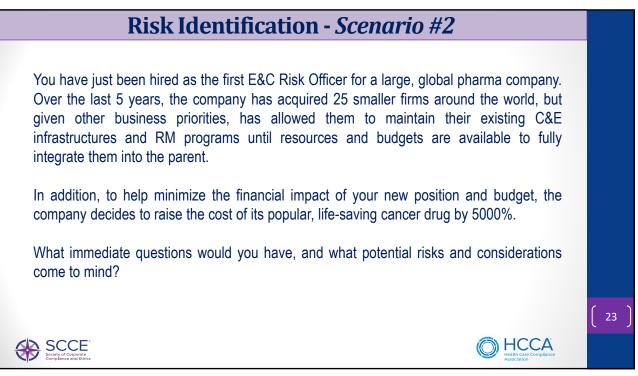


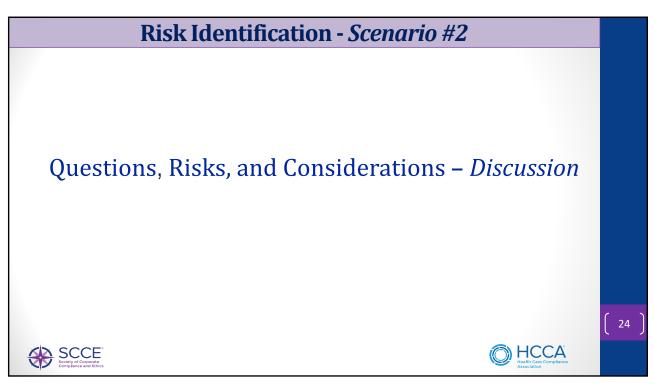


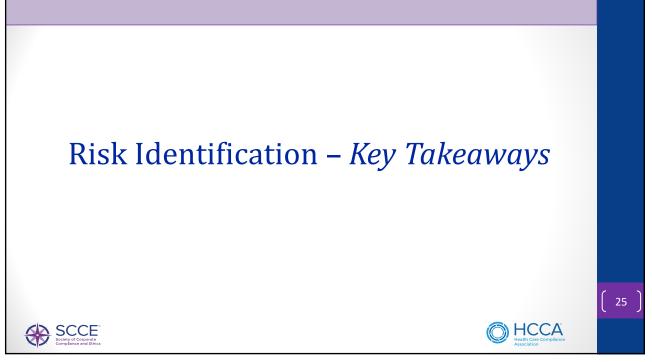


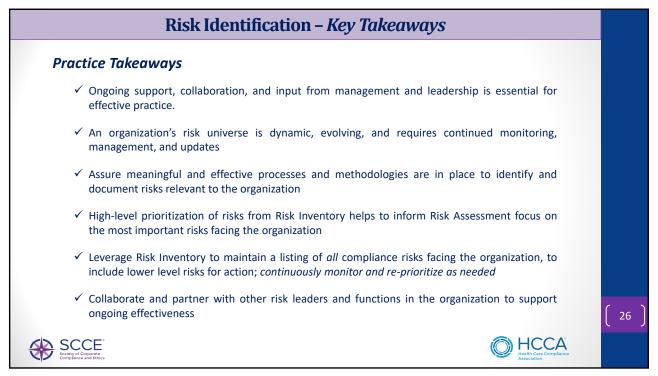
| Risk Identification – Effects of Intentional vs. Unintentional Risk Events | |
|---|-----|
| Defined and Distinguished | |
| Intentional vs. Unintentional Risk Events – Compliance-Related | |
| <u>Intentional</u> - Risks events that generally arise from overt and intentional acts intended to cause harm and/or efforts to engage in wrongdoing or criminal conduct. | |
| • Examples: Fraud, corruption, bribery, hacking, conflicts of interest, theft, internal/external data breaches, etc. | |
| <u>Unintentional</u> - Risk events that typically arise from negligence, carelessness, mistakes, lack of training or experience, and other innocent causes. | |
| • Examples: Accounting errors, equipment misuse resulting in injury, new regulations, network failures, unknowns | |
| Both can result in reputational damage and create liability. Intentional risk events cause greater liability when organizations are faced with enforcement challenges as a result of wrongdoing | |
| Effective and timely identification and response to compliance risk events will help to minimize liability and other harm to the organization caused by the event. | (2 |
| SCCE Senser of Constant Complete and Ethics | |

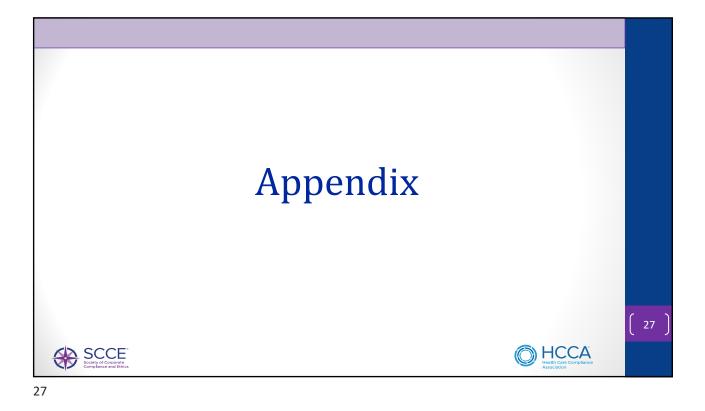












Scclety of Corporate

disclosures of any wrongdoing, etc.).

HCCA

