

**ATTACHMENT B**

**RISK FACTOR DEFINITIONS AND GUIDELINES**

**COUNTYWIDE RISK ASSESSMENT AND AUDIT PLAN**

**SUMMIT COUNTY, OHIO**

The table below lists a description of the impact and probability factors and the related assigned weight.

	Factor	Definition and Guidelines	Risk Factor Weight	Weight as a %
1	Budgeted Expenditures	Based on the total 2003 budgeted expenditures by department as reported in County Resolution 2002-78	5	16%
2	Financial Exposure	A measure of the exposure to potential loss or embarrassment due to the cash nature of transactions and the ease or difficulty of assets being converted to cash. The Risk Management Team also considered the volume and dollar value of cash transactions compared to the amount of business transacted by check or wire transfer.	3	10%
3	Off CAFR Funds	A measure of exposure to potential loss or embarrassment for resources which pass through the departments and are not reported in the County Budget Resolution (i.e., Federal assistance transactions). The balances were obtained through the questionnaire responses.	3	10%
4	Number of Staff	A measure of exposure to loss due to the number of employees in a department which impact the financial exposure, compliance with laws and regulations, control of off CAFR funds, public exposure and complexity of transactions. The number of staff was arrived at through the questionnaires and/or interview process.	2	7%
5	Compliance with Laws and Regulations	A measure of exposure, loss or regulatory sanction due to complexity and volume of regulations or penalties for noncompliance. The Risk Management Team considered the nature and type of grants, contracts and pass through funds. We also considered the nature and number of Federal, State, County and/or other regulations or conditions that the department would be responsible to comply with or monitor. In addition, the Risk Management Team considered the legal ramifications for noncompliance.	5	16%

*ATTACHMENT B (CONTINUED)*

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6	Public Exposure	A measure of exposure to loss or embarrassment caused by the level of visibility and/or public interest. The Risk Management Team considered both public and media interest related to the department. In addition, the Risk Management Team considered the physical environment and security of the facilities, data, records and department personnel. In addition, the nature and the extent of past situations, issues or incidences were taken into account.	4	12%
7	Management Experience	A measure of the experience of management and its effect on limiting potential loss through adherence to regulatory compliance, effective use of resources, budget management and personnel skills utilized. The Risk Management Team considered management's background, time in service, training, level type and nature of service. In addition, the Risk Management Team considered the potential effects of managerial changes and turnover (i.e., termination, resignations and retirement).	1	3%
8	Complexity of Transactions	A measure of the exposure to loss due to the nature and process of recording transactions and maintaining account balances. The Risk Management Team also considered contract terms and the nature of grant or pass through activities.	3	10%
9	Time Expired Since Last Audit	A measure of how exposure to loss or embarrassment has been mitigated by the frequency level of internal and/or external audits. The Risk Management Team considered the timing of the last audit or special audits performed excluding the Countywide financial audit. In addition, the Risk Management Team considered the extent, nature, materiality and purpose of past audit scopes and findings.	5	16%