

APPENDIX C
CONTRACTOR PURCHASING SYSTEM REVIEWS
RISK ASSESSMENT MATRIX

RISK CATEGORY	PERFORMANCE	SCHEDULE	COST
HIGH (3)			
--Performance data casts significant doubt on the ability of the system or key process ability to meet requirements. A major disruption is highly probable and the likelihood is that the supplier will not achieve the performance, schedule or cost objectives	<ul style="list-style-type: none"> · Delinquent end item delivery · Poor or nonexistent internal audit/self governance · Failure to meet socio-economic subcontract goals · Frequent overruns · Inadequate incoming inspection methods 	<ul style="list-style-type: none"> · Frequent late supplier deliveries<80% · Inadequate lead time provided to ensure on-time delivery of critical items · Inadequate subcontract administration and expediting methods · Failure to utilize DPAS · High turnover of suppliers · Inadequate vendor rating system · Metrics not used 	<ul style="list-style-type: none"> · Public Law violations (TINA) · Inadequate price/cost analysis methods · Inadequate negotiation skills · Infrequent use of competitive procurement · Frequent payment of transportation premium · Failure to take fast payment or quantity discounts

RISK CATEGORY	PERFORMANCE	SCHEDULE	COST
MODERATE (2)			
--Performance data casts doubt on the ability of the system or key process to meet requirements. Some disruption is probable and the likelihood is the supplier will encounter delays in meeting the performance, schedule or cost objectives. When performance data is insufficient on a system or key process it shall be classified as moderate risk.	<ul style="list-style-type: none"> · Marginal internal audit/self governance · Occasional failure to meet socioeconomic subcontracting goals 	<ul style="list-style-type: none"> · Some late supplier deliveries<90%>80% · Lead-time adequate for critical items, sometimes inadequate for noncritical items · Some weaknesses in subcontract administration and expediting methods · Some utilization of DPAS · Moderate turnover of suppliers · Some use of metrics 	<ul style="list-style-type: none"> · Some TINA compliance · Moderate adequate price/cost analysis methods · Inadequately documented negotiations · Moderate degree of competition obtained · Infrequent payment of transportation premium · Some discounts taken

RISK CATEGORY	PERFORMANCE	SCHEDULE	COST
LOW (1)			
--Performance data provides confidence in the ability of the system or key process to meet requirements. Minimal or no impact will occur in meeting performance, cost or schedule objectives.	<ul style="list-style-type: none">· Satisfactory monitoring and inspection of vendor quality compliance· Good vendor rating system for quality and delivery· Good internal audit/self-governance· Meets or exceeds socio-economic goals	<ul style="list-style-type: none">· Adequate lead-time· Satisfactory supplier deliveries >90% of the time· Good subcontract administration and expediting methods· Accurate vendor rating system· Full use of DPAS· Low supplier turnover· Effective metrics use	<ul style="list-style-type: none">· TINA compliance· Satisfactory price/cost analysis methods· Negotiations conducted where applicable; adequate documentation· Satisfactory degree of competition obtained· Rare use of transportation premium