

Risk Assessment Matrix (RAM)

Table 1: Evaluation Criteria

Factor	Low 1	Medium 2	High 3	Extremely High 4
Total Cost	<\$25k	>= \$25k but <\$100k	>= \$100k but <\$1 million	>\$1 million
Type of Contract Purchase	Interagency, MOU or Interlocal	Contract less than 25k	Consulting, Emergency, Sole Source, Proprietary, or Construction > \$25k	Major information technology purchase
Payment Type/Structure	Fixed price or contingency	Rate or Fee for Services	Cost Reimbursement >= \$100k but <\$1 million	Cost Reimbursement
Essential MSU Function	Contract services are not essential to MSU's mission	Contract services are moderately essential to MSU's mission	Contract services are essential to MSU's mission >= \$100k but <\$1 million	Contract services are essential to MSU's mission
Percentage of Services Performed by Subcontractors	No Subcontractor involvement	Subcontractors account for less than 50% of contract work performed	Subcontractors account for 50% to 75% of contract work performed	Subcontractors account for more than 75% of contract
Stability & Experience of Vendor's Key Management	No recent change and significant experience	No recent change, but not significant experience; or recent change but significant experience	Recent change and not significant experience	Recent change and less than 1 year of experience
Compliance History	No issues of non-compliance	Moderate instances of non-compliance	Substantial finding of non-compliance	Substantial finding of non-compliance –
Past Programmatic Performance	Met or exceeded all output and outcome measures	Met 90% or more but less than 100% of output and outcome measures	Met 75% or more but less than 90% of output and outcome measures	Met less than 75% of output and outcome
Audit Results	No audit required or no issues or findings in audit(s)	Moderate issues or findings in audit(s)	Substantial issues or findings in audit(s)	Substantial issues or findings in audit(s)
Number of Years Vendor in Business	More than 5 years	3 to 5 years	1 to 3 years	Less than 1 year
Performance Measures	Contract contains multiple defined and measurable performance	Contract contains at least one clearly defined or measurable performance measure	No performance measures included in contract >= \$100k but <\$1 million	No performance measures included in
Deliverables	Contract contains multiple deliverables that are clearly defined	Contract contains at least one clearly defined deliverable	No deliverables included in contract	No deliverables included in contract
Financial Reports Required	>= \$500k but <\$1 million – substantial financial reports required	>= \$1 million but <\$1 million – substantial financial reports required	>= \$1 million - minimal financial reports required	>= \$1 million - no financial reports

Table 1A:

Evaluation Table (Use the criteria in Table 1 to determine the score for each factor and total up the scores.)

Project Name:		
Factor	Comments	Score
Total Cost		
Type of Contract Purchase		
Payment Type/Structure		
Essential MSU Function		
Percentage of Services Performed by Subcontractors		
Stability & Experience of Vendor's Key Management		
Compliance History		
Past Programmatic Performance		
Audit Results		
Number of Years in Business		
Performance Measures		
Deliverables		
Financial Reports Required		
Other		
	TOTAL	

Table 2: Risk Assessment Matrix (Use the scores provided in Table 1A to determine the level of risk.)

Risk Level		Point Range	Description
Extremely High Risk	E	40-52	Projects include unexpected levels of risk, including critical issues that are likely to occur if the contract is not properly managed. Contract management staff must consider possible contract risks, document and include them in the contract management plan and determine how risk will be monitored.
High Risk	H	27-39	Projects contain potentially serious risks that may occur. The contract management plan must include language that ensures proactive strategies to reduce risk and the method of monitoring the risk.
Medium Risk	M	14-26	Projects contain some level of risk that may occur. Contract management staff should consider if a contract management plan is required. If a contract management plan is not required, the purchaser will identify and document with an explanation of how risks will be managed. This information will be maintained with other contract documentation.
Low Risk	L	0-13	Projects contain minimal risks and are unlikely to occur. Contract management staff can proceed with contracting as planned.

Summary of Risk Management:

Risk Mitigation Plan:

Contract Liaison/Monitor

Date

Department Head

Date