


A wooden gavel with a brass base and a red wax seal on a document. The gavel is positioned vertically on the left side of the image. The wax seal is circular and embossed with a design, located on the right side of the document. The background is a blurred red and white surface.

Coronavirus Risk Assessment **Government & Not- for-Profit**



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Industry Risk Analysis

⊖ United States Postal Services

Exacerbation of the COVID-19 (coronavirus) outbreak in the United States is likely to lead to postal service delays because infections among postal workers would lead to closures of entire distribution facilities and post offices. For example, a US Postal Service (USPS) facility in Seattle, wherein packages are sorted and transported to individual post offices, has recently shut down for deep cleaning after an employee tested positive for coronavirus.

⊖ Education Systems

Further coronavirus outbreak in the United States will undoubtedly disrupt public education, although adequate preparation will help schools adapt more seamlessly. Some public schools in affected areas have already shut down to slow further spread. Others are discussing preparation plans for further outbreak, such as hiring additional cleaning staff or implementing online programs.

⚠ Healthcare Providers

While the increasing demand for healthcare services and large medical bills incurred by patients as a result of coronavirus testing are bringing in revenue for hospitals, hospitals are also at risk of facing skyrocketing operating costs and dwindling resources in the case that coronavirus becomes more widespread. A US pandemic could place serious financial and operational strain on the US healthcare industry.

Risk Level Key

High



Medium



Low



⚠ Defense Agencies

With over 75,000 US troops stationed in countries experiencing major outbreaks, members of the US military are at a heightened risk of contracting coronavirus. Unfortunately, steps taken to prevent the spread of coronavirus may also hinder the military's training, readiness and ability to provide aid to affected communities.

⊖ Public Transit

Public transportation systems across the United States are implementing routine disinfecting procedures and providing hand sanitizer and gloves to passengers. As concerns about the spread of coronavirus worsen, it is likely that fewer people will use public transit and buses and subways will adopt modified schedules in response. Public transit systems are thereby expected to face increased costs and declining revenues due to the coronavirus outbreak.



Supply Chain Risk Analysis

2nd Tier Suppliers

✔ United States Treasury

Given that the US Treasury has never defaulted on its debt in modern times, it poses a low level of supply chain risk to government and not-for-profit organizations. US Treasury bonds are considered among the safest in the world and the escalation of coronavirus outbreaks in the United States or abroad are not expected to decrease the US Treasury's creditworthiness.

1st Tier Suppliers

✔ Federal Reserve Bank

The Federal Reserve Bank poses a low level of supply chain risk to government and not-for-profit organizations. The Federal Reserve Bank mitigates potential credit risk by requiring collateral for all of its loans and by monitoring the financial stability of borrowing entities. As such, the Federal Reserve Bank maintains its ability to give loans to eligible entities.

Vendor

⊖ Government & Nonprofit Service Providers

Further outbreak of coronavirus poses a moderate level of risk to government and nonprofit service providers, on average. Government and nonprofit industries generally work in direct or indirect contact with large volumes of people on a daily basis to provide necessary services to the general public. As such, a nationwide coronavirus pandemic would directly impact government and nonprofit organizations' ability to provide these services, as well as demand.

Key Buyers

⚠ Underserved Communities

Underserved communities are at a high risk of being affected by coronavirus. So far, coronavirus has had the highest mortality rate among the elderly, while low-income patients rely most heavily on government- and nonprofit-funded hospitals.

⊖ Students

Young people in general have the least risk of contracting coronavirus. According to Chinese authorities, only 8.1% of cases were people in their 20's, 1.2% were teens and 0.9% were aged nine or younger. However, the structure of public schools and universities places a large volume of students in close proximity to one another, which increases the risk of school closures and other disruptive measures in order to prevent the rapid spread of coronavirus.



Mitigating Supply Chain Risk

Best Practices for Government & Not-for-Profit

- ♥ The Center for Disease Control and Prevention (CDC) recommends schools with identified coronavirus cases close for at least 14 days and cancel all extracurricular activities, events and other group gatherings.
- ♥ According to OSHA, workers hired to clean public areas and dispose of medical waste should adhere to all necessary safe work practices such as puncture-resistant gloves and face and eye protection. Public facilities should be regularly disinfected and hand sanitizer pumps or hand wipes should be provided for public use.
- ♥ Emergency medical services (EMS) in cities with coronavirus cases are using special infectious disease response ambulances to transport coronavirus patients to the hospital in order to avoid infecting future ambulance patients through cross-contamination.
- ♥ The US Central Command has banned all nonessential travel for military personnel in the Persian Gulf region. Nonessential travel includes going to any crowded venue or recreational facility, including malls and movie theaters. Moreover, military personnel are prohibited from traveling between countries in the region for any reason.
- ♥ The CDC is encouraging healthcare providers to conserve personal protective equipment (PPE) supplies due to ongoing global supply shortages. For example, the CDC recommends PPE such as respirators and facemasks only be used for healthcare personnel and patients with confirmed or possible coronavirus virus infection.

Related Market News

- “ The governors of Washington, Florida and California have all declared states of emergency in order to help prevent further spread of the coronavirus in their respective states.
- “ The US military recently called off a joint training exercise with the South Korean military due to the extensive coronavirus outbreak in South Korea.
- “ The USPS has temporarily suspended its Priority Mail Express International guarantee for mail destined for China and Hong Kong as a result of widespread airline cancellations and entrance restrictions in the region.



Vendor

Risk Mitigation

Best Practices Checklist

Company-Wide Best Practices

- Designate a company director as the coronavirus “point person”:** In an effort to mitigate risk across an organization, companies should consider selecting a single person (ideally a human resource professional, someone in the legal department or a workplace health professional) to be involved in all personnel decisions related to the coronavirus.
- Develop risk-appropriate contingency plans:** Companies should ask themselves: “How do we quantify our direct and indirect risk exposure to market disruptions stemming from the escalation of the coronavirus outbreak?” Companies should map out what inputs are core to their business and also have a high-risk exposure to economic disruptions stemming from further outbreak of COVID-19 and develop subsequent contingency plans based around these high-risk inputs.
- Ensure contingency plans are consistent with existing employment and health laws:** In the United States, employers may consider sharing the Equal Employment Opportunity Commission’s (EEOC) Pandemic Preparedness in the Workplace amongst their employees. These guidelines specifically warn that testing an employee’s temperature may be unlawful and considered a medical examination under the Americans with Disabilities Act (ADA) unless such action is clearly advised by proper health authorities or where the employer can show the employee poses a direct threat to the health and safety of other employees.
- Develop contingency plans to manage technology risk:** These risks include, but are not limited to, the capacity to enable a large number of employees to work remotely, an increase in online traffic to web-powered platforms and a rise in cybersecurity threats/attacks.
- Clear and consistent internal and external messaging:** Communication and messaging is one of the most important considerations for organizations to consider. As evidenced by the subsequent backlash to the Chinese government’s response to the outbreak and their mixed messaging on the evolving severity of the outbreak, companies too have their personal brands and reputations on the line as they draft contingency plans.



Vendor Risk Mitigation

Best Practices Checklist

Day-to-Day Best Practices

- Implement more frequent and stricter office cleanliness requirements:** Employers can provide N-95 face masks, sanitizers, increase the rate of office cleaning and publish informational reminders for washing their hands and best practices for preventing the spread of germs.
- Consider shifting employee responsibilities in a defined business continuity plan:** Management teams should consider the reallocation of responsibilities between employees and/or establish new procedures for remote employees in the event travel restrictions are implemented.
- Develop policies for clear communication with customers:** It is important to develop procedures for communication with customers and understand the overall impact on the firm's ability to service customers. Firms should determine how customers will be notified about any restrictions to market services.
- Consider implementing split team arrangements:** Split team arrangements refer to when personnel and employees are split into two or more teams (e.g. Team 1 and Team 2) that are deployed with different work schedules or at different work sites to prevent the spread of the virus.
- Implement flexible working arrangements:** Organizations should consider allowing employees to work from home in order to prevent contamination.
- Carry out testing measures in "high-risk" work environments:** The EEOC's Pandemic Preparedness in the Workplace warns that testing an employee's temperature may be considered a medical examination under the Americans with Disabilities Act of 1990 (ADA) unless clearly advised by proper health authorities or where the employer demonstrates the employee poses a direct threat to other employees based on objective medical evidence.
- Implement internal controls to prevent human-to-human transmission:** Companies should consider catering lunches and meals to minimize employee's exposure to crowded areas like the food centers, supermarkets and restaurants.
- Restrict employees from returning to work if they have recently visited a high-risk area:** Many employers have adopted a 14-day or longer work-from-home policy for any employee that has recently returned from China or another country with high risk of contracting the virus.