



Federal grants management:

Continuous improvement
through technology



Introduction

Federal agencies have seen a continuous rise in grant funding over the last few years, mostly due to new legislative priorities such as the American Rescue Plan Act (ARPA), the Bipartisan Infrastructure Act, the Inflation Reduction Act, and the Infrastructure Investment and Jobs Act. Agencies issued over \$1.1 trillion in grants funding in fiscal year 2023, with a similar dollar value anticipated in 2024.

The rise in grant funding correlates with increased administration focus on improving grant processes and enabling technologies. In 2021, the Office of Management and Budget (OMB) appointed the Department of Health and Human Services (HHS) to serve as the Grants Quality Service Management Office (Grants QSMO). Key to the charter of the Grants QSMO is “empowering and enabling federal awarding agencies, applicants, and recipients with modern tools to efficiently and effectively deliver on the federal grants mission.”

At the same time, Congress and the general public want grants programs to demonstrate that funding is delivering results aligned with grant objectives. With increasing numbers of programs focused on underserved communities, working to expand grant reach to a broader spectrum of recipient communities, the need for high-quality data throughout the grants lifecycle remains important to measure outcomes.



To meet the goals of their critical grant-based programs, agencies must continue to adapt and improve processes across the grants lifecycle. Applicants and grantees require streamlined methods to share data with federal agencies. Grants managers may be chartered with expanding portfolios and additional funding to administer, requiring systems to adapt and scale. As agencies stand up new grants programs, those programs require modern systems that support their unique workflows and business rules, secure grantee and grantor data, and integrate with enterprise systems to support grants payment and overall records management.

In 2023, federal agencies granted over **\$1.1 trillion dollars** to state and local governments, universities, tribal nations and community-based organizations for various programs to address a wide array of issues.

A mission to modernize

Federal grants play an important role in funding national priorities, such as:

- Increasing student access to higher education
- Helping care for the economically disadvantaged through nutrition programs and housing assistance
- Increasing public safety
- Advancing crime prevention
- Securing and improving critical infrastructure
- Protecting communities against environmental harms and risks.

51 agencies and federal entities issue financial assistance in the form of grants and cooperative agreements. Across this federal landscape, agencies leverage a host of systems to facilitate the grants lifecycle: in fact, the Grants QSMO estimates that, collectively federal agencies are managing more than 150 IT systems to support the grants management process. Many of these are legacy systems that may not be optimized for today's grants management processes and new requirements as set forth by legislation including the Grant Reporting Efficiency and Agreements Transparency (GREAT) Act.

With the volume of grants transactions increasing at a rate of 3% per year, agencies also face challenges in adapting systems to the complexity and scale of the current grants management landscape. As such, modernization of grants and grants-adjacent systems must be a primary focus for agencies moving forward.



51

federal grant-awarding agencies

150+

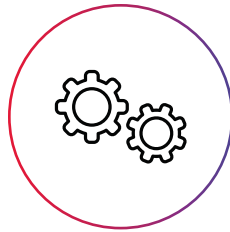
grants management IT solutions

1500+

federal grant programs

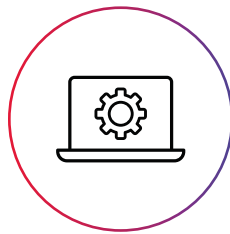
Challenges in U.S. federal grants processes

Federal agencies face many challenges in the execution of their federal grant programs:



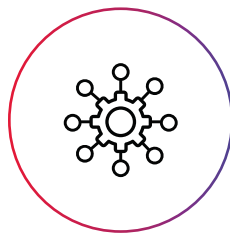
Speed to implement new programs

Organizations chartered with administering new grants programs feel pressure to launch quickly, requiring them to stand up processes and enabling systems at rapid speed. At the same time, they recognize the imperative for process optimization to drive efficiencies and mitigate the potential for fraud, waste and abuse. They must quickly develop policies, procedures and administrative rules specific to new programs.



Inflexibility of legacy systems

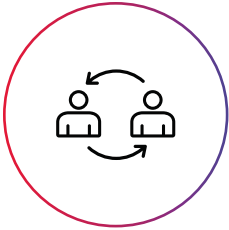
Many agencies use grant reporting systems that are not equipped to handle the transparency, auditing and compliance requirements associated with larger-scale efforts. Agencies relying on outdated legacy systems or inflexible newer systems may struggle to effectively and efficiently manage programs as they evolve and scale. As intersecting systems across the federal enterprise are modernized, the constraints associated with legacy grants systems may hinder transformation, and stifle efforts to improve efficiencies and optimize processes.



Immature systems integration

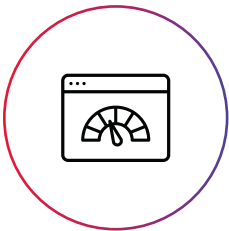
Lack of integration between systems used to facilitate the end-to-end grants lifecycle, including payment and records management, can lead to challenges in quality and performance, redundant data collection or inefficient information management. Effective integration is critical to decrease the risk of error when entering data in multiple systems and to enable timely access to vital information.

Moreover, grant payments require effective integration with grants management, financial and payment systems, as failure to integrate data effectively can result in inaccurate payments that undermine the grants program.



Need for greater transparency and accountability

Both grantor and grantee agencies must comply with reporting requirements associated with the original funding source as well as transparency requirements such as the GREAT Act and the Federal Funding Accountability and Transparency Act (FFATA). Grantors and grantees must also fulfill reporting requirements, as the public demands transparency and open disclosure of fund distribution and outcomes.



Call for improved performance monitoring

The Presidential Memorandum on Restoring Trust in Government Through Scientific Integrity and Evidence-Based Policymaking (January 2021) reinforces the need for evidence-based decision making as a means to demonstrate grant program value. Today, many agencies are challenged in monitoring how much funding has been issued and paid out to grantees, leading to inconsistency in audit reporting related to grant program burn.

Grantees often lack the systems needed to accurately track how they are spending their funding and the result of that spend, making it impossible for grantors to assess the value delivered from each grant and the grant program as a whole.



Technology modernization considerations

Technology plays a crucial role in improving the federal grants management lifecycle, enabling more efficient and effective distribution of funds, and enhancing transparency and accountability.

As agencies look to continuously improve their grants management processes or stand up processes and enabling systems in support of new grants programs, technology can be an enabler at every stage of the grants management lifecycle.

As agencies reflect on each stage of the lifecycle, CGI offers technology considerations that can support modernization and advance digital transformation. The end goal: more effective grant processes that enable the efficient distribution of funding to those programs making the greatest impact.



1

Supporting applicants

The grant-making process begins as agencies prepare and publish Funding Opportunity Announcements (FOA), typically posted to grants.gov. The FOA is intended to provide all pertinent details and requirements for an applicant to assess the eligibility and competency relative to the funding opportunity.

Applying data analytics, grantors can assess whether the FOA is attracting the broadest base of potential grantees and take targeted actions to expand reach to newer communities, traditionally underserved communities, or broader communities (e.g., increasing the number of rural community applicants for a given grants program). Actions may include additional outreach to under-represented communities or targeted technical assistance to ease barriers to entry, especially for smaller communities or organizations.

2

Easing the application process

As programs seek to identify and engage new potential grantees, expanding the reach of their programs to communities not currently participating, they recognize the need to make the application process more user-friendly. Modern web-based technologies support a digital application process, easing data entry and allowing for checks against business rules at the point of application submission.

Web analytics can identify when applicants spend more time on a given question, allowing the program to evaluate the clarity of the question or adjust online help. In addition, agencies may consider the role of natural language processing to provide contextual feedback at the point of application or through support mechanisms such as chat and email.

3

Streamlining application review

Once applications have been submitted, automation proves valuable in streamlining the workflow, based upon unique program business rules. For example, robotic process automation (RPA) can automate checks against eligibility business rules (e.g., validation of current registration in sam.gov).

More advanced business rules may support automated routing based upon grant dollar value or whether a submission supports a current grantee or a new applicant.

Advanced automation, including artificial intelligence, can facilitate the initial review and scoring of applications, reducing manual effort and improving consistency.

4

Integrating grants management, financial management, and payments systems

Grants management systems must be architected to effectively integrate with both financial management and payment systems, such as the Department of Treasury's Automated Standard Application for Payments (ASAP).

Tight integration between the agency's financial management system and ASAP can help provide visibility into drawdown payments and aid in identifying potential improper payments. When effective integration exists between the agency grants and financial management systems, grant programs can benefit from automated budget tracking, fund disbursement and expenditure reporting, ensuring accurate and transparent financial management throughout the grant lifecycle.

Engaging a partner with deep understanding of grants, financial management and payments help drive tighter integration that delivers measurable results in improving end-to-end grants management processes.

Case in point

Easing integration with financial management systems

When standing up a new grant program to distribute approximately \$1 billion in funds, one agency turned to CGI for help. The need: establishing the optimum architecture for sharing data between its financial management system and the new grants management system being designed specifically for this program.

To ease integration, we worked with the grants program to enhance their understanding of the agency's complex financial data. Taking a consultative approach, we helped the program more quickly and accurately map data the program needed to share across systems.

Considering the new grants management systems architecture, including the use of low-code accelerators, the CGI technical team recognized the value of flexible REST APIs to ease data sharing. The agency now benefits from a library of more than 350 web services, available to all agency programs.

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Performance monitoring and reporting

The Grant Reporting Efficiency and Agreements Transparency (GREAT) of 2019 set new standards for federal grant reporting with the goals of enhancing grants management via higher quality data, improving the efficiency of reporting requirements and reducing compliance costs for grantees. The Act sets the foundation for agencies to adopt new technologies specifically to reduce reporting burden for the grantee community. Notably, the Act also requires agencies to move publish reported data in a consolidated dataset, making this information publicly accessible for the first time as open data.

As data quality improves, agencies look to advanced analytics to support evidence-based decision-making. Advancing the use of real-time analytics to support program monitoring and reporting can improve visibility; combining the power of analytics and automation helps drive efficiencies.

As agencies seek to improve performance monitoring and ease reporting, advanced analytical tools can deliver customizable reports, dashboards and visualizations. When determining where to invest in automation and analytics, programs benefit from an incremental approach—creating a backlog of potential areas for process improvement and evaluating the return in value associated with each.

From a technology perspective, programs can work with architects to articulate their future vision for automation and analytics, allowing technical teams to design and develop solutions roadmap that stays ahead of business needs.



Case in point

Automated reporting drives efficiencies

Working with its financial management systems contractor, one agency’s grants program greatly improved process efficiency and data accuracy. Before introducing automation, the agency’s budget analysts needed five person-weeks to create status-of-funds reports. CGI implemented process automation, cutting that time to under five (5) minutes.

6

Compliance and auditing

Grantors must ensure that their programs are in compliance with legislative mandates. Regular audits help validate that the programs are on the right track. With advances in machine learning (ML) and artificial intelligence (AI), agencies can automate compliance checks and streamline auditing processes.

Leveraging these technologies, grant management systems can incorporate built-in compliance rules and workflows, ensuring that grantees meet all reporting and regulatory requirements.

Automated auditing capabilities can identify potential issues, track corrective actions and facilitate the audit trail, minimizing errors, and improving the accuracy and integrity of grant management processes.

7

Collaboration and data sharing

The August 2023 Office of Management and Budget Memorandum M-23-19 established the Council on Federal Financial Assistance (COFFA), an interagency forum to improve coordination, transparency and accountability for the award and management of federal financial assistance. The COFFA will focus primarily on matters related to grants and cooperative agreement including policy, oversight and technology-related activities. While the priorities of the COFFA have not been set forth at the time of this white paper's publication, we envision that, from a technology perspective, the COFFA will likely provide inputs into agency needs relative to grants management systems, including award management, as well as interagency data-sharing.

Technology platforms, such as collaboration portals and shared document repositories, can facilitate seamless collaboration between grantee agencies, partner organizations and federal agencies. These platforms facilitate communication, information sharing and centralized document management, promoting efficient collaboration and knowledge exchange throughout the grant lifecycle.

Many grantees struggle with grant reporting requirements. Providing grantees with a simple, easy-to-use system for submitting data—and enabling the sharing of that data—helps improve accuracy and reporting. The GREAT Act sets easing grantee reporting and publishing grants information as open data as key priorities.

With the creation and maturation of bodies such as the Grants QSMO and the COFFA, CGI envisions additional exploration in the areas of collaboration and data sharing across grantees. We encourage grants management leaders to more broadly share best practices, lessons learned and other data to drive even more significant outcomes across mission areas.

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Transparency and accountability

Programs recognize the need to enhance transparency and accountability throughout the grants lifecycle. Dashboards, portals and tailored reporting capabilities support these objectives, making grants-related data easier for a wide variety of stakeholders to understand.

Web-based platforms can provide increased visibility and transparency to data points such as grant program applications, fund distribution and outcomes based on specific grant program key performance indicators. Transparency helps identify but also discourage fraud, waste and abuse. In addition, these platforms can help expose areas where grant monies are having real impacts, enabling agencies to understand what types of activities are reaping better results.

Portals that include geospatial visualizations make data even more accessible—key for the grantee community, the public and Congress.



Case in point

Transparency for grants and disaster recovery

When Hurricane María made landfall in Puerto Rico on September 20, 2017, devastation blanketed the island. As funds made their way to the commonwealth, the government needed a means to track the distribution of \$60+ billion in recovery funds.

CGI stood up a centralized disaster recovery/relief transparency portal, providing visibility into recovery efforts—capabilities also used during the COVID-19 pandemic.

With concerns surrounding potential fraud, waste and abuse, Puerto Rico sought to conduct the most transparent disaster recovery effort possible. Since the initial launch of Recovery.pr in 2018, the metrics for non-FEMA Federal Recovery Funds on the site have increased by 175%, and the FEMA Recovery Funds metrics have increased by 325%, providing tangible progress towards Puerto Rico’s transparency objective.

Your partner in navigating the complex grants ecosystem



CGI has significant experience supporting federal grant-making agencies, as well as states and localities, in disseminating grant funding and measuring results. With this unique perspective, we enable a more holistic view of the grants lifecycle, taking into account the key challenges of stakeholders across the grants ecosystem.

As a leading provider of federal financial management services, we understand the intersection of grants management, compliant payment and the need to reduce fraud, waste and abuse. Leveraging our knowledge of federal accounting systems, and of the policies and trends impacting the grants community, we provide consultative and operational support to advance the efficacy of grant payment processes.

At CGI, we apply a lifecycle-based perspective that allows us to target process and technology improvements that address immediate challenges while maintaining a long-term, strategic view of our clients' needs and objectives. We enable our clients to optimize their current grants management technology investments, introduce new solutions into the ecosystem, integrate technology to improve grants management processes and effectively leverage data across systems to improve oversight, compliance and reporting.



About CGI

Insights you can act on

Founded in 1976, CGI is among the largest IT and business consulting services firms in the world. We are insights-driven and outcomes-based to help accelerate returns on your investments.

CGI Federal Inc., a wholly-owned U.S. operating subsidiary of CGI Inc., works with federal agencies to provide insights-driven solutions for civilian, defense, federal health services, national security, and space and intelligence missions. Our teams have deep roots in the public sector, bringing a diverse range of capabilities, experiences, and a rich historical understanding of our customers' challenges and operational requirements. We operate at the intersection of bold thinking and disciplined execution to rapidly achieve mission outcomes at scale.

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