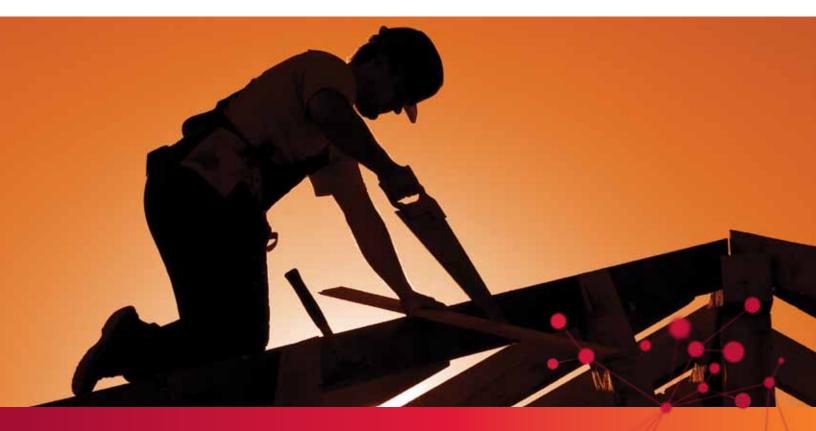**CGI**

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Managing Federal Emergency Grant Funds

Early preparation and accountable solutions are keys to success

In recent years, natural and human-induced emergencies have taken a significant toll on communities across America. In the wake of such crises, it is clear that timely, efficient and accountable distribution of emergency federal grant funds has become increasingly critical. This paper discusses common challenges in emergency funds management, recommendations for approaching systems, processes and transparency mechanisms to begin distribution of needed recovery funds more rapidly, efficiently and openly.

Introduction

In recent years, natural and human-induced emergencies have taken a significant toll on communities across America. As regions focus on relief and recovery efforts in the wake of hurricanes, floods, oil spills, or even economic crises, it is clear that timely, efficient and accountable distribution of emergency federal grant funds has become increasingly critical. Although many disasters may be unprecedented, they all require immediate action and expertise to build effective programs.

Specific examples include Hurricanes Sandy, Gustav and Katrina as well as the U.S. economic turndown of the late 2000's precipitating a $787 billion economic stimulus package with funding for education, healthcare and infrastructure programs. Another example is the Gulf Coast Restoration Trust Fund where 80% of civil penalties in connection with the Deepwater Horizon oil spill will be available to fund programs, projects and activities that restore and protect the Gulf Coast region. While these monies are coming from the private sector, they are being disbursed via the federal government.

The nature of these situations requires expediency in providing federal grant monies to both people in need and the programs designed to boost recovery and revive businesses, communities and ecosystems. This requires government agencies to stand up funding mechanisms quickly and provide transparency and accountability in how funds are allocated. For initial relief funding, the main goal is to move quickly. Longer-term recovery activities still require speedy delivery, but there is a much greater focus on rigorous oversight, particularly in the current era of government transparency and accountability.

More than ever, government is being asked to provide transparency of operations to promote accountability and give citizens a way to access how and where federal recovery dollars are being spent. Agencies at all levels have been encouraged to use technology to make information about their operations and decisions readily available to stakeholders, including the public, and present that information online.

The good news is, with the technology tools and frameworks available today, there is every reason such systems, processes and transparency mechanisms can be established quickly to begin distribution of needed funds for recovery.

KEY CHALLENGES TO ADDRESS

Following past disasters affecting heavily populated areas—such as hurricanes, wildfires and torrential floods—grant recipient agencies were dependent upon third-party experts to assist in developing a grant management solution unique to each emergency. In addition, because many of these events were first-of-their-kind in these communities, agencies often lacked the program knowledge or did not have appropriate program structures or frameworks in place. Consequently, the agencies often required program support services from third-party experts to meet the enormous, high-profile administrative burdens placed on them to get their programs up and running.

Efficiently distributing grants to businesses and citizens or to support necessary infrastructure improvements presents internal and external challenges. Key pain points that challenge agencies in mobilizing responses through recovery programs in a federally declared emergency often include:

- Program implementation, such as developing policies and procedures and translating them into business and administrative rules
- Lack of robust legacy systems
- Lack of staff resources to support new programs
- Restrictions on data sharing
- Redundant data collection at federal, state and local levels
- Insufficient contract vehicles in place
- Transparency, accountability, auditing and reporting of federal grants and dollars

Each of these challenges affects the grantee's ability to distribute necessary funds to people and programs in need. In emergency situations, responses also can be politically charged between different levels of government with overlapping or conflicting goals and responsibilities, causing more delays.

Program implementation challenges

When a federal emergency has been declared, agencies designated to receive and distribute funds face multiple administrative challenges to apply for and receive these funds. They must quickly develop an action plan, policies and procedures, as well as grant management and reporting systems. The process of re-developing program policy, administrative procedures, and business rules for each and every event is costly and slows progress in mobilizing programs, resulting in delays for citizens and businesses that are in urgent need of the relief funds already allocated by the federal government.

Lack of robust systems

Older grant reporting systems may work for ongoing block grants or traditional grants, but those requiring greater transparency, auditing and compliance checks need more robust built-in controls, workflow management, electronic eligibility and reporting functions. Attempting to implement a much larger-scale recovery effort using legacy systems, or in newer systems that are not flexible, can severely limit the agency's ability to effectively manage programs and report progress to government leaders and citizens. Legacy systems often struggle with providing the flexibility required to keep up with the continuous changes involved in delivering recovery programs.

Data sharing restrictions

A recurring obstacle to efficient distribution of funds is restrictions on sharing data between federal agencies, and between federal agencies and other levels of government. As a result, new inter-agency agreements are needed each time a disaster strikes.

Data collection and integration challenges

Another barrier is lack of integration between systems for the response and recovery phases. When one system is designed to address a specific problem and a different system is designed to address another, there can be redundancy in collecting information especially at the response phase. When systems are not integrated, precious time is lost and considerable costs are incurred in either developing or re-engineering the multiple grant management systems. Overall, a vast amount of information and data subsets are captured during the response phase that are vitally important to the recovery phase, but are not readily accessible in one centralized repository.

Transparency, accountability and reporting

Grantee agencies must comply with multiple transparency and reporting requirements, such as the Federal Funding Accountability and Transparency Act (FFATA), Minority Business Enterprise/Woman Business Enterprise (MBE/WBE) and others, to ensure the integrity and accountability of grants received and distributed. Each federal funding source has specific reporting requirements with which the grant agency must comply to receive funding. For example, the Department of Housing and Urban Development (HUD) requires specific quarterly progress updates for block grant funding vehicles.

In large-scale disasters, federal funding will come to a state through a single responsible agency. However, the recovery work often is implemented and executed through multiple coordinated agencies. The primary recipient agency must work cooperatively with multiple partners in providing the reporting data to fulfill all federal program requirements. Beyond the federal requirements, the public also puts pressure on government to be transparent and open about where the funds are distributed and what are the outcomes of those expenditures.

Insufficient contract vehicles to mobilize

Agencies to receive federal recovery funds generally do not have appropriate contract vehicles in place to obtain needed support. Valuable time is wasted writing requests for proposals and managing the process to ensure competitive bids. In many states, this can add months to the procurement process. Some states can obtain contract support through federal contracts or master agreements, but these may not cover the required scope. Delays caused by procurement challenges not only delay getting much needed assistance to citizens in need, but they also create negative public perceptions which can reduce participation in future programs.

Emergency federal fund management solution capabilities needed to address common challenges

- Financial management
- Grants management
- Reporting and audit compliance
- Transparency portal
- Collaboration portal
- Business intelligence
- Geospatial information system (GIS)
- Document management
- System-to-system integration engine
- Secure cloud infrastructure

A BETTER PATH FORWARD

While it would be nice to imagine that disaster situations are behind us, they are not. State and local communities need to ensure they can respond quickly and effectively whenever an emergency occurs, and wherever significant resources are brought to bear for the recovery effort.

Given the challenges discussed earlier in this paper, and CGI's own experience working with several states to support their recovery efforts, we believe states and localities should seek solutions that provide the following capabilities to remedy common challenges:

- **Financial management—**Grantee agencies need to configure and define the budget for activities and programs as outlined in their action plan. Each recovery effort may have specific requirements or limitations on the funding that need to be tracked and managed. The system should be flexible enough to integrate the specific tracking needs. The financial management function should integrate with state and federal systems to reduce administrative staff time and decrease the risk of mistakes in processing funds for recovery programs.

- **Grants management—**The grantee agency and its partners need to manage multiple programs. Workflow management should give program staff "at-a-glance" status of each applicant in the specific program workflow. The program should keep consistent records for auditing and reporting purposes by tracking and managing overall data for an application in a single virtual file.

- **Reporting and audit compliance—**To facilitate coordination with numerous partner agencies, the reporting capability should allow grantee agencies to consolidate creation of federally mandated reports, collect pertinent information from partners, and automatically generate required reports. Comprehensive, ad hoc and pre-built reporting functionality also is needed to support program needs, media requests and auditor questions.

- **Transparency portal—**This portal should provide transparent information directly to the public to help keep stakeholders and citizens informed as the grantee agency makes progress in distributing the recovery funds. The dashboard should include GIS features to provide key visual representations of where recovery funds are being spent.

- **Collaboration portal—**This portal should provide a secure location for the grantee agency and partner agencies to share files for training and centralized management of distribution and acknowledgement.

Other key functions that need to be supported include business intelligence, geospatial information system (GIS), document management, a system-to-system integration engine and secure cloud infrastructure.

Additional considerations

From lessons learned in prior recovery efforts, inter-agency sharing agreements often have to be negotiated for each disaster-related event. It would be best if data-sharing agreements were negotiated in advance, and included pro forma in any appropriations bill that includes funding for disaster recovery. This would help reduce significant time and effort that could be used on more direct recovery efforts. States and localities also can be better prepared by having contracts in place to access subject matter expertise and systems for support. This will help eliminate the time gaps for dispersing funds.

Case study

New Jersey Sandy Integrated Recovery Operations and Management System (SIROMS)

Developed by CGI in partnership with the NJ Department of Community Affairs (NJDCA), SIROMS represents a suite of interconnected modules providing a variety of functions in support of Superstorm Sandy recovery efforts for New Jersey. CGI provided NJDCA and its partners a shared technology infrastructure, software, IT, financial and Community Development Block Grants-Disaster Recovery (CDBG-DR) services expertise to support the State in its disaster recovery operations. CGI's cloud-hosted software solutions provide a comprehensive platform to support the State's disaster recovery efforts following Superstorm Sandy.

SIROMS provides financial management through direct systems integration with the State Treasury system and a full lifecycle grant management system that allows the State to track an application from intake through closeout. CGI also developed the **newjerseyrebuild.org** transparency portal which provides CDBG-DR program updates to New Jersey citizens. All of the SIROMS modules are built with traceability and accountability in mind.

To date, this solution has:

- Processed the disbursement of more than $1.8 billion in recovery funds

- Facilitated delivery of 52,000 checks to New Jersey residents through various Sandy recovery programs

- Enabled the traceable disbursement of more than $750 million to date in direct funding to homeowners, helping thousands of residents get back in their homes

- Delivered over 1,000 program critical reports to quickly answer pressing delivery questions from the programs, the auditors, and the Governor's office

- Assisted NJDCA in successfully passing audits from multiple distinct organizations including HUD and HUD-OIG

The SIROMS solution has received consistently high praise from federal, state and third-party auditors for traceability and clarity of use.

NJDCA has publicly recognized the success of the SIROMS project and SIROMS IT system.

> "The development and implementation of SIROMS IT system has been a resounding success.
>
> SIROMS enabled the State to effectively: (1) implement its Action Plan; (2) disburse vital CDBG-DR funds to individuals and communities in New Jersey in desperate need of aid; (3) manage the flow of CDBG-DR funds; and (4) provide necessary monitoring and oversight as required by HUD.
>
> Notably, HUD has repeatedly recognized the high-level of functionality and effectiveness that the SIROMS IT system provides.
>
> Additionally, HUD noted that SIROMS offers an efficient electronic filing system which 'plays a valuable role in demonstrating DCA's financial management and provides a clear audit trail for CDBG-DR funds that are drawn.'
>
> Indeed, the State understands that HUD has pointed to the SIROMS IT system as a model for other states to consider when implementing complex disaster relief programs."

While this solution was built to support the long-term recovery needs of Superstorm Sandy, it can be leveraged and applied to any similar case where grant applications and financial transactions/payments require management and integration with robust workflow to support transparency.

New Jersey's Sandy Recovery Timeline

Oct 27, 2012
Governor declares emergency

Oct 29, 2012
Sandy makes landfall, President declares emergency

Jan 4, 2013
Government approves $10 billion relief

Jan 29, 2013
Government approves $51 billion relief

Apr 29, 2013
Federal Government approves Action Plan

May 24, 2013
New Jersey awards CGI SIROMS contract

July 1, 2013
First Recovery Program is ready to process applications

July 15, 2013
Funds are disbursed through CGI systems

CONCLUSION

Although each emergency response and recovery effort is unique, the process—from federal declaration of the emergency to the final rebuild—is common to all of them. Embracing the process commonalities can lead to smoother transitions at lower cost. It would enable grantee agencies to mobilize programs more quickly, provide visibility into where money is spent, efficiently distribute emergency funds based on priorities, and facilitate greater access and use for citizens and other stakeholders.

About CGI

Founded in 1976, CGI is one of the largest IT and business process services providers in the world. Founded in 1976, CGI is one of the largest IT and business process services providers in the world, delivering high-quality business consulting, systems integration and managed services. With a deep commitment to providing innovative services and solutions, CGI has an industry-leading track record of delivering 95% of projects on time and within budget, aligning our teams with clients' business strategies to achieve top-to-bottom line results. .

CGI has been instrumental in developing, implementing and operating emergency recovery solutions, and providing proven experience in responding quickly in critical times on high-profile programs, for federal and state government clients. This includes the New Jersey SIROMS program as well as the application enabling data collection exchange to meet the transparency, oversight and public information sharing objectives of the American Reinvestment and Recovery Act (ARRA).

Learn more at **cgi.com/recovery**