ATARC KPMG

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Transforming Federal Operations Through Digital Innovation

Highlights from a Roundtable hosted by the Advanced Technology Academic Research Center (ATARC) in partnership with KPMG, December 2024

Federal agencies are increasingly turning to advanced technologies to improve operations and create efficiencies. In a recent roundtable, Federal experts explored the growing importance of strong IT management and governance as technology accelerates and impacts business processes in new ways.

Modernizing Business Systems

> **"The beauty of the civil service isn't about what we're doing today. It's what we can build for the future."**

Panelists discussed the role of technology in improving government operations, emphasizing the need to approach modernization from a 360-degree perspective and involve all business stakeholders, including the end users, in innovation planning. When looking to transform operations with digital innovations, participants are also considering policies, regulatory changes, and system-level frameworks to ensure technologies are safely implemented. Agencies are examining work roles and defining the knowledge, skills, and qualifications needed to take on new technology.

Panelists discussed challenges associated with modernizing systems that are over-customized. Over-customization has led to inefficiencies and difficulties moving systems to the cloud. Participants also mentioned hidden costs of system ownership and maintenance of new systems, suggesting the use of non-recurring expense funds, wedge funds, and Technology Modernization Funds to support innovation initiatives.

Advanced Technology: AI and Automation

Panelists continued by exploring some of the impacts AI could have on government operations. Some agencies are already implementing RPA for rote tasks, and others are exploring how to maximize systems they already have to help bring down costs. Many note that AI has the potential to improve workforce efficiency and allow employees to focus on higher-level tasks.

However, participants also emphasize the need for responsible governance and training of AI systems to reduce risk. Panelists raised concerns about the auditability of AI systems, record management requirements of AI outputs, and the total cost of ownership of AI implementations. Overall, panelists were cautiously optimistic towards AI and automation, but emphasized the need for careful planning and oversight through strong governance.

Governance and Oversight

Panelists agreed there must be strong governance around IT supply chain risk management. Participants highlighted the need for a top-down, enterprise-wide approach to governance, while acknowledging the challenges associated with understanding and managing the unique requirements of numerous programs within an organization.

Panelists touched on the complexities of supply chain risks, including the influence of foreign entities on supply chain risk management. Panelists pointed to AI as a potential tool for evaluating risk within the organization, whether that's internal data or supply chain, especially at first level audits. Using AI to gain more visibility into the supply chain, agencies can better hold vendors accountable.

Ultimately, panelists agreed agencies need comprehensive internal control programs that go beyond financial controls to include operational controls and risk management strategies tailored to the organization's mission.

Government and Industry Collaboration

Participants concluded the discussion by acknowledging the importance of knowledge sharing and collaboration between government agencies to move technology forward. Panelists suggested creating more opportunities for peer-to-peer learning and communication to learn from one another and improve government operations overall.