

Better Grant Decisions

Why grantmakers are
turning to professional
assessment services



SmartyGrants
Software, data science & grantmaking intelligence



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Where not-for-profits go for help

Better Grant Decisions: Why grantmakers are turning to professional assessment services

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Better Grant Decisions

1. Executive summary

Governments distribute billions of dollars in grants each year to support economic development, community resilience and innovation. With granting these public funds comes a duty to ensure that grant decisions are made fairly, transparently and in the public interest.

However, recent reviews and audit reports have consistently highlighted challenges in grants administration, including poor management of conflicts of interest, inconsistent assessment practices and limited documentation of decision-making processes. These challenges risk undermining public confidence in the administration of grants programs and associated policy objectives.

Complaints from unsuccessful applicants are not uncommon and can result in reputational risks and unwanted media attention.

Good program design has a crucial role to play in minimising the risks inherent in assessing grant applications. But by itself, it is not always enough to ensure public confidence.

Drawing on recent findings from audit and anti-corruption bodies across Australia, this paper advocates for the appointment of independent, professional third-party assessors, where appropriate, to undertake grant assessments as a sound means of maintaining public trust and boosting the integrity of grantmaking processes. It argues that this approach not only strengthens probity and integrity but also supports consistency, efficiency and public confidence in the allocation of funding.

This approach reflects SmartyGrants' deep, long-standing commitment to improving the integrity and effectiveness of grantmaking. As one of Australia's leading experts in grants administration, we regularly see both the gaps in current practice and the opportunities for doing things better. This paper is our contribution to that ongoing conversation.

2. Grantmaking principles and assessment design

As Australia's leading body in grantmaking, Our Community authored the [Grantmaking Toolkit](#)¹ to help funders to develop best practice grant programs. The toolkit breaks grantmaking into nine stages:



It is critical that planning for assessments is considered from the outset of grant program design, as failure to do so can lead to challenges, risks and credibility concerns. While all stages of the Grantmaking Toolkit lifecycle are important, at Our Community we've witnessed the adverse effects that poor program design and implementation can have on assessment activity and outcomes. Re-engineering assessment processes once programs have been launched can be challenging. Planning for assessments at the outset is the best approach.

3. Grant assessment impact and risks

Grant programs operate at the intersection of policy ambition and administrative execution. While their purpose may be clear – e.g. to fund initiatives that support communities, stimulate industries, or respond to emergency challenges – the task of ensuring that grants are awarded fairly and effectively is complex.

The burden of internal assessments

In many agencies and departments, assessments are conducted by internal teams, or by hastily assembled panels of external consultants, industry stakeholders or volunteers who may have subject-matter expertise, but may not have extensive assessment experience.

An effective assessor group generally requires administrative support, vetting, individual and team coordination, training, onboarding and induction, technical skills development, quality assurance checks, risk management, and contingency planning. Ideally, they should also be paid for their time. Assembling, managing and compensating assessors can be costly and lead to excessive administrative burdens.

Conflicts of interest

Conflicts of interest – both actual and perceived – are among the most common and serious risks for grantmaking organisations. In smaller communities or niche sectors, assessors, who are often also policy or program officers, or may be drawn from the very communities submitting the applications, may have existing relationships with applicants, creating bias or the appearance of bias. Even when staff are acting with integrity, the failure to properly manage such risks can damage public trust.

Opportunities for corruption can enter grant funding processes where public officers involved... have unidentified, undisclosed or unmanaged conflicts of interest.

– Independent Commission Against Corruption South Australia, *Grants Administration: Final report*, August 2024³

Capability and consistency

Beyond conflict management, internal assessments are often hampered by limitations in capacity, technical skills, expertise and time. Many departments lack dedicated grants staff or rely on employees with limited training or expertise. Community volunteers may also be drawn upon to conduct assessments, which can inadvertently lead to a lack of diversity or bias. Reliance on unpaid assessors, or assessors adding this task to an already full workload, can impede performance and results.

Overall, these issues can lead to poor assessment guidelines, inconsistent application of guidelines, insufficient documentation, and decisions that are difficult to defend if challenged.

Adequate documentation was not maintained, which reduced the probity of the assessment process.

– Tasmanian Audit Office, *Administration of Two Grant Programs by the Department of State Growth*, October 2018⁴

4. The advantages of independent assessors

Third-party assessors have a range of capabilities that help protect the assessment process from conflicts of interest and external influence. This is particularly important in politically sensitive funding rounds or where there is significant community interest in the outcomes.

Assessor experience and skills

Independent assessors are trained to apply grant guidelines, assessment guides and criteria matrices objectively and consistently. Networked assessor groups possess a range of qualifications, varied sector

experience and technical capability that can be harnessed for diverse programs. This enables them to evaluate applications against complex criteria with precision. Experienced managers of assessment processes are able to liaise with grantmakers to clarify decisions, manage queries, collaborate, and maintain decision logs, all in the service of producing higher quality assessments.

Assessment risk mitigation

Critically, professional independent assessors use established systems for managing probity risks. These include robust conflict of interest declarations, assessor recruitment, selection, vetting and background checking (where required), moderation, oversight and quality assurance processes to ensure consistency, and clear record keeping of all decisions made. These skills are garnered via professional development training, and strict observance of grantmaker's guidelines.

Independent assessments support auditability and transparency – two qualities that are often found lacking in internal assessment reviews. The Western Australian Government's Grants Administration Guidelines 2025 stress that “grant decisions must be impartial, appropriately documented, publicly defensible and lawful” – all outcomes that are more easily achieved with external trained professional assessors in place. The WA guidelines recommend separations of accountabilities in grants assessment to ensure probity and public confidence:

Maintain Accountability and Oversight: Establish internal controls, such as separating duties in the grant assessment and approval process, to ensure checks and balances.

Safeguard Against Fraud and Corruption: Ensure that appropriate internal controls are in place to prevent fraudulent and corrupt use of funds. This includes separating duties in the grant process, verifying reported information, and following established procedures when fraud, corruption or misappropriation is suspected.

– Western Australian Government Grants Administration Guidelines 2025⁵

Assessment scalability and availability

Another significant advantage of independent assessment is scalability. Independent assessors can be rapidly mobilised to meet the needs of large or urgent grant rounds. Their availability is not constrained by internal staffing limitations or competing departmental priorities. Professional assessment services organisations maintain a pool of pre-vetted and trained assessors. This allows for timely processing of applications without compromising quality or fairness.

5. Recent audit findings: a consistent pattern of risk

Across Australia, audit offices and anti-corruption bodies have consistently warned about the risks present in grant administration. The following findings underscore the urgency of reform.

Inquiry into Commonwealth Grants Administration

The report of a major inquiry into the administration of Commonwealth grants programs was tabled in federal Parliament in June 2023. The report included scathing findings on how grants programs had been designed, implemented, administered, assessed and awarded, resulting in recommendations for changes to the Commonwealth Grants Rules and Guidelines (CGRGs):

Concerns range from sloppy administration to flawed program design and deliberate concealment resulting in egregious misuse of public money. While many such instances may technically be legal, they must still be considered unacceptable.

– Chair's foreword, *Inquiry into Commonwealth Grants Administration*⁶

Queensland Audit Office

In 2022, a Queensland Audit Office report, *Improving Grants Management*⁷, highlighted risks in performance, compliance and operations, noting that “decisions not being based on complete and accurate information” and “conflicts of interest not being appropriately managed” were common issues. It recommended that departments strengthen internal controls and take a more proactive approach to risk identification and mitigation.

Independent Commission Against Corruption South Australia

The Independent Commission Against Corruption SA's final report⁸ painted a similar picture. It identified structural issues in the administration of grants, including a lack of clear governance frameworks, insufficient evidentiary requirements for decision-making, and poor coordination across departments. The Commission strongly recommended that the government consider centralising oversight and adopting standardised guidance that included mechanisms to manage conflicts of interest and document assessment decisions transparently.

Tasmanian Audit Office

In Tasmania, the Auditor-General's 2018 review of two grant programs, *Administration of Two Grant Programs by the Department of State Growth*⁹, found that despite sound program objectives, the lack of robust assessment and monitoring systems had undermined the integrity of grant outcomes. It concluded that “the lack of consistency between assessments performed and funding decisions impacted on the probity of application assessment”.

Risk reduction via external assessment engagement

These findings demonstrate the systemic nature of the issues facing grants administration in Australia. They also suggest that improving internal processes alone may not be sufficient. SmartyGrants can support grantmakers to implement structural changes to assessment policies and processes, including the use of external assessors, to restore confidence, ensure grants deliver on their intended purpose, and mitigate risks.

6. The role of technology in grants assessments

As grantmaking organisations seek to enhance the transparency, integrity and efficiency of their funding programs, technology plays an increasingly critical role. While the quality of assessment ultimately depends on the people involved, the systems that support them are equally vital. Without the right technological infrastructure, even well-designed programs and skilled assessors can fall short of best practice.

Assessment consistency

A core challenge in grants administration is ensuring assessments are conducted consistently across assessors. Program guidelines often contain multiple eligibility conditions, merit criteria, and weightings that must be applied precisely. A well-configured grants management system can embed these rules into the assessment workflow, ensuring each application is evaluated against the same criteria and in line with the approved methodology. This reduces the risk of human error and subjective variation in interpretation.

Technical functionality

Technology also supports moderation and comparison across assessments. In many programs, multiple assessors review a single application. Grants management platforms allow decision-makers to compare scores, identify discrepancies, and apply and document moderation protocols systematically. This functionality not only improves fairness and consistency but also provides confidence that funding decisions are based on sound analysis.

Audit and scrutiny trails

Digital grants management systems provide a comprehensive audit trail. Every action taken – from eligibility checks to scoring, comments and final recommendations; and changes to these data points – is attributed to a particular person, timestamped and stored. This enables agencies to demonstrate how decisions were reached, in line with published guidelines. It also provides a defensible record in the event of complaints, audits or legal scrutiny.

Independent assessment and technology benefits

Incorporating independent assessors into a well-governed technology platform creates a powerful model – combining human expertise with system integrity. Grantmakers should consider using a dedicated grants management system like SmartyGrants to support this integration. This not only enables more reliable, consistent decision-making but also improves transparency and accountability across the grant lifecycle.

The rise of AI in grantmaking

Artificial intelligence is now firmly on the agenda for grantmakers. Rapid advances in AI models have prompted interest in whether these tools can streamline, support, or even replace parts of the grant assessment process. In its current form, AI is best understood as a powerful assistant, not a substitute for skilled human assessors. While modern AI platforms can quickly summarise applications, flag potential eligibility issues, and classify submissions by theme or category, they lack the ability to fully capture the context, nuance, and judgement required for high-stakes funding decisions. In programs where fairness, probity and policy alignment are paramount, human oversight remains indispensable.

That said, the trajectory is clear: AI-enabled assessment will become increasingly common. Grantmakers who prepare now will be better positioned to harness the efficiency and analytical power of these tools while avoiding the risks. Preparation includes reviewing privacy, data governance, and technology policies (particularly in government or sensitive program areas) to ensure that any AI integration complies with existing legal, ethical and security obligations. Critical considerations include issues such as data security and sovereignty, being able to explain how AI outputs are generated, and how they influence decisions, testing AI systems for unintended bias, and confirming that automated or semi-automated processes meet all statutory requirements for decision-making.

Used well, AI will probably enhance consistency, improve processing speed, and help surface insights that human assessors might overlook. Used poorly, it's likely to compromise fairness, transparency and public trust. The challenge for grantmakers is to treat AI not as a shortcut, but as a tool embedded within a robust, auditable, and independently human-verified assessment framework.

7. Recommendations and considerations

Grants are one of the most important tools available to advance public funding objectives. Yet this power must be exercised with the highest standards of fairness, transparency, integrity and due process. As the evidence from multiple jurisdictions shows, many grantmakers fall short in meeting those standards. Too often, limited internal staffing availability, conflicts of interest, inconsistency and poor documentation undermine the credibility of funding outcomes.

Appointing skilled independent third-party assessors offers a credible and practical solution. These providers bring the expertise, neutrality and structured processes needed to evaluate applications fairly and consistently. Their involvement reduces risks, strengthens probity, and enhances the overall quality of grants administration.

For government and philanthropic grantmakers alike, now is the time to embrace independent assessment as a cornerstone of responsible funding. Doing so can help improve the quality of grant outcomes while also supporting and, in some cases, rebuilding public confidence in the integrity of funding decisions.

8. How SmartyGrants can help

SmartyGrants provides expert advisory services through its experienced Managed Services team. We support grantmakers in strengthening their program design and assessment planning, with a focus on best practice, increased efficiency and effectiveness, and reduced risk. With a ready pool of skilled assessors, we can meet both short-term and long-term assessment needs across a wide range of grant types and sectors.

The screenshot shows the SmartyGrants website homepage. The header includes the SmartyGrants logo, the ourcommunity.com.au logo, a search bar, and social media links for Australia (AU), X, and LinkedIn. The main navigation bar lists Software, Services, Training, Institute of Grants Management, Events, News, About, Try SmartyGrants, and Login. The main content area features a large headline: "SmartyGrants is Australia's most-used and best-loved grants administration system." Below this, it states that more than 800 funders use the software and that the website also hosts content for the Institute of Grants Management. A "Featured resources" section highlights a whitepaper titled "Shifting to Outcomes-Orientated Grantmaking". A large blue banner at the bottom, titled "Revolutionising Grantmaking", displays three key statistics: 14,257 SmartyGrants Users (with sub-categories: Applicants, Grant Officers, Programs), 460,993 Forms Submitted (with time filters: Past Week, Past Month, Past Year), and \$50 billion+ Grants Administered.

Category	Value
SmartyGrants Users	14,257
Forms Submitted	460,993
Grants Administered	\$50 billion+

Figure 2: SmartyGrants website

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ourcommunity.com.au
Where not-for-profits go for help

OurCommunity.com.au

Our Community is a world-leading social enterprise that provides advice, connections, training and easy-to-use tech tools for people and organisations working to build stronger communities.

The Our Community group of enterprises are:



CommunityDirectors.com.au

The Institute of Community Directors Australia is the leading governance and leadership network for members of Australian not-for-profit and government boards, and their senior staff.



FundingCentre.com.au

The Funding Centre is Australia's smartest grants database and fundraising capacity building website.



GiveNow.com.au

GiveNow is Australia's first and best giving platform, providing donations, ticketing and membership services for Australian not-for-profits.



SmartyGrants.com.au

SmartyGrants delivers software, data science and grantmaking intelligence for funders.



OCHouse.com.au

Our Community House is a green and creative co-working space for the social sector in Melbourne, Victoria.



SmartyFile.com.au

SmartyFile is a red tape-busting data-storage and data-sharing tool for not-for-profits and other grant applicants.



Institute of Grants Management

A hub for tools, research, innovation, and professional development for grantmakers.



Succession Media

A news service for Australia's not-for-profit sector including *The Community Advocate*.



Our Community International

Taking the Australian-born grantmaking revolution to the UK, Europe and beyond.