



PERSPECTIVE

A New Role for CFOs: Babysitting AI

BY JUSTIN MARLOWE

Recently, I had two wildly different encounters with ChatGPT—both within a single day.

Right before lunch, I asked it to write some code in Python—the ubiquitous computer programming language—to carry out a complicated data analysis. It took just a few seconds to produce an elegant and [perhaps more important] correct solution. Before ChatGPT, I would have needed at least an hour to code it up on my own. A drastic improvement in productivity, to put it lightly.

That evening, I checked on my daughter, who was feverishly studying for an Advanced Placement European history

exam the next day. That exam, she explained, would require her to draw a map of Europe, complete with every country's boundary and capital city, from memory.

Out of curiosity, I put that same task to ChatGPT. In a few seconds it drew a map that correctly outlined the borders of France and identified Paris as its capital. Same for Hungary and Budapest, Athens and Greece, and so forth. But it also identified "Beme" as the capital of "Germanyn," and "Limerace" as the capital of "Bublin." And according to ChatGPT, there's a country called "Vienna" with "Benin" as its capital. Who knew? Here I'd give ChatGPT an A for productivity, but a C+ for reliability.

What do the fictional cities of Limerace, Bublin, and Beme, Germanyn have to do with government finance? Quite a lot, it turns out. In fact, here's a bold prediction: in three years, most local government chief finance officer (CFO) job descriptions will include "data integrity assurance for artificial intelligence applications."

Artificial intelligence (AI) in local government is, to borrow from the recent award-winning film, everything everywhere all at once. The last time you called your municipality's 311 help line; AI probably generated the official response. It optimizes trash pickup routes. It monitors traffic and alerts drivers to accidents. It predicts crime

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and preemptively dispatches police to prevent it. AI automates retention of official public documents, forecasts tax revenues, and helps with countless other essential tasks. Our local governments grow more dependent on it every day.

But if one of the most popular and sophisticated AI applications in the world can screw up something as simple as a map of Europe, should our local governments entrust it with our health and safety? The short answer is yes, but with a big caveat.

AI is only as good as the data that feeds it. Mistakes like the European geography follies above are more likely to happen when the “large language model” (as in, the AI system that learns to understand and respond to human language) casts too wide a net. To construct that map, ChatGPT reviewed maps produced in different eras and languages. If it pulls in too much disparate information from too many unrelated sources, it's imminently capable of sending us to the fictional city of Benin, Vienna.

This is not a data science issue or an information technology systems issue. Data scientists tell the AI models how to sift through data. IT specialists make sure the AI has the processing capacity, high-capacity data storage capabilities, and other infrastructure it needs to run. These are both expensive, challenging issues. But they don't ultimately drive the answers that AI produces.

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needs to be responsible for making certain the information we feed the AI—the so-called “training data” or “corpus”—is itself accurate and reliable. Officially, that person is the “responsible data steward.” Practically speaking, we can call them an “AI babysitter.” And like it or not, it's a job for local government CFOs. Here are three reasons why.

First and foremost, data integrity is a core value of local government finance professionals. In that sense, curating data for an AI model is like a financial audit. The goal is to assure a consumer about the veracity of a statement about an organization. For local government CFOs, that most often means a clean audit opinion of the financial statements. That opinion means the reader can believe those statements are a fair representation of that government's financial reality. To earn that opinion, the CFO's team must maintain careful procedures to ensure the accuracy of financial data, to protect the data chain of custody, and to maintain consistent documentation of any changes to the data over time. Curating the data that feeds an AI model requires many of the same policies, procedures, and frameworks. If the question is, “Who in this jurisdiction is best at taking care of data, financial and otherwise?” the answer is probably “the CFO.”

Second is the CFO's unique risk oversight expertise. AI oversight is at its core a governance challenge.

It requires that a local government makes tough decisions about what information is trustworthy and relevant. This is not unlike the way the local government CFO is tasked with oversight of financial compliance, internal controls, and financial risk management practices across the organization. They can apply that same expertise to bring the same rigor and oversight to the datasets that shape the way AI models understand an organization's reality. Even better, they can bring to that work an explicit focus on essential values from local government finance professionalism, like transparency, fairness, and fiscal discipline.

And third, finance professionals have unique visibility into everything a local government does. They make, execute, and report on the budget, and as such, they work across all a local government's functional areas and have a comprehensive view of the performance measures and outcome indicators. That is some of the most sensitive data in a local government, but also the most valuable to an AI model that's designed to help citizens understand what their government does and how it does it.

So, like it or not, local government CFOs can add “AI babysitter” to their growing list of required competencies. Otherwise, Limerace, Bublin, is looking for a CFO. ■



Justin Marlowe is a research professor at the University of Chicago, Harris School of Public Policy, and a fellow of the National Academy of Public Administration.