Staying Up to Code

Has technology made the GFOA Code of Ethics obsolete?

BY SHAYNE KAVANAGH

An audience member at GFOA's 2023 annual conference asked a provocative question: "Has technology made the GFOA Code of Ethics obsolete?" The short answer is no, but there's also a longer and more interesting answer.

It's true that technology has presented important challenges to living the GFOA Code of Ethics—but we don't believe this makes the code obsolete. Its underlying goal is to help public finance officers enhance their reputation for trustworthiness, which it does by encouraging positive, values-based decision-making. The code is not a rule-based document of don'ts, listing what public finance should not do. Trustworthiness is foundational to a democratic system of government, and it can't be overridden by technology.

That being said, how do the values expressed in the GFOA code (gfoa.org/ethics) apply to developments faced by public finance officers, in light of technological innovations? In this article, we'll start by identifying five "superpowers" of information technology. Superpowers can be used for good or bad, so the technology superpowers themselves don't challenge the finance officer's ethics. But finance officers must contend with the negative effects. We'll examine some of the most important of these effects and provide strategies that finance officers can use to adapt.

THE GFOA CODE OF ETHICS

Here is an abbreviated version of the code. You can find the full code and supporting resources at **gfoa.org/ethics**.

INTEGRITY AND HONESTY. Integrity and honesty mean that people can believe what I say, I act in accordance with my deepest values, I put principle ahead of my own ego, and I do the right thing, even when it is hard.

PRODUCING RESULTS FOR MY COMMUNITY. Doing my job well honors the trust the public has placed in me.

TREATING PEOPLE FAIRLY. Fairness leads to trust. Therefore, I will treat people fairly and develop processes and procedures that are fair.

DIVERSITY AND INCLUSION. By including people in decisions, I demonstrate that I respect them and care about their well-being.

RELIABILITY AND CONSISTENCY. When I consistently serve, I honor my community and build trust.

THE FIVE IT SUPERPOWERS

Understanding the five fundamental IT superpowers—what IT accomplishes at the most fundamental level—makes it easier for us to recognize the effects technology can have.

IT SUPERPOWER #1: Drive costs of moving information around networks toward zero. In the absence of IT, the costs of moving information around networks can be substantial. Physical mediums like papers, letters, and more, are relatively expensive to produce and distribute. Word of mouth is labor-intensive, and the information is more prone to distortion as it is transmitted. Electrons are much cheaper to move, and they can be replicated for an immaterial cost.

IT SUPERPOWER #2: Drive marginal cost of producing information toward zero. Technology reduces the cost of recreating information because, often, recreating information doesn't require a corresponding expenditure of material resources in the "real world." Electrons can be replicated for an immaterial cost.

IT SUPERPOWER #3: Encode practices and values into individuals and organizations that adopt the technology. Technologies are not value neutral. Sometimes the values of the designers are intentionally baked in. Facebook is a good example of this, where Mark Zuckerberg's values around privacy are explicitly part of the Facebook application. Zuckerberg does not appear to place great value on privacy, which has been reflected in Facebook. Other times there is no explicit value system underlying the design, but the technology affects our values nonetheless. For example, most people now orient their lives around the choices made possible by the smartphone. As a result, their values have changed in innumerable ways, both subtle and not so subtle. For example, people have come to value more highly the opinions of complete strangers, as evidenced by behaviors like "clout chasing" (taking actions to project a superficial version of oneself to garner attention on social media and become popular).

IT SUPERPOWER #4: Network effects. Gathering more people on a common platform increases the value produced by the platform at a non-linear rate. For example, being the only user on a social media platform makes the value zero. Two users is a small improvement, three is only slightly better, but as you get to hundreds, thousands, and millions, the value increases exponentially.

IT SUPERPOWER #5: Artificial intelligence (AI). AI has reached an inflection point, and it now has a widely recognized potential to transform our society. AI covers a wide range of applications that share the common feature of being able to perform tasks that normally require human intelligence.

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THE EFFECTS OF THE IT SUPERPOWERS AND HOW TO ADAPT

The superpowers, by themselves, are not necessarily a problem for public finance officer ethics. It's how the superpowers are applied that create challenges. In this section, we'll review six key challenges and show you some possible solutions.

CHALLENGE: Everything goes faster, including (especially) misinformation.
At our conference session, a veteran city manager told a story about how, many years ago, a community group thought the local government was hiding corrupt financial management practices. The group printed out flyers espousing their position and handed them out on street corners. Today, the same basic problem can occur, but it would all likely happen over social media and much faster because of the near-zero communication and marginal production costs. AI tools might even be used to help craft a compelling message.

The primary strategy is to "be first"—getting the correct information into your audience's hands (and heads) before misinformation reaches them. This strategy, also called "pre-bunking," is more effective than "debunking" because it's easier to claim the audiences' mindshare first with the true information than to try to dislodge misinformation later. A government could, for instance, make valid information available to the finance officer's audience as soon as it's available, cutting off misinformation before it starts. And as this example suggests, the finance officer may not just need to "be first" but also "be frequent." Volume matters, especially regarding high-profile issues. It might

Pre-bunking: Getting the correct information into your audience's hands (and heads) before misinformation reaches them.

be important to keep valid information at the top of the audiences' social media feed for controversial issues where people are looking for frequent updates and may be encountering misinformation frequently.

Finally, this challenge may also speak to the need for finance officers to hone their skills in communicating financial information. One of the reasons misinformation often outcompetes true information for people's attention is that misinformation is framed in interesting and existing ways (for example, scandal!). The GFOA report, "Fiscal Fluency Made Easy" discusses ethical ways in which finance officers can use findings from behavioral science to make financial information easier to understand.

Read the report:
🔁 **gfoa.org/materials/fiscalfluency**

CHALLENGE: Social media blurs boundaries of personal and professional lives. The fifth value of the code, reliability and consistency, suggests that the finance officer should work to keep personal biases out of their professional duties; however, all of the IT superpowers have contributed to the omnipresence of social media in our lives. This increases the risk that the finance officer's personal views leak into their professional responsibilities. For example, expressing an opinion on some political controversy on personal social media could quickly complicate the finance officer's professional life.

Of course, the most robust solution is to limit one's use of social media, but not everyone can do this so easily. If that's the case for you, avoid listing your job title and agency in your publicly shared personal profiles. Also, know whether any of your social media contacts are employees of your agency and consider how your personal posts may be shared outside of your immediate circle.

Be mindful of what, where, and how you post. It used to be common among local government officials to use the "front page test"—meaning, the quality of a potential decision could be evaluated by how comfortable officials were with the possibility of that decision

HYPER-BAD ACTORS: BOTS

AI has led to the development of bots that poison public discourse. Local governments may need to devote resources to recognizing and dealing with bots.

showing up on the front page of the local newspaper. Today, we might consider the "Instagram at the council meeting test." Would you be comfortable with what you are posting showing up at a council meeting? The internet doesn't forget, so you might also ask if you'd be comfortable with today's posts showing up in communities you might serve in the future.

CHALLENGE: The world is getting smaller, raising the potential for conflict. Near-costless communication and social media networks lead to the world getting smaller—we can encounter a diverse array of thought and experiences. This includes more and different people from within the community the finance officer serves as well as people from outside. The larger the group of people, the more likely it is that beliefs, values, understanding of public finance, and more will vary.

Being able to work with people of different backgrounds is its own skillset and the GFOA Code of Ethics recognizes "diversity and inclusion" as one of the five values of the code. But along with more diversity comes more potential for conflict. For example, when finance officers only had to work with a more limited number of people it was easier to get to know them, establish relationships, and navigate their interests. As more people are included, it becomes more challenging to do these things, thereby raising the potential for destructive conflict.

First, finance officers may need access to better public engagement tools. A regular, rigorous survey of the community may help prevent being blindsided by an emerging issue or create opportunities to address issues before a crisis erupts. There are also opportunities for better public engagement practices to work through issues of concern to the community (gfoa.org/materials/rethinking-public-engagement).

Finance officers may also need access to better conflict resolution mechanisms. GFOA, for example, has successfully pilot tested programs to build constructive dialogue skills in finance officers (gfoa.org/perspectives) and to help finance officers more easily find consensus positions among large groups of people (gfoa.org/materials/many-choices-and-many-people).

As part of public engagement or conflict resolution, finance officers may need to differentiate between "good" and "bad" actors. Good actors are willing to have a productive conversation. Bad actors eschew compromise and impede productive conversation. The solution starts with recognizing that not all bad actors are the same. GFOA's "Rethinking Public Engagement" (gfoa.org/materials/rethinking-public-engagement) breaks them down into two categories: conventional bad actors and bad-faith actors. Conventional bad actors are not necessarily out to intentionally sabotage or spread misinformation. They may feel like they are not being heard or may hold beliefs that are extreme or misguided. This is distinct from what we might term "bad-faith actors," who are unwilling to engage in a good-faith conversation about the issues at hand. They might even personally gain from continued conflict. For example, they gain personal satisfaction or status among their peers by "standing up to government."

A starting point for dealing with bad actors is to emphasize the "treating people fairly" value within the Code of Ethics. People are more willing to accept

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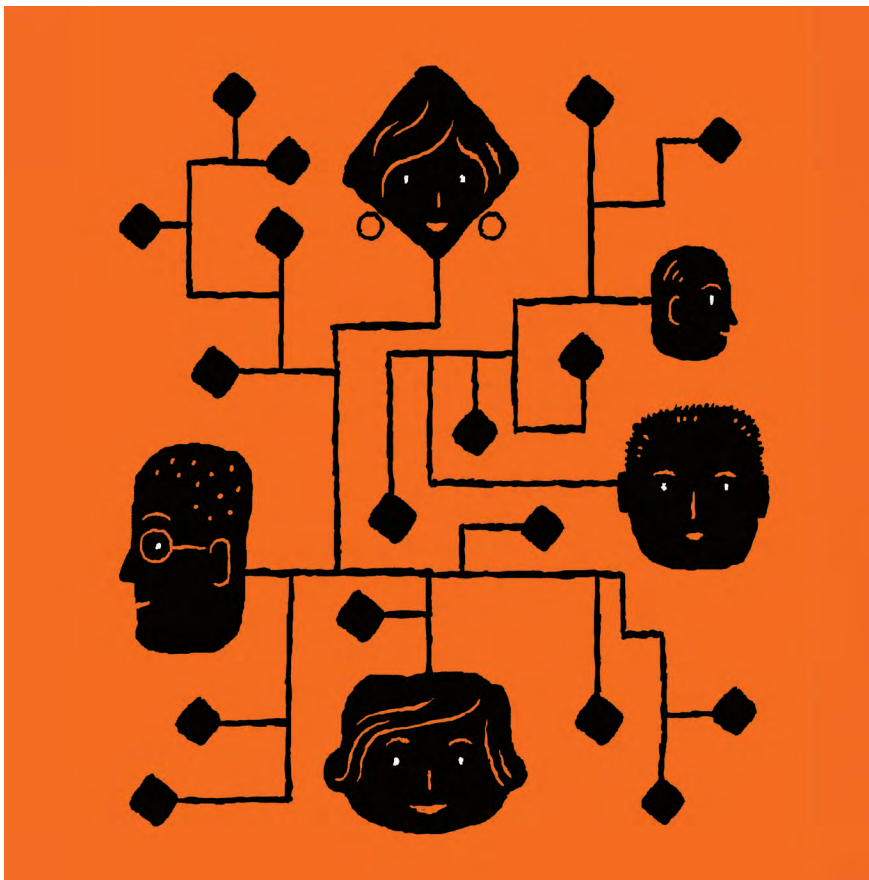
a decision or action that goes against their self-interest when they perceive that the process that led to the decision was fair and transparent. The most intransigent bad-faith actors may only be satisfied by getting all of what they want or perhaps can't ever be satisfied. But a sense of fairness helps ensure that more persuadable participants are willing to support (or at least not fight) decisions that do not align with their self-interest.

For bad faith actors who are not moved by fairness, the central strategy is to design conversational forums to change the dynamics that bad faith actors normally take advantage of. For example, at a public hearing with a single microphone, those with simple stories (good versus bad) and high confidence (they are enlightened and others are idiots) are rewarded. Those who are considering multiple perspectives and struggling with the trade-offs have no clear place. To avoid this dynamic, governments can develop deliberative, conversational forums as an alternative to the traditional public hearing. Here, simple solutions to complex problems seem out of place, even ridiculous. Nuance is welcomed and rewarded. New ideas are nurtured, and human creativity and problem-solving is sparked. GFOA's "Rethinking Public Engagement" goes deeper on how to design such forums.

CHALLENGE: Less trust in professional expertise. The access we have to vast amounts of information means professional expertise is less trusted. People can "do their own research" online. Even if the results of their research may be questionable, they have become convinced of the results by going through the process of discovery. Hence, simply hearing that an expert has a different view often is not a compelling argument.

One solution is for the finance officer to build a trusting relationship with key influencers in their audience before high stakes issues come to the forefront. Depending on the finance officer's role in the organization, these key influencers may be internal to the government (such as elected officials or department heads) or may also include other members of the community. Either way, bolstering one's reputation for trustworthiness

can be done by consistently exhibiting the values described in the GFOA Code of Ethics (gfoa.org/materials/building-trust-and-open-communications). Think of the goal as combining the credibility of an expert with the persuasiveness of a trusted friend.

Next, professional public managers often discuss the need to "educate" the public. Certainly, members of the public can often benefit from learning more about how their local governments work. The problem is that paradigm of "educating" the public places the professional public manager in the role of the teacher and the public in the role of the student. In other words, it embraces a vision of expert-led government— which the ostensible students may not trust. Instead, professional managers may need to shift to an approach of joint fact-finding where people are able to explore the issue themselves, with the experts available to assist. If the experts are right, people will often reach a similar conclusion when given access to the information. And that conclusion will be more durable because it was, at least partially, a result of the person's own efforts. You can read more about this variety of deliberative democracy in "Rethinking Public Engagement."

CHALLENGE: Ethics outsourced to algorithms. Artificial intelligence can automate decisions. The algorithms that these decisions are based on are designed by people, who encode their values into the algorithms either intentionally or unintentionally. For example, imagine an algorithm that automates the steps involved in handling a delinquent utility account. The algorithm would express values about how people who have not paid their bills on time should be treated. For example, should they be given multiple

opportunities to bring their account up to date and offered a payment plan (thereby valuing flexibility)? Or should they be confronted with possible shutoff of their water soon after becoming delinquent (thereby valuing accountability)? This example is not subtle, but sometimes the values expressed in algorithms are.

As a solution, first, finance offices should maintain the capability to recognize gray areas or exceptions in algorithmically automated processes. For example, perhaps a difficult utility billing case would be routed to an employee for resolution. These kinds of exceptions may be best handled by a person, who can exercise better judgment than an algorithm.

Carefully review any algorithms that are automating decisions to ensure that the algorithm is consistent with the values of your government. Work with the technology vendors to understand how they build and review algorithms, especially those algorithms that self-update ("learn") with use. One particularly important value is "treating everyone fairly" (GFOA ethics code value #3), as algorithms may exhibit biases against some groups of people.

CHALLENGE: Cyber risk vulnerabilities. Local governments are popular targets for cybercrime. Perhaps the most obvious risk to a finance officer's ethical reputation is the potential for exposure of sensitive data. This can be mitigated by making savvy investments in cybersecurity (gfoa.org/materials/cyber-risk-savvy) and limiting or eliminating the collection of data where risk created by exposure outweighs the benefits that the data provides to the government.

Also, the more online activity a government engages in, the greater the "surface area" for an attack. However, would limiting online activity

GFOA's research report, "Rethinking Public Engagement," examines the role of public engagement in local government and ways to more effectively engage the public. For example, public engagement practices like constructive dialogue and conversational forums can help finance officers work through issues of concern to the community.

Read the research report:

🔁 **gfoa.org/materials/rethinking-public-engagement**

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potentially reduce transparency (a value expressed in GFOA ethics code section 1) and access?

The solution here is to build technology solutions that tightly fit what the public wants. For example, when it comes to transparency, most people probably have little interest in seeing every check a government has ever written (as in, the online checkbook). Instead, think about what information can be provided to people that will do the most to increase their certainty that their government is being run in a trustworthy way. The GFOA report "Transparency: A Means to Improving Trust in Government" (gfoa.org/materials/transparency-a-means-to-improving-citizen-trust), examines this question and concludes there are two main factors that contribute to how people gauge trust in an organization: competence and values. The reports address four broad strategies to demonstrate competence and good values through transparency and openness:

- **Communicate similarity in values.** The public trusts government officials who share their values.

- **Communicate concern.** When a government official listens to citizens in a way that demonstrates thoughtfulness and compassion, the official is perceived as more worthy of trust.

- **Allow citizens to scrutinize government work.** This demonstrates competence by allowing citizens to see how government is performing.

Also, the act of making performance data available may send a signal that the government values openness and integrity.

- **Help citizens understand the decision-making process.** If citizens can see that decision-making is fraught with hard choices, and there is often no perfect solution, they may empathize more with public officials.

You will notice that these four strategies parallel many of the strategies we've discussed elsewhere in this article. This means that finance officers can address many of the challenges by following a core set of trust-building practices.

Finally, when we think "cybersecurity threats" we often presuppose that the threat comes from outside of government; however, fraud by people inside of government is still a threat, and technology could provide new opportunities for fraud. Examples include stealing or misusing personal data or manipulating automated financial systems. Internal controls will need to evolve with the technology.

CONCLUSION

According to ChatGPT, "Changing technology does not make the GFOA Code of Ethics obsolete, but it can indeed present challenges and complexities that require a thoughtful application of these values in new contexts." We

agree. By being aware of the "superpowers" of technology, finance officers can anticipate the challenges that applications of technology may give rise to. Finance officers also have various strategies they can employ to directly counteract the known challenges from technology. 🏛

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Several 2023 GFOA annual conference panelists helped with this article: Ken Burke, clerk of the Circuit Court, Pinellas County, Florida; Nancy Brewer, city manager for the City of Lebanon, Oregon; Ron Harker, finance director for the City of Roseburg, Oregon: Don Hudson, assistant city manager and finance director for the City of Tualatin, Oregon; and Rich Lee, finance director for the City of San Mateo, California. JoAnne Speers, a consultant on good governance and ethics for public and nonprofit organizations, also provided commentary.

WHAT DOES CHATGPT THINK?

We asked ChatGPT about how technology challenges the GFOA Code of Ethics. Here is what it had to say:

- **Integrity and honesty.** Finance officers must ensure the integrity of financial information in digital systems and uphold ethical standards when handling sensitive data.

- **Producing results.** It is important to maintain a balance between utilizing technology to achieve results and ensuring the accuracy, reliability, and ethical use of financial data and algorithms.

- **Treating people fairly.** It is crucial to ensure that technology is implemented in a way that does not discriminate or disadvantage individuals or groups.

- **Diversity and inclusion.** Bias in algorithms, lack of representation in technology development, and accessibility issues can undermine diversity and inclusion.

- **Reliability and consistency.** Finance officers must ensure that technology is implemented and maintained properly, with appropriate controls in place to minimize errors, system failures, and fraud.