

Public Financial Management (PFM) and Artificial Intelligence

Situation

- Artificial Intelligence (AI) adoption has accelerated with the availability of more effective trained Large Language Models (LLM), like ChatGPT
- Well-known AI algorithms have been enhanced through massive “Big Data” analysis, and process improvements through special-purpose microprocessors
- Among the Public Financial Management (PFM) AI use cases are:
 - Compliance management
 - Fraud and corruption detection
 - Computer-aided audit
 - Chatbot assistance
 - Asset and fleet digital twins predictive maintenance
 - Asset and inventory image recognition
 - Bank and transaction reconciliation

Complication

Governments experience:

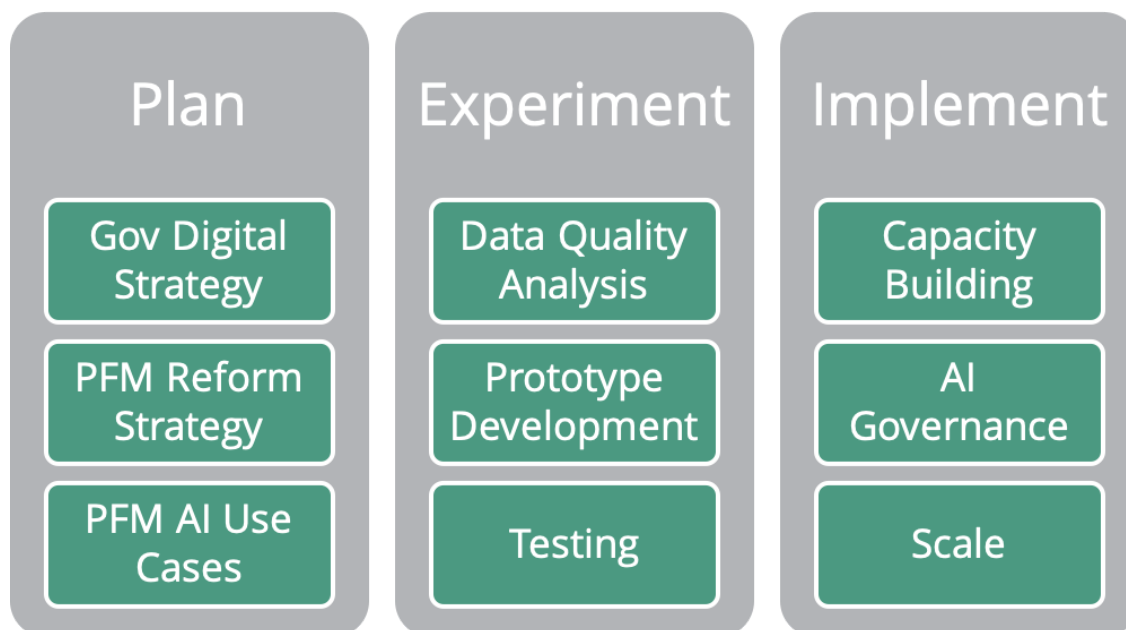
- concern over biases embedded in the data that trains AI models
- capacity and technology constraints to provide consistent and comprehensive data necessary for AI training
- change resistance because of predictions of jobs and functions that AI could eliminate

Question

How can governments leverage AI for PFM that augments, rather than replaces, public servants while reducing bias?

Solution

The FreeBalance [GRP Evaluation](#) and [Public Value Realization advisory services](#) support the sequencing of PFM digital transformation journeys that includes AI. A specialized AI subset offering is also available.



The FreeBalance PFM AI approach consists of 3 phases:

- **Plan** to align initiatives with government goals
- **Experiment** through iterations to identify successful AI prototypes
- **Implement** to enable technology scale leveraging capacity building and good AI governance structures

Appendix: Supporting Material

Supporting FreeBalance blog entry

- [How can AI transform Public Financial Management?](#)