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AGA Research

CFO Survey Report Series

CFO Priorities for Advanced Technology Adoption

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Acknowledgments

Guidehouse partners with AGA to survey the public sector chief financial officer (CFO) community. The CFO Survey series provides timely and topical insights for financial leaders.

The following report addresses input collected during a series of interviews and meetings held between May and August 2025.

We sincerely thank our CFO and executive-level colleagues who shared their insights via our survey, roundtable discussions, one-on-one interviews or a combination of the three.

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2025 CFO Survey Report

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Abstract

Leaders within the financial management community stand at a pivotal moment in the public sector's artificial intelligence (AI) journey. While many groups push to race forward with AI implementation, government financial leaders must properly balance a complex technical environment, limited resources and potential risks that a large technology implementation associated with AI presents before pressing forward. Understanding these constraints, it is important to discuss how government chief financial officers (CFOs) and their teams should position their organizations for success as they undergo AI adoption and transformation. Financial leaders ought to play a major role in determining how and where technology is implemented, as their unique organizational perspectives and appreciation for implementation risks and rewards will build a stronger foundation for any AI investment.

To better understand the degree to which government CFOs have integrated AI into their financial operations (including budgeting, program optimization and audit remediation/sustainment), AGA and Guidehouse partnered to survey more than 100 CFOs, comptrollers, corresponding deputies and other financial management executives across federal, state and local governments via roundtables, interviews and an online questionnaire. Using these insights, we have compiled a set of practical, action-oriented steps for government CFOs to meaningfully and responsibly embed AI capabilities into operations to empower their departments to work with greater accuracy, improved speed, reduced manual input and increased efficiency.

This report is organized into three sections aimed at supporting CFOs in adopting AI:

1. **Where CFOs are.** Awareness is high, but adoption lags — government CFOs must close the gap between their individual familiarity and their organization's readiness.
2. **What can be done.** CFOs can better lead their organizations through AI implementation efforts by:
   - Strengthening CFO involvement in AI implementation across their enterprise
   - Establishing an iterative AI governance practice
   - Upskilling, and when necessary, hiring personnel who are data and AI literate
   - Bolstering collaboration across government agencies, industry and academia.
3. **How to do it.** An 18-month action-focused roadmap can guide AI implementation across CFO organizations.

Where We Are

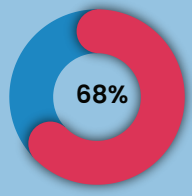
In the 2025 CFO Survey, more than 100 CFOs, comptrollers, corresponding deputies and other financial management executives across federal, state and local agencies assessed themselves, their teams and their organizations around their AI readiness and adoption journeys. A large majority of this CFO community indicated that they felt their organizations were at the very early stages of AI adoption. A majority also had concerns related to (1) a lack of awareness across their broader teams and organizations, (2) limited technical skills and fluency in AI and data governance across the workforce, (3) challenges in managing internal control and audit risk, and (4) a lack of collaboration and shared practices amongst government CFO communities.

These results appear to stand in contrast to the CFO community's broader attitude toward or experience with AI, in which almost 75% have explored or are using AI to enhance personal productivity including for educational, entertainment and creative purposes. While most individuals and organizations have regular exposure to AI systems across daily routines and interactions, such as customer service chatbots, payment processing systems and recommendation engines, the CFO community perceives a comparative lack of normalized AI usage in their workplaces.

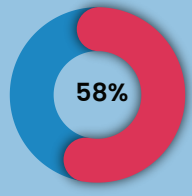
Further, a recently published U.S. Government Accountability Office (GAO) report from July 2025 entitled, "Artificial Intelligence: Generative AI Use and Management at Federal Agencies," noted that over 1,100 AI use cases exist across 11 agencies.[1] Not only did GAO find a near-doubling in the number of AI use cases between 2023 to 2024, but it also tracked nearly 300 generative AI use cases in the last year (a nine-fold increase from 2023), 40% of which are being actively integrated and scaled into agency operations. Many in the CFO community who participated in this survey work for or in relation to these 11 agencies. The disparity between the AGA CFO survey and the findings from GAO's report on AI and generative AI usage points to a potential awareness and maturity gap between agencies' financial operations and their broader organizations.

In this report, we seek to equip the CFO community with action-oriented recommendations to close the gaps in AI maturity, governance and capabilities across the broader executive suite; their finance workforce; their information technology (IT), data and end-user communities; and across broader government.

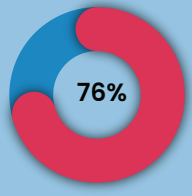
When asked for their perceptions of how AI is being utilized and supported within their teams and their agencies, CFO survey respondents provided a number of insightful responses. Of those surveyed:



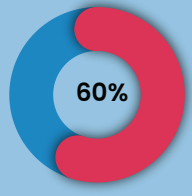
Believe that their financial teams are not aware of or are not using AI, with 65% believing that their organizations use AI minimally or not at all.



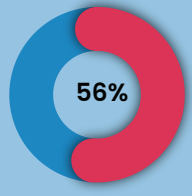
Believe that their organization's leadership is either not supportive of or, at best, neutral toward AI adoption efforts.



Believe that there will be minimal to limited adoption of AI in their organizations over the next fiscal year.

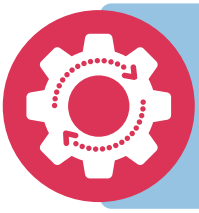


Do not believe that there is investment funding or budget for AI in their organizations.



See data privacy, security, bias, transparency or auditability concerns as major barriers to adopting AI within their organizations.

The key themes of our findings and recommendations are as follows:



Stronger CFO integration and information sharing across the C-suite is needed. CFOs need to be integrated with their organization's chief information officers (CIOs) and chief data and analytics officers/chief digital and artificial intelligence officers (CDAOs), or equivalent positions, and CFOs should have a seat on AI steering committees (or similar bodies that determine AI policy).

AI governance is a maturity process that must address varying aspects of successful AI adoption, including data, modeling and user interfaces/ applications to evolve over time.

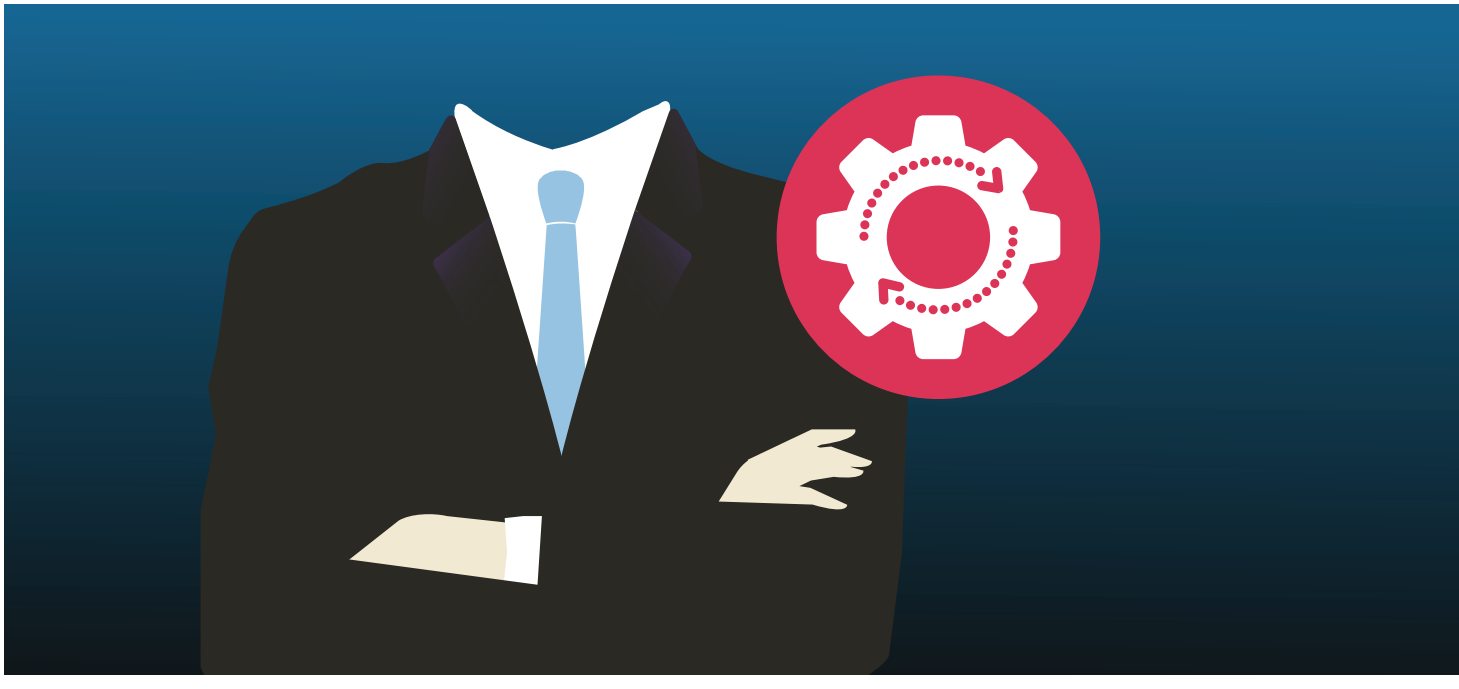
People and culture must be prioritized and utilized when adopting AI, especially in the age of leaner workforces and increased vigilance over workforce efficiency. Upskilled personnel are vital, and hiring should emphasize AI and data literate skillsets.

Strategic collaboration across government, the private sector and academia is key to advancing AI innovation and adoption in a responsible, purposeful and consistent manner.

Enterprise AI Adoption Activities Need Stronger CFO Integration

Reconciling CFO perspectives across the enterprise, including with CIOs and CDAOs, begins with CFOs having a seat on their agencies' AI steering committees or similar bodies that determine AI policy. The ability for the CFO community to share critical priorities (such as audit remediation) and persistent pain-points in financial operations (like manually extracting and entering data from contractual documents) enables the finance workforce to take advantage of emerging or ongoing solutions and broader agency infrastructures. It establishes the mechanism for CFOs to work alongside their C-suite peers to inform decisions around AI prioritization and investment in several ways:

- **Propagate finance use cases into agency AI use case inventories.** 76% of this year's survey respondents indicated that they expect minimal to limited AI adoption in the coming fiscal year. By directly taking part in AI committees, CFOs can underscore the importance of efficient financial operations through earlier AI adoption and rapid scaling, which can lead to more productive and efficient fulfillment of agency missions.
- **Secure budget and support the allocation of investments in use cases.** 45% of survey respondents pointed to limited budget or funding as a major challenge in adopting or scaling AI solutions. CFOs' participation in AI steering committees helps their finance departments be considered for enterprise-wide AI needs and for effective integration into annual budget requests toward scaling and evolving AI infrastructure requirements.
- **Improve data pipelines and governance to build trusted AI models and outputs.** 56% of this year's survey respondents viewed data privacy, security, bias, transparency and auditability concerns as significant challenges in adopting and widely using AI. As the senior financial stewards of their organizations, CFOs at all levels of government — federal, state and local — play a critical role in ensuring the integrity of financial data. For federal



CFOs, this responsibility is explicitly mandated by the Chief Financial Officers Act of 1990, which requires that agencies produce financial information that is complete, reliable, consistent and timely. This means CFOs should be working closely with their CIOs, CDAOs and field offices to build standardization of data governance; establish authoritative data sets; and manage the acquisition, storage, use and disposal of finance data for various needs. For all CFOs, establishing data integrity and trust over financially relevant data provides the critical foundation to enable AI adoption.

Given the role CFOs across government play in responding to internal and external oversight bodies and the scrutiny that agencies' programs, processes and systems are subjected to, finance leaders are critical in integrating across their agencies as AI readiness matures and capabilities are scaled. Drawing on audit standards and internal controls principles, CFOs provide rigor and discipline across their agencies and collaborate with senior leaders to establish robust approaches for assessing both financial and operational risks stemming from AI-based solutions, explore risk response strategies, set tolerance levels and ensure the development of appropriate documentation. They also perform key roles in designing, instituting and evaluating controls over data integrity and governance of finance data and AI models as part of ongoing management-driven internal control and risk management programs.

From the field: serving as an AI champion

One interviewee described his agency as being at the "crawl" stage. However, he was able to help build momentum by serving as an AI champion. Senior leadership briefings in the form of AI 101 sessions, which framed AI as a job aid (and not a replacement) and low-risk, policy-aligned pilots inspired leaders to act. The agency moved forward with piloting document summarization both for congressional reporting and building a Q&A knowledge-base — quick wins that promoted adoption and tackled real challenges to build organizational trust and interest in further exploring AI.

AI Governance is a Maturity Process

Government CFOs have long led the way in establishing strong governance through mature practices and implementation of management internal controls and risk management programs. This year's survey respondents identified the development of thorough policies and procedures as the top priority around establishing governance and oversight, yet 54% of the CFO community either did not have an AI governance approach in place yet or were planning to rely on their existing governance frameworks and processes. The deployment of AI models into finance operations should be viewed in a similar vein to the go-live of a major financial system. AI use drives process changes, and how AI-generated outputs are used, validated and documented also becomes highly critical. To be audit ready and to mitigate data integrity and internal control risks, having robust governing frameworks coupled with up-to-date internal controls programs to continuously monitor controls around AI systems/solutions and AI-produced results is required.

Three of the most critical governance components that CFOs should establish for AI systems are (1) the data layer, (2) the AI model and performance layer and (3) the application layer and user interface.

Data layer. This layer is the foundation of trustworthy and effective AI solutions. Just as strong controls and audit trails are essential for financial data integrity, the same principles apply to data inputs into AI models. Key elements and questions CFOs need to consider as part of financial AI solution use cases include the following:

Governance in action: traceable lease accounting tool for Statement of Federal Financial Accounting Standards (SFFAS) 54 Compliance[2]

Facing complex, high-volume lease reviews, a document repository paired with large language model classification and key-field extraction allows for traceable, confidence-scored outputs validated by human review to accelerate accurate accounting and preparation of audit-ready evidence. This tool exemplifies governance through its explainability, traceability and repeatable controls.

Data quality and integrity	◌ Have authoritative financial datasets been established — cleansed, validated and tightly controlled? ◌ Are the right controls in place to prevent or detect anomalies before they mislead AI models? ◌ How can consistency be promoted in data definitions across systems and teams?
Data governance	◌ Who is ultimately accountable for financial data used in AI applications? ◌ Do policies define how financial data can be accessed, shared and modified? ◌ Where can AI-generated outputs be escalated and reported to if they conflict with financial standards or policy?
Data lineage and traceability	◌ How can traceability and lineage be maintained when financial data is used outside of the CFO office? ◌ Are data flows and model logic documented, and are they robust enough to support audits, internal control evaluations and other oversight inquiries? ◌ How can versioning and change logs in metadata and documentation be established to track changes to data over time and their impacts on AI results? ◌ How can traceability, security and understandability be ensured when AI tools are introduced into government networks developed by external vendors?
Security and privacy	◌ How will sensitive financial data be protected throughout the AI lifecycle? ◌ How can the risk of sharing financial data with third-party AI platforms or cloud environments be mitigated? ◌ How can unauthorized access or misuse of financial data be monitored?
Interoperability and structure	◌ Is existing documentation sufficiently detailed to support AI model development and validation? If not, what enhancements are needed? ◌ How well do financial systems support the data needs of modern AI solutions? If gaps are identified, what types of tools are needed to improve data quality, processing and readiness? ◌ What support is needed from CIOs, CDAOs and other leaders across the agency to ensure financial data and systems are AI ready?

AI models. Financial data is used in AI models to serve two primary functions. First, models are trained on large volumes of historical data, often from multiple systems, to establish patterns and relationships. Next, AI models begin inferring based on new data inputs, making predictions and recommendations based on what the end user is looking to achieve.

CFOs deploying AI models or applications need to focus on three primary components for both training and inferring: (1) explainability, (2) trustworthiness and (3) performance.

Model explainability	◌ Does documentation clearly describe how AI models derive outputs? ◌ What specific models are being used (such as machine learning, deep learning, reinforcement learning or generative) for various parts of the modeling life cycle? ◌ Are assumptions, logic and decision pathways documented in a manner that non-technical stakeholders can follow? ◌ What mechanisms exist to validate and challenge AI models' reasoning?
Model trustworthiness	◌ How will financial AI models and their outputs be tested to ensure reliability and consistent performance? ◌ What controls exist to monitor for model drift or degradation over time? ◌ How will biases in models be identified, mitigated and counteracted, especially when using historical financial data?
Model performance	◌ What metrics and key performance indicators have been established and used to evaluate model accuracy, efficiency and relevance to financial objectives? ◌ Who will assess model performance and re-validation, and how frequently will this be done? ◌ How will we track model errors and other lessons learned impacting financial reporting or controls?

The application layer and user interface. End users of AI models will primarily access and interact with AI models through front-end applications and user interfaces. AI applications, powered by AI models, are built to provide specific end user functionality and interaction. Key questions CFOs need to consider around governance in the application layer include the following:

- ◌ How intuitive and secure is the user interface for non-technical staff?
- ◌ How can models' reasoning and confidence in results be made transparent to end users?
- ◌ Are data sources (such as originating transaction details or policy documents) referenced in results?
- ◌ Does the interface enforce roles-based access and create an audit trail of system interactions?
- ◌ What guardrails exist to prevent misuse or misinterpretation of AI-generated financial insights?
- ◌ How will CFOs, workforces and various user personas be trained to critically evaluate AI outputs?
- ◌ How can automation be balanced with human oversight in financial decision-making?

AI governance is a strategic imperative for CFOs seeking to responsibly scale AI adoption across financial operations. Agency internal controls programs could, for example, incorporate the National Institute of Standards and Technology (NIST) AI Risk Management Framework to strengthen oversight and enhance governance of AI-enabled financial systems or outputs.[3] For federal agencies, the Office of Management and Budget (OMB) Circular A-123 offers a well-established mechanism for regularly assessing and improving controls and decision-making processes.[4] Its assessment cycle provides a natural structure for integrating AI oversight. Furthermore, A-123 documentation, such as narratives, process flows, and risk and control matrices, serve as a practical repository for capturing AI model decisions, exceptions and rationale.

An Upskilled Finance Workforce Must Be Prioritized

Across government, agencies are tasked with meeting their missions against a constrained resource environment. "Doing more with less" remains a prime directive for the CFO community, and close to 30% of respondents emphasized the need to build a more skilled and AI-literate workforce. With the pervasiveness of AI models accessible across government environments (including the General Services Administration's recent USAi launch)[5] as well as personal applications, numerous opportunities exist for the finance workforce to learn foundational AI concepts, gain competence around using enterprise AI applications and assess purpose-built AI needs to accelerate manual finance, accounting and budgeting processes.

Upskill to build AI-ready finance teams. CFOs must invest time and consistent effort toward upskilling and retooling their finance workforces to:

- Build understanding of the spectrum of AI models — from traditional rules-based (e.g., robotic process automation) models to advanced solutions (e.g., machine learning, deep learning, large language models), showing how they work and when to use each
- Assess accessibility and permissibility of AI technologies, including what is available through approved vendors and service providers
- Identify, prioritize and submit finance-related use cases for AI adoption
- Craft effective prompts to generate high-quality outputs from language models
- Evaluate AI-generated outputs for accuracy, bias and compliance
- Learn the limitations and risks of AI (e.g., model drift, hallucinations, data bias).

These fundamentals help staff see the potential of AI integration in their daily processes, while building awareness of AI's limitations and inherent risks. Fostering a cycle of continuous learning and upskilling, given AI's rapid cycles of innovation, encourages the finance workforce to not only become power users of AI models, but also reinforces a culture of continuous improvement.

Hire for AI fluency. CFOs should also consider strategic hiring to complement upskilling efforts. Developing and incorporating position descriptions that bring highly technical personnel such as data scientists/engineers onboard will be essential to further bridge technical and finance domain knowledge. The augmented finance workforce works together to translate business logic of various processes they perform and regulations governing their work into data pipelines, validation tests and prompt templates, all while validating that AI models are working as intended.

Collectively, these achievable actions of investing in skills, fostering cross-functional collaboration and creating roles that blend financial expertise with technical fluency can help CFOs transform their workforce into one that is well-informed and confident when leveraging complex and ever-changing technologies.

Agentic AI invoice compliance and reconciliation use case

A well-scoped, auditable agent can retrieve invoices, purchase orders and receiving data; apply policy and contract rules; perform three-way matching; identify variances; and assemble an evidence package (inputs, rules applied, decisions, exceptions) for reviewer approval. This "human in the loop" factor is key — where staff are trained to validate AI outputs and confirm that they are accurate and documented appropriately. Governance includes role-based approvals, reproducible runs and input/output logging sufficient for test of design and test of operating effectiveness.

Strategic Collaboration is the Key to AI Adoption

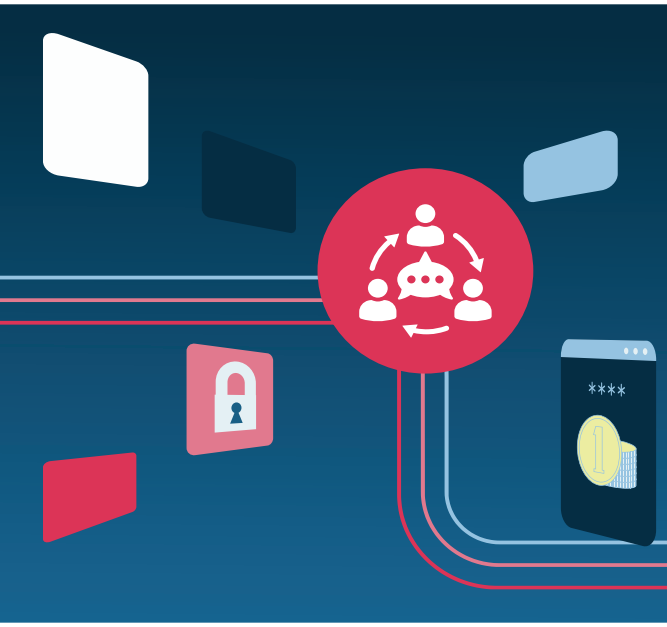
Unsuccessful implementations and failure to achieve intended outcomes rank as a top concern for 44% of respondents — second only to bias and fairness. Collaboration across government agencies, the private sector and academia can serve as a powerful enabler for balancing AI risk and innovation, speed and responsible adoption.

Inter- and intra-agency collaboration. Establishing inter-agency working groups can provide regular forums to compare use cases, align intake and reporting standards and publish reusable artifacts. AI-specific collaboration can build on these efforts by turning solutions into shared resources such as common data definitions, reusable prompts and control checklists, and vendor-agnostic interface guidelines.

Private sector partnerships. Engaging with industry is equally critical. Industry days and technology showcases allow CFOs to explore emerging tools, frameworks and services. Such events help CFOs and their teams shape procurement requirements around their department priorities, such as building agentic AI workflows to perform financial reconciliations to support audit remediation. Engagement with both AI-focused startups and traditional finance, accounting and technology consultancies broadens the solution space available to government to surface options and ideas best aligned with agency-specific priorities.

Academic engagement. Academic partnerships offer a third pillar of value: cutting-edge research and a pipeline of AI-literate talent. Collaborations can explore advanced techniques, such as anomaly detection for payments or complex reconciliation generation, while also connecting CFOs with aspiring professionals who can grow into the critical AI-literate financial analysts that agencies need. Even modest efforts, such as guest lectures, capstone sponsorships or externships contribute to building broad interest from the talent pool in government financial management.

Ultimately, no AI investment moves past a CFO's desk without evidence of secure controls, responsible-AI artifacts and measurable benefits. Collaboration is how CFOs meet these requirements — by adopting proven practices from peers, shaping the market with shared expectations and building the talent pipeline to sustain progress.



Collaboration delivers value, even before full AI deployment

For agencies not yet ready to deploy AI broadly, collaboration still offers immediate benefits. Sharing sandbox designs and safe experimentation protocols reduces operational risk and improves comparability. Learning from others' AI prototypes can demonstrate near-term value while longer-term modernization efforts mature. When paired with outcome-based goals (e.g., accuracy targets, cycle-time reductions, hours redeployed from manual tasks), collaborative efforts turn implementation risk into measurable, trusted outcomes.

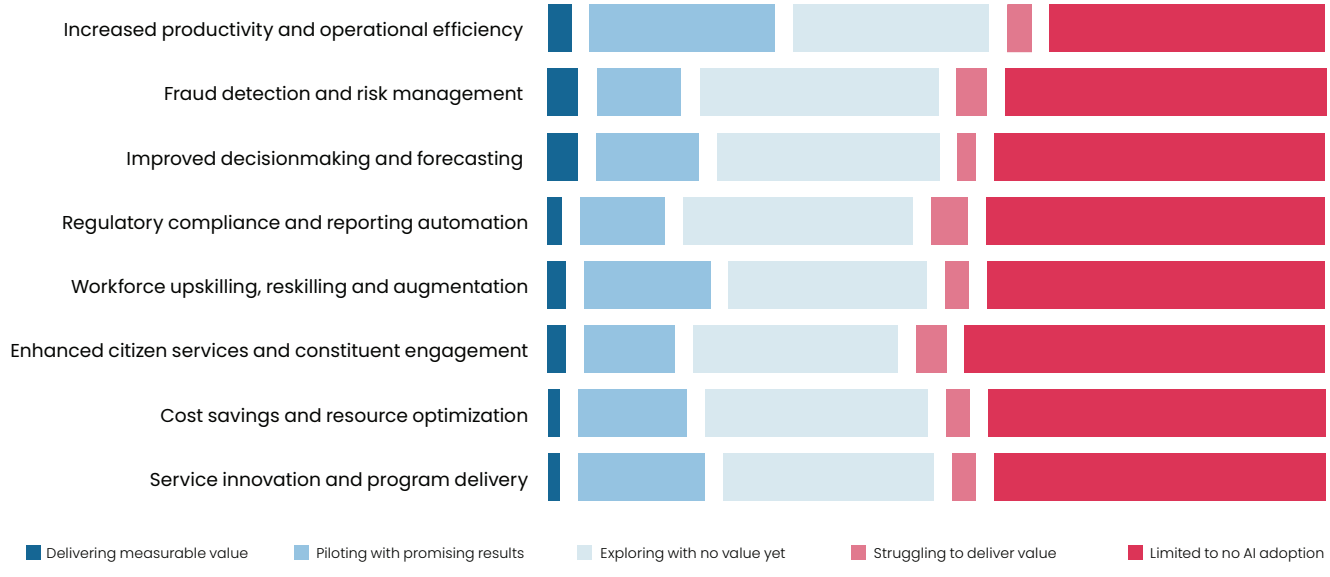
What's Next? A CFO's Tactical 18-Month Roadmap

CFOs of government agencies are at an inflection point, precariously balancing the need to carry out their missions with speed and precision against a limited budget and resource landscape. Unsurprisingly in this year's survey, as shown in **Figure 1**, most of the CFO community rated their organizations as having limited/no adoption of AI and as struggling to deliver value with AI. Recognizing the known complexities of AI models, CFOs also encounter challenges in equipping their workforces with relevant skills, collaborating across agencies and being seated at the table alongside their C-suite peers to invest in AI infrastructure and capabilities.

In this section of our report, we invite CFOs to assess their "current state" of AI maturity (Gartner's AI Maturity Model[6] offers a good representation). Next, consider agency priorities, strategic road maps and plans, and CFO urgency areas, and establish a strategic vision for AI capabilities, defining the "to-be" state. Establishing a detailed and action-oriented 18-month roadmap will be critical to quickly establishing the CFO-led organization as not only an AI-ready organization, but also an AI-savvy influencer of broader agency innovation and efficiency.

As many government CFOs surveyed have assessed their levels of AI maturity as nascent, we have depicted a notional AI maturity roadmap to assist leaders with increasing their AI maturity. Each increment, known as a wave, is organized into three-month increments and names the objective, representative actions across C-suite integration, workforce, governance, collaboration and the acceptance criteria that demonstrates the CFO's readiness to advance into the next wave.

Figure 1: Surveyed CFOs predominately see limited to no AI adoption across their enterprises.



Wave	Timeframe	CFO integration across agency	Mature AI governance	Establish AI-literate workforce	Bolster external collaboration
1: Define baseline, current state and identify gaps, needs and risks	Months 1–3	Identify CFO roles in existing AI initiatives; establish cross-functional AI steering committee	Conduct AI governance maturity assessment; define baseline	Assess current workforce data literacy and AI skills; identify gaps	Map existing collaborations and prototype efforts across agencies
2: Build foundational AI awareness and establish governance templates	Months 4–6	Develop CFO-specific AI use cases and value propositions	Draft AI governance framework tailored to finance operations, which also aligns with broader AI governance councils and regulations	Launch foundational data literacy training for finance staff; establish position descriptions for external hires	Initiate inter- and intra-agency working group focused on AI pilots; attend technology conferences or host industry days
3: Pilot in sandboxes and define user personas	Months 7–9	Integrate CFOs into enterprise AI planning and budgeting cycles	Formalize governance roles and responsibilities; align with enterprise policies	Begin role-specific AI competency development programs	Share lessons learned from early pilots; create shared repository; evaluate model performance across different vendors
4: Operationalize oversight, fail fast and learn lessons	Months 10–12	Establish feedback loops between CFOs and AI implementation teams	Implement governance tools (e.g., risk management, compliance tracking)	Expand training to include hands-on AI tools and analytics platforms	Co-develop cross-agency AI prototype with shared funding model
5: Scale what works and expand AI-fluency across workforce	Months 13–15	Evaluate CFO impact on AI project outcomes; refine integration model	Monitor governance effectiveness; adjust policies as needed	Launch mentorship and peer learning programs for AI champions	Formalize collaboration agreements; align on production standards
6: Sustain, monitor and continuously evolve	Months 16–18	Institutionalize CFO participation in AI strategy and execution	Publish governance outcomes and best practices; embed into enterprise culture	Certify finance staff in AI/data analytics; integrate into performance plans	Scale successful prototypes to production across agencies

In Summary

AI and other emerging technologies present unprecedented opportunities for public sector organizations to modernize operations, accelerate decision-making and foster a culture of innovation across their workforce. For CFOs, however, the journey toward adoption is uniquely complex. It requires navigating critical considerations such as data privacy, audit integrity and regulatory compliance with precision and accountability.

To succeed, CFOs must take deliberate steps to build a strong foundation for transformation. This begins with establishing cross-functional collaboration — bringing together finance, IT, legal and operational teams to ensure alignment and shared ownership of outcomes. Next, robust governance frameworks need to be implemented that clearly define policies for ethical AI use, risk management and compliance monitoring. Finally, CFOs must develop a practical, phased roadmap that prioritizes quick wins while laying the groundwork for long-term scalability and resilience.

In embracing these principles, CFOs can move beyond viewing AI just as a tool for efficiency and rather position it as a strategic enabler — one that drives smarter resource allocation, enhances transparency and strengthens public trust in government institutions. The time to act is now. Start by assessing organizational readiness, identifying high impact use cases and investing in the talent and infrastructure needed to unlock AI's full potential. Those who lead boldly will not only transform their finance function but set a precedent for innovation across the entire public sector.

Endnotes

1. GAO, "Artificial Intelligence: Generative AI Use and Management at Federal Agencies," (GAO-25-107653), July 29, 2025.
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