



Maryland Government Financial Officers Association – AI, Digital Tools and Trends in Municipal Finance

CLA Digital
October 2023





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The **Four Essential Elements** of the CLA Promise

Our Purpose

CLA exists to create opportunities — for our clients, our people, and our communities.

Our Promise

We promise to know you and help you.

Our Family Culture

We're one family, working together to create opportunities.

Our Strategic Advantages

Deep industry specialization
Seamless, integrated capabilities
Premier resource for private business and owners
Inspired careers

Driven by **Our Values**



Curious

We care, we listen, we get to know you



Collaborative

We help you seamlessly, bringing innovative teams to the table



Transparent

We communicate clearly and authentically



Inclusive

We embrace all voices and create opportunities for you in an energetic and inspiring environment



Reliable

We respond in hours, not days; we follow through, protect our client data, and produce quality results



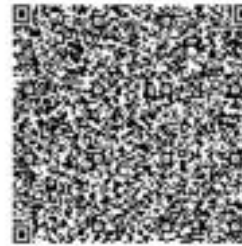
Introduction



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Today's Agenda

1. Data Transformation – transparency and automation
2. Artificial Intelligence – key trends and applications to accounting
3. Human Digital Literacy – continuous learning, potential risks and ethical concerns

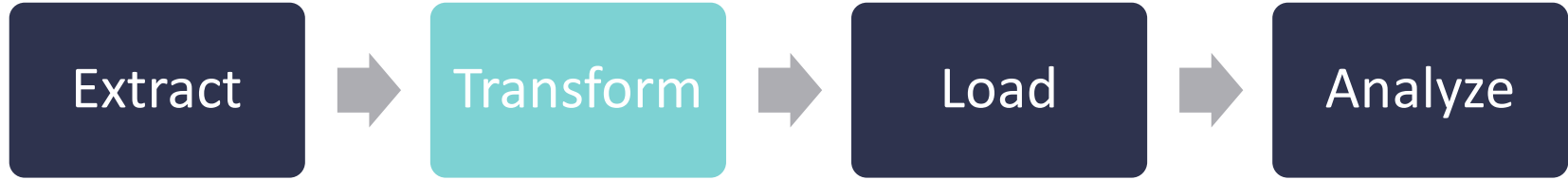




Data Transformation - Transparency & Automation



What is Data Transformation?



Data Transformation is the middle step of ETL; it is the process of changing the format, structure, or values of data. It is how you 'show' the data.



Excel Swamp

- “It’s what we’ve always done”
- Pivot tables & power query
- Limited in functionality
- **Just because you understand it, doesn’t mean everyone else does!**





Home

Navigation

Budget

Home > Edit

View Financial Year

View Months

Overview

Income Statement

Balance Sheet



Assets & Liabilities

25,045,853 Total Assets	24,223,532 Current Assets	822,321 Fixed Assets	68,342,758 Total Liabilities
795,404 Cash & Bank Bal.	2,686,247 Debtors, Adv. & Inventory	221,798	
25,045,853 Liabilities & Equity	20,438,233 Current Liabilities	-1,563,422 Non-Current	47,146,552 Total Equity
6,171,041 Equity	2,439,345 Pay. & Accruals	13,970,814 Retained Earnings	



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REVENUE 5.05M (vs 4.79M)

Total COGS 3.07M (vs 3.25M)

Gross Profit 1.97M (vs 1.54M)

Gross Profit % 39.08% (vs 32.35%)

Net Profit -0.27M (vs 0.07M)

Net Profit % -5.41% (vs 1.52%)

Category	Group	Year	Sub-Group	2017																
				January	February	March	April	May	June	July	August	September	October	November						
Assets	Current Assets	Cash & Bank Balances	Total	899,850	776,800	4,033,800	2,876,610	3,995,870	2,960,024	1,853,070	1,054,508	1,093,877	808,064	948,888						
				Debtors, Advances & Prepayments	5,762,210	5,594,801	5,940,200	5,180,118	5,874,200	5,052,874	5,891,217	5,119,373	5,101,908	5,281,201	5,083,230					
				Inventory	198,100	134,900	155,870	224,841	224,493	303,893	227,264	222,084	244,712	244,084	207,460	207,460				
				Related Party (IC) - Equity	11,700,000	14,150,000	17,150,000	17,070,000	16,380,270	14,927,300	13,910,267	13,998,000	14,782,226	17,471,287	17,729,800	17,729,800				
				Total	6,166,000	6,686,701	5,760,000	6,861,731	6,919,743	6,491,861	6,627,362	6,664,891	6,327,680	6,607,801	6,696,342	6,696,342				
Fixed Assets	Accumulated Depreciation	Property, Plant & Equipment	Total	76,900	84,400	90,400	22,884	28,200	68,884	84,200	42,200	41,624	58,700	76,800						
				Accumulated Depreciation	798,000	780,000	794,400	861,760	1,048,800	1,084,200	1,087,116	1,097,032	1,184,000	1,198,000	1,198,000					
				Property, Plant & Equipment	844,900	844,700	884,800	1,066,244	1,096,100	1,107,200	1,100,188	1,096,428	1,200,624	1,284,800	1,284,800					
				Total	2,144,900	2,044,400	2,079,200	2,078,244	2,090,900	2,091,200	2,096,888	2,093,524	2,079,152	2,082,800	2,082,800					
				Liabilities & Equity	Current Liabilities	Other Payable	Total	1,493,600	2,490,200	4,899,600	4,633,404	4,895,477	4,074,690	3,273,680	3,077,490	3,273,938	3,789,700	3,516,428		
Provisions and Accruals	400,200	427,841	483,770	857,851				597,640	562,713	1,497,260	1,648,012	1,877,204	1,668,222	1,709,840						
Related Party (IC) - Pay	1,093,400	14,062,359	4,415,830	3,775,553				3,897,837	3,514,700	1,579,428	1,528,278	1,399,984	1,710,476	1,709,580						
Total Payable	4,709,000	6,990,400	4,391,100	9,171,608				9,393,154	7,912,200	5,490,200	5,293,710	5,221,624	5,801,900	5,936,248						
Total	16,194,000	17,066,200	17,764,244	16,866,608				16,910,900	15,866,888	13,916,640	13,996,402	13,962,572	14,400,624	15,294,800						
Non-Current Liabilities	Provision (Loss) Liabilities	Total	Shareholder's Equity	Current Retained Profit	Disputed	Partner's Capital Account	Retained Earnings	Distributive Reserve	2,280,870	2,276,712	2,280,270	2,217,284	1,937,737	1,937,937	1,994,197	1,798,224	1,727,412	1,944,944	1,962,228	
									2,280,870	2,276,712	2,280,270	2,217,284	1,937,737	1,937,937	1,994,197	1,798,224	1,727,412	1,944,944	1,962,228	
									400,000	410,700	50,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
									400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
									1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

Business Intelligence Tools

Consumer flexibility to transform on when to consume the data and how to consume the data. One report can serve the needs of many consumers.





Business Insights through Business Intelligence Tools

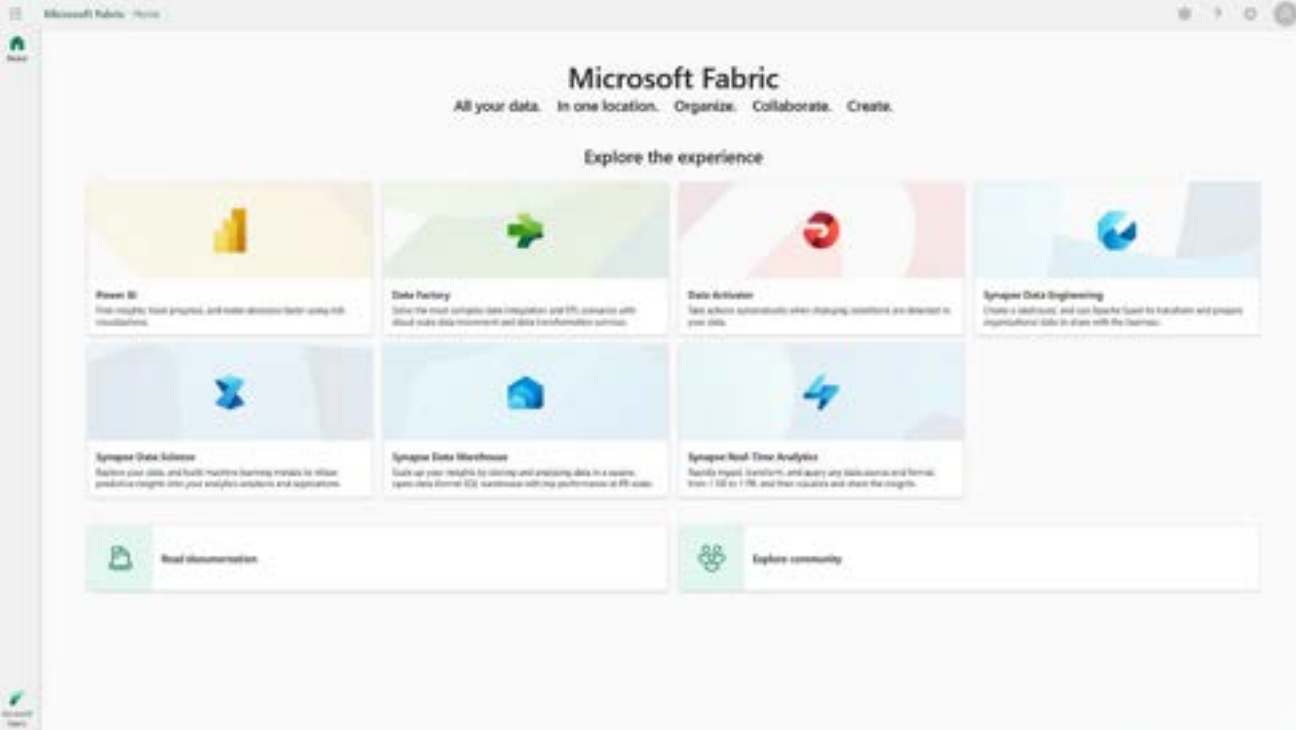
Connect multiple key data sources for integrated reporting

Reduce the time taken to complete financial reporting

Generate accurate financial forecasting based on business metrics

Accurate and timely business insights





Business Intelligence in the Future – Microsoft Fabric

End-to-end data analytics tool that provides a unified data foundation.

Integrated with Microsoft Co-Pilot brings all the data power at your fingertips.





Elevating and empowering your workforce with AI



What is Artificial Intelligence?

Artificial Intelligence is the ability of a computer (or computer-controlled robot) to do tasks that are usually done by humans, that require human discernment and intelligence.

- AI Models are programs that analyze data sets, find patterns, and make predictions. AI *replicates* human intelligence and gains strength through multiple data sets.
- AI is a *supplemental* tool. Does not replace humans.
- Examples of AI in Accounting
 - Automated Data Capture, for example AP processing using OCR
 - Generated AI, for example ChatGPT
 - Anomaly Detection, for example fraud detection in Purchase Card use

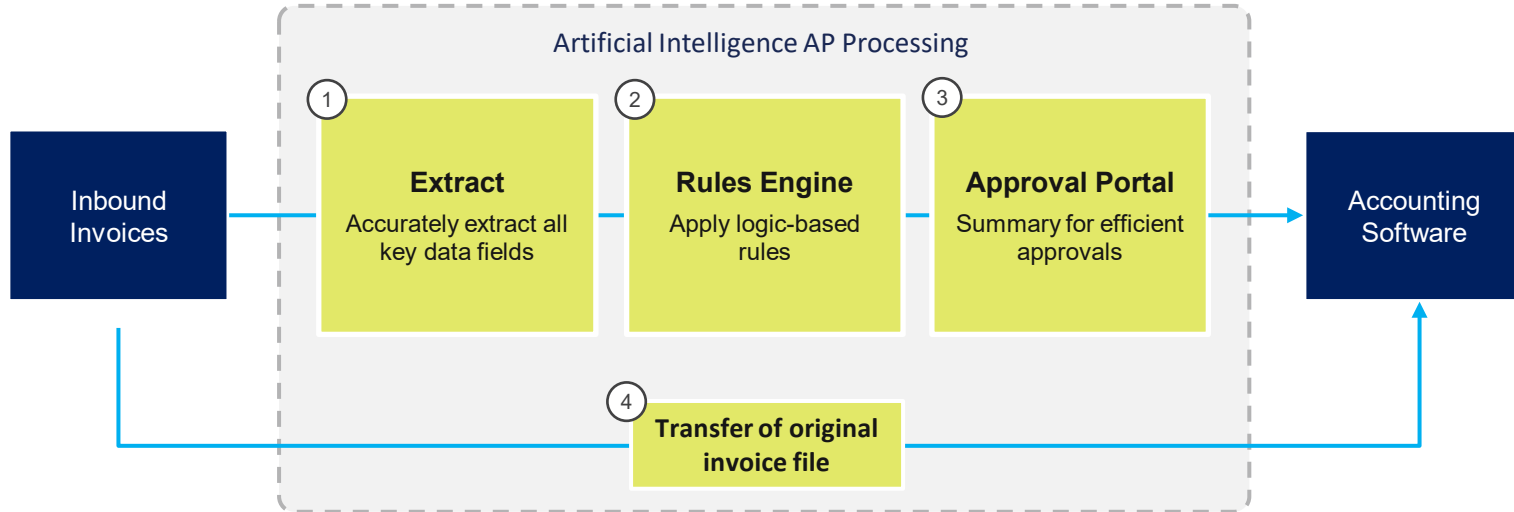


AI in Everyday Life

- ✓ Social Influence – your devices are collecting thousands of data points, being used to influence your decision making.
- ✓ Google, Amazon Search – rank, pull up most relevant content.
- ✓ Bank – credit card fraud alerts
- ✓ Zoom/Teams – closed captioning, voice to text
- ✓ iRobot – mapping your home
- ✓ Smart Thermostat – learning your temperature habits
- ✓ Smartphone maps – suggested repeated locations
- ✓ Self Driving vehicles



Example - AP Process Automation



Leveraging the power of Generative AI – Internal Use

**[Your Government]
GPT**

Ask me anything...

Enhancing human potential and productivity

Powerful and intuitive search for accurate and timely data retrieval

Efficiency driving personal assistance

Answer *with* source citation (trust but verify!)

Generative AI is transforming the daily work experience



Leveraging the power of Generative AI – Internal Use

**[Your Government]
GPT**

Ask me anything...

Preparation

- Research complex accounting topics
- Draft examples
- Identify and source standards

Analysis

- Analysis of complex documents & data
- Audit opinion analysis
- Contract analysis

Fraud/Anomaly Detection

- Large data sets, e.g. credit card
- Census, contribution and distribution data
- Internal audit

Summarize

- Data review
- Contract review
- Meeting minutes



Leveraging the power of Generative AI – Public Facing

**[Your Government]
GPT**

Ask me anything...

- Enhancing human potential and productivity
- Powerful and intuitive search for accurate and timely data retrieval, including citing the source
- Reduce incoming email and phone call traffic
- Efficiency driving community engagement
- Back-end analytics to inform decisions

Generative AI can transform community engagement!





Human Digital Literacy



‘For companies *embracing the technology*, employees view AI as a constructive force. 92% say AI is having a *positive impact* on their work.’

MIT Technology Review

[Generative AI is empowering the digital workforce | MIT Technology Review](#)

July 25, 2023



Ethical Considerations

- **Deep Fakes**
 - Mimic a CEO's Voice
 - Spread misinformation
- **Prompt Injection** – using prompts to force an AI to ignore its guard rails and perform unintended actions
 - Potential leak of sensitive information
 - Lacks simple mitigation
- **Data Poisoning** – purposefully introducing malicious data into the training data for an AI model
 - Leads to bias that perpetuates



Managing AI Risk

- **Trust but Verify** – all users have a responsibility to verify AI output.
 - “It’s a mistake to be relying on AI for anything important right now”
 - Sam Altman, CEO of OpenAI
- **Include AI in Acceptable Use Policies** – if you don’t have a policy, you need to consider it now!
- **AI Focus Groups** – create and lead AI focus groups on navigating AI decisions



AI *won't replace* humans. But, humans
with AI *will replace* humans without AI.



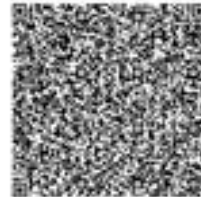
Thank You



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