



Reimagining Finance in Government: Transitioning to an AI-Enabled Organization

How data and AI are helping finance organizations create a future-ready operating model.

Finance at the crossroads

Finance isn't broken. But the way it operates is.

The traditional finance model—built for control, consistency, and compliance—wasn't designed to handle today's expanding complexity and constant change. And yet, many teams still cling to the same old structures and “we've always done it this way” logic.

For many finance leaders, it's time to face the hard truth head-on: It's not you. It's your operating model. And it's time for a breakup.

The old model's limitations are increasingly evident. Pressure from external factors keep growing—costs, performance, budgeting risks—while investment in resources lags. Meanwhile, the volatile environment is shaking up operations across the government. Permanent disruption is the new baseline. Enhanced speed, accuracy, and insights are now essentials, not extra credit. And AI and automation are rapidly reshaping capabilities and services—often faster than finance teams can adapt. This includes the rise of agentic AI systems that can execute tasks, but also monitor, analyze, and act with a level of autonomy that mimics skilled human oversight.

But it's not simply that expectations for finance are expanding—they're changing shape entirely. And finance's traditional ways of working—manual, reactive, and back-office focused—are fundamentally out of step. This disconnect feeds the growing perception that technology is moving forward while finance is stuck in place. Manual work persists, planning lags, and trust in the data remains shaky.

New tools alone won't fix this. AI agents, automation, and leading-edge data platforms certainly can make a difference—but they can't create value without first rethinking how finance works.

And that requires a new, nimble finance operating model that's built for today's real-time action, not yesterday's reactive reviews. Rapid AI and data advancements will reshape today's enterprise, paving the way toward **a more connected, AI-enabled, data-driven model that helps finance move faster, improve insights, and lead more strategically**. It integrates how work gets done across finance's core functions—processing, close, and planning—and tightly aligns people, data, technology, and decisions from end to end.

Moving toward this Intelligent Finance operating model is a big step, and a significant functional change that won't happen overnight. But it has to start now.

Big challenges, bigger stakes

Comptrollers are no strangers to mounting pressures. The asks have been increasing for years: more insights, faster answers, better budgeting, tighter controls, and an expanding strategic charter. None of that is new. What's changed is the sheer mismatch between what finance is being asked to deliver and what its current operating model allows—and the urgency to close that gap.

Many of finance's bottlenecks are long-standing and deeply interconnected. These are not isolated problems that can be solved one at a time. They're structural challenges that feed into each other, making it harder for finance to move in step with technology. Here's a closer look at five of the biggest challenges:

Challenge #1

Reimagining your model ... while running it

Meeting today's expanding complexity is a full-time job, with a to-do list full of "need it now" demands. But transforming how finance operates is urgent, too. Making time to do both is further complicated by tight budgets, limited resources, and gaps in internal skills.

Challenge #2

Data is more chore than asset

Tapping into data's potential continues to frustrate many organizations. Finance often must stitch together data that is siloed, inconsistent, and hard to access. Teams spend more time fixing data than analyzing it—fueling a pervasive lack of trust in the outputs.

Challenge #3

Systems are multiplying, not integrating

Most finance tech stacks have grown organically, rather than intentionally. Planning systems, analytics tools, and cloud platforms are often disconnected, leaving a patchwork of technologies that rarely work well together. Each new tool solves a symptom but adds to the sprawl.

Challenge #4

AI and automation are here—but where's finance?

AI and automation are reshaping functions across the organization—streamlining workflows, accelerating decisions, and elevating insights. But finance often lags on implementation, stuck in pilot purgatory or held back by systemic data and process barriers.

Challenge #5

Stuck in neutral

These persistent issues lead to the same destination: gridlock. Finance needs to lead, but it's trapped in old cycles and systems. Planning remains calendar-driven, intuition-based, and too slow to support rapid decisions. And without a better way of operating, fatigue sets in, morale drops, and finance's ability to make an impact erodes.



Your operating model is holding you back

So what's a comptroller to do? The challenges are piling up, with no quick fixes in sight. You can throw technology at the problems, redesign roles, and push the teams harder. But until the operating model changes, the outcomes won't.

Finance teams are as frustrated as their leadership. They're operating inside a system that wasn't designed for today's reality. No matter how much effort they apply, the operating model keeps pulling them back to chase the usual suspects: complex data reconciliations, manual workarounds, time-draining closes, and elongated budgeting cycles.

Here's what that operating model disconnect looks like in practice:

The Old Model: Built for stability, not change

Traditional finance models were designed for control—slow, steady, and audit-ready. But today's environment moves faster than quarterly cycles and week-long reconciliations. The very structure that once ensured rigor now slows everything down.

The New Imperative

Design for flexibility and control. Finance must be equipped to shift, respond, and reforecast on the fly.

The Old Model: Data is not ready for modern finance

Legacy finance data environments struggle to support what the function now requires. Data is often scattered, inconsistent, and hard to access quickly. These gaps make it more challenging to scale new capabilities like AI and real-time reporting that can improve decision-making.

The New Imperative

Data as a strategic asset—treat it accordingly. Build a tightly integrated and governed data foundation that enables AI and automation and is better positioned to deliver faster, more valuable insights.

Your operating model is holding you back

Here's what that operating model disconnect looks like in practice:

The Old Model: Tech without structure

From AI pilots to Enterprise Resource Planning systems, finance hasn't been shy about leading with technology. But without clean data, connected systems, and cohesive processes, the benefits stall. New tech stacked onto a broken model is rarely effective.

The New Imperative

Build a connected foundation first. Technology should enhance clarity, not accelerate complexity.

The Old Model: Misaligned talent, missing tools

Finance teams still spend too much time on low-value work. New capabilities like AI and automation can help change that dynamic, but not if they are layered on top of outdated roles, unclear expectations, and manual workflows.

The New Imperative

Redesign the model to enable both people and technology. Let AI and automation do what they do best—and free finance teams to focus on improving insights, performance, and strategic decision support.

The Old Model: Fragmented execution, stalled progress

You can't optimize your way out of a foundational misalignment. And while finance teams know their operating model needs to change, execution frequently stalls amid the disconnects between IT, data, and other critical functions. Everyone is working ... but no one is moving.

The New Imperative

Move forward with an integrated roadmap. Reimagine the operating model as a cross-functional transformation—with finance leading, but delivery owned across the organization.



It's time for an AI-driven, Intelligent Finance function

Fixing Finance means changing the model—how work gets done, how decisions get made, and how value is delivered. **This is the shift towards a more Intelligent Finance function:** a connected, insight-driven operating model enabled by AI, automation, and modern data—powered by people, structure, and strategy. It's an operational transformation that takes time, investment, and an unwavering commitment to “change” as the function shifts from reporting the past to shaping what happens next.

The road to Intelligent Finance starts with reimagining the function's three core domains and transitioning them into tightly integrated service lines that span the value chain:



Processing becomes steadily automated, exception-managed, and always on—freeing teams from transactional work and allowing real-time visibility into budget authority, execution, and risk.



Close shifts from retrospective to proactive—driven by faster reconciliations, automated reporting, second-pass commentary, and tighter alignment with compliance.



Planning evolves into strategic advising—leveraging scenario modeling, dynamic forecasting, and analytics to shape decisions, rather than simply reflect them.

We need to talk about your data

Let's be honest: no one's data is perfect. And that's OK. Every finance team faces data challenges: fragmented systems, manual workarounds, governance gaps.

But here's the good news: You don't need perfect data. You need decision-ready data—usable, connected and trusted to support faster and smarter planning.

Intelligent Finance builds that foundation over time. Improvements scale step-by-step, with better structure, governance, and accessibility. The key is to get started. Some essential moves:

Establish a baseline: Use what you have. Structure it around drivers and begin assessing accuracy and gaps.

The result? A living, breathing data layer that powers the model forward. Because when the data is ready, everything else can move faster, too.

Connect critical flows: Prioritize high-impact data links—like finance to operations—that start to point the way toward a longer-term enterprise data strategy that is grounded in consistent, cross-functional planning.

Embed AI and automation: Process automation tools can streamline handoffs between systems and automate tedious prep work like data access and formatting. AI tools can then mine that clean, connected data to accelerate budgeting, model scenarios, and generate commentary.

Build trust: Finance can't lead without credibility. That means ensuring visibility into data sources, consistency across systems, and clarity in logic and assumptions.

Seamless orchestration across all three areas is the goal. Finance activities are no longer siloed by function or calendar—they're connected in real time to serve the needs of the organization.



That orchestration depends on a modern technology foundation. AI agents and automated processes are embedded at every layer—flagging anomalies, generating insights, enabling conversational analysis, and guiding decisions at scale. Cloud-native platforms and modular enterprise planning environments provide the flexibility to scale with the organization, while secure, well-structured data ensures clarity, compliance, and confidence across systems.

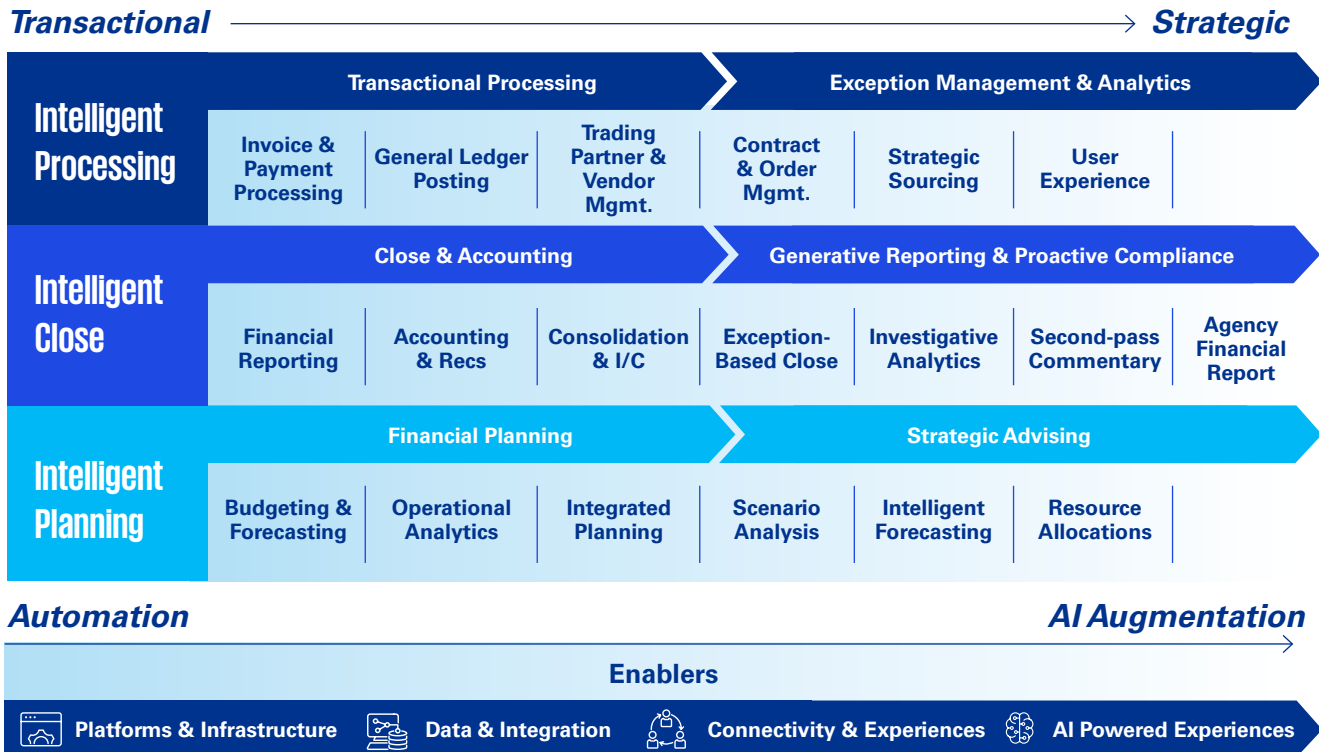
Just as important is the shift in roles. Traditional job profiles give way to new specializations, such as performance advisors, insight analysts, and digital finance leaders. Dashboards become personalized. Commentary becomes generative. And decision support becomes part of every

finance role, not just a select few. None of this happens overnight, of course. It takes steady leadership and a clear, strategic roadmap to guide the shift.

The shift is already happening. Leading organizations are beginning to reimagine their finance organizations and move toward a more Intelligent Finance function. Many are starting with targeted domains—such as planning, close, and transactions—and proving the value through measurable gains in speed and confidence. They aren't waiting for perfect systems or a total reinvention on Day 1. They're moving in steps, anchored by clear governance, bold leadership, and a commitment to impactful change that sticks.

Move towards a fully Intelligent Finance function

The entire finance value chain—from processing, close, to budgeting and reporting—will be digitally-enabled.



Start Here for Change

Transforming the finance model can feel like one massive leap too far, especially when leadership's day-to-day is already oversubscribed. But waiting for steadier ground is no longer an option, either. The pace of change, the rise of AI, and the pressures to operate more nimbly are only increasing. The question isn't if this big swing is needed, it's how to get started.

The good news: Many organizations are further along than they think. You don't need to start from scratch or reimagine everything at once. But you do need a clear path forward—and the resolve to take the first step.

Here's what that looks like:



Start with a clear operating model vision:

Before you can modernize tools or processes, you need to know what "better" looks like. A clear, forward-looking finance operating model like Intelligent Finance—built for speed, flexibility, and end-to-end integration—becomes the anchor for decision-making and transformation.



Clean up and align the data foundation:

Modern finance depends on real-time, trusted data. That means addressing inconsistent definitions, fragmented sources, and manual processes. Clean, single-source-of-truth data is the foundation that makes automation, AI, and better insights possible.



Embed AI and automation intentionally:

Single-point solutions and isolated pilots only get you so far. The real impact comes when AI and automation are embedded into the core operating structure from the ground up—from data and technology layers to user interfaces and outputs. AI agents, for example, will play an increasingly important role, but their effectiveness depends on well-governed processes and clear guardrails for decision-making.



Reimagine your enterprise technology architecture:

Enhanced data and AI capabilities are essential, but they must be part of a cohesive enterprise architecture that defines connectivity across multiple layers: planning, performance, analytics, AI, security, and more. Aligning data platforms, core technology systems, and AI workflows to the operating model is critical.

Here's what that looks like:



Sequence changes in scalable phases:

All-or-nothing transformation is as outdated as your old business model. Step-by-step scaling is the way forward. For example, identify a priority pain point—like budgeting or monthly close cycle times—optimize the process, and build momentum from there. Success begets belief, and belief begets progress.



Align talent, culture, and leadership:

Modernizing finance may feel heavy on “process,” but it starts with people. That means redefining roles, enabling new skills, and creating a culture that embraces change. Comptrollers must lead this charge—not delegate it.



Get help where needed

The stakes are too high to do it alone. Strategic partners can help connect the dots across technology, talent, and transformation—accelerating progress and avoiding false starts and missteps.

How KPMG can help

KPMG LLP helps finance leaders rethink how work gets done so they can move faster, deliver sharper insights, and lead with greater impact.

Today, government finance leaders must evolve beyond the traditional role of transactional and historical reporting to that of a true partner within the organization. We can help accelerate and reduce the risk of finance's transition from a reactive function to a proactive asset that can help support decision-making, provide predictive insights, and solve business and public policy challenges.

If you're ready to modernize your finance organization, we're here to help.

Let's take the first step together.

Contact us



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