

HELPSHEET

Artificial intelligence and governance frameworks

Artificial intelligence (AI) has enormous potential to benefit community organisations. However, its use also brings risks. Boards are responsible for being aware of these risks and managing them, in relation to their own decision-making processes and in relation to the organisation's use of AI generally. Boards should be aware of the limitations and potential biases of AI-generated content and should always draw on human expertise and ethics as well as AI when making AI-assisted decisions. To mitigate risks, community boards should establish clear guidelines for the use of AI systems, ensuring human oversight, fact-checking procedures, transparency in decision-making processes, and ethical considerations.

How an AI governance framework can help

An AI governance framework can guide the board's response to the opportunities and risks that come with AI and thus keep the organisation from falling behind or falling into danger.

Investing time and effort at an early stage to create a governance framework can help the board down the track by preventing future trip-ups and avoidable crises.

Such a framework is designed to guide the organisation in situations that involve AI (or might involve AI in the future). It's not a policy but a set of understandings and priorities that have been agreed by the board. The board should refer to the framework when seeking to make decisions involving AI.

The aim of any governance framework should be to bring about improvements in organisational behaviours. The board should consider what kinds of questions it should and could ask of the organisation's executive, and what processes will help to keep these governance principles attended to. In the case of an AI governance framework, what AI-related policies does the organisation already have? What others are in common use in the organisation's sector, whether that is health, housing, sport, education, or something else? What policy gaps exist? AI has transformed quickly in the past decade and is commonly in use even when we are unaware of it. Is the board informed about the different AI applications already in use by the organisation? Which committee should oversee AI usage and bring it to the board agenda when required?

How to use this help sheet

This help sheet outlines points to consider when developing an AI governance framework. It also provides an AI governance framework template ([download here](#)) that you can use to help you write a framework for your organisation.

Start by considering the following 10 principles. These fall into two categories: the use of AI in board decision making, and the role of the board in overseeing the use of AI in the organisation.

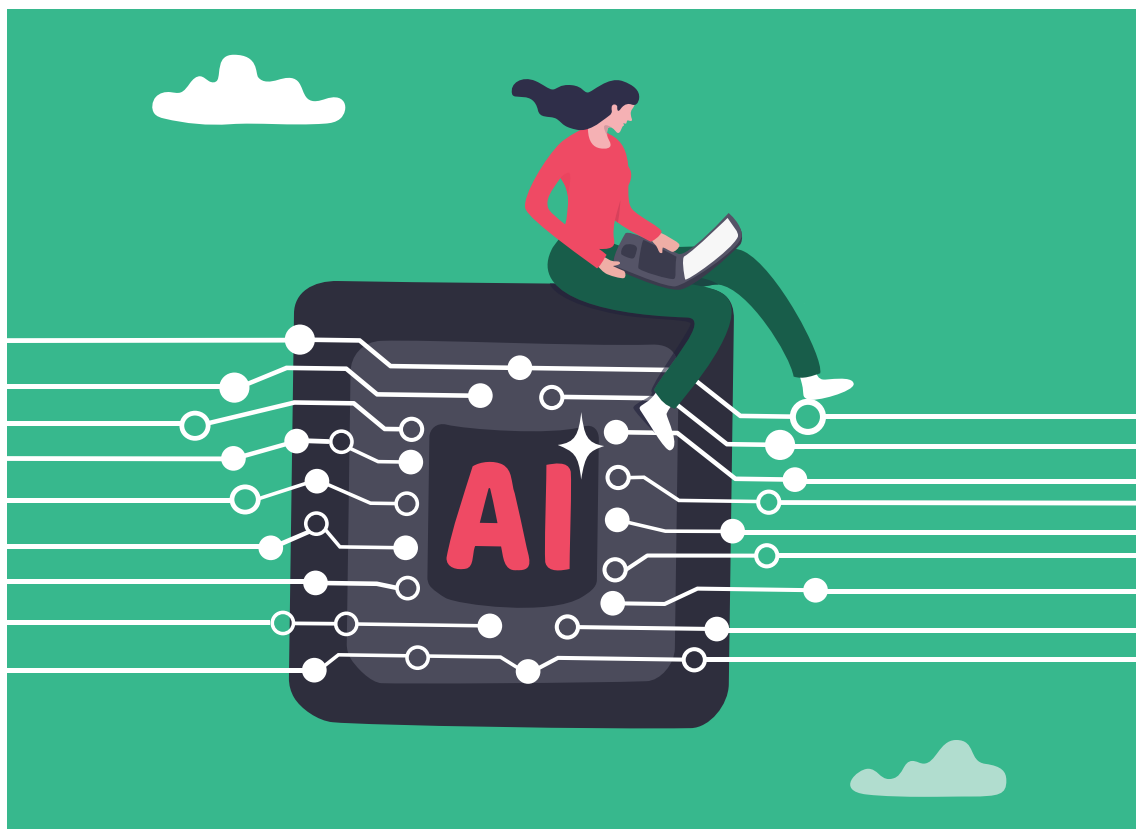
The use of AI to assist board decision-making.

1. Ethical conduct and bias

Governance principle: The board should reflect the diversity of the community it serves in terms of demographics, interests and viewpoints. The board must ensure that all segments of the community have a voice and are adequately represented.

AI implications: Artificial intelligence is inherently biased. It is built by humans, so its key data points share the human biases of those who created it. The potential for AI systems to perpetuate biases by generating biased information could see a board make unethical decisions, leading to unfairness, reputational damage and stakeholder backlash.

Board response: Ensuring that AI systems are trained on diverse and representative data, and that staff and board members are asking it the right questions, is essential to prevent bias and discrimination. What policies will ensure that AI is used to enhance human judgment rather than replace it?

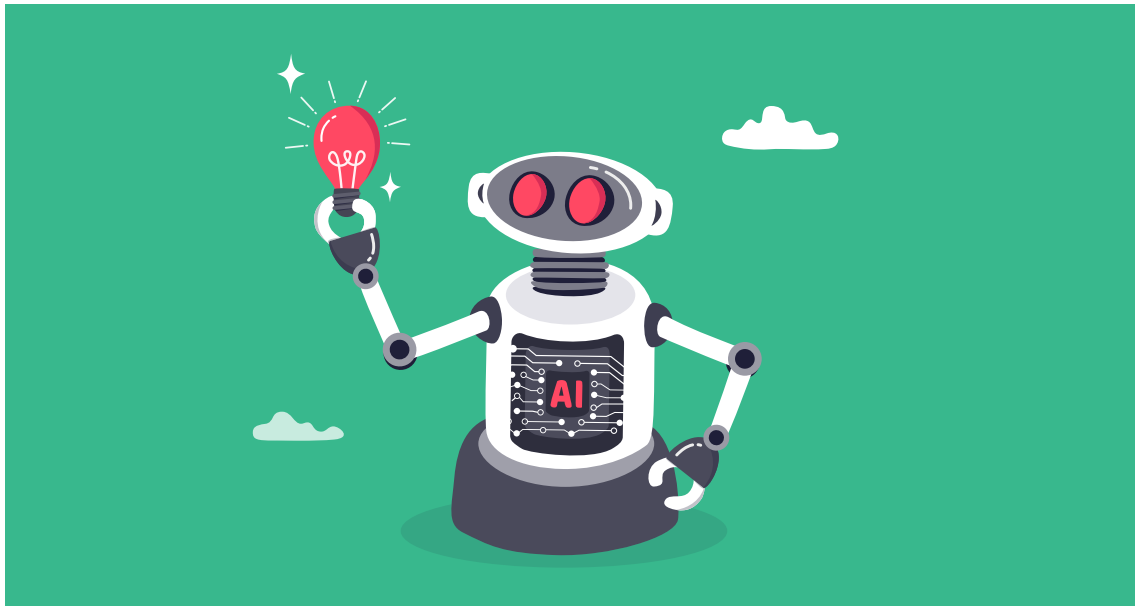


2. Accountability in decision-making

Governance principle: The community board should uphold high standards of ethical behaviour in executing its fiduciary duty. It must avoid conflicts of interest and prioritise the best interests of the community over personal or special interests.

AI implications: Determining accountability for AI-related errors or decisions based on AI-generated information can be complex and might expose the organisation to legal and ethical liabilities.

Board response: Boards need to establish clear lines of responsibility and understand the legal implications of AI deployment.



3. Value alignment

Governance principle: The community board is accountable for making informed and ethical decisions which can be clearly communicated to the community it represents. Decisions must be communicated as if the board is a single person. No matter how the decisions came to be made, they should be reported as consensus decisions.

AI implications: AI-powered systems may face situations requiring ethical decision-making, ethical suggestions or ethical answers.

Board response: Boards must ensure that the organisation's use of AI and AI-powered systems aligns with its core values, and they must establish frameworks for ethical choices. The board should establish ethical guidelines for AI use that reflect the community's priorities.

4. Strategic alignment

Governance principle: A community board should develop and follow a clear strategic plan that outlines the board's mission, vision, goals and action plans. The board should regularly review and update this plan based on changing community needs.

AI implications: AI initiatives and the way staff use AI products should align with the company's overall strategic goals and long-term vision.

Board response: The board should ensure that AI deployment is in line with the organisation's broader business strategy.

5. Education and awareness

Governance principle: The board should provide ongoing training and development opportunities for board members to enhance their governance skills, knowledge of local issues, and understanding of best practices.

AI implications: Many board members might not fully understand AI and its implications. Does your board have access to experts who can provide guidance on AI-related matters?

Board response: Lack of awareness is not an excuse for poor decision making by a board. The board should promote educational initiatives for board and community members to raise awareness about AI, its benefits, and potential challenges. How will the board acquire the necessary knowledge and skills to effectively govern AI initiatives?

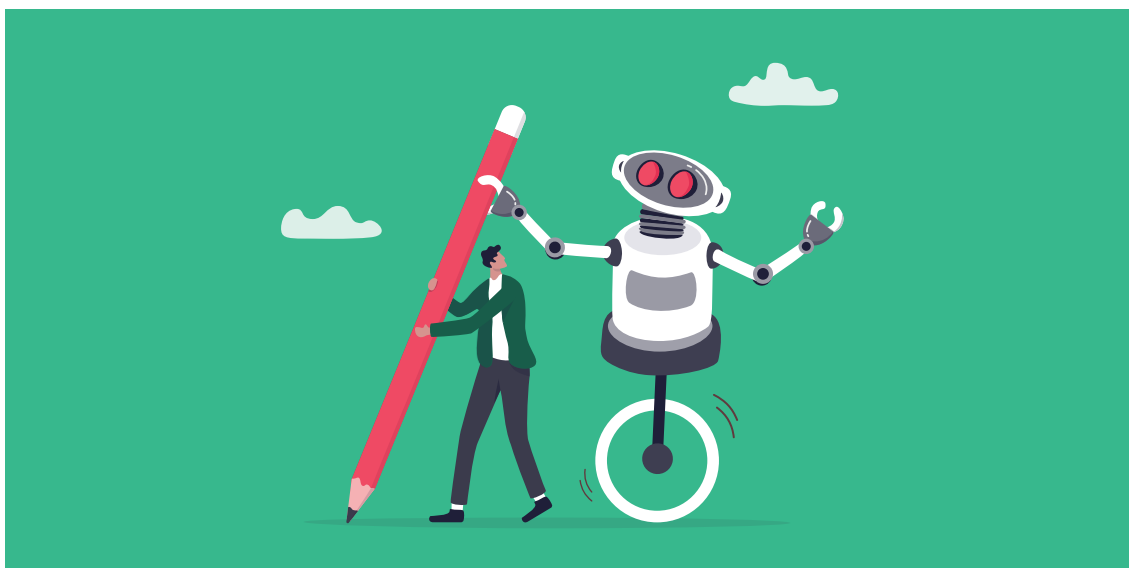
Role of the board in overseeing AI use within the organisation

6. Data governance

Governance principle: The community board should treat data as a valuable asset and ensure that proper measures are in place to maintain its integrity, protect it from inappropriate disclosure, ensure it is not misused, and ensure it does not contravene laws or sector standards.

AI implications: The collection and use of data for AI purposes raises data privacy concerns. For example, a staff member could copy and paste sensitive information into an AI system which is not secure. The use of AI often involves processing sensitive community data. As the technology is new, questions should be raised regarding who owns the data produced by AI and what laws govern the data.

Board response: Boards should ensure that data privacy and protection measures are in place to protect community members' sensitive information from unauthorised access or breaches, and from being loaded into an open source environment. The board needs to oversee robust data governance practices, ensuring that sensitive information is protected and that the trust of customers, the community and other stakeholders is maintained. The board must ensure constant vigilance regarding legislative changes affecting the use of AI and data ownership.



7. Staffing

Governance principle: The community board should recognise that its human resources are its most valuable asset. The board should prioritise the well-being, engagement and professional growth of all the organisation's employees, particularly the CEO. The board should ensure that the management team implements policies that promote employee satisfaction, diversity, equity and inclusion.

AI implications: The integration of AI could affect the workforce by altering job roles and requirements. Overreliance on AI-generated responses might lead to a diminished role for human expertise and judgment.

Board response: The board should oversee workforce transition strategies, including reskilling and upskilling initiatives, to align with the organisation's future needs. Decisions based solely on AI-generated content can miss the nuances that human insight provides, so the board should document its expectation that decisions using AI-generated content must be overseen by a human who is accountable for them.



8. Board oversight

Governance principle: The board has a duty to exercise due diligence in acquiring the necessary knowledge and information to make informed decisions. Board members should actively seek to understand the organisation's operations, sector trends, risks, and opportunities before making strategic choices.

AI implications: Reliance on AI-generated solutions, free AI tools and AI decisions without appropriate human oversight can lead to unintended consequences.

Board response: Community boards should ensure that when AI is used to aid decision-making, it is only an aid, with humans retaining the final authority and responsibility. When publicly available AI tools are used, ensure that human consultation, human monitoring and human oversight are also in play.

9. Long-term monitoring

Governance principle: The board should establish mechanisms to measure the organisation's impact as it relates to the organisation's mission and values. Regular assessments can help identify areas for improvement, ensure accountability, and steer the organisation toward sustained success.

AI implications: AI systems may evolve over time, leading to changes in the way they behave and the impact they have, and as a result, in the behaviour and choices of board members, staff and volunteers.

Board response: Community boards should implement mechanisms for continuous monitoring and assessment of AI systems and use of public AI systems, to ensure they remain aligned with the board's and organisation's goals.

10. Sustainability and risk management

Governance principle: The board holds the ultimate fiduciary responsibility for the organisation's sustainable well-being, financial health, and mission fulfillment. The board is entrusted with the duty to act in the best interests of the organisation and its stakeholders. It should exercise due diligence in overseeing the organisation's operations, finances and risk management.

AI implications: The adoption of AI may not always align with the board's financial capacity and staff capacity. The board should avoid over-reliance on external technologies that might become unsustainable in the future if the technology requires payment for usage.

Board response: Developing strategies for allocating resources (money, time, staff) and building organisational capacity and adaptability will help community organisations make the most of AI technologies without compromising their financial stability and mission-driven work. Community organisations could be left behind without an organisation-wide strategy for obtaining the resources required to remain competitive.

