The Middle Path:

Project Level Governance for Accountable AI

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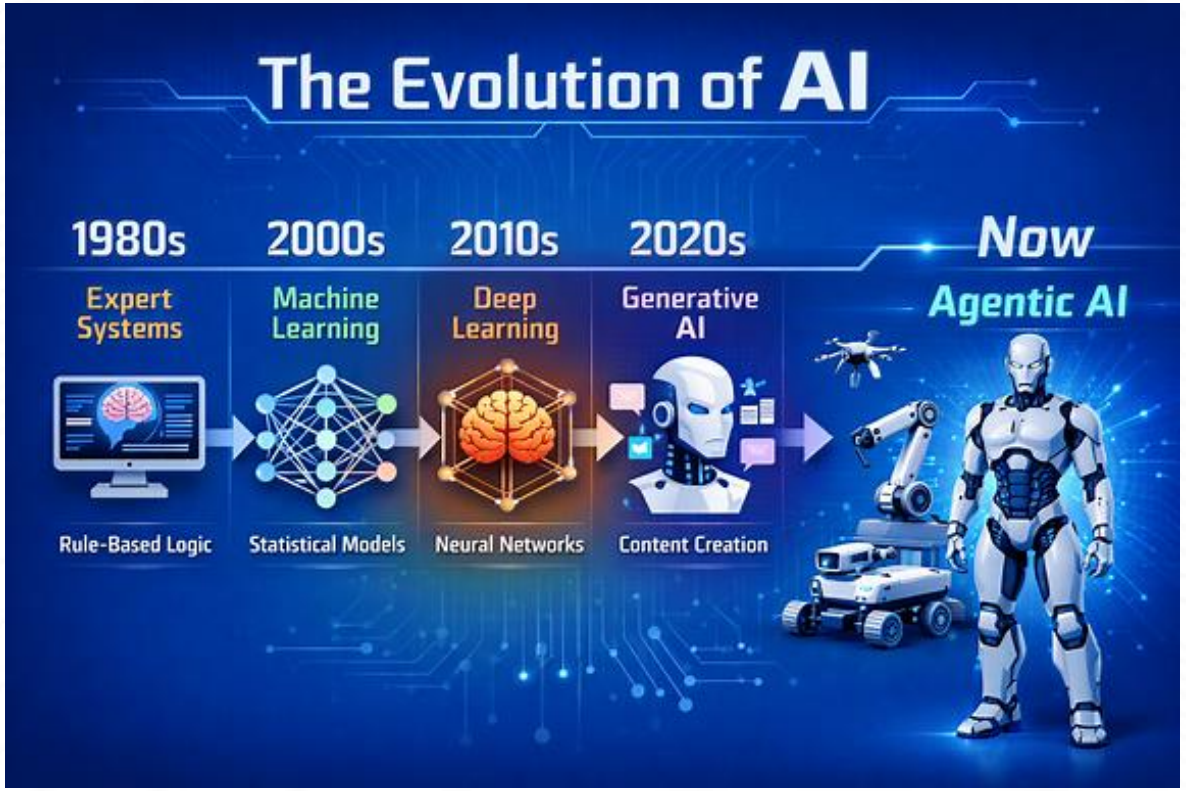
Today's Topics:

- AI governance and its value proposition in the rapidly evolving AI environment
- The AI governance challenge (challenge associated with the enterprise model)
- Project level AI governance as a possibility for organizations facing the enterprise level challenge

Author produced the following slides and graphics with the help of GenAI.



- AI is shifting from content creation to <u>autonomous action</u>
- Agentic AI introduces new opportunities and risks
- Organizations must adapt governance accordingly

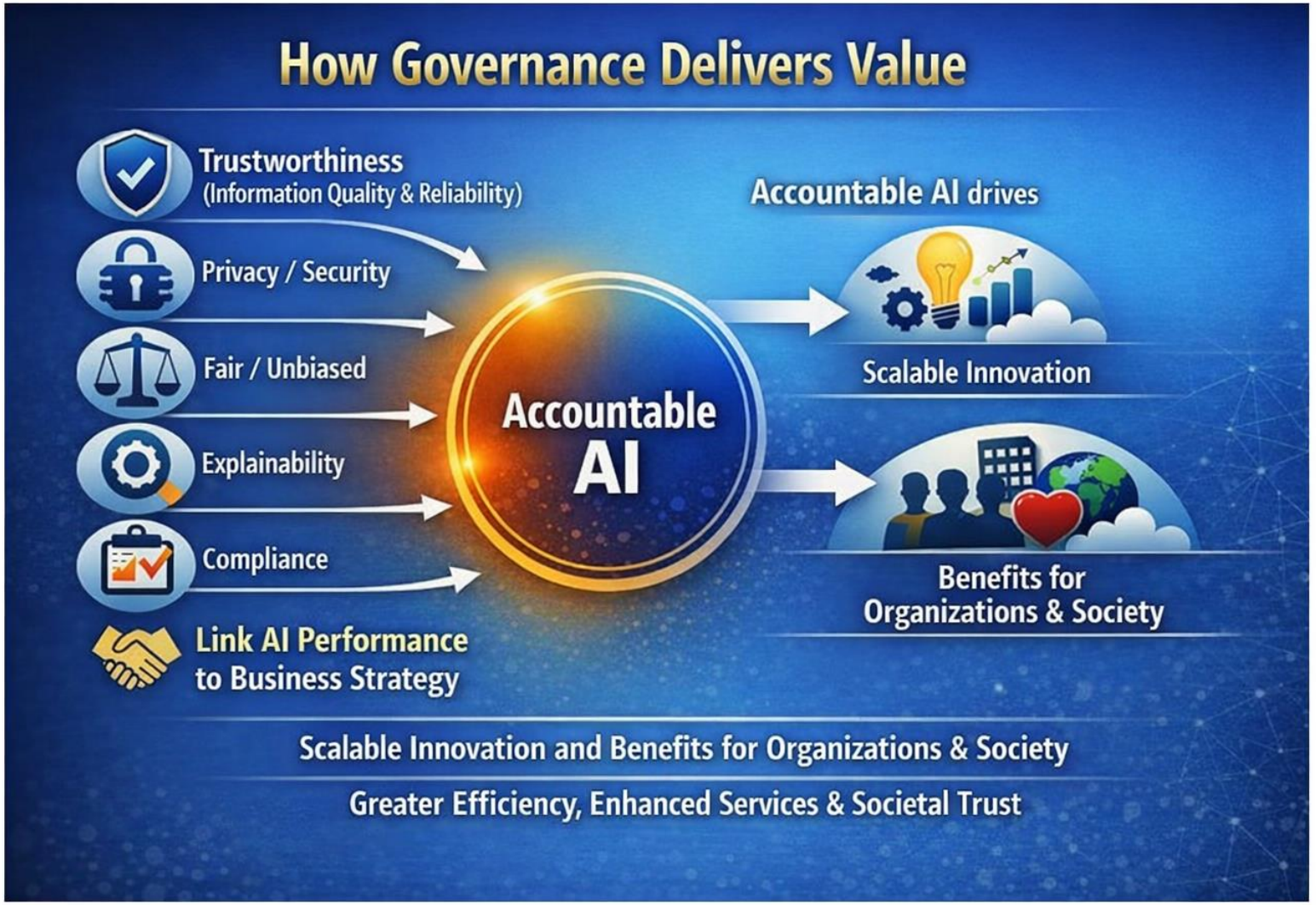
A basic definition of governance:

Governance in the information technology arena encompasses institutional processes and decision-making rights that establish controls and performance criteria for IT investments, IT-enabled service delivery, and legal, regulatory and policy compliance.

Selig, G. J. (2016). *IT governance-an integrated framework and roadmap: How to plan, deploy and sustain for improved effectiveness*. Journal of International Technology and Information Management, 25(1). https://doi.org/10.58729/1941-6679.1252

Some examples of frameworks that deal with AI governance:

- European Union's Artificial Intelligence Act (2024)
- ISO/IEC standards 38507 (2022) and 42001 (2023)
- National Institute of Standards and Technology (2023)
- U.S. Government Accountability Office (2021)



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Why Enterprise Level AI Governance Can be Challenging

- Demands sustained leadership, resources, and coordination, which may be lacking
- Current standards and laws are highly rigorous -- for example, they entail:
  - Formal organizational structures
  - Centralized risk management
  - Exacting policies and procedures
  - Formal and **sustained** coordination across disciplines like IT, data science, cybersecurity, legal, procurement, ethics, HR, linguistics, and more
  - **Centralized review and approval** to ensure accountability, etc.

Resulting Governance Gaps

- Many organizations still **lag in effective AI governance**, despite progress.
- Gaps may be most common in organizations that are:
  - Small or decentralized
  - Under pressure to innovate rapidly
  - Limited in leadership, budget, or trained staff

The Challenge Restated

- Enterprise-wide, centralized AI governance is the gold standard.
- But many organizations lack the resources, structure, or appetite for full formal enterprise level governance.
- In such circumstances, what should AI advocates do?

Options for Dealing with the Governance Challenge

Option	Pros	Cons / Risks
1. Defer ➡️	• Avoids risks of fragmented adoption.	• Can lead to institutional paralysis and missed strategic opportunities.
2. Ignore Governance 🛡️	• Enables rapid AI deployment.	• Creates higher risk of system failures, legal/ethical breaches, harms, negative financial and reputational consequences, etc.
3. Choose a Middle Path: Project-Level Governance	• Apply governance techniques locally, at the project or business unit level. • Emphasizes quality and responsible implementation without waiting for enterprise-wide structures to be implemented.	• It may be challenging to keep governance consistent across projects, thus potentially requiring more work to harmonize projectlevel information if/when the organization moves to centralize governance.

The Middle Path: Project Level Governance

- Move responsibility closer to AI design and development to:
  - Reduce reliance on centralized structures and approval flows.
  - Shift focus from compliance alone to the production quality, accountable AI systems.
  - Use processes that can ultimately **evolve** into flexible, scalable models for enterprise governance.

See: Sen, R. et al. (2025). *PwC's responsible AI survey: From policy to practice*. PwC. https://www.pwc.com/us/en/tech-effect/ai-analytics/responsible-ai-survey.html

Concept of Project Level Governance – Phases and Key Actions

	Purpose	Key Actions
Phase 1: PREPARE	Establish leadership and project governance infrastructure	• Coalesce leadership around a project vision • Configure a collaboration/governance hub • Coordinate governance and project-management information flows
Phase 2: ORIENT	Clarify direction, roles, and human involvement	• Formalize the vision for the AI application • Appoint responsible staff • Maintain a focus on human involvement • Pinpoint and analyze stakeholders
Phase 3: DEVELOP	Build the technical and risk foundation for responsible AI	• Describe the data sources • Assess data quality • Document hardware and software components • Confirm security/privacy posture • Conduct risk assessments and develop mitigation plans • Execute and document testing
Phase 4: IMPLEMENT	Ensure a controlled, well-documented deployment	• Conduct a rigorous and documented implementation process
5: OPERATE	Sustain governance and close the project responsibly	• Close project and institute ongoing governance

**The project-level concept presented here is substantial, but still only illustrative. Leaders should adapt the model to their specific organizational contexts by adding, removing, or modifying elements as needed.

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Synchronize Project Level Governance with Project Management

Governance ensures accountable AI; project management delivers functional AI. Only when applied together can organizations build AI systems that are both responsibly governed and successfully executed.

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Project Level Governance – Concept Review

The governance actions in this model appear in sequence, but it is best to think of governance in heuristic terms, such that project participants reflect, revisit and revise their thinking and techniques as they experience and learn from the results of their work. JF

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Phase 1.0 Prepare

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1.1 Coalesce Local Leadership Around Governance and Project Vision

Foundation for Weaving Documented Human Judgement into the Creative Process

Establish a commitment to governance and unified, compelling vision for the AI initiative
Align technical and business leaders around shared vision of beneficial outcomes

Who is Likely to Lead?

- Technologists, Data/AI specialists, IT staff
- Business-unit managers and advocates
- These actors serve as **project sponsors** and **catalysts**

What the Vision Does

- Shows opportunities for breakthrough organizational outcomes
- Frames how AI will solve pressing problems
- Provides the rationale for adopting AI technologies
- **Links commitment to governance with business goals and objectives**
- Fuels momentum and stakeholder commitment

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1.2 Identify & Configure a Collaboration / Governance Hub

**Use AI to help capture, curate, analyze and report on governance actions and interactions

Why a Hub Is Essential	Key Capabilities	Examples	Considerations
• Enables real-time and asynchronous collaboration • Captures institutional memory: decisions, designs, reviews, feedback • Makes governance possible through accessible, retrievable records	• Multi-channel communication: chat, notes, video meetings • Document sharing and version control • Integrated records retention & disposition • Interfaces with project management and productivity tools	• Microsoft's Office 365, and Google's Workspace are examples, but organizations have various options • Use manual alternatives if collaboration platforms are lacking	• Set retention & disposition policies for all stored records • Add or integrate with a data governance platform

Governance is not possible without a means to record and make accessible institutional memory about the use of AI. Therefore, these hubs are indispensable and indeed mandatory, whatever form they ultimately take. JF

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1.3 Coordinate Governance & PM Information Flows

Streamline and Consolidate Governance and PM Information.

Why Coordination Matters	Conceptual Mapping	Link/Interface/ Integrate Flows
• **Tasks and topics overlap** (think about and record decisions one time) • Ensures governance and project management operate seamlessly • Reduces administrative overhead • Improves consistency and compliance	• Align governance actions with the five PMI project phases listed previously • Use this mapping to identify where governance intersects with PM workflows	• Link or connect the governance hub with the project management repository • Automated syncing/integration preferred • Manual linking is acceptable if needed • Alternatively, embed governance tags/categories directly in the PM repository

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Phase 2.0 Orient

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2.0 - The Human Component

2.1 Formalize the Vision & Use Case	2.2 Designate Responsible Staff	2.3 Maintain Human Involvement	2.4 Pinpoint & Analyze Stakeholders
• Establish the project's purpose, values, functions, and performance criteria — foundations for accountable AI. *This step results in what is often called the AI use case – a statement of the rationales, values, general functions and desired outcomes…* JF	• Clarify authority and responsibility through defined governance roles using tools like RACI charts • Ensure accountability throughout development and operations.	• Embed humans-in-the-loop to prevent errors, bias, and harm, recognizing that AI can act autonomously in ways traditional systems cannot.	• Identify who is affected, how they are affected, and how the team will communicate with them — strengthening trust, transparency, and responsible deployment.

Together, these actions create a disciplined, **human-centered** governance foundation that reduces risk, strengthens accountability, and increases the likelihood that the AI system delivers meaningful, fair, and measurable organizational outcomes.

AI GOVERNANCE: KEY ROLES & RESPONSIBILITIES

Role / Function	Responsibilities
Sponsorship	Guides the AI effort from development through implementation and operation; serves as lead advocate and decision-maker
Business Expertise	Shapes AI functions, conducts testing/administration, ensures business objectives are continually met
IT Support	Oversees technology adoption and integration (Cloud/on-prem); includes architects, programmers, data scientists, and data engineers
Procurement	Manages acquisition of hardware, software, and services; ensures contract compliance
Information Security	Protects data and systems from unauthorized access, disclosure, or destruction
Legal / Regulatory	Defines legal boundaries for AI use and ensures compliance with laws and standards
Ethical Screening	Identifies bias/unfairness in data and models; recommends actions to ensure fair outcomes
Risk Assessment / Management	Surfaces potential negative consequences of AI use and develops mitigation plans
Records Management	Sets policies for retention and disposition of AI-related records and data
External Support	Provides vendor, cloud, and partner expertise for underlying AI systems and services
Stakeholder Advocacy	Ensures AI processes reflect the needs of customers, staff, and societal groups
Budget / Fiscal	Approves and allocates funding for development, implementation, and ongoing operations
Audit	Evaluates compliance with standards, laws, and performance expectations

Caveat

If the project team senses it lacks the ability to address key roles such as those above, it will need to acquire advice and support outside of its immediate ambit -- from other units within the organization and/or from external advisors such as consultants, academic institutions, or the non-profit sector. If it is not possible to address key roles, then indeed, deferring action on an opportunity may be advisable. JF

Phase 3.0 Develop

3.0 The Technical Component

3.1 Describe the Data Sources	3.2 Assess Data Quality	3.3 Document Hardware and Software Components
• **Inventory** – Catalog all data sources the AI system will use • **Metadata** – Capture or augment metadata describing content, context, structure, and validation rules • **Provenance, Paths & Processing** – Document where data comes from, how it flows, moves, and what software processes operate on it	• **Basic Dimensions** – Evaluate completeness, accuracy, consistency, validity, uniqueness, and integrity • **Bias Detection** – Identify cognitive, mechanical, sampling, or measurement biases that could distort AI outputs • **Data Sensitivity** – Identify confidential, private, or regulated data and determine applic able control regimes	• Record processors, memory, storage, networks, and cloud infrastructure supporting AI workloads

Collectively, Phase 3.0 actions form the backbone of accountable AI development. By executing these actions, the organization shows that, in advance of implementing an AI system/service, it understands its data, technology, processes, risks, and security posture. Documenting these elements goes to the heart of transparency, reliability, and trustworthiness.

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3.0 The Technical Component (Continued)

3.4 Confirm Security/Privacy Posture

- Document security controls across IT resources, including identity verification, encryption, access control, backups, and compliance
- Ensure third-party providers meet equivalent security standards
- Apply encryption, digital signatures, lineage tracking, and zero-trust principles
- AI threats such as prompt injection, model manipulation, and data corruption

3.5 Conduct Risk Assessments & Develop Mitigation Plans

- **Assessments** – Identify risks, evaluate likelihood and impact, and document findings (e.g., data gaps, model drift, stakeholder resistance)
- **Mitigation Plans** – Define actions, responsibilities, timelines, and resources to reduce or manage risks. Risk assessment and mitigation planning are ongoing efforts

3.6 Execute and Document Testing

- **Traditional Testing** – Develop test plans, conduct unit/system/load/ security/UAT testing
- **AI-Specific Testing** – Include pretraining/training validation, fine-tuning documentation, and tests for fairness, reliability, and scalability
- **Advanced Techniques** – Use agent simulation, RAG testing, A/B testing, and evaluation platforms

4.0 Implement

4.0 Implement – Bringing the Vision to Fruition

4.1 Conduct a Rigorous and Documented Implementation Process

4.1.1 Align Operational Staff Roles	4.1.2 Conduct Training, Communicate and Fund	4.1.3 Transitioning to Production
• Define responsibilities for monitoring, vendor oversight, stakeholder engagement, performance management and change authority • Document assignments in a RACI diagram	• Prepare staff for launch with role-specific training • Share launch details, functionality updates, organizational changes, and contact points for support. • Allocate funds for ongoing operations, maintenance, upgrades, and expansion	• Coordinate tasks across teams (vendors, IT, cybersecurity, business units) • Document task sequences, dependencies, instructions, and approvals • Include rollback plans

Executing these actions will help the organization that the AI system/service is deployed effectively and governed responsibly. By aligning roles, training staff, and securing resources, it sets the foundations for operational resiliency. Targeted communications and disciplined transition planning reduce the risk of failure, promote accountability, and support long-term success.

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Phase 5.0 Operate

5.0 Operate – Vigilance and Lifecycle Learning

5.1 Close the Project & Institute Ongoing Governance

Ensure orderly project close out and transitioning to sustained governance through the AI system/service life-cycle

5.1.1 Monitoring	5.1.2 Auditing	5.1.3 Evaluating
• Continuously review system/service performance against targets • Track IT infrastructure (uptime, response time), security threats, data quality, and AI output accuracy • Combine automated tools with essential human judgment. • Report all variances	• Conduct internal or third-party audits of data, models, and deployment practices • Assess fairness, accuracy, explainability, drift, and compliance. • Use findings to strengthen governance and remediate weaknesses	• Apply human judgment to monitoring and auditing results • Determine whether the system is meeting expectations, needs modification, or is misaligned with organizational values • Schedule regular and ad-hoc evaluations

Phase 5 actions help to ensure the AI system/service continues to be safe, effective, and aligned with organizational values /strategy long after it is implemented.

5.0 Operate – Vigilance and Lifecycle Learning (Continued)

5.1.4 Employing Change / Enhancement Control	5.1.5 Aligning with Organizational Controls	5.1.6 Decommissioning
• Use structured processes for proposing, reviewing, approving, and implementing system changes • Include standardized requests, signoffs, testing, cutover steps, and renewed monitoring • Document all actions in the governance hub	• Respond to information requests from finance, legal, oversight bodies, executives, and regulators • Use the governance hub to retrieve and record required information • Ensure AI operations integrate smoothly with existing control regimes	• Plan and execute responsible system retirement when needed • Terminate agents/models, purge data securely, revoke credentials, log all actions, and release resources • Follow risk-management and records-retention requirements

Conclusion

In the absence of centralized, enterprise level governance programs, individual business units and small organizations can apply project level AI governance to bring about the use of accountable AI. Project level governance allows for the sustained application of the technology in a way that adds value to the organization and helps its stakeholders in justifiable, safe, transparent, responsive, and productive ways. Project level governance stands as a middle path between institutional inertia and fragmented, uncontrolled application of the technology, and meshes with the creative thrust of project management. Applied in tandem, the two disciplines of project level governance and project management help organizations transform visions of AI use cases into working, well-managed realities. JF

THANK YOU!

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