

# What Board Members Need to Know About AI

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# Obligatory AI Disclaimer

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# Governance vs. Implementation: Understanding Your Role

## **Board's Core Responsibility**

Governance and oversight—  
**not** hands-on implementation

## **Signal Openness**

Balance innovation with  
appropriate risk attention

## **Create Safe Space**

Allow staff to experiment,  
report wins and concerns

# Common Governance Pitfalls to Avoid



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## Micromanaging Tools

Getting too deep into technical decisions

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## Fear-Based Restrictions

Creating barriers that stifle innovation

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## Too Hands-Off

Failing to provide necessary oversight



**Remember: Boards don't need to understand how AI works, but they must understand how it is being governed.**



# 5 Questions Board Members Should Be Asking



**Question 1:** Does your agency have an AI acceptable use policy?

# ESTABLISHING AI USE POLICIES: A GOVERNANCE FRAMEWORK



## Why an AI Use Policy is Critical

### → Track Current Use

Where is AI being used in operations today?  
How are we monitoring service provider use?

### → Establish Clear Policies

Acceptable use guidelines, data handling rules, approval processes for new tools



Without policies, staff tend to create their own rules—increasing risk through inconsistent practices

### → Regular Review

Are policies updated as technology evolves?

**Question 2:** How should public agencies measure AI return on investment?

# How to Measure Return on Investment

## Agency Efficiency

Cost savings and operational improvements

## Staff Time

Hours saved on routine tasks, capacity for strategic work

## Public Service

Enhanced ability to serve constituents effectively



**Question 3:** How is AI training conducted at my agency?

# Why Staff Training Matters



- **Data and Platform Security**

What information enters AI tools? How do we protect customer data?

- **Staff Guidelines**

Clear rules about what can and cannot be shared

- **Training Rollout**

Organization wide? By department?



**Public agencies handle confidential, protected, and privileged data. Unmonitored AI use can lead to privacy breaches or even HIPAA violations.**



**Question 4:** Does your agency disclose when and how AI is used in decisions or services?



# Importance of AI Transparency

## Public Content

An agency's approach to AI-generated content that represents its ratepayers

## Consistency & Fairness

AI can unintentionally produce inconsistent or biased results, especially if not regularly monitored.

## Regulations

Example: SB 896 – GenAI in direct communications with the Public (disclose that they are using AI)

***Public agencies set the tone for trust, standards, and best practices.***



**Question 5:** How confident are you that your Board understands the key risks associated with AI use in your agency?



# AI Risks Governing Boards Should Consider

## Privacy & Data Security

Confidential information (PHI)?

## Legal & Regulatory Non-compliance

Transparency/public notice obligations

## Bias or Unfair Treatment

Exposure to complaints, litigation, loss of trust

## Reputational Damage

AI hallucinations are *not* defensible



**Public agencies and their governing body remain accountable even when decisions are AI-assisted.**



# 3 Actions for the Next 90 Days



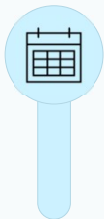
## Request an AI Inventory

Where AI is used, what tools, what data is involved



## Review AI Governance

Acceptable use policy, service provider framework, data protection standards



## Add Standing Agenda Item

Annual risk review, regular updates, opportunity for questions

# Moving Forward Together

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## Expect Evolution

Regular check-ins, not one-time decisions

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## Focus on Principles

Frameworks over specific tool approvals

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## Ongoing Education

For both Board and staff

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## Share Learnings

Other public agencies are figuring this out too

 Your Board's role: Set direction, ask good questions, create space for smart experimentation. You don't need to understand the technology deeply—you need to understand the governance implications.

***Public agencies navigating AI well are those where Boards and staff are learning together!***

