# Generative AI Governance Framework

Harness the power of generative artificial intelligence (GenAI) and appropriately manage the risks.

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## Foreword

We are grateful to the over 1,000 reviewers, contributors, endorsers, and sponsors of this enormous undertaking. Building proper governance models for disruptive and rapidly evolving technologies requires considering many points of view. As such, we've involved thought leaders and process experts from industry, academia, and regulatory bodies.

# Table of Contents

# Introduction

This framework, built in collaboration, and with sponsorship from Connor Group (CG), aims to help organizations harness the power of generative artificial intelligence (GenAI) while appropriately managing its risks. More than 1,000 practitioners and academics contributed to the development of the framework. Participating experts include GenAI specialists, internal and external auditors, regulators, audit committee members, C-suite executives, and others. We crafted this framework to benefit organizations across various sectors, including for-profit, not-for-profit, governmental, and more.

GenAI pushes the boundaries of governance by creating entirely new information that did not exist before. As such, it introduces a multitude of new possibilities and risks that organizations must confront.

While individuals frequently use GenAI directly through purchased products like OpenAI's ChatGPT or Google's Gemini, they may also engage with it unwittingly. For example, employees might unknowingly utilize GenAI through software programs containing embedded GenAI components, such as Microsoft's Copilot. Moreover, GenAI can be integrated into organization-specific GenAI solutions, like a "Company GPT." This framework aims to assist in each of these situations by identifying and mitigating GenAI-related risks.

# Endorsements

"*We find ourselves in a new and exciting time when it comes to AI and its current and prospective effects on society and business. Conceptualizing a coherent way for organizations to approach AI governance in the wilds of this rapidly developing environment becomes crucial. I see this effort as a significant and important step forward in this vital space, and I commend the authors as insightful early movers!*"

Douglas F. Prawitt, PhD, CPA – Director of Brigham Young University School of Accountancy and Lead Director of COSO Board

"*The AI Governance framework presents a fantastic approach for internal auditors, but also for other assurance providers and the board to create and validate an effective AI governance structure.*"

Dorothea Mertmann – CEO of IIA Germany (Deutsches Institut für Interne Revision e.V.)

"*We will soon encounter generative AI in many parts of our everyday working lives. With this framework, internal audit can deal with the risks at an early stage. It can sensitize the audited parties and support them in setting up suitable governance and a control environment. From this perspective, the Generative AI Governance Framework is an ideal tool for positioning internal audit as a reliable point of contact for risks associated with the use of artificial intelligence.*"
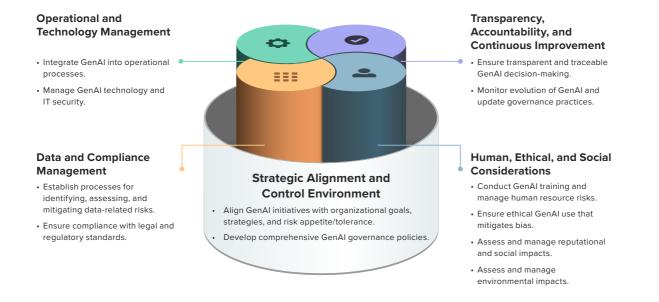
Gabrielle Rudolf von Rohr – President, IIA Switzerland

"*Effective AI adoption will be a massive competitive advantage but many don't know where to start and how to apply it. A few AI tools exist now with many on the way, and they are coming fast. Having a smart AI adoption strategy with underlying controls, data and processes that are ready for AI takes time. The most competitive companies are doing these things now.*"

Jeff Pickett – Chair, Connor Group

"*At Boomi, we understand the power of clarity and action. This AI governance framework, which I had the privilege to help shape, epitomizes that by providing a one-page summary ideal for boardroom discussions, alongside a detailed breakdown of controls for practical implementation. It's designed not only to be adopted but also to be adapted, allowing companies to assess their compliance and maturity, identifying areas of strength and opportunities for improvement. We're proud to be among the first to implement and champion a tool that so effectively bridges the gap between strategic oversight and operational excellence.*"

Waseem Samaan, CPA, CIA – Chief Audit and Risk Officer at Boomi

**The GenAI Governance Framework breaks down governance into five essential domains.**

1. Strategic Alignment and Control Environment

2. Data and Compliance Management

3. Operational and Technology Management

4. Human, Ethical, and Social Considerations

5. Transparency, Accountability, and Continuous Improvement

## GenAI Governance Framework

**Operational and Technology Management**

- Integrate GenAI into operational processes.
- Manage GenAI technology and IT security.

**Transparency, Accountability, and Continuous Improvement**

- Ensure transparent and traceable GenAI decision-making.
- Monitor evolution of GenAI and update governance practices.

**Data and Compliance Management**

- Establish processes for identifying, assessing, and mitigating data-related risks.
- Ensure compliance with legal and regulatory standards.

**Strategic Alignment and Control Environment**

- Align GenAI initiatives with organizational goals, strategies, and risk appetite/tolerance.
- Develop comprehensive GenAI governance policies.

**Human, Ethical, and Social Considerations**

- Conduct GenAI training and manage human resource risks.
- Ensure ethical GenAI use that mitigates bias.
- Assess and manage reputational and social impacts.
- Assess and manage environmental impacts.

Within each of these domains, the framework identifies several risks and control considerations. By delineating risks and control considerations, the framework helps organizations (1) to understand how GenAI can threaten organizational objectives and (2) to craft governance approaches that mitigate those risks. We provide the full set of risks and control considerations at the end of this document.

**This framework should help organizations achieve the following objectives:**

- Enhance overall GenAI risk management

- Establish GenAI governance structures

- Drive strategic improvement and compliance

- Secure stakeholder engagement and trust

- Benchmark for continuous improvement

# How to Use the Framework

Before using the framework, organizations should consider their risk appetite and risk tolerance in the context of GenAI. As with any other technology, an organization must decide how much risk they are willing to accept when adopting GenAI applications and solutions. This framework guides organizations in aligning GenAI risks with their established risk appetite. We recommend organizations adopt the framework in four steps.

**STEP 01**

## Define GenAI Objectives and Goals

**Define specific GenAI objectives and goals. Ensure these objectives and goals align with:**

- Established corporate strategy and digitalization objectives,
- Stakeholder expectations,
- Compliance and regulatory requirements,
- Budgetary constraints.

**STEP 02**

## Establish Appropriate Framework Scope for Your Organization

The GenAI Governance Framework aims to serve a variety of organizations. Therefore, some of the framework's domains, risks, and control considerations may not apply to your organization. Organizations should align the scope of the framework with their organizational needs and priorities:

- Identify priority **domains** in the governance framework for your organization.
- Identify the **key risks** within each domain that are most relevant to your organization.
- Determine the **functions** within your organization that are most impacted by GenAI risks (e.g., department, business unit).
- Identify **processes, projects, and technologies** that are most exposed to GenAI risks.
- Select appropriate **stakeholders** to be involved in GenAI governance.

**STEP 03**

# Complete an GenAI Governance Risk Assessment

We recommend a five-stage approach to GenAI risk assessment, with a deliverable produced in each stage. The initial risk identification and assessment of GenAI in your organization can follow the traditional risk assessment procedures presented in the figure. We provide additional details and a survey that allows you to perform a detailed GenAI governance maturity assessment with benchmarking at the following link: genai.global

| Stage | Activities | Deliverable |
|---|---|---|
| **Planning & Preparation** | • Develop scope and objectives with project sponsor.<br>• Identify stakeholders and conduct a kick-off.<br>• Gather documentation and complete survey.<br>• Confirm timelines and schedule meetings. | **DELIVERABLE:**<br>Project kick-off and plan |
| **Data Collection & Review** | • Review survey results and relevant documentation (e.g., policies, strategy documents).<br>• Conduct workshop with senior leadership in finance, accounting, and IT. | **DELIVERABLE:**<br>Survey results & benchmarking |
| **Risk Assessment & Prioritization** | • Benchmark organization's existing GenAI landscape against GenAI Governance Framework.<br>• Identify unmitigated risks.<br>• Prioritize risks using survey and working sessions. | **DELIVERABLE:**<br>Summary of prioritized unmitigated risks |
| **Recommendations & Roadmap** | • Propose actionable mitigation strategies for top high priority unmitigated risks.<br>• Develop an implementation roadmap and timeline. | **DELIVERABLE:**<br>Prioritized recommendations & roadmap |
| **Report Results** | • Prepare executive summary report.<br>• Review with key stakeholders in Finance, Accounting, and IT.<br>• Align on go-forward plans and next steps. | **DELIVERABLE:**<br>Final executive report |

**STEP 04**

# Execute Your Defined Plan (based on your Risk Assessment)

In Step 4, organizations integrate the GenAI governance plan into their strategic plans according to the risks identified. Effective governance requires adapting existing methods and resources to support the unique risks and control considerations of GenAI projects. We recommend that organizations treat GenAI governance and controls as a critical priority given their emerging importance and unique risks.

## Conclusion

This framework aims to help organizations create an effective and efficient governance structure for GenAI. It has been vetted and prepared by numerous groups and professionals.

On the following pages, you will find the entire governance framework, including risks and control considerations. The framework is provided as a free resource. To complement the framework, we have developed a maturity model and benchmarking services available at **genai.global**.

The framework is not designed to address all data and technology risks, and we therefore recommend that it be used in conjunction with other existing governance frameworks like COSO Internal Control – Integrated Framework, COSO Enterprise Risk Management framework, COBIT, and the Three Lines Model.

Finally, we expect this framework to evolve as GenAI technology continues to evolve and expand. As such, the authors, with help from sponsoring organizations, will provide updates as changes occur.
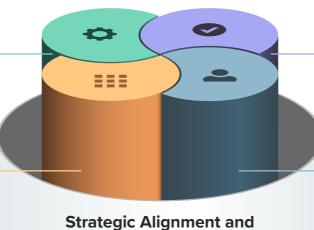
# GenAI Governance Framework

**Operational and Technology Management**

- Integrate GenAI into operational processes.
- Manage GenAI technology and IT security.

**Transparency, Accountability, and Continuous Improvement**

- Ensure transparent and traceable GenAI decision-making.
- Monitor evolution of GenAI and update governance practices.

**Data and Compliance Management**

- Establish processes for identifying, assessing, and mitigating data-related risks.
- Ensure compliance with legal and regulatory standards.

**Strategic Alignment and Control Environment**

- Align GenAI initiatives with organizational goals, strategies, and risk appetite/tolerance.
- Develop comprehensive GenAI governance policies.

**Human, Ethical, and Social Considerations**

- Conduct GenAI training and manage human resource risks.
- Ensure ethical GenAI use that mitigates bias.
- Assess and manage reputational and social impacts.
- Assess and manage environmental impacts.

| DOMAIN | DESCRIPTION | KEY OBJECTIVE | KEY RISKS ADDRESSED |
|---|---|---|---|
| **Strategic Alignment and Control Environment** | Domain focuses on ensuring that GenAI initiatives are in harmony with the overall goals and strategies of the organization. It involves setting the appetite and direction for GenAI use and establishing the control environment around GenAI use. | • Align GenAI initiatives with organizational goals, strategies, and risk appetite/tolerance.<br>• Develop comprehensive GenAI governance policies. | • Strategic and Planning Risks<br>• Control Environment Risks |
| **Data and Compliance Management** | Domain focuses on identifying, assessing, and mitigating data-related risks; and ensuring compliance with all relevant legal and regulatory standards. | • Establish processes for identifying, assessing, and mitigating data-related risks.<br>• Ensure compliance with legal and regulatory standards. | • Data-Related Risks<br>• Legal and Regulatory Regime Risks |
| **Operational and Technology Management** | Domain focuses on the integration of GenAI into business processes, managing the technology itself, and ensuring IT security. It addresses the practical application of GenAI in daily operations. | • Integrate GenAI into operational processes.<br>• Manage GenAI technology and IT security. | • Process Management Risks<br>• Technology Evaluation and Selection Risks<br>• Enhanced Operational and IT Security and Access Risks |
| **Human, Ethical, and Social Considerations** | Domain addresses the impact of GenAI on the workforce, ethical considerations, and broader social implications. It emphasizes the importance of addressing human-centric aspects of GenAI deployment. | • Conduct GenAI training and manage human resource risks.<br>• Ensure ethical GenAI use, that mitigates bias.<br>• Assess and manage reputational and social impacts.<br>• Assess and manage environmental impacts. | • Knowledge and Training Risks<br>• HR and Employment Risks<br>• Ethical and Bias Risks<br>• Reputation and Social Risks<br>• ESG Risks |
| **Transparency, Accountability, and Continuous Improvement** | Domain focuses on ensuring that use of GenAI in decision-making is transparent and accountable. It also focuses on the continuous improvement of GenAI governance practices, adapting to new challenges and technologies. | • Ensure transparent and traceable GenAI decision-making.<br>• Monitor evolution of GenAI and update governance practices. | • Transparency, Traceability, and Trust Risks<br>• Continuing Evolution of the Technology Risks<br>• Miscellaneous Risks<br>• High Conceptual or Hypothetical Risks |

# Key Control Considerations for Mitigating GenAI Risks

## Strategic Alignment and Control Environment

### Strategic and Planning Risks and Control Consideration

| RISKS |
| --- |

This risk category addresses the risks of not aligning GenAI initiatives with long-term organizational goals.

| CONTROL CONSIDERATIONS | |
| --- | --- |
| **GenAI Risk Management Framework** | Develop a framework for governing GenAI risk. The framework should integrate with or update other frameworks (e.g., COSO Internal Control – Integrated Framework, COSO Enterprise Risk Management framework, COBIT). |
| **Strategic GenAI Roadmap** | Develop a strategic roadmap with cross-functional buy-in for GenAI integration that aligns with organizational goals. |
| **Regular Strategy Review** | Establish a regular review process to align GenAI initiatives with evolving organizational strategies. |
| **Stakeholder Engagement** | Involve key stakeholders in GenAI project planning to ensure alignment with business objectives and risk appetite. |
| **Performance Monitoring** | Set up metrics and key-performance indicators (KPIs) to measure the effectiveness of GenAI initiatives in achieving strategic goals. Also, monitor changes in GenAI capabilities to confirm they continue to align with strategic objectives. |
| **Contingency Planning** | Develop contingency plans for GenAI projects to manage unexpected outcomes or changes in strategic direction. |
| **Scenario Planning and Forecasting** | Implement scenario planning for GenAI initiatives to anticipate and prepare for potential unexpected events. |

### Control Environment Risks and Control Considerations

| RISKS |
| --- |

This risk category addresses the risk of needing to develop new or updated policies, educate users about GenAI management, structure responsibilities within GenAI governance, and manage the residual responsibility of decision-makers who rely on GenAI recommendations.

| CONTROL CONSIDERATIONS | |
| --- | --- |
| **Policy Development and Governance** | Oversee comprehensive GenAI governance and usage policies based on risk appetite, strategy, and relevant legal guidelines. |
| **Clear Roles and Responsibilities** | Define and communicate roles and responsibilities related to GenAI governance within the organization. |
| **Establish GenAI Governance Committee** | Establish a committee or comparable institution to oversee GenAI governance and policy implementation. Committee should have broad representation both vertically and horizontally in the organization to integrate all necessary aspects of GenAI usage. |
| **GenAI Inventory** | Ensure a centralized inventory of all GenAI use cases in development or production across the organization is maintained. |
| **Regular Policy Review and Update** | Ensure GenAI policies are regularly reviewed and updated to reflect new developments and insights. |
| **GenAI Ethics Framework** | Implement an GenAI ethics framework to guide decision-making in GenAI projects. |
| **Incident Response Plan** | Develop an incident response plan specifically for GenAI-related issues (e.g., security breaches, driving business decisions incorrectly). |

# Data and Compliance Management

## Data Related Risks and Control Considerations

| RISKS |
|---|
| This risk category addresses the risks related to data breaches, unauthorized access, mismanagement, the propagation of incorrect information by GenAI systems, overreliance on GenAI (GenAI Dependence), and the threat of competitors using GenAI to gather intelligence. |

| CONTROL CONSIDERATIONS | |
|---|---|
| **Data Governance Framework** | Establish a comprehensive data governance framework to manage risks such as data collection, storage, accessibility, quality, confidentiality, retention, security, deletion, exportation, etc. Frequently review and update. |
| **Access Control Policies** | Implement strict access control policies, including role-based access, to sensitive tools and data. |
| **Data Encryption and Anonymization** | Utilize data encryption and anonymization techniques to protect sensitive information. |
| **GenAI Data Lineage Tools** | Track data lineage across the organization to ensure transparency in how data is used by GenAI systems. |
| **Regular Data Audits** | Conduct regular audits to ensure data integrity and to detect any unauthorized access or breaches. |
| **Self-learning Models** | Establish a clear audit and monitoring process for self-learning models to address potential risks as soon as possible. Self-learning models are GenAI systems that autonomously improve their performance and adapt over time by learning from new data and experiences without explicit human instruction. |

## Legal and Regulatory Risks and Control Considerations

| RISKS |
|---|
| This risk category addresses the risks associated with compliance with changing laws and government mandates specific to GenAI, including adapting to regulatory constraints, fulfilling transparency and reporting requirements, and managing legal liabilities for GenAI actions. It also involves staying current with international legal standards, protecting intellectual property, and developing strategies for engagement with regulatory bodies and rapid response to legal changes. |

| CONTROL CONSIDERATIONS | |
|---|---|
| **Documentation and Reporting Processes** | Maintain thorough documentation and reporting to ensure transparency and facilitate compliance for all GenAI solutions in the organization. |
| **Compliance Monitoring** | Implement a process for continuous monitoring of, and compliance with, relevant laws and regulations. |
| **GenAI Legal Risk Assessment** | Regularly conduct legal risk assessments for GenAI initiatives. |
| **Monitoring and Training on Regulatory Changes** | Regularly monitor, update, and train staff on new regulatory developments affecting GenAI. |
| **Cross-border Compliance Strategy** | Develop strategies to manage compliance across different jurisdictions, especially in multinational operations. |

# Operational and Technology Management

## Process Management Risks and Control Considerations

| RISKS |
|---|
| This risk category addresses the risks of the operational use of GenAI, including risks in validating GenAI applications and outputs. |

| CONTROL CONSIDERATIONS | |
|---|---|
| **Standard Operating Procedures for GenAI Use** | Develop and implement standard operating procedures (SOPs) for GenAI applications within business processes. |
| **GenAI Performance Monitoring** | Establish regular and recurring processes to evaluate the performance of GenAI applications. |
| **Validation and Testing Protocols** | Implement rigorous validation and testing protocols with stakeholder approval for GenAI applications before deployment. |
| **Change Management Procedures** | Develop change management procedures for GenAI implementation to minimize operational disruption. |

## Technology Evaluation and Selection Risks and Control Considerations

| RISKS |
|---|
| This risk category addresses the risks of process for selecting GenAI technologies that meet the organization's needs. |

| CONTROL CONSIDERATIONS | |
|---|---|
| **Technology Assessment Framework** | Create a framework for assessing and selecting GenAI technologies that align with organizational goals, needs, and compliance (security, confidentiality, controls) requirements. |
| **Vendor Risk Assessment** | Conduct thorough risk assessments of vendors and their GenAI solutions before implementation. Embed GenAI review as part of third-party risk management and vendor on-boarding processes. |
| **GenAI Feature Integration and Management Protocol** | Establish a protocol for vetting, integrating, and managing new GenAI features in existing systems. This protocol should include a comprehensive assessment process. |
| **Post-Implementation Review** | Conduct post-implementation reviews to assess the effectiveness and impact of GenAI technology. |

# Operational and Technology Management

## Enhanced Operational, IT Security, and Access Risks and Control Considerations

| RISKS |
| --- |
| This risk category addresses the risks of needing to maintain data confidentiality, secure GenAI systems against threats, manage data transfer risks, and address GenAI social engineering or other cybersecurity threats. |

| CONTROL CONSIDERATIONS | |
| --- | --- |
| **Robust IT Security Policies** | Ensure GenAI systems comply with other organizational policies. As needed, draft supplemental policy/procedure language to meet any gaps posed by the GenAI system. |
| **Data Security Training for Employees** | Provide comprehensive data security training to employees involved in GenAI operations. |
| **Incident Response and Recovery Plans** | Establish incident response and recovery plans for potential security breaches or major operational failures in key GenAI systems. |
| **Access Management and Authentication** | Strengthen access management and authentication mechanisms for GenAI systems and those systems connected to GenAI systems. Evaluate GenAI access to all systems. |
| **Continuous Monitoring of Security Threats** | Maintain continuous monitoring systems to detect and respond to security threats promptly. |

# Human, Ethical, and Social Considerations

## Knowledge and Training Risks and Control Considerations

| RISKS |
|---|
| This risk category addresses the risks of needing to train users on the risks and limitations of GenAI. |

| CONTROL CONSIDERATIONS | |
|---|---|
| **Transparently Communicate the Date of the Latest Data included in GenAI Model** | Ensure that users are aware how up to date the model is about current information in the organization and world. |
| **Training Plan for Employees** | Develop a training plan to teach employees how to use GenAI models, potential limitations of GenAI models, and other risks involved in using GenAI. |

## Human Resource and Employment Risks and Control Considerations

| RISKS |
|---|
| This risk category addresses the risks associated with human resources, such as the impact of GenAI on employment rates, the potential replacement of jobs by GenAI in certain sectors, and the fear among personnel of job loss due to GenAI implementation. |

| CONTROL CONSIDERATIONS | |
|---|---|
| **Transparent Communication Strategy** | Develop a strategy for transparent communication about GenAI's impact on jobs and roles. |
| **GenAI-related Job Creation Strategies** | Identify and develop new job roles and opportunities created by GenAI advancements. |
| **Employee Involvement in GenAI Implementation** | Involve employees in the design and implementation of GenAI solutions to foster acceptance and understanding. |
| **Reskilling and Upskilling Programs** | Implement programs to reskill and upskill employees affected by GenAI integration. |
| **GenAI Integration Feedback Loops** | Create feedback mechanisms for employees to express concerns and suggestions regarding GenAI integration. |

# Human, Ethical, and Social Considerations

## Ethical and Bias Risks and Control Considerations

| RISKS |
|---|
| This risk category addresses the risks of GenAI systems perpetuating biases or being used unethically. |

| CONTROL CONSIDERATIONS | |
|---|---|
| **Bias Detection and Mitigation Framework** | Develop and implement a framework for the identification and mitigation of biases in GenAI systems. |
| **Diverse Data** | Ensure diversity in data sets if training GenAI to reduce the risk of inherent biases. |
| **Regular Ethics Training** | Conduct regular training for teams using and managing GenAI on ethical considerations and bias awareness. |
| **User Feedback Mechanisms** | Implement mechanisms for receiving and addressing feedback from users. |
| **Third-Party Audits for Ethical Compliance** | Perform audits and/or review audit reports and controls for GenAI tools purchased from external parties. |

## Reputation and Social Risks and Control Considerations

| RISKS |
|---|
| This risk category addresses the risks related to reputational damage from GenAI-based communication. |

| CONTROL CONSIDERATIONS | |
|---|---|
| **Implement "Human-in-the-Middle" Policies for Sensitive Disclosures** | For disclosures that are deemed important or sensitive, require that all AI-generated content be reviewed by a human or humans before being released. |
| **Reputation Response Team** | Designate and train a group of individuals on how to respond should there be a negative reaction to AI-generated content. |

# Human, Ethical, and Social Considerations

### Environmental, Social, and Governance (ESG) Risk and Control Considerations

| RISKS |
|---|
| This risk category addresses the risks associated with the environmental impact of GenAI systems, social implications such as workforce displacement or societal disruption, and governance challenges. |

| CONTROL CONSIDERATIONS | |
|---|---|
| **Governance Framework for Environmental, Social, and Governance Impact** | Use and modify existing ESG framework to manage the ESG impact of GenAI. |
| **Environmental Impact Assessments for GenAI** | Evaluate the environmental impact of GenAI systems (e.g., energy consumption). |
| **Social Impact Assessment for GenAI** | Evaluate potential unethical and/or undesired impacts (see also Ethical and Bias Risks and Control Considerations). |
| **Governance Impact Assessment for GenAI** | Evaluate potential impacts on other governance and assurance functions. |
| **Sustainable GenAI Development Practices** | Adopt environmentally sustainable practices in GenAI development and deployment. |
| **ESG Training for GenAI Teams** | Provide training on ESG considerations for teams involved in GenAI development and operations. |

# Transparency, Accountability, and Continuous Improvement

## Transparency, Traceability, and Trust Risks and Control Considerations

| RISKS |
|---|
| This risk category addresses the risks of needing clarity in GenAI decision-making processes, ensuring outcomes and decisions are traceable, and mitigating the risk of overconfidence or authority bias where GenAI's judgment is accepted without sufficient scrutiny. |

| CONTROL CONSIDERATIONS | |
|---|---|
| Gen AI Decision-Making Documentation | Implement requirements for documenting how GenAI is used and reported, including audit trails and source references used to track and review GenAI decisions and their outcomes. |
| Traceability Protocols in GenAI Development | Incorporate traceability protocols in GenAI development and deployment phases. |
| Regular Reviews of GenAI Decision Processes | Schedule regular reviews to ensure the continuous traceability of GenAI decisions. |
| Stakeholder Reporting on GenAI Decisions | Establish reporting mechanisms to communicate GenAI decision-making to stakeholders. |

## Continuing Evolution of the Technology Risks and Control Considerations

| RISKS |
|---|
| This risk category addresses the risks of organizations needing to adapt GenAI governance to the rapid pace of technological advancements in GenAI. |

| CONTROL CONSIDERATIONS | |
|---|---|
| Technology Evolution Monitoring Program | Establish a dedicated program that continuously monitors the evolution of generative GenAI technology. The program should include input from a diverse set of employees spanning the organization. |
| Review and Update Governance Framework | Regularly review and update a governance framework and policies to reflect significant changes to risks because of developments in GenAI capabilities. |
| Innovation Labs and Pilot Programs | Create innovation labs or pilot programs to experiment with new GenAI technologies in a controlled environment. These labs can provide insights into the practical implications of emerging GenAI technologies and inform risk management strategies. |

# Transparency, Accountability, and Continuous Improvement

## Miscellaneous Risks and High Conceptual or Hypothetical Risks and Control Considerations

| RISKS |
| --- |
| The Miscellaneous Risk category addresses a variety of risks such as a lack of awareness about GenAI's capabilities and limitations, potential for abuse, challenges in standardization, and geopolitical or geostrategic impacts on global balances due to GenAI.<br><br>The Conceptual or Hypothetical Risk category addresses risks related to the theoretical risks of GenAI becoming uncontrollable or achieving a level of superintelligence. |

| CONTROL CONSIDERATIONS | |
| --- | --- |
| **GenAI Awareness and Education Programs** | Develop and deliver programs to relevant internal and/or external stakeholders to enhance awareness about GenAI capabilities, risk, limitations, and appropriate use. |
| **Abuse Prevention Mechanisms** | Implement mechanisms to prevent and to detect the misuse or abuse of GenAI technologies. |
| **Rapid Response and Mitigation Teams** | Set up rapid response teams equipped to deal with unexpected GenAI-related incidents or crises. These teams should have clear protocols for assessing situations, making decisions, and implementing mitigation strategies quickly to minimize impact. |
| **Stakeholder Engagement and Dialogue** | Facilitate ongoing dialogue with stakeholders, including customers, regulators, and the public, to discuss concerns and expectations related to GenAI. This engagement can help identify emerging risks and societal concerns that may not be immediately apparent. |

# About Our Authors

### Scott A. Emett, PhD

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Scott Emett is an associate professor at Arizona State University. His research examines how producers and consumers of financial disclosures make judgments and decisions, often focusing on how technological disruptions shape those judgments and decisions. He strives to conduct research that offers valuable insights for practitioners in the field, bridging the gap between academic research and practical application. His research has been published in major journals, such as Journal of Accounting and Economics; The Accounting Review; Contemporary Accounting Research; Accounting, Organizations, and Society; Review of Accounting Studies; and Auditing: A Journal of Practice and Theory, among others.

### Marc Eulerich, PhD, CIA

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Marc Eulerich, is the Chair for Internal Auditing and the Dean at the Mercator School of Management, University Duisburg-Essen, Germany. He also heads the Center for Internal Auditing Excellence and the Mercator Audit & Artificial Intelligence Research Center (MAARC), both at the same university. He has published over 150 scientific and practitioner articles and books about corporate governance, internal auditing, and strategy. His research is published in numerous national and international journals. Prof. Dr. Eulerich also supports the Global internal audit profession with numerous talks and consulting projects to intensify the relationship between theory and practice.

### Jason Pikoos

Managing Partner, Connor Group

Jason Pikoos is a Managing Partner and leads Connor Group's Technology and Innovation, including GenAI driven solutions. Jason brings over 20 years of accounting, operational and technology experience, working with high-growth and technology companies. He is a leader in helping companies drive operational excellence through processes improvement, technology & automation, data and analytics and effective governance. Jason graduated from the University of Cape Town and spent over 10 years in public accounting prior to joining Connor Group.

### David A. Wood, PhD

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David A. Wood is the Glenn D. Ardis Professor of accounting at Brigham Young University. With over 160 publications in respected academic and practitioner journals, monographs, books, and cases, David's research focuses on technology, governance, risk management, and internal controls. His influential work has earned him recognition as one of the 100 most influential people in accounting by Accounting Today. David collaborates with companies of all sizes, accounting firms, and regulators, providing insights and expertise on emerging governance and accounting issues.

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### Boomi (Reviewer and Contributor)

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