

HILLSIDE AI · AI TRANSFORMATION TOOLKIT

AI Governance Pyramid

The four non-negotiable layers of governance every AI-deploying organisation must build

Chapter Reference: Chapter 8 — The AI Governance Imperative

THE FOUR LAYERS

The four layers are interdependent. Policy without Oversight is aspiration. Oversight without Accountability is process without consequence. Accountability without Transparency cannot be verified. Transparency without Policy has nothing authoritative to point to. All four are required.

Layer 1: Policy

The Foundation

Formal documentation of your organisation's commitments, principles, and rules for AI use.

- **AI Use Policy** — what AI is approved, in what contexts, subject to what conditions
- **Data Ethics Charter** — commitments to responsible data collection, use, and protection
- **AI Risk Register** — catalogue of identified AI risks and current controls
- **Vendor Assessment Protocol** — standards for evaluating AI vendors
- **Incident Response Plan** — procedure for AI-related incidents

Layer 2: Oversight

The Mechanism

Structures, processes, and roles that actively monitor AI system performance and compliance.

- **Designated AI governance function with clear mandate and sufficient authority**
- **Structured model monitoring programme** — accuracy, bias indicators, data quality
- **Formal audit cycle** — independent review of AI systems against governance standards
- **Regular reporting to senior leadership and board on AI governance status**

Layer 3: Accountability

The Backbone

Every AI system has a named individual accountable for its performance and compliance.

- **AI System Owner** — accountable for outcomes and compliance
- **Data Owner** — accountable for data quality and governance
- **Technical Lead** — accountable for technical performance and maintenance

- **AI Governance Lead — accountable for the overall governance framework**

Layer 4: Transparency

The Credibility

Your organisation can explain what AI systems you use, what they do, and what safeguards exist.

- **What AI systems are in use and for what purposes**
- **How decisions are made (to the extent technically explainable)**
- **What safeguards and testing procedures are in place**
- **What recourse is available to those affected by AI-driven decisions**

GOVERNANCE MATURITY MODEL — WHERE ARE YOU?

Level	Stage	Description
1	Unmanaged	No formal governance. AI deployed without systematic review or accountability.
2	Emerging	Some elements exist but incomplete and inconsistently applied.
3	Defined	Formal framework in place, documented, and consistently applied. Minimum standard.
4	Managed	Actively managed. Governance metrics tracked and reported. Lessons incorporated.
5	Optimising	Embedded in culture. Used as competitive differentiator with clients and regulators.

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