

A. Entity responses

In accordance with Section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comments to:

- Treasurer, Minister for Energy and Minister for Home Ownership
- Minister for Customer Services and Open Data and Minister for Small and Family Business
- Minister for Transport and Main Roads
- Under Treasurer, Queensland Treasury
- Director-General, Department of Customer Services, Open Data and Small and Family Business
- Director-General, Department of Transport and Main Roads.

We also provided a copy of the report with an option of providing a response to:

- Premier and Minister for Veterans
- Director-General, Department of the Premier and Cabinet.

This appendix contains their detailed responses to our audit recommendations.

The heads of these entities are responsible for the accuracy, fairness, and balance of their comments.



Comments received from Director-General, Department of Customer Services, Open Data and Small and Family Business

**DELIVERING
FOR QUEENSLAND**



Department of
**Customer Services,
Open Data and
Small and Family Business**

Our Ref: MN09518-2025

Mr Darren Brown
Assistant Auditor-General
Queensland Audit Office

Email: qao@qao.qld.gov.au

Dear Mr Brown

Thank you for your email regarding the Queensland Audit Office's performance audit report, *Managing the ethical risks of artificial intelligence*. I appreciate the opportunity to review the report and provide a response on behalf of the Department of Customer Services, Open Data and Small and Family Business (CDSB).

CDSB acknowledges the importance of the seven recommendations outlined in the report and supports their implementation. Managing the ethical risks of artificial intelligence (AI) is a priority to ensure appropriate use of this emerging technology. CDSB has already made significant progress through the development of the Foundational Artificial Intelligence Risk Assessment (FAIRA) framework and supporting governance tools.

Building on this foundation, CDSB will continue to enhance our approach to AI governance, ensuring the Queensland Government is equipped to adopt and manage AI systems safely, ethically, and in alignment with national standards and leading practices. These efforts will further strengthen public trust and drive innovation and productivity across the sector.

A detailed response to the recommendations is enclosed for your reference.

I trust this information addresses your enquiry. For further assistance, please contact

Yours faithfully

Chris Lamont
Director-General

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Responses to recommendations

Department of Customer Services, Open Data and Small and Family Business

Managing the ethical risks of artificial intelligence

Response to recommendations provided by
17/09/2025

Recommendation	Agree/ Disagree	Time frame for implementation	Additional comments
We recommend that the Department of Customer Services, Open Data and Small and Family Business: - enhances its Foundational artificial intelligence risk assessment (FAIRA) and supporting material by - clarifying when and how often entities should use the FAIRA across the AI life cycle, including retrospective application - developing guidance for alternative risk assessments for lower-risk AI systems - clarifying key ethical principles that alternative frameworks should address if entities choose not to use the FAIRA, aligned where possible with national standards or leading practices in other jurisdictions	Agree	Q4 2026	CDSB will address this recommendation by: - Development of a FAIRA LITE assessment tool for lower-risk AI systems. - Updating the FAIRA Guideline to include guidance on the appropriate application throughout the AI lifecycle, in place of other standards or practices from other jurisdictions. - Updating AI Governance Policy to mandate the FAIRA or FAIRA LITE.
supports continuous improvement by assessing the effectiveness of the AI governance policy and supporting tools	Agree	Q4 2026	CDSB will address this recommendation by: Leveraging the existing QGEA policy review process to ensure the policy is aligned with new national and international guidance, best practice and continues to be effective.
improves its understanding of AI system use and risks across the public sector and develops risk-based advice to support entities in managing higher risk AI systems	Agree	Q4 2026	CDSB will address this recommendation by:

Recommendation	Agree/ Disagree	Time frame for implementation	Additional comments
			- Collecting all AI use and risk assessment data through the mandated use of the FAIRA forms. - CDSB will use this data to inform future policy and guidance on the implementation and use of higher risk AI systems.
6. supports entities to better manage the risks associated with using generative AI systems, such as QChat, by providing entities with access to content safety information	Agree	Q2 2026	CDSB will address this recommendation by: reporting on content safety as part of the existing reporting suite provided to entities on QChat usage.
7. implement ethical risk assessment processes for AI systems in use or under development to more comprehensively identify and manage ethical risks.	Agree	Q4 2026	CDSB will address this recommendation for CDSB projects by using the current and updated FAIRA Guideline for AI systems and projects, and throughout the AI lifecycle.

Comments received from Director-General, Department of Transport and Main Roads

**DELIVERING
FOR QUEENSLAND**



**Queensland
Government**

Office of the
Director-General
Department of
Transport and Main Roads

Our ref: DG48207

Your ref: PRJ04259

12 September 2025

Ms Rachel Vagg
Auditor-General
Queensland Audit Office
qao@qao.qld.gov.au

Dear Ms Vagg

Thank you for your email of 28 August 2025 about the Queensland Audit Office's proposed report to Parliament titled *Managing the ethical risks of artificial intelligence*.

I am pleased to note that your report recognises the measures the Department of Transport and Main Roads (TMR) has established to manage the ethical risks associated with the use of artificial intelligence (AI). Both the Mobile Phone and Seatbelt Technology and QChat generative AI system were implemented prior to the Department of Customer Services, Open Data and Small and Family Business, issuing its AI governance policy. While TMR has implemented a range of controls to mitigate the ethical risks we will ensure current processes are assessed against the requirements of the AI governance policy.

I note the recommendations raised in your report and these are accepted by TMR, progress against these recommendations has already commenced. Enclosed is our formal management response, and we will track and report the implementation status of these recommendations through TMR's Audit and Risk Committee.

If you require further information, please contact [REDACTED].

I trust this information is of assistance.

Yours sincerely

Sally Stannard
Director-General
Department of Transport and Main Roads

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Responses to recommendations



Department of Transport and Main Roads

Managing the ethical risks of artificial intelligence

Recommendation	Agree/ Disagree	Time frame for implemen- ation (Quarter and financial year)	Additional comments
We recommend that the Department of Transport and Main Roads: 4. enhances its governance arrangements to support responsible use of AI by • assessing and updating governance arrangements to ensure they are suitable to manage ethical risks and align with the requirements of the Queensland Government's AI governance policy • implementing appropriate assurance frameworks to ensure its AI governance arrangements are effective at managing ethical risks, meet required standards, and operate within its risk appetite • improving visibility of AI systems to strengthen oversight of ethical risks and controls	Agree	Q3 2026/27	These activities are included in the TMR AI Strategy and Roadmap and have already commenced. Centralised governance is being implemented to ensure full visibility of all AI solutions and to track application of all mandatory assessments under the policy framework. The framework will be built out comprehensively with supporting tools, processes and education over the next 12 months.

Recommendation	Agree/ Disagree	Time frame for implemen- tation (Quarter and financial year)	Additional comments
5. improves QChat's controls to manage ethical risks more effectively by - establishing monitoring activities to strengthen oversight and ensure usage is appropriate - developing a structured approach to enhance staff capability and promote responsible use of AI systems through training and education	Agree	Q1 2026/27	Pending CDSB's provision of the content safety information for QChat for TMR (per recommendation 6), TMR will establish and document the relevant monitoring procedures and implement them. It is anticipated that this activity will be finalised by 31 December 2025. TMR have already commenced the development of a structured education campaign, which builds on the education campaign and training materials already released to TMR about the use of TMR's approved Generative AI tools, including QChat. It is anticipated that this activity will be finalised by 31 December 2025. The development of a comprehensive AI literacy campaign to enhance staff capability and promote responsible use of AI systems through training and education is included in the TMR AI Strategy and Roadmap and has been flagged for completion in the first 12 months. TMR anticipates these activities will be finalised by 30 September 2026, noting that training and education is an ongoing activity that TMR will continue to undertake.
7. implement ethical risk assessment processes for AI systems in use or under development to more comprehensively identify and manage ethical risks.	Agree	Q4 2025/26	TMR will conduct retrospective ethical risk assessments using the FAIRA framework on both QChat and MPST to ensure and confirm that ethical risks are effectively identified and managed by 31 December 2025. In conjunction with recommendation 4 to ensure visibility of all TMR's AI systems, ethical risk assessments using the FAIRA framework will also be undertaken where any gaps are identified.

Comments received from Under Treasurer, Queensland Treasury



Queensland Treasury

Our Ref: QT04468-2025

Ms Rachel Vagg
Auditor-General of Queensland
Queensland Audit Office

Email: QAO.Mail@qao.qld.gov.au

Dear Ms Vagg *Rachel*

Thank you for your email dated 28 August 2025 about your proposed report to Parliament, *Managing the ethical risks of artificial intelligence*.

Treasury is pleased to provide the attached response to the recommendation:

- *All public sector entities implement ethical risk assessment processes for AI systems in use or under development to more comprehensively identify and manage ethical risks.*

Treasury is committed to responsible and ethical use of AI systems within Treasury and has implemented an AI Policy that requires that an appropriate risk assessment is undertaken prior to implementing an AI system.

Treasury's AI Policy and risk assessment has mechanisms in place to identify and manage ethical risks. Treasury reviews its AI Policy on an annual basis.

If you require any further information, please contact

who will be pleased to assist.

Yours sincerely

Paul Williams

Paul Williams
Under Treasurer

15/9 / 2025

Encl. (1)

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Responses to recommendations



Queensland Treasury

Managing the ethical risks of artificial intelligence

Response to recommendations provided by [redacted] on 09 September 2025.

Recommendation	Agree/ Disagree	Time frame for implementation (Quarter and financial year)	Additional comments
We recommend that all public sector entities: 7. implement ethical risk assessment processes for AI systems in use or under development to more comprehensively identify and manage ethical risks.	Agree	Q2 2025	- Treasury has an AI Policy aligned to CDSB and requires a FAIRA for all AI products/systems prior to introduction to Treasury's environment - The FAIRA assessment includes the ethical requirements assessment and is undertaken by the business system owner and endorsed by the Chief Information Officer - Treasury reviews and updates its AI Policy on an annual basis