

Report summary

This report examines whether the Queensland public sector has policies and guidelines to effectively manage ethical risks associated with artificial intelligence (AI) systems.

In this audit, we focused on policies the Department of Customer Services, Open Data and Small and Family Business (CDSB) has issued to guide the management of ethical risks with AI across the public sector. We also assessed how the Department of Transport and Main Roads (TMR), in collaboration with the Queensland Revenue Office (QRO) within Queensland Treasury, manages ethical risks and relevant mitigating controls of 2 AI systems it uses.



What is important to know about this audit?

- AI offers considerable opportunities for government to transform how it delivers services and how efficiently it operates.
- Realising the benefits of AI requires public sector entities to effectively manage ethical risks and ensure AI use aligns with public sector values and community expectations.
- While ethical risks are not new, AI's advanced capabilities have increased them, making it important for entities to understand how AI systems work and apply suitable controls and oversight.
- In September 2024, the Queensland Government introduced its AI governance policy to ensure entities establish governance arrangements and assess ethical risks for each AI system they use.
- Individual entities are responsible for identifying and managing ethical risks with AI systems they operate.



What did we find?

The Queensland Government's AI governance framework is effectively designed to support entities with managing the ethical risks of AI systems, with some opportunities for improvement.

- The AI governance policy and supporting materials align to national and international frameworks and provide a range of resources to assist entities in managing the ethical risks of AI.
- CDSB, which is responsible for the policy, could strengthen its guidance on the application of ethical risk assessments to support a more consistent and effective application of the framework.

CDSB needs to monitor whole-of-government AI usage and risks.

- CDSB has limited visibility across the Queensland Government on AI use and emerging ethical risks. This affects its ability to assess how well entities manage these risks.
- As entities continue to increase their use of AI, it will be important for CDSB to ensure risks are monitored and understood at the whole-of-government level. Monitoring can also inform decisions on whether a more coordinated response or additional support for entities is needed.

TMR has not yet established department-wide policies or governance arrangements to consistently oversee ethical risks on AI systems.

- TMR has not yet established department-wide AI governance or incorporated AI ethical risk management into its policies or existing information and communication technology governance. It has not assessed if existing arrangements align with the AI governance policy.
- System-level governance has been established for the Mobile Phone and Seatbelt Technology (MPST) program, but not for the QChat system.

TMR's identification and management of ethical risks across its AI systems varies in effectiveness.

- TMR has not yet undertaken dedicated ethical risk assessments for the MPST program or the QChat AI systems. While aspects of ethical risks have been identified through the existing risk assessment process, the department needs to apply a dedicated ethical risk assessment framework to ensure it identifies and manages all AI system risks.
- The MPST program uses image recognition AI to detect driving offences. TMR has implemented controls, including human review, to support accuracy and reliability, privacy, and fairness, and to monitor its external vendor that manages the system.
- TMR does not have adequate safeguards to manage ethical risks for QChat. It needs to establish suitable governance arrangements to manage risks, implement controls to monitor use, and develop a structured plan to educate its staff on using AI systems responsibly.



What do entities need to do?

- We make 2 recommendations to TMR to strengthen governance arrangements and risk assessment processes, enhance oversight of AI systems, and improve staff capability to use AI systems responsibly.
- We make 4 recommendations to CDSB, focused on continuously improving the AI governance policy, monitoring whole-of-government risks and use of AI, enhancing the tools entities use to assess ethical risks, and supporting entities to better monitor QChat.
- We make one recommendation to all entities to implement ethical risk assessment processes to better identify and manage ethical risks.