



AI Governance Framework

Building Distributed Decision-Making for AI Adoption

A Comprehensive Guide from Cascade AI Consulting
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Executive Summary

One of the most critical findings from recent research is that **41% of nonprofit organizations rely on just one staff member for all AI decisions** [1]. This creates significant organizational risk: if that person leaves, AI knowledge walks out the door. It also means that AI decisions are made without diverse perspectives, potentially missing important considerations around equity, compliance, and operational impact.

This guide provides a practical framework for building **distributed AI decision-making** in your organization. Rather than centralizing AI decisions with a single person or department, a governance framework spreads responsibility and decision-making authority across multiple roles, ensuring that AI adoption is thoughtful, inclusive, and aligned with your organization's mission and values.

Part 1: Why AI Governance Matters

The Risks of Centralized AI Decision-Making

Knowledge Silos: If your AI expert leaves, you lose all institutional knowledge about why certain tools were chosen, how they're configured, and how to troubleshoot problems.

Blind Spots: A single decision-maker may not see risks that are obvious to people in other roles. A tech-focused person might not consider compliance implications, or a program director might not understand security risks.

Slow Decision-Making: When decisions require input from multiple people but authority is centralized, the process becomes slow and bureaucratic.

Lack of Buy-In: Staff are more likely to adopt and use AI tools if they had a voice in the decision-making process. When decisions are made "from above," resistance and skepticism are common.

Equity & Bias Issues: Without diverse perspectives in the decision-making process, AI tools that introduce bias or create inequitable outcomes may not be caught.

The Benefits of Distributed Governance

Resilience: Knowledge is distributed, so losing one person doesn't cripple your AI program.

Better Decisions: Decisions are made with input from multiple perspectives (program, operations, compliance, finance).

Faster Execution: Clear roles and decision authority mean decisions can be made quickly without unnecessary bureaucracy.

Staff Buy-In: When staff have a voice in AI decisions, they're more likely to support and use new tools.

Compliance & Risk Management: Compliance and security considerations are built into the decision-making process from the start.

Equity & Inclusion: Diverse perspectives help catch potential bias or equity issues early.

Part 2: The AI Governance Model

2.1 The Three-Tier Governance Structure

Tier 1: Strategic Oversight (AI Steering Committee)

The AI Steering Committee provides strategic direction and oversight, meeting monthly to:

- Approve new AI tool implementations
- Review quarterly impact reports
- Adjust strategy based on learnings
- Allocate budget and resources
- Address escalated issues or concerns

Tier 2: Operational Implementation (AI Implementation Team)

The AI Implementation Team manages day-to-day adoption, meeting weekly or bi-weekly to:

- Evaluate specific AI tools
- Plan pilot testing and rollout
- Manage staff training
- Troubleshoot implementation issues
- Gather feedback from users

Tier 3: User Community (AI Champions & Staff)

Staff members who use AI tools provide feedback, identify improvements, and help peers learn.

2.2 Roles & Responsibilities

AI Steering Committee Chair (typically Executive Director or COO)

Time Commitment: 2-3 hours/month

Responsibilities:

- Oversee AI strategy and ensure alignment with organizational mission
- Approve major AI initiatives and budget allocation
- Escalate issues to the board if needed
- Communicate AI strategy to board and external stakeholders

Decision Authority:

- Approves new AI tool implementations (with committee input)
- Approves budget allocation for AI initiatives

Program Director(s) (2-3 representatives from different programs)*Time Commitment: 3-4 hours/month**Responsibilities:*

- Represent the perspective of frontline staff and program operations
- Identify workflow pain points and opportunities
- Participate in tool evaluation and selection
- Pilot new tools with staff and gather feedback

Decision Authority:

- Recommends which AI tools to evaluate
- Approves pilot testing in their program
- Decides whether to roll out a tool to their team

Operations/IT Lead*Time Commitment: 4-6 hours/month (plus implementation)**Responsibilities:*

- Evaluate technical feasibility of AI tools
- Assess compatibility with existing systems
- Manage implementation and integration
- Ensure data security and compliance
- Provide technical support to staff

Decision Authority:

- Recommends whether a tool is technically feasible
- Identifies technical risks and mitigation strategies
- Approves or rejects tools based on technical/security criteria

Compliance/Legal Lead (or external consultant)*Time Commitment: 2-3 hours/month**Responsibilities:*

- Ensure AI tool use complies with HIPAA, HMIS, HUD regulations
- Review vendor data processing agreements and BAAs
- Assess data privacy and security risks
- Provide training to staff on compliant AI use

Decision Authority:

- Approves or rejects tools based on compliance criteria
- Identifies conditions for approval
- Escalates compliance concerns to leadership

Finance Lead

Time Commitment: 2-3 hours/month

Responsibilities:

- Evaluate cost-benefit of AI tools
- Manage AI budget and track spending
- Calculate ROI
- Provide financial analysis to support decision-making

Decision Authority:

- Recommends whether a tool is cost-effective
- Approves budget allocation

AI Implementation Manager (dedicated or part-time role)

Time Commitment: 10-15 hours/week

Responsibilities:

- Coordinate AI tool evaluation and selection process
- Manage pilot testing and rollout
- Develop and deliver staff training
- Gather feedback from users
- Maintain AI tool inventory and documentation

Decision Authority:

- Recommends evaluation timeline and process
- Manages day-to-day implementation logistics

AI Champions (staff members knowledgeable about AI)

Time Commitment: 1-2 hours/week

Responsibilities:

- Help colleagues learn to use AI tools
- Provide peer support and troubleshooting
- Identify improvements and new opportunities
- Model best practices for AI use

Decision Authority:

- Recommends improvements to tools or workflows
- Provides feedback on user experience

2.3 Decision-Making Authority Matrix

Decision	Steering Committee	Program Director	Ops/IT	Compliance	Finance
Approve new AI tool	Final Decision	Input	Input	Input	Input
Evaluate specific tool	Oversees	Participates	Participates	Participates	Participates
Pilot testing	Approves	Approves for program	Input	Input	Input
Roll out to team	Approves	Approves for program	Input	Input	Input
Allocate budget	Final Decision	Recommends	Recommends	N/A	Recommends
Address compliance issue	Approves action	Implements	Implements	Recommends action	N/A

Part 3: Governance Processes

3.1 AI Tool Evaluation Process

Step 1: Identify Opportunity (Week 1)

A staff member identifies a workflow pain point and submits an Opportunity Identification Form to the AI Implementation Manager.

Step 2: Initial Screening (Week 2)

The AI Implementation Manager and Ops/IT Lead conduct an initial screening to determine if the opportunity is worth evaluating further.

Step 3: Full Evaluation (Weeks 3-4)

The AI Implementation Team conducts a full evaluation using the AI Tool Evaluation Framework, scoring alignment, feasibility, compliance, cost-benefit, and impact.

Step 4: Steering Committee Review (Week 5)

The Implementation Team presents the evaluation and recommendation. The committee decides to approve, approve with conditions, pilot first, or reject.

Step 5: Pilot Testing (Weeks 6-10)

If approved, the Implementation Team manages the pilot with 2-3 users, monitors usage, gathers feedback, and documents lessons learned.

Step 6: Rollout Decision (Week 11)

Based on pilot results, the Program Director decides whether to roll out the tool to their team.

Step 7: Ongoing Monitoring (Ongoing)

The Implementation Team tracks adoption rate, measures time saved, gathers feedback, and reports quarterly to the Steering Committee.

3.2 Escalation Process

Tier	Example	Report To	Timeline
Tier 1: Tool-Level Issues	e.g., "The tool isn't working correctly"	AI Implementation Manager or Ops/IT Lead	1-2 days
Tier 2: Workflow or Compliance Issues	e.g., "Staff are using the tool incorrectly"	Program Director or Compliance Lead	1-2 weeks
Tier 3: Strategic Issues	e.g., "This tool is causing unintended consequences"	AI Steering Committee Chair	2-4 weeks
Tier 4: Compliance or Security Incidents	e.g., "Client data was exposed"	Executive Director and Compliance Lead immediately	Immediate

Part 4: Building a Culture of Distributed AI Decision-Making

4.1 Communication & Transparency

Monthly AI Updates: The AI Implementation Manager sends a monthly email covering what AI tools are being evaluated or piloted, what decisions were made and why, how staff can provide feedback, and upcoming training or changes.

Quarterly All-Staff Meetings: The Steering Committee Chair presents updates on AI strategy and goals, impact of AI tools, upcoming initiatives, and how staff can get involved.

Feedback Mechanisms: Staff can provide feedback through quarterly surveys, semi-annual focus groups, one-on-one conversations with AI Champions, and open office hours with the AI Implementation Manager.

4.2 Building AI Literacy

AI Literacy Training (for all staff): A 2-hour training covering what AI is, benefits and limitations, how your organization uses AI, risks and safeguards, responsible use, and where to get help.

Role-Specific Training: Leadership receives deep dives on AI strategy and ROI. Program Directors learn how to identify opportunities and manage change. Ops/IT covers technical implementation and security. Compliance covers regulatory requirements. Finance covers cost-benefit analysis.

4.3 Creating Psychological Safety

No Blame Culture: When issues arise, focus on solving the problem, not blaming individuals.

Valuing Diverse Perspectives: Decision-makers actively seek input from people with different roles and perspectives.

Empowering Staff: Staff are encouraged to suggest improvements and new opportunities.

Transparent Decision-Making: When decisions are made, the reasoning is explained clearly.

Part 5: Governance in Practice: Example Scenarios

Scenario 1: Identifying a New AI Opportunity

Maria, a data entry staff member, is frustrated with entering the same data into multiple systems. She submits an Opportunity Identification Form. The Implementation Team evaluates tools like Zapier, recommends a pilot to the Steering Committee, trains Maria, and after a successful 2-week pilot showing 4 hours/week saved, the tool is rolled out to the full team, ultimately saving 16 hours per week.

Key governance elements: Maria had a voice in identifying the opportunity. Multiple people evaluated the tool. A pilot was used before full rollout. Impact was measured and reported.

Scenario 2: Addressing a Compliance Concern

During a quarterly review, the Compliance Lead raises a concern: staff are using ChatGPT to draft client communications, which may violate HIPAA. The Steering Committee acts immediately, the Compliance Lead investigates and recommends an alternative HIPAA-compliant tool. Staff are notified, trained on the new tool, and compliance is monitored going forward.

Key governance elements: A compliance concern was escalated appropriately. Multiple perspectives were considered. The issue was addressed quickly. Staff were communicated with clearly.

Scenario 3: Distributing Knowledge When a Key Person Leaves

The Operations Director who manages AI tools is leaving. The Implementation Manager works with them to document all tools, vendor relationships, and training materials. The new Ops/IT Lead is trained, AI Champions are prepared to provide peer support, and documentation ensures continuity. The AI program continues without disruption.

Key governance elements: Knowledge was distributed, not concentrated in one person. Multiple people were trained. Documentation was created. The transition was planned and managed.

Part 6: Implementation Roadmap

Phase 1: Establish Governance Structure (Months 1-2)

- Form AI Steering Committee

- Define roles and responsibilities
- Schedule first meeting
- Develop decision-making authority matrix
- Create AI tool evaluation framework
- Establish meeting schedule and communication plan
- Conduct AI Literacy Training for leadership
- Create documentation and templates

Phase 2: Build Capacity (Months 3-4)

- Conduct AI Literacy Training for all staff
- Identify AI Champions
- Develop role-specific training materials
- Train AI Champions
- Establish feedback mechanisms (surveys, focus groups)
- Create monthly communication process

Phase 3: Activate Governance (Months 5+)

- Monthly AI Steering Committee meetings
- Quarterly all-staff updates
- Continuous feedback gathering
- Annual policy review and updates

Part 7: Measuring Governance Effectiveness

Category	Metric	Target
Participation	% of eligible staff attending AI Literacy Training	90%+
Participation	% of staff providing feedback on AI tools	50%+
Participation	# of improvement suggestions from staff	1-2/month
Decision Quality	% of implementations meeting expected ROI	80%+
Decision Quality	# of compliance issues or incidents	0 per year
Decision Quality	Staff satisfaction with AI tools	4/5 or higher

Category	Metric	Target
Resilience	# of people who can troubleshoot each tool	3+
Resilience	% of AI knowledge that is documented	90%+
Resilience	Time to replace key person	<2 weeks
Speed	Time from opportunity to pilot	4-6 weeks
Speed	Time from pilot approval to rollout	2-4 weeks

Part 8: Common Challenges & Solutions

Challenge: "This governance structure seems too complicated. We're a small organization."

Solution: Scale the governance structure to your size. A small organization might have an AI Steering Committee with just 3-4 people, monthly meetings instead of weekly, and one person wearing multiple hats. The key is ensuring multiple perspectives are represented in decision-making.

Challenge: "We don't have dedicated IT staff."

Solution: Consider hiring a part-time AI Implementation Manager (10-15 hours/week), outsourcing some IT functions, identifying an internal AI Champion with technical aptitude, or using easy-to-implement tools like Zapier and Make.

Challenge: "Staff are resistant to AI."

Solution: Involve staff in the decision-making process from the start. Start with tools that solve a real pain point. Provide excellent training and ongoing support. Celebrate wins and share impact data. Address concerns transparently.

Challenge: "We've already adopted AI tools without governance."

Solution: Start by documenting what you're currently doing. Assess the risks. Implement governance gradually, starting with the most critical decisions. Use governance to evaluate existing tools and make improvements.

References

[1] TechSoup & TAPP Network. (2025). State of AI in Nonprofits 2025.

Appendix: Opportunity Identification Form

What is the pain point? (Describe the current workflow and why it's inefficient)

[Space for response]

How much time does this take per week/month?

[Space for response]

What AI tool(s) could address this?

[Space for response]

Why is this a priority?

[Space for response]

Who should be involved in the evaluation?

[Space for response]

This guide is provided as a free resource by Cascade AI Consulting. For questions or assistance with implementing AI governance in your organization, visit cascadeaiconsulting.com or email cole@cascadeaiconsulting.com.