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## **Abstract**

This session provided an insightful discussion on artificial intelligence (AI) and its implications for compliance and ethics professionals. We explored the fundamentals of AI, its potential risks and benefits, and how organizations can responsibly implement AI while maintaining ethical standards.

The discussion traversed the landscape of AI fundamentals, debunking common misconceptions and clarifying key concepts. It explored the double-edged sword of AI's potential, highlighting both its transformative benefits and the myriad risks it poses to organizations.

As AI continues to revolutionize business processes and decision-making across industries, the role of compliance and ethics professionals in guiding its responsible use becomes increasingly critical. This session underscored the urgent need for these professionals to equip themselves with a solid understanding of AI's capabilities, limitations, and potential pitfalls.

“It's really, really critical that we start to look at control specifically for AI... it's a different kind of software than the software that we've been used to using.”

## **Key Takeaways**

### **Understanding AI Fundamentals**

- AI is fundamentally software that learns from examples, not a magical or sentient entity. This understanding is crucial for demystifying AI and approaching it rationally.
- The speakers stressed the importance of distinguishing between AI, machine learning, and deep learning.
- Non-generative AI analyzes existing data to make predictions. Generative AI can create new content such as text, images, or music based on patterns learned from training data.

### **AI Risks and Challenges**

- The potential for AI to perpetuate or amplify bias was highlighted, emphasizing the need for careful monitoring and mitigation strategies throughout the AI lifecycle.
- Privacy concerns were discussed, particularly in the context of data used for AI training and the potential for unintended data exposure.
- Legal and ethical issues were explored, including the challenges posed by AI-generated content and decision-making in sensitive areas like healthcare and finance.



### Developing an AI Ethics Program

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- The experts advocated for a comprehensive AI ethics program that goes beyond high-level values to include specific policies, procedures, and measurable metrics.
- They emphasized the importance of cross-functional collaboration in designing and implementing an effective AI ethics framework, involving stakeholders from various departments.
- The discussion highlighted the need for regular auditing of both AI models and governance structures, emphasizing that this should be an ongoing process rather than a one-time effort.

### Compliance's Role in AI Implementation

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- The speakers advised compliance professionals to focus on understanding AI's potential risks and benefits at a strategic level, rather than getting bogged down in technical details.
- They stressed the importance of compliance officers advocating for responsible AI use and helping to develop policies and controls that mitigate risks while enabling innovation.
- The discussion emphasized the crucial role of education and awareness programs in promoting ethical AI use throughout the organization.

### Balancing Innovation and Risk

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- The experts discussed strategies for organizations to leverage AI's benefits while effectively managing associated risks, emphasizing that this balance is critical for long-term success.
- They provided insights on implementing appropriate controls and testing procedures, suggesting a phased approach that allows for experimentation while gradually increasing oversight.
- The importance of close collaboration between compliance officers and technical teams was highlighted, ensuring that ethical considerations are integrated into every stage of AI development and deployment.

### Data Privacy and Security in AI

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- The experts highlighted the risks of using customer data to train AI models without proper consent or anonymization.
- They discussed the potential for AI systems to memorize and potentially expose sensitive information from training data.
- The importance of robust data governance and protection measures when implementing AI solutions was emphasized.

### AI Hallucinations

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- Continuous improvement of internal controls is crucial for maintaining an effective compliance program and should be an ongoing process.
- This involves conducting regular, comprehensive gap analyses to identify weaknesses, promptly remediating any gaps found, and implementing ongoing testing and monitoring of controls.
- SAP's global review and remediation of controls was a key factor in helping the company avoid a monitorship, setting a benchmark for other organizations to follow.

### Building AI Literacy

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- The experts stressed the importance of developing AI literacy at all levels of an organization, not just in technical teams.
- They discussed strategies for educating employees about AI capabilities, limitations, and ethical considerations.
- The role of compliance professionals in fostering a culture of responsible AI use through education and awareness programs was highlighted.