



# AI Governance and Audit Readiness Framework

## Public Sector Fleet and Claims Management

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# Executive Brief:





## The Governance Moment

Fleet incidents are operational events. What happens afterward is a governance test.

Public entities face rising claim severity, litigation exposure, open records scrutiny, and audit demands. The strength of a risk program is measured not only by resolution speed but by how clearly decisions can be defended months or years later.

Artificial intelligence can strengthen oversight when governed intentionally. Without discipline, it can increase exposure.

**This framework helps public sector leaders:**

 <p>Strengthen audit defensibility</p>	 <p>Preserve human accountability</p>	 <p>Improve recovery outcomes</p>	 <p>Reduce total cost of risk</p>	 <p>Modernize responsibly</p>
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Use these questions to assess readiness:

- Can we produce a complete decision trail within 24 hours?
 

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- Have we defined AI recommendations requiring human sign off?
 

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- Are estimate and vendor standards applied consistently?
 

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- Can we demonstrate every not at fault crash was reviewed for full recovery?
 

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- Are recovery efforts transparent internally?
 

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If more than two answers are uncertain, governance strengthening should be prioritized

# Defining Responsible AI in Fleet Risk

AI should support human judgment, not replace it.

## Responsible AI should:

- ✓ Aggregate structured data

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- ✓ Identify variance patterns

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- ✓ Flag exceptions

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- ✓ Generate organized documentation

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- ✓ Preserve decision chronology

## Human professionals must:

- ✓ Approve repair authorizations

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- ✓ Validate vendor selection

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- ✓ Justify policy exceptions

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- ✓ Approve recovery strategy

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- ✓ Override AI recommendations when necessary

### Governance Standard 1

#### Structured Documentation

- All estimates collected
- Compliance thresholds applied
- Comparison analysis
- Rationale for selection
- Human approval log
- Exception documentation

### Governance Standard 3

#### Variance and Exception Management

- Estimate variance thresholds
- Vendor pricing anomalies
- Extended repair timelines
- Recovery inaction triggers
- Defined review and escalation workflow

### Governance Standard 2

#### Human Oversight Protocol

- Define permitted and prohibited AI use cases
- Establish required oversight points
- Log human overrides with rationale

### Governance Standard 4

#### Fiduciary Recovery Accountability

- Fault confirmation
- Subrogation evaluation
- Diminishment of value review
- Loss of use analysis
- Pursuit versus waiver documentation
- Recovery tracking to closure

# 90 Day Governance Strengthening Roadmap

## First 30 Days

Define AI use cases, map decision ownership, document standards.

## Next 30 Days

Implement structured templates, define variance thresholds, establish logging.

## Final 30 Days

Conduct audit simulation, review trends, refine governance documentation.

## Closing Perspective

The future of fleet risk will be defined by structured data, disciplined oversight, transparent recovery, and defensible decisions.

Artificial intelligence can strengthen these pillars when governed intentionally.

Public sector leaders who prioritize governance today reduce exposure tomorrow and strengthen public trust long term.



For governance  
**strategy support**

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