



L/CERA BOARD ARTIFICIAL INTELLIGENCE (AI) GOVERNANCE FRAMEWORK

BOARD OF RETIREMENT
September 2, 2026

BOARD ARTIFICIAL INTELLIGENCE GOVERNANCE FRAMEWORK

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Approval Level: Board of Retirement

I. Purpose

The Board of Retirement (BOR) adopts this Framework to guide the responsible adoption of Artificial Intelligence (AI) across LACERA. AI is a fast-evolving set of tools that can improve service to members and strengthen administration of the retirement system, while also creating risks that bear directly on the Board's fiduciary duty. This Framework sets out the principles that govern how AI is adopted and used at LACERA and clarifies the roles of Trustees and staff in that adoption. It is written as guidance; a stable set of principles meant to hold as the technology, the market, and the law continue to change. It does not prescribe specific tools or procedures; those are the responsibility of management, working within the principles set here.

II. Scope

This Framework governs all use of AI in the administration of the retirement system and applies across every LACERA function. As a policy of the Board of Retirement, it governs the adoption of AI throughout LACERA.

III. Guiding Principles

The following principles guide every decision to adopt or use AI at LACERA. They are stated as enduring commitments rather than detailed rules, so that they remain sound as the technology evolves.

- **Human judgment and accountability.** AI may inform, assist, and accelerate the work of the system, as a tool, not a decision-maker. Final decisions and accountability for them rest with qualified people. AI generated information must be meaningfully reviewed by a human before relied upon. Final decisions and accountability for them rest with qualified people, not AI. Human accountability is nondelegable. AI is adopted to augment the expertise of LACERA's workforce and improve member service, not to replace the human knowledge and judgment on which the system depends.
- **Member protection.** AI is adopted to serve members, never to harm them.
- **Transparency and explainability.** LACERA's public statements about its use of AI should be accurate, in plain language and consistent with its open-government and public-accountability obligations.

- **Security and privacy.** Member information is safeguarded. AI is adopted only through channels that protect the confidentiality of member data and the integrity of LACERA's systems.
- Prohibited Uses of AI. AI shall not:
 - Be delegated fiduciary authority.
 - Make or implement decisions requiring human judgement without meaningful human review and approval, including but not limited to: final determinations regarding member eligibility, benefits, or appeals; generating official board records, legal filings or binding communications; or other matters involving fiduciary discretion.
 - Replace board deliberation or trustee judgment.
 - Process confidential member information through unapproved or unsecure AI systems.
 - Misrepresent itself as a human in communications with members or the public.

IV. Role of the Board of Retirement

As fiduciaries, the Trustees own the governance of AI at LACERA. The Board's role is direction and oversight, not day-to-day operation. The Board:

- Sets the direction and risk appetite for AI adoption, consistent with LACERA's mission and the Board's fiduciary duty;
- Adopts and maintains this Framework and the principles under which AI is used;
- Oversees management's stewardship of AI through regular reporting and informed inquiry, satisfying itself that risks are understood and appropriately managed; and
- Retains ultimate fiduciary responsibility, which the use of AI does not diminish.

Trustees do not select tools or write procedures; they set up expectations, ask informed questions, and hold management accountable for results.

V. Role of Staff

Under the direction of the Chief Executive Officer, management and staff adopt and operate AI consistent with this Framework. Staff:

- Translate these principles into practical standards, procedures, and controls suited to LACERA's operations;
- Consistent with BOR-approved procurement practices, decides which AI tools are adopted and ensure each use is secured, validated, and reviewed by qualified people before it is relied upon;
- Maintain an informed view of where and how AI is used across the organization;
- Report to the Board on the state of AI adoption and its risks, and escalate significant matters promptly; and
- Ensure staff are trained to use AI responsibly and understand that accountability for their work remains with them.

Management may adopt standards more specific or more restrictive than this Framework, but not inconsistent with it.

VI. Reporting Standards

The Board governs AI chiefly through informed oversight, which depends on candid, Quarterly reporting from management. Management will report to the Board regularly (at least quarterly) and more often as the pace of adoption warrants addressing, at a high level:

- **Where AI is used** — a current, plain-language view of how AI is being adopted across LACERA;
- **How risk is managed** — the principal risks of current and planned AI use and how they are being addressed;
- **Whether principles are honored** — confirmation that AI use remains consistent with this Framework, with any material exceptions and their resolution; and
- **Significant developments** — material incidents, notable new uses, consequential vendor or third-party AI, and relevant changes in law or regulation.

Matters that materially bear on the Board's fiduciary duty are reported promptly, without waiting for the next scheduled report. LACERA's Internal Audit function will conduct periodic independent assurance reviews of the AI governance program and report the results to the Audit, Compliance, Risk, and Ethics (ACRE) Committee.

VII. Review and Adaptation

AI and its legal and regulatory environment are changing quickly. This Framework is meant to be durable but not static. The Board will review it at least annually, and sooner upon a material change in LACERA's use of AI, in technology, or in applicable law. Because it rests on principles rather than fixed rules, the Framework is designed to remain a reliable guide as specific tools and practices evolve. Management will bring recommended updates to the Board, which retains sole authority to amend this Framework.

VIII. Legal and Fiduciary Foundation

This Framework rests on the Board's fiduciary duties under the California Constitution (Article XVI, Section 17) and the County Employees Retirement Law of 1937, and on LACERA's obligations to protect member information and remain accountable to the public. Nothing in the adoption or use of AI modifies the standard of care owed to members.

IX. Version History and Approval

Version	Date	Summary of Changes	Approved By
1.0	September 2, 2026	Initial principles-based Board AI Governance Framework: establishes guiding principles, the roles of trustees and staff in AI adoption, and high-level reporting standards.	Board of Retirement

Role	Detail
Prepared By	Chaitanya Errande, Information Security Officer

Reviewed By	Executive Office; Information Security Committee, Ethics and Compliance Committee
Adopted By	Board of Retirement — September 2, 2026

The Board of Retirement (BOR) retains authority to amend this Framework and will review it no less than annually, or upon a material change in LACERA's use of AI, the technology environment, or applicable law.