

# NOETFELD TRUST LEDGER – SAMPLE BOARD REPORT

Illustrative template for a Q1 2026 reporting period

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## Cover / Front Page

Organisation: Example Institution

Committee: Board Risk Committee

Report Title: Noetfield Trust Ledger – Sample Board Report

Reporting Period: Q1 2026

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Purpose of this document

This document is an illustrative example of a Noetfield Trust Ledger board report.

It shows how material AI systems, significant changes, incidents, controls and board actions can be summarised in a concise, human-readable format for:

- Board directors and board committees
- Executive management
- Internal audit and risk functions
- Supervisors and regulators (where appropriate)

This sample does not represent a real institution and is provided for demonstration purposes only.

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## 1. EXECUTIVE SUMMARY

## 1.1 Purpose of the Executive Summary

The Executive Summary gives the Board a one-page view of:

- The most important AI governance messages this quarter (“Headlines”)
- The specific decisions requested from the Board or its committees
- Any change in overall AI risk level that directors should be aware of

It is designed so that a director can understand, in a few minutes, where to focus attention and what is being asked of them.

## 1.2 Headlines – What the Board Needs to Know

### 1. Stability of AI credit assistant (S-01).

The AI-driven credit decision assistant for retail customers remains stable.

- Parameter changes introduced last quarter (for example, maximum auto-approved limit increases) have not led to any material deterioration in key risk indicators.
- Delinquency, affordability and fairness metrics remain within the appetite previously approved by the Board Risk Committee.

### 2. New AI vendor-screening system (S-03) ready for launch.

A new AI-based system for high-risk vendor screening has completed internal testing and governance review.

- The AI Governance Committee recommends a controlled production launch, subject to the safeguards and monitoring thresholds described later in this report.
- Because the system can affect onboarding of critical vendors, the final go-live is submitted to the Board Risk Committee for approval.

### 3. One medium-severity near miss successfully caught.

A medium-severity near miss (I-01) occurred in the credit assistant (S-01).

- A suggested credit adjustment would have breached internal affordability guidance.

- The issue was caught by a human reviewer before customer impact, demonstrating that the human-in-the-loop control (C-01) is working.
- Prompts and configuration have been updated, and staff received targeted training.

### **1.3 Board Decisions Requested**

For this quarter, the Board (or Board Risk Committee) is requested to:

1. BA-01 – Approve deployment of S-03 (AI vendor screening) into production.
  - Decision type: Approve / Amend / Reject
  - Recommended decision: Approve with conditions, including:
    - Quarterly review of false-positive and false-negative rates
    - Explicit escalation if defined thresholds are breached
    - Confirmation that human reviewers can override AI outcomes where risk is uncertain
2. BA-02 – Confirm decommissioning of S-07 and archival of logs.
  - S-07 is a legacy NLP classifier that has been replaced by S-02 (customer support triage).
  - Decision type: Confirm
  - Recommended decision: Approve, as there is no remaining business dependency and all required logs have been archived in line with retention policies.

### **1.4 How to Read the Rest of the Report**

- Section 2: Which AI systems are considered “material” and therefore in scope
- Section 3: What has changed (new systems, parameter changes, decommissioning)
- Section 4: Incidents and near misses that directors should know about

- Section 5: Key controls and test results, including any gaps
  - Section 6: High-level view of provider usage and infrastructure
  - Section 7: Detailed breakdown of the Board actions requested
  - Section 8: Optional annexes and additional detail (for a real deployment)
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## 2. AI SYSTEM INVENTORY SNAPSHOT

### 2.1 Purpose of the Inventory

This section lists AI systems that are “material” for governance purposes – that is, systems that:

- Can move money, affect customers, impact markets, or
- Trigger meaningful regulatory, operational or reputational risk

It is not an exhaustive technical inventory, but a governance-scoped subset.

### 2.2 Definition – “Material AI System”

For the purposes of this report, a “material AI system” is one that meets at least one of the following:

- Supports or executes decisions that affect financial exposure (for example, credit limits)
- Influences regulated processes (for example, KYC/KYB, vendor risk, sanctions screening)
- Directly affects customer outcomes at scale (for example, complaints routing, triage)
- Is likely to attract supervisory or public interest if it fails

### 2.3 Inventory Table (Illustrative Example)

You can paste the table below directly into Word and format as a normal table.

Table 1 – Material AI systems in scope (Q1 2026)

ID	System / Use Case	Business Owner	Model / Provider	Infrastructure	Data Sensitivity	Risk Tier	Status
S-01	Credit decision assistant – retail limits	CRO	Internal model + hosted frontier API	GPU-backed cloud	High	Tier 2	Production
S-02	Customer support triage – inbound messages	COO	Hosted LLM with internal guardrails	Cloud CPU	Medium	Tier 3	Pilot
S-03	Vendor risk screening – high-risk vendors	CRO	Composite (internal + third-party)	GPU-backed cloud	Medium	Tier 2	Pre-production

## 2.4 Key Points for the Board

- S-01 remains the most sensitive system due to direct credit exposure and customer impact.
  - S-03 (vendor screening) is moving from design/test into a proposed controlled production launch.
  - S-02 is still treated as a pilot; lessons learned from incidents and customer feedback will be used before scaling further.
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### 3. SIGNIFICANT CHANGES THIS PERIOD

#### 3.1 Why Changes Matter

Changes to AI systems – including new deployments, parameter changes, and decommissioning – are a common source of emerging risk.

The Board should be aware of what changed, why, and how it was governed.

#### 3.2 Change Log (Illustrative Example)

Table 2 – Significant AI-related changes in Q1 2026

Change Type	System ID	Description of Change	Rationale	Governance Actions	Effective Date
New	S-03	Introduction of AI-based vendor screening for high-risk vendors.	Reduce manual review time; increase consistency and coverage.	Reviewed by AI Governance Committee; recommended for Board Risk Committee approval with conditions on monitoring.	2026-01-15
Parameter change	S-01	Max auto-approved credit limit increase raised from +10% to +15% for low-risk customers.	Align with peer practice; support growth while within risk appetite.	Impact analysis presented to Risk Committee; endorsed with weekly drift and delinquency monitoring requirements.	2026-01-28

Decommissioned	S-07	Legacy NLP classifier decommissioned and replaced by S-02.	Consolidate into a unified stack with stronger monitoring.	Decommission plan approved; logs archived for 7 years under retention standard AIG-02.	2026-02-03
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### 3.3 What the Board Should Take From This

- No change this period moves the institution outside the previously approved risk appetite, but:
  - The parameter change in S-01 should continue to be monitored closely.
  - The introduction of S-03 requires explicit Board-level approval given its impact on vendor onboarding for high-risk vendors.

## 4. INCIDENTS, EXCEPTIONS, AND NEAR MISSES

### 4.1 Purpose of this Section

This section highlights AI-related events that are important for governance, including:

- Confirmed incidents
- Policy exceptions
- Near misses where controls worked but risk was present

The goal is transparency: directors should see where AI or automation challenged existing safeguards, even if there was no external impact.

### 4.2 Incident Table (Illustrative Example)

Table 3 – AI incidents and near misses in Q1 2026

Ref	Date	System ID	Severity	Description	Root Cause	Actions Taken	Status
I-01	2026-01-07	S-01	Medium	Model suggested a credit adjustment breaching internal affordability guidance; caught by human reviewer in time.	Prompt design gap and missing explicit guardrail.	Updated prompts and configuration; added affordability constraint; targeted reviewer training; added template to playbook.	Closed

### 4.3 Regulatory Reporting and Visibility

- Under current regulatory thresholds, no events required external notification this quarter.
- Incident I-01 is classified as a board-visible near miss, demonstrating that:
  - The human-in-the-loop control is functioning, and
  - Certain guardrails still need refinement in upstream configuration and design.

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## 5. CONTROLS & TESTING

### 5.1 Purpose of this Section

The Board needs assurance that key AI controls:



- Are clearly defined
- Have owners
- Are tested regularly
- Produce understandable results (effective / partially effective / gaps)

This section focuses on governance-relevant controls rather than exhaustive IT controls.

5.2 Frameworks and Standards (Illustrative)

Controls in this report are mapped, at a high level, to:

- Internal AI governance standard AIG-01 (design, deployment, monitoring)
- Internal retention and logging standard AIG-02
- Sector guidance and supervisory expectations relevant to AI and model risk

5.3 Control Table (Illustrative Example)

Table 4 – Key AI governance controls and test results

Control ID	Control Description	Systems in Scope	Owner	Testing Frequency	Last Test Date	Result / Key Finding
C-01	Human-in-the-loop review for all high-impact AI credit decisions.	S-01	Risk	Each batch	2026-02-20	Effective – all high-impact decisions reviewed; near miss I-01 detected and stopped before

						customer impact.
C-02	Pre-deployment configuration and prompt review for Tier 1–2 systems.	S-01, S-03	AI Governance	Per deployment	2026-02-05	Minor findings – documentation strengthened; actions completed within the period.
C-03	Quarterly model performance and drift review with challenge from Risk.	S-01	Model Risk	Quarterly	2026-02-12	Effective – performance within approved tolerance; no recalibration required this quarter.

## 5.4 Control Gaps and Follow-up Actions

- Documentation of configuration reviews (C-02) has been made more explicit, including:
  - Clear sign-off points
  - Storage of review artefacts alongside the Trust Ledger entry
- Extending quarterly drift review (C-03) to S-03 is planned once S-03 is live and has sufficient data.

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## 6. PROVIDER & INFRASTRUCTURE VIEW

## 6.1 Why the Board Sees This

Many AI systems now rely on:

- External frontier or hosted AI providers
- GPU-backed cloud infrastructure
- Complex chains of data, models, and APIs

This section provides a board-level summary of how these components are used and monitored.

## 6.2 Frontier / Hosted AI Services

Key metrics (illustrative for Q1 2026):

- Total API calls: 1.8 million (approximately +12% vs prior quarter)
- High-risk use cases using hosted AI: 2 systems (S-01 and S-03)
- AI-related incidents linked to hosted services: 1 (I-01, resolved as a near miss)

Hosted frontier AI services are used in:

- S-01 (Credit decision assistant)
- S-02 (Customer support triage)
- S-03 (Vendor screening)

Safeguards include:

- Contractual clauses on data use and audit rights (aligned with AIG-03)
- Internal prompt and configuration reviews (C-02)
- Monitoring and logging integrated with broader information security standards

## 6.3 GPU-backed Workloads

Key metrics (illustrative for Q1 2026):

- GPU hours consumed: 420 hours (+8% vs prior quarter)
- New models deployed using GPU-backed infrastructure: 1 (S-03)
- Governance reviews performed: 3 (covering performance, security, and risk)

GPU-backed workloads run in a restricted cloud environment with:

- Network segmentation
- Identity and access controls
- Centralised logging and monitoring

These measures are aligned with the institution's core cybersecurity framework.

## **6.4 Executive Access and Device Posture**

- Access to AI systems and the Trust Ledger by board members and senior executives is restricted to managed devices.
- Controls include:
  - Enforced encryption
  - Strong authentication (for example, MFA)
  - Central logging of access activity
- Temporary exceptions (for example, access from unmanaged or personal devices) require:
  - Explicit approval
  - Time-bound access
  - Additional monitoring

This is included to reassure the Board that AI-related information and decisions are not exposed via weak endpoints.

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## 7. BOARD ACTIONS & APPROVALS

### 7.1 Purpose of this Section

This section consolidates all decisions requested from the Board or committees into a single table, so that:

- Directors can see what is being asked,
- On what basis, and
- By when a decision is needed.

### 7.2 Board Action Table (Illustrative Example)

Table 5 – Board actions for Q1 2026

Item	Description	Request	Recommended Decision	Deadline
BA-01	Approve deployment of S-03 (AI vendor screening) into controlled production with defined thresholds and human-review steps.	Approve / Amend / Reject	Approve with conditions – quarterly review of error rates; escalation triggers; review of vendor-impact metrics.	2026-03-10
BA-02	Confirm decommissioning of S-07 and archival of logs and	Confirm	Approve – no remaining dependency; replacement system S-02	2026-03-10

documentation  
for  
audit/supervisor  
y purposes.

operational;  
retention  
requirements  
satisfied.

### 7.3 How Decisions Are Recorded

- Formal Board decisions can be captured:
  - In Board or committee minutes, with cross-reference to BA-01 and BA-02
  - Or in a dedicated annex to this Trust Ledger report, where sign-offs and conditions are recorded

For a live Trust Ledger, these references become part of the auditable chain of governance for AI.

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## 8. ANNEX (ILLUSTRATIVE)

### 8.1 Purpose of the Annex

The annex is optional in this sample, but in a live deployment it can hold:

- Detailed system profiles for Tier 1–2 systems
- Full incident and near-miss reports
- Control-to-regulation mappings
- A glossary for non-technical directors

### 8.2 Examples of Annex Content

- Annex A – System profiles

For each Tier 1–2 system (for example, S-01 and S-03), provide:

- Scope and purpose
- Data sources and sensitivity
- Key safeguards and limits
- Metrics and thresholds
- Ownership and escalation paths

- Annex B – Incident reports

For entries like I-01:

- Timeline of events
- Detailed root cause analysis
- Lessons learned
- Follow-up actions and their status

- Annex C – Regulatory and standards mapping

Mapping of key controls to:

- Sectoral AI and model risk guidance
- Internal policies and standards
- Any applicable AI-specific regulations

- Annex D – Glossary

Simple explanations of:

- “Material AI system”
- “Risk tier”
- “Near miss”
- “Guardrail”

- “Drift review”

and other terms used in the report.