

EXECUTIVE BRIEF

What Is an AI Risk Assessment? A Practical Guide to Identifying and Managing AI Risk

An AI risk assessment is a structured review of an AI system to identify risks and decide how to manage them before deployment. What it is, when to run one, the nine areas it should review, and how to set risk levels.

IN THIS BRIEF

- What is an AI risk assessment?
- Why AI risk assessments matter
- When should an AI risk assessment be conducted?
- What should an AI risk assessment review?
- How risk levels are determined

EXECUTIVE SUMMARY

Artificial intelligence can help organizations work faster, see patterns sooner, and make better use of information they already have. It can also introduce risk.

Not the vague kind of risk that lives in a board presentation and disappears after the meeting. Real risk: risk to customers, employees, patients, students, donors, applicants, vendors, operations, reputation, and trust. That is why an AI risk assessment matters.

KEY TAKEAWAYS

- An AI risk assessment is a structured review of an AI system or use case to identify risks and decide how to manage them, before deployment.
- Risk depends on context: the same capability can be low risk in one use and high risk in another.
- Review nine areas: purpose, data, impact on people, accuracy, bias and fairness, security and privacy, human oversight, vendor risk, and legal alignment.
- Score risk by likelihood and impact, and match the depth of review to the risk level.
- It is not a one-time stamp: reassess when the system, vendor, data, or use case changes.
- The assessment identifies risk; the AI risk register tracks and manages it over time.

WHAT THIS BRIEF COVERS

What is an AI risk assessment?. An AI risk assessment is a structured review of an AI system, tool, model, or use case to identify potential risks and determine how those risks should be managed.

Why AI risk assessments matter. Many organizations are already using AI in ways leadership may not fully see.

When should an AI risk assessment be conducted?. An AI risk assessment should happen before an AI system is approved for meaningful use.

What should an AI risk assessment review?. Every organization will design its own process, but most AI risk assessments should examine several core areas.

How risk levels are determined. Most organizations classify AI risk by considering two things: likelihood (how likely is it that something could go wrong?) and impact (how serious would the consequences be?).

Who should be involved?. AI risk assessment should not belong to one department alone.

Common mistakes. AI Governance Insight

Final thoughts. An AI risk assessment gives organizations a practical way to slow down just enough to make better decisions.

The AI Governance Essentials series. This is AGE-003 in our AI Governance Essentials series.

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