UPSTREAM MANAGEMENT SOLUTIONS

REGULATORY CAPACITY INSIGHTS™
Monthly Perspectives on Modernizing Regulation

AI Integration & Implementation

Good News for Regulators Adopting AI

Five observations about building organizational capacity for responsible AI integration

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Artificial intelligence is no longer a future issue for regulators. Across Ontario and beyond, organizations are experimenting with AI tools and considering how AI may affect professional practice, public protection, service delivery, and regulatory oversight.

Much of the public discussion focuses on the technology itself—what AI can do, how quickly it is evolving, and how organizations might use it. Yet one of the most important observations from our recent work was that many AI challenges have very little to do with technology.

These observations emerged from developing our Artificial Intelligence Integration & Implementation (AII) framework and reviewing AI-related matters presented to Ontario professional regulators' Councils and Boards. Our January–September 2026 ORMI review documented 28 distinct AI-related matters across 13 regulators. These records demonstrate where AI is attracting regulatory attention; they do not, by themselves, establish approval, implementation, or organizational maturity.

1. AI Adoption Is Not Primarily a Technology Challenge

Most discussions about AI focus on tools, functionality, and efficiency. While those questions matter, regulators often discover that the harder challenges involve governance, accountability, oversight, workforce readiness, and decision-making.

Questions about accountability, risk, transparency, and validation frequently prove more difficult than selecting a technology solution. In many cases, the limiting factor is not technical capability but organizational capability.

Like many modernization initiatives, sustainable progress depends less on technology than on an organization's ability to adapt its governance, systems, and decision-making practices.

2. Many Regulators Are Already Dealing with AI—Whether They Have Adopted It or Not

Perhaps the most distinctive insight was that regulators do not need to adopt AI internally before AI becomes a regulatory issue.

Practitioners are already using AI-supported tools in their day-to-day work, while clients, patients, consumers, and members of the public increasingly rely on AI-generated information. As a result, regulators are often confronting AI-related questions long before they formally implement AI within their own organizations.

Questions about professional judgment, competence, accountability, and public protection can emerge regardless of whether the regulator itself is using AI. This creates a challenge that is somewhat unique to regulators: organizations must think not only about their own use of AI, but also about how AI is affecting the professions, sectors, and industries they oversee.

For regulators, the question is increasingly not whether AI should be used, but how organizations should respond when the people they regulate—and the people they serve—are already using it.

3. AI Adoption Does Not Have to Be Linear

Maturity models often create the impression that organizations must move through a strict sequence of stages before they can make meaningful progress. In practice, regulators frequently begin from very different starting points.

Some regulators begin with governance and accountability; others respond first to questions about professional practice, workforce capability, enterprise risk, or operational pilots. These are different entry points, not prescribed stages or a ranking of organizational maturity.

What matters most is ensuring that critical capabilities eventually develop across governance, safeguards, implementation, oversight, and continuous improvement. Organizations may reach that destination through different routes depending on their priorities, risks, resources, and operating environments.

This is encouraging because it allows regulators to build on existing strengths rather than waiting until every prerequisite appears to be in place.

4. Most Regulators Are Not Starting From Scratch

One of the most encouraging findings was that many regulators already possess much of the infrastructure needed to support responsible AI integration.

Regulators already have governance structures, risk-management practices, policy systems, strategic-planning processes, and mechanisms for performance reporting and stakeholder engagement. These provide a foundation for responsible AI integration, although AI-specific controls and capabilities may still need to be developed.

The challenge is often to adapt and connect these existing systems—not to reinvent them. For example, the College of Medical Laboratory Technologists of Ontario (CMLTO) reported operational AI governance controls and staff training, while the College of Chiropractors of Ontario (CCO)

addressed both internal AI use and expectations for practitioners. These illustrate different routes toward integrating AI into established regulatory responsibilities.

5. Collaboration May Be One of the Sector's Greatest Advantages

Regulators are not facing AI-related challenges in isolation. Across professions and sectors, organizations are grappling with many of the same questions regarding governance, practitioner guidance, transparency, accountability, workforce readiness, and public protection.

Regulators can learn from one another's emerging policies, governance arrangements, pilots, and professional-practice guidance. The Ontario evidence shows varied approaches; it does not establish that collaboration itself has increased or that any one approach is universally superior.

Many regulators also rely on common CRM, case-management, licensing, and enterprise-management platforms. As vendors continue introducing AI-enabled functionality, some aspects of AI adoption may occur through systems already in use rather than entirely new technology investments.

While every regulator's context will differ, organizations may be able to accelerate progress by building on sector knowledge rather than attempting to solve every issue independently. As AI continues to evolve, collaboration, environmental scanning, and shared learning may become just as important as technology itself.

Conclusion

The conversation about AI is often framed as a race to adopt new technologies. For regulators, however, the more important challenge may be developing the organizational capacity to plan, govern, oversee, and adapt to those technologies responsibly.

Many regulators have already navigated enterprise-wide initiatives such as digitization, risk management, performance measurement, transparency, and strategic planning. AI introduces new considerations, but it does not require organizations to abandon what they have already learned.

Organizations that make sustained progress will likely treat AI as an enterprise-wide capability—connecting governance, professional-practice expectations, planning, oversight, performance measurement, and continuous improvement. Many building blocks already exist; the work is to strengthen and connect them while addressing new risks and responsibilities.

How should organizations respond?

Depending on your organization's needs, AI-related challenges can often be addressed in several ways.

Level 1 — Targeted Advisory Support
Examples include:

- Executive AI Briefings
- AI Readiness Reviews
- AI Governance Workshops
- Responsible AI Policy Reviews
- AI Implementation Planning
- Strategic Advisory Services

Level 2 — Response & Systems Review
Examples include:

- Cross-functional AI governance and operating-model review
- Review of interdependencies among policy, people, technology, and risk
- Coordinated implementation options and priorities
- Responsible-use controls and oversight alignment
- Implementation roadmap and decision support

Level 3 — Organizational Capacity Diagnostic
Organizations seeking a broader understanding of their AI capabilities can undertake the Artificial Intelligence Integration & Implementation (AII) Diagnostic & Roadmap. It examines governance, responsible-use safeguards, organizational readiness, implementation, oversight, and continuous improvement, and identifies priorities for strengthening responsible AI integration.

Learn more at **www.upstreammanagesolutions.com** or contact us to discuss your organization's context.

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