Getting to Know your Vendor's solution Checklist

October 2025

MUNICIPAL ASSOCIATION OF VICTORIA

MAVlab

GREATER DANDENONG
City of Opportunity

Contents

1. Introduction

When councils consider engaging AI technologies to support statutory planning activities, having robust and informed conversations with vendors is critical. The MAV **AI Procurement Guidelines for Statutory Planning Technologies** outline important governance, ethical, risk management, and compliance principles. However, the practical realities of procurement often mean that staff who are not AI experts will be leading these early conversations.

This checklist has been designed to help council staff — from procurement teams to planning teams — ask the right questions, identify good practices, and dig deeper into the capabilities and risks associated with AI solutions. It provides a structured, plain-language approach to supplement, but not replace, formal procurement guidelines.

By using these questions, councils can better align vendor engagement to key procurement principles including:

- **AI safety and ethics:** Ensuring systems uphold community values, protect rights, and actively mitigate harm.
- **Human oversight:** Ensuring councils retain control over statutory planning decisions, with AI supporting and not replacing professional judgment.
- **Transparency and explainability:** Understanding how AI systems operate and ensuring outputs are clear, auditable, and justifiable.
- **Risk management and compliance:** Confirming that solutions meet legal, regulatory, and data protection requirements.
- **Security and resilience:** Safeguarding systems against cybersecurity threats and ensuring operational continuity.
- **Continuous improvement:** Building accountability mechanisms for vendors to monitor, update, and improve AI solutions over time.

This checklist is intended to make early vendor conversations more informed, more consistent, and more strategic. It aims to help councils feel confident that they are not just buying technology, but partnering for safe, ethical, and effective delivery of public value.

Importantly, **this checklist does not replace councils' responsibility** to undertake more formal due diligence, detailed contract negotiations, and technical validation in line with council procurement policies.

2. Questions to Ask Vendors

This checklist is designed for early-stage engagement with vendors. It will help councils surface issues before progressing to more detailed assessments like pilot testing, formal evaluation against use case libraries, and contractual negotiations. These questions might be posed during a demo from vendors at early stages as well. Responses from vendors should be documented carefully for transparency and future reference.

2.1Risk Management

- **What are the identified risks and potential harms associated with your AI system for its intended use?**
  Good Example: A vendor provides a detailed risk assessment report outlining specific risks (e.g., data bias, security vulnerabilities) and corresponding mitigation strategies.
  Nuance: Vendors may offer generic risk statements. Request detailed, context-specific risk analyses relevant to the council's use case.

- **How do you ensure your AI system adheres to ethical guidelines and avoids biases?**

Good Example: The vendor conducts regular audits to detect and mitigate biases, employs diverse training datasets, and has an ethics committee overseeing AI development.

Nuance: Be cautious of vendors lacking transparent processes for bias detection and mitigation. Request detailed reports on their ethical assessments and corrective actions.

- **Can you share your organisation's risk management framework and how it applies to this AI system?**
  Good Example: A vendor presents a comprehensive risk management framework, including processes for risk identification, assessment, mitigation, and monitoring.
  Nuance: Some vendors might lack a formal or operational risk management framework. Ensure they have systematic processes to manage risks effectively.

2.2 Data Protection & Governance

- **What data was used to train your AI models, and how do you ensure its quality and provenance?**
  Good Example: The vendor provides detailed information about the datasets used, including sources, data collection methods, and steps taken to ensure data quality and integrity.
  Nuance: Be cautious of vendors who cannot specify their data sources or provide assurance of data quality, as this may lead to biased or unreliable AI outputs.
- **How do you handle customer data, and what measures are in place to ensure privacy and security?**
  Good Example: The vendor outlines clear data handling practices, including data anonymization, encryption standards, access controls, and compliance with relevant data protection regulations for councils.
  Nuance: Ensure the vendor's data handling practices align with the council's privacy policies and regulatory requirements.

2.3 Testing & Monitoring

- **What processes are in place for the ongoing testing and monitoring of the AI system's performance?**
  Good Example: The vendor provides a schedule of regular performance evaluations, including accuracy assessments, bias detection, and system updates.
  Nuance: Vendors should have a clear plan for continuous monitoring to ensure the AI system remains effective and fair over time.
- **Who is responsible for monitoring the AI system post-deployment, and how is accountability maintained?**
  Good Example: The vendor specifies roles and responsibilities for post-deployment monitoring, including processes for reporting issues and implementing improvements.
  Nuance: Clarify the division of monitoring responsibilities between the vendor and the council to ensure accountability.

2.4 Human Control and Oversight

- **How does your AI system incorporate human oversight and control mechanisms?**
  Good Example: The vendor describes features that allow human intervention, such as manual overrides, decision review processes, and alerts for anomalous behavior.
  Nuance: Ensure the system allows for human judgment in critical decisions to prevent automated errors.
- **Can you provide a governance plan outlining oversight responsibilities for the AI system?**
  Good Example: A detailed governance plan specifying oversight roles, decision-making authorities, and escalation procedures.
  Nuance: Vendors should have a structured approach to governance, not just ad-hoc oversight measures.

2.5 User Information

- **What transparency mechanisms are in place to inform users about the AI system's operations?**
  Good Example: The vendor provides user guides, system documentation, and interfaces that explain how the AI system functions and makes decisions.
  Nuance: Transparency is crucial for user trust; ensure the vendor offers clear and accessible information.
- **How do you communicate the AI system's limitations and appropriate use cases to users?**
  Good Example: The vendor clearly outlines scenarios where the AI system performs optimally and where it may have limitations, including guidance on appropriate use.
  Nuance: Understanding the system's limitations helps prevent misuse and manage user expectations.

2.6 Challenge and Verification Processes

- **Is there a process in place for users to contest or challenge the AI system's decisions?**
  Good Example: The vendor has established procedures for users to raise concerns, request reviews, and appeal decisions made by the AI system.
  Nuance: A lack of challenge processes can lead to unresolved issues and user dissatisfaction.
- **How are contested outcomes reviewed and addressed?**
  Good Example: The vendor outlines a clear process for reviewing contested outcomes, including timelines, responsible parties, and communication protocols.
  Nuance: Ensure there is a fair and transparent process for handling disputes.

2.7 Supply Chain Transparency

- **Can you provide information about third-party components or services integrated into your AI system?**
  Good Example: The vendor discloses all third-party components, including data sources, algorithms, and services, along with their respective roles.
  Nuance: Understanding the supply chain helps assess potential risks and dependencies.
- **How do you ensure that all components of your AI system comply with relevant standards and regulations?**
  Good Example: The vendor provides evidence of compliance for all system components, including third-party elements, and describes their due diligence processes.
  Nuance: Compliance should extend throughout the entire supply chain.

2.8 Record Keeping

- **What documentation is maintained regarding the AI system's development, deployment, and performance?**
  Good Example: Comprehensive records including design documents, training data logs, performance metrics, and audit trails.
  Nuance: Thorough documentation facilitates accountability and continuous improvement.
- **How long are records retained, and what are the policies for access and review?**
  Good Example: The vendor specifies retention periods aligned with legal requirements and provides policies for record access and periodic review.

2.9 Integration Capabilities and Technical Support

- **How does your AI system integrate with existing IT infrastructures?**

  Good Example: The vendor offers detailed integration guides, APIs, and support for common platforms, ensuring seamless integration.
  Nuance: Assess the complexity of integration and potential need for additional resources or customisation.

- **What kind of technical support and training do you provide post-implementation?**

  Good Example: The vendor provides comprehensive training programs, 24/7 technical support, and dedicated account managers.
  Nuance: Ensure support services are clearly defined in the contract, including response times and escalation procedures.

2.10 Scalability and Future-Proofing

- **How does your AI solution scale with increasing data volumes and user demands?**

  Good Example: The vendor demonstrates the system's ability to handle large datasets and concurrent users without performance degradation.
  Nuance: Consider potential costs and technical requirements associated with scaling.

- **How do you plan to keep your AI technology updated with advancements in the field?**

  Good Example: The vendor has a roadmap for regular updates, incorporating the latest AI research and technologies.
  Nuance: Evaluate the vendor's commitment to innovation and staying current with industry developments.

2.11 Cost Transparency and Licensing

- **Can you provide a detailed breakdown of costs, including any hidden fees?**

  Good Example: The vendor offers a transparent pricing model with a comprehensive breakdown of all costs, including licensing, implementation, and maintenance.

  Nuance: Be wary of vendors who are not forthcoming about potential additional costs or how they charge for use of generative ai (e.g. token use or limitations).

- **What are the terms of your licensing agreements?**

  Good Example: The vendor provides clear terms regarding usage rights, restrictions, and renewal processes.

  Nuance: Ensure the licensing terms align with the council's usage requirements and budget constraints.

2.12 Conflict of Interest Disclosure

- **Do you or your partners have any actual, potential, or perceived conflicts of interest that could affect this project?**

  Good example: Full disclosure of any dual roles (e.g., vendor advising applicants and councils), clear mitigation strategies.

  Nuance: Sometimes vendors working with multiple stakeholders (developers, consultants or even multiple councils) can create subtle conflicts, make sure to ask them what their commercial and IP interests are, and how they mitigate any risks to conflicts.