



REPRESENTATIVE / AI READINESS + ADOPTION

AI Readiness & Adoption Assessment

Illustrative California Regional Public Agency

225 employees • 7 departments • 11-person IT/software team • Hybrid on-prem / cloud environment

A completed example showing how organizational evidence, operating constraints, workforce realities and technology conditions can be translated into AI adoption decisions.

Prepared by MDang Solutions

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About this assessment

This document does not describe a specific client. It is an illustrative composite informed by real public-sector technology and operating conditions, with organization details adjusted for demonstration. Its methods, findings structure and recommendations are designed for practical reuse across public agencies and operationally complex organizations.

Adoption is underway. Governance and operating discipline have not caught up.

The organization has a credible foundation for responsible AI adoption: experienced technical staff, a culture of continuous improvement, established enterprise systems, and clear operational pressure to create capacity. The immediate constraint is not a lack of use cases. It is fragmentation - limited visibility into AI use, unresolved technology debt, uneven documentation, overloaded technical teams, and no portfolio-level mechanism for deciding which AI opportunities deserve scarce time and budget.

Recommended executive decision

Establish lightweight organization-wide AI governance and visibility now; fund two bounded pilots tied to existing work bottlenecks; defer high-risk automation and large-scale AI procurement until baseline controls, ownership, documentation and evaluation practices are in place.

01	AI adoption exists without organization-wide visibility Individual experimentation and limited technical use are likely ahead of formal policy, inventory and training.
02	Scarce AI capacity is not allocated through a value model A small annual AI budget is unlikely to materially improve throughput if access is fragmented or concentrated without portfolio priorities.
03	IT and software capacity constraints create strong augmentation opportunities Backlogs, parallel modernization work, testing gaps and documentation debt make bounded technical augmentation unusually relevant.
04	Institutional knowledge loss is an immediate continuity risk Retirements, turnover, incomplete documentation and limited cross-training increase dependency on experienced staff.
05	Technical and process debt make several attractive projects poor first candidates Legacy databases, unfinished migrations and weak change discipline should be stabilized before AI is layered onto critical workflows.

02 / ORGANIZATION + ASSESSMENT SCOPE

A mid-sized public agency with enterprise complexity.

This assessment represents a California regional public agency large enough to carry meaningful technology, operational and compliance complexity, while still operating with constrained staff and budget. The environment is intentionally representative of public organizations that must modernize while keeping critical services stable.

Employees	225
Departments	7
IT / software team	11 staff
Technology budget	\$1.4M annual (illustrative)
Environment	Hybrid on-prem / cloud; Microsoft 365; identity; GIS; custom .NET; legacy databases
Operating model	Central IT supporting administrative, field, regulatory, public-facing and analytical functions

Assessment basis

The operating conditions are derived from recurring, real public-sector technology patterns and practitioner experience in a complex California agency environment: multi-site infrastructure, field operations, custom applications, GIS, Microsoft migrations, legacy systems, vendor dependencies, project backlogs, workforce turnover, retirements, incomplete documentation, uneven testing practices, and a steady flow of technology-dependent improvement requests. The details here are resized and recomposed so they do not represent a specific employer or client.

What this assessment evaluates

- Readiness to govern AI use and procurement
- Ability to identify and prioritize AI opportunities
- Workforce adoption, skills and continuity
- Process quality and modernization dependencies
- Technology, data and knowledge foundations
- Measurement, evaluation and operating discipline

Important scope note

This is an operational readiness assessment, not a legal or regulatory compliance opinion. California state-level GenAI policies are used as useful reference points; applicability varies by entity type, authority and jurisdiction.

03 / READINESS FINDINGS

The organization is experimenting, but not yet operating AI as a managed portfolio.

The maturity view below is intentionally directional. It converts observed operating conditions into a practical diagnosis rather than a false-precision score.

Domain	Current condition	Assessment
Strategy & leadership	Exploring	AI is discussed and used tactically, but no organization-wide outcome portfolio, accountable owner or funded roadmap exists.
Governance & risk	Early	Policy, inventory, risk tiering and vendor controls are incomplete or fragmented.
Workforce & adoption	Mixed	Some technical staff are capable adopters; others are slower to adopt. Training and role-based expectations are inconsistent.
Processes & opportunities	High demand / low prioritization	There is no shortage of work; the constraint is selecting work that should be automated, redesigned, modernized or left alone.
Technology, data & knowledge	Constrained	Legacy applications, Access-based workflows, incomplete migrations and documentation debt create both opportunity and risk.
Measurement & operations	Early	Baselines, acceptance criteria, unit testing, evaluation sets and post-deployment monitoring are not consistently mature enough for AI-enabled production change.

Readiness conclusion

The agency should not attempt an enterprise-wide AI transformation. It is ready for governed experimentation and two or three bounded initiatives that directly reduce known operational friction while strengthening the underlying operating model.

04 / MAJOR FINDINGS

Six findings that materially affect where AI should - and should not - be used.

01

Institutional knowledge is becoming an operational risk.

PRIORITY / HIGH

Observation: Several technology and business processes depend heavily on experienced staff while procedural documentation and cross-training are inconsistent.

Evidence: Retirements and turnover; unfinished documentation; long-lived systems; limited time for formal succession; specialist knowledge concentrated in a small number of people.

Why it matters: Loss of a key employee can increase recovery time, onboarding effort, vendor dependency and modernization risk.

AI role: Strong assistive opportunity for capture, summarization, search and retrieval - not as an authoritative source by itself.

Foundation required: Approved source set, content ownership, access rules, records handling, citation/traceability and SME validation.

Recommended action: Run a bounded knowledge-capture and retrieval pilot with one high-dependency function and a named SME.

02

Technical staff are capacity-constrained while high-value work remains queued.

PRIORITY / HIGH

Observation: Technology teams are supporting operations while also carrying infrastructure upgrades, application modernization, cloud migrations, vendor issues and new project requests.

Evidence: Parallel projects, persistent backlog, slow completion of migrations and upgrades, and demand from departments for technology-enabled improvement.

Why it matters: The organization risks spending scarce staff time on low-value administration while strategic modernization remains unfinished.

AI role: Strong for developer assistance, test generation, documentation, ticket/KB drafting, code understanding and controlled research.

Foundation required: Secure tooling, repo permissions, code-review rules, acceptance tests, logging, model cost controls and clear prohibited data.

Recommended action: Give the programming/IT team governed access to approved AI tools and measure throughput on a defined backlog segment.

03

Change quality is not consistently strong enough for AI-enabled acceleration.

PRIORITY / HIGH

Observation: Software and infrastructure changes have historically relied on build validation and limited internal testing more than standardized unit, regression and staged beta testing.

Evidence: Release issues, emergency fixes, limited test discipline, uneven adoption of Agile/Git-based workflows, and vendor changes that created reliability problems.

Why it matters: AI can make teams faster at producing change - including faster at producing defects. Acceleration without stronger validation can increase operational risk.

AI role: Assistive only until quality gates mature. AI should help create tests, documentation and review artifacts, not bypass them.

Foundation required: Unit/regression testing, staging, rollback, peer review, change ownership, representative test data and measurable acceptance criteria.

Recommended action: Make evaluation and test automation part of the AI pilot, not a later add-on.

04 / MAJOR FINDINGS — CONTINUED

04

Legacy technology debt is a portfolio problem, not an AI problem.

PRIORITY / HIGH

Observation: Important workflows still depend on legacy databases and custom applications while migrations compete for limited capacity.

Evidence: Access-based procurement workflow; VB6-to-C# modernization; legacy .NET applications; incomplete cloud/GIS migrations; deferred upgrades.

Why it matters: Applying AI directly to unstable or poorly understood systems can obscure root causes and increase dependency on brittle processes.

AI role: Useful for code understanding, documentation, test creation, migration analysis and data mapping. Minimal role in deciding or executing unsupported changes autonomously.

Foundation required: System ownership, architecture baseline, data map, dependency inventory, source control, test coverage and a modernization decision.

Recommended action: Use AI to accelerate one bounded modernization task, but first establish the authoritative system/process baseline.

05

Continuous-improvement demand is overwhelming portfolio discipline.

PRIORITY / HIGH

Observation: Departments generate many legitimate improvement ideas, often requiring IT, applications or new technology, while staffing capacity remains fixed.

Evidence: Many concurrent projects, work started and paused, uneven progress, and insufficient incentives/ownership for finishing lower-visibility work.

Why it matters: Without portfolio governance, AI becomes another source of ideas and tools rather than a mechanism for completing the most valuable work.

AI role: Limited. AI can improve intake synthesis and estimation, but the core intervention is management: decision rights, prioritization and WIP limits.

Foundation required: Single intake, outcome definition, sponsor, resource estimate, benefit/risk assessment, WIP limits and quarterly portfolio review.

Recommended action: Create a technology/AI opportunity portfolio and explicitly stop or defer work that does not clear agreed thresholds.

06

AI access is too limited and fragmented to materially improve organizational capacity.

PRIORITY / HIGH

Observation: The organization has no mature enterprise AI strategy or policy, and available AI spend is small relative to the volume of technical and administrative knowledge work.

Evidence: Limited annual token/tool budget, uneven access among programmers and IT staff, slow executive decision-making, and likely unmanaged personal-tool use.

Why it matters: The agency can simultaneously underinvest in high-value governed use and accumulate shadow AI risk.

AI role: High potential, but only after organization-wide rules, approved tools, data handling and role-based enablement are defined.

Foundation required: AI inventory, approved-use policy, data classification, procurement/risk path, role-based training and usage monitoring.

Recommended action: Reallocate AI budget toward a controlled enterprise trial tied to named workflows and measurable outcomes rather than generic access.

05 / OPERATIONAL FRICTION PORTFOLIO

Start with the work. Then decide whether AI belongs in the intervention.

Operational friction	Root issue	Appropriate intervention	AI role	Disposition
Institutional knowledge loss	Succession + documentation	Process + AI	Assist	Pursue
Developer / application backlog	Capacity + technical debt	AI augmentation	Strong	Pursue
Release defects / rollback work	Testing + change discipline	DevOps + AI	Assist	Pursue
Internal policy / procedure search	Information retrieval	Governed RAG/search	Strong	Pursue
Access-based purchasing workflow	System-of-record + process debt	Process redesign	Minimal initially	Prepare
Legacy VB6 / .NET migration	Technical debt	Modernization + AI	Assist	Prepare
Unfinished cloud / GIS migrations	Capacity + dependencies	Program recovery	Assist	Prepare
Excessive project requests	Portfolio governance	Management / process	Limited	Prepare
Vendor delivery failures	Contract / vendor governance	Management / QA	Limited	Prepare
Meeting / administrative load	Manual knowledge work	Productivity AI	Strong	Pursue
Public / regulatory research	High-volume information	Controlled AI research	Moderate	Prepare
Personnel performance issues	Management / incentives	Management	Not appropriate	Defer

Interpretation

The strongest near-term opportunities are assistive, bounded and measurable. The weakest first moves are high-autonomy decisions, large replacement systems, or attempts to use AI to compensate for management and portfolio-governance problems.

06 / AI OPPORTUNITY PORTFOLIO

Prioritize on value, feasibility and risk - not novelty.

The recommended portfolio uses the same logic an organization should apply repeatedly: value, readiness, feasibility, risk, change burden and whether a baseline exists. The labels below are decisions, not generic idea categories.

Opportunity	Value	Readiness	Feasibility	Risk	Decision
Institutional knowledge capture & retrieval	High	Medium	High	Controlled	PURSUE / PILOT
Developer documentation + test augmentation	High	High	High	Controlled	PURSUE / PILOT
Internal policy/procedure retrieval	Med-High	Medium	High	Controlled	PURSUE
Meeting/admin productivity	Medium	High	High	Low	PURSUE
Legacy code understanding / migration assist	High	Medium	Medium	Controlled	PREPARE FIRST
Procurement workflow modernization	High	Low-Med	Medium	Moderate	PREPARE FIRST
Public/regulatory research assistant	Medium	Medium	High	Moderate	PREPARE FIRST
Autonomous public-facing regulatory analysis	Potentially high	Low	Medium	High	DEFER
AI-driven personnel decisions	Low fit	Low	Medium	High	DEFER

Portfolio implication

The agency already has enough candidate work for a year of responsible experimentation. The correct next move is not more ideation. It is to select a small number of initiatives that both create capacity and improve the organization's ability to govern future AI work.

TURN PRIORITIES INTO A DECISION-READY PORTFOLIO MDang Solutions can assess your actual backlog, workflows, constraints and risk to identify the few initiatives worth funding first. Request an AI Readiness conversation: mdangsolutions.com/#contact

Institutional Knowledge & Succession Pilot

Purpose: reduce dependency on key employees while preserving human ownership of authoritative procedures and decisions.

CURRENT WORKFLOW Critical knowledge is distributed across experienced staff, informal notes, legacy documents, email, network shares and partially maintained procedures.

PROBLEM Retirement or turnover can remove context faster than formal documentation and cross-training can replace it.

PROPOSED INTERVENTION A controlled knowledge-capture workflow: structured SME interviews / existing documents -> reviewed source library -> citation-grounded internal assistant -> human validation and correction.

AI ROLE Summarize, structure, tag, draft procedures, answer questions from approved sources, surface source citations and identify gaps.

DATA Approved internal procedures, system documentation, runbooks, training materials and SME-reviewed transcripts. Exclude restricted content until access rules are verified.

HUMAN OVERSIGHT Named content owner + SME approval. AI output is advisory and must cite authoritative sources.

RISK TIER Moderate operational risk; higher where knowledge touches security, legal, HR or public decisions.

BASELINE Time to find answers; number of undocumented critical procedures; onboarding time; percentage of responses that require SME correction.

PILOT SCOPE One high-dependency IT or administrative function; 4-6 weeks; limited participant group.

SUCCESS CRITERIA $\geq 30\%$ faster retrieval for agreed questions; $\geq 90\%$ source citation rate; no unauthorized data exposure; measurable reduction in repeated SME interruptions; validated correction workflow.

PRODUCTION GATE Proceed only if source ownership, access, records handling, evaluation thresholds, monitoring and rollback are documented.

Why this is a good first pilot

It solves a real continuity problem, produces reusable governance artifacts, and demonstrates AI value without granting autonomous control over operational systems.

Two additional initiatives that create capacity without overreaching.

02. Software / IT Capacity Augmentation

Use approved AI tooling to convert existing technical work into more completed, reviewed output - not more parallel work.

Workflow	Choose one backlog category: test generation + documentation for a maintained application, ticket-to-KB conversion, or bounded legacy-code analysis.
AI role + controls	Draft tests, explain code, produce documentation, summarize tickets, suggest refactors, assist troubleshooting. Repository permissions, no secret leakage, peer review, unit/regression tests, staging, model/tool logging, cost caps and rollback.
Baseline	Cycle time per work item; test coverage; defects escaped; documentation completeness; backlog age; rework rate.
Success criteria	20-30% improvement in selected throughput metric with no increase in escaped defects and with reviewer acceptance thresholds met.

03. Administrative Knowledge Workflow

Reduce time spent searching, compiling and drafting routine internal material while keeping final decisions with staff.

Workflow	Use one repetitive workflow such as internal policy lookup, procurement research packet preparation, or recurring administrative briefing support.
AI role + controls	Retrieve approved sources, summarize, compare, draft structured outputs and identify missing information. No autonomous approval; sources cited; sensitive-data rules enforced; staff validate final work product.
Baseline	Minutes per case; handoffs; error/rework rate; time waiting for information.
Success criteria	>=25% cycle-time reduction, equal-or-better quality score, traceable sources, and user adoption among the pilot team.

Pilot sequencing

Run #1 and #2 first. Add #3 only if ownership and evaluation capacity are sufficient. A small agency team should avoid running more pilots than it can measure well.

09 / GOVERNANCE + OPERATING GAPS

Close only the controls needed to support responsible near-term use.

Gap	Minimum near-term control	Priority
Accountability	Name an executive sponsor and operational AI lead. Avoid creating a new department initially.	NOW
AI inventory	Record approved and discovered AI tools, owners, users, purpose, data classes and vendors.	NOW
Acceptable use + data rules	Define what staff may enter, what requires approved enterprise tooling, and prohibited uses.	NOW
Risk tiering	Use a lightweight low / moderate / high classification; escalate public, personnel, safety, rights-impacting and sensitive-data uses.	NOW
Procurement / vendor disclosure	Require vendors to disclose material GenAI use, data handling, model providers, retention, training use and changes.	NOW
Human oversight	Document who reviews outputs and who remains accountable for decisions.	NOW
Evaluation	Require baseline, test set or representative scenarios, acceptance criteria and failure review for pilots.	NOW
Change control	No production AI-enabled change should bypass existing release, security, access and rollback controls.	NEXT
Monitoring	Track usage, failures, cost, user feedback, incidents and model/vendor changes.	NEXT
Workforce enablement	Train by role: executives, managers, general staff, developers/IT, procurement/finance and high-risk functions.	NEXT

Standards reference

For California state entities, current CDT/DGS policy requires GenAI inventory, risk assessment and procurement controls; local and special-district applicability varies. NIST AI RMF 1.0 and the Generative AI Profile provide a useful voluntary cross-sector structure for governing, mapping, measuring and managing AI risk. This assessment uses those ideas as reference points rather than presenting them as universally mandatory.

NEED RIGHT-SIZED GOVERNANCE, NOT MORE POLICY PAPERWORK? Translate AI policy, inventory, risk tiering and production gates into a practical operating model your teams can actually use. Discuss your agency's governance needs: mdangsolutions.com/#contact

10 / ORGANIZATION-SPECIFIC 90-DAY ACTION PLAN

Use the first 90 days to create visibility, prove value and improve the operating model.

0-30 DAYS**Establish visibility + ownership**

- Executive sponsor: Deputy Executive Director or equivalent; AI lead: IT Director/CIO
- Inventory currently used AI tools and known vendor-embedded GenAI
- Issue interim acceptable-use and data-handling rules
- Baseline developer/application backlog and select one pilot backlog segment
- Select knowledge-pilot function and named SME/content owner
- Freeze new AI purchases that lack owner, use case and risk review

31-60 DAYS**Put guardrails around two pilots**

- Approve two pilot charters and success criteria
- Create evaluation questions/test set for knowledge pilot
- Configure approved enterprise AI access for pilot users
- Train participating developers/staff on secure use and review expectations
- Set API/tool budget limits and usage logging
- Establish lightweight AI opportunity intake and risk tiering

61-90 DAYS**Run, measure, decide**

- Execute knowledge and technical-capacity pilots
- Measure time, quality, capacity, cost, adoption and failure modes
- Review security/privacy/records issues discovered during use
- Document stop/revise/productionize decision for each pilot
- Publish a 12-month AI + modernization portfolio
- Set quarterly executive AI portfolio review and reassessment cadence

90-day outcome

By day 90, leadership should have evidence - not enthusiasm - about where AI creates capacity, what controls are actually necessary, and which modernization dependencies must be addressed before scaling.

Scale operating capability before scaling autonomy.

A realistic 12-month direction is to move from isolated experimentation to a small, governed AI portfolio integrated with modernization and workforce planning.

Period	Focus	Direction
Q1	Govern + prove	Inventory, interim policy, two pilots, baseline metrics, first production decision.
Q2	Operationalize	Productionize only proven use cases; strengthen testing/documentation; expand role-based training.
Q3	Modernize + integrate	Apply AI selectively to legacy modernization, knowledge workflows and service capacity where foundations are ready.
Q4	Review + scale	Portfolio review, vendor/model reassessment, benefit realization, updated budget and next-year roadmap.

Assessment method

In an actual engagement, MDang Solutions would replace the representative evidence in this assessment with organization-specific interviews, workflow review, system/document analysis, AI/tool inventory, project/backlog data, policies, procurement practices, workforce constraints and baseline performance measures. The same structure would then produce a prioritized set of findings, initiatives and decision gates.

Reference framework

This methodology is designed to align with practical elements of NIST AI RMF (Govern, Map, Measure, Manage), the NIST Generative AI Profile, and - where applicable - California state GenAI inventory, risk-assessment, procurement and oversight practices. Entity-specific legal, records, privacy, labor, security and procurement obligations should be validated separately.

What professional diagnosis adds

- Turns disconnected symptoms into a small number of material organizational findings.
- Separates process, management and modernization problems from genuine AI opportunities.
- Prioritizes initiatives based on value, readiness, feasibility, risk and measurable baselines.
- Defines pilots with ownership, controls, success criteria and production decision gates.
- Connects AI adoption to workforce capability, modernization, governance and operating discipline.

READY TO APPLY THIS TO YOUR ORGANIZATION?

A focused AI Readiness & Opportunity Assessment turns your actual workflows, backlog, technology debt, workforce constraints and current AI use into a prioritized 90-day plan and controlled pilot portfolio.

Book an introductory conversation → mdangsolutions.com/#contact

Selected public references

- NIST AI Risk Management Framework 1.0 (NIST AI 100-1).
- NIST Artificial Intelligence Risk Management Framework: Generative Artificial Intelligence Profile (NIST AI 600-1).
- California Department of Technology Technology Letter 24-01 and subsequent GenAI policy updates.
- California Department of General Services, State Contracting Manual Vol. 2, Chapter 23 - GenAI Procurement Policy & Procedures.