New York State Comptroller
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Artificial Intelligence Governance (Follow-Up)

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Contents

Authority

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article III of the General Municipal Law, we have followed up on the actions taken by officials of the New York City Office of Technology and Innovation (OTI) to implement the recommendations contained in our initial audit report, *Artificial Intelligence Governance* (Report 2021-N-10).

Background, Objective, and Scope

Artificial intelligence (AI)-powered tools have an increasingly vital role in industry operations, including agriculture, health care and medicine, manufacturing, transportation, and government. New York City (NYC or City) agencies have been using AI to aid their operations. Although AI can enable entities to operate more intelligently, more productively, and more competitively, it is also giving rise to a host of unwanted, and sometimes serious, consequences. AI tools and systems pose unique challenges in accountability, as their inputs and operations are not always visible. The U.S. Government Accountability Office (GAO) noted that a lack of transparency reduces effective oversight in identifying errors, misuse, and bias. Therefore, it is essential to establish governance structures over AI to ensure that its use is transparent and accurate and does not generate harmful, unintended consequences. Without adequate governance and oversight over the use of AI, misguided, outdated, or inaccurate outcomes can occur and may lead to unfair or ineffective outcomes for those who live, work, or visit NYC.

NYC has had an evolving approach to managing AI risks. In November 2019, the NYC Mayor issued Executive Order 50 (EO 50), which established the position of Algorithms Management and Policy Officer (AMPO) within the Mayor's Office of Operations (Operations), and tasked AMPO with guiding the City in the development, responsible use, and assessment of algorithmic tools and systems, including AI, and engaging and educating the public on issues related to the use of these tools and systems. In January 2022, NYC's Mayor issued Executive Order 3 (EO 3), which rescinded EO 50, discontinued the position of AMPO and its associated requirements, and created the NYC Office of Technology and Innovation (OTI), which is responsible for guiding the City and its agencies in the development, responsible use, and assessment of algorithmic tools and systems, including AI. OTI is also required to engage and educate the public on issues related to the City's use of these and other related technologies.

Additionally, Local Law 35 of 2022 (LL 35) requires NYC agencies to report annually to the Mayor's Office (or designee) on every algorithmic tool, which can include AI tools, that the agency has used one or more times during the prior calendar year. Such disclosure includes, among other information, the commercial name and a brief description of such an algorithmic tool, the purpose of the tool, and the type of data collected and analyzed by the tool. The Mayor's Office (or designee) is required to compile the information disclosed by agencies and submit a report to the Mayor and the Speaker of the NYC Council every year.

The objective of our initial audit, issued on February 16, 2023, was to assess the City's progress in establishing an appropriate governance structure over the development and use of AI tools

and systems. The audit covered the period from January 2019 through November 2022 and found NYC did not have an effective AI governance framework. While agencies were required to report certain types of AI use on an annual basis, there were no rules or guidance on the actual use of AI. Consequently, City agencies developed their own divergent approaches. We sampled four City agencies: New York City Police Department (NYPD), Administration for Children's Services (ACS), Department of Education (now known as New York City Public Schools), and Department of Buildings (DOB). We found ad hoc and incomplete approaches to AI governance, which do not ensure that the City's use of AI is transparent, accurate, and unbiased, and avoids disparate impacts. Some agencies identified key risks and created processes to address those risks, while others had not created any AI-specific policies or taken other steps toward effective AI governance. Some agencies performed certain activities that partially addressed components of AI governance—such as identifying appropriate use, intended outcomes, data governance, and potential impacts—but did so because of laws created to address issues not specific to AI. For example, the NYPD created impact and use policies for its surveillance tools to comply with the NYC Public Oversight of Surveillance Technology Act.

Furthermore, NYC's initial governance requirements of algorithmic tools, which include AI, were not fully met. AMPO was required by EO 50 to establish a reporting framework of algorithmic tools, policies, and protocols to guide the City and its agencies in the fair and responsible use of such tools, a process for individuals to learn about the City's use of these tools, a complaint resolution process for those impacted by such use, and a public education strategy. AMPO created a reporting framework for agencies to report tools, published a report of those tools, and held several public engagement sessions. However, in January 2022, AMPO was discontinued by EO 3, which removed those requirements and placed the responsibility of algorithmic and AI management within OTI. At that time, AMPO had not established policies and protocols to guide the City and its agencies in the fair and responsible use of such tools or a means for the City to resolve complaints made by individuals regarding algorithmic impacts. In addition, we identified instances where agency tools were not reported or included in the public listing of tools.

The objective of our follow-up was to assess the extent of implementation, as of April 13, 2026, of the three recommendations included in our initial audit report.

Summary Conclusions and Status of Audit Recommendations

OTI officials made some progress in addressing the problems we identified in the initial audit report, but additional steps are necessary to ensure effective AI governance in NYC. All three of the initial report's audit recommendations were partially implemented.

Follow-Up Observations

Recommendation 1 – Use relevant AI governance frameworks to assess the risks of AI used by City agencies.

Status – Partially Implemented

Agency Action – In October 2023, following our initial audit, OTI published the *New York City Artificial Intelligence Action Plan* (AI Action Plan). The AI Action Plan is intended to create governance for the City's use of AI, engage with the public and external organizations on AI matters, improve AI skills for the City's workforce, and support agencies in implementing AI solutions. This plan, in part, references governance frameworks, including the National Institute of Standards and Technology Artificial Intelligence Risk Management Framework (NIST AI Framework), and includes elements of effective AI governance. OTI reported progress in many activities. However, certain critical activities that are recommended within AI governance frameworks, including maintaining an inventory of all AI tools, developing requirements for approving the use of AI tools, and implementing procedures to ensure data quality and monitor accuracy, bias, and acceptable use of AI, have not been completed or were not listed on the AI Action Plan. For example, although the NIST AI Framework emphasizes the importance of having mechanisms in place to inventory AI systems, the AI Action Plan does not address the need for a complete inventory or flagging of all AI tools used by City agencies; instead, the AI Action Plan has a goal to create a list of procured tools.

In October 2024, OTI published the *New York City AI Action Plan Annual Progress Report (Annual Progress Report),* which indicated that it had initiated or completed 30 of the 37 actions listed in the AI Action Plan. In December 2025, OTI published the *Annual Progress Report* for year two, which indicated that OTI initiated or completed 35 of the 37 actions listed in the AI Action Plan. The two items not yet initiated related to reusing existing in-house projects and supporting implementations, tracking, and risk analysis. OTI's progress included publishing *AI Principles & Definitions* and *Generative AI Preliminary Use Guidance* in early 2024. Both documents were updated and expanded in December 2025. Notably, the *Generative AI Use Guidance* has a new format intended to lead agency stakeholders through key aspects of decision-making. OTI also established a citywide Steering Committee, composed of stakeholders from City agencies, including New York City Public Schools and NYPD, that provide input toward and oversight of AI activities. OTI also established the NYC AI Advisory Network, composed of stakeholders from across sectors to support the City's AI efforts on a consultative basis.

OTI has begun developing a process to assess the risks of AI used by City agencies. However, OTI officials explained that AI risk assessments are a work in progress, as they are in the process of developing an AI policy that would establish more specific guidelines and requirements for AI risk assessments. In the 2025 *Annual Progress Report*, OTI indicated that its goal to develop an AI risk assessment and project review process is still in progress; this status is unchanged from the 2024 progress report. We note that OTI did not develop policies requiring City agencies to conduct risk assessments of AI tools; rather, they are completed on a consultative or voluntary basis.

At the beginning of 2025, OTI developed an AI risk assessment template to structure its approach to the evaluations. According to OTI officials, as part of their progress in developing AI risk assessment tools and guidance, they interpreted and applied high-level guidelines such as the NIST AI Framework and International Organization for Standardization (ISO) Standards in developing their AI risk assessment template. Since our initial audit, OTI has completed AI risk assessments on seven AI tools used by either OTI or the Mayor's Office. OTI provided documentation related to other risk assessments that were initiated but not completed at the time

of our follow-up. Two of the seven risk assessments were completed prior to OTI's development of its risk assessment template, and the remaining five were completed using the template. The two risk assessments that were completed prior to the development of the template were inadequate because they lacked structure and significant details. For example, in one of the two risk assessments, OTI did not indicate the date when the assessment was completed, the level of risk, the developer of the AI system, or the recipient of the service. Further, for this tool, OTI offered recommendations for the tool's proper use; however, it did not detail any specific risks related to the tool's use. For the five risk assessments that utilized the template, OTI identified AI-related risks and made recommendations to mitigate those risks. However, as noted above, these risk assessments are not required to be performed for all AI uses (whether by OTI or other City agencies) and are performed only when requested. Furthermore, when OTI does perform a risk assessment, it does not have a process to follow up with City agencies on the recommendations from the assessments, and agencies are not required to implement OTI's recommendations.

Recommendation 2 – Review past AMPO policies to identify areas that need to be strengthened by OTI.

Status – Partially Implemented

Agency Action – As noted in our initial audit, in January 2022, EO 3 was issued, which rescinded EO 50 and had created in response to recommendations made by a taskforce of experts, which was convened pursuant to Local Law 49 of 2018. EO 50 established the AMPO and associated requirements and had required that AMPO take concrete, practical steps relevant to effectuate many principles of AI governance. EO 3 created OTI to guide the City and its agencies in the development, responsible use, and assessment of algorithmic tools and systems (including AI). EO 3 also tasked OTI with engaging and educating the public on issues related to the City's use of these and other related technologies. In their 180-day response to our initial audit, OTI officials agreed that previous policies created by AMPO would continue to be an important point of reference for future policy development after the Action Plan was published.

We found that, within the AI Action Plan, OTI identified some areas of AMPO's policies that needed to be strengthened, such as public engagement and the establishment of definitions. However, OTI did not review or take steps to strengthen important areas highlighted in the initial audit report, including strengthening the reporting framework to ensure all tools are reported to OTI and implementing a process to receive feedback and complaints from the public. Therefore, we find this recommendation to be partially implemented.

As discussed in the initial audit, EO 50 required AMPO to create a framework for agencies to report their use of algorithmic tools, and shortly after EO 50 was discontinued, LL 35 required agencies to report their use of algorithmic tools to the Mayor's Office (or designee). Pursuant to EO 3, OTI manages this process. During the initial audit, we found that under AMPO's reporting requirements, agencies self-reported algorithmic tools, including AI tools, in use by their agency. The reporting framework relied on agencies accurately reporting all applicable tools and systems. There was a risk that agencies did not report all applicable tools, and no mechanism existed to identify unreported tools. The audit found that agencies did not report the use of all tools to OTI or the public, a reflection of this known risk. Further, our initial audit pointed out that

none of the sampled agencies maintained an inventory of AI systems and tools, and, in turn, OTI did not have a full inventory of AI tools and systems in use by the City. Identifying tools to manage within a governance framework is a necessary precursor to appropriate governance. We found that OTI still relies on agencies to self-report and does not maintain an inventory of AI tools and systems used by the City. Furthermore, although LL 35 requires OTI to compile the information received by agencies and report it to the NYC Mayor and the Speaker of the NYC Council, OTI has not implemented policies, procedures, or protocols for monitoring the completeness and accuracy of the reported tools.

The initial audit also identified other areas to be strengthened, as EO 50 required AMPO to plan and implement a public engagement and education strategy related to the City's use of algorithmic tools and systems, which was to include:

- A public-facing platform that provided a mechanism for receiving public comments and questions.
- A citywide protocol for receiving, investigating, and addressing any complaints from individuals regarding any suspected or actual harm experienced in connection with an agency's use of algorithmic tools.
- A citywide protocol for receiving requests for information from individual members of the public who have been affected by an agency's use of an algorithmic tool.

However, these steps were not achieved by AMPO and are not addressed in OTI's AI Action Plan. Creating sufficient mechanisms to receive feedback enables monitoring of AI use cases that are not performing appropriately.

We acknowledge OTI's goal in the AI Action Plan to engage the public. The "Foster Public Engagement" goal aims to educate and empower the public, communicate openly about the City's progress, and support a range of mechanisms for public input. OTI pursued this objective through holding introductory public listening sessions, establishing plans to integrate public input on citywide actions, exploring public education resources and partnerships, creating guidance for agencies on AI public engagement, and designing and building a public-facing website. We also note that in December 2025, OTI published a document titled *AI Public Participation & Engagement Guidance* to support City agencies in integrating public participation and engagement in their AI efforts. The guidance, however, does not require agencies to include public engagement or participation in AI efforts because it is "not necessary or feasible in every case." The guidance puts the onus on each agency to determine if, when, and how to engage the public in AI efforts. We further note that the guidance does not include protocols for receiving, investigating, and addressing any complaints from individuals regarding any suspected or actual harm experienced in connection with a City agency's use of AI, which was a requirement of AMPO that we found had not been implemented during the initial audit.

Despite the abovementioned issues with AMPO's policies that OTI did not address, we also acknowledge that OTI identified and strengthened some areas of AMPO's past policies, such as establishing definitions for AI and related terms and engaging stakeholders in AI-related issues. For example, during the initial audit, we found that AMPO did not establish definitions for AI and other related terms, which led City agencies to have divergent approaches to defining and

governing AI. One item on OTI's AI Action Plan was to establish guiding principles and definitions. OTI published principles and definitions related to the use of AI on March 5, 2024. OTI built on this work in December 2025 when it published *The New York City Typology of Artificial Intelligence,* which outlines characteristics of AI used by City agencies, introduces a framework to describe the essential characteristics of an AI tool, and provides examples that show how to use the typology in practice. Furthermore, we note that during our initial audit, AMPO had not met the requirement to establish an Advisory Committee of external experts to advise AMPO on protocols and best practices for agency use of algorithmic tools. We found that OTI has established a Steering Committee and an Advisory Committee (i.e., the NYC AI Advisory Network). OTI provided support that it had consulted with the Steering Committee on elements of AI governance, such as establishing AI risk assessment protocols. Such committees can be used to incorporate broad perspectives in managing AI risks, as noted in the NIST AI Framework.

Recommendation 3 – Implement policies to create an effective AI governance structure.

Status – Partially Implemented

Agency Action – OTI took some steps to implement policies to create an effective AI governance structure, but additional steps are needed. In the AI Action Plan, OTI referenced existing frameworks it may draw from when creating policies and guidance documents to support responsible AI use. However, while OTI created a policy related to AI cybersecurity concerns and developed guidance for AI governance, not all aspects of effective AI governance were established or implemented. In addition, through interviews with DOB agency officials, we determined that certain critical steps—such as creating an AI inventory, a governance best practice under the NIST AI Risk Management Framework—were not done.

On January 27, 2025, OTI's Cyber Command Unit issued a policy titled *Citywide Cybersecurity for the Usage and Development of Artificial Intelligence (AI) Systems Policy*, which establishes the principles and guidelines for the secure development, deployment, and usage of AI from a cybersecurity perspective. The AI Cybersecurity Policy establishes certain requirements for City agencies to follow, such as securing explicit approval of the use of AI, maintaining an inventory of AI tools (including details of the model used and data sources), obtaining explicit approval of data used for AI training, and ensuring continuous monitoring of AI systems. Additionally, OTI issued guidelines including *Artificial Intelligence: Principles & Definitions, Use Guidance: Generative Artificial Intelligence*, *Typology of Artificial Intelligence*, and *AI Public Participation & Engagement Guidance.* However, we note that guidelines are not the same as policy in that they do not include citywide requirements for appropriate governance of AI. As we noted in our initial audit, the lack of a citywide policy and protocol led to agencies having inconsistent approaches to AI governance. Additionally, we found that OTI's current AI policy, as it focused on a cybersecurity perspective, does not address many aspects of an effective AI governance structure, including ensuring data quality, testing for accuracy and bias in inputs and outputs, and ongoing oversight to ensure accuracy, relevancy, and appropriate use of AI tools. OTI officials explained that additional AI policies, such as a policy on conducting AI risk assessments, are still being developed.

To assess whether policies were implemented to create an effective AI governance structure, in addition to testing performed at OTI, we also judgmentally selected one of the four agencies

sampled in our initial audit, the NYC DOB, for testing. Based on our interview with DOB officials, while DOB is in the process of considering AI tools for use, it has not created any specific AI policies or governance structures since the initial audit. DOB officials acknowledged evaluating at least two tools and provided a list of AI tools that were developed under its Buildings Tech Lab's (BTL) proof-of-concept initiative. Officials explained that the BTL tools were not deployed or piloted and all tools had been reviewed within OTI's cybersecurity and cloud security evaluation processes, used only public data, and were not integrated into DOB systems. DOB provided copies of OTI's cloud reviews, which do not specifically address AI risks, but did not provide copies of the cybersecurity reviews.

As discussed, establishing and following a definition of AI is a precursor to effective AI governance. However, in conversations about whether AI was used in the BTL initiative, DOB officials did not have a consensus on the definition of AI. Instead, one DOB official stated they used a common definition of AI or a definition that a reasonable person would think to be AI, rather than using the definition outlined in OTI's *AI Principles & Definitions*. Another official stated that they checked whether any of the BTL tools made an automated decision and whether its algorithm was learning anything from the data, which is not consistent with the definition of AI provided in OTI's guidelines. DOB officials emphasized that BTL was not intended to be AI-focused and was designed to identify any technology that can help them serve the public. Notwithstanding the intent, some of the BTL tools use AI, and in at least one instance, the output was used to direct DOB inspections.

While OTI issued guidelines to assist agencies in their fair and responsible use of AI, the guidelines were not sufficient in establishing an effective AI governance structure, particularly because we found at least one agency had not followed the guidelines, such as using the established definition of AI. As mentioned earlier, OTI created its own AI risk assessment tools, but other City agencies are not required to follow or use them.

Reporting Requirements

OTI officials are requested, but not required, to provide information about any actions planned to address the unresolved issues discussed in this follow-up within 30 days of the report's issuance. We thank the management and staff of NYC OTI for the courtesies and cooperation extended to our auditors during this follow-up.

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