
**CITY OF SAN ANTONIO
OFFICE OF THE CITY AUDITOR**

**INFORMATION TECHNOLOGY SERVICES
DEPARTMENT**
AUDIT OF ARTIFICIAL INTELLIGENCE
PROJECT NO. AU24-023
DECEMBER 12, 2024

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CITY AUDITOR**



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Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of the Information Technology Services Department (ITSD), specifically artificial intelligence (AI). The audit objective and conclusion follow:

Determine if policies and procedures over AI use have been developed and are sufficient to ensure responsible governance.

ITSD has established effective controls to ensure responsible governance over AI use. ITSD has developed and implemented policies and procedures to provide structure for the use of AI technologies by employees of the City and to govern the responsible use of emerging third-party Generative AI (GenAI) technologies.

ITSD maintains a portfolio list of all AI prototypes, projects, and programs. Each AI technology is thoroughly tested and validated prior to procurement.

The City of San Antonio (COSA) is a public member of the Government AI (GovAI) Coalition. ITSD delegates attend monthly meetings hosted by the GovAI Coalition. The Coalition has been a valuable resource for ITSD in the design and implementation of policies and guidelines for AI usage and governance.

We make no recommendations to ITSD; consequently, no management responses are required. Management's acknowledgement of these results is in Appendix B on page 7.

Background

The Information Technology Services Department (ITSD) is a centralized IT shared services organization that provides governance and support for all technology functions and business systems that facilitate the goals and objectives of the City of San Antonio and which are based on IT industry best practices.

AI governance is about creating frameworks and standards to ensure AI systems are developed and used ethically and responsibly. It addresses crucial aspects like:

- Transparency: Making AI decisions clear and understandable.
- Fairness: Reducing biases in AI algorithms.
- Accountability: Defining responsibility for AI outcomes.
- Safety and Privacy: Protecting individuals and their data.

Effective AI governance is essential for aligning AI with societal values and maintaining public trust.

In November 2023, the GovAI Coalition was established to give local government a voice in shaping the future of AI and ensure that AI development is geared toward the benefit of society. The GovAI Coalition is composed of over 1,500 members and over 500 local, state, and federal agencies united in their mission to promote responsible and purposeful AI in the public sector. The City of San Antonio is a member of the GovAI Coalition and participates in the coalition's monthly meetings.

In January 2024, the City's CIO wrote a Position Statement in order to create a structure for the use of AI technologies by all COSA employees. The Position Statement provides practical guidelines for AI use; alignment to relevant Administrative Directives (AD) and policies; and a framework and playbook to manage the risks AI poses to COSA and the public at large.

In May 2024, ITSD developed an attachment to AD 7.4a *Acceptable Use of Information Technology* titled *Acceptable Use of Generative AI Tools*. The attachment addresses the responsible use of emerging third-party Generative AI (GenAI) technologies such as ChatGPT, DALL-E 2, and Compose.ai. It provides guidance for the acceptable use of technology to help ensure the confidentiality, integrity, and availability of City systems. The goal is to ensure that the use of these technologies aligns with ethical standards and best practices across the organization. COSA's CIO sent an email in July 2024 with the new AD attachment discussing the City's policy regarding acceptable use of GenAI technology to all COSA employees.

Audit Scope and Methodology

The audit scope was October 2023 through October 2024.

To establish our test criteria, we used the National Institute of Standards and Technology (NIST) AI 100-1 Artificial Intelligence Risk Management Framework (AI RMF 1.0). We also used the Government Accountability Office's (GAO) Federal Information System Controls Audit Manual (FISCAM) which presents a methodology for performing information system control audits in accordance with government auditing standards.

We interviewed ITSD management to gain an understanding of AI governance for COSA. We reviewed Attachment A of Administrative Directive 7.4a *Acceptable Use of Information Technology* that specifically discusses the acceptable use of Generative AI technology. Additionally, we reviewed the CIO's Position Statement on AI Standards for COSA.

We assessed internal controls relevant to the audit objective. This included a review of the policies, procedures, and guidelines for the usage of AI.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Results

ITSD has developed and established sufficient policies and procedures over AI use to ensure responsible governance.

ITSD has developed and implemented policies and procedures to provide structure for the use of AI technologies by all employees of the City and to govern the responsible use of emerging third-party Generative AI (GenAI) technologies.

We reviewed the portfolio list of all City AI prototypes, projects, and programs and verified that ITSD tests and validates all AI technology prior to procurement. The testing process included reviewing the following documentation:

- AI FactSheet – This document is completed by the third-party vendor in order for ITSD to collect technical information about the AI tool. The AI FactSheet was derived from the GovAI Coalition AI FactSheet.
- Risk Assessment – This document is completed by the ITSD Security team to systematically evaluate the security and resilience of the proposed AI system within the context of the City's information security framework.
- Findings Report – This document is completed by the ITSD Emerging Technology team to provide an overview of the planning and implementation of the AI technology, as well as insights and recommendations based on the testing.

The City of San Antonio is a public member of the Government AI (GovAI) Coalition. ITSD delegates attend monthly meetings hosted by the GovAI Coalition. The Coalition has been a valuable resource for ITSD in the design and implementation of the policies and guidelines for AI usage and governance.

Appendix A – Staff Acknowledgement

Mark Bigler, CPA-Utah, CISA, CFE, Audit Manager
Holly Williams, CISA, CRISC, Auditor in Charge

Appendix B – Management Acknowledgement



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

December 2, 2024

Buddy Vargas, CPA, CIA, CFE
City Auditor
San Antonio, Texas

RE: Management's Acknowledgement of its Review of Artificial Intelligence

Information Technology Services Department has reviewed the audit report and provided their comments to the auditors. As there are no recommendations for management, no management responses are required.

Information Technology Services Department:

☒ Fully Agrees

☐ Does Not Agree (provide detailed comments)

Sincerely,

R. Craig Hopkins Jr.

Craig Hopkins
Chief Information Officer
Information Technology Services Department

4 Dec 2024

Date

Ben Gorzell

Ben Gorzell
Chief Financial Officer
City Manager's Office

12/15/24

Date