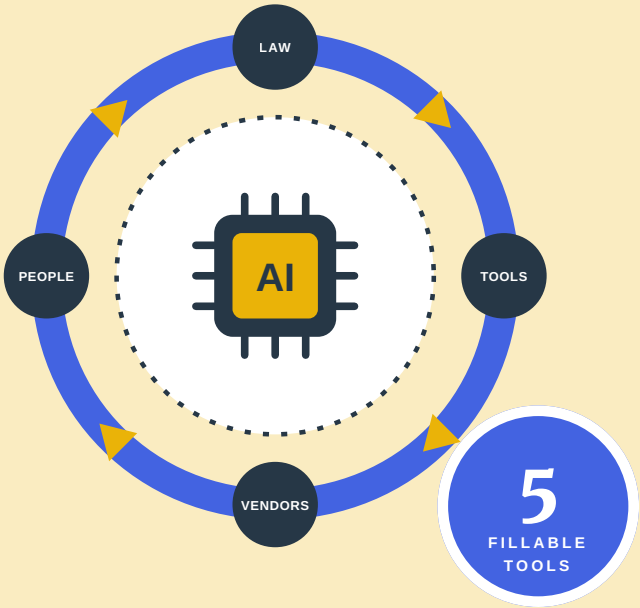
HRinsidr

A PRACTITIONER TOOLKIT

Keeping Up With AI Compliance When the Rules Won't Sit Still

An HR leader's toolkit for tracking the laws, the tools, and the AI your employees already use without asking

By **Jenny Kiesewetter**, ERISA and employee benefits attorney



What's inside

01	**AI Inventory**	Every AI tool and feature in HR, what it touches, and who owns it
02	**AI Compliance Tracking Chart**	The laws that reach your workforce and when you'll check them next
03	**Vendor Due Diligence Checklist**	What to ask each vendor and what to look for in the contract
04	**Review Calendar**	Monthly, quarterly, annual and immediate reviews, each with an owner
05	**Your First 30 Days**	A week-by-week plan to get the system built

Every box and line in the tools is fillable. Type into them in any PDF reader and save a copy for your records.

ABOUT THE AUTHOR

Jenny Kiesewetter is a practicing ERISA and employee benefits attorney who partners with HR teams on a wide range of workplace compliance matters — from benefit-plan obligations to day-to-day HR policies and regulatory requirements. Her guidance helps employers spot risks early, navigate regulatory change, and make informed decisions that support both employees and the organization.

If your company has screened applicants through Workday since 2020, the software that sorted them is at the center of *Mobley v. Workday*, an age discrimination case that roughly 14,000 rejected applicants have joined and that has proceeded as a nationwide collective action since May 2025.

The case raises a question that applies to every AI tool in HR: when software makes the call, who answers for it? Federal anti-discrimination law applies to an AI-assisted decision the same way it applies to a human one, so when a tool screens out older applicants or mishandles an accommodation request, the employer may face a discrimination claim. The AI vendor could be on the hook, too, if it acts on the employer's behalf by handling hiring tasks like screening out applicants or recommending who moves to the next round. Either way, HR is usually the team that signed off on the tool.

Most companies will tell you they have this handled, but EY's 2026 AI Risk and Governance Survey suggests the paperwork is running well ahead of the practice. Of the 202 senior AI executives EY surveyed, 98% said their companies have formal AI governance policies. Yet nearly half (47%) also admitted their organizations had bypassed that governance process for urgent deployments. And among companies already running agentic AI, 49% hadn't updated their governance frameworks to cover it.

Source: EY, AI Risk and Governance Survey (September 2026). EY surveyed 202 senior AI executives at large U.S. public companies between May 28 and June 15, 2026.

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The worksheets in this toolkit are designed to build a record of how each AI tool was reviewed, approved, and monitored, so it exists before anyone asks for it. Each section ends in something you can fill in, assign to someone, or put on a calendar, so by the last page you have an inventory of the AI in use, a vendor checklist, and a review schedule that runs on its own once it's set up.

What I'm seeing in practice

AI is also making employment litigation more costly for employers. Plaintiffs can use it to prepare lengthy complaints, develop allegations that may survive a motion to dismiss, and generate extensive discovery requests. These filings may contain fabricated facts or legal citations, but employers still have to devote time and money to responding, even when the underlying claims lack merit. When one of those claims reaches discovery, the inventory and review records in this toolkit are what you hand over.

01 Identify the AI Tools Employees Use

Your AI inventory probably lists the software IT approved. What it probably misses is the chatbot tab a recruiter keeps open all day, the browser extension someone installed to summarize résumés, and the AI feature your HRIS switched on in its last update without much announcement. The fastest way to find those tools is to ask the people using them, which only works if employees can report unapproved AI without fear of retaliation.

Okta's 2026 *AI Agents at Work* survey puts numbers on how wide that gap runs. Across the seven countries Okta surveyed, 90% of executives said they were confident in their organization's visibility into AI tools. Meanwhile, 67% of the U.S. workers in the same study had used AI tools their employers hadn't approved, and among workers worldwide using those unapproved tools, 45% had fed them HR-related information and 39% had shared confidential company documents, including financials and contracts.

Source: Okta, AI Agents at Work 2026.

90%
of executives were confident in their organization's visibility into AI tools

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Worksheet: Build Your AI Inventory

TOOL 1

List every AI tool or feature HR uses, approved or not, including features switched on inside software you already have. One row per tool.

COMPLETED BY _____ DATE _____ NEXT UPDATE DUE _____

TOOL OR FEATURE	HR PURPOSE	DATA ACCESSED	OWNER	APPROVAL STATUS
Example: AI meeting assistant	*Summarize benefits meetings*	*Employee discussions*	*HR operations*	*Review needed*

02 Track Changes in AI Laws

Most of the AI rules HR has to follow come from states and cities, which means tracking a patchwork: a state statute here, a city ordinance there, agency rules that show up after the law does, and effective dates that have a habit of moving. The real work is knowing which of those reach your workforce and what each one asks you to change.

The National Conference of State Legislatures' AI Legislation Database provides monthly updates on AI bills across the states. It's a good early-warning system for bills in motion, but before you change a practice, go to the statute itself and any agency guidance, because a bill summary can't tell you what you're actually required to do.

HRinsidr note: the HRinsidr Compliance Roundup lands in your inbox every other week with new employment laws, effective dates, and agency guidance, AI rules included.

AI Compliance Tracking Chart

TOOL 2

Two sample rows are filled in. Add every other jurisdiction where you have employees or applicants, and set a next review date for each.

JURISDICTION	LEGAL STATUS / EFFECTIVE DATE	REQUIREMENT TO MONITOR	HR ACTION	NEXT REVIEW
Illinois	Effective January 1, 2026	AI discrimination and employment notice requirements	Review covered uses and notices	
New York City	Local Law 144, enforced since July 5, 2023	Bias audits and notices for qualifying automated employment decision tools	Determine whether the tool falls within the law	

Illinois prohibits employers from using AI in ways that discriminate against employees or applicants and requires notice when employers use AI for certain employment purposes. New York City's Local Law 144 requires bias audits and notices for certain automated hiring and promotion tools. Both laws turn on definitions, so start by confirming whether your tool is covered at all, since that answer shapes every compliance step after it.

Sources: Illinois Public Act 103-0804; NYC Department of Consumer and Worker Protection.

03 Review AI Vendors and Contracts

The tool you approved last year may not be the tool you have now. A routine software update can give an AI system access to employee records, or the ability to act on them, and the newer agentic systems can pull data from other applications and finish tasks with very little human involvement. Vendors don't always flag these changes clearly, so the review has to happen on your side before the new features go live.

Vendor Due Diligence Checklist

TOOL 3

VENDOR	TOOL OR FEATURE	REVIEWED BY	DATE

Ask each vendor to explain the following. Check each one off when you have an answer and note what they said.

☐ What employee or applicant information does the tool collect?	
☐ Does the vendor use customer information to train or improve AI models?	
☐ How does the vendor test accuracy, bias, security, and reliability?	
☐ Can HR review or override consequential outputs?	
☐ Will the vendor notify customers of material software changes?	
☐ What audit records, incident reports, and testing results can the vendor provide?	
☐ How does the vendor return or delete company data when the contract ends?	

Contract Review

TOOL 3, CONTINUED

Check the vendor agreement for restrictions on how the company's data may be used and shared. The contract should also explain how the vendor handles security incidents, works with subcontractors, responds to audit requests, and returns or deletes company information when the relationship ends.

☐ Restrictions on how the company's data may be used and shared	
☐ How the vendor handles security incidents	
☐ How the vendor works with subcontractors	
☐ How the vendor responds to audit requests	
☐ How the vendor returns or deletes company information when the relationship ends	

Example: An AI Chatbot Gets New Features

Picture a benefits chatbot that has spent a year answering questions about open enrollment deadlines and dental coverage. Then a software update arrives, and now it can pull up individual employee records and make changes to benefits accounts.

The interface looks exactly the same, but the risk profile has changed completely. Before anyone turns the new features on, HR needs to know which records the chatbot can now see, whether it can change anything without a human signing off, and what controls have to be in place first.

Before new features go live

TOOL 3, CONTINUED

TOOL _____ UPDATE OR NEW FEATURE _____ DATE REVIEWED _____

QUESTION	ANSWER
Which records can the tool now see?	
Can it change anything without a human signing off?	
What controls have to be in place first?	
Approved to turn on by, and date	

04 Keep Reviewing Your AI Tools

Approval is where AI compliance starts. After that, the laws keep moving, agencies keep issuing guidance, courts keep interpreting, vendors keep shipping updates, and employees keep finding new uses for tools you already signed off on. A standing review calendar is how you stay ahead of all five without making AI compliance your full-time job. If you want a model for how often to review each tool and what to document when you do, the National Institute of Standards and Technology's voluntary AI Risk Management Framework is a good place to start.

A Monthly, Quarterly, and Annual Review Checklist

TOOL 4

Monthly

- [ ] Review new AI tools and changes to existing systems.
- [ ] Check federal and state legislative and regulatory developments.
- [ ] Review employee complaints, security incidents, and vendor alerts.

OWNER

NEXT DATE

Quarterly

- [ ] Update the AI inventory and vendor risk assessments.
- [ ] Review employee access permissions and AI training.
- [ ] Confirm that responsible employees have completed corrective actions.

OWNER

NEXT DATE

Annually

- [ ] Reassess the AI policy and governance responsibilities.
- [ ] Review higher-risk tools and assurance findings.
- [ ] Report material compliance risks and recommended changes to leadership.

OWNER

NEXT DATE

Review immediately when

- [ ] A new law or regulation affects an existing tool.
- [ ] A vendor introduces material new capabilities.
- [ ] A security incident, employee complaint, or unexpected AI output raises concerns.

OWNER

NEXT DATE

These review intervals represent suggested internal practices, not universal legal deadlines. Adjust the schedule to the technology, its risks, and applicable requirements.

Your First 30 Days

TOOL 5

WEEK	PRIORITY	OWNER	DONE BY
1	Assign an HR compliance owner and bring in legal, IT, information security, and procurement.		
2	Inventory AI tools and identify higher-risk uses.		
3	Review applicable laws and vendor documentation.		
4	Establish the review calendar and assign an owner to every open issue.		

The first 30 days get the system built, and ownership is what keeps it working. Every tool needs a named person responsible for watching it, fielding complaints about it, and deciding when a change or a problem means it’s time for another review or a pause. Assign those names now, while it’s easy, instead of after the first complaint lands on your desk.

This toolkit provides general information, not legal advice. Consult employment counsel about your organization’s specific obligations.