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**Audit Finds D.C. Agencies Initiated Effort to
Improve Risk Management, Reduce Liability Costs**

*Audit finds current lack of systemic risk identification and data collection;
D.C. paid at least \$72 million in settlements and judgments*

WASHINGTON, December 7, 2020—The District of Columbia lacks a unified system to track and reduce the amount of settlements & judgments it pays for harm, or alleged harm, to people or property—such as a slip and fall on a District sidewalk, a car damaged by a District government vehicle, or harm to inmates in the D.C. Jail—according to a new report by the Office of the D.C. Auditor (ODCA).

“Without proper controls on standardized data collection and analyzing areas of high risk so they can be mitigated, we continue to put our government, residents, and others in harm’s way,” said D.C. Auditor Kathy Patterson. “We hope this report’s findings and recommendations will help support agency efforts underway to control risk and secure the system we need to improve our settlements and judgments processes.”

As part of the audit’s 18-month scope, ODCA gathered settlement and judgment data totaling \$72.4 million that was fragmented across various District agencies and found that the District did not have an effective and efficient system to record, monitor, report, and mitigate the risks represented by settlements and judgments.

The report also found that ORM, the Office of the City Administrator (OCA) and the Office of the Attorney General (OAG) have efforts underway to integrate settlement and judgment information so that it can be better analyzed, and that ORM, created in 2003, has not yet fulfilled its statutory mandate to analyze agency risks so they can be mitigated to reduce the future monetary and human costs of settlements and judgments.

“We found that the District’s payment of settlements and judgments was difficult to analyze. There were gaps in all of the mechanisms that the District government had established to record this data,” said Patterson. “This means there was no way to obtain a comprehensive view of the District’s settlements, judgments, risks, causes, and impacts,” she said, adding that such a comprehensive view would allow the District to identify what may cause harm to residents, personnel, and visitors, and what could have been addressed by management before it was resolved with taxpayer dollars in the form of settlements and judgments.

To support these efforts, ODCA used information from OAG, ORM, the Office of the Chief Financial Officer, the D.C. Council, and various other agencies to compile a settlement and judgment baseline database of payments, including backpay and leave restoration payments related to personnel settlements, the agency responsible, and the claim type.

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ODCA also compiled a list of settlements and judgments for which payments couldn't be verified. Due to many of the gaps explored in more detail in the report, it is possible ODCA's data database and list are missing some settlement and judgment payments.

In response to the #MeToo movement, ODCA sought to confirm whether D.C. had a system to identify and mitigate risks of future sexual harassment settlements. The report found that OAG and the Executive were proactive in identifying certain risks including sexual harassment but should improve compliance with relevant requirements. The District paid five settlements related to sexual harassment that totaled \$681,133; two cases involved the Department of Corrections and there was one case each for the D.C. Public Library (DCPL), the Department of Employment Services (DOES), and the Department of Youth Rehabilitation Services (DYRS).

Among the report's other findings are that:

- There was no accounting code in the District's System of Accounting and Reporting (SOAR) to identify personnel-related settlements, which totaled more than \$20 million.
- Because the total amount of settlements and judgments exceeded the total amount of funds allocated to the Settlements and Judgments Fund, some large settlements and judgments were paid from different sources than agency budgets and the Fund, which made them difficult to identify in SOAR.
- The D.C. Council did not ask all agencies to report their S&Js and did not ask agencies to report all their settlements and judgments. ODCA found a nearly \$29.7 million difference between the amount of settlements and judgments 26 agencies reported to the D.C. Council and the total amount of settlements and judgments for those 26 agencies, as compiled by ODCA's database.

Among the report's recommendations:

- The Executive should ensure that ORM has the support, resources, and data system(s) needed to identify, analyze, and prioritize settlements and judgments and risks.
- The OCFO should work with OCTO and other agency partners to facilitate the classification and reporting of personnel-related settlements and judgments (i.e. backpay).
- The D.C. Council should standardize its requests for settlement and judgment information in the performance hearing questions.
- ORM should collect and assess comprehensive settlement and judgment information for risk mitigation by agencies and present the annual risk report to the Council.
- The OAG should add a checklist to its internal processes or otherwise improve its oversight of agencies to ensure Mayoral approval was obtained for all settlements greater than \$500,000.

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