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September 2024

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

**SUPREME COURT AND
OFFICE OF THE STATE COURTS
ADMINISTRATOR**

Selected Administrative Activities



Sherrill F. Norman, CPA
Auditor General

Chief Justice of the Florida Supreme Court and State Courts Administrator

The Supreme Court is established by Article V of the State Constitution. The Chief Justice of the Supreme Court is chosen by a majority of the members of the Court and is the chief administrative officer of the State judicial system. The Office of the State Courts Administrator (OSCA) was established in 1972 to serve the Chief Justice in carrying out the responsibilities as chief administrative officer of the judicial system. The State Courts Administrator serves under the direction of the Chief Justice and other justices and oversees the operation of Court initiatives and administrative functions. Allison "Ali" Sackett served as the State Courts Administrator during the period of our audit (January 2021 through December 2022) and the following Chief Justices served:

The Honorable Carlos G. Muñiz From July 1, 2022

The Honorable Charles T. Canady Through June 30, 2022

Please address inquiries regarding this report to Melisa Hevey, CPA, Audit Manager, by e-mail at melisahevey@aud.state.fl.us or by telephone at (850) 412-2935.

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SUPREME COURT AND OFFICE OF THE STATE COURTS ADMINISTRATOR

Selected Administrative Activities

SUMMARY

This operational audit focused on selected administrative activities of the Supreme Court (Court) and the Office of the State Courts Administrator. Our audit disclosed the following:

Finding 1: The Court did not periodically review Court building access privileges nor always timely remove building access privileges upon an employee's separation from Court employment.

Finding 2: The Court did not always document the return of State-owned property from employees separating from Court employment.

Finding 3: Court records did not evidence that all individuals involved in applicable contract awards attested, in writing, that they were independent of, and had no conflict of interest related to, the entities evaluated and selected.

BACKGROUND

The Supreme Court (Court), 6 District Courts of Appeal, 20 Circuit Courts, and 67 County Courts comprise the State Courts System. The Court is the highest appellate court in Florida and is composed of seven justices. The Chief Justice of the Court is chosen by a majority of the members of the Court and is the chief administrative officer of the State judicial system. The Office of the State Courts Administrator (OSCA) was established in 1972 to serve the Chief Justice in carrying out the responsibilities as chief administrative officer of the judicial system.

FINDINGS AND RECOMMENDATIONS

Finding 1: Court Building Access Controls

The Supreme Court Marshal is the custodian of the Court building and grounds and the Marshal's responsibilities include the security, custodianship, maintenance, and administration of the building and grounds. To ensure the security of the Court building and grounds, the Court established a system of controlled access through various means, including access card readers and other non-human and human security measures. Court policies and procedures required all Court employees to be issued an ID card by the Marshal's Office that was to serve as their Court building access card. All employees were to swipe their access card to enter and exit the Court building and the policies and procedures specified that safeguarding one's access card was essential for the safety and security of the building.

To assess the adequacy of Court building access controls, we reviewed Court security policies and procedures and examined access records for the 58 employees who separated from Court employment during the period January 2021 through December 2022. Our audit procedures found that:

- Court policies and procedures did not provide for, and the Court did not conduct, periodic reviews of employee building access privileges during the period January 2021 through December 2022. The absence of such reviews may have contributed to the access issues noted on audit.
- The Court building access privileges for 14 of the 58 former employees were not timely removed. Specifically, the access privileges were removed 1 to 6 days after the employees' employment separation dates. Although Court management indicated in response to our audit inquiry that upon notification employee access is set to expire at 5 PM on their departure date and that access may be removed later, Court records did not always evidence the notification and access expiration process. Additionally, Court management acknowledged that in some instances employees requested to keep access beyond their departure date to pack-up their belongings. However, although requested, the Court was unable to provide records evidencing any such requests or approval to maintain Court building access beyond employment separation.

The immediate removal of employee access to the Court building upon employment separation and periodic reviews of the appropriateness of access privileges would better ensure the security of the Court building and its occupants.

Recommendation: We recommend that the Court enhance security policies and procedures to provide for periodic reviews of the appropriateness of employee access to the Court building and ensure that access to the building is immediately terminated upon separation from Court employment.

Finding 2: Return of State-Owned Property

To promote accountability over State-owned property, it is critical for management to establish uniform policies and procedures for documenting the return of all State-owned property from employees upon employment separation. Such policies and procedures could include the establishment of an employee separation checklist required to be completed by the departing employee and their supervisor evidencing, among other things, the return of all property issued to the employee.

As part of our audit, we evaluated Court controls over employee out-processing, including the return of State-owned property, and examined Court records for 20 employees who separated from Court employment during the period January 2021 through December 2022. Our audit procedures found that:

- The Court had not established uniform policies and procedures for documenting the return of State-owned property from employees upon employment separation. While OSCA had established a *Separation Checklist* for OSCA personnel that was available for Court use, Court offices were not required to use the checklist. Instead, each Court office had adopted varying procedures that at times incorporated, and at other times did not incorporate, use of the OSCA *Separation Checklist*. The absence of uniform policies and procedures for the Court may have contributed to the subsequently described deficiencies noted on audit.
- Court records for 16 of the 20 employees did not adequately evidence the return of all State-owned property. Specifically:
 - Records for 3 Office of the Marshal maintenance employees did not evidence the return of State-owned property such as the employees' building access ID card and parking lot fob. For 3 Deputy Marshals, Court records were incomplete in evidencing the return of all assigned property. Although Court management indicated in response to our audit inquiry that the OSCA *Separation Checklist* was utilized for departing Deputy Marshals, *Checklist* usage was not noted on audit.

- While the Office of the Clerk used the *OSCA Separation Checklist*, applicable parts of the *Checklists* for 3 of the 4 employees included in our testing were either incomplete or not signed by the correct personnel.
- Records for a Law Library intern did not evidence the return of assigned property. According to Court management, the intern did not have information technology access privileges or a phone. However, Court records did not demonstrate that other potential specific property items assigned to the employee, such as their building access ID card, were returned.
- While the Justices' Suites utilized the *OSCA Separation Checklist*, applicable parts of the *Checklists* for the 6 employees included in our testing were either incomplete or not signed by the correct personnel.

Properly completed employment separation checklists and other documentation evidencing the return of all State-owned property upon separation from Court employment would better demonstrate accountability over such property.

Recommendation: We recommend that the Court establish uniform policies and procedures for, and Court records evidence, the return of all State-owned property from employees upon employment separation.

Finding 3: Conflicts of Interest

Court policies and procedures¹ specified that all procurements for the State Courts System were to be consistent with the purpose and intent of Chapter 287, Florida Statutes. State law² provides that, in any procurement costing more than \$35,000 and accomplished without competition, the individuals taking part in the development or selection of criteria for evaluation, the evaluation process, and the award process are to attest in writing that they are independent of, and have no conflict of interest in, the entities evaluated and selected. Accordingly, Court policies and procedures established a standard conflict of interest statement to be completed by all employees participating in applicable procurements.

We examined records for three non-competitively procured Court contracts exceeding \$35,000 and totaling \$1.1 million and found that Court records did not evidence the completion of conflict of interest statements by any of the employees participating in the award of the three contracts. The contracts related to law library subscription services, investigation software, and HVAC services. According to Court management, conflicts of interest statements were not completed due to oversights.

The completion of conflict of interest statements by all individuals involved in applicable Court contract awards reduces the appearance and opportunity for favoritism and provides greater assurance that contracts are impartially awarded.

Recommendation: We recommend that the Court ensure that Court records evidence that all individuals involved in the procurement and awarding of applicable contracts complete conflict of interest statements attesting that they were independent of, and had no conflict of interest in, the entities evaluated and selected.

¹ *State Courts System Purchasing Directives*.

² Section 287.057(21), Florida Statutes.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from February 2023 through October 2023 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.

This operational audit focused on selected administrative activities of the Supreme Court (Court) and the Office of the State Courts Administrator (OSCA). For those areas, the objectives of the audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed into operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in internal controls significant to our audit objectives; instances of noncompliance with applicable governing laws, rules, or contracts; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; identifying and evaluating internal controls significant to our audit objectives; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting

the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws, rules, Court and OSCA policies and procedures, and other guidelines, and interviewed Court and OSCA personnel to obtain an understanding of selected administrative activity processes and responsibilities.
- Inquired of Court management regarding whether the Court made any expenditures or entered into any contracts under the authority granted by an applicable state of emergency during the period July 1, 2021, through February 15, 2023.
- Obtained an understanding of selected Court and OSCA information technology (IT) controls, assessed the risks related to those controls, evaluated whether selected general and application IT controls for the OSCA Tracker were in place, and tested the effectiveness of the selected controls.
- Reviewed applicable laws, rules, and other applicable guidelines to obtain an understanding of the legal framework governing Court and OSCA operations.
- Analyzed Court revenue data for the 2020-21 and 2021-22 fiscal years to determine whether recorded revenues appeared reasonable, and no significant or unexpected fluctuations were noted. Inquired of Court and OSCA personnel regarding any such fluctuations and assessed the reasonableness of the explanations for the changes.
- Observed, documented, and evaluated the effectiveness of selected Court and OSCA processes and procedures for:
 - Cash management. Specifically, we performed inquiries of Court and OSCA personnel and examined relevant records to determine whether the Court and OSCA: properly and timely assessed, collected, recorded, and deposited significant revenues; maintained appropriate oversight and control over bank accounts and met applicable public depository requirements; and established effective controls over electronic transactions.
 - The administration of purchasing cards in accordance with applicable guidelines. Specifically, we:
 - Performed inquiries of Court and OSCA personnel, reviewed policies and procedures, and examined relevant records to determine whether the Court and OSCA had established adequately designed controls over the administration of purchasing cards.
 - Analyzed Court purchasing card data for the period January 2021 through December 2022 to determine whether the number of purchasing cards, transactions, and dollar volume of expenditures appeared reasonable and to identify significant or unexpected fluctuations. Inquired of Court and OSCA personnel regarding any unexpected fluctuations and assessed the reasonableness of the explanations for the changes.
 - From the population of 19 Court employees with an active purchasing card at some point during the period January 2021 through December 2022, examined records for 10 selected Court purchasing cardholders to determine whether purchasing cards were issued in accordance with applicable guidelines and timely canceled when no longer necessary.

- From the population of 978 Court purchasing card expenditure transactions, totaling \$349,476, made during the period January 2021 through December 2022, examined records for 25 selected purchasing card expenditure transactions, totaling \$71,911, to determine whether the transactions were allowable, supported, and properly authorized, approved, processed, calculated, and paid in accordance with applicable guidelines.
 - The administration of tangible personal property in accordance with applicable guidelines. As of December 31, 2022, the Court was responsible for tangible personal property with related acquisition costs totaling \$597,172. Specifically, we:
 - Analyzed Court and OSCA records to assess the overall completeness and reasonableness of Court property records.
 - From the population 31 purchases of Court property during the period January 2021 through December 2022, totaling \$61,082, examined records for 15 purchases of property items totaling \$39,631 to determine whether the property items were accurately and timely added to Court property records in accordance with applicable rules and other guidelines.
 - From the population of 78 tangible personal property dispositions made by the Court during the period January 2021 through December 2022, examined records for 15 selected property dispositions to determine whether the property dispositions were made and documented in accordance with applicable laws, rules, Court and OSCA policies and procedures, and other guidelines.
 - From the population of 394 property items included in the Court's May 2022 physical inventory with acquisition costs totaling \$578,014, examined records for 25 selected items to determine whether the inventory was appropriately conducted and documented in accordance with applicable laws, rules, Court and OSCA policies and procedures, and other guidelines.
 - From the population of 403 property items listed as active in Court property records as of January 31, 2023, with acquisition costs totaling \$597,172, examined records for 13 selected property items located at the Court with acquisition costs totaling \$108,087 to determine whether the recorded items existed and were properly recorded in the records. Additionally, for 12 selected property items physically observed at the Court with acquisition costs totaling \$53,299, examined the property records to determine whether the items were appropriately recorded in the records.
 - From the population of 58 employees who separated from Court employment during the period January 2021 through December 2022, examined records for 20 selected employees to determine whether records evidenced the return of all State-owned property prior to employment separation in accordance with applicable guidelines.
 - Managing Court building and Florida Accounting Information Resource Subsystem (FLAIR) access privileges, settlement agreements, and fixed capital outlay. Specifically, we:
 - Examined records for the 58 employees who separated from Court employment during the period January 2021 through December 2022 to determine whether the employees' access to the Court building was immediately removed upon employment separation.
 - Examined records for the 9 Court employees who had FLAIR access privileges at some point during the period January 2021 through December 2022 to determine whether the access privileges were appropriate and did not constitute an inappropriate separation of duties.
 - Examined records for the 3 Court employees with FLAIR user access privileges who separated from Court employment during the period January 2021 through December 2022 to determine whether the employees' access privileges were timely removed after employment separation.

- Inquired of applicable personnel and reviewed relevant documentation to determine whether the Court periodically reviewed the appropriateness of FLAIR access privileges.
- Inquired of applicable personnel regarding and examined documentation related to the existence of Court settlement agreements and fixed capital outlay projects during the period January 2021 through December 2022.
- The administration of Court purchasing activities and contracts. Specifically, we:
 - Analyzed FLAIR expenditure data for the period July 2020 through June 2022 to identify any significant unexpected fluctuations or unusual differences. Inquired of Court and OSCA personnel regarding any such fluctuations and assessed the reasonableness of the explanations for the changes.
 - From the population of 15 Court purchase transactions greater than \$100 and totaling \$32,572, made during the period January 2021 through December 2022, examined records for 2 selected purchase transactions totaling \$4,101 to determine whether the purchases were properly authorized, supported, paid only after documented receipt of the related good or service, and accurately recorded in Court accounting records.
 - Performed inquiries of applicable Court and OSCA personnel, reviewed Court and OSCA policies and procedures, and examined relevant records to determine whether the Court and OSCA had adequately designed controls over the purchasing process, including an appropriate separation of duties.
 - Examined relevant documentation from the Department of Financial Services to determine whether the Court and OSCA complied with prompt payment requirements established in Section 215.422, Florida Statutes, during the period January 2021 through December 2022.
 - From the population of 15 Court contracts, totaling \$1,258,478, active during the period January 2021 through December 2022, examined records for 9 selected contracts totaling \$1,234,606 to determine whether the contracts were procured and executed in accordance with applicable laws and other guidelines. Additionally, for the 9 selected contracts, reviewed relevant documentation to determine whether the Court and OSCA had timely uploaded to the Florida Accountability Contract Tracking System the contract records and information specified by State law.
 - From the population of 62 Court contract payments, totaling \$265,888, made during the period January 2021 through December 2022, examined records for 25 selected contract payments totaling \$120,777 to determine whether the contract payments were made in accordance with applicable laws, rules, Court and OSCA policies and procedures, and other guidelines. Additionally, for the contracts related to the 25 tested payments, reviewed relevant documentation to determine whether the Court and OSCA conducted adequate contract monitoring activities.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive style.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



Supreme Court of Florida

500 South Duval Street
Tallahassee, Florida 32399-1925

CARLOS G. MUÑIZ
CHIEF JUSTICE
CHARLES T. CANADY
JORGE LABARGA
JOHN D. COURIEL
JAMIE R. GROSSHANS
RENATHA S. FRANCIS
MEREDITH L. SASSO
JUSTICES

JOHN A. TOMASINO
CLERK OF COURT

WOODROW KERCE II
INTERIM MARSHAL

September 5, 2024

Sherrill F. Norman, CPA
Auditor General
State of Florida
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Auditor General Norman:

Thank you for providing the Florida Supreme Court with an opportunity to respond to the Preliminary and Tentative Findings for the operational audit of the Supreme Court (Court) and Office of the State Courts Administrator, Selected Administrative Activities. Our response is as follows.

Finding 1: Court Building Access Controls: The Court did not periodically review Court building access privileges nor always timely remove building access privileges upon an employee's separation from Court employment.

Auditor General Recommendation: We recommend that the Court enhance security policies and procedures to provide for periodic reviews of the appropriateness of employee access to the Court building and ensure that access to the building is immediately terminated upon separation from Court employment.

Court Response:

We do not dispute the finding. Onboarding and offboarding of employees were disrupted by the COVID-19 pandemic, which occurred during this audit period. Upon the Marshal's Office receipt of a separation notification, the separation date is programmed into the system to automatically disable the

employee's building access. The Marshal has requested the addition of a signature line on the Employee Separation Checklist that incorporates the verbiage "building access removed" with signature and date/time fields. This will allow for a tracking mechanism to ensure building access was disabled and record who was responsible for disabling access. Going forward, the Office of Human Resources will provide a monthly report of separated employees to the Marshal, which will then be compared to the list of building access removals for the same time period. This will aid in ensuring no separated employees have retained building access.

Finding 2: Return of State-Owned Property: The Court did not always document the return of State-owned property from employees separating from Court employment.

Auditor General Recommendation: *We recommend that the Court establish uniform policies and procedures for, and court records evidence, the return of all State-owned property from employees upon employment separation.*

Court Response:

We agree with the recommendation. Court managers have utilized the Employee Separation Checklist as established by the OSCA. While there was inconsistent documentation of parts of the checklist, all State-owned property was returned to the Court. Going forward, a documented procedure will be established to ensure Court managers are consistent in the usage of the Employee Separation Checklist. As noted in our response to Finding 1, management has requested an update to the Employee Separation Checklist to further support Court managers in clearly documenting that all State-owned property is returned by staff at the time of separation.

Finding 3: Conflicts of Interest: Court records did not evidence that all individuals involved in applicable contract awards, attested, in writing, that they were independent of, and had no conflict of interest related to, the entities evaluated and selected.

Auditor General Recommendation: *We recommend that the Court ensure that Court records evidence that all individuals involved in the procurement and awarding of applicable contracts complete conflict of interest statements attesting that they were independent of, and had no conflict of interest in, the entities evaluated and selected.*

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Court Response:

We agree with Finding #3 and the associated recommendation. The form utilized to approve a sole-source or exceptional purchase or contract was amended on August 23, 2024, to include a statement attesting to no conflict of interest. This will ensure the statement is completed prior to the goods or services being procured.

If you have any questions regarding this response, please feel free to contact Inspector General Millicent Burns at 850-488-9123.

Sincerely,



Carlos G. Muñoz
Chief Justice

CGM/jo

CC: Jessica Outlaw, Judicial Assistant to the Chief Justice
Eric Maclure, State Courts Administrator
Paul Flemming, Public Information Officer
Millicent Burns, Inspector General